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School funding is a can of worms

Opinion by ISCA Chief Executive Bill Daniels

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Undertaking a review of funding for schooling is not a decision that should be taken lightly by governments. School funding is highly complex. There are lots of stakeholders, such as governments, government school communities, non-government schools, teacher unions, parents' representatives and churches all advocating on behalf of students with particular needs.

Then, unlike many other areas of public policy, everyone has been to school and as a consequence has an opinion on schools and school funding.

Trying to find a funding solution which fits such disparate education sectors is proving very difficult for the Gillard government. This is the reason why the funding review is entering its fourth year without resolution.

Adding to the complexity of the task is the overlay of the government's key outcome of the review, ostensibly to fix a 'broken funding system', but in reality to increase funding to government schools.

In short, schools funding is a fiscal and political minefield. This is not to say that governments should not review funding for schooling. It is, of course, imperative for governments as part of their fiscal responsibilities to ensure that taxpayer funds are used efficiently and effectively.

The critical difference between the current review of funding and previous reviews is the decision by the government to conduct a review of funding for all schools, rather than just non-government schools.

Involving government schools opens up a whole new can of worms of Commonwealth-state relations and the need to convince premiers to accept more federal interference in government schools, an area which is clearly the purview of the states.

Government and non-government schools are funded in entirely different ways. Government schools are owned and operated by state governments with virtually all their funding coming from governments. In the independent sector, parents are the largest contributors to the funding of independent schools, providing massive savings to governments each year. (The total savings in government expenditure from students attending non-government schools in 2010-11 is estimated to be \$8.4 billion.)

The majority of independent schools are set up and governed independently on an individual school basis. This is in sharp contrast to government schools, which are managed centrally by their state education authority.

The government is also quite rightly concerned to ensure that any large injections of funding are clearly linked to demonstrable improvements in educational outcomes. Federal governments are

always seeking new ways of preventing increases in federal funding for particular purposes disappearing into state government coffers without a trace. The latest attempt is the federal government's National Plan for School Improvement.

Any government funding will be conditional on a commitment to implement this national plan. Once again, much of the detail of the plan is very much geared to government schools and includes requirements such as increased power for school principals and strategies to make schools more accountable to their school communities.

While independent schools are not-for-profit, their operations can be likened to those of small businesses. In the same way that government financial and regulatory decisions impact on small businesses, so too will the government's proposed changes to funding and regulatory arrangements affect individual schools.

The concern in the independent sector is that the government's key objective of the review, being seen to increase funding to government schools while not letting state governments off the accountability hook, will result in collateral damage to the funding and autonomy of independent schools. While parents are the major contributors for the funding of independent schools, many schools in the sector rely on federal government funding to ensure that they can set realistic fees and maintain their affordability for a broad range of the community. This ensures the sector can continue to provide educational choice to those parents who may not otherwise be able to afford an independent school.

So too, the government's national plan seeks to capitalise on many of the effective elements of independent schools and encourage their application across all sectors.

The concern in the independent sector is that the national plan will, by stipulating many prescriptive elements at the individual school level, produce the bizarre outcome of a reduction in autonomy, innovation, flexibility and diversity in independent schools, the very qualities so essential to their success. ● ● ●