Submission to the Review of Funding for Schooling

31 March 2011
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Executive Summary

This submission is prepared and submitted by the National Catholic Education Commission (NCEC) on behalf of all 1700 Catholic schools in Australia. Our earlier submission, *Australian Catholic Schools: Scope, governance and quality* (Ernst and Young, November 2010), sets out in detail the operating environment for Catholic schools. For ease of reference, it is included here at Appendix D.

Most Catholic schools (96%) are systemically funded, meaning that the government funding they nominally attract is provided to the relevant state Catholic Education Commission for needs-based distribution. Sixty-one Australian Catholic schools are non-systemically funded and receive government grants directly. This submission is made on behalf of systemically and non-systemically funded Catholic schools alike.

NCEC supports the equity and excellence goals of the *Melbourne Declaration on Educational Goals for Young Australians* (December 2008) and the Funding Review’s priority to improve equity in educational outcomes. Catholic schools, because of their geographic and socio-economic spread, are accessible to most Australian families. They are affordable because of a commitment to low tuition fees.

This commitment to accessibility and affordability means that Catholic schools operate in an efficient and effective resource environment. The Australian Curriculum, Assessment and Reporting Authority (ACARA) *My School 2.0* national net recurrent income per student data released on 4 March 2011 confirms this. The capacity of Catholic schools to maintain this commitment to equity of accessibility and affordability critically depends on maintaining current government funding support, in real dollar terms.

In this context of modest average net recurrent income per student, Catholic schools are able to contribute to improving the equity of student learning outcomes. An analysis by the Australian Council for Educational Research (ACER) of the 2009 OECD *Programme for International Student Assessment* (PISA) data shows that Catholic schools are able to overcome, to a large extent, student socio-economic barriers to schooling success, and produce learning outcomes that are both *High Quality* and *High Equity* when measured against the international sample data.

Australian and international research shows that it is difficult to establish a causal link between school resourcing levels and educational outcomes. Other factors – inter alia, teacher quality, effective school leadership, geographic location, school governance and management arrangements, parental engagement – appear to be more important. NCEC argues that Catholic schools embody many of the organisational characteristics that the research shows directly contribute to improving student learning outcomes by maximising the effectiveness of the resources used.

The funding role of the Australian Government and the State/Territory Governments is outlined in section 4.2 in this submission. It is important that both the Australian Government and State/Territory Governments are seen as partners with Catholic school communities in the funding of the Catholic school sector.
The Catholic sector into the future needs at least the current level of total government funding in real terms to continue to provide Catholic education to students from all family backgrounds irrespective of individual family financial circumstances.

General recurrent funding from the Australian Government and the State/Territory Governments is core to the operation of Catholic schools. It is proposed that underpinning the allocations of base funding should be two indicators, a resource-availability indicator and a socio-economic indicator. There should be a minimum entitlement for all schools. The funding should be on a twelve year legislative basis with four yearly reviews.

Australian Government and State/Territory government funding should be paid to the school authority. Catholic systems should be block funded, and able to distribute funds to schools on a needs basis.

An education resource standard for funding purposes only should be developed from government school expenditure data. Consideration should be given to using the ACARA My School 2.0 financial data.

Equity funding should be provided to all schools with high support needs (students with disability, Indigenous students, students in regional and remote locations and ESL – new arrivals and refugee students) and to schools with special characteristics (Special Schools, Special Assistance Schools and Sole Provider Schools).

Annual indexation of funding, both general recurrent base funding and equity funding, should be based on actual costs in government schools. Indexation should be adjusted to take into account expenditure in government schools on students with disability, Special Schools and Special Assistance Schools provided that the non-government sector receives equitable funding for these students/schools.

The important and effective role of Catholic systems is outlined in section 4.5.2. All systems should be block funded. Each system would have the scope to distribute funds according to local needs assessment, and to structure school governance and management systems so as to allow the principle of subsidiarity to function. All systems should be allocated a Quality and Equity Assurance Allowance.

Catholic schools can provide and substantiate detailed building needs to 2020 to the value of $2.26 billion for refurbishment and $2.39 billion for new school places. There remain substantial upgrading needs (for curriculum, pedagogy, student and staff needs) in Catholic systems. Catholic school systems see a continuing demand for Catholic new school places in growth areas at a minimum of 20% of estimated student population. The declining value of present capital funding is explored and it is proposed that capital funding be indexed by a more appropriate measure.

Catholic schools are already accountable in many ways: responding to the legislative and regulatory environment in which they operate: interacting directly with local school communities; fulfilling their responsibilities to State/Territory Catholic Education Commissions. NCEC argues for ‘appropriate’, ‘meaningful’ and ‘coordinated’ accountability, rather than simply ‘more accountability’. Duplication of accountability mechanisms is to be avoided. Accountability, like decision making is effective when it happens at the most appropriate level in the organisation. Accountability should not be used to enforce uniformity of teaching and learning at school level.
### Summary of NCEC proposals for funding of schools

#### Australian Government
- Funding arrangements underpinned by legislation (Section 4.2)
- Separate agreements with Australian Government and relevant State/Territory Government (Section 4.2)
- School systems funded as a block inclusive of a discrete quality and equity assurance allowance (Section 4.5)

#### State/Territory governments
- Catholic school systems funded at 25% of the resource standard for that State/Territory
- Non-systemically funded schools funded at a percentage of the resource standard for that State/Territory following consultation
- Resource standard based on per-student expenditures in government schools in the relevant State/Territory
- In deration by annual change in resource standard

#### Funding mechanisms

##### Recurrent funding
- Base funding (Section 4.3)
  - Catholic school systems funded at a percentage of a national resource standard, based on a resource-availability and a socio-economic indicator
  - Non-systemically funded schools funding based on a national resource standard modified by a resource-availability and a socio-economic indicator
  - Resource standard based on per-student expenditures in government schools in Australia
  - Indexation by annual change in resource standard

##### Equity funding (Section 4.4)
- Students with disability to attract the same level of government funding irrespective of school sector
- Indigenous students to attract a percentage loading above resource standard
- Regional and remote schools to attract a percentage loading above resource standard for a longer period
- ESL students (refugees and new arrivals) to attract a percentage loading above resource standard for a longer period
- Special Schools fully funded by government – funding responsibility shared across governments
- Special Assistance Schools fully funded by government – funding responsibility shared across governments
- Sole Provider Schools fully funded by government – funding responsibility shared across governments

##### Capital funding (Section 4.6)
- Continued role of Catholic Block Grant Authorities in administering capital funding to Catholic schools
- Funding under the Capital Grants Program should be indexed for total development costs
- Continuation of capital funding for existing schools to meet the significant demands not met by the BER
- New capital funding for new schools and new pupil places
- Planning for new schools should be cross-sectoral.
NCEC Proposals

1. Australian Government funding

NCEC proposes that Australian Government funding should be:

- subject to formal agreements and underpinned by legislation
- comprised of base recurrent funding plus equity funding plus capital funding
- block funded to systems
- funded directly to non-systemically funded schools
- subject to legislation and agreements over a twelve year period with a review every four years.

2. State and Territory Government general recurrent funding

NCEC proposes that State/Territory Government general recurrent funding should be:

- subject to formal agreements and underpinned by legislation
- block funded to systems
- funded directly to non-systemically funded schools
- subject to legislation and agreements over a twelve year period with a review every four years.

3. Education resource standard

NCEC proposes that:

- a national education resource standard for funding purposes only be derived from government school expenditure
- differential national education resource standards be calculated based on school levels of education – primary and secondary
- the education resource standard(s) used for State/Territory Government funding be based on State/Territory data
- consideration be given to the resource standard(s) being developed using government school ACARA My School 2.0 data.

4. Linking base funding to the resource standard

NCEC proposes that linking base funding to the resource standard(s) takes into account:

- the recurrent resources of a school, i.e. a resource-availability indicator; and
- the socio-economic status of the school community, i.e. a socio-economic indicator.

5. Base funding for school systems

NCEC proposes that base funding for school systems should:

- be derived using the same methodology for all systems
- equate to 62.5% of the current Average Government School Recurrent Costs (AGSRC) in real terms from the Australian Government for Catholic systems
- be 25% of the relevant State/Territory resource standard, and at least the same as current levels in real terms from the State/Territory Governments for Catholic systems
- use the resource-availability and the socio-economic indicators as either part of the agreement with the Australian Government or as determinants in deriving average indicators for all schools in the system.
6. Base funding for non-systemically funded schools

NCEC proposes that base funding for non-systemically funded schools should:

- from the Australian Government be determined by modifying the applicable resource standard(s) by the resource-availability and socio-economic indicators for each school
- from State/Territory Governments be a percentage of the resource standard relevant to each State/Territory, the percentage each school receives to be determined according to an agreed mechanism
- incorporate minimum entitlements from the Australian Government and State/Territory Governments, at least equivalent to the current minimum entitlement in real terms.

7. Transitional arrangements

NCEC proposes that any transitional funding arrangements include at least a six year phase-in period with part supplementation over this period.

8. Indexation of base recurrent funding

NCEC proposes that indexation of funding should:

- be calculated on the annual movement in government school expenditure
- include both quality and price increases in government school expenditure
- exclude expenditures in government schools funded by private income
- be net of the impact on expenditures relating to students with disability, Special Schools and Special Assistance Schools, provided they are given equitable funding arrangements.

9. Equity funding

NCEC proposes that:

- the Australian Government and the State/Territory Governments should both contribute to the funding of students with high support needs such as students with disability and Indigenous students
- all equity funding be subject to indexation based on the annual movement in government school expenditure.

10. Students with disability

NCEC proposes that funding for students with disability should be:

- provided for all students who meet agreed national definitions for disability funding purposes
- available at a commensurate amount across all education sectors, wherever the student enrolls, to support the access and learning needs of the students
- funded by combined Australian Government and State/Territory Government funding.
11. Indigenous Students

NCEC proposes that for schools with Indigenous students:

- a percentage loading for each Indigenous student be applied based on the relevant resource standard(s), this percentage loading being at least equivalent in real terms to the current loading
- schools that exceed a certain threshold of Indigenous students as a percentage of their total enrolments be eligible for further funding, as currently applies
- loadings for Indigenous students in boarding schools should be calculated and paid on the basis of the location of their community of origin, not on the geographic location of the boarding school.

12. Regional and remote schools

NCEC proposes that for regional and remote schools:

- a percentage loading of the relevant resource standard(s) be applied for all schools located in regional, remote and very remote regions
- the percentage loadings for remote and very remote schools must be significantly increased from current levels to meet the high cost of education in these areas
- the relevant percentage loading be calculated with reference to the Net Recurrent Income of government schools in each location as per the ACARA data on the My School 2.0 website.

13. Determining geographic location classifications

NCEC proposes that the MCEETYA Geographical Location Classification (MSGLC) be used to determine geographic location for school funding purposes.

14. ESL students – new arrivals and refugees

NCEC proposes that for ESL students – new arrivals and refugees:

- a percentage loading of the relevant resource standard(s) be applied to all students that meet the criteria
- the percentage loading be increased from current levels to meet the needs of these students
- the time frame for the funding support be increased from current timeframes to:
  - five years for ESL – new arrivals; and
  - ten years for ESL – refugee and humanitarian students.

15. Special Schools

NCEC proposes that non-government Special Schools be funded (combined Australian and State/ Territory Government funding) at the same level as a school in the government sector serving students with similar assessed needs.
16. Special Assistance Schools
NCEC proposes that non-government Special Assistance Schools be funded (combined Australian and State/Territory Government funding) at the same level as a school in the government sector serving students with similar assessed needs.

17. Non-government sole provider schools
NCEC proposes that non-government sole provider schools should:
- receive funding allocations that more closely reflect the true cost of operating these schools
- be funded at the same rate (combined Australian and State/Territory Government funding), as that available to equivalent sole provider schools within the government jurisdiction.

18. School Systems: Block Funding and Quality and Equity Assurance Allowance
NCEC proposes that funding to each school system (government and non-government) should:
- be block funded with funds from both the Australian Government and State/Territory Governments
- include a quality and equity assurance allowance; and
- ensure that each system would continue to be responsible for needs-based distribution of funding to the schools within the systems.

19. Capital funding
NCEC proposes for capital funding that:
- the role of Block Grant Authorities be confirmed as essential to the operation of the program in the non-government sector
- capital funding be indexed by a more appropriate measure inclusive of the total costs of school development
- capital funding continue to be allocated for existing schools and increased to take into account enrolment increases
- significant new capital funding be allocated for new schools and new pupil places in existing schools
- planning for new schools in growth corridors involve the Government, Catholic and Independent school sectors.

20. Transparency, Accountability and Regulation
NCEC proposes that:
- transparency is necessary for government funding arrangements
- recognition is given to the current substantial accountability required of all sectors
- duplication is avoided in accountability requirements, including data collections, from government agencies
- future accountability should allow for flexibility within an overall framework.
Introduction

This submission to the Review of Funding for Schooling in Australia (‘the Review’) is prepared and presented by the National Catholic Education Commission (NCEC) on behalf of all 1700 Catholic schools in Australia. These Catholic schools provide education for 704,000 students which is 20% of all school students in Australia. Catholic schools employ 78,000 staff.

The first NCEC submission, Australian Catholic Schools: Scope, governance and quality, sets out in detail the background, structure and operating environment for Catholic schools. For ease of reference it is included in Appendix D.

Most Catholic schools in Australia (96%) are systemically funded, meaning that the government funding they nominally attract is provided to the relevant Catholic Education Commission for needs-based distribution. Sixty-one Catholic schools across Australia are non-systemically funded and receive government funding directly.

This submission is made on behalf of both system and non-system Catholic schools.

This submission largely follows the Review’s Terms of Reference, while also responding to the seven Key Themes outlined by the Review Panel in the Emerging Issues Paper (December 2010). The submission is structured as follows:

- Chapter 2 outlines the commitment of the Catholic school sector to equity
- Chapter 3 considers issues in supporting educational outcomes
- Chapter 4 covers a number of issues in the allocation of funding to schools
- Chapter 5 considers transparency, accountability and regulation.

This submission also includes several appendices which expand on selected issues and provide more detailed information where applicable.
Equity measures and performance in Catholic schools

The Emerging Issues Paper (p.11) notes that Australians should be concerned about the persistent low achievement evident in the proportion of students in the bottom proficiency bands. There are also issues about the extent to which the composition of students in the bottom of the proficiency bands reflects broader social disadvantage (e.g., low socio-economic background, Indigenous status, geographic location and language background).

Equity rightfully forms a primary focus in the Review. The Catholic school sector strongly endorses the pursuit of equity in educational outcomes. A key mission of Catholic schools is to ensure that students are not prevented from achieving their potential because of background or family circumstances, or because of the location of their school. The Catholic sector’s commitment to making a quality education accessible to students from all backgrounds in all locations is demonstrated in:

- its presence throughout Australia. The geographic distribution of Catholic schools is closely aligned to the Australian population. In some areas a Catholic school is the only school serving the local community
- its fee policies (fees affordable to local communities, hardship concessions, family discounts, etc), that seek to ensure that the charging of fees does not exclude any family who seeks a Catholic education
- system funding policies that direct the resources provided to Catholic systems by governments to the schools and to the students where they are most needed.

The map below shows the distribution of Catholic schools Australia-wide in non-metropolitan areas.

Map 1  Non-metropolitan distribution of Catholic schools

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1 These and other essential characteristics of Catholic education are further discussed in Appendix D.
A commitment to accessibility and affordable fees means that, on average, Catholic schools must currently operate with fewer resources than other schools. Yet despite this disadvantage Catholic education overall continues to achieve high education outcomes – including in terms of equity.

Australian Curriculum, Assessment and Reporting Authority (ACARA) data show that, in 2009, the Catholic sector had the lowest net recurrent income per student (NRIPS) in all jurisdictions except NT. Across Australia, NRIPS was $10,008 in the Catholic sector, $11,132 for the government sector and $13,711 for the independent sector. Also, Catholic schools had the lowest mean and median NRIPS in every State.

The Programme for International Student Assessment (PISA) data for 2009 provide recent evidence of the Catholic school sector’s high education outcomes in terms of performance and equity. Figure 2.1 illustrates the relationship between equity (the strength of the social gradient) and mean reading literacy for a sample of countries that participated in PISA 2009 and Australian States and Territories. It also includes an average score for the sample of Catholic schools in Australia, obtained from the Australian Council for Educational Research (ACER). The 2009 sample of Catholic schools (n=73) along with the overall Australian sample is statistically valid and representative of the population.

There were 3,098 students in 73 Australian Catholic schools in the PISA 2009 survey which is a sample size close to the total sample size of most participating countries. The Catholic school sample is 22% of the total Australian sample.

The key aspect to note about the performance of Catholic schools in Australia is that their score on equity is significantly above the Australian average. This means that 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). In fact, Figure 2.1 shows that the equity of outcomes achieved in Catholic schools in Australia exceeds Finland, which is widely regarded by many groups as the international benchmark on equity.

**Figure 2.1 Relationship between equity and mean of reading literacy in selected jurisdictions**

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2 ACARA
3 The horizontal axis represents the strength of the relationship between socio-economic background and performance, used as a proxy for equity in the distribution of learning opportunities. Mean performance in reading literacy is plotted on the vertical axis, with the line at 493 representing the OECD mean. Refer to ACER (2010), Challenges for Australian Education: Results from PISA 2009: The PISA 2009 assessment of students’ reading, mathematical and scientific literacy, December (Figure 8.5) (accessible at http://www.acer.edu.au).
4 The 2009 sample of Catholic schools (n=73) along with the overall Australian sample is statistically valid and representative of the population.
Government funding and equity outcomes in Catholic schools

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

Government funding is therefore a key determinant of the ability of Catholic schools to ensure that ‘differences in educational outcomes are not the result of differences in wealth, income, power or possessions’. Present levels of recurrent funding are a basic minimum for the continued operation of Catholic schools. This provides basic operational funding for all students in all schools; new priorities cannot be made by trade-offs or by reducing funding to one area in favour of another.

As part of any new funding model Catholic schools require the current level of total funding in real terms from the Australian Government and State/Territory Governments.

This Review presents a major opportunity for government and Catholic schools to work together to improve equity in Australian schooling, by building on the strong performance of Catholic schools. With additional government funding, Catholic schools may be able to take even greater steps to address educational disadvantage across Australia. Conversely, any approach by government that re directs public funding away from the Catholic school sector risks undermining its proven ability to deliver on equity of educational outcomes.

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5 Emerging Issues Paper, December 2010, p.5.
Consistent with the Terms of Reference for the Review, this section discusses:

- the link between funding arrangements and educational outcomes (section 3.1); and
- the role of families, parents and communities (section 3.2).

### 3.1 Funding Arrangements and Educational Outcomes

Research has linked a broad range of factors to key educational outcomes and in particular, student educational performance. The most influential of these are:

- **Teacher quality** – a number of studies have found that the single most important factor affecting student learning is the quality of teachers.\(^6\)

- **School leadership** – research into leadership, organisational learning and student outcomes has found that ‘shared learning, empowerment and leadership are pre requisites for school improvement’.\(^7\)

- **School governance** – it has been found that students perform significantly better in schools that have autonomy in process and personnel decisions (especially staffing decisions and instructional approaches).\(^7\) A recent Principal Autonomy Research Project\(^8\) further concludes that there is a positive relationship between school autonomy and student outcomes when school autonomy involves authority and responsibility over strategies that directly impact on what occurs in the classroom and/or in support of the learner.\(^9\)

- **The presence of an effective non-government schooling sector alongside government schools** – an OECD study has shown that choice of schooling between government and non-government sectors results in greatly improved academic outcomes, and that this effect operates on both government and non-government schools.\(^10\)

- **Parental involvement/engagement in their children’s schooling** – the children of parents who spend time with their children discussing their studies, attending meetings at schools, ensuring that homework is done have substantially better schooling achievement.\(^11\) (see section 3.2)

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\(^9\) Education transformations 2007, Principal Autonomy Research Project, Report to the Department of Education, Employment and Workplace Relations


• **Socio-economic background of the student** – there is evidence that the socio-economic status of a student’s family influences the student’s learning outcomes, although the size of this effect varies considerably across nations.\(^{12}\) Students also tend to perform better academically if they are in schools which have a higher average socio-economic status than their families.\(^{13}\)

• **Geographic location** – research has found that students in Australia in rural and regional areas have lower education performance than those in urban areas (for example, they are less likely to remain at school after the minimum leaving age).\(^{14}\)

Meanwhile, the distinct relationship between school resourcing and educational outcomes has proved difficult to isolate.\(^{15}\) This serves to highlight that, although the quantum of funding provided to schools is clearly an important ‘enabler’ for improving student learning outcomes, the actual effect of resourcing on outcomes is mediated by a host of other conditions.\(^{16}\)

Specifically, research findings provide considerable insight into management, governance and allocation mechanisms that influence the likely effectiveness of resourcing 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 toward developing ‘better’ teachers rather than ‘more’ teachers.

• 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 engagement.

• Resources provided to a school will ‘go further’ where the school has the flexibility to manage these resources directly. That is, schools employ and deploy staff, purchase materials, manage repairs and maintenance resulting in overall lower costs.

• In order to promote *equity* in outcomes, resources need to be directed at students with the greatest educational needs. Resources will be most effective if they are allocated using the best available information to identify student and school needs.

The structure and operation of the Catholic school sector\(^{17}\) (e.g. school autonomy, block funding to systems with allocations to systemically funded schools based on need) strongly promote the elements noted above which are conducive to resource effectiveness and efficiency. This ensures that education resources are expended in a manner that achieves ‘value for money’ for the community – strong education performance with the fewest resources of any school sector. Yet this also means that further gains in the educational outcomes achieved in Catholic schools are hard to achieve without additional resourcing.

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\(^{15}\) For example, see Dowling, A. (2008), *Output Measurement in Education*, Policy Analysis and Program Evaluation, ACER.


\(^{17}\) Appendix D provides detail on essential characteristics of the Catholic school sector. These include commitments to Catholic identity, subsidiarity, block funding and accessibility.
3.2 Role of Families, Parents and Communities

There is a rich body of research showing that close partnerships between families and schools can improve educational outcomes for students and contribute to positive outcomes for both school students and parents.\(^{18}\)

Catholic school parents have an expectation that their children’s education is focused on the growth of the child cognitively, physically, socially and spiritually. NCEC believes that, as a school’s primary function is the development of the whole person, schools must necessarily work in close connection with families and communities. Catholic schools embrace the parent-school partnership and endeavour to offer formal and informal environments where parents’ involvement and engagement are encouraged and welcomed through high quality parent-teacher relationships, parent associations and school boards.

