



National Catholic
Education Commission

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21 March 2014

The Secretary
Senate Select Committee on School Funding
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

I write on behalf of the National Catholic Education Commission (NCEC) in relation to the consultations of the Senate Select Committee on School Funding. The NCEC represents more than 740,000 students in more than 1,700 Catholic schools.

Please see enclosed NCEC submission to the Senate Select Committee on School Funding. Thank you for the opportunity to provide a submission.

Yours sincerely

A handwritten signature in blue ink that reads "Ross Fox".

Ross Fox
Executive Director



Submission to the Senate Select Committee on School Funding

21 March 2014

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Introduction

The National Catholic Education Commission (NCEC) welcomes the opportunity to make a submission to the Senate Select Committee on School Funding on the new national school funding arrangements from 2014, and school reform as embodied in the *Australian Education Act 2013*.

The NCEC is appreciative of the continuity and certainty of funding under the funding model for all schools for 2014 to 2017 as committed to by the current Australian Government. NCEC was closely involved in the lengthy process leading to the new model commencing with the *Gonski Review of funding for schooling* in April 2010 and culminating in the former Government's announcement of a new funding model in April 2013. The overall quantum of funds to be provided by governments, however, under the model being implemented, is far short of the original Gonski recommendations.

Whilst the new arrangements deliver modest increases in funding for Catholic education, the impacts across years and States/Territories are very uneven. The former Government's model promised the bulk of funding under the new model in 2018 and 2019 and we note that there is a long transitional path for schools to reach 95% of the Schooling Resource Standard. Under the *National Education Reform Agreement*, indexation, and several of the equity loadings were nominated for early review and the current Government has indicated its intention to undertake these reviews.

Australia's Catholic schools are a national asset. They currently educate one in five Australian students. Catholic schools provide a quality education option at reasonable cost for parents from a diverse range of cultural and socio-economic backgrounds across the nation. Catholic education is inclusive of children from many faith backgrounds. Funding certainty is essential so that Catholic education can plan to support the current and future needs of students and staff.

This submission, which is presented by NCEC on behalf of all Catholic schools in Australia, addresses in broad terms significant issues for Catholic education in the new school funding arrangements for 2014 and beyond.

Summary of main points

Catholic education in Australia is a high performing and accessible system that is collaborative with government and highly accountable to both government and the community. The implementation of the new school funding arrangements from 2014 involves a lengthy transition phase and complex transition arrangements. The NCEC is committed to continuing Catholic education's long-standing productive partnership with government.

While we welcome the additional funding that will flow to schools, we note that the total funding envelope agreed initially by the former Government and endorsed by the current Government falls well short of the Gonski recommended amounts. The resources now budgeted by the Commonwealth and State/Territory governments fund only a portion of the Schooling Resource Standard, base and loadings, calculated for each Catholic system under the new model, especially in the first few years. State and Territory Catholic systems will experience the transition towards the new funding model very differently.

The NCEC has welcomed the continuity and certainty of funding under the funding arrangements for all schools for 2014 to 2017.

For Catholic education, the most important priority in implementing the new school funding arrangements is to provide and maintain funding certainty for schools. The priority the Australian Government has given to achieving a sustainable approach to funding that gives schools, teachers and parents certainty for the future is wholly endorsed by Catholic education. In a media statement on 2 December 2013, the NCEC commended the Government for providing certainty over the quantum of funding and the funding model to be used to determine funding levels for all schools over the next four years. NCEC also welcomed the current Government's commitment to reduce unnecessary red tape and compliance contained in the *Australian Education Act*.

Stable and predictable funding, at an adequate level, is critical to enable schools and school authorities to plan effectively to meet the educational needs of the 20% of Australian students who attend Catholic schools. Without certainty of funding, schools are unable to plan adequately for enrolments, staffing, learning programs, community engagement or administration, including the determination of fees.

The relevant agreements between the Commonwealth and States/Territories vary in detail, giving acknowledgement to the different starting points of different education jurisdictions in making the transition to a new funding model. School funding policy is not a green fields site – the efficient and effective elements of existing policies in Catholic education, which have led to good education outcomes at relatively lower levels of investment from the public purse, need to be valued and preserved. As “participating schools” under the *Australian Education Act*, each Catholic system is subject to detailed transitional arrangements. At the same time, the Act supports those elements of school funding which Catholic education regards as an essential underpinning of the successful outcomes of Catholic schooling, measured in terms of both quality and equity (see Section 1 for detail).

In addition to certainty of funding for four years and stability in funding, the elements of the new funding arrangements which are of particular importance to Catholic education are:

- System-based funding
- Needs-based funding and loadings for disadvantage, in particular the loading for students with disability, and their equal application to both government and non-government schools.

