



## 2016–17 Pre-Budget Submission

5 February 2016

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### About the National Catholic Education Commission

The National Catholic Education Commission (NCEC) is established by the Australian Catholic Bishops Conference through the Bishops Commission for Catholic Education to maintain effective liaison with the Commonwealth Government and other key national education bodies. The NCEC complements and supports at the national level the work of the State and Territory Catholic Education Commissions.

*Learn more at: [www.ncec.catholic.edu.au](http://www.ncec.catholic.edu.au)*

## EXECUTIVE SUMMARY

The National Catholic Education Commission (NCEC) welcomes the opportunity to make a submission in the context of the Commonwealth Government's 2016–17 pre-Budget submission process. The submission canvasses three main themes:

1. indexation;
2. capital funding for Catholic schools;
3. and needs-based funding.

The submission also addresses other issues such as the prospect of a Goods and Services Tax (GST) on non-government schools, the transition to online assessment, improved participation in quality early childhood education and Indigenous boarding schools.

### Indexation

The Commonwealth policy assumed in budget papers since 2014 is to increase school funding after 2017 by enrolment growth and CPI. This is well below historical rates of funding indexation from the Commonwealth. For example, Average Government School Recurrent Costs (AGSRC) have run at more than 5% per student over the past decade; CPI has increased at an average of 2.5% over the same period.

If CPI indexation is adopted, funding increases for Catholic schools are unlikely to keep pace with growth in school costs, leading to a 'real' funding decrease. Funding increases for Catholic schools will not take into account changes in student needs. As more high-need students enrol in Catholic schools, fewer resources would be available for other students. The NCEC submission argues that there are alternative indexation approaches, which match indexation more closely to school costs. The NCEC submission begins to explore some options for the Government's consideration and discusses the need for a robust independent measure of changes in school operating costs.

### Capital funding for Catholic schools

Catholic education values the Government's support for capital works but this support will not meet the increasing capital needs of existing schools and the demand for new schools as overall school enrolments increase with population growth. In fact, the value of the Commonwealth Capital Grants Programme (CGP) has been declining per student. This submission argues for sustainable funding for the capital needs of students in non-government schools. Without government assistance, the Catholic sector will not be able to keep pace with enrolment growth. This will place more reliance on government schools, at significant cost to Australia's governments and taxpayers.

Capital expenditure requirements in Catholic schools across Australia are set to increase considerably. Although Catholic school communities fund the majority of their capital expenditures, future investment requirements will greatly exceed the capacity of school communities to self-fund. Current projections suggest that within 10 years, if Catholic education maintains a share of new enrolments, the additional capacity that would be required is almost as large as Catholic education in Western Australia today. This is in excess of 60,000 students.

The current system of capital funding for non-government schools needs to be updated to support long-term planning that will meet the needs of the tens of thousands of additional students that are forecast to enrol in Catholic schools. A new approach is needed that links capital funding of non-government schools to enrolment growth.

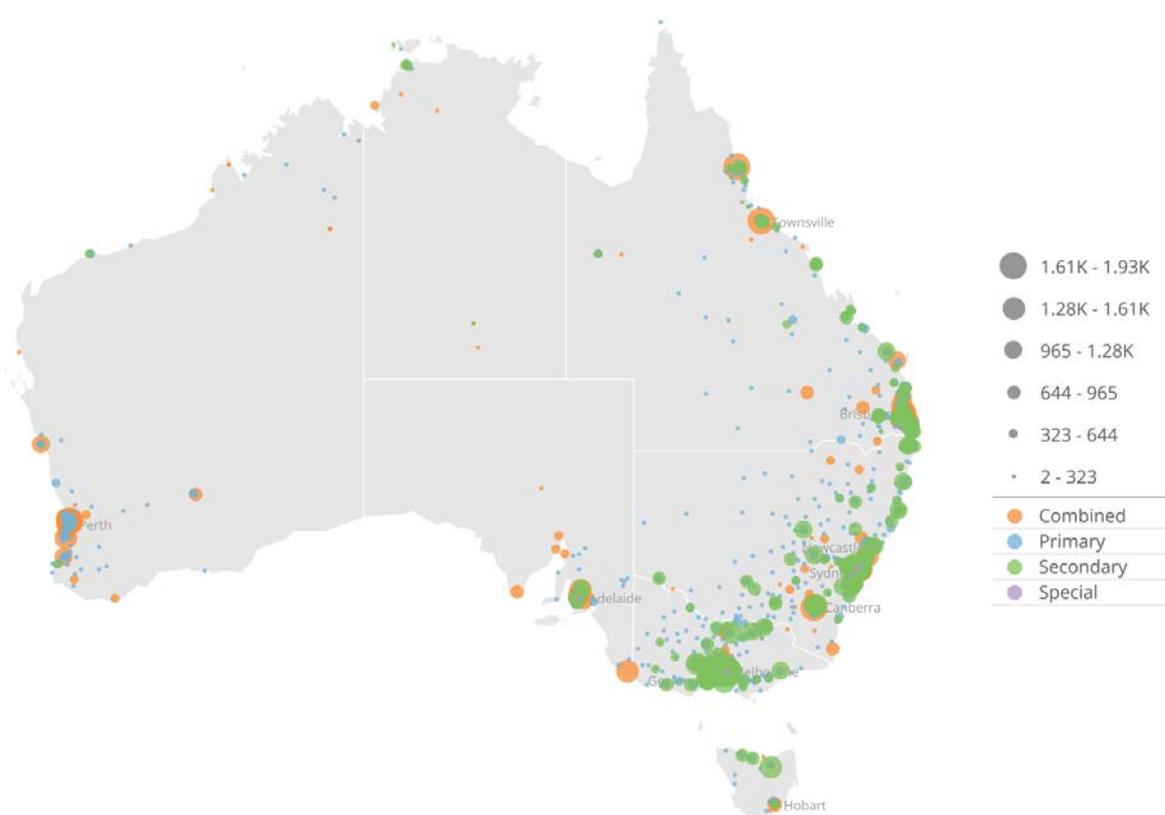
### **Needs-based funding**

Catholic schools strive to meet the needs of all students but in many cases government funding has not been sufficient to realise this objective. The NCEC submission argues that needs-based funding and system autonomy over funding distributions are critical for Catholic education in advancing the objectives of equity and accessibility. The operation of the Schooling Resource Standard (SRS) model under the *Australian Education Act 2013*, currently in a 'transition' phase, can result in students who are new to Catholic school systems attracting a significantly lower level of funding to the system than students with identical needs already in the system.

