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Executive Summary

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 within Australia.

For the purposes of this response, Independent Schools Victoria will review and respond to the report presented by the Nous Group. **Schooling Challenges and Opportunities** was commissioned to reflect a focus on diagnosing the current performance of education funding as well as commenting on potential levers to improve educational outcomes and equity.

**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.
Schooling Challenges and Opportunities

The Nous Group report, *Schooling Challenges and Opportunities*, was disappointing in its pursuit of a particular ideological agenda, and speculative advice/evidence for driving school improvement. The heavy reliance on PISA 2009 data has undermined the report through its flawed methodology, as this response explains. Of most concern for the Independent sector is the seemingly never-ending presence of the prospect of higher socioeconomic status (SES) or higher academically achieving schools being required to enrol more under-performing students with little commentary on how this would be achieved or funded. In this regard, it is important to note that Independent schools will oppose an obvious political agenda dressed up as equity of access, which will ultimately drive a race to the bottom.

Scope and Terms of Reference

The Nous Group was invited by the Review Panel to address the following:

**Scope**

The scope of the work was to provide a narrative describing:
- the current levels of performance and equity of the Australian schooling system
- the future challenges facing the systems
- the policy reform designed to meet these challenges and improve performance and equity.

**Research Components**

Research was to be undertaken in four key components:
- Component 1 – Current schooling outcomes and performance
- Component 2 – Equity of school outcomes
- Component 3 – Future priorities and demand
- Component 4 – Policy direction.

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.

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.
Established in 1949, Independent Schools Victoria today represents, promotes the interests of, and provides services to 210 Member Schools, educating more than 129,000 students.

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.

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.
Commentary on the Nous Group Report

The Nous Group report, Schooling Challenges and Opportunities, has claimed to deliver three things:

- an understanding of what contributes to good or bad school performance, and why
- an understanding as to the degree of ‘lift’ required by the schooling system, and why this is important
- advice on what might be required to lift school performance, with suggestions as to where resources and efforts might be concentrated for public policy development.

However, what has resulted is the lost opportunity to take leaps forward to develop a new policy direction. Presented is a cavalcade of regurgitated school-level policy initiatives and an ideologically motivated attack on non-government schools, instead of practical, student-level strategies to turn around falling levels of achievement.

Most telling is the concession made in the report that forms the core of one of the Nous Group’s proposed aims for improvement: ‘While we cannot document with precision and methodological integrity where the different school sectors and jurisdictions sit on [Figure 13 and Figure 31], we can fairly confidently speculate how the results break out’ (p82). The report’s writers have asked us to trust them without any empirical evidence.

This section of the Independent Schools Victoria response will be divided into two parts:

- Part 1 – Use of PISA data will highlight some of the major flaws in the research methodology of the Nous Group in its utilisation of PISA data.
- Part 2 – The Australian Schooling System examines some of the claims made by the Nous Group about driving improvement.

Part 1 – Use of PISA Data

We commend the Government for commissioning this review and the panel for ensuring that its own findings are firmly based in evidence and are not focussed on ‘quick fixes’. We share the desire to capture this opportunity to achieve an effective and enduring lift in Australia’s performance so that it improves its position among the better and most equitable schooling systems in the world.

Schooling Challenges and Opportunities (p10), the Nous Group, 2011

Independent Schools Victoria shares the desire to move beyond the ‘quick fixes’ that can often pervade policy recommendations to government. It is, therefore, disappointing to note that the Nous Group has selectively used data in order to build the foundations of the recommendations made in its report.

Comparison Countries

In each of the four PISA rounds to date (2000, 2003, 2006 and 2009) and on most PISA measures, Australian 15-year-olds compare very well against the other 98 per cent of 15-year-olds in Organisation for Economic Co-operation and Development (OECD) members. However, it can be easy to find instances where countries appear to outperform Australia, and thus provide lessons for how education systems should be organised in an effort to emulate their results.

For example Nous Group report contributor, Stephen Lamb, and Barry McGaw (current head of ACARA), wrote in a 2007 report, The Future of Australian Schooling that, based on PISA 2000 results Australia could be characterised as having a ‘high quality but low equity’ schooling system. By contrast, Finland, Canada, Ireland, Korea, Hong Kong-China, Japan and Sweden were characterised as ‘high quality and high equity’ and ‘the challenge for Australia is to match their performances.’

The same report found that, when PISA 2003 results were later reviewed, they revealed that the best performing countries to which Australia should aspire were sifted down to three countries: ‘In mathematics, the equity picture revealed by PISA 2003 is a little more encouraging ... Australia, in the company of five others, is at the OECD average. Finland, Canada and Hong Kong-China are again high-quality, high-equity countries that Australia should aspire to match.’

The authors of Schooling Challenges and Opportunities, including Stephen Lamb, have narrowed the pool of Australia’s PISA ‘comparison countries’ to 11 per cent of the OECD population – the eight countries of the United Kingdom, Canada, Netherlands, Sweden, Finland, Norway, Estonia and Iceland (p93).