The NCEC believes there is scope to reconsider some aspects of the funding arrangements and the legislation which could enhance the capacity of Catholic schools to improve education outcomes for all students. The Australian Government has already signalled its intention to review the regulatory and compliance burden of the legislation. The indexation arrangements, the methodology for calculating the loading for students with disability, the English language proficiency loading and the

low socio-economic status loading will be reviewed this year. NCEC will provide more detailed submissions in the course of these reviews.

The complexity of the new funding arrangements, reflected in the level of detail of the legislation and regulations and the unprecedented potential for Commonwealth intervention in the operation of schools underlines the necessity for ongoing evaluation of the arrangements.

Catholic education is an established partner with governments in the provision of school education in Australia. A snapshot of the strengths of Catholic education, which provides effective, quality education for a high proportion of Australian students in an efficient system, is presented in Section 1 (see below).

Catholic education is adamantly opposed to the imposition of confidentiality requirements of the kind demanded in the post-Gonski review negotiations which went as far as limiting the capacity of participants to seek advice and consult even with colleagues within the sector.

Specific elements of the funding arrangements which are likely to warrant further attention and which NCEC will seek to pursue are:

- the calculation of the Schooling Resource Standard (SRS)
- the balance between the per student base grant and loadings for various types of school and student disadvantage factors
- the potential for additional investment to address areas including the adequacy of capital funding and funding for vocational education in schools.

Section 1 The value of Catholic schools to education in Australia

The Catholic sector is a major education provider in all parts of Australia. In 2012 over 735,000 students attended the 1,706 Catholic schools across Australia. One in five Australian students attends a Catholic school. Most Catholic schools (96%) are systemic and Catholic systems within several states are very significant education providers – e.g. Catholic education in New South Wales is the fourth largest education provider in Australia and Catholic education in Victoria is the sixth largest.¹

The Catholic school sector is an active participant in the national approach to achieving equity and excellence in Australian education set out in the *Melbourne Declaration on Educational Goals for Young Australians* (2008). Catholic education makes a major contribution to the overarching equity and excellence goals of the *Melbourne Declaration* as well as to its more broad-ranging objectives which recognise the vital role schools play in promoting the ‘intellectual, physical, social, emotional, moral, spiritual and aesthetic development and wellbeing’ of young people. It is important not to lose sight of these broad, less easily measured goals of a quality schooling experience.

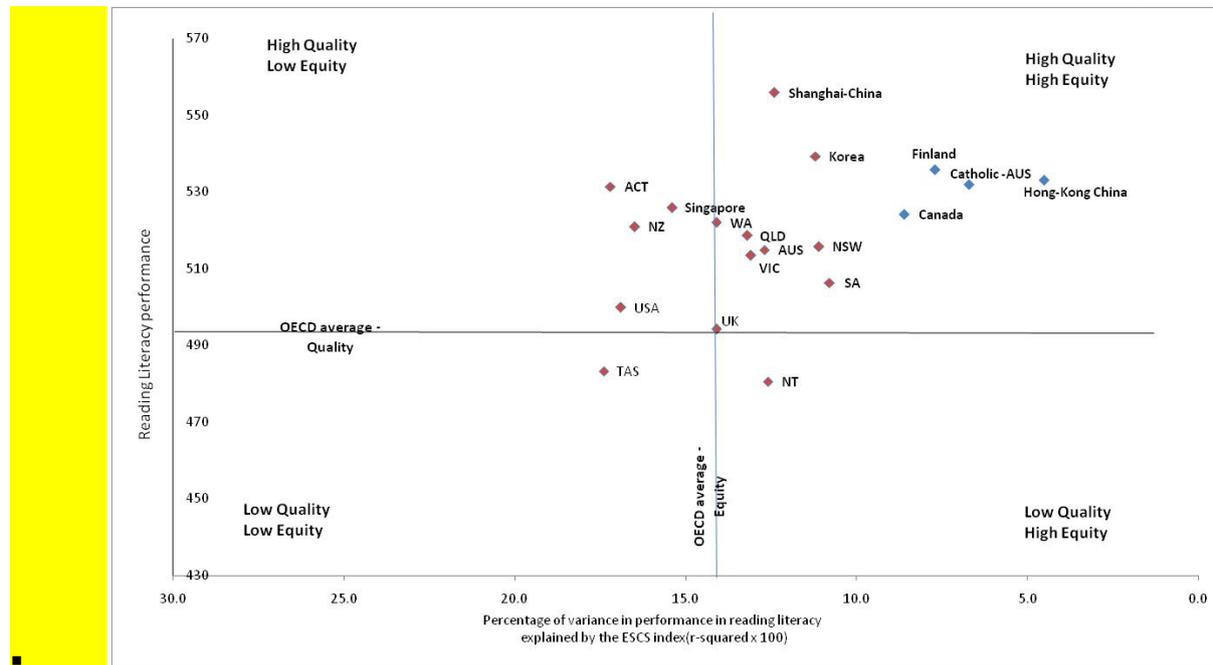
¹ In 2012, the profile of Catholic education in NSW: almost 250,000 students in 581 schools; in Victoria: almost 200,000 students in 486 schools.

