

29 January 2014

Ms Luise McCulloch
General Manager
Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Dear Ms McCulloch

I write on behalf of the National Catholic Education Commission (NCEC) in relation to the Treasurer's invitation for submissions on the 2014-15 Budget (reference: media release of 18 December 2013).

The NCEC represents more than 170,000 students in more than 1,700 Catholic schools across Australia. The Catholic school sector educates 1 in 5 Australian students. These students come from all backgrounds, including from some of the most disadvantaged communities. Catholic education operates a system of needs-based funding for its schools in each state and territory.

The NCEC has welcomed the Coalition Government's recent commitment to deliver funding certainty for the next four years through both the quantum of funding and the funding model determining the recurrent funding available for all Australian schools. The enclosed NCEC submission on the 2014-15 Budget is framed within the context of the funding commitment announced by the Prime Minister and the Minister for Education on 2 December 2013 and in a letter to NCEC dated 10 December 2013.

Catholic education is committed to working closely with the Government through the funding model's scheduled reviews and will fully participate in the Government's proposed review of the funding model beyond 2017. NCEC believes that aspects of the model require re-consideration including indexation, and the nature of the data underpinning the loadings.

The NCEC acknowledges the fiscal environment facing the Government at this time. NCEC believes that in the near future the policy basis for capital funding must be altered to reflect the current policy challenges. For Catholic education to effectively meet the needs of the growing school-age population, significant additional capital funding will be needed for new schools and new student places in existing schools. Additional details of the challenges in this area are highlighted in the submission. The NCEC would be pleased to work with the Government on this vital area of schools education policy.

Thank you for the opportunity to provide a submission. I am available to expand on our comments at your convenience.

Yours sincerely

A handwritten signature in blue ink that reads "Ross E. Fox". The signature is written in a cursive, flowing style.

Ross Fox
Executive Director

Encl.

cc The Hon Christopher Pyne



2014-15 Pre-Budget Submission

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Introduction

The Catholic school sector is a major provider of education, in all parts of Australia. In 2012 it educated over 735,000 students in 1,706 schools. Across Australia, 1 in every 5 students attends a Catholic school. Most Catholic schools (96%) are systemic and Catholic systems within certain States are very significant education providers – e.g. the Catholic Education Commission of New South Wales (CECNSW) is the fourth largest education provider in Australia and the Catholic Education Commission of Victoria (CECV) is the sixth largest.

Catholic education has a long and proud history providing quality education services to Australian communities for over 180 years. Catholic schools are a national asset, on average educating children at substantially less cost per student than in other schools, even when parent contributions are taken into account.

More than 85,000 people were employed in Catholic schools in Australia in 2012. To illustrate the significance of Catholic education as a major employer, this workforce is larger than the entire Australian workforce involved in the manufacturing of motor vehicles and motor vehicle parts, or the number of people employed across every single department store in Australia.¹

This submission is prepared and presented by the National Catholic Education Commission (NCEC) on behalf of all Catholic schools in Australia.

The NCEC acknowledges the Australian Government's stated education priorities:

- a stable, simple and sustainable approach to funding that gives schools, teachers and parents certainty for the future;
- a renewed focus on what students learn through a robust national curriculum;
- improved quality of teaching and related support services; and
- a greater say for teachers, principals, parents and the community about how their school is run.²

The NCEC welcomed, on 2 December 2013, the announcement of the Prime Minister and Minister for Education, *A Fairer Funding Agreement for Schools*, committing to funding over four years for all schools and sectors and the implementation of "a funding model that is national, fair and needs based while getting rid of the prescriptive command and control features that removed authority for schools from States, Territories and the non-government sector".³

The NCEC believes that it is important that the Australian Government and state and territory Governments continue to work as partners with Catholic school communities in the funding of the Catholic education sector. NCEC agrees that teacher quality, a robust national curriculum, and community engagement in schooling are important factors affecting student learning.

¹ NCEC, *Australian Catholic Schools 2012*, pp 35-49.

² *The Coalition's Policy for Schools: Students First*, August 2013.

³ Media Release, Prime Minister and Minister for Education, *A Fairer Funding Agreement for Schools*, 2 December 2013

This submission has been prepared in response to the Government's invitation for submissions in the lead up to the 2014-15 Budget. (Reference: Treasurer's media release of 18 December 2013). This submission highlights the following.

