

# The Facts on Non-Government School Funding in the ACT

An Analysis of Claims on  
School Funding by APFACTS



A Joint Paper by the Australian Education Union - ACT Branch  
and the ACT Council of P&C Associations

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## Key Points

1. The Association of Parents and Friends of ACT Schools (APFACTS) and non-government schools are currently engaged in a concerted campaign of mis-information to convince government and the community that they are inequitably funded in comparison with government schools. Their case for increased funding is littered with false claims, misleading evidence and obfuscation. It ignores key facts.
2. Independent schools in the ACT are much better funded than Catholic or government schools. Average total funding (from all sources) per student in ACT Independent schools was \$9954 in 2001 compared to \$6494 in Catholic schools and \$7616 for government schools. Total funding of ACT non-government schools at \$7387 per student was 97 per cent of that of government schools.
3. Government schools face higher superannuation costs than non-government schools. If superannuation is excluded from the above figures, the advantage held by Independent schools over all other schools is increased. Total funding for Independent school is 57 per cent higher than for Catholic schools and 41 per cent higher than government schools. Overall non-government school funding is 3 per cent higher than for government schools.
4. When the costs of the special social obligations of government schools and the in-kind donations and many forms of government assistance to non-government schools not included in funding figures are taken into account, it is clear that ACT non-government schools are very much better resourced than government schools.
5. Government funding for non-government schools, adjusted for inflation, increased by \$930 per student between 1991 and 2001 while total funding (including income from private sources) increased by \$1729 per student. Government expenditure in government schools increased by only \$533 per student over the same period.
6. Governments provide 58 per cent of total funding per student in ACT non-government schools, 73 per cent of Catholic school funding and 33 per cent of funding for Independent schools.
7. Between 1996 and 2001, governments provided 60 per cent of the total increase in ACT non-government school funding and parents contributed 40 per cent.
8. Non-government schools are better funded for students with disabilities than government schools because they do not enrol as many students with disabilities and therefore benefit disproportionately from Commonwealth financial assistance.
9. The Interest Subsidy Scheme is a major source of inequity as it enables the wealthiest schools in Canberra to gain facilities that are not available to other non-government and government schools.
10. Non-government schools are not public schools just because they receive public funds. The public education system has a distinctive democratic purpose that is not carried out by non-government schools. It exists to ensure that all children, whatever their background and circumstances, receive an adequate education for adult life. Non-government schools are not open to all children.
11. The UN Economic and Social Council has specifically rejected the interpretation of the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights as requiring governments to fund choice of education.

# Summary

## **APFACTS Claims:**

The Association of Parent and Friends of ACT Schools (APFACTS) claims that a squeeze is being placed on ACT non-government schools and that the costs of schooling are being shifted further on to non-government school communities. It asserts that there is a growing imbalance and inequity in the funding of government and non-government schools. It states that non-government schools did not receive a fair share of the \$27 million from the cancelled free bus scheme proposed by the previous ACT Government.

APFACTS also claims that non-government schools are disadvantaged by the funding arrangements for students with disabilities. It claims that substantial additional costs are unfairly shifted on to non-government school communities and that these costs should be borne by the ACT community as a whole.

APFACTS opposes the termination of the Interest Subsidy Scheme (ISS) on the grounds that it will delay capital works programs in non-government schools and make it harder for them to offer equivalent facilities to government schools. It says that the scheme provides equitable and needs based support for non-government schools.

APFACTS states that non-government and government schools should be considered as an equivalent responsibility of government. It says that non-government schools are also public schools because they receive funding from government, enrol students from the public and are open to all students. It also says that funding depends on children's rights.

APFACTS' case is littered with false claims, misleading evidence and obfuscation. It ignores contrary evidence and refuses to engage with counter arguments. It fails to acknowledge how well the non-government system has been supported by the ACT and Commonwealth Governments in recent years in comparison with the government system.

## **Government and Non-Government School Funding:**

### **Funding Levels**

Independent schools in the ACT are vastly better resourced than either Catholic or government schools. There is little difference between average funding per student in the government and non-government sectors. In reality, non-government schools are much better resourced than government schools when account is taken of the public purposes of government schooling and funding sources not included in non-government school data.

APFACTS fails to compare total funding (from all sources) per student. In 2001, total non-government school funding was 97 per cent of government school funding. The estimated cash expenditure figure for government schools was \$7616 per student compared to funding of \$7387 per non-government student, a difference of \$229 per student [Figure 1]. Average total expenditure (accruals) per student in ACT government schools was \$7937, or \$550 more per student.