The choice of the PISA 2009 ‘comparison countries’ was based on ‘objective’ criteria, albeit bizarrely constituted. The narrow focus on SES that was used to generate this list leads to a list that defies common sense. It also precludes the possibility of generating a more suitable series of criteria from which a more sustainable list of ‘comparison countries’ could be derived.
A number of significant anomalies can be drawn from the use of this criterion:

- Australia’s population is larger than the populations of Sweden, Finland, Norway, Estonia and Iceland combined. These countries, along with Canada, are used to cast Australia’s PISA 2009 performance in a poor light.
- Iceland, Finland and Estonia make the list, but neither New Zealand nor the United States of America do.
- The schooling demands of some of the Scandinavian countries in particular, are not obviously comparable with the educational demands of our diverse multicultural country which spans a continent.

Using Finland as an example, 98.5 per cent of Finnish students are born in Finland, to parents of Finnish descent. By comparison, only 78.1 per cent of Australian students were born in Australia, and come from a wide range of cultural and linguistic backgrounds. The Finish indigenous population (Sami) make up just 0.1 per cent of the Finnish population, whilst Indigenous students in Australia make up 1.8 per cent of the student population.

An analysis of Canada’s performance is provided in Appendix A.

Just as the ‘comparison countries’ have changed in the past, we can expect the list of ‘comparison countries’ to continue to change. At some point in the future, some of these countries will fall outside the specific SES criteria that have been used this time around.

Adding to the confusion of the Nous Group report is that the choice of ‘comparison countries’ is not consistently maintained throughout. Aspects of Australia’s educational performance are compared in the report with other countries that are not on the comparison countries list:

- Shanghai, the Republic of Korea, Hong Kong ‘demonstrate that we can do better’ (p7)
- From Singapore ‘there are many elements of the current system that Australia can learn from’. (p14)
- ‘Countries such as ... Japan are all characterised by having strong government education systems, and show that we can aim for both performance and equity’ (p22).

Education is complex. As with any change to a complex system, there are likely to be both costs and benefits. As such, it would be naive to assume that Australia could adopt the ‘best’ elements of another country’s school system without also inheriting some unintended and unwanted consequences. The Nous Group report directs policy makers’ attentions towards: Japan in having a stronger government school system; Canada in reducing our long tail of underachievers; and, ‘all’ other countries in limiting school choices. It implies a cause and effect relationship between the existence of non-government schools and the impact on student performance without evidence, and based on pre-conceived notions about what a ‘good’ education system should be.

### The Metrics of Equity

The Nous Group maintains that analysis of the 2009 PISA data shows that, when applying a control over all factors, ‘any advantage that independent schools have is largely due to socioeconomic factors’ (p28). This is despite the fact that the report shows that statistically only 12.7 per cent of Australia’s PISA 2009 reading performance was attributable to socioeconomic background, well below the OECD average and a little above five of the eight ‘comparison countries’ (p20).

**That means that 87.3 per cent of Australia’s PISA performance could not be linked to a student’s SES background, even though a student’s genetic inheritance was very probably linked to the same people who provided their SES background.**

The weakness of the SES link is remarkable given the propensity of the research papers commissioned by the Review of Funding for Schooling to place such reliance on it as a measure of equity. It is also worth mentioning that the role of SES in Australia has declined since 2000, when it was 17.4 per cent (p107).

Rather than accepting that low SES has a minor influence on student performance, the Nous Group report attempts to break it down into two components: (i) a ‘within school’ component, about which the report’s writers seem to be quite relaxed; and, (ii) a ‘between school’ component, into which Schooling Challenges and Opportunities delves in some detail.

The influence played by the ‘average socioeconomic characteristics of schools’ on Australia’s PISA performance is demonstrably very minor, and yet many of the report’s conclusions and policy recommendations (concerning ‘residualisation’ in particular) are based on an inflated assessment of the significance of its influence.

Table 1 provides the same selected metrics of educational equity that are provided in the report in the table on page 106 of the Nous Group report. The shaded figures are those which at face value appear to be superior to Australia’s results, results which might be embarrassing for Australia were the selection process for the ‘comparison countries’ not so bizarre.

**Table 1: Variance of reading performance against ‘comparison countries’ explained by SES, 2009**

<table>
<thead>
<tr>
<th>Country</th>
<th>Between school variance in student performance</th>
<th>As a percentage of the average variance in student performance across OECD countries</th>
<th>Index of academic inclusion (proportion of variance in student performance within schools)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>2692</td>
<td>31.1</td>
<td>13.5</td>
</tr>
<tr>
<td>Canada</td>
<td>1877</td>
<td>21.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Estonia</td>
<td>1557</td>
<td>18.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Finland</td>
<td>665</td>
<td>7.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Iceland</td>
<td>1348</td>
<td>15.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5107</td>
<td>59.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Norway</td>
<td>874</td>
<td>10.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>1877</td>
<td>21.7</td>
<td>10.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2775</td>
<td>32.0</td>
<td>15.0</td>
</tr>
<tr>
<td>OECD average</td>
<td>3616</td>
<td>41.7</td>
<td>8.5</td>
</tr>
</tbody>
</table>
These metrics are briefly explained as follows:

- **Between school variance** – the higher the variance, the greater the absolute contribution of schools to total variance in student outcomes (and less equity). These figures may not be strictly comparable between countries due to statistical sampling issues.