- The strong contribution that Catholic schools make to education in Australia and the value for money the Catholic school sector provides governments and the community. The characteristics of Catholic schools include accessibility to students from all social backgrounds, high performance, efficiency and accountability (Section 1).
- The critical importance of government funding to Catholic education – and the extent Catholic schools can continue to provide value for money to governments and the community (Section 2).
- The link between resources and education outcomes in Catholic schools, noting that while the direct evidence of this link is limited, Catholic education has established the right settings to put its limited resources to best use in driving education outcomes. This means that any reductions in resourcing will invariably weaken those outcomes (Section 3).
- The economic and educational benefits of the Australian Government's Capital Grants Programme which assists the Catholic sector to improve and build new facilities (Section 3).
- The important policy issue of how students can be provided with appropriate pathways to high quality training and employment with the cessation of the *Trade Training Centres Programme* (Section 3)
- The nature of the new schools funding model from 2014 and proposed reviews of the model for funding beyond 2017 (Section 4).
- Comments on the vital policy area of Capital funding for Catholic schools particularly in growth corridors (Section 4).

A key mission of Catholic schools is to ensure that students should not be prevented from achieving their potential because of background or family circumstances, or because of the location of their schools. The Australian Catholic Bishops Conference has endorsed seven principles for the funding of schools in Australia.

Most of these principles are relevant to the discussion in this submission. In summary, the seven *Funding Principles for Catholic Schools*⁴ are:

- Parental choice
- Religious freedom
- Funding equity
- Educational partnership
- Funding certainty
- Supporting accountability
- A fair allocative mechanism.

These are fully defined with respect to Catholic education in Attachment A.

The NCEC asserts that a fundamental principle regarding funding for Catholic education is the preservation of the ability of Catholic school systems to determine funding distribution on the basis of locally identified need. NCEC believes that funding must be enshrined in legislation to provide certainty of funding for Catholic schools.

⁴ Australian Catholic Bishops Conference (2009). *Funding Principles for Catholic Schools*

1. Value of Catholic schools to education in Australia

Catholic schools are heavily reliant on grants from governments. *My School* data for 2011 indicates that government recurrent grants account for about 80% of net recurrent income in Catholic schools.⁵ In return, Catholic education provides the community and governments outstanding value for money. As outlined below, the sector may be characterised as:

- Accessible
- Efficient
- High performing
- Collaborative with governments
- Accountable to governments and the community.

Any reduction in government funding would put this contribution at risk, and is likely to weaken education outcomes and/or make education more costly to governments and the community.

Catholic schools are highly accessible

One mission of Catholic schools is to ensure that students are not prevented from achieving their potential because of background or family circumstances, or because of the location of their school.

The commitment of Catholic education to making a quality education accessible to all students is demonstrated in many ways:

- Its presence throughout Australia. Catholic education has a strong commitment to rural and remote education, even where this results in disproportionately high costs
- Enrolment practices. These neither exclude nor privilege certain groups – few Catholic schools have academic scholarships and overseas student full-fee-paying enrolments are limited. While Catholic schools prioritise Catholic student enrolments, they also accept non-Catholic students: in 2012, 29% of students in Catholic schools were not Catholic
- System funding arrangements. Catholic systems cross-subsidise schools, including (in some cases), the re-distribution of school-level fee income. Funding distribution processes of Catholic systems favour remote schools and schools with low SES families, refugees, Indigenous students, students with a disability and students with special learning needs. These serve to increase accessibility to Catholic schools for these cohorts
- Fee policies. Fee-setting and fee-collecting processes consider the socio-economic status (SES) of the school community and the circumstances of individual families. Other policies (e.g. hardship concessions and sibling discounts) are also applied to increase affordability. These measures together seek to ensure that the charging of fees does not exclude any families who seek a Catholic education. Fees, charges and parental contributions in schools tend to be closely correlated to school SES scores (as one measure of the school community's capacity to afford fees).

The emphasis on accessibility within the Catholic school sector results in a diverse student base. Catholic schools maintain accessibility to disadvantaged students, students from low-income and middle-income families.

⁵ Australian Curriculum, Assessment and Reporting Authority (ACARA).