## CATHOLIC SCHOOLS IN AUSTRALIA

Catholic schools educate more than 750,000 students in more than 1,700 systemic and non-systemic schools across Australia. Catholic school communities are geographically, economically and socially diverse: they are located in all states and territories, in metropolitan through to very remote communities, and they educate students from all socioeconomic backgrounds. Catholic schools also include a diverse range of school types, including special schools, majority Aboriginal and Torres Strait Islander schools and sole-provider schools. They have increasing numbers of Indigenous students and students with disability. Figure 1 shows the proliferation of Catholic schools across Australia, by density and type.

**Figure 1—Full-time equivalent students by Catholic school: Density and school type, 2014**



The mission of Catholic education, since its inception, has been to serve students from a range of socioeconomic backgrounds, with a particular responsibility for the disadvantaged and marginalised. A cornerstone of Catholic education has been that all children because of “their dignity as human persons, have an inalienable right to education,” adapted to their ability.<sup>1</sup> Catholic schools strive to ensure students are not prevented from achieving their potential because of background or family circumstances, or because of the location of their schools. This submission and the three main issues it addresses are consistent with this aspiration.

<sup>1</sup> *Gravissimum Educationis*, Declaration on Christian Education (October 28, 1965), [http://www.vatican.va/archive/hist\\_councils/ii\\_vatican\\_council/documents/vat-ii\\_decl\\_19651028\\_gravissimum-educationis\\_en.html](http://www.vatican.va/archive/hist_councils/ii_vatican_council/documents/vat-ii_decl_19651028_gravissimum-educationis_en.html), viewed 4 December 2015.

### **Sustainable funding for Catholic schools**

In November 2015, the Australian Catholic Bishops Commission for Catholic Education endorsed a set of Funding Principles for Catholic Schools (see Attachment A). Based on these principles, the NCEC seeks government funding for Catholic schools that:

- is stable, predictable and sustainable
- follows need—where greater need attracts higher funding—underpinned by robust data
- enables local system autonomy over funding distribution based on need.

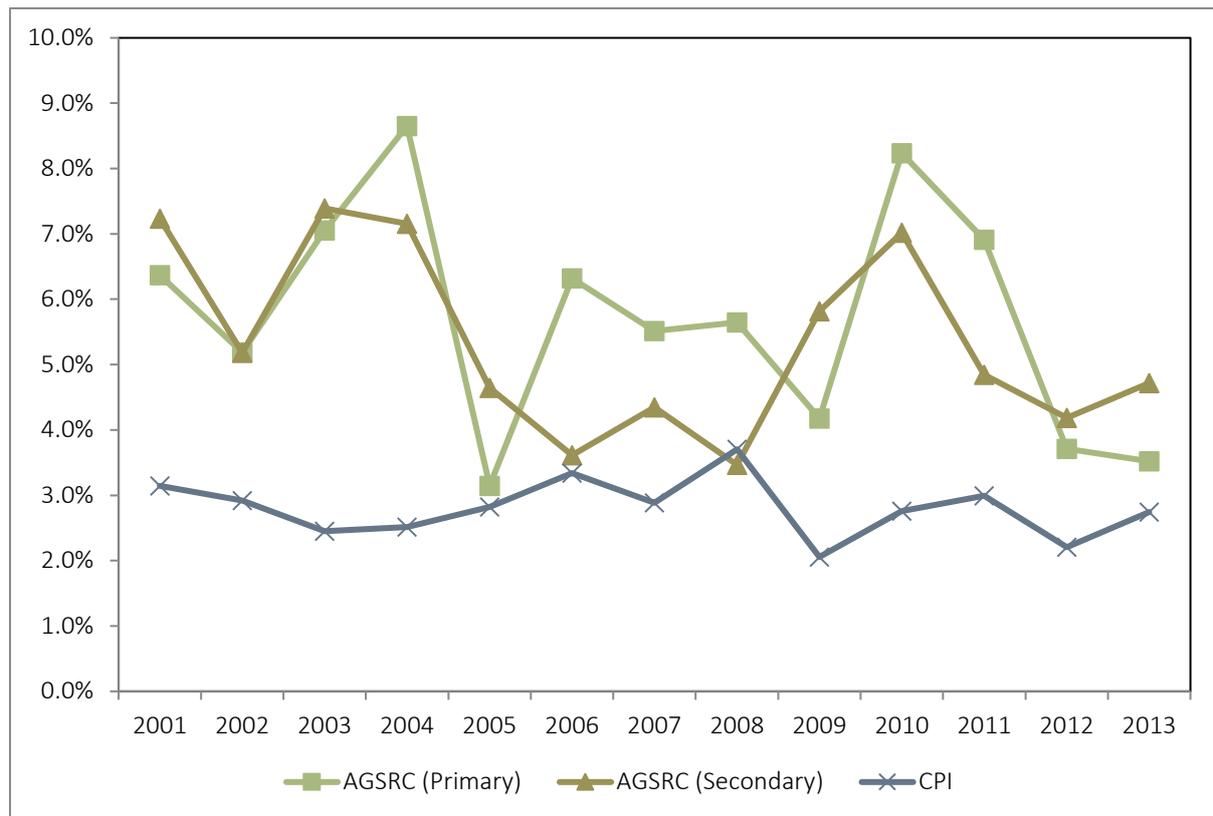
Catholic education sees itself as a partner with Commonwealth, State and Territory governments and Catholic school communities, working to realise the aspirations of children and families. Catholic schools contribute significantly to education in Australia, providing governments and the community with quality service and value for money. Government funding is critical to Catholic schools and their objectives of equity and accessibility. Catholic schools look to governments for the equitable funding arrangements they need to serve the broad socioeconomic spectrum of Australian families. Any freeze or reduction in government funding would put this service at risk.

## INDEXATION

A significant concern for Catholic education is to ensure that the indexation of school funding keeps pace with real school costs. The imposition of indexation based on the Consumer Price Index (CPI) from 2018 onwards is likely to result in a significant decline in funding over time, relative to school costs and particularly staff costs.

CPI over the past 10 years has been around half the rate of the Average Government School Recurrent Costs (AGSRC). Figure 2 illustrates the movement in CPI, and AGSRC (primary and secondary) indexation since 2001.