- **Variance in student performance between schools as a percentage of the average variance in student performance across OECD countries** – the higher this figure, the more inequity between schools.

- **Between school variance explained by the SES of students** – The higher this figure, the more SES is correlated with between school variance. Australia’s figure of 13.5 per cent suggests that very roughly four per cent of student variation can be attributed to this influence.

- **Between school variance explained by the SES of students and schools** – This is a broader measure than the SES of students alone. The higher this figure is, the greater the correlation for SES of students and schools with between school variance. This figure includes the ‘peer effect’ of associating with a school’s average SES. Very roughly, Australia’s average would equate to 2.3 per cent.

- **Index of academic inclusion** – The greater the proportion of total student variance that occurs within schools, the less choice of school matters, and the more inclusive the system. For Australia, this figure is 73.9 per cent, which is quite high. **Australia has an academically inclusive system, despite the deliberate academically selective practices of some government schools.**

Even if the influence of the ‘peer effect’ was found to be double the 2.3 per cent estimate provided above, it hardly seems to justify the emphasis given to its influence where the report states: ‘Importantly, disadvantage in education needs to be seen as a function not only of the socioeconomic characteristics of students, but also of the average socioeconomic characteristics of their schools.’ (p20)

As a matter of logic, when a student changes schools, they alter the SES of the school they left behind, as well as the school to which they move. The effects are equal and opposite. The Nous Group report does not explain how peer effects can be anything but a zero sum game.

The calculation of variance of reading performance for Australia’s other ‘comparison countries’ were not included in **Schooling Challenges and Opportunities**. They are presented in the Table 2. It should be noted that all of the other ‘comparison countries’ are less academically inclusive than Australia, especially Japan, the exemplar of the benefits of a ‘strong government education system’.

<table>
<thead>
<tr>
<th>Australia</th>
<th>2692</th>
<th>31.1</th>
<th>13.5</th>
<th>21.0</th>
<th>73.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>2551</td>
<td>29.4</td>
<td>4.8</td>
<td>20.3</td>
<td>61.6</td>
</tr>
<tr>
<td>Korea</td>
<td>2741</td>
<td>31.6</td>
<td>7.9</td>
<td>16.8</td>
<td>65.8</td>
</tr>
<tr>
<td>Hong Kong - China</td>
<td>3143</td>
<td>36.3</td>
<td>1.8</td>
<td>7.0</td>
<td>58.1</td>
</tr>
<tr>
<td>Singapore</td>
<td>3387</td>
<td>39.1</td>
<td>11.2</td>
<td>23.6</td>
<td>64.7</td>
</tr>
<tr>
<td>Japan</td>
<td>5087</td>
<td>58.7</td>
<td>-4.2</td>
<td>30.5</td>
<td>51.4</td>
</tr>
</tbody>
</table>

**Drivers of Student Achievement**

In establishing the metrics of equity, it is important to identify what characteristics actually contribute towards student achievement.

Accounting for the influence of a large set of student, family, school and country variables, Ludger Wöbmann, Elke Ludemann, Gabriela Schultz and Martin West, reported that after analysis of PISA 2003, the facets of accountability, autonomy and choice are strongly associated with student achievement across participating countries. The analysis revealed certain aspects of these facets which are uniquely identifiable with the Independent sector in Australia:

- **Accountability** – students perform better where policies are in place that aim at students through external exit exams, teachers through monitoring lessons and schools through comparisons based on assessments.

- **Autonomy** – school autonomy over budgets, salaries and course content was considered to be of benefit to students, teachers and schools when external exit exams held schools accountable for their decisions.

- **Choice** – students performed better in countries with more educational choice and competition, as measured by the share of independently managed schools, the share of total school funding from government sources, and the equality of funding between non-government and government schools.

The Wöbmann research also found that these aspects had a positive outcome on student morale, commitment to study, non-disruptive behaviour, discipline and attendance. This same conclusion is reached by Gary Marks’ analysis of the same data in **School Sector Differences in Tertiary Entrance: Improving the Education Outcomes of Government School Students**, stating that ‘there are plausible arguments that student performance in the non-government sector is higher because of better teachers, better discipline, stronger academic press and different ways of learning.’