- Catholic schools are inclusive with high proportions of Indigenous students and students with disabilities.
- The percentage of students attending Catholic schools/campuses outside of major cities (28.4%) is above the national average (27.0%), broadly consistent with the distribution of the Australian population (see Table 1).
- Although Catholic school populations are highly diverse, the distribution of socio-economic status (SES) school scores shows that Catholic education serves a large proportion of students from disadvantaged backgrounds.

Table 1: Geographic distribution of Catholic students, 2012

Remoteness area*	Catholic students		National student average	Australian population
	Number	% of total	% of total	% of total
Major cities	526,542	71.60%	73.04%	70.35%
Inner and outer regional	198,359	26.97%	24.72%	27.34%
Remote and very remote	10,502	1.43%	2.24%	2.31%

*Australian Statistical Geography Standard for Australian population and MCEECDYA remoteness indicator for student population.

Source: National Catholic Education Commission and Australian Bureau of Statistics

Catholic schools are efficient

As *My School* data consistently shows, the Catholic sector operates with the least recurrent resources per student of any school sector. This was true in all States and Territories in 2011. Table 2 presents net recurrent income per student estimates, for each of the three school sectors, averaged across Australia for 2011. The data suggests that at the national level, Catholic schools on average operated with 8% less recurrent income than Government schools and 27% less recurrent income than independent schools. This resourcing outcome is a direct extension of the status of Catholic schools:

- as part of the non-government sector, and therefore eligible for less government funding than government schools
- as part of a sector that strives to be highly accessible to students from all backgrounds, and therefore with affordable tuition fees.

Table 2: Average funding and income levels across school sectors, 2011 (\$ per student)

Sector	Government recurrent funding	Net recurrent private income	Total net recurrent income
Catholic sector	\$8,814	\$2,266	\$11,080
All schools	\$10,257	\$2,096	\$12,353
Government sector	\$11,411	\$648	\$12,060
Independent sector	\$7,175	\$8,005	\$15,180

Source: Australian Curriculum, Assessment and Reporting Authority (ACARA), *My School* National Data Set, July 2013

Table 2 also highlights the benefit that a highly accessible Catholic school sector provides to government finances. Many families in Catholic schools have modest incomes such that their only education alternative is the government school system. By remaining accessible to these families, the Catholic school sector educates these students at lower overall cost and lower cost to governments.

This has important implications for future government funding to Catholic schools. Should that funding decline in *real* terms – which occurs if funding indexation does not keep pace with teacher salaries, which are by some margin the largest cost for schools⁶ – then Catholic schools would need to become more reliant on fee income. Yet fee increases are likely to drive many Catholic students from low-income families into government schools, where they would require additional government funding. Anecdotal evidence at the local level strongly suggests that when parents choose to leave Catholic schools, a primary reason is that they can no longer meet the school fees.

The position of the Catholic school sector as a low-cost provider is also evident from class size comparisons across sectors (see Table 3). Catholic schools have significantly larger class sizes than independent and government schools, especially in primary schools.

Table 3: Student-teacher ratios across school sectors, 2012

Sector	Primary	Secondary	Total
Catholic sector	17.4	12.7	14.9
All schools	15.5	12.0	13.8
Government sector	15.2	12.3	13.9
Independent sector	14.6	10.3	12.0

Source: Australian Bureau of Statistics, *Schools Australia, 2012*

That the Catholic school sector is able to maintain strong education outcomes (see below) with relatively low resources is very instructive. This comes about partly due to the student-teacher ratios. The limited incomes of many Catholic schools demand a concerted focus only on the highest-value education strategies and policies. Resources are carefully targeted to measures that most benefit student outcomes. Research suggests that, within certain bounds, class sizes have little impact on education outcomes.

Catholic schools are high performing

Despite having the lowest average resource levels, the overall educational performance of the Catholic sector is strong. The strong performance of Catholic schools can be demonstrated in several dimensions. For example, Table 4 summarises NAPLAN results for 2012. On average across Australia:

- Students in Catholic schools achieved higher mean scores, than the national average

⁶ A further issue is that the scope for productivity improvements in schools is limited. School education is, by necessity, a labour-intensive activity so there are very few opportunities for Catholic schools to achieve productivity gains. This argument however depends on the context of the constraints of industrial arrangements and assumptions held around pedagogical theories and practices.