The major gap in funding for schools is between the Independent and the Catholic school sectors. There is also a large gap between the Independent and government school sectors. In 2001, average total funding per student in ACT Independent schools was 41 per cent (or, nearly \$3000) higher than for Catholic schools. It was also 21 per cent (\$1690) higher than government school expenditure. Average total funding per student in the Independent sector was \$9627 compared to \$6822 per student in Catholic schools and \$7937 (or \$7616) for government schools.

The difference between funding for ACT Catholic and government schools was much less than that between Catholic and Independent schools. In 2001, per student funding in Catholic schools was 86 per cent of government school funding.

Higher superannuation expenditure in government schools accounts for the difference between average per student funding in government and non-government schools. Superannuation expenditure has little impact on the resources available to schools. If it is excluded from the above figures, ACT non-government school funding is on par with that of government schools [Figure 2]. Independent school resources are 57 per cent higher than for Catholic schools and 41 per cent higher than government schools. Overall non-government school funding is 3 per cent higher than for government schools.

Non-government schools also receive significant resources that are not included in funding figures. Private in-kind donations to non-government schools such as gymnasiums, swimming pools, other sporting facilities and information technology are omitted. They amount to much more than donations to government schools.

Several forms of government assistance to non-government schools are also omitted. These include taxation concessions, access to services provided by state and territory Departments of Education and the administration of government funding and public accountability arrangements. Some of these are actually included in government school expenditure.

Government schools have higher costs than non-government schools because they have public obligations that do not apply to non-government schools. They enrol all comers, they provide access to a local school for all students and they have a higher proportion of students in the higher cost Years 11 and 12.

Government schools enrol students from a diverse range of backgrounds. Government school enrolments have a much higher proportion of students from the lowest socio-economic status groups than Catholic and Independent schools. Students with disabilities comprise nearly 4 per cent of government school enrolments compared to 1 per cent of non-government school enrolments. Indigenous students comprise over 2 per cent of government enrolments compared to less than 1 per cent in non-government schools.

This diversity enriches school education and life. However, it also adds to system costs as outcomes for these students tend to be lower on average than those of students from more privileged backgrounds. Government schools therefore face higher costs in ensuring that all students achieve successful outcomes. This means they are comparatively worse off than Catholic and Independent schools at current funding levels.

When donations, other forms of government assistance to non-government schools and the higher costs incurred by government schools are taken into account, it is clear that non-government schools are much better resourced than government schools.

### **Increases in Funding**

There is a growing imbalance and inequity in the relative support and funding for government and non-government schools but it is in favour of non-government schools and not government schools as asserted by APFACTS. The slight nominal advantage to government schools in the re-allocation of the 'free bus' scheme money is negligible in comparison to the increases in government funding for non-government schools since 1996.

Government funding per student, adjusted for inflation, in non-government schools increased by \$930 between 1991 and 2001 while total funding (including income from private sources) increased by \$1729 per student [Figure 8]. Government expenditure in government schools increased by only \$533 per student over the same period.

Between 1996 and 2001, ACT Government funding for non-government schools increased at nearly 2 per cent a year while Commonwealth funding increased at 6 per cent a year [Attachment A: Table 5]. This compares to annual growth of 2 per cent a year in government school expenditure over the same period.

The higher growth in non-government school funding will ensure that non-government schools have a significant funding advantage over government schools by 2004 [Table 2].

Governments provide an increasing share of non-government school funding  
There is no evidence that the ACT Government is shifting the cost of schooling further on to non-government school communities. Governments have provided an increasing proportion of the funding available to ACT non-government schools in recent years.

Between 1996 and 2001, total government funding increased as a proportion of the total funding for ACT non-government schools from 56 to 58 per cent [Attachment A: Table A2]. The parent contribution to total funding declined from 44 to 42 per cent. For Catholic schools, the government contribution increased from 68 to 73 per cent of total funding and the parent contribution declined from 32 to 28 per cent. The total government contribution to Independent school funding increased from 30 to 33 per cent and that of parents declined from 70 to 67 per cent.

Governments are now the major source of funding increases for ACT non-government schools. Between 1996 and 2001, governments accounted for 66 per cent of the increase in funding and parents contributed 35 per cent [Figure 5]. In contrast, governments provided 42 per cent of the increase in non-government school funding between 1991 and 1996 and parents provided 57 per cent.