Excellence and Equity

The evidence shows that the overall educational performance of the Catholic sector is strong. For example:

- The reading literacy results in the 2009 *Program for International Student Assessment* (PISA) show the Australian Catholic school student cohort (after accounting for socio-economic status) achieved higher quality and equity outcomes than the total Australian student cohort (see Figure 1).²

Figure 1: Relationship between equity and mean of reading literacy in selected jurisdictions (2009)



Source: Australian Council for Educational Research

- The 2012 NAPLAN results show that, on average across Australia, students in Catholic schools achieved higher mean scores than the national average, and that more students in Catholic schools were at or above national minimum standards than the national average (see Table 1).

² Analysis done by the Australian Council for Educational Research for the NCEC; a similar analysis is not yet available for the 2012 PISA results

Table 1: NAPLAN – Years 3, 5, 7 and 9 – Mean student scores and Students at or above minimum standards (2012)

	Year 3	Year 5	Year 7	Year 9
<i>Mean student scores (five-domain average)</i>				
Catholic sector	422.4	496.2	543.9	582.1
All schools	415.0	490.3	538.9	575.0
<i>Students at or above minimum standards (five-domain average)</i>				
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

- A 2008 study of end-of-school achievement in government and non-government schools found that, even after adjusting for a school's socio-economic profile, Catholic and independent schools are able to achieve stronger results than government schools in areas such as academic standards, completion rates and entry to tertiary studies. The research attributes this superior performance to factors including high levels of parental and community involvement, higher standards of discipline and a greater emphasis within the school on academic performance. University admission scores were eight ranks higher for students from independent schools and four ranks higher for those at Catholic schools compared with students from government schools.³ A case could be made to update this research to establish more clearly in an Australian context the in-school influences on student achievement.

The high performance of Catholic schools outlined above is achieved alongside a strong emphasis on equity and accessibility. Economic, social and cultural status has less influence on student performance in Catholic schools than generally in schools across Australia (or in any individual state or territory). Catholic education ranks amongst the most equitable systems in the world, as illustrated in Figure 1.

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. The percentage of students attending Catholic schools/campuses outside of major cities (28.4%) is above the national average (27.0%) and is broadly consistent with the distribution of the Australian population.

³ Gary Marks, Accounting for school-sector differences in university entrance performance in *Australian Journal of Education*, Vol. 53, No. 1, 2009, 19–38

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- Enrolment practices. 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. 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 measures serve to increase accessibility to Catholic schools for these cohorts.
 - Fee policies. Fee-setting and fee-collecting processes consider the socio-economic status 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 for families seeking Catholic education. The majority of students in Catholic schools come from families in low and middle income brackets.
 - Catholic schools are inclusive, with high proportions of Indigenous students and students with disability.

Resource levels

The Catholic school sector is able to maintain its strong education outcomes with relatively low resources, operating with the least net 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 (NRIPS) estimates, for each of the three school sectors, averaged across Australia for 2011. The data show 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.

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

Government recurrent grants account for about 80% of net recurrent income in Catholic schools. As Table 2 highlights, a highly accessible Catholic school sector provides a sizable benefit 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 is partly due to the higher student-teacher ratios in Catholic schools, especially in primary schools, in comparison with independent and government schools (see Table 3).

Table 3: Student to Teaching Staff 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*

Research clearly shows that, within certain bounds, class sizes have little impact on education outcomes. As the Productivity Commission reported in 2012:

...below a relatively high threshold level, both the Australian and international research suggests that smaller class sizes will only benefit some student groups, such as those with learning difficulties, disabilities or other special needs.

It therefore appears that the across-the-board approach to class-size reductions has been a costly policy that has not translated into a commensurate improvement in overall student outcomes. It has tied up funding that could otherwise have been used for a range of more worthwhile purposes, including to better reward quality teaching and use pay differentials for hard-to-staff positions.⁴

The limited incomes of many Catholic schools have demanded a concerted focus on high value education strategies and policies, with resources carefully targeted to measures that most benefit student outcomes. These are consistent with the legislation in relation to emphasising quality teaching, quality learning, empowered school leadership, transparency and accountability and meeting student need. NCEC recognises that teacher quality, a robust national curriculum, school autonomy which places a high value on principal and teacher professional judgment, and community engagement in schooling are important factors affecting student learning.