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Part 2 – The Australian Schooling System

Levers of Improvement

The Nous Group identified six levers that are used to highlight avenues for improvement (p9). These are:

■ Improving the quality of teachers and the practice of teaching – attracting and retaining a strong professional workforce, guiding them in best practice and supporting them to carry out their responsibilities.

■ Ensuring the right external standards and governance – setting goals and using the right data is important. Supporting autonomy over deployment of resources for high-performing schools, but limiting autonomy over student selection.

■ Promoting regional-level collaboration and networked-schools – engaging the community and supporting inter-school linkages to mitigate the effects of competition between schools and life performance for all schools.

■ Supporting disadvantaged students – targeting assistance and supporting students with particular needs.

■ Investing in underperforming schools where there is a concentration of disadvantage – addressing the downward spiral of schools by ensuring a safe and well-functioning learning environment, with a positive ethos. This includes actively encouraging high-performing schools to take in cohorts of under-performing students.

■ Strong leadership to drive school improvement – school leaders are key to ensuring high standards of instruction and a culture oriented towards capability-development among teachers and students. They also play an important role in engaging the community to support school improvement.

The report itself identifies that these levers are already utilised in state and federal government education initiatives, including programs like National Partnerships. They also underpin much of the methodology of the report. Aspects of the levers will be covered in greater depth later in this section.

Australia’s Schooling System

Despite Australia’s high performing school system, with 15-year-old students scoring significantly higher than the OECD average in reading, mathematics and science, the Nous Group has declared the success of other education systems outperforming Australia will have consequences for the nation in the 21st century.

The Nous Group examines the aspects of the Australian school system that differentiate Australia from other countries, identifying four distinct points (p5):

■ The division of the system into three distinct sectors – government, Independent and Catholic - each with significant market shares. The size of the Independent sector’s share differentiates it from most other countries.

■ Government funding for the ‘fee-charging, autonomously-run’ Independent school sector.

■ The competitive education market, promoting choice in schooling. The report is at pains to point out that this choice can only be exercised by ‘parents with a reasonable high level of disposable income’.

■ A ‘high degree of academic selectivity’, allowing schools which can attract academically gifted/high-performing students to do so.
Concerns

Independent Schools Victoria is concerned with the characterisation of two aspects of Australian school system in the Nous Group summary: (i) parents with a reasonable high level of disposable income, and (ii) academic selectivity.

The two issues are intrinsically linked in the report, and their presence indicates the attitude that the report’s writers have towards the non-government, and particularly the Independent, school sector.

It is not untrue to note that non-government schools implement some forms of selectivity in their enrolment practices. Principally, this comes in the form of charging fees, and the argument presented by the Nous Group is that only students with a high-SES background (i.e. those who can afford to pay fees) can afford to attend non-government schools.

The premise ignores the increase in the number of low-SES schools between 2001 and 2011, constituting 21 schools in the Victorian Independent sector alone. The affordability of these schools helps drive enrolment growth in the sector. This also helps to explain why the report notes that Australian parents have a greater number of choices than in any other OECD country when it comes to deciding where to educate their children (p29).

Whilst there are a number of selective-entry and zoned government schools (despite the Nous Group proposition that zoning has been abolished), the report states that ‘the majority of schools – independent, Catholic and a proportion of government schools – can select who they enrol’ (p6). This absurd statement implies that, of the 9428 schools in Australia (6743 government schools, 1708 Catholic schools, and 1017 Independent schools), at least 1990 government schools must be selective-entry in nature.’ Such sweeping statements only serve to highlight the lack of a factual basis for many of this report’s conclusions.

Values-Based Education

Fundamentally, Independent school enrolment practices are as diverse as the types of schools that make up the Independent sector. Many schools have developed selection requirements based on faith, educational structures and philosophies, with many new schools positioning themselves in growth corridor areas, where SES levels tend to be lower.

The Nous Report acknowledges that there is a depth to the education of students beyond the basic fundamentals of curriculum. Factors, including school ethos and culture, as well as teacher and parental expectations of students are important in determining student success (p8). The report also examined the principle of Civic and Social Engagement (CSE) being linked to these aspects of school, noting that the ‘benefits to individuals of being willing and able to participate in CSE are evident in an improved ability to negotiate, advocate and otherwise pursue one’s own interests. For society, the benefits derive from philanthropic efforts, volunteering, informed and vibrant public debate and a robust democracy’ (p43).

This information is not new to the Independent school sector. The 2005 Australian Survey of Social Attitudes, as quoted in Jennifer Buckingham’s 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.’

Cultural Diversity

The Nous Group cites the work of Levin and Belfield, whose analysis suggests that ‘there is some evidence that – given more choices over schools – families prefer to opt for enrolment in schools that are of the same racial group as their own. Also, many families wish to enrol their children with peers of the highest possible capability and social backgrounds.’ (p32)

This notion is preposterous with regard to the Independent sector in Victoria. Approximately 27,000 students with a Language Background Other Than English are enrolled in over 210 Victorian Independent schools. Evidently, the impact that Levin and Belfield describe has little to no similarity with the Independent school system in Victoria.