The ACT Government has also contributed to increases in non-government school funding. Between 1996 and 2001, it provided 11 per cent of the overall increase in funding compared to 3 per cent between 1991 and 1996 [Attachment A: Table A3].

The increase in government funding for non-government schools has continued since 2001 with large increases in Commonwealth Government funding. In particular, some Independent schools will receive very high funding increases. For instance, Canberra Girls Grammar and Radford College will receive an increase in Commonwealth funding of nearly 30 per cent between 2001 and 2004. Canberra Grammar primary school will receive a 75 per cent increase and its secondary school a 45 per cent increase. The increases for Catholic schools range from 25 to 38 per cent

### **Funding for Students with Disabilities:**

In making its assertions about under-funding for students with disabilities, APFACTS fails to take into account the recurrent funding non-government schools receive from the Commonwealth and ACT Governments. Non-government schools receive general funding for each student enrolled, including students with disabilities, and this should be included in estimates of the funds available for these students. APFACTS ignores the conclusions on this point by the bipartisan Senate report on the Education of Students with Disabilities.

Far from being under-funded to support students with disabilities, non-government schools are actually better funded for this purpose than are government schools. Non-government schools enrol fewer students with disabilities and therefore they benefit disproportionately from Commonwealth financial assistance.

Government funding for non-government schools is 54 per cent of the total funding of government schools. Yet, non-government schools only enrol 29 per cent of the proportion of students with disabilities enrolled in government schools. Thus, they are able to allocate a higher rate of

funding to students with disabilities than is indicated by their pro rata funding for students with disabilities through grants from the Commonwealth and ACT Governments.

### **Interest Subsidy Scheme:**

Contrary to the assertions of APFACTS, the ISS is a major source of inequity as it enables the wealthiest schools in Canberra to gain facilities that are not available to other non-government and government schools.

Some 60 per cent of the \$17 million already committed under this scheme will go to Canberra Girls' Grammar, Canberra Grammar and Radford College. These schools use the scheme to fund interest payments on extensions to existing facilities such as sports stadiums, gymnasiums and swimming pools that are not available in government schools or, indeed, in most other non-government schools.

ACT non-government schools will continue to have access to Commonwealth Government capital works program and establishment grants. The Commonwealth Block Grant program provides about \$2 million a year for non-government school capital projects. The ACT Government will continue to provide free land grants for new non-government schools.

### **The Role of Government and Non-Government Schools:**

APFACTS attempts to paint non-government schools as being similar to government schools. Its case fails spectacularly.

The government school system has a distinctive democratic purpose that is not carried out by non-government schools. In a democratic society, all children should be supported as a matter of principle to achieve an adequate level of education to sustain them in adult life. Education for all also provides for a well-informed citizenry which is needed, in turn, to sustain a democratic society.

It is this democratic public purpose that demands that governments give priority to supporting a high quality government school system. Government schools have more extensive social obligations than non-government schools. They have the obligation to enrol anyone and educate all who attend. Public education provides access to all. For example, they enrol much higher proportions of students from disadvantaged backgrounds, students with disabilities, students with behavioural difficulties and Indigenous students than do non-government schools.

APFACTS makes the extraordinary assertion that non-government schools are open to all students. This is clearly at odds with the facts. Fees act as an exclusion barrier, in many cases, as a very high exclusionary barrier. Many non-government schools also use formal selection processes. Others use informal processes to discourage enrolment by 'undesirable' students. Expulsion of students also offers a quick and easy way to exclude certain students. Government schools take on those students excluded by non-government schools and, while this is a proper role for government schools, it adds to the call on resources.

APFACTS is incorrect in asserting that the United Nations rights to education and choice of school entitles funding for that choice. The UN has specifically rejected this proposition.

# Analysis of APFACTS Claims

## Introduction:

The Association of Parents and Friends of ACT Schools (APFACTS) and non-government schools are currently engaged in a concerted campaign of mis-information to convince government and the community that they are inequitably funded in comparison with government schools. This paper examines their claims and their case for increased funding.

The summary of claims presented by APFACTS has been drawn from the following documents:

- APFACTS Newsletters 1.03 and 2.03;
- letter to the Minister of Education from APFACTS, 6 June 2003;
- Funding for Students with Disabilities.

These documents are available on the APFACTS website.