In practice, parent engagement goes further than involvement, and various programs have been introduced within Catholic dioceses so that schools are able to reflect on, explore different strategies, and develop more effective community-parent-school partnerships. Initiatives such as the Australian Government-supported Family-School Partnerships Framework have also been embraced by Catholic schools.

Given these benefits, and as outlined in Appendix D, NCEC believes it is imperative that any new approach to school funding reinforces the scope for schools to engage with parents and communities. Specifically, this new approach must respect the identity of Catholic schools, (including by allowing them to nurture parental commitment and engagement in schooling) and maintain the principle of subsidiarity in the Catholic school sector.

In effect, the way that subsidiarity (the organising principle that ensures that decisions are made at the lowest most appropriate level) and school autonomy operate in Catholic schools means that most school-level decisions are made by principals and staff, in consultation with school boards. Catholic school boards are the formal mechanism in many States and Territories for promoting the participation of the wider school community in the life of schools. As established in Catholic schools, boards bring together parish priests, members of religious congregations, principals, parents, teachers and members of the wider community in a spirit of collaboration to realise the school’s vision and achieve its educational aims.

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Government expenditure on schools in Australia is low in comparison to other developed economies. The OECD estimates that government expenditure on primary, secondary and post-secondary non-tertiary education in Australia is 3.1% of GDP compared to an OECD average of 3.3%. Of the twenty-nine OECD countries for which data were available, only seven countries ranked lower than Australia on this metric. All governments across Australia need to consider ways to increase the overall quantum of funding that is provided for school education.

NCEC believes that all children have a right to share equitably in the government expenditure on education. This right is aligned with the right of parents to choice of schooling, including schooling based on the Catholic religious and education tradition.

The distribution of funds from all levels of government must be needs-based to take into account the general educational needs of students as well as the particular needs of children disadvantaged educationally by social, economic, geographic, cultural, and physical factors. Needs-based distribution also should include consideration of the recurrent resources available to a school from private income.

Catholic schools need the support of governments to continue providing a quality education option at reasonable cost for parents from the many family backgrounds that make up Australian society. Catholic systems seek to operate at levels similar to Government systems. NCEC looks to governments to ensure that, through an equitable funding system, Catholic and other non-government schools that seek to serve the broad socio-economic spectrum of Australian families have the capacity to do so.

Overview of Funding Proposals

Figure 4.1 provides a summary overview of the NCEC proposals for funding of Catholic schools in Australia. Further detail on these proposals and their rationale is provided in subsequent sections of this chapter.

The remainder of this chapter proceeds as follows:

- Section 4.1 outlines over-arching funding principles endorsed by the Australian Catholic Bishops Conference
- Section 4.2 presents the NCEC views on the appropriate roles of the Australian and State/Territory governments in funding non-government schools
- Section 4.3 considers the allocation of base recurrent funding to schools
- Section 4.4 discusses issues in equity funding
- Section 4.5 considers funding for school systems
- Section 4.6 focuses on capital funding.

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### Funding mechanisms

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### Base funding (Section 4.3)

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<td>§ ESL students (refugees and new arrivals) to attract a percentage loading above resource standard for a longer period</td>
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<td>§ Special Schools fully funded by government — funding responsibility shared across governments</td>
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<td>§ Special Assistance Schools fully funded by government — funding responsibility shared across governments</td>
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<td>§ Sole Provider Schools fully funded by government — funding responsibility shared across governments</td>
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### Equity funding (Section 4.4)

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<td>§ Continued role of Catholic Block Grant Authorities in administering capital funding to Catholic schools</td>
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<td>§ Funding under the Capital Grants Program should be indexed for total development costs</td>
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<td>§ Continuation of capital funding for existing schools to meet the significant demands not met by the BER</td>
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<td>§ New capital funding for new schools and new pupil places</td>
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<td>§ Planning for new schools should be cross-sectoral</td>
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4.1 Funding Principles
The Australian Catholic Bishops Conference has endorsed seven basic principles for the funding of schools in Australia. Most of these principles appear in an operational sense throughout this submission. In summary, the seven Funding Principles are:

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

These are fully defined with respect to the Catholic school sector in Appendix B.

Among these principles, the Review places equity at the forefront of its considerations. A key mission of Catholic schools is to ensure that students should not be prevented from achieving their potential because of background or family circumstances, or because of the location of their school.

4.2 Role of Australian and State/Territory Governments
The Catholic school sector is a significant partner together with the Australian and State/Territory Governments in supporting a national approach aimed at achieving the equity and excellence objectives of the *Melbourne Declaration on Educational Goals for Young Australians* (2008). This partnership is enhanced through the Catholic sector’s close connections with families and church communities and the fundamental social cohesion role played by these local groups.

In their funding arrangements with governments, Catholic school authorities place a high priority on funding security, certainty and continuity. These settings are essential for non-government schools to plan and operate effectively, and NCEC considers that they are best achieved by:

- embedding funding for non-government schools in legislation
- enabling State/Territory Catholic Education Commissions to enter into separate agreements with the Australian Government, and with relevant State/Territory Governments
- ensuring that these agreements apply for an extended period, consistent with school and system planning processes.

The *Emerging Issues Paper* (p.21) outlines an approach which would be to pool Australian Government and State/Territory Government funding at the State/Territory level. This appears to be a variation on the current National Partnerships Program (NPP) funding model. **NCEC does not support the adoption of NPP or similar processes for mainstream general recurrent and major program grants** because:

- NPPs do not enshrine the involvement of Catholic school authorities at State/Territory level. In some cases, this is presupposed – but without a legislative basis
- education priorities and approaches differ across jurisdictions. This is reflected in varying programs, processes and funding levels for non-government schools. Accordingly, a pooled model does not guarantee the certainty and consistency that come from the current arrangements (which provide Catholic school authorities with Australian Government block funding and other specific purpose grants via an act of the Commonwealth Parliament).
NCEC is also opposed to any funding mechanisms that would result in Australian Government grants to non-government schools being allocated in the first instance to State/Territory Governments.

- State/Territory Governments already demonstrate varying appetites to fund non-government schools; their involvement in the disbursement of Australian Government funding to non-government schools raises the risk of interference to Australian Government funding from differing State/Territory policy priorities.

- In NCEC’s experience, the implementation of some of the National Partnerships has intensified the conflict of interest that State/Territory governments have as education service providers, education regulators and part-funders of non-government schools. This conflict would be seriously exacerbated should State/Territory governments assume all responsibilities for the distribution of government funding to schools. While the complete resolution of these conflicts may not be achievable, NCEC considers that direct Australian Government funding of non-government schools is one important step to mitigating the inherent conflicts of interest held by State/Territory Governments.

- This step is simply unnecessary and would add administrative costs to funding processes. As highlighted by the Building the Education Revolution Implementation Taskforce, management and administration costs linked to some State Education Departments can be relatively high compared to those of the Catholic Block Grant Authorities.20

Separate agreements, as proposed by NCEC, need not undermine objectives for greater coordination of government funding contributions. Separate funding arrangements agreed by Catholic school authorities with the Australian Government, and with State/Territory governments, can still be the product of a collaborative and co-ordinated process. There are, in fact, many ways to deliver greater co-ordination in government funding without pooling of government funds.

4.2.1 AUSTRALIAN GOVERNMENT FUNDING OF SCHOOLS

NCEC believes that current funding arrangements with the Australian Government form a sound foundation for future funding. Future arrangements should build on these, so that:

- funding from the Australian Government to Catholic school authorities should be subject to a formal agreement and supported by legislation in order to provide the funding certainty and security that is essential to planning and investment

- the funding should comprise a combination of base recurrent funding (see section 4.3) plus funding directed at specific high-need students (equity funding – see section 4.4) plus capital funding (see section 4.6).

- certain schools (Special Schools, Special Assistance Schools and Sole Provider Schools) would have particular funding arrangements, with joint contributions from the Australian Government and State/Territory Governments (see sections 4.4.6, 4.4.7 and 4.4.8)

- for systemically-funded schools, Australian Government funding would be provided as a block to Catholic Education Commissions in each State/Territory, while non-systemically funded schools would receive funding directly from the Australian Government (see section 4.3.4)

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the funding agreement would also set out responsibilities and accountabilities for Catholic systems and schools in terms of reporting and educational outcomes (see Chapter 5)

funding agreements should operate over a 12 year funding period, with reviews every four years (combined with an annual educational and financial accountability process).

**NCEC proposes that Australian Government funding should be:**
- subject to formal agreements and underpinned by legislation
- comprised of base recurrent funding plus equity funding plus capital funding
- block funded to systems
- funded directly to non-systemically funded schools
- subject to legislation and agreements over a 12 year period with a review every four years.

### 4.2.2 STATE/TERRITORY GENERAL RECURRENT FUNDING OF NON-GOVERNMENT SCHOOLS

Present funding arrangements for general recurrent grants across State/Territory governments for non-government schools are varied and, in many jurisdictions, opaque. The funding arrangements are complex and vary considerably between States and Territories. The use of an education resource standard is not always clear. Some States/Territories use a basket of services approach, others use elements from the relevant State Average Government School Recurrent Costs (AGSRC) and others do not appear to use a resource standard. In addition, there is variation in the percentage of the State/Territory AGSRC that Catholic systems actually receive. In some States/Territories the funding is underpinned by legislation, in others by a formal agreement and in others by informal arrangements.

NCEC considers this to be an area where greater transparency and consistency are fundamental in any new model for school funding. Under this new model, State/Territory Government funding should be provided as follows:

- general recurrent funding provided from each State/Territory to Catholic school authorities should be subject to a formal agreement and supported by legislation (as per Australian Government funding)
- general recurrent funding provided by each State/Territory to Catholic systems should be provided as a block (see section 4.3.1) with the quantum set at 25% of the resource standard relevant to that State/Territory (see section 4.3.1.)
- general recurrent funding provided by each State/Territory to non-systemically funded Catholic schools should be provided to individual schools with the quantum set at a percentage of the resource standard relevant to the State/Territory. The percentage to be determined through consultation with key stakeholders
- the funding agreement would also set out responsibilities and accountabilities for Catholic systems and schools in terms of reporting and educational outcomes (see Chapter 5)
- funding agreements should operate over a 12 year funding period, with reviews every four years (combined with an annual educational and financial accountability process).
NCEC proposes that State/Territory Government general recurrent funding should be:

- subject to formal agreements and underpinned by legislation
- block funded to systems
- funded directly to non-systemically funded schools
- subject to legislation and agreements over a 12 year period with a review every four years.

4.3 Recurrent Grants – Base Funding

In broad terms, NCEC considers that total government recurrent funding to schools should take into account:

- a national education resource standard specifically constructed for funding purposes only
- the private income available to each school
- general characteristics of the school that may serve to increase costs and/or resource needs – e.g. school location and the socio-economic status of students
- specific high-need student groups that may attend the school – for example, students with disability, Indigenous students, refugee students and others – or whether a school serves a distinctive category of students with higher need (e.g. Special Schools, Special Assistance Schools).

There are various ways that funding arrangements might be structured around these factors. **Overall, given high community interest in funding for specific high-need students and the consequent premium on transparency, NCEC suggests that funding directed at specific high need students and schools be identified separately to base recurrent funding to schools.** This funding is further discussed in section 4.4.

**Base recurrent funding** would be allocated based on the other factors outlined above. The process for determining this funding is the focus of the remainder of this section. NCEC proposes that this process involve:

- determination of an education resource standard(s) that is derived from expenditures in government schools, and is used explicitly for funding purposes only (section 4.3.1)
- allocations to schools/systems to be set at a certain percentage of this standard (section 4.3.2)
- funding to be indexed in accordance with annual changes in the resource standard (section 4.3.3).

The broad framework proposed by NCEC for recurrent funding to schools is illustrated in Figure 4.2.

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**Figure 4.2 Summary of NCEC position on recurrent funding**

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<tr>
<th>Education resource standard</th>
<th>Modifying factors:</th>
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<td>- Resource availability indicator</td>
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<td>- Socio-economic indicator</td>
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<td>Total government recurrent funding</td>
<td>Base recurrent funding</td>
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<td>Equity funding</td>
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<td>High need students and schools</td>
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4.3.1 AN EDUCATION RESOURCE STANDARD FOR FUNDING PURPOSES ONLY

Base recurrent funding for non-government schools should be set relative to a funding benchmark for schooling quality and cost. This funding benchmark or ‘resource standard for funding purposes’ should:

- accurately reflect community expectations (i.e. expectations of parents, government and school communities) over minimum schooling standards and schooling quality – and should also capture advancement in these expectations (e.g. with respect to class sizes);
- be transparent, realistic and of direct relevance to non-government schools.

Such a resource standard is most appropriately developed with reference to schooling standards and expenditures in government schools. This is because:

- government schools both determine and reflect changing community expectations over school standards and schooling quality. This stems from the role of government schools as universal providers of education – and also from the role of government as a regulator of schools;
- standards in government schools flow directly through to non-government schools – and especially Catholic schools, which tend to set affordable fees and have similarities to government schools in terms of resources and/or student profiles. Parents often assess Catholic schools against the government school benchmark (e.g. class size, curriculum choice), and Catholic schools must offer comparable standards in order to meet student needs;
- governments meet their policy objectives by allocating funds through public programs – or in this case government schools.

Thus there are complex interactions between government and the Catholic school sector. Quality and resourcing levels in government schools, along with regulatory standards set by government, have a significant influence on the way Catholic schools must operate – and the costs they must incur. Use of a resource standard derived from expenditures in government schools is therefore appropriate. This would also be most practical and realistic – unlike the use of an artificial, conceptual standard that would need to be continually updated.

This resource standard should capture actual expenditures attributable to the government school sector. Currently there are several official figures which are variously used to indicate benchmark government expenditures on primary and secondary schools. The major resource standard/benchmark indicators are the AGSRC, figures compiled by the Productivity Commission, and the National Report on Schooling in Australia (ANR). Most recently, ACARA has released financial data on the income of government (and non-government) schools for My School 2.0. Given that for government and non-government systems (which constitute the vast majority of schools) the figures are based on expenditure rather than predetermined income, the ACARA My School 2.0 data is a reliable measure of expenditure.

Among these, NCEC considers the present net recurrent income ACARA data could underpin the resource standard used for funding purposes, because it is produced in the most timely manner and it most accurately reflects ‘expenditures’ that are common across school sectors. It can also differentially reflect expenditures across schools operating in different geographic locations. Conversely, there are considerable delays in calculating the other benchmarks as well as ongoing debate over the appropriateness of inclusions/exclusions in estimation.

Notwithstanding the NCEC view that expenditures in government schools must underpin the resource standard, these expenditures should:

- be net of the impact on expenditures relating to students with disability, Special Schools and Special Assistance Schools – provided these are the subject of specific equity funding arrangements as proposed by NCEC (see section 4.4).
• exclude private income raised by government schools; the resource standard should reflect the education standard that government schools are funded by government to deliver.

These exclusions mean that this resource standard would not measure actual total ‘expenditures’ in government schools. It would not form a benchmark for resource levels in government schools, for comparison against non-government schools. Rather, it would be a resource standard specifically designed for funding purposes only – recognising, for example, that base funding for non-government schools should not be linked to private income levels in government schools.

NCEC also considers it appropriate that a number of resource standards for funding purposes are developed across the education sector, recognising that there can be significant differences in costs based on school characteristics. As well as an Australia-wide resource standard, there may be differential standards based on:

• State/Territory
• School level.

Resource standards by State/Territory
In section 4.2.2, NCEC proposes that funding from each State/Territory Government to non-government schools should be based on a benchmark resource standard for each State/Territory. This resource standard should be developed as set out above – that is, with reference to expenditures in government schools in each State/Territory – with a standard set of component items applied across each State/Territory. While it is envisaged that the level of the resource standard would differ from State to State, the same components would be included in the calculation. The resource standard or ‘State Standard Cost’ figure would also differ by school level.

Resource standards by school level
As occurs at present for AGSRC, there will need to be separate resource standards for primary and secondary schools. This reflects the fact that expenditures are typically higher in secondary schools across Australia – such that a single standard would understate resource standards in secondary schools and overstate resource standards in primary schools. It could also take into account location which is a main driver of the cost of education delivery (see section 4.4.4). National policy initiatives and the reality that early intervention strategies have a significant impact on the outcomes of students at risk of meeting minimum National Assessment Program – Literacy and Numeracy (NAPLAN) standards suggest that a separate early childhood standard could be considered.

NCEC proposes that:

• a national education resource standard for funding purposes only be derived from government school expenditure
• differential national education resource standards be calculated based on school levels of education – primary and secondary
• the education resource standard(s) used for State/Territory Government funding be based on State/Territory data
• consideration be given to the resource standard(s) being developed using government school ACARA My School 2.0 data.

4.3.2 LINKING BASE FUNDING TO THE RESOURCE STANDARD
Once resource standards have been constructed, NCEC proposes that base funding for non-government schools be determined by combining these with two indicators of educational need. The following sections discuss these indicators, and how they might be used to determine base funding for schools and school systems.
Indicators of educational need

NCEC considers that school resourcing needs should be assessed with reference to:

- the private income raised by schools (a resource-availability indicator)
- the general socio-economic status of the student population at schools (a socio-economic indicator).

Resource-availability indicator

Base recurrent funding to schools should consider the private income for recurrent purposes used by schools via a resource-availability indicator. This indicator should be recurrent private income. This would compensate schools that remain accessible to families and also identify schools that need greater public resources to deliver a quality education.

A number of issues and challenges will require consideration in developing this indicator, including that:

- many Catholic schools rely on income from fees for building new facilities and the refurbishment of existing facilities – thus a portion of income from fees is often allocated for certain projects and not available for general (recurrent) allocation
- the raising of private income, especially through activities such as community fundraising (including in-kind contributions) can be an important step in building parental/community engagement and commitment to and with schools. Funding approaches that undermine this commitment may perversely weaken education outcomes (see section 3.2). There must not be a disincentive to the raising of private income through parental/community activities
- the rate at which government funding is withdrawn as private income is raised. Private income effectively represents investment by parents and communities in their children’s education; this investment has positive returns for the community and should not be strongly discouraged
- schools that have set fees and the resource level at which the school operates in accordance with previous funding models must be afforded appropriate transition arrangements. There would need to be an adjustment period before a resource-availability indicator is deployed, to allow schools to reconsider their mix of private and public funding. That is, a school should be able to opt for the private income level at which it plans to operate.

These issues mean that consultation with the education community will be essential to developing this resource-availability indicator.

Socio-economic indicator

There is a wide body of research linking the socio-economic background of students to educational outcomes. Consistent with the objective of equity, NCEC considers that students from disadvantaged backgrounds should attract additional funding to provide the educational resources to overcome this disadvantage.

Within the funding model, a socio-economic indicator (SEI) should be developed at the school level. This should reflect the socio-economic status of the school population focussing on the economic and educational characteristics that students bring to school that may impact the cost of their learning.

It will be important that the SEI is fit-for-purpose, such that it avoids double counting of need factors within the funding model. For example, if factors such as school location or Indigenous enrolments are captured elsewhere then they should not be included in the indicator.

A new socio-economic indicator will need to be developed and applied in consultation with key stakeholders.
NCEC does not support a school funding model in which a socio-economic indicator is the only, or a major determinant of base funding (e.g. a pure-SES model). A pure SES model effectively determines base funding using a single score to determine the capacity of parents to pay school fees (or otherwise contribute to school finances). It effectively assumes a homogeneous population with each parent having the same capacity to pay. It consequently penalises non-government schools that set low fees to encourage accessibility – these can receive similar grants to other schools that have much higher private resources (depending on student populations). This concern is particularly relevant for the Catholic school sector which strongly promotes accessibility to its schools.

NCEC proposes that linking base funding to the resource standard(s) takes into account:
- the recurrent resources of a school, i.e. a resource-availability indicator; and
- the socio-economic status of the school community, i.e. a socio-economic indicator.

4.3.3 BASE FUNDING FOR SCHOOL SYSTEMS

NCEC submits that the systems such as the Catholic school systems, because of their size in terms of student numbers and hence their tendency to represent the average in the community, could be exempted from incorporating the two indicators of educational need outlined above into the actual funding model. In light of this and for the sake of simplicity, NCEC believes that Catholic systems (and other non-government school systems) should receive base funding in a manner comparable to government school systems. In undertaking certain tasks – e.g. ensuring the financial viability of schools, distributing government funding to schools and assuring quality and equity (see section 4.5.2) – Catholic systems fulfil similar functions that education departments within each State fulfil for government schools.

Given the scope and similarities of certain roles, NCEC considers that Catholic systems, (and other non-government school systems that distribute funding internally according to need), should receive base funding in a manner comparable to government schools. That is, if a system approach for government schools is endorsed by the Review, then non-government systems should be funded similarly. Such system funding would involve negotiation around and inclusion of the resource availability and socio-economic indicators in the funding agreement with the Australian Government.

Under these arrangements, NCEC believes that base recurrent funding for Catholic school systems from the Australian Government should equate to 62.5% of the current AGSRC in real terms. Base funding from State/Territory Governments should be 25% of the resource standard (using the same components) calculated for that State/Territory. Although the detailed process for the calculation of State/Territory funding using the same standard set of component items of the resource standard is still to be developed, the funding from individual State/Territory Governments should be at least the same in real terms as current funding levels.

- As part of the accountability framework, Catholic school systems would continue to make available to governments the formulae used for the needs-based distribution of funds to schools. As currently occurs, they would continue to be held accountable for the quality and equity of educational performance in systemically-funded schools (see Chapter 5).

- The arrangements specified above are likely to lead to a modest overall increase in base funding for Catholic systems. Extra funding would be dedicated to extending the commitment that the Catholic sector has already demonstrated to ensuring Catholic schools remain affordable and accessible to families in all regions and socio-economic circumstances and where necessary, to increase funding for Catholic primary schools. Specifically, it would enable Catholic schools to expand their representation of students from disadvantaged educational backgrounds via needs-based distribution by systems. Present funding arrangements limit the extent of this support that
systems can provide. With additional government funding, and building on their proven success in delivering high quality, equitable educational outcomes (see Chapter 2), Catholic school systems may be able to take even greater steps to address educational disadvantage across Australia.