That said, it is true that some tenets and principles of schools may dissuade parents from enrolling their children in a particular school. In Independent schools, this is primarily based on faith. However, Independent Schools Victoria can declare that none of its Member Schools which are based on any particular religious principle, have exclusionary policies (stated or otherwise) based on the principle of race.

9Only one school in the Victorian Independent sector currently has exclusionary enrolment principles based on race – Worawa Aboriginal College. Worawa caters for Indigenous girls in the middle years of schooling (Year 7 to Year 10), with students enrolling from suburban and regional Victoria as well as from interstate.
Improving Teacher Quality

The first lever of influence identified by the report is improving the quality of teachers and of teaching. The principle of student/teacher interaction, and the impact this has on student educational outcomes, is well understood by Independent Schools Victoria, and our research agenda in recent years has examined teacher quality and reward.

Whilst the ideals of raising the status of the profession, supporting teacher development, and creating professional mentoring/nurturing structures are vital, Schooling Challenges and Opportunities has failed to examine in any great depth the benefits of teacher pay, or teacher reward.

With the lofty, and crucial, goal of raising the status of the profession, only one paragraph of the report touches on teacher salaries as ‘one way to draw strong candidates into the profession’. (p56) What then follows is an examination of activities that could be adopted to make the profession of teaching look better, despite claims that this is ‘more than a marketing exercise’ for the profession (p57).

There is also some commentary regarding teacher deployment, and the pursuit of attracting high-quality teachers to the right schools (p58). Linked to the issue of school autonomy, which is covered below in more detail, the Nous Group claims that combating ‘residualised schools’ would be better managed by a centralised bureaucracy. The experience in low-SES schools in the Independent school sector would suggest otherwise, where student learning outcomes, on average, are higher.

External Standards and School Autonomy

The second lever of influence identified in the report is ensuring the right external standards and oversight of schools. The Nous Group has suggested that more external oversight of schools might be required to ensure that the right data, not just educational outcomes, are reviewed, to ensure better school performance (p61). This is despite the fact that there are already examples of oversight for Independent schools in Victoria, for example by the Department of Education, Employment and Workplace Relations (DEEWR), the Australian Assessment and Curriculum and Reporting Authority (ACARA), the Department of Education and Early Childhood Development (DEECD), the Victorian Institute of Teaching (VIT) and the Victorian Reporting and Qualifications Authority (VRQA), as well as the Australian Securities and Investments Commission (ASIC), the Australian Tax Office (ATO), a high level of media scrutiny, and most importantly, parental assessment.

Independent Schools Victoria opposes the concept of yet another level of school review by yet another level of bureaucracy. Schooling Challenges and Opportunities has derided school autonomy as a ‘faddish concept’ that has informed international education reform over the last decade (p63). This is despite the fact that the Independent schooling sector in Australia is older than any government-run system around the country. Indeed, Victorian Independent schools have been in operation at least thirty years prior to the introduction of government schools.

In the previously quoted research by Wöbmann et al, and by Marks, greater school autonomy can be seen as a marker for student improvement.

For Independent schools in Victoria, the concept of school autonomy is sacrosanct.

Regional Oversight of Schools

Another lever of influence identified in the report is the importance of promoting regional level collaboration and networked schools, which seeks to improve community buy-in by setting regional targets, providing central funds for collaborative projects, and creating regional/community level boards.

The issue of regional offices is not new. The Victorian government and Catholic systems already operate regional offices for their schools. The tenor of the Nous Group report would suggest that these are not working, or not working properly. Independent Schools Victoria would be very interested in the responses given by both systems in relation to this topic.
Collaborative projects have been attempted previously by both levels of government. Most recently, the introduction of Trade Training Centres was hailed by the Australian Government as a means, not only to improve student proficiency in Vocational Education and Training, but also to encourage inter-school engagement. Unfortunately, differences in funding levels between the government, Independent and Catholic sectors resulted in less buy-in than was intended. Any move towards collaborative projects between schools would require equal funding for all participants.

Independent Schools Victoria opposes the introduction of any measures that impinge on school autonomy. Whilst Independent schools already have the choice of forming/joining system authorities, the choice is placed firmly in the hands of school communities.

Supporting Educational Disadvantage

Amongst the factual errors contained in School Challenges and Opportunities is the concept contained in the subsection 7.4.3 Addressing Peer Effects by Promoting Diversity in Schools, which claims the existence of an effective partial voucher in education, whereby ‘a significant proportion of the costs of the education of a student tends to follow that student as they move schools, be it across sectors or states’ (p70). Despite the report’s desire to focus on the class warfare between low and high SES, this comment can only be met with scorn from parents within the Independent school system in Victoria, particularly from those with children with disabilities, as Box 1 describes.