- More students in Catholic schools were at or above national minimum standards, than the national average.

Table 4: NAPLAN – Years 3, 5, 7 and 9 – Mean student scores and Students at or above minimum standards

	Year 3	Year 5	Year 7	Year 9
Mean student scores (five-domain average)				
Catholic sector	422.4	496.2	543.9	582.1
All schools	415.0	490.3	538.9	575.0
Students at or above minimum standards (five-domain average)				
Catholic sector	97.4%	95.5%	96.7%	94.2%
All schools	95.5%	92.8%	94.5%	90.7%

Source: ACARA, *My School* National Data Set, July 2013

Catholic schools are highly collaborative with governments and accountable to governments and the community

The Catholic school sector is a significant partner together with the Australian and State/Territory Governments in supporting a national approach aimed at achieving the equity and excellence objectives of the *Melbourne Declaration on Educational Goals for Young Australians* (2008).

Catholic schools have a strong track record of compliance and cooperation with government authorities to meet financial and other accountability benchmarks (for example, in fulfilling their responsibilities to the federal and State/Territory Departments of Education and the Australian Curriculum, Assessment and Reporting Authority). Examples of Catholic schools’ collaborative efforts include participation in the National Partnerships, the national curriculum, the certification of teachers, and contributions to the national professional standards for teachers and principals.

Catholic education’s effectiveness and efficiency was demonstrated in the successful management of the *Building the Education Revolution* (BER) Program across the Catholic sector.

Catholic schools are subject to a high level of accountability through State and Territory and Australian Government funding arrangements and school registration requirements. In addition, there are significant accountabilities, educational and financial, formalised in legislation, Regulations, the National Assessment Program, the Australian Government’s *Financial Questionnaire*, and Building Codes.

Catholic schools have been compliant under the *Schools Assistance Act 2008* and will continue to be compliant under the *Australian Education Act 2013* together with the *Australian Education Regulation 2013*. Examples of the areas where Catholic schools’ responsibilities operate within the general framework of Australian education are:

- *My School*
- NAPLAN (National Assessment Program – Literacy and Numeracy)
- National Curriculum
- Teacher Accreditation
- School Registration
- Annual reporting to school communities.

The list of compliance requirements for schools under Commonwealth and State and Territory government legislation is long and demanding (for example, provisions relating to privacy, copyright, family law, consumer law, industrial relations, equal opportunity, anti-discrimination). Catholic schools are also subject to the Commonwealth's *Australian Charities and Not-for-profits Commission Act 2012*. The overall impact is that schools are caught in an ever growing web of regulatory requirements that burden principals and staff with administrative tasks that often appear to have little, if any, benefit to students, the school or the community. The overload of regulation, red tape and duplication adds to the cost of schooling.

A holistic, sensible review of regulations impacting schools would almost certainly identify areas for improvement, so that schools could direct more of their scarce resources into educating students.

2. Importance of Australian Government funding to Catholic schools

Government funding is critical to Catholic schools furthering their objectives of equity and accessibility. Catholic schools look to governments to ensure that, through an equitable funding system, non-government schools that seek to serve the broad socio-economic spectrum of Australian families have the capacity to do so. They need the support of governments to continue providing a quality education option at reasonable cost for the many communities they serve.

Funding *from the Australian Government* is particularly important to the Catholic sector for two further reasons. First, the Australian Government provides Catholic schools with the majority of their recurrent government grants. In 2011, for example, the Australian Government provided Catholic schools with about three-quarters of the total government recurrent grants they received, on average across Australia.

Second, Australian Government funding of Catholic schools helps mitigate the issues caused by the inherent conflict of interest that State/Territory governments have in relation to non-government schools as education service providers, education regulators and part-funders of non-government schools. In NCEC's experience, these issues have been particularly evident in the recent implementation of some of the National Partnerships in school education. While the complete resolution of these conflicts may not be achievable, Australian Government funding mitigates their impact on non-government schools.

There may be appeal in streamlining school funding arrangements to have only one level of government determining the distribution of funding between schools and sectors. It is the longstanding view of Catholic education, however, that it is not desirable for State and Territory governments to be the sole funders of school education and particularly of non-government schools. NCEC is strongly opposed to this for the reasons provided above. These can be expanded on if required.