Alternatively, if the Review recommends that base funding for systems be derived from the specific characteristics of each school within the system then this assessment must be done on a system wide basis. Resource-availability and socio-economic indicators should be calculated using average indicators across all systemically funded schools weighted by enrolment numbers. This would, in effect, treat each system as a single school. The funding from the Australian Government would be determined by modifying the applicable resource standard(s) by the resource availability and socio-economic indicators of the system.

For this purpose a funding scale might be developed that places schools on a continuum for each indicator. The continuum could be either stepped or curvilinear. The functions that link indicators to funding amounts, along with relative weighting applied to each indicator, would need to be the subject of further consultation.

As a result of applying this methodology, the overall funding from the Australian Government for Catholic systems should be in the order of 62.5% of the current AGSRC in real terms.

Base funding for Catholic schools from State/Territory Governments would still be set at 25% of the resource standard (using the same components) calculated for that State/Territory.

Systems would also be eligible for equity funding (see section 4.4) and capital funding (see section 4.6).

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**NCEC proposes that base funding for school systems should:**

- be derived using the same methodology for all systems
- equate to 62.5% of the current AGSRC in real terms from the Australian Government for Catholic systems
- be 25% of the relevant State/Territory resource standard, and at least the same as current levels in real terms from the State/Territory Governments for Catholic systems
- use the resource-availability and the socio-economic indicators as either part of the agreement with the Australian Government or as determinants in deriving average indicators for all schools in the system.

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**4.3.4 BASE FUNDING FOR NON-SYSTEMICALLY FUNDED SCHOOLS**

NCEC proposes that base funding for non-systemically funded schools from the Australian Government be determined by modifying the applicable resource standard(s) by resource availability and socio-economic indicators for each school. The funding scale outlined above would be applicable for non-systemically funded schools. Notwithstanding the funding level determined for a particular school, each school should receive a minimum entitlement. The minimum entitlement should be at least equivalent in real terms to the current minimum SES funding level.

Non-systemically funded schools would also be eligible for base funding from State/Territory Governments. This funding should be set at a percentage of the resource standard (using the same components) relevant to each State/Territory. The percentage each school received would be determined following consultation with stakeholders. There should be a minimum entitlement of State/Territory funding at least equivalent in real terms to the current minimum levels.

Schools would also be eligible for equity funding (see section 4.4) and capital funding (see section 4.6).
NCEC proposes that base funding for non-systemically funded schools should:

- from the Australian Government be determined by modifying the applicable resource standard(s) by the resource-availability and socio-economic indicators for each school
- from State/Territory Governments be a percentage of the resource standard relevant to each State/Territory, the percentage each school receives to be determined according to an agreed mechanism
- incorporate minimum entitlements from the Australian Government and State/Territory Governments, at least equivalent to the current minimum entitlement in real terms.

4.3.5 TRANSITIONAL FUNDING
Where the introduction of an agreed and legislated new funding model would lead to a reduction in government funding in a particular school, then an appropriate transitional arrangement would be necessary. NCEC proposes that at least a six-year phase-in period be agreed for any schools whose funding would be reduced from 2013 values. Part supplementation over the phase-in period should also be included in the transitional arrangements.

NCEC proposes that any transitional funding arrangements include at least a six year phase-in period with part supplementation over this period.

4.3.6 INDEXATION OF BASE RECURRENT FUNDING
This submission has earlier argued that non-government schools should be funded as a percentage of a benchmark(s) for schooling quality and cost – with the benchmark(s) or resource standard(s) developed with reference to expenditures in government schools.

Consistent with this broad approach, grants to non-government schools should be indexed in a manner that retains their proportional value of expenditures in government schools. To achieve this outcome, grants must be indexed by annual changes in expenditures in government schools. This is similar to current arrangements for Australian Government recurrent grants, which are indexed by changes in AGSRC. NCEC considers it essential for the indexation measure to continue to include both price and quality components. Its development and implementation must also be transparent.

NCEC notes that there has been some criticism of indexation by AGSRC, based on the view that government grants should only be indexed to retain their real value – that is, their purchasing power with respect to the mix of inputs required by schools. In this case, base grants would only be increased by price changes (such as increases in teacher wages) – but not quality changes (such as reductions in class sizes).

Yet indexation only for price changes would disregard the complex interactions between government and non-government school sectors. Quality and resourcing levels in the government school sector have a significant influence in the way non-government schools must operate. **Inevitably, quality and resourcing levels in government schools are cost drivers for non-government schools.**
• All schools draw their teachers and ancillary staff from a common labour pool. The 2009 decision to grant a single national Modern Award for teachers, and one for ancillary staff in schools, recognises and reinforces this fact. Even those who advocate price only indexation suggest that this include a labour price index – thereby recognising that there are common wage pressures across school sectors. However, the same commonality applies for non-wage employment conditions. Many recent quality improvements in government schools (e.g. reductions in class sizes, provision of teacher aides, provision of welfare officers, professional development and training programs, additional non contact time) strongly benefit teachers. These and related factors will not be captured in a labour price index – but are clearly part of the mix in terms of employment conditions. Non-government schools that do not match these improvements would invariably face staffing challenges.

• Information Technology service provision at school level is a case in point. Australian Government funding through the Digital Education Revolution has provided much-needed direct assistance to Catholic schools for the purchase of computers for students. The operational costs associated with the provision of IT for student learning are considerable, will be ongoing and will increase over time. Indexation funding, where the rising community schooling standard is usually first reflected in government school expenditure, provides Catholic schools with some additional funds to help them meet these rising standards, including the provision of IT for student learning.

• More generally, government schools also determine community expectations (especially parental expectations) over school standards and schooling quality. This stems from the role of government schools as universal providers of education. Non-government schools must offer comparable quality to government schools in order to retain enrolments. Catholic schools are also caught in the (often unrealistic) expectation that the modest school fees that parents pay means a range of additional services or benefits. Given the lower spend per student, Catholic schools reasonably rely on the AGSRC indexation process to meet at least some of these community expectations.

These linkages mean that, were a new index to be constructed based on labour and other input price indices, non-government schools (especially schools which operate at lower resource levels than the government sector) would be greatly disadvantaged relative to current arrangements. It would effectively require them to increase fees whenever quality standards improved in government schools, or risk losing enrolments and/or teaching staff.

Some commentators argue that the full AGSRC flow-on to Catholic schools is unwarranted if those schools do not enrol, in large numbers, high cost students such as students with disability and Indigenous students. To address this issue indexation should be net of the impact on expenditures relating to identified high-need (and high-cost) students and schools (that is, students with disability, Special Schools, Special Assistance Schools) provided that these are the subject of more equitable funding arrangements (as proposed by NCEC in section 4.4).

Indexation of base recurrent funding should also exclude expenditures in government schools funded by private income. The methodology through which these expenditures are estimated and isolated from others in government school systems is rigorous, robust and transparent.

Figure 4.3 summarises NCEC’s views on how base funding to non-government schools should be indexed.
Figure 4.3 Summary of the NCEC position on indexation

NCEC proposes that indexation of base recurrent funding should:
- be calculated on the annual movement in government school expenditure
- include both quality and price increases in government school expenditure
- exclude expenditures in government schools funded by private income
- be net of the impact on expenditures relating to students with disability, Special Schools and Special Assistance Schools, provided they are given equitable funding arrangements.

4.4 Recurrent Grants – Equity Funding
There are specific students within the education sector of special interest to the community because they face greater challenges at school and are more likely to experience lower education outcomes. Such students include students with disability, Indigenous students, refugee students and others. As outlined in section 4.2, given high community interest in these students and the need for transparency, NCEC suggests that funding directed at specific high need students and schools (which we refer to as ‘equity’ funding) be kept separate from base recurrent funding to schools.

The Catholic school sector currently educates an increasing number of students with special needs whilst operating with the lowest resource levels of all the school sectors. Recent growth in Catholic schools in the number of students with particular educational needs such as students with disability and Indigenous students has been significant. The equity mandate for Catholic schools is realised operationally in the following ways:
- a curriculum at school level that recognises and values each student
- support for marginalised groups
- support for students with disability
- mainstream education opportunities for Indigenous students
- quality schooling options in regional and remote communities
- appropriate levels and methods of system support for school communities
personnel practices that encourage quality teaching and school leadership in all schools, especially those in needy school communities.

Despite Australian Government targeted programs and the funding distribution policies of Catholic systems, school resources available to be dedicated to disadvantaged students all too often fall short of the actual costs of this schooling provision.

This section begins by outlining key principles to guide the allocation of equity funding (section 4.4.1). It then considers specific issues in Catholic schools for students with disability (section 4.4.2), Indigenous students (section 4.4.3), students in regional and remote schools (section 4.4.4) and ESL – new arrival and refugee students (section 4.4.5).

Finally, distinctive high need schools are then discussed in sections 4.4.6 (Special Schools), 4.4.7 (Special Assistance Schools) and 4.4.8 (Sole Provider Schools).

### 4.4.1 KEY PRINCIPLES FOR EQUITY FUNDING

Research conducted by ACER establishes five key principles that should guide the allocation of grants to address educational disadvantage:

1. **Funding should follow the child, on a per-student basis.**
2. **Per-student funding should vary according to the child’s need and other relevant circumstances.**
3. **Funding should arrive at the school as real dollars – not as teaching positions, ratios, or staffing norms - that can be spent flexibly, with accountability systems focused more on results.**
4. **Principles for allocating money to schools should apply to all levels of funding, [that is, federal and state].**
5. **Funding systems should be as simple as possible and made transparent to administrators, teachers, parents, and citizens.**

In accordance with these findings, NCEC believes that equity funding should be based on a student-focused approach. While the funding is determined on a student profile, the funding should be forwarded to the school system that the student attends. Research suggests this type of approach may be the most effective way to address disadvantage.

Recent PISA results show that in Australia, as elsewhere, there is more variation in student educational performance within schools than between schools. This suggests that to improve the performance of low-performing students or reduce socio-economic inequalities in student performance, equity funding policies need to be focused more on individual students rather than a school approach. Equity funding may be best directed at disadvantaged students in all schools irrespective of school sector.

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NCEC proposes that:

- the Australian Government and the State/Territory Governments should both contribute to the funding of students with high support needs such as students with disability and Indigenous students
- all equity funding be subject to indexation based on the annual movement in government school expenditure.

4.4.2 STUDENTS WITH DISABILITY

NCEC regards funding for students with disability to be an urgent and essential issue. While it is difficult to assess prevalence levels across school sectors and jurisdictions, Catholic schools have experienced significant increases in the number of students with disability.

Figure 4.4 Number and percentage of Students with Disability in Catholic schools, Australia, 1985–2010

Under the Disability Discrimination Act 1992 as it applies to schools, it is, in most circumstances, unlawful for any school including any Catholic school to refuse enrolment to a student with disability. School authorities must also meet student access and enrolment obligations as required by the Disability Standards for Education 2005.

As this legal obligation applies across school sectors – and for other equity reasons – NCEC believes that the same level of grant should follow a student with disability, whatever school they attend. That is, the funding that comes to Catholic schools with regard to students with disability should be comparable to the per capita funding that these students would attract in a government school. Yet current funding arrangements disadvantage high need students in non-government schools. Catholic schools continue to experience significant funding discrepancies for students with disability relative to government schools. This inevitably leads to differing service levels, despite needs-based grants distribution by systems.

24 Precise comparison of numbers of students with disability and types of school provision across systems and States is dependent on consistency of identification nation-wide. In addition, discrepancies in recent estimates of the share of students with disability in government schools in NSW create uncertainty over whether students with disability are counted consistently across school sectors. A recent report by the Legislative Council of the Parliament of NSW (The provision of education to students with a disability or special needs, July 2010) indicates that, in 2009, 4.3% of students in government schools in NSW had a ‘confirmed’ disability. In contrast, the Report on Government Services indicates that, in 2008, 5.9% of students in government schools in NSW had a disability. It would appear this difference is due to a tighter definition being applied in the former instance – and on this basis the percentage of students with disability in Catholic schools in NSW (4.3%) is the same as in government schools in NSW.

25 For example, from 2000 to 2009, enrolments by students with disability in Catholic schools increased from 2.2% of all students to 3.5% of all students.
NCEC also recommends a funding model which establishes clarity regarding categorical definitions for all schools. Funding for students with disability would link categorical definitions with a functional assessment of student needs within an individual learning program mode. The model should provide comparable funding for student need in each State jurisdiction. Funding would be provided to schools based upon resources (human, physical and technical) that are vital for student access to the curriculum. The funding would also be flexible to all schools and system authorities to provide professional development to staff with the responsibility for working with students with disability.

NCEC proposes that funding for students with disability should be:

- provided for all students who meet agreed national definitions for disability funding purposes
- available at a commensurate amount across all education sectors, wherever the student enrols, to support the access and learning needs of the students
- funded by combined Australian Government and State/Territory Government funding.

### 4.4.3 INDIGENOUS STUDENTS

There is a continuing growth pattern in the number of students identified as Indigenous in the Catholic school sector. Catholic schools have been enrolling increasing numbers of students from Indigenous families\(^26\) and have achieved positive education outcomes for these students such as improved attendance rates.\(^27\)

#### Figure 4.5 Number and percentage of students identified as ATSI in Catholic schools, Australia, 1985–2010

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\(^{26}\) For example, from 2000 to 2009 the share of all Indigenous students in Australia (calculated on a FTE basis) attending Catholic schools increased from 8.3% to 9.1%.

\(^{27}\) Productivity Commission’s Annual Report on Government Services as reported in The Australian, 14 February 2011.
Indigenous students are recognised as among the most educationally disadvantaged, and NCEC believes that funding policies should ensure that these students continue to receive additional support throughout their schooling to help overcome this disadvantage. However, the extent of disadvantage can vary widely across Indigenous students. It can depend, for instance, on the specific household circumstances of each student including whether they live in remote or metropolitan areas. This variability makes it difficult to estimate from currently available data the extra cost that may be involved in schooling each Indigenous student. Given this uncertainty, NCEC considers it most appropriate that all Indigenous students attract a funding loading on the relevant resource standard.

There are fifty-two Catholic boarding schools in Australia, catering almost entirely for secondary age students. Many of these schools enrol Indigenous students from remote and very remote communities. These Indigenous secondary boarding students often bring with them a lower level of literacy, numeracy and overall academic achievement than is the school norm.

NCEC argues that supplementary funding for Indigenous boarders should reflect the location of their community of origin, rather than the location of their boarding school. This would supply the additional funding that is needed to foster improved and more equitable secondary education learning outcomes and retention rates for these students.

NCEC proposes that for schools with Indigenous students:

- a percentage loading for each Indigenous student be applied based on the relevant resource standard(s), this percentage loading being at least equivalent in real terms to the current loading
- schools that exceed a certain threshold of Indigenous students as a percentage of their total enrolments be eligible for further funding, as currently applies
- loadings for Indigenous students in boarding schools should be calculated and paid on the basis of the location of their community of origin, not on the geographic location of the boarding school.
4.4.4 STUDENTS IN REGIONAL AND REMOTE SCHOOLS

Additional cost of regional and remote schools
Catholic schools educate students in all regions of Australia. Based on the MCEETYA Geographical Location Classification used by ACARA, approximately 25% of students in Catholic schools attend schools outside of metropolitan areas, which is consistent with the national average of 27%. Other classifications suggest a higher proportion of Catholic school students attend schools/campuses outside of major cities.\(^{28}\)

Meanwhile, the geographic location of a student is among the most powerful predictors of participation, retention and education performance. Geographic factors such as the location of a school (e.g. metropolitan or remote) as well as student socio-economic background are key influences on student performance.\(^{29}\)

Where students from low socio-economic backgrounds and remote school location coincide, there can be a high negative effect on student learning outcomes. For example, PISA data suggests students in the highest socio-economic quartile performed, on average, at the equivalent of nearly three years of schooling (90 score points) higher than students in the lowest socio-economic quartile for reading. Similarly, students in metropolitan schools had an average score in reading literacy that was almost two years of schooling (56 score points) higher than students in remote locations.

Various reasons have been suggested as explanations of why regional and remote students are educationally disadvantaged.

- There are the difficulties of providing the full range and quality of education in small, regional and remote communities which are considered to be associated with shortcomings in leadership quality and continuity, teacher preparation for teaching in regional and remote areas, lack of support services, high staff turnover rates, restricted and/or inappropriate curricula and teaching strategies, and a paucity of social and cultural facilities in the local community.
- The interest, perceptions and expectations of regional and remote students and their families are also suggested as explanations of their lower rates of participation.

The cost of addressing these issues and the inherent higher cost of operating in these areas is highlighted in ACARA financial data (Table 4.1). Extra costs as shown in government school data are substantially higher than the current loadings applied to funding for schools in regional and remote areas. At present, non-government schools or campuses classified as ‘moderately accessible’, ‘remote’ or ‘very remote’ receive an additional 5%, 10% and 20% respectively of the funding entitlement associated with their SES score.

Table 4.1 Government school net recurrent income (per student) by location

<table>
<thead>
<tr>
<th>Location</th>
<th>Net Recurrent Income per Student</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary</td>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government schools</td>
<td>Increase above metropolitan (%)</td>
<td>Government schools</td>
</tr>
<tr>
<td>Metropolitan</td>
<td>$9,300</td>
<td>n.a.</td>
<td>$11,700</td>
</tr>
<tr>
<td>Provincial</td>
<td>$10,500</td>
<td>12.9%</td>
<td>$12,800</td>
</tr>
<tr>
<td>Remote</td>
<td>$15,600</td>
<td>67.7%</td>
<td>$19,400</td>
</tr>
<tr>
<td>Very Remote</td>
<td>$18,800</td>
<td>102.2%</td>
<td>$23,000</td>
</tr>
</tbody>
</table>

Source: ACARA

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\(^{28}\) As shown in Appendix D (Figure 2.3), classification of Catholic students in 2008 based on the Australian Standard Geographical Classification indicates that 29% attend schools/campuses outside of major cities/metropolitan areas.

\(^{29}\) See ACER (2010), Challenges for Australian Education: Results from PISA 2009: The PISA 2009 assessment of students’ reading, mathematical and scientific literacy, December (accessible at http://www.acer.edu.au)
NCEC believes that the level of educational disadvantage associated with geographic location and the higher cost of delivery should be implicitly recognised in the funding arrangements.

NCEC proposes that for regional and remote schools:

- a percentage loading of the relevant resource standard(s) be applied for all schools located in regional, remote and very remote regions
- the percentage loadings for remote and very remote schools must be significantly increased from current levels to meet the high cost of education in these areas
- the relevant percentage loading be calculated with reference to the Net Recurrent Income of government schools in each location as per the ACARA data on the My School 2.0 website.

In terms of remoteness classifications, the two most commonly applied to the education sector are:

- **MCEETYA Geographical Location Classification (MSGLC)** – this utilises eight classifications, ranging from ‘State Capital’ to ‘Very Remote’
- **Accessibility/Remoteness Index of Australia (ARIA+)** – this uses distances to populated centres to attribute a score to an area, which is then grouped into five classifications of increasing remoteness (ranging from ‘Major City’ to ‘Very Remote’).

These two measures have a high degree of commonality but also some significant differences. The ARIA+ index is a more purely geographic measure. The MSGLC index, on the other hand, considers both distance factors and population size. ARIA+ is used to classify schools for the purpose of paying remoteness allowance whereas ACARA chose to use MSGLC for the purpose of determining remoteness for reporting purposes.

While both classifications have merit, NCEC believes that the failure of ARIA+ to take population size into account leads to some anomalies when geo-location types are compared to actual school structures for Catholic schools. MSGLC is therefore the better classification for education funding purposes.

NCEC proposes that the MCEETYA Geographical Location Classification (MSGLC) be used to determine geographic location for school funding purposes.

4.4.5 ESL STUDENTS – NEW ARRIVALS AND REFUGEES

The English as a second language dimension takes several different forms. In many schools for various reasons, there can be a considerable proportion of students with no English or very inadequate levels of English language. These students are not new arrivals and a ‘language vulnerability’ remains with them to varying degrees as they progress through school.

However, in the past decade there has been a marked increase in new arrivals from various African countries (Western, Central and Eastern Africa), from the Middle East and from South West and South East Asia, reflecting immigration policies and priorities.

There are significant educational challenges associated with these students. Many have had limited (if any) previous schooling. They may also come from extreme contexts that have created psychological, educational and cognitive issues – as well as language disadvantage.
ESL students are likely to take around 5–7 years to learn English for academic purposes and to the same level as students who have been learning English all their lives.\textsuperscript{30}

For humanitarian new arrivals with interrupted schooling and life experience hardship also, research shows it can take up to 10 years to acquire academic proficiency.\textsuperscript{31}

With the changing nature of the migration intake, the demands placed on non-government schools in relation to ESL – new arrival students and students arriving under the Humanitarian Program have increased. Meanwhile, key funding programs of the Australian Government continue to be predicated on entrants into Australia having previous schooling. They have not been expanded to reflect the extra demands on schools. Eligibility conditions, especially in terms of the timing of enrolments, are also overly restrictive.\textsuperscript{32}

This issue is particularly relevant to the Catholic sector because Catholic primary and secondary schools in low socio-economic and culturally diverse communities have experienced substantial increases in enrolments of ESL – new arrivals (including humanitarian new arrivals). In response to these enrolments, Catholic schools in many States and Territories have implemented a range of dedicated services and programs to help address disadvantage.

In South Australia, for example, Catholic schools make available to students services which include counselling and psychological services, Reading Recovery, early intervention and other small group learning programs, additional literacy and numeracy support, behaviour education support and additional senior years subject counselling support. Schools offer additional, innovative programs (e.g. Farsi). Schools have also agreed to common approaches to the collection of fees (few students contribute fees within the first few years of attendance) and support with uniform and other schooling expenses.