The claims presented by APFACTS are discussed under the following headings:

- the role of government and non-government schools;
- trends in funding for non-government schools;
- the rationale for government funding of non-government schools;
- changes to ACT government funding of non-government schools;

## The Role of Government and Non-Government Schools:

### **Claim 1:** *Non-government schools should be treated as public schools*

APFACTS criticises the ACT Education Minister for stating that her primary responsibility is to the government school system. It says that the government role in education is to support all students. It claims that the primary responsibility of government is oversight of the whole education system and ensuring that there is a balanced, high quality and innovative education system for all. It acknowledges that a key role of government is to provide a quality government school education system.

This exposition of the role of government in education minimises the different roles of private and public schools. Indeed, APFACTS claims that non-government schools should be treated as public schools because they all receive funding from government and they take enrolments from the public. It makes no distinction between the roles of government and non-government schools in society.

However, there are real differences between private and public schools in regard to their social role and purposes and they imply a differential role for government in each sector.

All schools contribute to the wider social purposes of schooling. They play a key role in the renewal of knowledge, skills and cultures for each new generation in society and to provide students with the individual capacities to function in adult society.

Government schools also perform a broader, distinctive democratic role in society. In a democratic society, all children should be supported as a matter of principle to achieve an adequate level of education to sustain them in adult life. Education for all also provides for a well-informed citizenry, which is needed to sustain a democratic society.

It is this democratic public purpose that demands priority for government schools by governments. The ACT Minister for Education has, quite properly, asserted her primary responsibility to be to the government school system.

The democratic purpose of public education is expressed in several goals of government school systems. These include:

- to ensure access to a high quality education for all students irrespective of class, gender, racial, ethnic and religious background (non-discrimination and universality of access);
- to provide a school system that is free and open to all comers;
- to provide a broad and balanced secular education to all students;
- to promote mutual respect and tolerance between students of different social and cultural backgrounds;
- to provide for parent, teacher and student participation in decision-making at all levels;
- to ensure equity in education outcomes; and
- to provide public facilities for local communities in terms of meeting places, playgrounds and ovals.

Government schools have extensive social obligations that do not apply to non-government schools. Government has to meet society's obligations to all children to provide an adequate education for participation in adult society. This means taking all comers without discrimination or selection, providing access to special education facilities, providing facilities to ensure reasonable physical access to education in all locations of the country (including special arrangements in remote locations). For example, they enrol much higher proportions of students from disadvantaged backgrounds, students with disabilities, students with behavioural difficulties and Indigenous students than do non-government schools.

Non-government schools do not perform this democratic role in society. Non-government schools provide education only to those who can pay and, in most cases, other exclusionary arrangements apply as well. Many discriminate in various ways by selecting students, they charge fees, most provide a religious-based education, few provide for parent, teacher and student participation in decision-making and even fewer serve as public facilities outside school hours. Most importantly, the goal of achieving equity in education is totally absent from the private system; indeed, the role of many of these schools is to support inequity in education and society by perpetuating advantage.

Equity in school outcomes is a key part of the democratic purpose of government schools. It means that all children should receive an education that enables them to fully participate in adult society in ways of their choosing. It means also that the range and distribution of outcomes should be similar for students from different social backgrounds.

APFACTS, in contrast, asserts that equity is not an end in itself. It views equity solely in terms of funding for government and non-government schools. APFACTS cannot afford to endorse equity in education outcomes because this goal challenges the whole purpose of non-government schooling. The purpose of some non-government schooling is to obtain advantage in education through the payment of fees and the selection of students. In short, its purpose is to promote inequity in outcomes.

**Claim 2:** *It matters little who take responsibility that education is effective. Funding depends more on the rights of the children than accountability for expenditure and the ACT Government has a responsibility to fund non-government schools at an appropriate standard.*

This claim is mistaken on two counts. It is based on a selective reading of statements on human rights by the United Nations and it minimises the basic obligation of accountability for the use of taxpayer provided funding.

APFACTS repeatedly cites the Universal Declaration of Human Rights that "parents have the right to choose the kind of education that shall be given to their children". This was subsequently

elaborated by the International Covenant on Economic, Social and Cultural Rights (ICESCR) and given a formal interpretation by the UN Economic and Social Council.

The ICESCR devotes two articles (13, 14) to the right to education. Article 13 (3) provides for parents and guardians to choose other than public schools for their children if they so wish, provided the schools conform to such minimum educational standards as may be laid down or approved by the State.

While these statements establish rights about education they do not establish rights to funding for choice of education. APFACTS is simply incorrect in its assertion that funding depends on the rights of children. The UN Economic and Social Council has specifically rejected such an interpretation. In its commentary on Article 13 (3) of the ICESCR<sup>1</sup>, it states:

A State party has no obligation to fund institutions established in accordance with article 13 (3) and (4); however, if a State elects to make a financial contribution to private educational institutions, it must do so without discrimination on any of the prohibited grounds.