⁴ Productivity Commission, April 2012, *Schools Workforce Research Report* Canberra:19

High quality education for all is a public good, essential for the proper functioning and cohesion of society and the performance of the economy as well as for individual well-being. The return to the community and the nation from the public investment in Catholic education is substantial.

Section 2 Critical issues for Catholic schools in the implementation of new funding arrangements for 2014-2017

Catholic education appreciates the modest increase in the quantum of funding which will be provided progressively to Catholic schools under the new model from 1 January 2014. NCEC notes, however, that this funding falls far short of the Gonski recommendations. A needs-based funding model is an essential foundation for Catholic education to continue to deliver high quality education.

We expect that the new model will maintain the proportion of public investment in Catholic schools from both Commonwealth and State/Territory governments at about 80%. At the same time, we would highlight the critical importance of State and Territory government funding to Catholic schools.

Funding certainty

Catholic education welcomes the certainty of funding in the Australian Government's announcement on 2 December 2013 of funding for 2014-2017, committing the Commonwealth Government to:

- the quantum (\$2.8 billion) of Commonwealth funding for schools nationally, for four years from 2014
- funding certainty for schools
- a funding model that is 'national, fair and needs based'
- removal of the 'command and control features' of the legislation.

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

Catholic education provides a quality education option at reasonable cost for parents from a diverse range of social, cultural and economic backgrounds across the nation. To continue this effective partnership, Catholic education needs 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 context.

In any redesign of the funding system however, it is important that government funding enables the non-government sector to expand and meet the expectations of parents and government by delivering quality education to a large number of Australian students, with appropriate

accountability, thus serving the national interest. The Menzies government introduced grants for building and equipment facilities for science teaching in government and non-government secondary schools ‘without discrimination’. It has long been recognised by successive Australian governments that Catholic education delivers value for the taxpayers’ dollar, and that Catholic education enhances social capital and community infrastructure.

A fundamental condition for the non-government sector to continue to provide high quality education and operate efficiently is a predictable funding regime. The importance of continuity and stability in funding cannot be overstated. Schools and systems need predictable funding from year to year to operate effectively. Constantly changing funding settings and unpredictable variations in a school’s funding from year to year seriously disrupts education planning and provision, to the detriment of students.

Each State/Territory and school system has a different starting point for the new funding arrangements and, despite the conceptual appeal of a single national model, applied at a school level, a one-size-fits-all formulaic approach would inevitably have adverse effects on a large number of individual schools.

The strengths resulting from the diversity of schooling in Australia need to be preserved. The implementation of new arrangements therefore needs to take full account of existing education provision and system arrangements and build on this base. The need for government to work closely with all sectors in the transition to the new model is underlined by the potential volatility of funding. Any unintended consequences and unforeseen developments will need to be addressed quickly to avoid adverse effects for systems, schools and students.

System-based funding

Catholic education welcomes the commitment in the *Australian Education Act 2013* (Preamble) to a partnership between government and non-government education authorities in lifting school performance. In addition, the *Australian Education Regulation 2013* (section 5(2)) provides for *approved system arrangements* which underpin system-based funding to Catholic systems. Catholic education believes that system funding is central to its capacity to operate effectively and efficiently.

Under the legislated framework, the eight State and Territory Catholic Education Commissions are *approved system authorities*. Each system is ‘block funded’, using student weighted average system SES scores for the purpose of calculating the base funding per student according to the *capacity to contribute* to contribute relationship.⁵ Importantly, each Catholic system will maintain autonomy over funding distributions to individual schools, within the requirements of the legislation.

For NCEC, the ability of Catholic school systems to determine funding distribution on the basis of locally identified need is a fundamental funding principle. NCEC maintains that the autonomy of Catholic systems to distribute funds according to locally identified needs, enhances equity, guarantees school viability, provides reliable and substantial governance structures and also enables

⁵ Except for the ACT, where the national student weighted average system SES is applied.

prompt and accurate accountability and reporting. System authorities have the knowledge and experience to direct funds to schools and students where they are most needed and must have flexibility so that they can respond adequately to local circumstances. System authorities also play a crucial role in meeting the compliance and accountability demands on Catholic schools, thus partially mitigating the regulatory burden on individual schools.

Needs-based funding

The approach of Catholic systems to allocating funding based on local needs-based funding methodologies is consistent with the intent of the legislation that funding be based on the needs of schools and students. Catholic systems have considerable experience over many decades in developing effective needs-based funding allocation arrangements, incorporating the knowledge of local communities who are in the best position to identify the needs of individual schools.