In view of the actual support required by ESL – new arrivals, NCEC considers the additional funding these students currently receive from governments to be inadequate.

\begin{flushright}
NCEC proposes that for ESL students – new arrivals and refugees:
\begin{itemize}
  \item a percentage loading of the relevant resource standard(s) be applied to all students that meet the criteria
  \item the percentage loading be increased from current levels to meet the needs of these students
  \item the time frame for the funding support be increased from current timeframes to:
    \begin{itemize}
      \item five years for ESL – new arrivals
      \item ten years for ESL – refugee and humanitarian students.
    \end{itemize}
\end{itemize}
\end{flushright}

\textsuperscript{30}Victorian Curriculum Assessment Authority (2005), English as a Second Language companion to the Victorian Essential Learning Standards, December p. 9


\textsuperscript{32}For example, students of families who initially enrol in a government Language Centre and subsequently seek a local parish school or Catholic Secondary College face the disadvantage of receiving no ESL/New Arrival funding.
4.4.6 SPECIAL SCHOOLS

In the nineteenth century, the Catholic religious congregations pioneered special education for students with disability. For generations, Catholic educators have been at the forefront of initiatives in this area and have a continuing commitment to the education of these children in mainstream classes and in Special Schools.

Today Catholic schools in Australia include ten Special Schools. Some special schools are part of Catholic systems while others are non-systemically funded. Special Schools provide education specifically designed for students with disability who have high support needs.

These schools are currently allocated Australian Government funding at the maximum level of 70% of AGSRC plus targeted program funds and State government funding at varying rates. Where special schools are part of systems, block funding arrangements enable Catholic school authorities to redistribute funds in order to address the financial need of these schools. However, the amount required to be redistributed places financial strain on the entire system.

Analysis of the difference between notional government recurrent funding (notional and targeted program funds) and actual funding to Special Schools is often many thousands of dollars per student. An example of this factor in Victoria is St Mary’s College for Hearing Impaired Students, Wantirna South, where the estimated differential is $9,506 per student. St. Ann’s Special School in Marion, South Australia, shows an estimated differential of $22,000 per student.

Catholic Special Schools that are non-systemically funded are in an even more difficult financial position as they do not have the benefit of system co-responsibility via the needs-based distribution. These schools only receive the government funding they are allocated.

To adequately cater for the needs of these students a higher level of resources is needed. It is critical that Catholic Special Schools receive funding allocations that more closely reflect the true cost of operation of these schools.

**NCEC proposes that non-government Special Schools be funded (combined Australian and State/Territory Government funding) at the same level as a school in the government sector serving students with similar assessed need.**

4.4.7 SPECIAL ASSISTANCE SCHOOLS

There are seventeen Catholic schools categorised as Special Assistance Schools operating in several states usually with relatively small enrolment numbers because of the nature of the student population. These schools primarily cater for students with social, emotional and behavioural difficulties, and in the main deal with students disengaged from the education system. The needs of the students require specialised support from a number of professional staff. In addition the teaching and learning process requires a low student teacher ratio in order to achieve positive education outcomes for these students.

The schools are currently allocated Australian Government funding at the maximum level of 70% of AGSRC plus a range of supplementary funding assistance and State government funding at varying rates.

A recent analysis of actual expenditure in these schools shows a significant funding difference between government funding (notional funding plus supplementary assistance) and the funding that systems contribute on a needs basis to address equity issues.

An example of this in Western Australia is St Clare’s School, Lathlain, where the net recurrent income is $32,030 (ACARA data) and approximately $17,000 (over 50%) is from needs-based distributions, contributions from the Good Shepherd Sisters and fundraising activities to support
the ongoing operation of the school. Even with these contributions, the school finds it difficult to meet the needs of the students. A higher level of government funding is required to meet the needs of students in all Special Assistance Schools.

NCEC proposes that non-government Special Assistance Schools be funded (combined Australian and State/Territory Government funding) at the same level as a school in the government sector serving students with similar assessed needs.

4.4.8 SOLE PROVIDER SCHOOLS

Sole provider schools refer to schools that serve communities (usually in remote areas), in which there are no schools other than the Catholic school. The Catholic school sector includes fourteen sole provider schools (eight in Western Australia, five in the Northern Territory and one in Queensland) which are all in remote Indigenous communities. Schools in remote Indigenous communities have higher expenditures because of:

- higher salary costs for school staff (including payment of financial incentives and allowances)
- high recruitment and relocation costs
- low student-teacher ratios
- the employment of Indigenous teaching assistants in most classrooms
- the provision of rent-free teacher housing
- the provision of suitable school motor vehicles (including 4WD)
- high professional development and support staffing costs.

To illustrate the extra cost of sole provider schools, Table 4.2 presents net recurrent income levels for a selection of these schools in the government sector from 2009. It shows that resources in primary schools can be over 500% of AGSRC, and resources in combined schools can be over 300% of AGSRC (for secondary students).33

<table>
<thead>
<tr>
<th>School (State)</th>
<th>Net recurrent income ($/student)</th>
<th>Level</th>
<th>Enrolments (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mungallala State School (QLD)</td>
<td>$46,882</td>
<td>Primary</td>
<td>7</td>
</tr>
<tr>
<td>Muludja Remote Community School (WA)</td>
<td>$69,138</td>
<td>Primary</td>
<td>17</td>
</tr>
<tr>
<td>Ngalapita Remote Community School (WA)</td>
<td>$65,699</td>
<td>Primary</td>
<td>18.2</td>
</tr>
<tr>
<td>Djugerari Remote Community School (WA)</td>
<td>$68,313</td>
<td>Combined</td>
<td>16.8</td>
</tr>
<tr>
<td>Yulga Jinna Remote Community School (WA)</td>
<td>$51,600</td>
<td>Combined</td>
<td>21</td>
</tr>
<tr>
<td>Yandeyarra Remote Community School (WA)</td>
<td>$50,853</td>
<td>Combined</td>
<td>29.6</td>
</tr>
<tr>
<td>Wangkatjungka Remote Community School (WA)</td>
<td>$37,258</td>
<td>Combined</td>
<td>77.2</td>
</tr>
</tbody>
</table>

Source: ACARA

Non-government schools in remote communities receive Australian Government funding, generally at maximum levels (70% of AGSRC, plus a range of supplementary assistance and isolation loadings). Clearly, however, the cost of sole provider schools far exceeds the grants they are allocated if these schools happen to be in the non-government sector. Block funding arrangements enable local Catholic school authorities to address the shortfall but the magnitude of the overall shortfall remains very significant. This means that other Catholic schools receive less funding in order that sole provider schools can continue to operate. In the NCEC’s view, a more equitable funding arrangement than the present is required.

33 In 2009, AGSRC for secondary students was $10,646 and AGSRC for primary students was $8,380.
NCEC proposes that non-government sole provider schools should:

- receive funding allocations that more closely reflect the true cost of operating these schools
- be funded at the same rate (combined Australian and State/Territory government funding), as that available to equivalent sole provider schools within the government jurisdiction.

4.5 School Systems

This section begins by outlining the role and assessing the performance of current funding arrangements of the Catholic school systems (section 4.5.1). It then outlines the quality and equity assurance role undertaken by systems and proposes a funding allowance for these functions (section 4.5.2). It then presents the NCEC’s views on the future funding of school systems, including Catholic school systems (section 4.5.3).

4.5.1 EFFECTIVENESS OF CURRENT BLOCK FUNDING ARRANGEMENTS

An essential characteristic of the Catholic school sector is block funding arrangements with governments, in which current systemically funded Catholic school funding allocations from Governments are aggregated and provided to State/Territory Catholic Education Commissions. Catholic Education Commissions as the system authorities allocate funds to schools according to the system’s grant distribution mechanism, priorities, objectives and needs of systemically funded schools within each State/Territory as determined through a collaborative process involving schools, principals and dioceses. The practical impact of these arrangements are that:

- Distribution of Government funding across systemically funded Catholic schools according to need can occur using detailed local-level and school-specific information, and more up-to-date information, than is available to the Australian Government and State/Territory governments. Catholic systems are best placed to assess the financial condition and resource requirements of their individual schools, improving outcomes in terms of financial viability and educational equity.

- It is notable that even the most advanced statistical models that seek to link educational performance to student characteristics have only limited explanatory power. For example, Index of Community Socio-Educational Advantage (ICSEA) (for My School 2.0) is said to explain 68% of the variation in school NAPLAN scores.\(^{34}\) Their limited power is due to the fact that interactions between student and school characteristics can be extremely complex and multi-faceted. Measures such as ICSEA are blunt instruments that provide broad approximates only. They simply cannot substitute for the local-level information held by Catholic systems to identify need.

- Catholic systems are able to use needs-based distribution to address need in relation to particular school characteristics (e.g. size, location, new school and the socio-economic status of the community).

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Catholic systems are able to cross subsidise to address perceived shortfalls in government funding arrangements for certain high needs students (e.g. students with disability, Indigenous students, ESL students including new arrivals and refugee students). As argued in section 4.4, it is imperative that extra government funding is made available so that these students are provided with comparable learning situations to those in government schools. Even with increased funding it is essential that Catholic systems are able to continue to use needs-based distribution to direct funding to these students, because an individual system/diocese is more accurately able to identify individual student needs than any overall national allocation.

Catholic systems also use needs-based distribution to assist students whose particular educational needs are not directly funded by way of equity funding, e.g. students with challenging behavioural needs and specific learning difficulties. Students from socio-economic, cultural and linguistic backgrounds that inhibit learning and participation in schooling require extra funding so that they are able to achieve their full potential.

The following sections provide evidence of the needs-based distribution of government funding by Catholic systems. Some of the examples use ICSEA data and while ICSEA scores are only broad approximates of educational advantage, datasets produced by ACARA make them readily available for analysis. The relationship between ICSEA scores of schools and the government recurrent funding they receive provides a rough measure of the extent public funding is being directed to a broad approximate for educational advantage.

**School size**

One of the main reasons for needs-based distribution is the size of the school. Small schools require more funds per student to operate than larger schools. The Catholic system provides an unquestionable advantage in its capacity to support smaller schools. For example, the data now available on My School 2.0 shows that St Therese’s School in Wilcannia in far western NSW has 28 students of which 96% are Indigenous. Although the school attracts to the system Australian recurrent funding per student of $12,154 per student (general recurrent funds at the maximum level and targeted funds), the total recurrent income required to operate the school is $22,296 per student of which $18,593 is Australian Government funding. In other words the grant distribution mechanism of the NSW Catholic system enables an extra $6,439 per student of government funds to be applied to the school to ensure that the high needs of the mainly Indigenous students are able to be met.

In Western Australia, St Joseph’s Southern Cross is a small primary school of 46 students, approximately 370 km east of Perth. This school serves a low SES rural community and attracts funding to the system at its SES score of 94 plus targeted funds. In 2009 the amount of allocation was $6,216 per student. To maintain the educational operation of the school there needed to be substantial needs-based funding redistribution. The My School 2.0 Net Recurrent Income data indicates that the school received Australian Government recurrent income of $22,296 per student, that is, an additional needs-based distribution of $5,212 per student.

Figure 4.7 indicates that small Catholic primary schools receive additional government funding relative to larger schools.
Figure 4.7 School size and government recurrent funding – Catholic primary schools

![Graph showing school size and government recurrent funding for Catholic primary schools.](image)

Source: ACARA

**Location**

Table 4.3 illustrates one example of the support block funding enables Catholic systems to provide for high-need schools. Based on ACARA data, it shows total government recurrent funding provided to Catholic schools in 2009 by geo-location by school level.

<table>
<thead>
<tr>
<th>Location</th>
<th>Total government recurrent funding per student</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Catholic schools</td>
<td>Increase above metropolitan</td>
<td>Catholic schools</td>
</tr>
<tr>
<td>Metropolitan</td>
<td>$6,700</td>
<td>n.a.</td>
<td>$8,500</td>
</tr>
<tr>
<td>Provincial</td>
<td>$7,300</td>
<td>9.8%</td>
<td>$9,300</td>
</tr>
<tr>
<td>Remote</td>
<td>$9,900</td>
<td>47.7%</td>
<td>$10,800</td>
</tr>
<tr>
<td>Very Remote</td>
<td>$15,800</td>
<td>137.1%</td>
<td>$23,100</td>
</tr>
</tbody>
</table>

Source: ACARA

The government funding distributed by Catholic systems to non-metropolitan schools is significantly larger than the applicable regional allowances provided by government for schools. Although classifications are slightly different, at present, non-government schools or campuses classified as ‘moderately accessible’, ‘remote’ or ‘very remote’ receive respective loadings of 5%, 10% and 20% of the funding entitlement associated with their SES score. Without the additional government funding provided via the needs based distribution of Catholic systems, Catholic schools in rural and regional areas would need to operate with substantially fewer resources – undermining their viability and outcomes for rural and regional students (which research indicates have lower education performance relative to students in metropolitan areas).35

35 For example, in recent PISA tests, students in remote locations had an average score in reading literacy 56 score points (the equivalent of almost two years of schooling) lower than students in metropolitan schools. See ACER (2010), Challenging for Australian Education: Results from PISA 2009: The PISA 2009 assessment of students’ reading, mathematical and scientific literacy. December (accessible at http://www.acer.edu.au).
New Schools

New schools also suffer from a lack of economies of scale as they progressively grow to their full enrolment. Block funding of the system and redistribution of funds enables the operation of the school to be maintained as it develops. As an example, Banskia Grove Catholic Primary School in the northern suburbs of Perth opened in 2004 with 40 students and now has progressed to an enrolment of 200 students in 2011. The school serves a low socio-economic community and attracts funding to the system at its SES score of 91 plus targeted funds. In 2009 the amount of allocation was $5,612 per student. My School 2.0 Net Recurrent data indicates that the actual Australian Government funding in 2009 was $8,406. This represents a needs-based redistribution of $2,794 per student. In the first years of the school’s operation when enrolment numbers were lower a higher per student needs-based allocation was required.

Socio-economic status

Needs-based distribution also takes into account the income raising capacity of a school community. While ICSEA data is only a broad approximate of educational advantage and hence socio-economic status, Figure 4.8 shows that government funding to Catholic primary schools tends to increase significantly as the school ICSEA score declines. This reflects the common aspects of local grant allocation mechanisms and policies on setting school fees and charges.

Figure 4.8 ICSEA scores and government recurrent funding – Catholic primary schools

[Graph showing the relationship between ICSEA scores and government recurrent funding for Catholic primary schools]

Source: ACARA

Statistical analysis of school ICSEA scores and government funding for Catholic and government primary schools shows that as a school ICSEA score declines, government recurrent funding increases. Notwithstanding the limitations of ICSEA (and the fact that school resource needs clearly depend on a host of factors outside ICSEA such as school size) this suggests that both Catholic and government systems direct their funding to address educational disadvantage.

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36 This analysis considers 4,861 government primary schools and 1,220 Catholic primary schools for which data on ICSEA and government recurrent funding per student was complete. Regression of government recurrent grants per student on ICSEA score (using a linear model with constant) shows a slope dummy variable for Catholic primary schools to have a coefficient -3.3 and a t statistic of -12.9.
Similarly, schools that raise less private income per student may have greater need for public funding. Figure 4.9 shows that government funding received by Catholic primary schools also increases as the net private income of the school decreases.

**Figure 4.9 Net Private income and government recurrent funding- Catholic primary schools**

![Graph showing the relationship between net private income and government recurrent funding for Catholic primary schools.]

Source: ACARA

Ultimately – for reasons explained above – block funding underpins accessibility and equity of performance across Catholic school systems, by enabling greater support for schools with particular need characteristics, high support need students and special needs students.

Block funding’s contribution to accessibility is demonstrated by the following:

- the percentage of students attending Catholic schools/campuses outside of major cities (29%)
- the increasing numbers of Indigenous students and students with disability in Catholic schools.

Block funding contributes to equity is reflected in the 2009 PISA data. Figure 2.1 illustrates the relationship between equity (the strength of the social gradient) and mean reading literacy for a sample of countries that participated in PISA 2009 and Australian states and territories. It also includes an average score for the sample of Catholic schools in Australia in the total PISA sample, also obtained from the Australian Council for Educational Research (ACER). The key aspect to note about the performance of Catholic schools in Australia is that their score on equity is significantly above the Australian average. In fact, the equity of outcomes in Catholic schools in Australia exceeds Finland, which is widely regarded as the international benchmark on equity.

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[37] The horizontal axis represents the strength of the relationship between socioeconomic background and performance, used as a proxy for equity in the distribution of learning opportunities. Mean performance in reading literacy is plotted on the vertical axis, with the line at 493 representing the OECD mean. Refer to ACER (2010), Challenges for Australian Education: Results from PISA 2009: The PISA 2009 assessment of students’ reading, mathematical and scientific literacy December (Figure 8.5) (accessible at [http://www.acer.edu.au](http://www.acer.edu.au)).
NCEC considers that block funding of Catholic systems allows a proper response to identified relative school needs. This in turn has been central to the strong outcomes in Catholic schools in terms of equity (overcoming socio-economic disadvantage in performance) and accessibility (providing all students with access to high-quality schooling).

4.5.2 QUALITY AND EQUITY ASSURANCE ALLOWANCE

All systems both government and non-government fulfil a specific and definite role in relationship to the schools in the systems. System authorities support schools to ensure a maximisation of accountabilities and student outcomes. The learning outcomes of students are quality assured by each education system through a variety of processes.

Each jurisdiction typically establishes central and regional support offices, staffed by personnel who can support schools in key learning areas such as literacy and numeracy development. Processes typically used include school visitation, offering of centrally organised professional development, establishment of partnerships and mentoring with other schools, resource sharing and shoulder-to-shoulder support.

The operations of Catholic system authorities are particularly important in improving the learning outcomes for students.

An illustrative example is St Anne’s School in Harvey, Western Australia. Using a regionally based literacy and numeracy consultant, St Anne’s School was able to demonstrate the highest rate of improvement in NAPLAN 2008–2010 for all schools (all systems) in Western Australia. Similarly, through system support of the Reading Recovery strategy in some Kimberley schools with high Aboriginal enrolments, schools were able to show consistent narrowing of the gap between Aboriginal and non-Aboriginal students.

Staff development has also been supported and quality assured through the respective education systems. This ranges from regulatory compliance (teacher registration, police clearances, etc) to wider professional development and support. The latter includes support from centrally employed curriculum and leadership consultants, teacher professional development, leadership programs, teacher mentoring (particularly 1st and 2nd year out teachers) and support for teachers in rural and remote schools. Systems are also able to negotiate partnerships between schools and to direct resources to those schools and staff in greatest need.

Quality assurance also extends to equity and access in Catholic schools. Systems play an important role in assuring access to Catholic schools by planning new schools in regions of need, cross-subsidising the operations of high need schools, negotiating enrolment policy and principles for schools, maintaining an educational presence in rural and remote regions and providing additional facilities such as boarding functions. Equity is assured, amongst other things, through school fee and charges policies (including fee relief and waivers) and system commitment to enrolling special need groups such as Indigenous, refugee, low socio-economic background and students with disability. Without a systemic approach, many of these schools, which would be financially unviable if they were to stand alone, are able to flourish and provide a service to the community.

Governance and school compliance is also quality assured by education systems. This is now a significant undertaking and ranges from:

- adherence by schools to government regulatory and compliance frameworks
- maintenance of the important role of subsidiarity and local decision making in schools
- support of school boards and other governance structures
- support of key government initiatives such as the Melbourne Declaration, Australian Curriculum, National Professional Standards for Teachers, Closing the Gap initiatives.
To recognise and ensure continuation of these ‘quality and equity assurance’ functions, which are critical both to government policy, all systems, both government and non-government, should be allocated additional funding.

4.5.3 FUTURE FUNDING PROPOSAL FOR SCHOOL SYSTEMS
Block funding strongly contributes to equity and accessibility in Catholic systems. These outcomes are closely linked to core objectives in the Melbourne Declaration on Educational Goals for Young Australians (2008). Accordingly, NCEC considers it critical that Catholic school systems continue to be block funded in order to better achieve the objectives of the Melbourne Declaration.

Funding arrangements should ensure that Catholic school systems have significant flexibility to allocate resources within their systems, based on their detailed knowledge of school/student populations and needs. This is the best way to ensure that resources are allocated in a manner that promotes equity, accessibility and quality across systems.

More prescriptive approaches to funding, which limit discretion for system allocation, would fail to make the best use of all available information on school needs. NCEC also recognises that system allocation processes need to be transparent and open to scrutiny.

NCEC proposes that funding to each school system (government and non-government) should:
- be block funded with funds from the Australian Government and the State/Territory Governments
- include a quality and equity assurance allowance; and
- ensure that each system would continue to be responsible for needs-based distribution of funding to the schools within the systems.

4.6 Capital Funding
NCEC appreciates the contribution that the Australian Government makes to development of Catholic school facilities. The Australian Government capital grants to Catholic Block Grant Authorities (BGAs) account for approximately 25% of Catholic school capital programs. NCEC notes that several State/Territory governments also provide a range of capital funding support to Catholic schools.

Catholic schools continue to face challenges funding capital facilities. Capital expenditures in Catholic schools as shown in the March 2011 ACARA data are an aberration since these expenditures are artificially inflated by the Building the Education Revolution (BER) Program.

This section discusses:
- Role of Block Grant Authorities (section 4.6.1)
- Declining value of the Capital Grants Program (section 4.6.2)
- Upgrades to existing schools (section 4.6.3)
- New schools in growth areas (section 4.6.4)

4.6.1 ROLE OF BLOCK GRANT AUTHORITIES
Currently, the Catholic Block Grant Authorities (BGAs) administer the Australian Government’s funding under the Capital Grants Program. NCEC strongly supports the function and effectiveness of the Catholic BGAs. The BER Implementation Taskforce, in both its August 2010 and December 2010 reports, clearly and unambiguously confirmed the key role of the Catholic BGAs in managing the BER projects and delivering value for money in terms of cost, quality and timeliness.
The provision under current arrangements with the Australian Government that up to 3% of BGA funds can be used for program administration is a testament to the efficiency of the Catholic BGAs.

NCEC believes that the Australian Government’s commitment to capital funding for Catholic schools must continue within an administrative framework similar to current arrangements.