3. Link between resources and education outcomes in Catholic schools

Some commentators have questioned the link between school resourcing levels and education outcomes. Research has linked a broad range of factors to key educational outcomes and in particular, student education performance. The most influential of these appear to be:

- Teacher quality⁷
- School leadership⁸
- School governance⁹
- Parental involvement/engagement in their schooling¹⁰
- Socio-economic background of the student¹¹
- Remoteness¹²
- The presence of an effective non-government schooling sector¹³.

Meanwhile, the distinct relationship between school resourcing and education outcomes has proved difficult to isolate.¹⁴ This serves to highlight that, although the quantum of funding provided to schools is clearly an important 'enabler' for improving student learning outcomes, the actual effect of resourcing on outcomes is mediated by a host of other conditions.¹⁵ Specifically, research findings provide considerable insight to the management, governance and resource-allocation settings that can maximise the effectiveness of resources in improving educational outcomes.

The structure and operation of Catholic education exhibits most of these settings. The Catholic sector:

- Devolves decisions to the lowest, most appropriate level, under the principle of subsidiarity. This means that most school-level decisions are made by principals and staff, in

⁷ For example, see Wright, S.; Horn, S. & Sanders, W. (1997). 'Teacher and Classroom Context Effects on Student Achievement: Implications for Teacher Evaluation', *Journal of Personnel Evaluation in Education*, 11, pp. 57-67.

⁸ Silins, H. and Mulford, B. 2007 'Leadership and school effectiveness and improvement' in Townsend, T. (Ed.) *International Handbook of School Effectiveness and Improvement*, Springer, Netherlands

⁹ Education transformations 2007, *Principal Autonomy Research Project*, Report to the Department of Education, Employment and Workplace Relations

¹⁰ Saulwick Muller Social Research (2006) *Family-School Partnerships Project – A qualitative and quantitative study* (prepared for the Department of Education, Science and Training, the Australian Council of State School Organisations and the Australian Parents Council), Commonwealth of Australia, July.

¹¹ OECD. (2010). *PISA 2009 Results: Overcoming Social Background – Equity in Learning Opportunities and Outcomes* (Vol. II). Paris: The Organisation for Economic Cooperation and Development.

¹² Welch, A., Helme, S., & Lamb, S. (2007). 'Rurality and Inequality in Education: The Australian Experience'. In R. Teese, S. Lamb & M. Duru-Bellat (Eds.), *International Studies in Educational Inequality, Theory and Policy* (Vol. Two). Dordrecht: Springer.

¹³ Wößmann, L., Lüdemann, E., Schütz, G., & West, M. R. (2007). *School Accountability, Autonomy, Choice, and the Level of Student Achievement: International Evidence from PISA 2003*. Paris: OECD Directorate for Education.

¹⁴ For example, see Dowling, A. (2008). 'Output Measurement in Education', *Policy Analysis and Program Evaluation*, ACER.

¹⁵ Hattie, J (2009). *Visible Learning: a Synthesis of over 800 Meta-analyses Relating to Achievement*. London & New York: Routledge.

consultation with school boards. Boards bring together priests, members of religious orders, principals, parents and members of the wider community in a spirit of collaboration to realise the school's vision and achieve its educational aims

- Embraces the parent-school partnership in educating children. Schools endeavour to offer formal and informal environments where parents' involvement and engagement are encouraged and welcomed through high quality parent-teacher relationships, parent associations and school boards. Various programs have been introduced within Catholic dioceses so that schools are able to reflect on, explore different strategies, and develop more effective community-parent-school partnerships
- Distributes government funding to the schools and students that most need it. System distribution formulae provide greater support for low socio-economic status students, English Second Language students, students with disabilities and additional learning needs, students in rural and remote areas, and other 'disadvantaged' students. (These also serve to increase access to Catholic schools to all cohorts of students within the community.)

By satisfying these 'necessary conditions', resources in Catholic schools are highly likely to be expended efficiently and effectively. This is reflected in the strong education performance in Catholic schools, despite having the fewest resources on average of any school sector. As explained earlier, the limited school incomes across the Catholic sector have required Catholic schools to organise themselves and pursue strategies that put its resources to best use in driving education outcomes. This means that any reductions in resourcing will invariably weaken those outcomes.

