



## Review of Funding for Schooling Update for independent schools — March 2013

### Background

The Australian Government announced a Review of Funding for Schooling for all Australian schools, government and non-government on 15 April 2010.

Independent school representatives have been actively involved in the Review process, meeting with the Review Panel and making numerous major submissions to the Review. Since the release of the Final Report of the Review Panel in February 2012, sector representatives have been negotiating with the Australian Government to ensure the settings of the proposed new funding arrangements produce appropriate outcomes for individual independent schools.

### Timing

The Australian Government is seeking to reach agreement with education providers on the outcomes of the Review in the context of the forthcoming Council of Australian Governments (COAG) meeting in April 2013. Funding arrangements for non-government schools expire at the end of 2013. If the Government is to secure funding arrangements for schools beyond the end of 2013 prior to the Federal election, legislation will need to be passed through the Australian Parliament by 27 June 2013. This is the last Parliamentary sitting day prior to the 14 September election.

### Legislation

The Australian Education Bill 2012 was introduced into the House of Representatives on 28 November 2012. The Bill does not provide detail on school funding arrangements, but instead enshrines in legislation the Commonwealth Government's proposed National Plan for School Improvement. The legislation requires a commitment by schools to implementation of the National Plan as a prerequisite for Australian Government funding.

The Government has indicated that following the conclusion of negotiations with state governments and non-government education providers, the Bill will be updated to reflect the final agreement reached with all parties.

Two Parliamentary Committees, one Senate, one House of Representatives, have been undertaking inquiries into the Australian Education Bill 2012. The Independent Schools Council of Australia (ISCA), some Associations of Independent Schools and other organisations in the independent sector have made submissions to these inquiries.

Both these Committees have held public hearings and ISCA has appeared at both to respond to questions from Members and Senators regarding the implications of the current proposals for future funding arrangements for independent schools.

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#### Current Modelling

ISCA is continuing to work with the Government to ensure optimum outcomes for the independent sector from the Review. AISs are closely involved in the negotiations. The goal for the sector remains that no independent school should lose any government funding in real terms as a result of the Review.

Negotiations with all sectors, state governments, Catholic and independent are being conducted under strict COAG confidentiality arrangements. These confidentiality requirements have meant that keeping the independent sector up to date with negotiations is extremely difficult. Providing schools with as much information as possible is a key consideration, as the current lack of certainty regarding future government funding is making it very difficult for schools to undertake critical financial and administrative planning.

For the majority of independent schools which are non-systemic, the impact of the proposed new funding model must be analysed at the level of impact on individual independent schools. Each individual independent school will need to absorb the impact of any funding changes once final model settings are released.

In contrast, state and territory education departments and Catholic and independent system authorities will be able to smooth out the effect of changes to funding arrangements on individual schools by redistributing their system funding across schools according to their own funding priorities. These systemic authorities will be looking at the impact of the proposed funding model on their systems rather than individual schools.

While the independent sector has supported the Gonski Review Panel's recommendations in principle, the settings of the model being proposed by the Government are not well suited to the independent sector where the majority of schools are stand-alone independent schools.

Particular issues with the settings of the model of relevance for independent schools are:

- the balance between 'base' SRS funding and loadings which gives too much weighting to loadings. Due to the low level of the School Resource Standard, once Capacity to Contribute calculations are factored in, many independent schools will rely on educational disadvantage loadings to make up any funding shortfall in comparison to what they currently receive;
- because the loadings rely on a particular point in time profile of student enrolments, there is potential for the loadings to result in a volatile funding stream for schools;
- there are timing issues around the administration of loadings for independent schools which will need to be addressed;
- treatment of some groups of schools and students are yet to be resolved including special schools, distance education schools and the loadings for students with disability and limited English language proficiency; and
- the reliance of the proposed funding model on student-level data will mean that schools will need to ensure particular attention is paid to the quality, accuracy and currency of their student background data.

Under the current settings for the proposed new funding arrangements most schools in the independent sector should receive more government funding under the proposed new model than their current public funding

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entitlement. However, the current settings also result in a significant number of independent schools receiving less government funding than they currently receive. This is not an acceptable outcome for the independent sector. As a consequence, the settings of the model remain the subject of intense negotiation with the Government to maximise the number of independent schools which can be accommodated within the model and the overall outcomes for the sector.

**Schools should, however, be aware that the Prime Minister has assured ISCA that no independent school will receive less government funding under the proposed new model than they would have received if the current SES funding model was continued beyond 2013.**

To maximise funding stability, ISCA has proposed to the Government that any funding arrangements, including indexation arrangements be legislated for a reasonable funding period. Six years is one option which is under consideration.

### Indexation

As already highlighted, a key objective for the independent sector is that no independent school would lose a dollar in real terms. Government funding must be indexed to keep pace with any increases in the costs of delivering school education. Failure to maintain the value of government funding in real terms will result in a reduction of funding to schools.

While the optimum outcome of the Review would be for all independent schools to be accommodated within the model immediately, some schools may ultimately remain outside the model. One option being considered by the Government is the application of differential rates of indexation which over time would result in all schools being funded according to the proposed model. ISCA is working to ensure that schools in transition should not be disadvantaged if this approach is implemented.

### Next Steps

An ongoing issue continues to be the sources and quality of school and student data being used to populate the funding model. The Government has recently accepted advice from independent sector representatives regarding changes to a number of the data sources and treatments of loadings within the model and these changes potentially affect the outcomes of the proposed model on every independent school in Australia. This means that the ISCA's current modelling of the outcomes of the proposed funding model for independent schools is not accurate, and releasing these modelling outcomes to schools would now be misleading and of little assistance to schools with their future planning and resourcing.

The Government has undertaken to provide ISCA with revised modelling in the next week which takes into account the recently agreed changes. While it is unrealistic to expect that all aspects of the model will be finalised quickly, it is proposed that your state or territory AIS will be able to share more detailed information regarding the proposed funding model (including information on the impact of the model on individual independent schools) early in April 2013.