**Figure 2: % Change in CPI and Education Indices (AGSRC) from 2001 to 2013**



Source: Australian Bureau of Statistics and Australian Government Department of Education 2014

CPI indexation has not kept pace with cost increases experienced by schools. Although Catholic schools are committed to supporting all families—no matter their economic or social circumstance—the capacity for Catholic schools to maintain this commitment depends on the level of government funding. Without sustainable funding, fees will increase, schools could close and the quality of Australian education will be compromised. This will impose additional pressure on government schools when students transfer out of Catholic schools.

The NCEC assumes that Commonwealth school funding over the next quadrennium will continue to be calculated using the Schooling Resource Standard (SRS) model. The SRS model is intended to:

- apply to all school sectors—government, Catholic and independent
- apply across Australia to all states and territories
- be a cost-based model insofar as it estimates the cost of the resources a school requires to provide a quality education.

In the SRS model, 'indexation' refers to the annual change in per-student base funding for primary and secondary students. The indexation rate for Commonwealth funding under the SRS model is currently fixed at 3.6%. The indexation rate should reflect the average increase in base operating costs experienced by schools/systems across Australia. Historic changes in school operating costs provide a reference point for future indexation.

The NCEC proposes that a new composite index be developed that reflects school operating costs. This should reflect the cost profile of schools, in which about 75% of costs are salaries—especially teaching staff—and 25% are non-staffing costs, such as technology maintenance and utilities.

An important consideration in setting a new indexation rate in the SRS model for the next funding quadrennium is whether this rate should be fixed or variable:

- a fixed rate would be set in advance based on forecast increases in base costs over the next quadrennium
- a variable rate would be set each year during the quadrennium based on the actual increases in base costs experienced by schools.

There are benefits and drawbacks to both these approaches. In particular, the level of certainty over school funding relies on the degree to which indexation rates can be known in advance.

A fixed rate provides a high level of certainty over future school funding levels. It is the simplest approach and is consistent with current arrangements, whereby the SRS is indexed by a fixed rate of 3.6% per annum. However, a fixed rate comes with the risk that it may fall below the increases in base school operating costs that systems actually experience. There is the potential for funding to decrease in real terms.

A variable rate provides a limited level certainty over future school funding levels, but reduces the risk that school funding will decrease in real terms. This assumes that base school operating costs are properly measured in the indexation rate. The variable rate could be estimated annually during the funding quadrennium through an agreed methodology. This would be similar to the School Price Index used to index Commonwealth grants to schools during the 1980s.

The NCEC would welcome further dialogue with Government on a methodology to calculate indexation of school funding in order to ensure sustainable and predictable school funding.

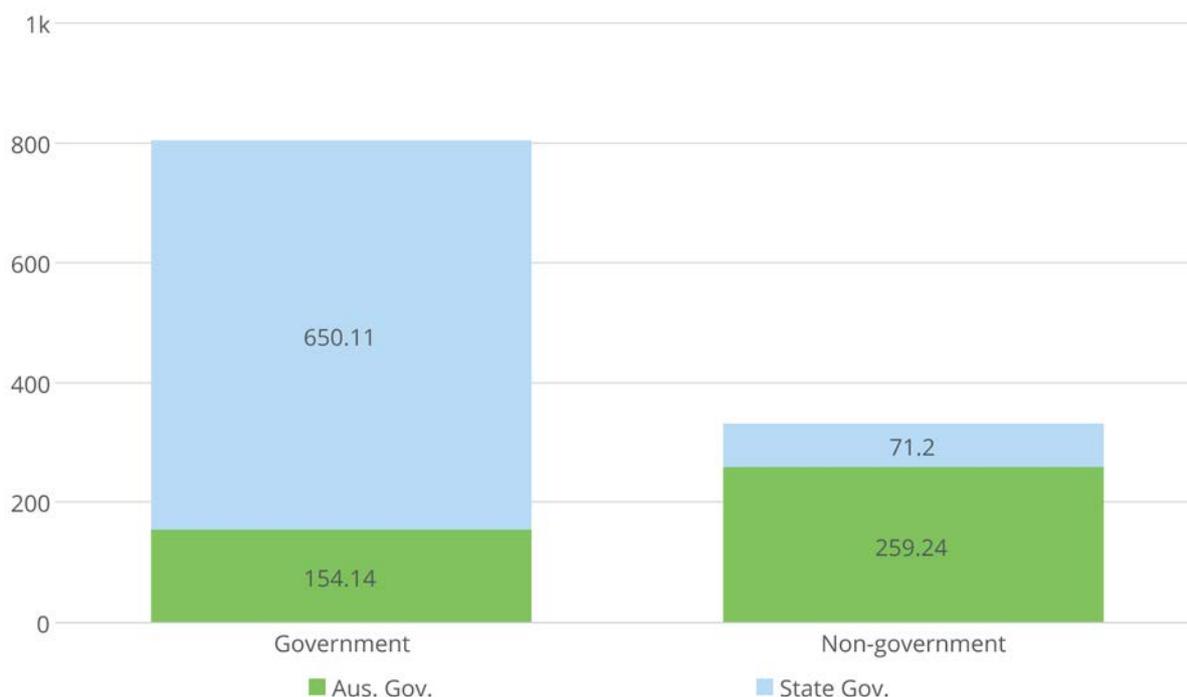
## CAPITAL FUNDING

Catholic schools educate one-fifth of Australian school students, in a diverse but unified network of 1,730 schools in all states and territories across the country. The sustainable funding of capital works for Catholic schools is emerging as a vital issue. If this issue is not addressed, the Catholic sector will not be able to keep pace with enrolment growth and provide schools for the nation's growing population. The Catholic sector complements the government school sector to enrol and educate every child. If Catholic schools cannot meet their increasing capital demands, this will place more reliance on government schools and their infrastructure, at significant cost to Australia's governments and taxpayers.

Capital funding is also an important consideration for Catholic schools as they strive to meet the needs of their increasing proportion of students with disability and Indigenous students. Students with disability and Indigenous students are the fastest-growing student categories in Australian Catholic schools. Accessibility and equity are key principles for Catholic schools, which strive to ensure students are not prevented from achieving their potential because of background, family circumstances, or the location of their schools. To remain equitable and accessible, Catholic schools rely on capital funding from the Commonwealth.

Government schools receive a substantially higher level of funding for capital per student than non-government schools. In 2013, government-funded capital expenditure in non-government schools was 40% of government schools. Figure 3 reports capital expenditure per student sourced from government funding for government and non-government schools.