Capital funding for Catholic education

The Australian Government's Capital Grants Programme for non-government schools, delivered through Block Grant Authorities, provides the financial capacity for schools to improve and build new facilities. Good school infrastructure is understood to positively contribute to student wellbeing, self-esteem and educational outcomes and capital funding is well-regarded by school communities. Overall, rough estimates are that Australian Government capital funding covers anywhere from 10% to 30% of all capital expenditure in the Catholic sector. There are, however, strong indications that this percentage will be closer to 10% in coming years. This is particularly true as the *Building the Education Revolution* capital expenditure is removed from these estimates. The limited availability of government funding for capital purposes means it is not possible to provide 100% funding for any individual project. Hence, local communities must provide a contribution to bridge the gap between the final cost of works and grants provided.

The local contribution component for capital projects funded from government grants can vary between projects and is directly interrelated to the capacity of the community to contribute. It would be envisaged, however, that the level of local contribution is in the order of 30% to 40% of the total project cost. Effectively this partnership provides the government with significant savings in the cost to provide necessary educational facilities for students and staff. Additionally, with enhanced facilities there is greater capacity to offer additional places for students in Catholic schools. The likely result is that overall government recurrent funding for schooling is reduced because fewer students are enrolled in government schools. The potential for partnerships between the government and Catholic sectors relating to school infrastructure should be explored.

Catholic education has a proven record of delivering high value for money and greater cost efficiencies with public funding. Catholic education's effectiveness and efficiency was demonstrated in the successful management of the *Building the Education Revolution* Program across the Catholic sector.

The NCEC appreciates the contribution that the Australian Government makes to the development of Catholic school facilities. Catholic education, nevertheless, continues to face challenges funding capital facilities so that Catholic families in new areas have the same schooling choice as families elsewhere. Planning for new schools in growth corridors is essential and should involve the Government, Catholic and Independent school sectors. The magnitude of the capital issue can be demonstrated with reference to projected school enrolment data, 2011-2020.

Projected enrolment change in all Australian schools 2011 – 2020 is 668,207 – a 19.0% increase. For the Catholic school sector, the projected enrolment increase 2011-2020 is in the order of 147,770 students (20.41% increase) based on a range of assumptions. This equates to an increase of at least 349 new Catholic schools needed by 2020.¹⁶ The possibility of commissioning 35 Catholic schools each year, which is implied under this scenario, is highly ambitious.

The NCEC believes that the significant challenges to establishing Catholic education services in growth corridors needs to be recognised. Increased government capital assistance is needed to assist communities which do not have an established resource/parent income base from which to derive local contributions and capital loans to build new schools. The building of facilities is in addition to the high cost of land and this cost is borne by Catholic school communities.

Trade Training Centres Programme

The NCEC notes the cessation of the *Trade Training Centres Programme* (TTC).¹⁷ Catholic education valued this programme which supported access for students to high quality vocational education and training opportunities. The NCEC believes that it is important to have quality vocational education training in schools as an option for students and their families and also for the Australian economy through skills formation. Catholic schools have been highly responsive in meeting the needs of local business and industry as well as the aspirations of students by drawing on the resources provided by the TTC programme.

The cessation of the TTC programme raises the important policy issue of how students can be provided with appropriate pathways to high quality training and employment.

While more young Australians are completing Year 12, over a quarter are not in full-time work or study after school. That is, more than 27 % of Australians aged 17-24 were not in full-time study or work in 2011 according to a Council of Australian Governments (COAG) Reform Council's report released in October 2013. The outcomes are worse for people from disadvantaged backgrounds, where more than 40% of young people are not earning or learning.¹⁸

Catholic education looks forward to the opportunity to canvass potential directions with the Government to meet its policy objectives.

¹⁶ Source: Department of Education Projections and Australian Bureau of Statistics *Schools Australia*.

¹⁷ *Mid-Year Economic and Fiscal Outlook 2013-14*, December 2013, p. 133.

¹⁸ COAG Reform Council, Report to the Council of Australian Governments, *Education in Australia 2012: Five Years of Performance*, 21 October 2013.