As the Deloitte Access Economics study of existing funding models for the Gonski Review points out, effective *decentralised* models of funding distribution underpin strong education outcomes:

*Educational systems successful in improving student performance have progressively moved towards decentralised models of management. This has allowed schools and municipalities to focus on the unique needs of their students and the ways in which education can be delivered most effectively given local circumstances. Decentralised funding models, or at the very least funding models that incorporate sufficient local information in the decision making process, are more conducive to strong educational outcomes.*⁶

Needs-based Loadings

Integral to any needs-based approach to funding is the provision of additional resources to students who are disadvantaged in their access to quality education. Pursuit of equity is a priority for Catholic education and we therefore fully endorse a funding approach which allocates resources according to education need and which provides additional resources to effectively target recognised education disadvantage.

The provision in the new funding arrangements of loadings for students with disability, Indigenous students, students from low socio-economic backgrounds, students with low English proficiency and for school location and size is supported in principle. It should be recognised though that the calculation of some of the loadings is still very much a work in progress. There are a number of issues in the implementation of the loadings which Catholic education is interested in pursuing with the Commonwealth including through the forthcoming reviews.

The issues we would flag, in the interests of ensuring that the loadings are meeting the policy objective of targeting disadvantage as effectively as possible, include:

⁶ Deloitte Access Economics, 2011, *Assessing Different Funding Models for Schooling in Australia*, Department of Education, Employment and Workplace Relations, Canberra, June 2011:p.82

- The urgency of finalising definitions for students with disability and implementing equitable funding for these students across sectors. Equitable funding across school sectors for students with disability, allowing parents to have choice and *all* schools to make high quality provision for these students, is a high priority for Catholic education.
- The appropriateness of the balance between the SRS base grant and loadings, as evidenced by the impact on particular sectors and schools, including any unintended consequences. This is particularly relevant for Catholic education receiving only a portion of funding of the base as determined by the *Capacity to Contribute* relationship.
- The nature and reliability of the data used in the calculation of all the loadings, particularly for low socio-economic status. Data should be demonstrably valid, reliable, non-manipulable and fit for purpose.
- The potential for simplifying the calculation of loadings, for instance by using existing data rather than developing new measures.
- The degree of flexibility in application of funding attracted through the loadings should reflect the role of systems in addressing identified needs in a flexible way.

Process issues

Catholic education would stress the critical importance of transparency and fairness across jurisdictions and sectors in calculating and reviewing the loadings, and in other review processes related to school funding arrangements. NCEC looks forward to participating in partnership with the Commonwealth Government in the spirit of collaboration and consensus. We would expect consultations to be transparent and to be conducted with a timeframe that allows for detailed consideration of the relevant issues. We consider that the strict, restrictive and all-encompassing confidentiality requirements imposed at critical stages during the development of decisions on the Gonski Review, as well as the constrained consultation processes in the review itself, were inappropriate and have been antithetical to the best outcomes for school funding policy.

The Productivity Commission has captured the benefits of transparency in consultation to good public policy, pointing out that transparency is a safety net:

...a form of quality control that provides opportunities for correction or refinement when the evidence is not complete. It can elicit new sources of information and alternative analysis, expose weakness in prevailing analysis, and shed light on how the positions of sectoral interests relate to overall community impact, thereby helping achieve better policies and outcomes.⁷

While confidentiality is necessary in exceptional circumstances, it is not appropriate, and in fact is counterproductive, in the development of school funding policy. As the Productivity Commission notes, 'for the vast majority of regulatory proposals open public consultation processes will improve the quality of analysis used to inform government decisions' and 'confidential consultation processes

⁷ Productivity Commission 2010, cited in *Annual Review of Regulatory Burdens on Business: Business and Consumer Services*, Research Report, Canberra: p. 29

should only be used by the Commonwealth Government in limited circumstances where transparency would clearly compromise the public interest.⁸

While NCEC recognises the need to treat official information with appropriate sensitivity and accepts that a degree of confidentiality may be required for a limited time at certain points in the policymaking cycle, we submit that any restriction on our capacity to consult within our own sector and conduct due diligence with Catholic schools is untenable. NCEC believes that the more secretive a process, the less confidence stakeholders and the public can have in the result and the greater the potential for mistakes and unintended consequences. In future consultations we would expect that, rather than require signed confidentiality agreements, participants should be made aware of expectations about the use and care of information and data and be trusted to proceed on that basis.

Section 3 Public funding for Catholic schools 2014-2017 – Issues for consideration during 2014

The NCEC looks forward to working collaboratively and constructively with the Commonwealth and other school authorities in the reviews into aspects of the funding system already signalled by the Commonwealth, with a view to refining the arrangements.

Indexation

For Catholic education, annual indexation of recurrent funding is a critical element of a school funding model.