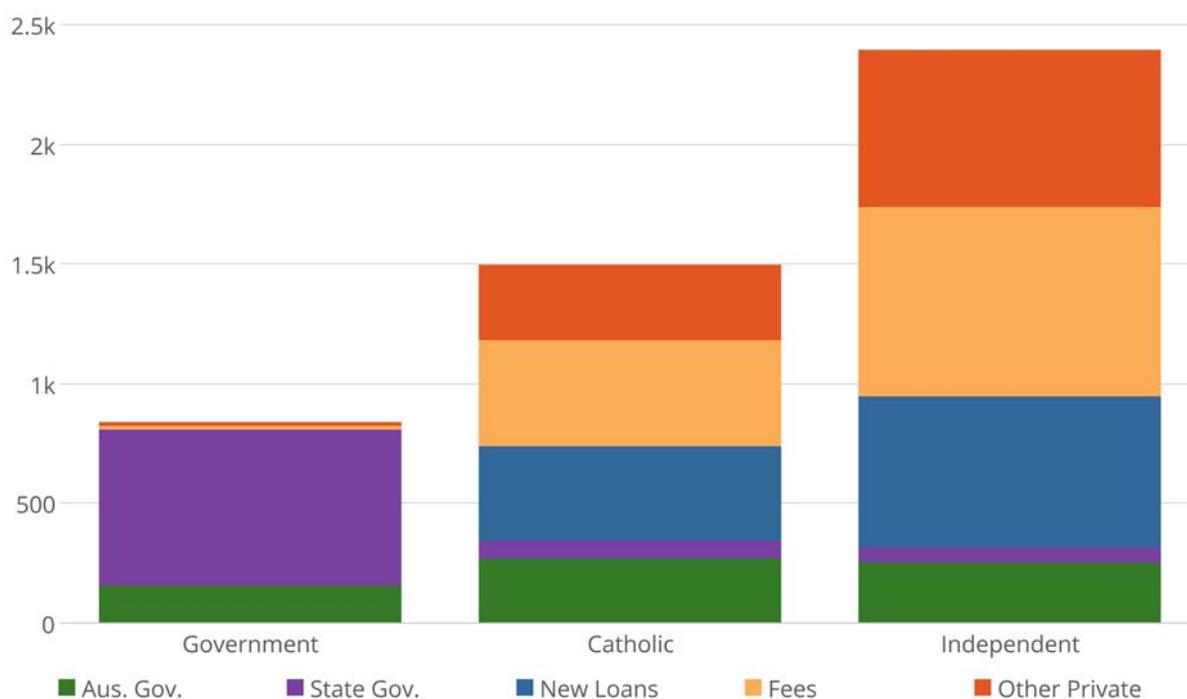
**Figure 3: Capital Expenditure (total government funding), government and non-government schools, 2013**



Source: ACARA My School Data Set

In order to provide adequate capital funding for new and existing schools Catholic schools must obtain significant capital funding from parent fees and taking out new loans. As Figure 4 indicates, parents of students in non-government schools contribute a substantial proportion of the capital funding required through building levies and the repayment of loans. In Catholic schools in 2013, 77% of capital expenditure was funded by private income and loans. In independent schools the proportion funded by private income and loans was significantly higher at 87%. In comparison only 4% of capital expenditure per student in government schools is funded by parents.

**Figure 4—Capital expenditure per student, by source and by sector, 2013**



Source: ACARA My School Data Set

### The Capital Dilemma

Catholic school parents have an expectation that Catholic schools will be able to provide the school facilities that students will need into the future. Over the next decade, the Catholic sector will need to invest more in new schools and existing schools than ever before, with the school-age population growing rapidly. This is reflected in recent enrolment growth observed in Catholic schools. Significant enrolment growth is occurring in inner-city areas, where both new schools and extensions of existing schools are very expensive. Economic restructuring and development patterns are also causing shifts in student populations within cities and placing pressure on school capacities.

High rates of enrolment growth are set to increase capital expenditure requirements across Catholic schools in Australia. Table 1 compares historical enrolment growth in Catholic schools (2001 to 2013) to the Department of Education's forecasts of future enrolment growth (2014 to 2025).

**Table 1: Actual and forecast enrolment growth in Catholic schools**

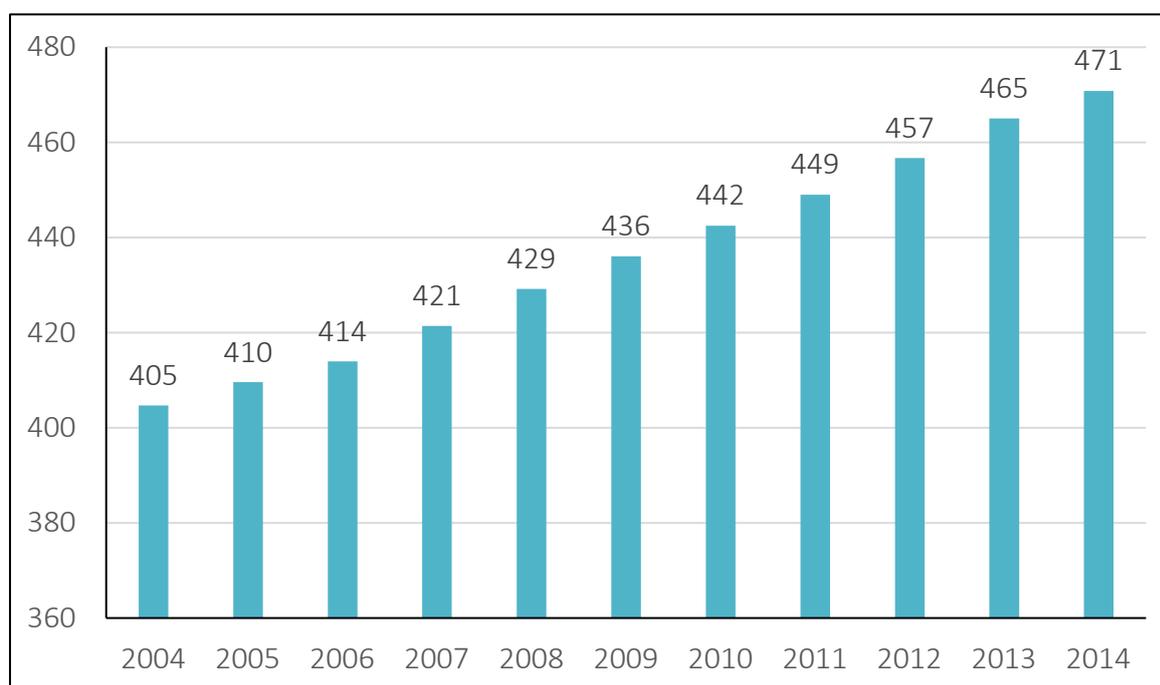
	Actual enrolment growth (2001 to 2013)		Forecast enrolment growth* (2014 to 2025)	
	Annual growth*	Students	Forecast growth*	Students
NSW	0.62%	17,951	1.13%	33,001
Victoria	0.95%	21,705	2.03%	51,019
Queensland	2.76%	39,340	3.69%	72,222
WA	1.63%	12,065	2.84%	25,484
SA	1.13%	6,121	1.32%	7,608
Tasmania	1.19%	1,954	0.78%	1,350
ACT	0.44%	908	1.61%	3,246
NT	-0.31%	(180)	1.23%	616
Australia	1.20%	99,864	2.09%	194,547

\* Calculated as annual average growth rates (compounding)

Source: Australian Bureau of Statistics and Australian Government Department of Education

Note: Forecasts may be affected by the shift of Year 7 from Primary to Secondary in Western Australia and Queensland.