4.6.2 DECLINING VALUE OF THE CAPITAL GRANTS PROGRAM

Funds provided to non-government schools under the Capital Grants Program are currently supplemented in line with movements in the Building Price Index (BPI),\(^\text{38}\) which reflects movements in an index of building prices and an index of wage costs. NCEC considers that ongoing indexation by the BPI devalues the Capital Grants Program and reduces the relative support provided to non-government schools for capital projects. This is because the BPI underestimates actual cost increases for capital projects in the school sector, due in part to the methodology used to calculate the BPI, and the specific exclusions within this methodology. Specific examples of the various development and regulatory costs not captured that are now attached to projects include:

- **Development and regulatory costs** – costs associated with the development of a school have broadened to include a number of additional items typically demanded by local governments and regulatory authorities. Local governments do not recognise the significant benefit to community infrastructure that schools make and provide no (or little) dispensation for the development of schools. In the majority of cases local authorities do not differentiate between a not for profit school and a ‘for profit’ development and consequently now expect school contributions to public infrastructures such as bike paths, parks, roads, traffic lights, crossings, road widening and headworks charges. More generally, application processes for new schools are becoming more demanding and timelines are increasing. Often these processes can require use of consultants to meet demands. The cost of consultants is increasing as a result.

- **Environmental considerations** – for new school developments, authorities are more commonly seeking modelling studies on water flow and retention, the provision of recycling capabilities, hydro-carbon traps for collecting oil from car parks and the preservation of biodiversity. Funding for the design, supply and installation of such features represent an increasing proportion of project costs.

- **Disability Discrimination legislation** – the Australian Government clearly indicates the requirement that all educational facilities need to comply with the Disability Discrimination legislation. Additional financial support for this requirement however has not been provided. Catholic education is an inclusive provider and is obliged to comply with the law. The Building Code of Australia (BCA) has progressively updated the manner in which access is provided to public buildings and the need to provide a sense of dignity to people experiencing a physical disability seeking to utilise public infrastructure. Associated costs to provide for the provisions within the BCA are significant and compliance has reduced the capacity to provide educational facilities for schools.

- **Section J (energy) of the Building Code of Australia** – energy efficiencies were introduced into the Building Code of Australia over a period of three years with full implementation being in 2006. Effectively, Section J requires school building works to meet minimum acceptable energy efficiency standards when constructing building works. As the design of all school buildings is different, the cost implications for layout, orientation, the use of air conditioning, glazing and facade treatments will be different. Each of these treatments will have a cost effect on the final design solution proposed for each school. The grant allowances provided have not given recognition to the cost impost being experienced with the introduction of this initiative through increased design certifications and use of alternative compliant materials.

\(^{38}\) BPI is the term used in the Quadrennial Administrative Guidelines. The construct of the BPI has changed over time. The Schools Regulations currently prescribe that the BPI is made up of two indices being the Producer Price Index ABS 6427.0 and the Labour Price Index ABS 6345.0.
Other Costs – there are many examples of other government policies that have increased school capital expenditure requirements, such as the Queensland Government’s determination in 1998 that all government schools north of the 20th parallel have air-conditioning (which has necessitated the adoption of this provision to Catholic schools north of the 20th parallel).  

In addition, the BPI does not take into account:

- **Enrolment growth** in non-government schools and the pressure that this generates for additional capital investment. Enrolment in Catholic schools has experienced constant growth which continues to dissipate the value of capital grants provided by the Australian Government on a per-capita basis.

- **Land costs** – land purchases are essential in the establishment of new schools, however, the BPI does not capture any movements in the price of land. This has significant impact on the purchasing power of capital grants as reflected in ABS data showing that the total value of land in Australia has increased by almost 12% per annum over the past decade.

To illustrate the impact of the above issues over time, two (new) three stream Catholic schools built in Brisbane over different time periods were compared. The cost as a percentage of the funds available under the general Capital Grants Program (CGP) is set out in Table 4.4.

<table>
<thead>
<tr>
<th>School</th>
<th>Construction Period</th>
<th>Cost</th>
<th>% of CGP</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Saints Primary School, Albany Creek</td>
<td>1989–1998</td>
<td>$3.121m</td>
<td>16 %</td>
</tr>
<tr>
<td>St Benedict’s School, Mango Hill</td>
<td>2007–2011</td>
<td>$17.043m</td>
<td>37 %</td>
</tr>
</tbody>
</table>

Inadequate increases in the Capital Grants Program are placing additional financial strain on local communities which are facing increasing levels of debt. This lack of appropriate maintenance of funding levels is diminishing the capacity of schools to meet investment requirements.

### 4.6.3 UPGRADES TO EXISTING SCHOOLS

The BER P21 program has provided a significant and welcome boost to Catholic primary school facilities. While some Catholic secondary schools benefitted from the language and science laboratory program and from the School Pride funding, most Catholic secondary schools continue to have significant ongoing facilities needs.

Indeed, all Catholic schools will need capital grants support over the next decade to adapt to curriculum, technological and pedagogical change. In fact, Catholic Education Commissions in all States and Territories have estimated that almost $2.4 billion will be required for planned or anticipated additions, refurbishments and upgrades for existing schools from 2011 to 2020 (Table 4.5).

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Table 4.5 Estimated capital requirements of existing Catholic schools, 2011 to 2020 (2010 dollars)

<table>
<thead>
<tr>
<th>Region</th>
<th>Existing schools (additions, refurbishments, upgrades) [m]</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>$602.3</td>
<td></td>
</tr>
<tr>
<td>Victoria</td>
<td>$601.9</td>
<td></td>
</tr>
<tr>
<td>Queensland</td>
<td>$901.1 *</td>
<td></td>
</tr>
<tr>
<td>Western Australia</td>
<td>$90.7</td>
<td></td>
</tr>
<tr>
<td>South Australia</td>
<td>$67.0</td>
<td></td>
</tr>
<tr>
<td>Tasmania</td>
<td>$88.4</td>
<td></td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>$39.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,390.7</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Note that this figure includes an estimated $250m for the cost of the proposed move of year 7 to secondary in 2015–16

Source: National Catholic Education Commission

In addition, recent legislative change has required existing schools to increase provision for disability access, fire and health concerns. A significant proportion of all schools were built more than thirty years ago and such requirements to upgrade facilities to meet Australian standards and the Building Code of Australia are placing additional strain on the limited resources available. The requirement to provide access to all areas has in many instances required the installation of a lift and associated ramps and walkways which need to meet stringent gradient requirements. The Catholic sector welcomes and is supportive of the need to provide ease of access to all students and community members however there is a cost in meeting these requirements.

The need for capital funding is even greater in regional and remote areas where the cost to build and maintain facilities is higher. These costs in the most remote areas can effectively double the cost of building compared to metropolitan and major town areas. Commercial data on building costs confirms this.

Table 4.6 provides the context for Catholic schools allocating almost 4% of their total private income in 2009 for future capital projects (see ACARA data). The total sum set aside by Catholic schools in 2009 amounted to $88 million, which clearly indicates that substantial funds remain to be raised. It also suggests that capital funding will continue to be needed by existing Catholic schools so that they can meet contemporary standards in curriculum and in student and staff learning areas.

### 4.6.4 NEW SCHOOLS IN GROWTH AREAS

Catholic families in new areas must have the same schooling choice as families elsewhere. Catholic education authorities in all States and Territories are therefore under constant pressure to fund new schools and complete newly-established schools which are traditionally established in stages. Table 4.6 presents estimates by Catholic Education Commissions in all States and Territories of the capital investment required from 2011 to 2020. These show that over $2.2 billion would be needed over the next decade across Australia.
Table 4.6 Estimated capital requirements of Catholic schools in Australia, 2011 to 2020 ($m) (2010 dollars)

<table>
<thead>
<tr>
<th>Region</th>
<th>New schools/new pupil places (construction and land) [$m]</th>
<th>Newly-established schools (additional stages) [$m]</th>
<th>Total [$m]</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>$489.0</td>
<td>$76.2</td>
<td>$565.2</td>
</tr>
<tr>
<td>Victoria</td>
<td>$472.9</td>
<td>$92.7</td>
<td>$565.6</td>
</tr>
<tr>
<td>Queensland</td>
<td>$439.6</td>
<td>$25.7</td>
<td>$465.3</td>
</tr>
<tr>
<td>Western Australia</td>
<td>$252.7</td>
<td>$25.9</td>
<td>$278.6</td>
</tr>
<tr>
<td>South Australia</td>
<td>$98.9</td>
<td>$19.5</td>
<td>$118.4</td>
</tr>
<tr>
<td>Tasmania</td>
<td>$16.2</td>
<td>$26.2</td>
<td>$42.4</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>$85.0</td>
<td>$0.0</td>
<td>$85.0</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>$112.0</td>
<td>$27.0</td>
<td>$139.0</td>
</tr>
<tr>
<td>Total</td>
<td>$1,966.3</td>
<td>$293.2</td>
<td>$2,259.5</td>
</tr>
</tbody>
</table>

Source: National Catholic Education Commission

The above table, as stated, is based on estimates. These estimates however, are based on demographic studies and consultation with the appropriate planning authorities. To illustrate this, the planning processes for new Catholic schools and new pupil places in the Archdiocese of Melbourne are outlined in the next section.
Planning for new Catholic schools in the Archdiocese of Melbourne

Planning for new schools in the Archdiocese of Melbourne has evolved over many years. The process allows for differences depending on locations, demographics available and most importantly the stakeholders involved. The sections below outline the process under four headings of enrolment projections, locations for growth, estimated land purchase costs, and estimated building costs. Case studies of planning for two new schools are outlined in Appendix C.

School enrolment forecasts

Catholic Education Office Melbourne (CEOM) models enrolment estimates for all existing schools based on small area population estimates and other significant parameters including Catholicity rates and participation rates derived from Census data. The small area population forecasts are produced by consultants and are based on the most reliable statistical and demographic methodology available.

The office also utilises the State Government’s Victoria in Future population estimates. Victoria in Future forecasts show that total population will increase significantly in Victoria over the next ten years, due to high immigration rates and high rates of natural increase due mainly to increasing fertility rates.

School age populations are therefore forecast to increase commensurately.

Consultants to the Catholic Education Office, Melbourne and local government forecast that school age population in Victoria will increase by 18.5% by 2021 on the February 2010 figure.

- Primary increase 29%
- Secondary ages increase by 13%

Assuming normal rates of participation of Catholics in Catholic schools, enrolment models have distributed these increases into individual schools, which have translated into forecast enrolments in Catholic schools increasing on February 2010 enrolments by:

- 29,735 primary students
- 14,126 secondary students
- 43,861 total students

New School and New Pupil Places in Existing Schools

The Office prepares regional Strategic Plans to guide school provision into the future. It has done so for over 15 years using information about residential development in growth corridors and regional centres. Information about residential development is available from the State Government authorities such as the Growth Areas Authority (GAA) and VicUrban and to some extent local councils and developers.

In July 2010, the GAA released a further 40,000 hectares on growth corridor land on the fringe of Melbourne by extending the Urban Growth Boundary to cater for the anticipated growth.

Strategic plans and reports on the new growth corridor rezoning by consultants have identified the following new Catholic schools:

- 5 new primary schools and 1 secondary school across regional Victoria
- 14 new primary schools and 5 secondary schools in Melbourne
These new schools, even when full, will only accommodate 18,600 students of the 43,861 forecast over the next ten years. The Catholic Education Office Melbourne is also advised by the consultants that the existing metropolitan areas will accommodate much of the growth, hence many existing metropolitan and regional schools will grow over the course of the next ten years.

New pupil places will be provided when enrolments grow by over 20% and there is capacity on the existing sites to accommodate more infrastructure.

**Land Purchase costs**

Land purchases for schools are managed by the Archdiocese. Negotiations with land owners are conducted on standard processes, but they are limited to paying no more than the market value for the land. The Archdiocese uses the Valuer General as a standard by which to judge market value in particular areas. The costs included in the schedule represent the average current market value paid for recent new schools. The amount of land purchased for each school is related to the projected long-term enrolment.

There are a number of areas where Catholic schools are disadvantaged by the current planning system, *vis a vis* Government:

- Government schools do not need a planning permit
- Car parking and other conditions of permits are expensive
- Developer Contribution Levies are applied to Catholic sites
  - $250,000 and more for a primary school site
  - $1 million or more for a secondary site
  - Government schools do not pay these levies

In Victoria, based on current market values over the last 12 months:

- Average cost of a new primary site of 2.6 ha. is $3.9 million
- Average cost of a new secondary site of 7 ha. is $10.6 million
- Regional sites in provincial centres are assumed to cost 10 to 20% less.

**Building Costs**

Building costs were based on the following parameters:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount / Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global area of primary school</td>
<td>6.13 m²</td>
</tr>
<tr>
<td>Global area of secondary school</td>
<td>9.75 m²</td>
</tr>
<tr>
<td>Primary and Secondary school average class size</td>
<td>26 students</td>
</tr>
<tr>
<td>Primary school long term enrolment</td>
<td>400 Students</td>
</tr>
<tr>
<td>Secondary school long term enrolment</td>
<td>900 Students</td>
</tr>
<tr>
<td>Portion of Space allowed for a primary school student (average classroom size 70m²)</td>
<td>0.25</td>
</tr>
<tr>
<td>Portion of Space allowed for a secondary school student (average classroom size 70m²)</td>
<td>0.3</td>
</tr>
<tr>
<td>Cost of building per metre square – Primary</td>
<td>$3,000 m²</td>
</tr>
<tr>
<td>Cost of building per metre square – Secondary</td>
<td>$3,200 m²</td>
</tr>
<tr>
<td>Refurbishment cost of building per metre square – Primary</td>
<td>$1,000</td>
</tr>
<tr>
<td>Refurbishment cost of building per metre square – Secondary</td>
<td>$1,500</td>
</tr>
</tbody>
</table>
The estimated cost of the buildings was then determined by using the parameters in relation to projected enrolment numbers.

**Using the above assumptions, not including land:**

- the cost of a new primary school of 400 long term enrolments is $8.3 million built in two stages
- the cost of a new secondary school of 900 long term students is $32.1 million built in three stages

If the land is included, the cost of a new primary school is $12.2 million and a new secondary school is $42.7 million.

NCEC believes that the capital investment demands placed on the non-government school sector in population growth corridors (as shown in Table 4.5) is an important issue for this Review. Planning processes as well as funding levels for new schools deserve greater consideration.

NCEC is prepared to work with the appropriate authorities to develop a planned provision approach for new school places in growth areas. Planned provision should apply the same parameters for new school facilities planning on all school authorities – government, Catholic and independent schools – rather than be restricted to non-government schools alone. Any new planned provision process must be instituted only after adequate consultation with all parties.

As part of planned provision Catholic schools (as well as government schools and independent schools) in growth corridors should plan on receiving a proportional allocation of school sites commensurate with their historic share of enrolments (around 20% in the case of Catholic schools).

**NCEC proposes that:**

- the role of Block Grant Authorities be confirmed as essential to the operation of the program in the non-government sector
- capital funding be indexed by a more appropriate measure inclusive of the total costs of school development
- capital funding continue to be allocated for existing schools and increased to take into account enrolment increases
- significant new capital funding be allocated for new schools and new pupil places in existing schools
- planning for new schools in growth corridors involve the Government, Catholic and Independent school sectors.
The Review is also considering a number of issues relating to the terms and conditions attached to government funding of schools – in particular, forms of accountability, transparency and regulation to promote high standards of delivery and probity among schools receiving Government funding. This Chapter responds to these issues.

5.1 Transparency
The Review Panel rightly emphasises the need for transparent government funding arrangements for schooling. NCEC endorses this view, and believes that transparency should relate to the overall funding model and its associated allocation mechanisms, and to appropriate and meaningful public reporting on the use of funds.

5.2 Accountability and Regulation
Catholic schools are subject to a high level of accountability through State and Territory funding agreements and school registration requirements. In addition, there are significant accountabilities, educational and financial, formalised in Regulations, Administrative School Programs Guidelines, the national student testing regime, the Financial Questionnaire (FQ), Building Codes, and the funding agreements with the Australian Government. Within the regulatory framework that Catholic school systems and schools operate under, there are well over 50 separate Commonwealth and State Acts as well as additional legal interventions and requirements. Some relevant examples of Commonwealth legislation are:

- Schools Assistance Act 2008
- Schools Assistance Regulations 2009
- Australian Curriculum, Assessment and Reporting Authority Act 2008
- Disability Discrimination Act 1992 and DDA Education Standards 2005
- Corporations Act 2001
- Privacy Act 2000
- Copyright Act 1968 and Copyright (Digital Agenda) Act 2000 and amendments
- Education Services for Overseas Students Act 2000
- Migration Act 1958
- New Tax System (Goods and Services Tax) Act 1999
- Skills Australia Act 2008
- Family Law Act 1975
- Racial Discrimination Act 1975
- Sex Discrimination Act 1984
- Australian Human Rights Commission Act 1986
- Affirmative Action (Equal Opportunity for Women) Act 1986
- Fair Work Act 2009
- Australian Sports Anti-Doping Act and Regulation 2006
- Social Security (Administration) Act 1999

State and Territory Governments have the major role in the regulation of schools and there is a myriad of legal and other accountability requirements and interventions at the State/Territory level.
Examples of recent Commonwealth and State Government Interventions/Requirements that affect the schools education sector are:

- ACARA development of the Australian K-12 Curriculum by 2013
- My School implementation
- NSW School Certificate Changes (2010 Review)
- COAG National Partnerships Agreements for Schools
- National Testing (NAPLAN) for Years 3, 5, 7 and 9
- National Safe Schools Framework and revised Framework for 2011
- The Australian Institute for Teaching and School Leadership and the development of National Teaching Standards for implementation by 2013; and Standards for Principals
- MCEEDYA Interstate Student Transfer Note, Compliance Requirements
- Commonwealth Treasury’s proposals for a national Not-for-Profit Regulator

Catholic schools have an excellent record of compliance and cooperation with authorities to meet educational, financial and other accountability benchmarks.

FUTURE REGULATORY FRAMEWORK

NCEC considers that systems and schools should be allowed flexibility within an overall framework of national goals and objectives. Increased operational flexibility at system and school level does not require greater (in the sense of ‘more’) accountability but rather appropriate accountability.

In section 4.5, NCEC has argued for clearer system-level accountability. System-level accountability should focus on funding allocation and governance provisions, and should encourage schools to report on outcomes. Accountability processes should neither dictate nor imply a uniform approach to curriculum delivery, pedagogy and school organisation. Catholic systems have developed appropriate arrangements for schools to account to the system for the use of key resources (facilities, funds, personnel) in terms of effectiveness and efficiency of the teaching/learning process.

NCEC believes that the annual Financial Questionnaire performs a valuable reporting and accountability function, and should be retained. In order to bring greater consistency between reporting processes, however, the Financial Questionnaire should be adjusted to include the school level income information now required by ACARA for the purposes of My School 2.0.

NCEC is concerned that there is the potential for increasing data gathering duplication with the advent of ACARA which is responsible to the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA). Catholic schools have established through the Financial Questionnaire, (administered by the Department of Education, Employment and Workplace Relations), a valuable and reliable dataset that provides accountability in the strictest sense (that is, financial and related information signed-off by publicly independent auditors). NCEC suggests that the same high level data reporting standards might well be applied to meet ACARA’s data needs, in the interest both of increased comparability across schooling sectors and also of reducing unnecessary duplication.

NCEC proposes that:

- transparency is necessary for government funding arrangements
- recognition is given to the current substantial accountability required of all sectors
- duplication is avoided in accountability requirements, including data collections from government agencies
- future accountability should allow for flexibility within an overall framework.
Appendices

Appendix A  Relationship of Catholic Church / Catholic Education Organisations

Appendix B  *Funding Principles for Catholic Schools*, (The Australian Catholic Bishops Conference) December 2009

Appendix C  Capital Funding – Two Case Studies

Appendix D  *Australian Catholic Schools: Scope, governance and quality* (Ernst and Young), November 2010
## Appendix A

RELATIONSHIP OF CATHOLIC CHURCH/CATHOLIC EDUCATION ORGANISATIONS

<table>
<thead>
<tr>
<th>National Catholic Education Commission (NCEC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NCEC is the official body appointed by and responsible to the ACBC through the BCCE for developing, enunciating and acting upon policy at the national level for the Church’s work in education. The NCEC has terms of reference that relate to all Catholic schools, those part of the system and those outside the system.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Archdiocese/Diocese</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are 28 diocese in Australia. Each diocese is under the authority of its Archbishop/Bishop</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State/Territory Catholic Education Commissions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diocesan Catholic Education Bodies*</th>
</tr>
</thead>
<tbody>
<tr>
<td>These bodies are responsible to the Diocesan Archbishop/Bishop</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Catholic systems of schools**</th>
</tr>
</thead>
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<tr>
<td></td>
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</tbody>
</table>

* In some instances the State/Territory Catholic Education Commission operates as the Diocesan Catholic Education body (e.g. Tasmania where that State is a single diocese and WA where the Diocesan Bishops agree to have one organisation).  

** Included in some Catholic systems are schools whose governance is the responsibility of a religious congregation. There are also non-systemically funded schools governed by religious congregations that are non-systemic.  

All schools governed by a religious congregation (both those part of the systemic funding arrangements and those non-systemically funded) have a distinct relationship with the relevant Diocesan Bishop.
Appendix B

FUNDING PRINCIPLES FOR CATHOLIC SCHOOLS

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

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

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

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

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

Since the early 1970s Australian Catholic schools have received significant funding support from Commonwealth and State/Territory Governments. This support has enabled Catholic schools to consolidate their collective position as partners in the national educational endeavour: partners with governments, families and church communities in achieving national educational goals for young Australians. Catholic schools provide a quality education option at reasonable cost for parents from a diverse range of religious, social, cultural and economic backgrounds across the nation. To continue this effective partnership, Australian Catholic schools need the funding support of governments. Moreover, the cost of Australian schooling increases annually as schools strive for higher standards and engage with a rapidly changing agenda.

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

a) parental choice of schooling, including schooling based on the Catholic religious and education tradition, as a right deserving of government support;
b) all children having the right to share equitably in public expenditure on education; and

c) the equitable provision of adequate and appropriate resources to all schools.

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

**Basic Funding Principles**

*Principle 1: Parental choice*

Parental choice means that:

a) In accord with the Universal Declaration of Human Rights, all Australian parents “have a prior right to choose the kind of education that shall be given to their children”.

b) The right of parents to choice of schooling, including schooling based on the Catholic religious and education tradition, is a right deserving of government support.

c) Future parents must have the same capacity as current and earlier generations of parents to exercise their freedom of choice in schooling.