APFACTS also minimises the importance of accountability in the funding of non-government schools. APFACTS wants minimum government control over the education provided in non-government schools but maximum support from the taxpayer.

It is a fundamental principle that those who receive funding from the taxpayer should be accountable for that funding and that its use should accord with government funding objectives. Yet, accountability requirements for non-government schools are much less stringent than for government schools. For example, a major difference in the ACT concerns the audit of school census data. Government funding of non-government schools is determined on the basis of the number of students enrolled in each school. Yet, non-government schools are not subject to an audit of their census figures in the same way or to the same extent as are government schools.

Another significant difference in accountability arrangements concerns public disclosure of financial statements. All ACT government schools are required to publicly report their financial statements whereas there is no such requirement for non-government schools, despite receipt of substantial government funds which, in many cases, amounts to over 50 per cent of their total funding.

Governments should ensure that all non-government schools are resourced at an appropriate level to ensure a quality education for students. This level should be determined by government school costs, adjusted for the different levels of need in government and non-government schools.

**Claim 3: *Non-government schools are open to all students.***

The right to select students is another feature that differentiates the role of non-government schools from that of government schools. APFACTS makes the extraordinary assertion that non-government schools are open to all students. This is clearly at odds with the facts.

In the first place, fees act as an exclusion barrier. While there is a large range of fees in ACT non-government schools, some have very high fees which preserve a highly selective intake. For example, the average of fees and charges in ACT Independent schools in 2001 was \$5738.<sup>2</sup> As a result, the proportion of students in these schools from low socio-economic backgrounds is much

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<sup>1</sup> UN Economic and Social Council, Committee on Economic, Social and Cultural Rights, The Right to Education, General Comment 13, para 54, E/C.12/1999/10, 8 December 1999.

<sup>2</sup> Ministerial Council on Employment, Education, Training and Youth Affairs, *National Report on Schooling in Australia 2001*, Table 26.

lower than that for government schools. Even in the Catholic sector the average of fees and charges was \$1493 in 2001.

Many non-government schools also use informal selection processes to discourage 'undesirable' students by self-selection. A formal interview with parents to assess their attitudes and those of their child is a primary means of this. It is very easy to suggest that an "undesirable" student will not fit into the culture and ethos of a school and to suggest that the parents consider other options.

APFACTS in fact acknowledges the selection process of many non-government schools as it states that there has to be some form of selection because there is high demand for some schools, whether in the government or non-government sectors. If this were the only concern, these schools would hold ballots or have a simple rule such as first come, first served. Instead, formal and informal selection is the general rule in the Independent sector and many Catholic schools.

Expulsions and suspensions of students also offer a quick and easy way to exclude certain students. Non-government schools freely use their expulsion option. This is a form of selection. Government schools then take on the ejected students.

### **Trends in Non-Government School Funding:**

**Claim 4:** *Most non-government schools are less resourced than government schools.*

The validity of this claim can be assessed by reference to student/staff ratios and total funding available for schools.

#### **Student/Staff Ratios**

APFACTS compares student-staff ratios in government and non-government schools in 2001 to support this claim. Student/teacher ratios in ACT government primary and secondary schools were 16.5 and 12.1 respectively compared to 19.9 and 13.1 in non-government schools.

APFACTS fails to distinguish between the independent sector and the Catholic system in making such comparisons. As a result, it ignores significant advantages in resourcing for Independent schools compared to Catholic schools. Generally, Independent schools are much better resourced than either Catholic or government schools. Student/ staff ratios for 2002 are shown in Table 1.

**Table 1: Student/staff ratios in ACT Schools, 2002**

	<b>Government</b>	<b>Catholic</b>	<b>Independent</b>	<b>Non-Government</b>
<b>Primary</b>	15.8	20.0	15.2	18.7
<b>Secondary</b>	12.0	13.7	11.4	12.9
<b>Total</b>	13.9	16.3	12.7	15.2

Source: Australian Bureau of Statistics, Schools Australia 2002, Table 54, Catalogue no. 4221.0.

Independent primary schools are 24 per cent better resourced than Catholic schools and 17 per cent better resourced in the case of secondary schools. Overall, Independent schools are about 22 per cent better resourced than Catholic schools.