In all states and territories except Tasmania, future enrolment growth is predicted to increase. Forecast growth in the four largest states in Australia exceeds the rates of the recent past. While the net increase in enrolments has been and will continue to be accommodated through a mix of new schools and the expansion of existing schools, there are fewer schools with excess capacity than in the past. Figure 5 shows that average school size has been steadily increasing for over 10 years.

**Figure 5: Average school size, enrolments per non-government school, 2004–2014**

Source: Australian Bureau of Statistics, Schools, 2013 and 2014

A further issue with enrolment growth facing some Catholic systems is that this is occurring in built up areas where capital works are most expensive. This is most relevant in New South Wales and

Victoria.<sup>2</sup> Between 2003 and 2013, population growth has been particularly strong in the City of Sydney (2.84%) and the City of Melbourne (5.85%).<sup>3</sup> In Melbourne, for example, since 2003 the population in the city centre has grown at about three times the rate of Greater Melbourne. Strong population growth (over 3.5%) in the city centre is forecast to continue over the next 15 years.

To date, Catholic schools in central Sydney and Melbourne have been able to meet the increased demand in the inner city using spare capacity in existing schools. However, many of these schools are at or near capacity. Therefore, if Catholic schools are to continue to educate the growing number of children in the inner city, then either new schools or significant expansion to existing schools are required. This pattern of growth has very significant implications for the cost of meeting demand. Land for a school site in inner Melbourne typically costs at least three times more than land in the middle and outer rings of Melbourne.

### **The value of the Capital Grants Programme continues to decline**

The Commonwealth Capital Grants Programme (CGP) has as its stated aim the provision of funding to assist non-government primary and secondary school communities to improve capital infrastructure where they otherwise may not have access to sufficient capital resources. It is the only ongoing Australian Government programme that supports Catholic schools to meet capital expenditure requirements. The CGP was valued at \$133.8 million in 2014 for all non-government schools. Its value is indexed by the annual movement in the Australian Bureau of Statistics' Producer Price Index—Non Residential Building Construction (the NRBC index) each year.

Despite its importance to Catholic schools, the CGP continues to decrease in value in per-student terms. As explained below, the current parameters of the programme result in a decline in the per-student value of the programme. The programme parameters mean that the CGP only grows with estimated price changes for school construction works. The limitations of the current policy settings of the CGP are that it:

- does not grow with the number of students in non-government schools
- does not grow with quality and regulatory standards or community expectations for schools, which are increasing the costs of capital works.

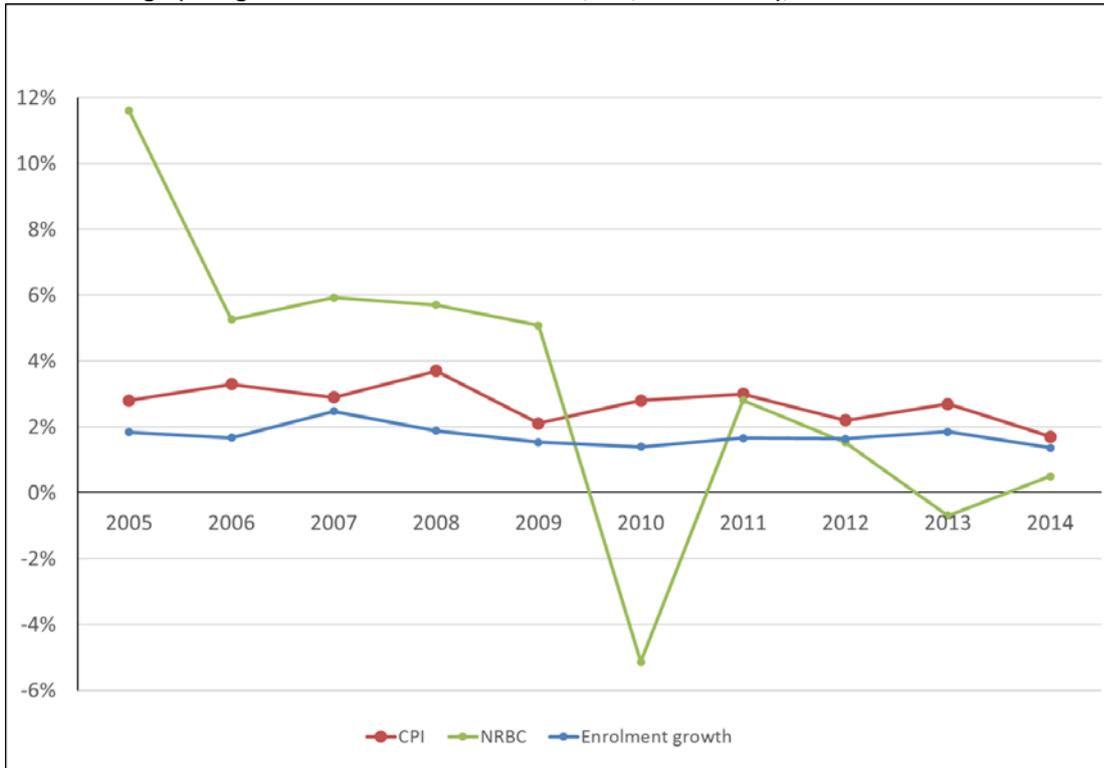
Indexation of the CGP does not account for changes in enrolments in non-government schools. As shown in Figure 6 enrolment growth in non-government schools in recent years has been strong at around 1 to 2% per annum since 2005.

Figure 6 also illustrates the volatility of the NRBC index over time.