*Principle 2: Religious freedom*

Religious freedom for Catholic schools means that:

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

b) Commonwealth and State Government funding actively supports and encourages parental freedom of school choice for their children.

c) Commonwealth and State Government funding arrangements respect the identity, integrity and autonomy of the Catholic school.

d) Catholic schools, respecting the rights of parents to choose schooling for their children in the Catholic tradition, are free to form and instruct young people in the Catholic faith and publicly celebrate the faith.

e) Funding, compliance and accountability requirements support rather than hinder or compromise the authenticity or autonomy of the Catholic school.

*Principle 3: Funding equity*

Equity means that:

a) Catholic schools require a funding model that guarantees equitable access to Commonwealth and State funding – recurrent, targeted and capital.

b) Overall Commonwealth and State funding from the beginning of the next funding period will be at least equal in real terms to funding levels at the end of the current period.

c) Catholic schools require additional funding support to meet the needs of increasing numbers of Indigenous students, students with disabilities and refugee students, as well as students/schools at risk and schools serving disadvantaged communities.

d) The value of grants is maintained through annual supplementation by indexation to actual costs in government schools.

e) The capacity for Catholic State and diocesan school systems to cross-subsidise schools according to assessed local need is recognised.

f) Catholic schools have appropriate access to funds allocated for special purposes – for example, computers.
**Principle 4: Educational partnership**

Partnership means that:

- a) Catholic schools work on behalf of the church in partnership with parents, Commonwealth and State Governments and other education providers to deliver high quality education open to all children and young people whose parents choose Catholic schools.

- b) Catholic education authorities are actively engaged in key national policy and program decision making forums.

- c) Catholic schools work to implement the *Melbourne Declaration on Educational Goals for Young Australians*.

**Principle 5: Funding certainty**

Certainty means that:

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

- b) Catholic schools, as a large and genuinely national enterprise, require a solid basis for funding certainty in Commonwealth legislation.

- c) Catholic schools are able to account publicly for the allocation and expenditure of government funds in a transparent, coherent and comparable manner.

**Principle 6: Supporting accountability**

Accountability and reporting mean that:

- a) Catholic schools will report as negotiated on agreed national output/performance parameters through the Australian Curriculum Assessment and Reporting Authority (ACARA) using fully comparable data.

- b) Catholic schools will continue to meet agreed financial accountability requirements to governments and to parents and the church community.

- c) Funding agencies recognise the responsibilities of Catholic school authorities, dioceses and religious institutes for the management of Catholic schools.

**Principle 7: A fair allocative mechanism**

The funding mechanism must guarantee that:

- a) Funding allocations to Catholic schools are based on reliable, objective third-party data and mutually acceptable public criteria.

- b) Specific funding for students with additional learning needs is identifiable.

- c) Funding levels are indexed annually using a transparent mechanism.

- d) Funding levels are reviewed and updated periodically.

- e) All Catholic schools are eligible, on a needs basis, for Commonwealth and State Government capital support.

- f) Access to State and Territory Government funding of Catholic schools is consistent across States and Territories.
Appendix C

CAPITAL FUNDING: TWO CASE STUDIES

The best way to provide an understanding of the nature of planning and how it might vary due to the location, stakeholders and local input, is to look at two examples of recent planning. The examples are Armstrong Creek and Tarneit.

Case Study 1: Armstrong Creek – Boundary Road Marshall

Armstrong Creek is a large area of land to the south of Geelong in the parish of Grovedale. It is outside the area of authority of GAA as it is not a Melbourne Growth Area. The key driver in this instance is the City of Greater Geelong as the Planning Authority. Council endeavoured to involve as many social infrastructure players as possible from the outset but unfortunately depended on the Department of Education and Early Childhood Development (DEECD) to make judgements on all school requirements. This failed as DEECD based school estimates on its needs only.

Consultation with council rectified this and CEOM was invited to participate in Social Infrastructure Workshops. Importantly, council could provide full development estimates of households and population over the development’s 15 year growth period, while CEOM had census data and local information to assist with Catholicity rates.

Based on the Guidelines and planning for primary schools of long term enrolments of 400, the estimates of 55,000 households supported planning for three Catholic primary schools. The three primary schools represent a catchment for a secondary of long term enrolment of at least 900.

CEOM has been lobbying to have sites identified in local Precinct Structure Plans (PSPs) to provide certainty in planning and provision. As would be expected, councils while keen to identify educational and recreational precincts that will co-locate services and facilities that could be shared, have traditionally identified government schools where DEECD wants them but not Catholic or other non-government schools until a site is purchased. While the GAA is prepared to do so in its Growth Areas, local councils won’t until a site is secured. Even then a planning permit must be applied for and the site must meet with council’s expectations and requirements re traffic management, car parking etc.

The Strategic Planning Group of the City of Greater Geelong has been helpful in having sites included in the PSPs once a site was secured. However, it has left the major developer of each PSP drive the consultation process for the planning of the PSP. This has not worked as well for CEOM where one last site is required.

This particular area has other influencing factors. The existing secondary schools of Geelong have expressed concern regarding impacts that a new secondary school may have. At the same time the Parish of Grovedale is concerned about provision for secondary students with the planning of Armstrong Creek but also when considering the broader area of the parish which includes the coastal regions of Torquay, Jan Juc and Bellbrae to Anglesea. Torquay, Jan Juc and areas of the parish further south fall within the Surf Coast Shire. In recent meetings with that council, CEOM, council has provided an update on its planned growth boundary for Torquay Jan Juc and population estimates to 2040. These may not be enough to justify a secondary college in Torquay but certainly influence the planning for Armstrong Creek and Geelong.

The planning for new schools is strongly dependent on the local Parish Priest who has provided total support. He has been briefed throughout. CEOM will monitor development with the expectation that the take up rates of 400 to 440 sales per year, as advised by council, will not see the first school established before 2015. The Office uses a benchmark of around 1,500 households to be established in a primary school catchment before the school is planned for opening. This has worked well over many years and together with local surveys and input from neighbouring schools regarding enrolment demand, Capital Grant applications are judged accordingly.
Local Planning Committees are established to oversee the school planning from writing the educational and architectural briefs through to architect selection and tendering. This is still several years away at Armstrong Creek.

**Armstrong Creek - Boundary Road Marshall – Primary School Capital Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost / Value</th>
<th>Estimated Time</th>
<th>Enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,900,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage 1</td>
<td>$4,300,600</td>
<td>2014</td>
<td>150</td>
</tr>
<tr>
<td>Stage 2</td>
<td>$4,000,600</td>
<td>2016</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total Establishment Cost</strong></td>
<td><strong>$12,201,200</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Case Study 2: Tarneit**

A Strategic Study of the Werribee Region was completed in 2000 which identified the long term requirements for Catholic schools in the region. This identified a primary school in Tarneit with a long term enrolment of 400. This recommendation was further supported by a strategic study of the Werribee Region by consultants SGS in 2009. This is being used to update the Strategic Plan, now in its third edition.

This area is high in Catholicity at just over 40% and the study mapped a catchment of 5,216 households accordingly. Since the 2000 study, significant changes have been made to the Urban Growth Boundary which has now officially been expanded to increase the Growth Area in this region. The Tarneit school is planned to open in 2012 and so the change to the Urban Growth Boundary will not impact significantly.

The timing of the Tarneit school is the result of the CEOE monitoring system financial feasibility checks. While the trigger of 1,500 households within the catchment was achieved, the strong demand on the existing primary school of the parish was a key to the planning of the school opening. The existing local parish primary school has been experiencing strong demand in recent years. A strategy to accept enrolment beyond that which it would normally accept was instigated. This strategy which has worked well elsewhere sees applicants living in the new school’s catchment enrolled on the basis of moving to the new school when it opens. Of course, if a family has good reason to stay at the existing school that will be considered. This generally relates to the welfare of the students.

The expectation is that the school will open in 2012 with more than 180 enrolments. The existing school has 120 that will move to the new school, of which 66 are in Prep this year. As well as this there are another 50 confirmed enrolments next year taking the confirmed numbers to 170.

**Tarneit – Primary School Capital Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost / Value</th>
<th>Estimated Time</th>
<th>Enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,900,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stage 1</td>
<td>$4,300,600</td>
<td>2011</td>
<td>150</td>
</tr>
<tr>
<td>Stage 2</td>
<td>$4,000,600</td>
<td>2013</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total Establishment Cost</strong></td>
<td><strong>$12,201,200</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix D
Australian Catholic Schools: Scope, governance and quality (Ernst and Young), November 2010
Australian Catholic Schools: scope, governance and quality
Submission to the Review of Funding for Schooling

National Catholic Education Commission

1 November 2010
Mrs Therese Temby
Chair
National Catholic Education Commission
GPO Box 3046
CANBERRA CITY ACT 2601

By email: ceo@ncec.catholic.edu.au

Private and confidential

Dear Mrs Temby

Australian Catholic Schools: scope, governance and quality

We are pleased to present you with this report on Australian Catholic Schools: scope, governance and quality. We understand that the report is to form the basis of a submission by the National Catholic Education Committee to the Review of Funding for Schooling in Australia.

Restrictions on the Report Use

The report may be relied upon by the National Catholic Education Commission for the purpose specified above. It should not be relied upon for any other purpose. Ernst & Young disclaims all liability to any party other than the National Catholic Education Commission for all costs, loss, damage and liability that the third party may suffer or incur arising from or relating to or in any way connected with the provision of the deliverables to the third party without our prior written consent. Any commercial decisions taken by the National Catholic Education Commission are not within the scope of our duty of care and in making such decisions you should take into account the limitations of the scope of our work and other factors, commercial and otherwise, of which you should be aware of from the sources other than our work.

Basis of Our Work

Our work in connection with this assignment is of a different nature to that of an audit. We have performed research and analysis using information from the National Catholic Education Commission and other publicly available sources, which were available to us within the timeframe specified for preparation of the report. We have not independently verified, or accept any responsibility or liability for independently verifying, any such information nor do we make any representation as to the accuracy or completeness of the information. We accept no liability for any loss or damage, which may result from your reliance on any research, analysis or information so supplied.

If you would like to clarify any aspect of this review or discuss other related matters then please do not hesitate to contact me on (03) 9655 2668.

Yours sincerely

(Dr) David A Cochrane
Partner
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Summary

Overview
The Review of Funding for Schooling (‘the Review’) currently being undertaken by the Commonwealth Government will consider a range of issues in public funding of schools in Australia. These encompass specific funding formulae to determine allocations to schools and school systems, as well as appropriate accountability, regulatory and transparency measures. While funding formulae and mechanisms are to form the primary focus of the Review, the breadth of issues to be covered, according to the terms of reference, provides the opportunity to re-assess obligations placed on schools and systems in return for government grants.

Catholic schools are essential to the nation and contribute significantly to the national fabric. The Catholic Church was a pioneer in the provision of schooling in Australia from the early nineteenth century, and in a particularly vigorous and successful way from the 1860s. The history of Australian Catholic education and its contribution to the Australian society are well-documented elsewhere, and are not covered in this paper.

The focus of this paper is to identify for the Review the basic characteristics, the ‘fundamentals’ of the manner in which the Catholic school sector in Australia operates today. This paper assesses the impact of these essential organisational characteristics on the contribution and effectiveness of Catholic schools. As the fundamentals apply across all Catholic schools, the analysis in this submission focuses broadly on the Catholic sector, rather than individual schools.

From this analysis it is evident that the strong contribution of the Catholic school sector in Australia is inextricably tied to its basic characteristics. Moreover, achievement of the objectives of the Melbourne Declaration on Educational Goals for Young Australians will be strongly supported by the preservation of these essential characteristics under any new system for public funding of the Catholic school sector.

Profile of the Catholic school sector
Almost one in five (18%) of the 9,529 schools across Australia is a Catholic school with these schools educating 704,000 students (20% of Australian school students). Enrolment shares of Catholic schools for secondary students (22% across Australia) are higher than primary students (19% across Australia). Most Catholic schools (96%) are systemic and Catholic systems within certain States are very significant education providers - e.g. the Catholic school sector in NSW is the fourth largest education provider in Australia and the Catholic school sector in Victoria is the sixth largest.

Current sector-wide data for the Catholic school sector indicates that it is highly accessible and cost-efficient, yet relatively high performing in terms of educational outcomes:

► Catholic schools operate in all parts of Australia, with a geographic distribution closely aligned to the Australian population. The regional profile of Catholic enrolments across metropolitan, regional and remote areas is very similar to the national average.

► As reflected in the breadth of communities they serve, there is considerable diversity in the students who attend Catholic schools. Overall, there are distinct differences in these students vis-à-vis those who attend other non-government schools: Catholic schools educate more students with higher education needs - students with disabilities, Indigenous students, students with an ESL background and students from disadvantaged socio-economic backgrounds. Representation of these students is, on average, higher in government schools.
Although it educates students with higher education needs than other non-government schools, the Catholic school sector operates with far fewer resources. In 2008, Catholic schools collected an average of $5,301/student less in student fees and charges than other non-government schools, and their recurrent expenditures were lower by $3,671/student. Indeed, on average and despite problems with data, it also appears that Catholic schools operate on fewer resources than do government schools.

Despite having the lowest average level of resources, the overall educational performance of the Catholic sector exceeds the government school sector (even after allowing for different student profiles) and also compares strongly with other non-government schools (where significant differences in school resources, school locations and student profiles must be taken into account).

Essential characteristics of the Catholic school sector

The strong performance of the Catholic school sector in Australia as a whole can be partly attributed to four fundamental, distinguishing characteristics:

- Catholic identity - Education in Catholic schools is underpinned by Catholic values that together spell out a particular view of the nature of the human person, of the human person's relationship to God through the church, and the human person's relationship in community with others. This identity is expressed in religious education programs, community service and social justice initiatives and a strong commitment to engage parents and local communities in the education of their children.

- Several researchers have found student achievement to be significantly improved with greater parental and community involvement in the schooling of their children. This is essential to the nature of the Catholic school. Other aspects of the Catholic school identity have been linked in research to positive student performance, and may also explain greater levels of racial tolerance in Catholic schools.

- Governance - The Catholic sector operates a highly devolved model of governance based on the principle of 'subsidiarity', under which decisions are taken as close to the local level as appropriate and/or feasible. This provides considerable autonomy to school authorities, principals, other school staff and school boards over pedagogy, curriculum, staffing, facilities and finances. Diocesan Catholic Education Offices and State/Territory Catholic Education Commissions work in partnership with schools to achieve quality outcomes for students and promote the ongoing development of the sector. They also develop overarching frameworks to govern school policies, in circumstances where region or sector-wide approaches are appropriate.

- A number of studies have linked school autonomy as practised in the Catholic school sector to positive academic performance. This is most evident where schools have autonomy over teacher recruitment, staffing decisions and instructional approaches.

- Greater school autonomy and self-management is also associated with financial efficiency and with lower operating costs. Local management supports cost efficiency through the opportunity it provides for schools to purchase inputs at a lower cost and mix resources based on local opportunities and circumstances. Evidence from the Interim Report of the Building the Education Revolution Implementation Taskforce supports the contention that local management arrangements in Catholic schools reduced costs and delivered better value for money.

- Accessibility - The Catholic sector strives to be accessible to all those who seek education in a Catholic school. While families are encouraged to make a contribution to
school costs, fee-setting in schools takes into account the ability of parents to pay. Many schools reduce or waive school fees so that an inability to afford fees does not act as a barrier to students accessing Catholic schools. Priorities for accessibility are also evident in the commitment of the Catholic school sector to regional and remote areas, accessible enrolment policies and needs-based approaches for distributing government funding among systemic schools.

- **Block funding** – Over 96% of Catholic schools are systemic and operate under ‘block funding’ arrangements with governments. Catholic Education Commissions allocate government funding to systemic schools according to the priorities, objectives and needs of systemic schools within each State/Territory as determined through a collaborative process involving schools, principals and dioceses.

The essential principles of accessibility and block funding ensure that Catholic schools are able to provide a viable and affordable option for all those who seek education in a Catholic school. They increase access to Catholic schools, in particular, for low SES students, students with disabilities and special learning needs, students in rural and remote areas, and other ‘disadvantaged’ cohorts. Moreover, the overall choice in schooling that is supported by the various measures in the Catholic sector to increase accessibility has been associated with better academic performance across all schools.

Links between the performance of the Catholic school sector and the fundamentals of the Catholic school sector are illustrated in Figure ES.1. This also emphasises the close relationship between outcomes in the Catholic school sector and core objectives in the *Melbourne Declaration on Educational Goals for Young Australians* (2008).

Figure ES.1: Links between essential characteristics of the Catholic school sector and educational performance

### Key principles for future funding

Given the overlap in objectives of the *Melbourne Declaration* and the manner in which Catholic schools operate, achievement of the objectives of the *Melbourne Declaration* will
be strongly supported by the preservation of the essential characteristics of the Catholic school sector under any new system for public funding.

In particular, the new approach to school funding will need to: ¹

- Respect the identity of Catholic schools. Funding systems should not inhibit Catholic schools from freely expressing their identity by:
  - Teaching religious education and actively supporting the Catholic identity in schools, and choosing to employ teachers who will support this aim
  - Cultivating social responsibility in students
  - Nurturing parental commitment and engagement in schooling
  - Enrolment practices that encourage family commitment to the Catholic ethos of the school
  - Applying principles of equity and access.

- Maintain the principle of subsidiarity in the Catholic school sector, which enables Catholic schools to operate under considerable autonomy with Catholic school authorities, dioceses and religious institutes assuming overall responsibility for school management. Catholic school operations must continue to be substantially driven by local communities.

- Continue to block fund Catholic State and diocesan school systems and recognise their capacity to undertake fine-grained needs analyses and so to cross-subsidise schools more effectively according to local need.

- Support and encourage the right of parents to choice in schooling. Future funding arrangements should not undermine the objective of the Catholic sector for Catholic schools to be accessible to all communities. These arrangements will need to:
  - Support Catholic schools in forming a viable and affordable option for all families that seek education in a Catholic school by providing the Catholic sector sufficient public funds to resource student learning, especially for marginalised students
  - Support endeavours by Catholic schools to remain affordable and accessible, with appropriate recognition of cost burdens associated with rural and remote operations. Catholic schools should not be penalised for setting low fees.

¹ See Funding Principles for Catholic Schools (2009) for a full account of the National Catholic Education Commission's policy on school funding. This may be found at www.ncec.catholic.edu.au
1. Introduction

1.1 Background

Australia’s Catholic schools currently educate one-fifth of all the nation’s school students. From 19th and early 20th century foundations across the continent has sprung a diverse, yet unified, network of 1700 schools which educate 704,000 students and employ 78,000 staff. Catholic schools reflect the cultural diversity of contemporary Australia and have made a substantial contribution over many decades to Australian society and to the Catholic Church in Australia and overseas.

Since the early 1970s Australian Catholic schools have received significant funding support from Commonwealth and State/Territory Governments. This support has enabled Catholic schools to consolidate their collective position as partners in the national educational endeavour: partners with governments, families and church communities in achieving national educational goals for young Australians. Catholic schools provide a quality education at reasonable cost for parents from a diverse range of social, cultural and economic backgrounds across the nation. To continue this effective partnership, Australian Catholic schools need the funding support of governments.

1.2 This submission

The Review of Funding for Schooling (‘the Review’) currently being undertaken will consider a range of issues in public funding of schools in Australia. These encompass specific funding formulae to determine allocations to schools and school systems, as well as the expectations and responsibilities that may accompany public funding of schools. While funding formulae and mechanisms are to form the primary focus of the Review, this breadth of issues to be covered also provides the opportunity to re-assess obligations placed on schools and systems which are subsidised by governments.

This latter area of analysis is the focus of this submission by the National Catholic Education Commission (NCEC). Its purpose is to identify for the Review the nature, purpose and governance of the Catholic school sector in Australia, and the impact of these on the contribution and effectiveness of Catholic schools. As these basic characteristics apply across all Catholic schools, the analysis in this submission focuses broadly on the Catholic sector, rather than individual schools.

From this analysis it is evident that the strong contribution of the Catholic school sector in Australia is inextricably tied to its essential characteristics and qualities. Moreover, achievement of the objectives of the Melbourne Declaration on Educational Goals for Young Australians will be strongly supported by the preservation of these organisational and governance structures under any new system for the public funding of the Catholic school sector.

This submission proceeds as follows:

- Chapter 2 considers the status and performance of the Catholic school sector in Australia, including its student profile, resourcing and funding, and educational outcomes
- Chapter 3 identifies and outlines four fundamental, distinguishing features of Catholic schools in Australia – Catholic identity, governance, accessibility and block funding
- Chapter 4 evaluates linkages between the distinguishing features of the Catholic school sector and its performance. Based on this analysis it enunciates key features of future funding arrangements to deliver identified objectives in education.
It should be noted that this is but the first NCEC submission to the Review. Subsequent submissions will present more specific proposals around funding formulae and arrangements in line with other elements of the Terms of Reference.
2. The Catholic school sector in Australia

This chapter considers the status and effectiveness of the Catholic school sector in Australia, including:

- Schools and students (section 2.1)
- The profile of students in Catholic schools (section 2.2)
- Resourcing and funding (section 2.3)
- Educational outcomes (section 2.4).

The focus is on the Catholic sector as a whole, rather than individual schools. Data is reviewed at the sectoral level, as it is commonly published, although it is clear from this analysis that there is considerable diversity in Catholic schools across Australia.

2.1 Schools and students

The Catholic school sector is a major provider of education, in all parts of Australia. This section summarises key data on schools and students.

2.1.1 Schools

In 2009 in Australia, there were 1,222 primary schools, 325 secondary schools, 141 combined primary/secondary schools and 10 special schools in the Catholic sector. In total, almost one in five (18%) of the 9,529 schools across Australia is a Catholic school, although this proportion varies widely across States/Territories, from 8% in the Northern Territory to 24% in the ACT.

Most Catholic schools (96%) are systemic and Catholic systems within certain States are very significant education providers – e.g. the CEC NSW is the fourth largest education provider in Australia and the CECV is the sixth largest.