4. Concluding Comments

Catholic education welcomes the certainty for Catholic schools and systems represented in recent Government statements (as at 2 December 2013):

- The quantum of Australian Government funding for all schools for 2014-2017
- Government funding for schools will be distributed on the basis of student need
- A school funding model which is inclusive of all school sectors
- A commitment to the reduction of unnecessary red tape and compliance currently contained in the *Australian Education Act 2013*.

The NCEC notes that one of the key elements of the new funding arrangements for 2014 recognises that the State and Territory Catholic Education Commissions will maintain autonomy over funding distributions within each Catholic school system.

Catholic education is committed to working closely with the Australian Government through the funding model's scheduled reviews as part of the agreed arrangements to support the needs of all students over the next four years. NCEC looks forward to participating in the Government's proposed review of the funding model beyond 2017. NCEC believes that aspects of the model requiring re-consideration include indexation, and the nature of the data underpinning the loadings.

The NCEC proposes that Australian Government capital funding continues to be allocated for existing schools and increased to take into account projected enrolment increases particularly where new schools are required. For the Catholic school sector to maintain its enrolment share, significant new capital funding needs to be allocated for new schools and new student places in existing schools.

The NCEC believes that government capital funding for Catholic schools needs to be increased in real terms to:

- cater for an increasing school-age population
- build new schools particularly in growth corridors
- cater for broader and different curriculum areas including costs associated with provision of technology and vocational education and training
- accommodate increases in building standards particularly in relation to disability access and building codes.

Catholic education looks forward to the opportunity to provide greater detail to Government on this vital area of school funding policy.

FUNDING PRINCIPLES FOR CATHOLIC SCHOOLS

Endorsement

The Australian Catholic Bishops Conference endorses these Funding Principles prepared by the National Catholic Education Commission. They are grounded in the *School Funding Policy* statement prepared by NCEC and endorsed by the Bishops Conference in 1987.

Australia's Catholic schools are a gift to the nation, and in response enjoy unprecedented community support. A fair and equitable funding scheme for all schools, including Catholic schools, is the bedrock underpinning for all Australian schools, including Catholic schools.

Bishop Greg O'Kelly SJ
Chairman, Bishops Commission for Catholic Education
December 2009

Preamble

Australia's Catholic schools are a national asset. They currently educate one-fifth of all the nation's school students. From 19th and early 20th century foundations across the length and breadth of the continent has sprung a diverse, yet unified, network of 1700 schools which are educating 696,000 students and employing 78,000 staff. Catholic schools reflect the cultural diversity of contemporary Australia. They have made a substantial contribution over many decades to Australian society and to the Catholic Church in Australia and overseas. They will continue to contribute to Australia's development, confident about their ongoing relationship with the contemporary Australian community.

The mission of Catholic schools is to be more than providers of high quality education, advancing the common good of Australian society. Their belief in the ultimate intrinsic value of each individual student is based on a distinctive educational vision inspired by the example and message of Jesus Christ. Through their culture, ethos and mission, and through the commitment of their staff and their educational programs, Catholic schools demonstrate that there is no separation between learning and living the Christian life. Catholic schools teach that a life lived in the love of God and in the Christian community service of others has purpose and meaning. The 2008 *Declaration on Educational Goals for Young Australians* recognises the importance for all young Australians of developing spiritual goals.

Since the early 1970s Australian Catholic schools have received significant funding support from Commonwealth and State/Territory Governments. This support has enabled Catholic schools to consolidate their collective position as partners in the national educational endeavour: partners with governments, families and church communities in achieving

national educational goals for young Australians. Catholic schools provide a quality education option at reasonable cost for parents from a diverse range of religious, social, cultural and economic backgrounds across the nation. To continue this effective partnership, Australian Catholic schools need the funding support of governments. Moreover, the cost of Australian schooling increases annually as schools strive for higher standards and engage with a rapidly changing agenda.

Commonwealth Government funding support for Catholic schools is bipartisan. It has long been recognised by successive Australian governments that Catholic schools deliver value for the taxpayers' dollar, and that Catholic schools enhance social capital and community infrastructure. In particular, successive governments have demonstrated a commitment to:

- a) parental choice of schooling, including schooling based on the Catholic religious and education tradition, as a right deserving of government support;
- b) all children having the right to share equitably in public expenditure on education; and
- c) the equitable provision of adequate and appropriate resources to all schools.