<sup>2</sup> See Peter Goss, *Should you worry about a schools shortage? It really depends on where you live* (22 January 2016), <https://theconversation.com/should-you-worry-about-a-schools-shortage-it-really-depends-on-where-you-live-53296>, viewed 25 January 2016.

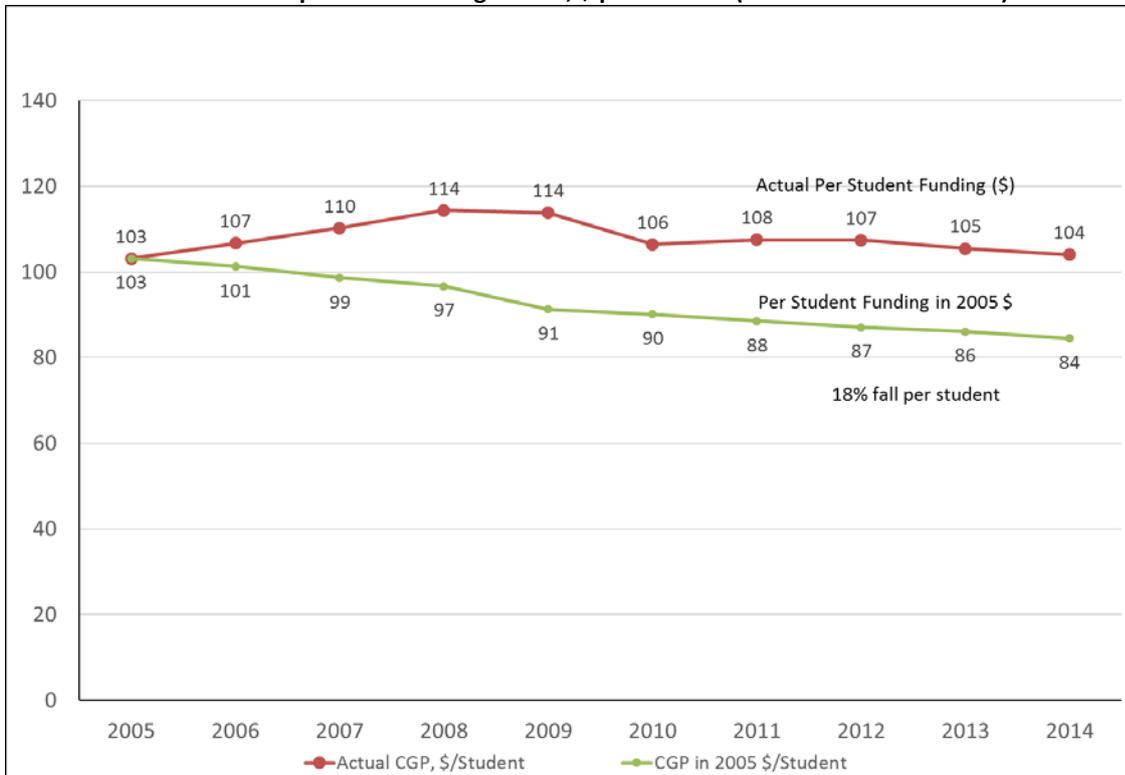
<sup>3</sup> Calculated as annual average growth rates (compounding). Source: Australian Bureau of Statistics and the Australian Government Department of Education and Training.

**Figure 6: Factors affecting the value of the Commonwealth Capital Grants Programme Annual change (non-government school enrolments, CPI, NRBC Index), %**



Source: Australian Bureau of Statistics

**Figure 7: The declining value of the Commonwealth Capital Grants Programme in per-student terms Australian Government Capital Grants Programme, \$ per student (actual and 2005 dollars)**



Source: Commonwealth Department of Education and Training; NCEC; Australian Bureau of Statistics

Figure 7 shows the value of the Commonwealth Capital Grants Programme (CGP) in per-student terms since 2005. The actual funding per student under this program has been effectively stagnant over this period. Calculated in 2005 dollars, using the NRBC index as the deflator, the per-student value of the CGP has fallen by 18% from 2005 to 2014. This is shown above in Figure 7.

Under the Commonwealth Department of Education and Training's forecasts, the value of the CGP, in real per-student terms, could fall by a further 24% by 2025. The actual per-student value of the CGP has also declined since 2009 when it peaked at \$114 per student, to \$104 per student in 2014.

Indexation of the CGP using the NRBC index also fails to recognise the increasing standards that school planning and facilities must meet, which are adding costs to capital works. Moreover, land costs account for a significant proportion of the cost of new schools. In extreme cases (inner-city areas) land acquisitions can account for over one-third of total costs of a new school.

### **A new approach to capital funding**

The current system of capital funding for non-government schools needs to be modernised and improved considerably to support long-term planning that will meet the needs of tens of thousands of additional students forecast to enrol in Australian schools, including Catholic schools. A new approach is needed that links capital funding for non-government schools to enrolment growth. This could provide fairness, transparency and certainty over the medium and long term for non-government schools. As an immediate priority, the Government should re-assess the value of the CGP and its relationship to enrolments.

### **Options for reform**

The school recurrent funding model detailed in the *Australian Education Act 2013* might guide a new model for capital grants. This may include establishing a resource standard for capital expenditures in non-government schools. The resource standard would be determined on a per-student basis and should recognise the different capital requirements of an 'existing enrolment' and 'new enrolments' in a school or school system.

Increasing the CGP with enrolments in non-government schools should be examined. Whether the NRBC continues to reflect the changing costs in the maintenance and construction of school facilities also merits examination.

Catholic education would welcome further dialogue with the Government on this important policy area.