A feature of these comparative student/staff ratios is that the Catholic school system appears to make a policy choice to have much higher student/staff ratios in primary school than secondary school. Although student/staff ratios in Catholic secondary schools are higher than in other schools they are much closer to those of other schools than in the case of the primary school ratios. The student/staff ratio for Catholic secondary schools was 20 per cent higher than for Independent schools and 14 per cent higher than in government schools in 2000 but the primary

school ratio was 32 and 27 per cent higher respectively. Thus, the difference between student/staff ratios in Catholic primary schools and all other ACT primary schools was nearly double that for secondary schools.

### **School Funding**

It is difficult to make precise comparisons of funding between government and non-government schools because of inconsistencies in the way the figures are compiled. Reasonable comparisons can be made using data published in Report on Government Services by the Steering Committee for the Review of Commonwealth/State Service Provision and in the National Report on Schooling in Australia published by the Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA).

A cash-based and an accruals-based expenditure measure are available for government schools. The cash expenditure series provides a better basis for comparison of government and non-government school funding because capital expenditure is treated in a similar way to that of the non-government school measure. This series excludes some accruals from government school expenditure that are included in the non-government school figures. However, the non-government school figures also exclude private in-kind donations and several forms of government assistance to non-government schools.

Both the cash-based and accruals measures include superannuation expenditure. A total income measure is used for non-government schools because it indicates the level of resources available to these schools.

- **Funding levels**

There is little difference between average funding per student in the government and non-government sectors. Total non-government school funding was 97 per cent of government school funding in 2001. The estimated cash expenditure figure for government schools was \$7616 per student compared to funding of \$7387 per non-government student, a difference of \$229 [Figure 1].<sup>3</sup> Average total expenditure (accruals) per student in ACT government schools was \$7937, or \$550 per student more than non-government school funding.

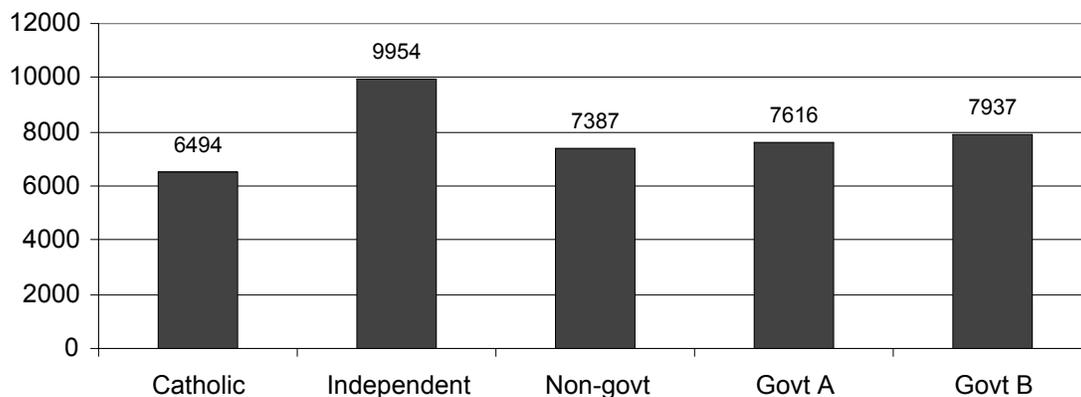
This difference between government and non-government school resourcing is small in comparison to the difference between the Independent and the Catholic school sectors and also between the Independent and government sectors. In 2001, average total funding of the Independent sector was \$3460 per student higher than for Catholic schools, at least six times the difference between government and non-government school funding. The average total funding per student in the Independent sector was \$9954 compared to \$6494 per student in Catholic schools [Figure 1, Attachment A: Table A1]. Total funding per ACT Catholic school student was only 65 per cent of that available to Independent school students.

The difference between funding for ACT Catholic and government schools was less than half of that between Catholic and Independent schools. In 2001, government school expenditure was \$1122 per student higher than that of Catholic schools (or \$1443 according to the cash-based measure). Funding in Catholic schools was 85 (or 82) per cent of government school funding.

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<sup>3</sup> The cash expenditure series is no longer published and the figure for 2001 was estimated on the basis of the increase in the accruals figure for 2000-01 compared to 1999-00. The government school accruals figure is taken from the Steering Committee for the Review of Commonwealth/State Service Provision, *Report on Government Services 2003*, Attachment 3A, Table 3A.7, AusInfo, Canberra. The non-government school figure is taken from the Ministerial Council on Employment, Education, Training and Youth Affairs, *National Report on Schooling in Australia 2001*, Table 26.