Australian schools, both Government and non-government, are funded differentially by Governments, both Commonwealth and State/Territory. The consequent inequities in school resources across schools remain a source of national debate and concern. NCEC advocates that the time has come for an agreed settlement between Commonwealth and State/Territory Governments which defines the relative funding responsibilities of all levels of government for both Government and non-government schools.

Basic Funding Principles

Principle 1: Parental choice

Parental choice means that:

- a) In accord with the Universal Declaration of Human Rights, all Australian parents "have a prior right to choose the kind of education that shall be given to their children".
- b) The right of parents to choice of schooling, including schooling based on the Catholic religious and education tradition, is a right deserving of government support.
- c) Future parents must have the same capacity as current and earlier generations of parents to exercise their freedom of choice in schooling.

Principle 2: Religious freedom

Religious freedom for Catholic schools means that

- a) Commonwealth and State/Territory Governments acknowledge the distinctive contribution Catholic schools have made, and will continue to make, to the development of Australian society, economy and culture.

- b) Commonwealth and State Government funding actively supports and encourages parental freedom of school choice for their children.
- c) Commonwealth and State Government funding arrangements respect the identity, integrity and autonomy of the Catholic school.
- d) Catholic schools, respecting the rights of parents to choose schooling for their children in the Catholic tradition, are free to form and instruct young people in the Catholic faith and publicly celebrate the faith.
- e) Funding, compliance and accountability requirements support rather than hinder or compromise the authenticity or autonomy of the Catholic school.

Principle 3: Funding equity

Equity means that

- a) Catholic schools require a funding model that guarantees equitable access to Commonwealth and State funding – recurrent, targeted and capital.
- b) Overall Commonwealth and State funding from the beginning of the next funding period will be at least equal in real terms to funding levels at the end of the current period.
- c) Catholic schools require additional funding support to meet the needs of increasing numbers of Indigenous students, students with disabilities and refugee students, as well as students/schools at risk and schools serving disadvantaged communities.
- d) The value of grants is maintained through annual supplementation by indexation to actual costs in government schools.
- e) The capacity for Catholic State and diocesan school systems to cross-subsidise schools according to assessed local need is recognised.
- f) Catholic schools have appropriate access to funds allocated for special purposes –for example, computers.

Principle 4: Educational partnership

Partnership means that

- a) Catholic schools work on behalf of the church in partnership with parents, Commonwealth and State Governments and other education providers to deliver high quality education open to all children and young people whose parents choose Catholic schools.
- b) Catholic education authorities are actively engaged in key national policy and program decision making forums.
- c) Catholic schools work to implement the Melbourne *Declaration on Educational Goals for Young Australians*.

Principle 5: Funding certainty

Certainty means that

- a) Catholic schools and school systems require secure, guaranteed funding that is stable and predictable over a specified future period.

- b) Catholic schools, as a large and genuinely national enterprise, require a solid basis for funding certainty in Commonwealth legislation.
- c) Catholic schools are able to account publicly for the allocation and expenditure of government funds in a transparent, coherent and comparable manner.

Principle 6: Supporting accountability

Accountability and reporting mean that

- a) Catholic schools will report as negotiated on agreed national output/performance parameters through the Australian Curriculum Assessment and Reporting Authority (ACARA) using fully comparable data.
- b) Catholic schools will continue to meet agreed financial accountability requirements to governments and to parents and the church community.
- c) Funding agencies recognise the responsibilities of Catholic school authorities, dioceses and religious institutes for the management of Catholic schools.

Principle 7: A fair allocative mechanism

The funding mechanism must guarantee that

- a) Funding allocations to Catholic schools are based on reliable, objective third-party data and mutually acceptable public criteria.
- b) Specific funding for students with additional learning needs is identifiable.
- c) Funding levels are indexed annually using a transparent mechanism.
- d) Funding levels are reviewed and updated periodically.
- e) All Catholic schools are eligible, on a needs basis, for Commonwealth and State Government capital support.
- f) Access to State and Territory Government funding of Catholic schools is consistent across States and Territories.