In terms of geographic classifications used by the ABS, the location of Catholic schools (including campuses) across Australia broadly reflects the distribution of the Australian population (Table 2.1), although the share of Catholic school sites located outside of major cities is higher than the share of the national population.

<table>
<thead>
<tr>
<th>Region</th>
<th>Catholic schools (including campuses)</th>
<th>Australian population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>Major cities</td>
<td>1,087</td>
<td>61.1%</td>
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<tr>
<td>Inner regional</td>
<td>409</td>
<td>23.0%</td>
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<tr>
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<td>12.0%</td>
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<tr>
<td>Remote</td>
<td>48</td>
<td>2.7%</td>
</tr>
<tr>
<td>Very remote</td>
<td>21</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source: National Catholic Education Commission and Australian Bureau of Statistics

There is a relatively high share of Catholic schools in remote and very remote areas (3.9% versus 2.3% of the population). In eight Indigenous communities in WA, four communities in...
the NT and one in Queensland, Catholic schools are ‘sole provider’ schools (i.e. the only providers of education within the community).

2.1.2 Students

Catholic schools educate 704,000 students, which is 20% of all school students in Australia. Enrolments are substantial in all States/Territories, with the highest share in the ACT (29% of total enrolments) and the lowest share in the NT (12%) (Figure 2.1). Enrolment shares of Catholic schools for secondary students (22% across Australia) are higher than primary students (19% across Australia).

Figure 2.1: Percentage of total students (FTE) in Catholic schools by State/Territory, 2009

Catholic schools have steadily increased their share of enrolments over the past 15 years, with increased enrolments in secondary schools driving most of this growth (Figure 2.2).

Figure 2.2: Share of students (full time equivalent), Catholic schools, 1995 to 2009

Since 1995, the enrolment share of Catholic primary schools has increased from 18.9% to 19.3%, while the enrolment share of Catholic secondary students has increased from 20.3% to 21.6%.
2.2 Student profile

The Catholic sector has a diverse student profile as reflected in the location of its students and its share of students with higher education needs (Indigenous students, students with disabilities, second language learners and students from low socio-economic background).

2.2.1 Rural and regional students

As evident from their locations, Catholic schools educate students from all regions of Australia (Figure 2.3). Approximately 29% of students attending Catholic schools attend schools/campuses outside of major cities. This is above the national average of students attending schools/campuses outside of metropolitan areas (28%).

Figure 2.3: Geolocation of students, by school sector, 2008

![Geolocation of students, by school sector, 2008]

Note: Classification of Catholic students based on the Australian Standard Geographical Classification (AGSC) and classification of other students based on MCEECDYA Geographic Location Classification

Source: National Catholic Education Commission (Catholic school students); Productivity Commission (other students)

The proportion of students outside metropolitan areas/major cities is markedly higher than the percentage in other non-government schools (12%). Table 2.1 and Figure 2.4 together emphasise that Catholic schools educate students in all parts of Australia.

2.2.2 Indigenous students

In 2009, a total of 14,261 Indigenous students attended Catholic schools ~ 2.0% of the student population in Catholic schools and 9.1% of all Indigenous students in Australia.

Figure 2.4 compares the proportion of Indigenous students in Catholic schools to those in other school sectors, in 2000 and 2009. The available data suggests that Indigenous students are under-represented in Catholic schools relative to the overall student population, although Catholic schools do have higher shares of these students than other non-government schools. The proportion of Indigenous students in all school sectors has increased from 2000 to 2009.
2.2.3 Students with disabilities

There were also 24,806 (funded) students with disabilities attending Catholic schools, 3.5% of the student population and 15% of all students with a disability in Australia.

Figure 2.5 compares the proportion of students with a disability in Catholic schools to those in other school sectors, in 2000 and 2009. Again, the available data suggests that students with disabilities are under-represented in Catholic schools relative to the overall student population, but Catholic schools do have higher shares of students with disabilities than other non-government schools. Growth in the proportion of students with disabilities since 2009 has been notably higher in Catholic schools and government schools than in other non-government schools.

Figure 2.5: Proportion of students with disabilities, by school sector, 2009*

* Data on students with disabilities for non-Catholic schools are for 2008 (the latest that is publicly available)
Source: National Catholic Education Commission and the Productivity Commission

It should be noted, however, that definitive comparisons of shares of students with disabilities are obscured by issues in the way students with disabilities are counted; the data only recognises students eligible for State/Territory programs and services. This leads to differences across jurisdictions. Moreover, discrepancies in recent estimates of the share of students with disabilities are significant, as the data only includes students formally assessed as having an impairment to a degree that satisfies the criteria for enrolment in government special education services or programs within each State/Territory. It excludes: those where the impairment is not of a sufficient severity to qualify the student for a government special education service/program; overseas students; and those for whom the State/Territory government does not provide a special education service or program for the impairment.

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3 Data for students with disabilities only ‘counts’ students formally assessed as having an impairment to a degree that satisfies the criteria for enrolment in government special education services or programs within each State/Territory. It excludes: those where the impairment is not of a sufficient severity to qualify the student for a government special education service/program; overseas students; and those for whom the State/Territory government does not provide a special education service or program for the impairment.
students with disabilities in government schools in NSW create uncertainty over whether these are counted consistently across school sectors.

A recent report by the Legislative Council of the Parliament of NSW indicates that, in 2009, 4.3% of students in government schools in NSW had a ‘confirmed’ disability. In contrast, the Report on Government Services indicates that, in 2008, 5.9% of students in government schools in NSW had a disability. It would appear this difference is due to a tighter definition being applied in the former instance - and on this basis the percentage of students with a disability in Catholic schools (4.3%) is the same as in government schools in NSW.\(^4\)

It should also be highlighted that limited public funding specifically for students with disabilities in the non-government sector undermines the ability of Catholic schools to provide services for these students comparable to those in government schools.\(^5\)

### 2.2.4 Low socio-economic status

As expected given their number and dispersion, Catholic schools educate students from all parts of Australian society. The socio-economic profile of its students and schools varies widely across States/Territories, and also across dioceses. For example, in all States/Territories, the Catholic sector is frequently represented among the lowest SES schools in the non-government sector, while also having some schools assessed as high SES.\(^6\) This reflects the simple fact that Catholic school communities are geographically and socially diverse. They operate parallel to the government sector, with the objective to make education in a Catholic school available to all families who seek it.

Notwithstanding the considerable diversity across Catholic schools, on average, SES scores for Catholic schools tend to be appreciably lower than for other non-government schools (Figure 2.6). Catholic schools educate more students from disadvantaged backgrounds (in terms of parent incomes, education levels and occupation types) than other non-government schools.

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\(^5\) State Governments such as Victoria provide funding to non-government schools for students with disabilities, at a similar proportion of schooling costs as for other students. However, the substantially higher absolute cost of schooling for students with disabilities leaves non-government schools with a significant shortfall in resourcing relative to government schools. Despite targeted Commonwealth Government grants and funding distribution policies by Catholic systems, this often means students with disabilities in Catholic schools are unable to access a comparable level of services as in government schools.

\(^6\) For example, among non-government schools, the Catholic sector has the 8 lowest SES schools/campuses in Victoria and the 9 lowest SES schools/campuses in NSW (excluding schools automatically entitled to the maximum funding). It also has 5 of the highest 12 SES schools/campuses in Victoria, and 4 of the highest 9 SES schools/campuses in NSW.
It is difficult to assess the SES scores of Catholic (and other non-government) schools against government schools throughout Australia due to a lack of available data. SES scores for government schools are generally not available.

Where data does permit comparison, it suggests the socio-economic status of Catholic and government schools is not too dissimilar. For example, in WA 69% of schools in the government sector have SES score below 100, while in the Catholic sector this figure is 56%. The respective figures for schools with SES above 120 are 2.4% (government) and 3.2% (Catholic).

**Student family incomes**

While there is wide diversity in students within the Catholic sector, there are on average fewer students from ‘high income’ families in Catholic schools than other non-government schools (Figure 2.7). Conversely, fewer students from low income families attend Catholic schools than government schools.

Figure 2.7 also highlights a wide disparity in family incomes between students in government schools (with many low and medium income families), and students in other non-government schools (with many medium and high income families). The student population in the Catholic school sector sits between them.
The Catholic school sector also makes a significant contribution to families in rural and remote Australia through the 52 boarding schools it conducts.

Overall, Catholic schools have a student profile with distinctly lower socio-economic status than other non-government schools.

### 2.3 Resourcing and funding

This section considers financial aspects of the Catholic school sector and demonstrates that the Catholic sector is cost efficient, and offers all Australian governments and parents value for money.

#### 2.3.1 Expenditures in schools

Data on recurrent and capital expenditures is summarised below. The Catholic sector has lower recurrent expenditures than government schools, which is partly offset by capital expenditures. It has substantially lower expenditures than other non-government schools.

**Recurrent expenditures**

Recurrent expenditures across schools in the Catholic sector are commonly below those in other school sectors. Figure 2.8 shows the latest estimates of average recurrent per-student expenditures in government, Catholic and other non-government schools from the *National Report on Schooling in Australia*. These indicate a lower spend in Catholic schools relative to other sectors in all States/Territories. Australia-wide, average recurrent
expenditure is Catholic schools ($9,410/student) is 87% of the level in government schools ($10,760/student) and 72% of the level in independent schools ($13,081/student).

Figure 2.8: Recurrent expenditures in Catholic, other non-government and government schools*

* Expenditures in government schools relate to 2007-08 (financial year), while those in non-government schools are for 2008 (school year). Expenditures in government schools exclude the user cost of capital.

Source: National Report on Schooling in Australia 2008

There are many inconsistencies when comparisons are made between financial data for government and for non-government schools as published in the National Report on Schooling in Australia. Among others, these relate to financial reporting periods plus the treatment of items such as depreciation, opportunity cost of capital, payroll tax, expenditures by State/Territory governments on umbrella services and private income for government schools. Direct comparisons will not be definitive until consistent financial reporting arrangements are developed and applied for all school sectors.

Nonetheless, other evidence does suggest that the data in Figure 2.8 accurately reflects comparative expenditures in different school sectors. Differences in student-teacher ratios suggest significant differences in expenditures between sectors. Teacher wages are by far the largest recurrent cost incurred by schools, comprising at least 60% of total recurrent costs.7 The Catholic sector in all States/Territories has distinctly higher average student-teacher ratios than other schools, indicating that expenditures on teacher salaries must be substantially lower (Figure 2.9).

7 According to the National Report on Schooling in Australia 2008, teacher salaries accounted for 60% of recurrent expenditures in government schools in 2007-08 (inclusive of out-of-school costs but excluding user cost of capital).
In 2009 Catholic schools across Australia had an average student-teacher ratio of 15.1, compared to 14.0 in government schools and 12.2 in independent schools.

Based on national enrolments levels, this implies that the Catholic sector employs 3,354 fewer teachers than would be the case if it had the same student-teacher ratios as government schools, and 11,100 fewer teachers than would be the case if it had the same student-teacher ratios as other non-government schools.

**Capital expenditures**

Capital expenditures in the Catholic sector tend to be higher per student than in government schools and substantially below those in independent schools. Data from the National Report on Schooling in Australia 2008 indicates average capital expenditure in Catholic schools across Australia is $550 per student above capital expenditures in government schools, and over $1000 per student below capital expenditures in independent schools.

One reason for this difference is that capital expenditures within the Catholic sector are significantly funded by new loans that are paid off by school communities over an extended period of time. Capital works, the taking out of school loans and the fundraising activities that repay them reflect and strengthen the local community's engagement with and commitment to the school. Other reasons include differences in capital thresholds and capital reporting exclusions in some State/Territory reporting.

2.3.2 **Funding sources**

All schools receive a mix of public funding and private contributions, although the nature of this mix varies significantly across schools and school sectors. Most Catholic schools have also elected to charge only modest fees, and thus have lower recourse to private income than do other non-government schools. Catholic schools are more reliant on government grants.

Average incomes (by source) in 2008 for Catholic schools and other non-government schools across States/Territories are charted in Figure 2.10. On average across Australia, private incomes in Catholic schools ($3,059/student) are more than $5,700/student below private incomes in other non-government schools ($8,774/student). This is mostly due to Catholic schools collecting $5,301/student less in student fees and charges. The difference in income is reduced when higher government grants to Catholic schools are taken into account.
This difference in private income between the Catholic school sector and other non-government schools has widened in dollar terms since the Commonwealth Government introduced the SES-based model in 2000; from 2000 to 2008 average per-student private income has increased by $1,305/student in Catholic schools compared to $3,228/student in other non-government schools.\(^8\)

### 2.4 Educational outcomes

This section considers the education performance of the Catholic school sector relative to the government sector and other non-government schools, with reference to NAPLAN results, retention rates and independent research into educational performance across school sectors in Australia.

#### 2.4.1 NAPLAN results

NAPLAN data for 2009 demonstrates high student achievement in the Catholic sector. Figures 2.11 and 2.12 provide a summary of the 2009 data and illustrate high performance in Catholic schools in terms of both the percentage of students meeting benchmarks and mean scores.

Figure 2.11 charts, for each year level, the percentage of students meeting minimum national benchmarks (using an average of the four domains) in Catholic schools and all schools in each State/Territory.\(^9\) In every State and Territory the percentage of students

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\(^8\) Most of these increases are due to increases in average per-student fees and charges. From 2000 to 2008, average per student fees and charges increased by $1,081/student in Catholic schools compared to $2,724/student in other non-government schools.

\(^9\) The four domains are Reading, Writing, Language Conventions (Spelling, Grammar and Punctuation) and Numeracy.
reaching benchmarks averaged across all domains is higher in Catholic schools than the relevant State/Territory average.

Figure 2.11: Students meeting minimum benchmarks (%), 4-domain mean, Catholic and all schools, 2009*

* In some instances (NSW), percentages for Catholic and All schools have been calculated using different methodologies (plausible values versus weighted likelihood estimates), which may undermine direct comparability. Source: National Catholic Education Commission and MCEECDYA

Figure 2.12 provides corresponding analysis of mean scores. Again, the data shown is mean scores in Catholic schools and all schools, with the mean at each year level calculated as the four-domain average. With one exception (ACT, Year 7), performance is higher in Catholic schools at all year levels, in all jurisdictions.
2.4.2 Retention rates

Average apparent retention rates for students in post-compulsory years in government, Catholic and other non-government schools are shown by State/Territory in Figure 2.13. Average rates in Catholic schools are generally higher than in government schools and lower than other non-government schools.

Source: National Catholic Education Commission and ABS, Schools Australia (catalogue number 4221.0)

Australian average apparent retention rate for students from Year 10 to Year 12 (i.e. for senior secondary schooling) in the Catholic school sector was 79.2%, compared to 71.4% in government schools and 91% in other non-government schools.
2.4.3 Research into school sector performance

The direct performance comparisons presented above provide limited insight as they do not take into account differences in the student composition of each school sector. Research has shown that educational performance varies with student-specific factors such as gender, ethnicity, and parental educational achievement and occupational status. Advantageous student characteristics within each school sector, rather than school sector itself, may be driving outcomes.

Recognising this influence, several researchers have used advanced statistical techniques to enable like-for-like comparisons. This analysis controls for known non-school sector influences on student performance such as socio-economic status (SES), gender and ethnicity. Some researchers also take into account measures of student 'ability' (e.g. GAT scores) and the 'selection problem' - the relative social selectivity of schools.

The broad findings of several such studies in Victoria and Australia (most of which have examined ENTER and VCE scores) is that Catholic schools do achieve higher outcomes than government schools, at least in some circumstances, than would be predicted after taking into account all socio-economic and other relevant factors (see Table 2.2). Performance in independent schools tends to be higher again, although average recurrent spend in these schools is almost $3,700 higher per student than in Catholic schools - see section 2.3.

Table 2.2: Findings of research into comparative performance of Catholic schools in Australia

<table>
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<th>Author</th>
<th>Findings</th>
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<td>Marks10 (2009) Australian Council for Educational Research (ACER)</td>
<td>This study analyses school sector differences in university entrance performance (ENTER scores) using a sample of Australia students. Key findings are that students in Catholic and other non-government schools achieve better scores than those in government schools. These differences can be only partially attributed to the socio-economic background and prior achievement reduces the difference in ENTER scores between independent and government school students from 11 to 8 score points, and between Catholic and government school students from 5 to 4 score points.</td>
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| Teese et al.11 (2004) (Centre for Post-compulsory Education and Lifelong Learning, University of Melbourne) | This study assessed rates of transition to university across school sectors, stratified by gender and SES level, using ON Track survey data for those completing the Victorian Certificate of Education (VCE) in 2002. It found that:  
  - 47% of Catholic school students entered university compared to 32% of government school students and 64% of other non-government school students  
  - Students in Catholic schools in low SES quartiles had substantially higher transition rates to university (45% for girls and 34% for boys) than their counterparts in all schools (34% for girls and 26% for boys). |
| Marks12 (2004) (Melbourne Institute for Applied Economic and Social Research) | This study analysed LSAY data for Year 9 students in 1998, with ENTER scores available in 2002. School sector differences in mean ENTER score and university participation are estimated, including with controls for socio-economic background and student 'ability'.  
  - With no controls, students in Catholic and other non-Catholic independent schools averaged higher ENTER scores than government school students by 11 and 4.5 points respectively.  
  - Controlling for socio-economic background and ability:  
    - Catholic school students averaged higher ENTER scores by 3.1 points while other non-government schools averaged higher ENTER scores by 5.2 points than government school students.  
    - Catholic (indeed, all non-government) school students were also more likely to progress to university students than government school students, even controlling for socio-economic background and student 'ability'. |
| Lamb13 (2004) | This study assessed Year 12 VCE study scores in 2003 taking into account variables |

The overall student profile of the Catholic school sector combined with the research findings summarised in Table 2.2 suggest that Catholic schools deliver particularly strong educational outcomes for students from disadvantaged socio-economic backgrounds (as explicitly found in the study by Teese and others discussed in Table 2.2).

### 2.5 Summary

The Catholic school sector is a significant education provider in Australia, comprising 18% of schools and educating 20% of students. Moreover, Catholic schools operate in all parts of Australia, with a geographic distribution closely aligned to the Australian population (based on ASGC classifications). Similarly, the regional profile of Catholic enrolments across metropolitan, regional and remote areas is very similar to the national average. In eight Indigenous communities in WA, four communities in the NT and one in Queensland, Catholic schools are the only providers of education within the local community.

As reflected in the breadth of diverse communities they serve, there is considerable diversity in the students who attend Catholic schools. Overall, there are distinct differences in these students vis-à-vis those who attend other non-government schools: Catholic schools educate significantly more students with higher education needs (students with disabilities, Indigenous students, and students from disadvantaged socio-economic background). Representation of these students is higher still in government schools.

Although it educates students with higher education needs than other non-government schools, the Catholic school sector operates with far fewer resources (lower recurrent expenditures of $3,671/student in 2008). On average, Catholic schools collect $5,300/student less in student fees and charges than other non-government schools. This partly explains the significant differences in student profiles across sectors. Indeed, on average and despite problems with data, it appears that Catholic schools operate on fewer resources than government schools also.

Despite having the lowest average level of resources, the overall educational performance of the Catholic sector appears to exceed the government school sector (even after allowing for different student profiles). Catholic school learning outcomes also compare well with other non-government schools (where significant differences in school resources, school locations and student profiles must be taken into account).

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<td>(ACER)</td>
<td>including SES (of both the student and the school they attend), school size, gender (of the student, and the gender mix of the school), GAT performance (of both the student and the school) and school sector. After controlling for these variables, students in Catholic schools (and other non-government schools) still achieved higher VCE study scores than students at government schools.</td>
</tr>
<tr>
<td>Rowe14 (1999) Centre for Applied Educational Research, University of Melbourne</td>
<td>This study reports on key findings from multivariate, multilevel analyses of data obtained over 5 years (1994-1998) for 53 studies (subjects) of the VCE from 2.2 million students located in 600 government, Catholic, independent and adult VCE providers. It finds strong sector effects on student VCE scores. Adjusting for individual student ‘ability’ and class average ‘ability’, between 1994 and 1998, there are consistent and significant sector effects in favour of Catholic and other non-government schools over government schools. For the 20 largest VCE subjects, and controlling for GAT performance, Catholic school student scored 0.10 standard deviations higher than students attending government schools.</td>
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13 Estimates by Dr Stephen Lamb, as produced in Sheehan P 2004, The Contribution of Catholic Schools to the Victorian Economy and Community, Report to the Catholic Education Commission of Victoria, Centre for Strategic Economic Studies, Victoria University, Melbourne
Altogether, the available data suggest that the Catholic school sector is highly accessible (educating a diversity of students in all parts of Australia) and cost-efficient (operating on the fewest resources of any school sector). The Catholic school sector is nevertheless relatively high-performing in terms of educational outcomes. Catholic schools meet student needs.
3. Essential characteristics of the Catholic school sector

This chapter identifies and outlines four essential, distinguishing features of the Catholic school sector in Australia. These are Catholic identity (section 3.1), governance (section 3.2), accessibility (section 3.3) and block funding (section 3.4).

3.1 Catholic identity

Catholic schools exist because the Catholic Church has always viewed education as one of its principle areas of mission. The Catholic philosophical tradition has a particular view of how society best works, and how individuals can best be formed to become fulfilled human beings in that society, and how society can function to enhance the common good. The Catholic school stands at the service of society, and ‘fulfils a service of public usefulness’.\(^\text{15}\)

In the Catholic tradition, the ‘common good’ is not just the sum of all individual goods, nor a question of distributing all goods equally. It is a regulative ideal that encapsulates the just needs, conditions and individual rights that enable humans to live in society, and that encourages and enables each individual person to subordinate his or her own particular goods, as necessary from time to time.

The particular Catholic values that Catholic schools strive to embody and inculcate are:

- Belief in a loving God, that each human life has merit and purpose
- All human beings are made in the image and likeness of God – the dignity of each human person
- God is present and active in our human world and existence – we are partners with God in shaping our world
- Human beings are people made for each other in community – Catholic means inclusive
- Belief in the Christian Scriptures and the Tradition of the Church
- Human beings have the gift of rationality – faith seeking understanding
- A commitment to work for social justice.