**Figure 1: ACT school funding by sector, 2001 (\$ per student)**



ACT government school funding per student was only 77 (or 80) per cent of the total funding available to Independent school students in the ACT. Average total funding per student in ACT Independent schools was \$2338 (\$2017) higher than expenditure on government school students.

Thus, the great disparity in resourcing of ACT schools is between Independent schools on the one hand and Catholic and government schools on the other. APFACTS ignores this large disparity and focuses instead on the lesser difference between average funding for government and non-government schools.

- **Adjustment for superannuation**

Superannuation expenditure has little impact on the resources available in schools. Its exclusion from funding/expenditure figures gives a better indication of the comparative resources that are available to school sectors for the education of students.

Superannuation expenditure is much higher in ACT government schools than non-government schools. This higher expenditure largely accounts for the overall difference in funding between the two sectors.

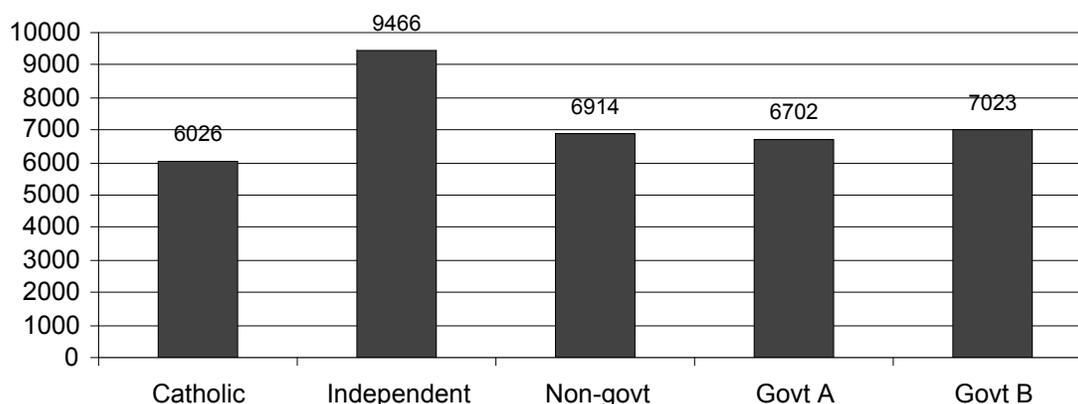
Government school staff in the ACT have access to the special benefits provided by the Commonwealth superannuation schemes, especially the older scheme that was used to attract people to the ACT. The superannuation benefits available to non-government school staff are considerably less than those provided by the Commonwealth Government, although there may be significant differences between some Independent schools and other non-government schools. Superannuation expenditure in ACT government schools in 1999-00 was \$857 per student<sup>4</sup>, or 12 per cent of total cash expenditure and 11.5 per cent of accruals expenditure. This compared with a national average of \$445 per student.<sup>5</sup> This is likely to be a comparable figure for superannuation expenditure in ACT non-government schools. On this basis, it accounted for 7.2 per cent of Catholic school funding, 4.9 per cent of Independent school funding and 6.4 per cent of non-government school funding in 1999-00.

<sup>4</sup> This estimate is derived from superannuation expenditure data published in Steering Committee for the Review of Commonwealth/State Service Provision, *Report on Government Services 2002*, Attachment 3A, Table 3A.28, AusInfo, Canberra. An average enrolment figure for 1999 and 2000 is used.

<sup>5</sup> Ministerial Council on Employment, Education, Training and Youth Affairs, *National Report on Schooling in Australia 2000*, Table 28 (refer note b).

These percentages can be used to adjust total funding in 2000-01 to exclude superannuation expenditure.<sup>6</sup> The adjusted funding figures are shown in Figure 2.

**Figure 2: ACT school funding by sector, excluding superannuation, 2001 (\$ per student)**



On the basis of these adjustments, the resources available to ACT non-government schools are 3 per cent higher than for government schools or only 1 per cent below that of government schools. Independent school resources are 57 per cent higher than for Catholic schools.

- **Income excluded from non-government funding**

The above estimates are conservative. They are based on measures that are constructed in such a way that the resources available to non-government schools tend to be under-estimated in comparison with government school expenditure.

Private in-kind contributions to non-government school facilities and resources are omitted from non-government school funding and these are likely to be higher than fees and donations to government schools, which are also omitted. Several forms of government assistance to non-government schools are omitted and some are actually included in government school expenditure.