Box 1 – Students with Disabilities

There is a range of anomalies between the government and non-government school sectors with regard to funding for students with disabilities, with funding levels differing by as much as $30,000 for students with the most severe levels of disability. Generally, students with a disability in Independent schools are eligible for significantly less government funding than their counterparts in government schools, with Independent school students with disabilities also losing free access to government services, such as brailling.

Because funding for students with a disability does not follow the student, irrespective of the school that 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 Australian Government for each eligible student with a disability in an Independent school amounted to $7500.33. By comparison, the Australian Council for Education Research (ACER) report for the Review of Funding for Schooling, Assessment of Current Process for Targeting of Schools Funding to Disadvantaged Students noted that the average funding for students with disability in Victorian government schools is $19,800.\(^{10,11}\)

Promoting diversity is promoting diversity, whether it be related to the background, disability, race, or location of a student. The notion of an incentive for higher SES and higher performing schools to take on lower performing students is novel (p70), but the only proposed funding mechanism would be reward-based, which may drive the cost of education up for students already attending said schools.

Investing in Underperforming Schools where there is a Concentration of Disadvantage

This is the fifth lever of influence, and whilst the concept may have merit, the Nous Group’s data, relying once again on the issue of student disadvantage as reported by PISA reporting, is flawed.

Independent Schools Victoria does not oppose an examination into this issue, provided the future focus of investment is placed firmly on learning opportunities for individual students.

\(^{10}\)ACER 2011, Assessment of current process for targeting of schools funding to disadvantaged students, Report prepared for Review of Funding for Schooling.

\(^{11}\)There is no indication whether this amount incorporates both state and federal funding.
Funding for our Future: 2013 and Beyond

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.

Summary of Independent Schools Victoria Proposed Funding Models

These models were (i) the Portable Funding Allowance (PFA) and the Community Based Funding model (CBF)

Portable Funding Allowance

The Portable Funding Allowance would be available to all students in government and non-government schools. It comprises a base component, topped-up with evidence-based loadings for individual special needs. This additional funding would be allocated to Indigenous students, students with a disability, students from a Language Background Other Than English and students from remote areas. A student with a disability would receive the same special needs assistance as any other in similar circumstances.

- Determining a base cost


  It calculated a Public Base Cost (PBC) amount at 2003 prices (including in-school and out-of-school recurrent costs):
  - Primary school – $6201 per student
  - Secondary school – $8504 per student.

  In the initial submission to the Review of Funding for Schooling, Independent Schools Victoria indicated that, with indexation, the PBC for Australian schooling in 2010 was calculated to be $9287 for primary school students and $12,079 for secondary school students. It is these figures on which the PFA was based. Based on the indexation rates for 2011 that were recently announced by the Department of Education, Employment and Workplace Relations (DEEWR), the publicly funded cost of Australian schools in 2011 would be $9929 for primary school students and $12,665 for secondary school students.

  Australian and international evidence indicates that students’ SES is a weak predictor of their performance in testing. Independent Schools Victoria believes students’ social status does not dictate their scholastic destiny. It would be more effective for government to target individual students who are failing, regardless of where their family sits on a socioeconomic index.

Community Based Funding Model

The Community Based Funding (CBF) model could be used as an alternative if the socioeconomic status (SES) funding model is to be replaced. The CBF model would retain the key strengths of SES funding introduced in 2001.

- SES Key Strengths

  When the SES funding model was being developed, it was agreed that there was ‘a preference for a transparent funding system … based on reliable data collected independently … 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.’

  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.’

- Reliability of Census Data

  Australian Bureau of Statistics (ABS) census data remains the most reliable source of consistently collected socioeconomic data available.

  Occupation, education, household income, and family income are appropriate measures of a student’s socioeconomic status.

  For the 2011 Census, the ABS will introduce mesh blocks that will result in data being reported at a more localised level. This will improve the accuracy and reliability of the socioeconomic data.

  The CBF model retains the key strengths of SES but would be more accurate because of the ABS mesh block census data.

  Schools would still be able to provide individual parent information in place of mesh block data if they believed that their indexation was inaccurate.

  Family size and other socioeconomic indices such as internet and broadband access could be incorporated into the CBF model to provide a more detailed profile.
Additional funding provisions

The existing funding model adds a loading for remote schools, based on their location but does not provide for a student from a remote location, attending a school in a less remote area. This could be resolved by using student home address details linked with the ABS Accessibility/Remoteness Index of Australia.

Funding for Indigenous students and students with special needs should be allocated in addition to the CBF model.

Funding benchmarks

The existing funding model currently provides non-government schools with funding between 13.7 per cent and 70 per cent of the Average Government School Recurrent Costs (AGSRC). Several states and territories have implemented, or are intending to implement, funding models that link non-government school funding to 25 per cent of the cost of educating a student in a government school. 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 that have been identified as $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 Educational Disadvantage

As previously indicated, Independent Schools Victoria maintains that there are 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.