The objective of indexation is to enable recurrent grants to be adjusted annually in line with the actual costs of educating students. NCEC continues to argue strongly that indexation needs to have a direct relationship to actual costs in government schools.

NCEC is concerned that if school funding declines in *real* terms, which will occur if funding indexation does not keep pace with real school costs, particularly teacher salaries, then Catholic schools would need to become more reliant on fee income. Fee increases are likely to drive many Catholic students from low-income families into government schools, where they would require additional government funding. Local experience would suggest that when some parents choose to leave Catholic schools, a primary reason is that they can no longer meet the school fees.

Accountability and regulation

Catholic education welcomes the Government's commitment to the reduction of unnecessary red tape and compliance currently contained in the *Australian Education Act*.

⁸ Productivity Commission 2010: p.30

**National Catholic Education Commission
Submission to the Senate Select Committee on School Funding**

NCEC is concerned at the administrative and financial burden imposed by the accountability and reporting requirements of the legislation, the greater volume and detail of data collection envisaged and the scope for central prescription. The extent of prescription in the legislation and regulations risks diverting attention from pursuit of the overall goals of education. An increase in compliance costs is inevitable without a clear rationale linking greater accountability to benefits for schools and systems. Extensive accountability requirements already apply to all schools.

Catholic schools have a strong track record of compliance and cooperation with government authorities to meet financial and other accountability benchmarks for school funding. Examples of the areas where Catholic schools' responsibilities operate within the general framework of Australian education are:

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

NCEC sees a policy incompatibility within the legislation between support for autonomy and devolution to schools on the one hand, and excessive regulation and powers for Commonwealth intervention at the system and school level on the other. The international research evidence on the benefits of school autonomy coupled with administrative and professional accountability is convincing and provides a strong evidence base for policies that give a greater say to principals, teachers and communities in how their schools are run.⁹

The *Australian Education Act 2013* and Regulations mandate many specific requirements including in relation to teacher and principal performance and professional development and details of school improvement plans. The detailed prescription of the content of these plans, which includes having regard to the *National School Improvement Tool* developed by the Australian Council for Educational Research (ACER) and taking account of a number of specified national reform directions, is inappropriate and unnecessary. The reference to the ACER-tool, for example, does not give due recognition to the many existing planning and improvement tools used by school authorities. There is no evidence to suggest that it is in any way superior to existing approaches.

⁹ For example, OECD, 2011, *Lessons from PISA for the United States, Strong Performers and Successful Reformers in Education*, OECD Publishing, Paris OECD; Schleicher, A., 2011, "Strong performers and successful reformers: Lessons from PISA," presentation to 14th OECD Japan Seminar "Strong Performers, Successful Reformers in Education", 28-29 June 2011, Tokyo, Japan, <http://www.oecd.org/pisa/14thoecdjapanseminarstrongperformerssuccessfulreformersineducation.htm>; Woessmann, L., et al. 2007, "School Accountability, Autonomy, Choice, and the Level of Student Achievement: International Evidence from PISA 2003," *OECD Education Working Papers*, No 13, Paris: OECD

Given the diversity of Australian schools, every school should not be required to complete the same pro forma plan or to imply, as this requirement does, that schools are not fully committed to doing the best by their students.

The *Australian Education Regulation 2013* fails the standard tests for effective regulation - that it is:

- a. effective in addressing an identified problem; and
- b. efficient in maximising the benefits to the community, taking account of the costs¹⁰

As they stand, the regulatory requirements of the legislation will not assist the realisation of the desired public policy objective of achieving better schooling outcomes for all students in a cost-effective manner. Indeed, noting the Productivity Commission's finding that 'excessive, poorly designed and overlapping regulation' imposes a significant cost burden,¹¹ they are more likely to impede the achievement of this objective, increasing compliance costs, imposing rigidity and creating inefficiencies.

Beyond education, Catholic schools are subject to an ever-growing web of regulatory requirements from the Commonwealth and State and Territory governments, ranging from the requirements of the legislative regime affecting the operation of charities and not-for-profit bodies to regulatory standards applying to employment, the environment, public health, food preparation, privacy, copyright, family law and many other areas. We have undertaken a detailed analysis in New South Wales and Victoria to demonstrate the extent of the regulatory burden on Catholic schools which has been conveyed to the Commonwealth via the National Commission of Audit.

Our concern is that this overload of regulation means that principals and staff are burdened with administrative tasks that add to the costs of schooling without having any educational benefit to students. The demands of compliance management take the attention of school principals away from *school leadership*, well known to be a critical factor in achieving better outcomes for students. A holistic, sensible review of the regulatory burden on schools would almost certainly identify areas for simplification, improvement and greater flexibility as well as point to possible strategies so that schools could direct more of their scarce resources into educating students.