Catholic schools teach Religious Education courses as part of the general curriculum, but also strive to imbue the total work and life of the school with Catholic values. In a practical sense, Catholic schools:

- Provide assistance to families experiencing financial hardship through fee remissions (see section 3.3)
- Encourage a ministry of service among students to local community groups – students participate in community service, social justice and peer support programs, and assist local charities
- Celebrate community joys and sorrows through liturgy and prayer

Encourage students to grow in faith as well as in understanding

 Assist young people to develop a synthesis of knowing and being, of faith, life and culture. Catholic schools encourage a holistic approach to education.

### 3.1.1 Equity and educational excellence

Catholic school authorities are supportive of the key national goals of equity and excellence. In practice, this means: mandating a curriculum at school level that recognises and values each student; supporting marginalised groups; supporting mainstream education opportunities for Indigenous students; supporting quality schooling options in regional and remote communities; appropriate levels and methods of system support for school communities; and adopting personnel practices that encourage quality teaching and school leadership staff in all schools, especially those in needy school communities.

### 3.1.2 Community and parental engagement

Catholic schools are strongly committed to developing and maintaining opportunities for parental and community participation in the education of their children. They emphasise that parents have a particularly important role to play in the educating community, with primary and natural responsibility for their children’s education.

Such priorities are strongly reflected in the governance of Catholic schools. School boards (see section 3.2.1) assemble priests, members of religious orders, principals and parents in collaboration over school operations and directions. Additionally, many schools have a parents’ association, which offer opportunities for parents to participate in social functions, facilities management, fundraising and educational programs. Finally, various programs operate within dioceses (such as the Schools as Core Social Centres project in the Archdiocese of Melbourne) to support schools to develop school-community partnerships.

### 3.2 Governance

Within the regulatory framework applied to schools by State/Territory and Commonwealth governments, the Catholic system operates a highly devolved model of governance including the principle of ‘subsidiarity’ (also known as ‘integrated autonomy’). This effectively means that decisions are taken as close to the local level as appropriate and/or feasible, given considerations such as school capabilities and resourcing and the nature and impact of the decision. A number of diocesan and system-wide frameworks are in place to guide and support school-level decisions.

### 3.2.1 School autonomy

The Catholic system assigns to principals, other school staff and school boards primary responsibility for providing a school environment that supports the Catholic ethos and constructive student learning. School authorities have a high level of autonomy over matters relating to:

- **Pedagogy** - schools have flexibility over approaches and materials for teaching and learning, including in support of students with special needs
- **Curriculum** - within required or mandated curriculum frameworks, schools are provided with flexibility in determining the type of subjects offered (other than religious education)

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16 The concept of ‘subsidiarity has its foundation in the view that ‘it is...unjust and a gravely harmful disturbance of right order to turn over to a greater society of higher rank, functions and services which can be performed by lesser bodies on a lower plane’ - Pius XI, Quadragesimo Anno (1931)
Enrolments - working with parents to establish clear and purposeful collaboration on relationships between the family and the school

School finances - schools/systems set student fees, and most schools self-manage their allocated funding and private income, within the various accountability requirements

Facilities - schools are primarily responsible for the design and maintenance of their buildings, in consultation with diocesan and/or congregational authorities and the local community

Staffing - schools and diocesan offices share authority over staffing decisions (staff mix, remuneration, recruitment), although the balance of authority varies across dioceses. In some dioceses, schools have complete discretion over these matters.

The practical implications of this autonomy are that education professionals and local communities are able to select teaching staff, tailor learning strategies and school policies and to expend school resources in a manner best suited to their student populations and their local circumstances.

Most school-level decisions are made by principals and school staff, in consultation with school boards, which are the primary formal mechanism for promoting the participation of the wider school community in the life of schools. School boards are established in many Catholic schools and bring together priests, members of religious orders, principals, parents and members of the wider community in a spirit of collaboration to realise the school's vision and achieve its educational aims. Boards vary in their governance models and level of responsibility and function. Their role generally encompasses:

- Providing a forum for discussion on matters concerning education
- Promoting and supporting the Catholic teachings of the school
- Contributing to the development and review of school plans and policies
- Providing advice on budget planning and finance-related matters
- Contributing to the selection process for the school principal
- Communicating with parents and the school’s parent groups and auxiliaries.

They are not intended, however, to subvert the educational autonomy of the principal and staff to develop and carry out the educational programs in the school on a day-to-day basis.

3.2.2 Catholic Education Offices and Commissions

Catholic Education Offices within each diocese, and Catholic Education Commissions within each State/Territory, work in partnership with schools to achieve quality outcomes for students and promote the ongoing development of Catholic schools. They offer a range of facilities and resources to support Catholic schools and families. They also develop overarching frameworks to govern school policies, in circumstances where region or sector-wide approaches are appropriate (consistent with the principle of subsidiarity).

Catholic Education Commissions also oversee the distribution of public funds to diocesan systems/schools (see section 3.4) and, in many cases, also redistribute private income between schools on a 'co-responsibility' basis. The roles and functions of Catholic Education Offices and Catholic Education Commissions allow them to assume overall responsibility for Catholic school governance, viability, accountability and compliance within a highly devolved framework for school management.

The scope of advice, services and guidance provided by these bodies may be broad, encompassing:
Implementation of and compliance with government policy priorities and regulatory requirements, including those relating to financial viability and accountability

Policies on matters such as student wellbeing, enrolment practices, school fee levels, student management, etc

Systems and structures to ensure good school governance (e.g. advice on the development of school board constitutions)

Innovations in student learning and mechanisms to drive school improvement, and the sharing of successful strategies across dioceses and the wider Catholic school sector

Management of school facilities and finances

Professional development and formation of teachers and members of school leadership teams

Curriculum support for schools in the area of religious education.

Catholic Education Commissions also oversee the distribution of public funds to diocesan systems/schools (see section 3.4). The roles and functions of Catholic Education Offices and Catholic Education Commissions allow them to assume overall responsibility for Catholic school governance, viability, accountability and compliance within a highly devolved framework for school management.

3.3 Accessibility

The Catholic school sector strives to be accessible to all those who seek education in a Catholic school. This is inherent in its policies around schools fees (section 3.3.1), and in other aspects of its operations (section 3.3.2).

3.3.1 Policies on school fees

The setting of school tuition fees is as consistent as possible with the principle of subsidiarity. In many places, individual schools set fee levels. Elsewhere the diocese will issue fee guidelines or may set the school fee levels. Schools are generally encouraged to take into account the capacity of parents to pay when collecting fees. Accordingly, fee-setting and fee-collecting processes consider the socio-economic status of the school community and other relevant factors such as the cost of living and the changing circumstances of individual families.

Even after this assessment, many schools reduce or waive school fees to ensure that school fees do not act as a barrier to students accessing Catholic schools.

There are policies and procedures for granting hardship concessions to families experiencing financial need. Some of these are formal. For example, holders of the Commonwealth Health Care Card are offered an average of 35% to 80% reduction in tuition fees in WA; in SA students who hold a School Card are also offered significant fee concessions. Catholic schools also have considerable leeway in granting tuition fee concessions on a case-by-case basis.

Many dioceses/Catholic Education Commissions have policies for sibling discounts. Discounts are typically generous, from 20% of the second child’s fee to 100% of the fourth and subsequent child’s fee.

No student fees are payable at 10 Catholic schools in WA (including 8 in the Kimberley). Similarly, in the NT, no school fees are levied in the 5 Catholic schools in remote Indigenous communities.
Sector-wide financial data testifies to Catholic sector objectives for school affordability.

- Private income across Catholic schools is, on average, more than $5,700/student below private income in independent schools (see section 2.3.2). Most of this difference ($5,301/student) stems from lower fees and charges for school communities and higher levels of government funding.

- At the sectoral level, increases in per-student fees and charges in Catholic schools from 2000 to 2008 have been significantly lower in dollar terms than in other non-government schools.\(^{17}\)

### 3.3.2 Other measures to ensure accessibility

The emphasis on accessibility within the Catholic school sector is manifest in a number of other policies and practices.

- The Catholic sector has a strong commitment to rural and remote education, even where this results in disproportionately high costs. Table 2.1 indicates that there is a high proportion of Catholic schools in non-metropolitan areas relative to the Australian population.

- Enrolment practices neither exclude nor privilege certain groups – few Catholic schools have academic scholarships and overseas student enrolments with places for full-fee-paying overseas students are limited. While Catholic schools do prioritise enrolments from Catholic students, they do allow attendance from non-Catholic students: in 2009 over 26% of students in Catholic schools were not Catholic.

- Within block funding arrangements (see section 3.4), funding distribution processes of Catholic systems are designed to favour remote schools, and schools with low SES families, refugees, Indigenous students, students with a disability, students with special learning needs and to support schools that require the flexibility to operate differently so as to meet a wider range of student need. Such processes increase accessibility to Catholic schools for these cohorts.

### 3.4 Block funding

Over 96% of Catholic schools are systemically-funded – i.e. members of the Catholic system within their State or Territory. For the vast majority of public funding, systemically-funded Catholic schools operate under ‘block funding’ arrangements with governments, in which systemic Catholic school funding allocations are aggregated and provided to State/Territory Catholic Education Commissions.

A number of Catholic schools (as present, just over 60 schools out of 1,700) are, for historical reasons, nonsystemically-funded. While being part of the relevant State Catholic Education Commission overall policy structure, they each have an individual funding agreement with the Commonwealth Government for general recurrent grant funding.

Catholic Education Commissions allocate funds to diocesan systems/schools according to the priorities, objectives and needs of systemic schools within each State/Territory as determined through a collaborative process involving schools, principals and dioceses. Funding formulae and processes differ across dioceses and States/Territories. In most circumstances, formulae include measures of school need that align with those used by governments across Australia (e.g. Indigenous students, students with disability, various indicators of socio-economic status, isolation and ESL background). In practical terms, the impact of these arrangements are that:

\(^{17}\) As outlined in Chapter 3, from 2000 to 2008, average per student fees and charges increased by $1,081/student in Catholic schools compared to $2,724/student in other non-government schools.
Processes and mechanisms for distribution of school funding are the product of agreements between schools and dioceses within each State/Territory. This allows full consideration of local and State-wide funding issues in Catholic schools, assists in building collaboration between schools/dioceses and in engaging with schools generally.

Distribution of public funding across systemic Catholic schools according to need can occur using superior local-level and school-specific information, and more up-to-date information, than is available to the Australian Government and State/Territory governments. Catholic systems are best placed to assess the financial state and requirements of their individual schools. Catholic systems can also be more flexible and responsive to emerging needs and priorities at the school-level.

Catholic Education Commissions are able to monitor and guarantee the financial viability of systemically-funded schools.

Catholic systems are able to address perceived shortfalls in government funding arrangements to address particular local needs. For instance, specific funding for students with disabilities is supplemented in all States and Territories by general recurrent grant funding. As an example, the Catholic Education Commission of Victoria spends over $40 million of annual general recurrent grants in addition to the specific funds provided under Commonwealth Targeted Programs on programs supporting students with disabilities and students with special learning needs. A further example is funding support for schools in regional and remote locations. The Catholic Education Office of WA spends over $9.8 million on eight schools in the Kimberley, over and above the schools’ notional grant income, to ensure quality of educational provision and staff amenities. One reason that notional grant income amounts for these schools are considered low is that government funding arrangements generally do not recognise school size. However, many of the schools in regional and remote locations have limited size, increasing education costs. Accordingly these schools are frequently subsidised within Catholic systems relative to their notional grant income.
4. Key principles for future funding

This chapter evaluates linkages between the fundamentals of Catholic schooling outlined in Chapter 3 and the effectiveness of the Catholic school sector (section 4.1). In exploring these linkages it refers to a significant body of Australian and international research. Drawing on this analysis it enunciates key principles for future funding to deliver identified objectives in education (section 4.2).

4.1 Catholic schooling characteristics and performance

4.1.1 Parental engagement and Catholic identity

The distinctive Catholic values promoted in the Catholic sector are strongly correlated with improved educational performance. This is particularly the case in respect of encouraging parental/community engagement.

- Houtenville and Smith Conway (2008)\(^{18}\) found that parent involvement had a positive impact on student achievement, and that ‘the magnitude of the effect of parental effort is also substantial – along the order of an additional four to six years of parental education or more than $1,000 in per-pupil spending’.

- Jeynes (2005)\(^{19}\) conducted a meta-analysis of the impact of parent involvement and student achievement, drawing from 77 studies. The study concluded that ‘academic achievement score distribution or range of scores for children whose parents were highly involved in their education was substantially higher than that of their counterparts whose parents were less involved’.

- Henderson and Mapp (2002)\(^{20}\) examined 51 studies on parent and community involvement and its role on student achievement, and found a ‘positive and convincing’ relationship between family involvement and academic achievement irrespective of race, age and socio-economic status. The analysis found that community involvement generated benefits for schools and students also.

Other aspects of the Catholic identity of the school have also been linked to positive outcomes. Many researchers consider these a prime explanation for the residual ‘value add’ of Catholic schools apparent after all student-level and school-level influences on performance (that are more readily subject to quantitative analysis) are considered. Marks\(^{21}\) study of school sector differences in ENTER scores is a recent example; in noting higher levels of academic performance of Catholic school students despite having similar socio-economic backgrounds to government school students, he concluded that ‘credible explanations are higher levels of parental and community involvement with Catholic schools, higher standards of discipline, and greater emphasis on academic performance’.

Finally, the values espoused in Catholic schools can readily explain other positive research findings. A recent survey of 823 students, across 15 secondary schools in Victoria, New South Wales, Queensland and the Northern Territory, found that, after adjusting for factors such as religion, year level and period of residency, students who attend a Catholic school


are 1.7 times less likely to report experiences of racism than government school students. Tolerance, mutual trust and respect are key Catholic virtues taught and practised in Catholic schools.

4.1.2 Governance

A number of recent studies have linked school autonomy as practised in the Catholic school sector to positive academic performance.

- Hanushek and Woessman (2010) reviewed the economic literature on international differences in educational achievement, and found that ‘students perform significantly better in schools that had autonomy in process and personal decisions’. Such decisions include those relating to budget allocations within schools, teacher recruitment and instructional approaches. While the study found that ‘in some areas, autonomy is negatively associated with student achievement in systems that do not have external exit exams’, this association became positive when combined with external-exam systems.

- Woessman et al. (2007) conducted country-level and school-level analysis of student achievement using data from the Program of International Student Assessment (PISA) (2003) with a focus on the impact of school autonomy. Both levels of analysis found positive impacts on educational performance where there is school autonomy over staffing decisions. The school-level analysis also found school autonomy over teacher recruitment to be positively correlated with performance. In addition, it concluded that ‘school autonomy over the budget, over salaries, and over course contents is more beneficial when measures of school accountability, especially external exit exams, hold schools accountable for their decisions’.

- Silins and Mulford (2004) conducted research on leadership, organisational learning and student outcomes and found that ‘shared learning, empowerment and leadership are pre-requisites for school improvement’. This research, and other papers, contributed to the conclusion in the recent Principal Autonomy Research Project (2007) that there is a positive relationship between school autonomy and student outcomes when school autonomy involves authority and responsibility over ‘strategies that directly impact on what occurs in the classroom and/or in support of the learner’.

- Woessman and Schuetz (2006) have analysed efficiency and equity in European education and training systems. Their analysis suggests that autonomy, coupled with external exams, led to improvements in efficiency – i.e. efficiency was improved where central standards and monitoring processes were established but individual schools determined how best to meet such standards.

Greater school autonomy and self-management is also associated with more efficient operating costs. In a review of the influence of autonomy on school performance in...
Evidence from the Interim Report of the Building the Education Revolution Implementation Taskforce supports the contention the local management arrangements in Catholic schools reduced costs and delivered better value for money. Table 4.1 summarises preliminary findings on total project costs within the sample of 427 projects across States and school sectors reviewed in the report. Notwithstanding small sample sizes, it shows significantly lower average costs per square metre in Catholic schools vis-à-vis government schools in all States except WA. (Note: separate Catholic school data for NT and ACT are not listed in the report.)

Table 4.1: Average total project cost per square metre – government and Catholic schools (preliminary data)

<table>
<thead>
<tr>
<th>State</th>
<th>Government schools</th>
<th>Catholic schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>$3,900</td>
<td>$2,823</td>
</tr>
<tr>
<td>Victoria</td>
<td>$2,849</td>
<td>$2,257</td>
</tr>
<tr>
<td>Queensland</td>
<td>$2,829</td>
<td>$1,829</td>
</tr>
<tr>
<td>Western Australia</td>
<td>$2,246</td>
<td>$3,164*</td>
</tr>
<tr>
<td>South Australia</td>
<td>$2,755</td>
<td></td>
</tr>
<tr>
<td>Tasmania</td>
<td>$2,401</td>
<td>$1,836</td>
</tr>
</tbody>
</table>

* Note that 50% of Catholic school sector projects reviewed in WA were in regional areas incurring higher costs

Source: Building the Education Revolution Implementation Taskforce: Interim Report

In examining these differences, no evidence was uncovered to suggest systemic differences in building fabric, services and furniture, fixtures and equipment. Overall, the Interim Report found that:

> Where education authorities have had the capacity to implement an extended ‘business as usual’ procurement and delivery model, and where principals’ and parents’ views have been carefully considered in project decisions, and where available flexibility in the BER Program Guidelines has been taken, schools have secured higher quality educational infrastructure outcomes and better value for money.

Subsidiarity also provides stronger encouragement for parental and community involvement in schools by affording them greater influence – so it has an important role in generating the benefits from this involvement, as discussed in section 4.1.1.

4.1.3 Accessibility and block funding

Catholic policies around school accessibility and block funding ensure that Catholic schools are able to provide access for all those who seek education in a Catholic school. They encourage access to Catholic schools, in particular for low SES students, ESL students, students with disabilities and additional learning needs, students in rural and remote areas, and other ‘disadvantaged’ cohorts.

This outcome of these policies is a factor in the diversity of the student population in Catholic schools, most notably in comparison to other non-government schools. As outlined in Chapter 2:

> There is a higher proportion of Indigenous students and students with disabilities in Catholic schools than other non-government schools

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The percentage of students attending Catholic schools/campuses outside of major cities (29%) is above the national average (28%), and markedly higher than the percentage in other non-government schools (12%).

Although Catholic school populations are highly diverse, the distribution of SES school scores within the Catholic sector is highly skewed toward disadvantage compared to other non-government schools.

Catholic schools remain far more accessible to students from low-income and middle-income families than do other non-government schools.

Catholic block funded systems cross-subsidise schools, including (in some cases) the redistribution of school-level fee income.

While accessibility to and student diversity in Catholic schools are both desirable markers of social inclusion and equity, research also suggests positive overall educational outcomes. In its analysis of high performing school systems, and strategies used to improve student outcomes, McKinsey\textsuperscript{30} determined that one of the most important attributes in top school systems is ensuring that the system is able to deliver the best possible instruction for every child.

Moreover, the overall choice in schooling that is supported by the various measures in place in the Catholic sector to increase accessibility (especially low fees) has been associated with better academic performance. Country-level analysis by Woessman et al. (2007)\textsuperscript{31} finds large positive relationships between student assessment scores and proxy measures for choice in schooling (the share of non-government schools in a country, the average share of school funding from government, and the difference in public funding between non-government and public schools). This is partly attributed to greater competition between school sectors.

\subsection{4.1.4 Summary}

The data presented in Chapter 2 indicates that the Catholic school sector is highly accessible and cost-efficient, yet relatively high performing in terms of educational outcomes.

Meanwhile, the sections above highlight a breadth of academic and other research that assesses the impact of the essential characteristics of the Catholic school sector. The evidence shows that the engagement between school and family over school identity and ethos, the Catholic school sector commitment to subsidiarity in school governance, block funding arrangements and system objectives for accessibility together work to promote higher academic performance and greater cost efficiency. In short, the research demonstrates that the strong contribution of the Catholic school sector in Australia is inextricably tied to its essential characteristics.

Figure 4.1 summarises the links between the performance of the Catholic school sector and its fundamentals. It also emphasises the close relationship between outcomes in the Catholic school sector and core objectives in the Melbourne Declaration on Educational Goals for Young Australians (2008).

\textsuperscript{30} Barber, M & Mourshed, M, 2007, How the world’s best-performing school systems come out on top, McKinsey and Company

4.2 Principles for future school funding

The preceding analysis identifies a number of basic characteristics of the Catholic school sector in Australia, which can be closely linked to its contribution as an accessible, cost-efficient and high-performing education provider.

Given the direct overlap between objectives in the *Melbourne Declaration* and the manner in which Catholic schools operate under these fundamentals, achievement of the objectives of the *Melbourne Declaration* will be strongly supported by the preservation of these fundamentals under any new system for public funding of the Catholic school sector.

In particular, the new approach to school funding will need to:

- Respect the identity of Catholic schools. Funding systems should not inhibit Catholic schools from freely expressing their identity, including by:
  - Teaching religious education and Catholic values in schools, and allowing Catholic school authorities the freedom to employ staff who will foster Catholic identity at the school level
  - Cultivating social responsibility in students
  - Nurturing parental commitment and engagement in schooling
  - Enrolment practices that encourage family commitment to supporting the Catholic identity of the school.

- Maintain the principle of subsidiarity in the Catholic school sector, which enables Catholic schools to operate under considerable autonomy with Catholic school authorities, dioceses and religious institutes assuming overall responsibility for school

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32 See *Funding Principles for Catholic Schools* (2009) for a full account of the National Catholic Education Commission's policy on school funding. This may be found at [www.ncec.catholic.edu.au](http://www.ncec.catholic.edu.au).
management. Catholic schools and systems must continue to allow school operations that have substantial input from local communities.

► Continue to allow **block funding** of Catholic State and diocesan school systems and recognise their capacity to analyse and assess school needs and so to cross-subsidise schools according to assessed local need.

► Support and encourage the right of parents to choice in schooling. Future funding arrangements should not undermine the objective of the Catholic sector for Catholic schools to be **accessible** across the community. They will need to:

► Support Catholic schools in forming a viable and affordable option for all families that seek education in a Catholic school. School choice is strengthened where the Catholic sector is provided sufficient public funding to resource student learning, especially for marginalised and disadvantaged students, without excess reliance on private income.

► Support endeavours by Catholic schools to remain affordable and accessible, with appropriate recognition of cost burdens associated with in rural and remote operations. Catholic schools should not be penalised for setting low fees.