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

This response highlights a number of critical concerns about the use of ‘cherry-picked’ data and recommendations on what the report’s writers ‘believed’ might work.

The Nous Group report, *Schooling Challenges and Opportunities* seems to place the underperformance in low-SES government schools squarely in the hands of Independent, Catholic and selective-entry government schools, and on the shoulders of parents who have made a conscious decision to seek an education that suits their child, either academically, culturally or based on the activities run by the school. We are invited to consider alternative schooling models from overseas, despite our lack of cultural connectivity, shared language and population sizes.

Most alarmingly, the basis of the report is founded on use of PISA 2009, and the impact that low SES has on a student. Whilst the figures surrounding low SES and its impact on PISA performance differ depending on interpretation of the data, it is clearly shown that low SES accounts for well under 20 per cent impact on student performance.

For Independent Schools Victoria, the Nous Group Report is a wasted opportunity in this crucial time for the education sector across Australia. The Review of Funding for Schooling represents the first time that schools’ education in Australia has been reviewed in nearly 40 years. To not make recommendations based on fact shows a callous disregard for the consequences these decisions will have on Australian students and their families.
Appendix A – Comparisons with Canada

Of the comparison countries, the Nous Group report mentions Canada’s performance under PISA in a particularly favourable light because of the similarities between Canada and Australia. **Schooling Challenges and Opportunities** seems to be blind to the possible failings in the Canadian education system, yet it acknowledges that, ‘Australia is the only country among similar OECD countries in which students with an immigrant background substantially outperform local born students.’ The report provides a number of explanations to explain this away, including parental expectations, higher socioeconomic background, and that Asian students (who form a large majority of Australia’s immigration profile) enjoy reading (p36).

The fact that Australian LBOTE students are approximately 30 per cent more likely to attend a non-government school over a government school is not explored. The potential take-home lesson for Canada is that it could improve its performance in this area by facilitating more parental choice towards non-government schools.

If Australia were to adopt Canada as the ‘poster-child’ for school education reform in Australia, it is important to understand the Canadian results, especially in regard to the potential, if any, for ‘gaming’ PISA.

Under PISA guidelines, countries are allowed to exclude some students from testing. Exclusions may be at the school level or within school.\(^1\)

**School Level Exclusions** are those schools excluded from the PISA sampling frame because:
- of geographical inaccessibility
- of extremely small size
- administration of the PISA assessment within the school would not be feasible
- all students in the school would be within-school exclusions (see below)
- of other reasons as agreed upon.

**Within-School Exclusions** are those students excluded from potential assessment because they are:
- functionally disabled
- intellectually disabled
- of insufficient language proficiency to take the PISA test in the test language
- not assessable for some other reason as agreed upon.

If a PISA country wanted to ‘game’ its score, a strategy might include finding a reason within the PISA guidelines for excluding low-performing schools and low-performing students so as to reduce the apparent tail of underachievers and raise a country’s mean score. Because most variation in performance occurs at student level, rather than at school level, the most effective strategy would be to focus on reasons for excluding underperforming individual low achievers.

The overall exclusion rate (combining both school level and student level exclusions) for Canada in PISA 2009 was 6 per cent, which was lower than Denmark’s but higher than all of the other 36 PISA countries and 31 PISA partner countries. Australia’s overall exclusion was 4.7 per cent.

More importantly, Canada’s student level exclusion rate was 5.47 per cent, which was the highest of all 67 PISA participating countries, and well ahead of Australia’s rate of 1.79 per cent. The ‘comparison countries’ of Iceland (4.10 per cent) and Norway (3.79 per cent) were also able to exclude relatively large numbers of individual students.\(^3\)

There appears to be no PISA documentation explaining why Canada is in the position of being able to exclude 3.68 per cent more of its individual students than Australia. Any number of theories could account for this.

However, if instead the hypothesis is considered that Canada plays the PISA ‘game’ better than Australia, it is possible to broadly estimate the potential impact on Canada’s PISA scores. The 5th percentile Canadian student scored 368.

If the extra 3.68 per cent of excluded Canadian students were selected from the bottom of the class, then Canada’s PISA score would fall from 524 to 518, which is trivially different from Australia’s score of 515.\(^4\)

If Canada’s lowest achievers were excluded from testing, it would also explain why Canada appears to have a shorter tail of low achievers relative to Australia - particularly given that Australia is already a high performer in this regard.