Schooling Resource Standard (SRS)

Catholic education notes the former Government's intent that the SRS would be introduced but with full implementation planned for 2019 and beyond. In the process of reviewing the details of the SRS, NCEC would reiterate reservations expressed in the past about the procedures for calculating the SRS.

These concerns relate to:

- Over reliance on NAPLAN data as the measure of schooling excellence

¹⁰ Australian Government, 2013, *Best Practice Regulation Handbook*

¹¹ Productivity Commission 2010:39

- The selection of reference schools for the original calculation. NCEC believes the 80% benchmark is arbitrary and was biased towards Victoria and New South Wales rather than being an objective and educationally sound nationally valid standard. It risks being unstable over time
- Aspects of the regression equation used to estimate the SRS, including the use of NRIPS as a base for regression analysis.

Some of our concerns have been taken into account in the legislation and regulations. NCEC however sees a continuing need to improve the integrity of the SRS and to increase the transparency of the calculation. It still appears to us that the SRS is unstable and is open to manipulation. As the base grant for all students, the SRS needs to be defensible. To that end, transparency and reduced complexity are important.

As mentioned above, NCEC also has a continuing concern about the relationship between the SRS's base grant and loadings. That is, the proportion of funding accounted for by the base is set too low and the loadings relatively too high. NCEC holds the view that the base grant should represent the common cost of educating students at any school.

NCEC believes that the conceptual appeal of a funding model that is inclusive of all schools and the complexity of the SRS calculation may have perverse effects on education outcomes. It appears that in the reliance of the new funding arrangements on the SRS, too much store is placed on a particular funding model, yet, as the Deloitte Access Economics report to the Gonski Review noted, there is no evidence that a particular funding model will make a difference. As the report stated, funding models can be held to account for funding outcomes but not for student outcomes.¹² In the long-term development of a school funding model designed to improve education outcomes across the board, it will be important to give careful attention to the role of general recurrent funding provided through base grants and loadings to systems.

Section 4 Funding beyond 2017

Important issues for Catholic education in future funding arrangements are both the quantum of funds and funding responsibility. As previously stated, Government funding is critical for Catholic schools to further their objectives of equity and accessibility. Catholic schools need the support of governments to continue providing a quality education option at reasonable cost for the many communities they serve.

The Australian Catholic Bishops Conference has endorsed seven principles for the funding of schools in Australia. These are:

¹² Deloitte Access Economics, 2011: 64

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

These principles, which sit comfortably alongside the ten principles for assessing existing funding models outlined by the Deloitte Access Economics study (equity, effectiveness, adequacy, efficiency, incentive, certainty, flexibility, transparency, accountability and simplicity), are a sound framework for assessing the value of any approach to school funding. The Deloitte Access Economics study also identified five key principles to apply to a system funding model (neutrality, fairness, sustainability, choice and coherence) which are relevant to any future review of school funding.

NCEC would also expect future work on school funding policies to take into account the potential for additional investment in specific initiatives linked to improved education outcomes, including teacher quality. There is a considerable body of evidence to draw on to show where public investment in education is most effective in achieving quality and equity. Much can be learned from OECD research and from research from other countries, especially where the evidence has supported policy change, as in the United Kingdom (e.g. *The Schools White Paper* 2010). It can be difficult to find objective research in Australia, because of the long-running battle over public funding for non-government schools. This was a problem with some of the commissioned research relied on in the Gonski Review, some of which was both conceptually and methodologically flawed.

In summary:

- The Australian Council for Educational Research report, *Assessment of current process for targeting of schools funding to disadvantaged students*, uses out-of-date macro-level data; and analysis in the report was often premised on incomplete or inadequate data with inferences drawn from anecdotal evidence. Other issues include the definitions of disadvantage and the use of ICSEA for the low SES calculations.
- The Nous Group report, *Schooling challenges and opportunities*, was unable to formulate recommendations other than a few based on shallow analysis and inconsistent, poorly supported generalisations about the nature of Australian schooling.
- The Allen Consulting Group report, *Feasibility of a national schooling recurrent resource standard*, uses a set of atypical reference schools on which to base the Schooling Resource Standard. Other issues include the balance between the base funding and the loadings which could lead to funding volatility year on year; and the many anomalies with data such as that used for socio-educational advantage (SEA).

Sound research, on the other hand, provides considerable insight to the management, governance and resource-allocation settings that can maximise the effectiveness of resources in improving educational outcomes.