## NEEDS-BASED FUNDING

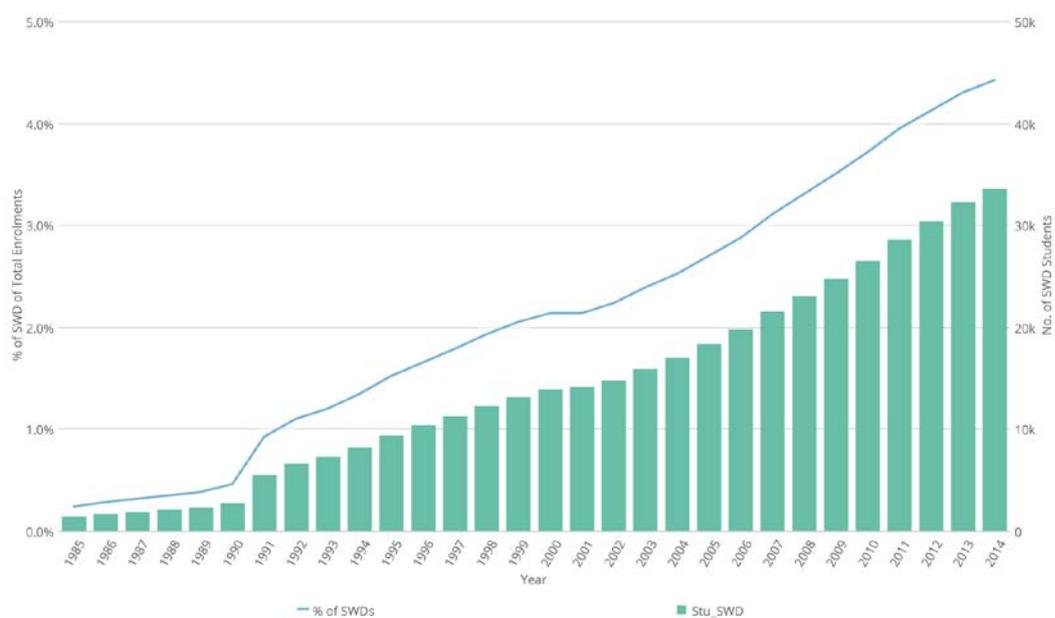
Needs-based funding is a long-held principle of Catholic education. Catholic schools strive to meet the needs of all students. In many cases the total resources available can make the realisation of this objective challenging. Catholic education supports a needs-based funding model that includes appropriate recognition of the needs of all students, including students with disability.

Funding for Catholic systems should ideally reflect the following parameters:

1. enrolments
2. the need profile of students
3. indexation that reflects schooling costs.

In recent years, all Catholic schools and systems have experienced significant increases in both enrolments and the proportion of enrolments of students with disability (see Figure 8) and Aboriginal and Torres Strait Islander students.

**Figure 8: Students with disability, enrolments in Catholic schools: 1985 to 2014**



The current transition funding arrangements using the Schooling Resource Standard (SRS) in the *Australian Education Act* are extremely complex and have had unintended consequences.

As the NCEC noted in its 2015–16 pre-Budget submission, the transition funding arrangements can result in students with disability, with similar learning needs, who are new to Catholic education attracting a lower level of funding to the system than those students already in the system.

Prior to the SRS model, systems would experience an immediate, proportional change in funding if enrolments of students who were eligible for funding under targeted programs changed—for example, students with disability and Indigenous students. Under the *Australian Education Act*, system funding only partially adjusts to changes in need. In some instances the current transition arrangements impede funding outcomes that support needs-based funding.

The NCEC estimates that, based on currently available data, in 2016 around \$17 million would be required to address this issue for Catholic systems.

Changes to the funding calculations may be required in the *Australian Education Act* to address this ongoing issue. In particular, consideration will need to be given to the current SRS model's transition arrangements in the future.

## ADDITIONAL ISSUES

The NCEC also wishes to highlight the following issues as part of this submission:

- compliance costs and regulatory burden
- the prospect of a Goods and Services Tax (GST) on non-government schools
- the transition to online assessment
- improved participation in quality early childhood education
- Indigenous boarding schools.

### **Compliance costs and regulatory burden**

The NCEC remains concerned about the superfluous reporting requirements arising from the unnecessary regulatory burden that the Australian Charities and Not-for-profits Commission (ACNC) imposes on non-government schools. Catholic schools devote considerable time and resources to meeting these reporting requirements and complying with regulations. All registered Catholic schools are subject to a high level of accountability through Commonwealth, state and territory funding arrangements and school registration requirements. This includes the provision of comprehensive school financial reporting, which is required through the Commonwealth Department of Education and Training's Financial Questionnaire and information provided for the *My School* website. Reducing the regulatory burden on Catholic schools means more time and resources can be devoted to enhancing schools and improving student outcomes.

### **GST on non-government schools**

The NCEC encourages the Government to carefully consider how a GST on non-government schools would create an unequal education landscape in Australia. It remains the position of the NCEC that the Tax Consultative Committee was correct in 1998 to exempt schools, among other service providers, from the GST. Moreover, education is not included in the VAT base of many Organisation for Economic Cooperation and Development countries because of its regressive nature.<sup>4</sup>

Catholic schools are charitable organisations that exist for the benefit of the public, contributing to the common good by advancing the education of Australia's young people. There is no reason why non-government schools, which perform functions to benefit the public, should be subject to taxation when government schools are not. Parents are free to choose to enrol their child in a non-government school and pay fees to supplement the government funding that schools receive. The imposition of GST would see parents of children in non-government schools subject to an additional financial burden that parents in government schools would not face. This would be a source of inequity in Australia's education system.

A GST on schools would impose a new tax on the families of more than 750,000 children currently in Catholic education. This additional cost would force many Catholic school families to remove their children from their local Catholic school and enrol them in government schools. This eventuality could lead to a scenario where any revenue from GST on school fees would be eliminated by the increased cost of government funding for government schools. On average, Catholic schools receive 80 per cent of the government funding of a student in a government school.

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<sup>4</sup> OECD, *Consumption Tax Trends 2014* (OECD Publishing, 2014), referenced in Parliamentary Budget Office, *Goods and Services Tax: Distributional analysis and indicative reform scenarios. Report no. 05/2015* (December 2015), [http://www.aph.gov.au/About\\_PBO/research\\_reports/GST](http://www.aph.gov.au/About_PBO/research_reports/GST), viewed 21 January 2016.

**Transition to online assessment**

The move to NAPLAN online over the next few years has the potential to involve significant transitional costs for Catholic schools. NCEC acknowledges there are benefits that will flow from the move to NAPLAN online. However, uncertainty remains around how much the transition to online assessment will cost, particularly during the implementation phase when costs may be inflated as two assessment methods and systems are maintained. The transition will also require significant investment in ICT infrastructure and may entail ongoing costs. The NCEC submission asks that the Government consider this impact on non-government schools as the project progresses.

**Improved participation in quality early childhood education**

The National Partnership on Universal Access to Early Childhood Education supports improved participation in quality early childhood education in the year before full-time school. It has a particular focus on the improved participation of vulnerable and disadvantaged children. This \$660 million programme plays an important role in improving the educational outcomes and economic participation of these children. The NCEC welcomes the Government's investment in early childhood education. However, this funding is currently set to cease at the end of 2017, which will have a significant effect on jurisdictions' provision of universal access, especially to children from disadvantaged backgrounds.