\(^1\)Report on Government Services (2010), Table 4A.23.
\(^2\)PISA 2006 Technical Document p4
\(^3\)PISA 2009 Volume II, p137
\(^4\)That is, \((1-3.68\%)\times 524 + (3.68\% \times 368)\). Note there is an analysis of this issue in PISA vol III, p139. The analysis is unsatisfactory because it underestimates the initiative of education administrators.
\(^5\)PISA 2009, Vol. II, p152
Acronym List

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

ABS  Australian Bureau of Statistics
ACARA  Australian Curriculum, Assessment and Reporting Authority
ACER  Australian Council for Educational Research
ACJS  Australian Council of Jewish Schools
AGSRC  Average Government School Recurrent Cost
ASIC  Australian Securities and Investments Commission
ATO  Australian Tax Office
CBF  Community Based Funding model
CCD  Census Collection District
CPI  Consumer Price Index
CSE  Civic and Social Engagement
DEECD  Department of Education and Early Childhood Development (Vic)
DEEWR  Department of Education, Employment and Workplace Relations (Cwlth)
EMA  Education Maintenance Allowance
ERI  Educational Resource Index
ESL  English as a Second Language
FAM  Financial Assistance Model
ICSEA  Index of Community Socio-Educational Advantage
ISCA  Independent Schools Council of Australia
ISA  Indigenous Supplementary Assistance program
LBOTE  Language Background Other Than English
LPI  Labour Price Index
MCEETYA  Ministerial Council on Education Employment, Training and Youth Affairs
NAPLAN  National Assessment Program – Literacy and Numeracy
NSRRS  National School Recurrent Resource Standard
OECD  Organisation for Economic Co-operation and Development
PBC  Public Base Cost
PFA  Portable Funding Allowance
PISA  Programme for International Student Assessment
SEIFA  Socioeconomic Indices for Areas
SES  Socioeconomic status
SEWG  Schools Education Working Group
SFO  Student Family Occupation background
VIT  Victorian Institute of Teaching
VRQA  Victorian Registration and Qualifications 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
P: 03 9825 7200
F: 03 9826 6066
E: michelle.green@independentschools.vic.edu.au
**Fast Facts 2011**

### Victorian Schools - by sector

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

**Number of schools: Independent 219 9.7% Catholic 489 21.7% Government 1548 68.6% Total 2256 100.0%**

**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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>123,632.1</td>
<td>190,644.7</td>
<td>539,227.1</td>
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<tr>
<td>Total</td>
<td>853,503.9</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>14.5%</td>
<td>22.3%</td>
<td>63.2%</td>
</tr>
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</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>Number of schools</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-systemic Schools</td>
<td>173</td>
</tr>
<tr>
<td>Systemic Schools*</td>
<td>102,846.5</td>
</tr>
<tr>
<td>Catholic</td>
<td>6</td>
</tr>
<tr>
<td>Ecumenical</td>
<td>18</td>
</tr>
<tr>
<td>Lutheran</td>
<td>15</td>
</tr>
<tr>
<td>Seventh-Day Adventist</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
</tr>
<tr>
<td></td>
<td>128,871</td>
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</table>

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

### Australian Schools and Students - by sector

<table>
<thead>
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<th>Number of schools</th>
<th>Independent</th>
<th>Catholic</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1017</td>
<td>1708</td>
<td>6743</td>
</tr>
<tr>
<td>Total</td>
<td>9468</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>10.8%</td>
<td>18.0%</td>
<td>71.2%</td>
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<table>
<thead>
<tr>
<th>Number of students</th>
<th>Independent</th>
<th>Catholic</th>
<th>Government</th>
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<tr>
<td></td>
<td>492,145.8</td>
<td>713,623.5</td>
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<td>Total</td>
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<td></td>
<td>14.1%</td>
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<td>65.5%</td>
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</table>

### Independent Schools Victoria

**Number of Victorian independent schools in each SES bracket in 2010**

<table>
<thead>
<tr>
<th>Number of independent schools</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 90</td>
<td>32</td>
</tr>
<tr>
<td>91-100</td>
<td>79</td>
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<tr>
<td>101-110</td>
<td>46</td>
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<td>111-120</td>
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<td>Greater than 120</td>
<td>28</td>
</tr>
<tr>
<td>Not applicable*</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

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

### Primary/Secondary

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<thead>
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<th>Number of independent schools</th>
<th>Primary only</th>
<th>Secondary only</th>
<th>Combined</th>
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</thead>
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<td>46</td>
<td>21</td>
<td>152</td>
</tr>
<tr>
<td>Total</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21.0%</td>
<td>9.6%</td>
<td>69.4%</td>
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### Male/Female

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<th>Number of independent schools</th>
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<th>Boys only</th>
<th>Coeducational</th>
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<td>12</td>
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<tr>
<td>Total</td>
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</tr>
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<td></td>
<td>8.7%</td>
<td>5.5%</td>
<td>85.8%</td>
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### Melbourne/Regional

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<td>148</td>
<td>71</td>
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<tr>
<td>Total</td>
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<tr>
<td></td>
<td>67.6%</td>
<td>32.4%</td>
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### Melbourne/Regional

<table>
<thead>
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<th>Number of independent students</th>
<th>Melbourne</th>
<th>Regional</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>97,185.9</td>
<td>26,446.2</td>
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<tr>
<td>Total</td>
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</tr>
<tr>
<td></td>
<td>78.6%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>
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