For example:

- Resources will only improve student learning outcomes to the extent they are directed toward policies and initiatives with demonstrated effectiveness. By way of example, the research indicates that extra funding would be more effective if it were directed towards developing ‘better’ teachers rather than ‘more’ teachers¹³
- Resources will also be more effective when provided in an environment in which school authorities and teaching staff are able to make key decisions and especially tailor learning strategies to the specific needs of their students. Similarly, additional resourcing will be more effective if the school environment engenders parental commitment and engagement¹⁴
- Resources provided to a school will ‘go further’ where the school has the flexibility to manage these resources directly – employing and deploying staff, purchasing materials, local management of repairs and maintenance¹⁵
- In order to promote equity in outcomes, resources need to be targeted at students with the greatest educational needs. Resources will be most effective if they are allocated using the best available information to identify students and school needs.¹⁶

The structure and operation of Catholic education is largely consistent with these research findings.

¹³ See for example Ben Jensen, November 2010, *Investing in Our Teachers, Investing in our Economy*, Grattan Institute report No. 2010-6; UK Department of Education, 2010, *The Importance of Teaching, the Schools White Paper 2010*

¹⁴ See for example, Pasi Sahlberg 2007, “Education policies for raising student learning: the Finnish approach,” *Journal of Education Policy*, Vol 22, No 2, March 2007, 147-171; Pasi Sahlberg, 2011, *Finnish Lessons: What Can the World Learn from Educational Change in Finland?* New York: Teachers College Press; OECD 2011, *Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States*, Paris: OECD Publishing

¹⁵ G. Schutz, M. West and L. Woessmann, 2007, *School Accountability, Autonomy, Choice, and the Equity of Student Achievement: International Evidence from PISA 2003*, Paris OECD; OECD 2011, *Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States*, Paris: OECD Publishing

¹⁶ See for example Productivity Commission 2012, *Schools Workforce, Research Report*, Canberra; OECD 2010, *PISA 2009 Results: Overcoming Social Background – Equity in Learning Opportunities and Outcomes (Volume II)* <http://dx.doi.org/10.10.1787/9789264091504-en>

Section 5 Related matters

Capital funding

Catholic school systems need substantial capital assistance to refurbish existing schools and to meet projected enrolment demand. Good school infrastructure is known to positively contribute to student wellbeing, self-esteem and educational outcomes.¹⁷

Overall, in recent years, Commonwealth Government capital funding has covered up to 30% of all capital expenditure in the Catholic sector. Local communities provide a contribution, normally directed through loans, to bridge the gap between the final cost of works and grants provided. Effectively this partnership provides government with significant savings in the cost of providing educational accommodation for students and staff and increases the capacity of Catholic schools to offer places, with the result that overall government recurrent funding for school education is reduced because fewer students are enrolled in government schools.

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. Catholic education faces challenges in funding capital facilities so that Catholic families in new areas have the same schooling choice as families elsewhere. Projected enrolment increases in Catholic schools show a 20% increase in demand in the ten years to 2020. This equates to an increase of around 349 new Catholic schools needed by 2020.¹⁸ The possibility of commissioning 35 Catholic schools each year, which is implied under this scenario, is highly ambitious.

NCEC believes that the significant challenges to establishing Catholic education services in growth corridors need to be recognised. Increased government capital assistance is needed to assist communities which do not have an established 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, a cost that is borne by Catholic school communities.

Vocational Education and Training in Schools

An important policy issue for Catholic education is how students can be provided with appropriate pathways to high quality training and employment.

Catholic education valued this program for the access it provided for students to high quality vocational education and training opportunities. NCEC believes that it is important to have quality vocational education and training in schools as an option for students and their families and also for the Australian economy through skills formation. While more young Australians are completing Year 12, over a quarter of young people are not in full-time work or study after school. That is, more than 27% of Australians aged 17 to 24 were not in full-time study or work in 2011 (COAG Reform Council report 2013). The outcomes are worse for people from disadvantaged backgrounds, where more than 40% of young people are not earning or learning.

¹⁷ See for example Katrien Cuyvers et al, 2011, *Well-being at school: does infrastructure matter?*, OECD; Steve Higgins et al 2005, *The Impact of School Environments: A Literature Review*, University of Newcastle <http://www.ncl.ac.uk/cflat/news/DCReport.pdf>

¹⁸ Source: Department of Education Projections and Australian Bureau of Statistics *Schools Australia*.

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NCEC notes the Government's recent Vocational Education and Training in Schools (VETiS) initiative where a roundtable of major stakeholders including NCEC, met to discuss practical solutions to vocational education and training in schools issues. NCEC agrees that it is important the three pillars of the VETiS system, education, industry, and training come together to focus on further developing a stronger VETiS system.

Catholic education is concerned at how students in the future can be provided with appropriate pathways to high quality training and employment and looks forward to canvassing policy options with the Government. Both recurrent funding models and infrastructure funding for VETiS are a continuing issue.