Catholic education supports the continuation of this National Partnership but acknowledges that it also raises broader issues of federal financial relations, which may be best considered as part of the Reform of the Federation White Paper process.

**Indigenous boarding schools**

The NCEC welcomes the Government's additional investment of \$5.4 million to extend the Indigenous Boarding Initiative until 2016. This funding will benefit students attending Indigenous boarding schools, including a number of Catholic schools and the hundreds of students with particular needs who attend those schools as boarding students. However, there is a need for a sustainable ongoing funding arrangement to support these students and ensure the continued viability of Indigenous boarding schools.

## CONCLUDING REMARKS

The NCEC welcomes the opportunity to participate in the Commonwealth Government's 2016–17 pre-Budget process and would be pleased to further brief the Government on the contents of its submission. Indexation, capital funding and needs-based funding are all important areas of school funding policy that can have a profound effect on student outcomes and the contribution Catholic schools make to the Australian education landscape.

Catholic education has welcomed the certainty provided by the Government's commitment to needs-based funding for all Australian schools under the *Australian Education Act* through to 2017. These arrangements have delivered additional funding to Catholic education to welcome students with additional needs, and to increase the quality of teaching and learning in Catholic schools. NCEC looks forward to discussions with the Commonwealth to provide funding certainty beyond 2017 and address the policy issues identified here.

## FUNDING PRINCIPLES FOR CATHOLIC SCHOOLS

### Preamble

Australia's Catholic schools, as an integral part of Australia's school education community, are a national asset. Over the past 200 years, a diverse, yet unified, network of 1728 Catholic schools has developed and educates more than 750,000 students – one in every five students in schools – and employs almost 90,000 staff.<sup>5</sup>

Catholic schools reflect and celebrate the diversity of contemporary Australia. They make a substantial contribution to Australian society and to the Catholic Church in Australia. 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 that advances the common good of Australian society. Their belief in the intrinsic value of each 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.

The 2008 *Melbourne Declaration on Educational Goals for Young Australians* recognises the importance for all young Australians of developing spiritual goals. Catholic schools teach that a life lived in the love of God and in the Christian service of others has purpose and meaning.

Since the early 1970s, Australian Catholic schools have received significant funding support from Commonwealth, state and 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 shared educational goals for young Australians.

Commonwealth Government funding for Catholic schools enjoys bipartisan support. 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. Recent years have seen Catholic schools across Australia efficiently deliver high quality school facilities tailored to local needs. Catholic schools also continue to operate with government funding per student significantly below government schools.

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.

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<sup>5</sup> Data sourced from *Australian Catholic Schools 2014*.

Catholic schools provide a quality education option at reasonable cost for parents and families from a diverse range of religious, social, cultural and economic backgrounds across the nation. They are committed to supporting disadvantaged and vulnerable families, providing their children opportunity through education. Catholic schools respect the religious freedom of families who willingly enrol their children and thereby commit to the Catholic identity of the school.

To continue to provide quality education, Australian Catholic schools need appropriate funding from governments to ensure they remain an affordable option for families into the future. That funding should reflect the reality that the cost of Australian schooling increases annually as schools strive for higher standards and engage with a rapidly changing context.

Government and non-government schools are funded differentially in Australia's current federal and state/territory funding models. Inequities in school resources between states and territories remain a source of national debate and concern.

The National Catholic Education Commission advocates for sustainable and equitable funding arrangements that reflect the principles outlined below.

## **Basic Funding Principles**

### **Principle 1: Parental choice**

Parental choice means that

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

### **Principle 2: Religious freedom**

Religious freedom for Catholic schools means that

- a) Parents and carers are free to entrust their children to Catholic schools that respect their beliefs while confidently celebrating the Catholic mission and identity of the school.
- b) Catholic schools, respecting the rights and freedoms of parents and carers to choose schooling for their children in the Catholic tradition, are free to form and instruct students in the Catholic faith and celebrate the Catholic faith as an integral and inseparable activity of the Catholic school.
- c) Australian governments acknowledge the distinctive contribution Catholic schools have made, and will continue to make, to the development of Australian society, economy and culture.
- d) Commonwealth and state government funding arrangements respect the identity, integrity and autonomy of the Catholic school and education systems.
- e) Funding, compliance and accountability requirements support, rather than hinder or compromise, the authenticity or autonomy of the Catholic school and education systems.

### **Principle 3: Educational partnership**

Partnership means that

- a) Catholic schools work to deliver high-quality education that is open to all children whose parents and carers choose Catholic schools. This contribution to the community is on behalf of the Church in partnership with Australian governments, parents and carers.
- b) Parents and carers who choose Catholic schools for their children are genuine partners in the learning and formation of their children.
- c) As significant partners in the national educational endeavor, Catholic education authorities and stakeholders have a voice in key national policy and program decision-making forums.
- d) Catholic schools work to implement the *Melbourne Declaration on Educational Goals for Young Australians*.

#### **Principle 4: A fair allocative mechanism**

The funding mechanism must guarantee that

- a) Funding allocations to Catholic schools are based on reliable and objective data and a transparent mechanism that reflects cost pressures in schools.
- b) Funding for students with additional or special learning needs is fair and identifiable.
- c) All Catholic schools are eligible, on a needs basis, for Commonwealth and state government capital support that recognises their important contribution to community infrastructure.

#### **Principle 5: Funding equity**

Equity requires that

- a) Catholic schools have a funding model that guarantees equitable access to Commonwealth and state funding – recurrent, targeted and capital.
- b) Catholic schools receive funding that meets the needs of increasing numbers of Indigenous students, students with disability and refugee students, as well as rural, remote and disadvantaged communities.
- c) The value of grants is at least maintained and reflects the real increases in the cost of education and the capital expenditure needed to ensure intergenerational equity.
- d) The capacity for Catholic state and diocesan school systems to allocate funding to schools according to assessed local need is recognised.

#### **Principle 6: Funding certainty**

Certainty requires that

- a) Catholic schools and school systems have secure, guaranteed funding that is stable and predictable to provide quality outcomes for students.
- b) Catholic schools, as a large and genuinely national enterprise that educates one in five Australian children, have funding certainty enshrined in legislation.

#### **Principle 7: Accountability and transparency**

Accountability and transparency mean that

- a) Catholic schools account publicly for the allocation and expenditure of government funds in a transparent, coherent and comparable manner.
- b) Catholic schools report on agreed national measures, using comparable data.
- c) Catholic schools continue to meet agreed accountability requirements to governments, parents and carers, and the Church community.