Tax deductions for donations to capital expenditure in non-government schools is a significant form of government assistance that is not included in published data on non-government school funding. Donations contribute about 7 per cent of total non-government school funding and it is estimated that about a third of these are funded by tax deductions.<sup>7</sup>

Another form of government assistance to non-government schools is access to professional resources such as resource centres and curriculum development resources free of charge. Non-government schools also have access to assessment services, such as Year 12 examinations and provision of UAI scores, funded by governments.

The costs of providing these services provided to non-government schools are not included in the measure of non-government school funding. Instead, these costs are actually included in total government school expenditure. As a result, total funding for non-government schools is underestimated while total funding for government schools is overestimated by this amount.

<sup>6</sup> The estimates of superannuation expenditure per student are: Government \$914; Catholic \$468; Independent \$488 and Non-government \$473.

<sup>7</sup> Gerald Burke and Michael Long, The evolution of school funding: the ACT and Australia, Paper prepared for the Inquiry into ACT Education Funding, 12 December 2002.

The whole system of administration for government funding of non-government schools and ensuring public accountability for the quality of schooling is borne by the taxpayer but is not included in non-government school funding estimates. For example, registration of non-government schools and the approval of curriculum is provided free of charges. The administration of other public accountability requirements is also provided by governments without charge. Similarly, administration of the funding arrangements for non-government schools is not included in estimates of non-government school funding.

Non-government schools also have the advantage of being able to borrow against future income. Government schools do not have direct access to borrowing to enhance their resources. Government schools benefit from overall government borrowing but this is more determined by economic policy priorities than those of schools.

If adjustments were made to take account of the range of other resources available to non-government schools but not included in funding figures, it is clear that non-government schools are not under-resourced in comparison with government schools. In reality it is government schools that are under-funded. Non-government schools would have a significant funding advantage over government schools.

- ***Social obligations of government schools***

APFACTS also fails to take account of the different public purposes of government and non-government schools. Government schools have public obligations that do not apply to non-government schools. These include maintaining a system of local schools to provide access for all and taking all who turn up including those with special needs, those with learning and behavioural problems and those excluded from non-government schools. Meeting these needs imposes higher per student costs on government schools and makes them comparatively worse off than Catholic and Independent schools at current funding levels.

Government school enrolments have a much higher proportion of students from the lowest socio-economic status groups than Catholic and Independent schools. Students with disabilities comprise nearly 4 per cent of government school enrolments compared to 1 per cent of non-government school enrolments. Indigenous students comprise over 2 per cent of government enrolments compared to less than 1 per cent in non-government schools.

This diversity enriches school education and life. However, it also adds to system costs as outcomes for these students tend to be lower on average than students from more privileged backgrounds. Government schools therefore face higher costs in ensuring that all students achieve successful outcomes. This means they are comparatively worse off than Catholic and Independent schools at current funding levels.<sup>8</sup>

- ***Differences in retention rates***

ACT government schools also incur higher costs than non-government schools because they have a higher proportion of students in Years 11 and 12. School costs are much higher in the senior secondary years than in Years 7-10. In 2001, 37 per cent of secondary school students in the government sector were in Years 11 and 12 compared to 26 per cent in non-government schools. In terms of overall enrolments, 16 per cent of government school students were in Years 11 and 12 compared to 13 per cent of non-government school students.

- ***Funding projections***

APFACTS also fails to take account of the impact of differential growth in funding on projections of comparative levels of funding for ACT school sectors. Several estimates are compared in Table 2.

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<sup>8</sup> ACT Council of P&C Associations, A Fair Go for All Kids: Funding for Equity and Excellence in ACT Schools Part 1, Submission to the Inquiry into ACT Education Funding, July, 2002.

**Table 2: Current and Projected Funding Ratios, 2000-01 and 2003-04**

School Sector	2000-01	Estimate 1	Estimate 2	Estimate 3	Estimate 4
Govt/Non-govt <sup>a</sup>	1.03	0.97	0.95	0.95	0.93
Govt/Non-govt <sup>b</sup>	1.07	1.04	1.02	1.02	1.00
Govt/Catholic <sup>a</sup>	1.17	1.11	1.09	1.09	1.06
Govt/Catholic <sup>b</sup>	1.22	1.19	1.17	1.16	1.14
Govt/Ind <sup>a</sup>	0.77	0.72	0.70	0.71	0.69
Govt/Ind <sup>b</sup>	0.80	0.77	0.75	0.76	0.74
Catholic/Ind	0.65	0.65	0.65	0.65	0.65

Source: Attachment B.

Notes: (a) Cash-based series, including superannuation.  
(b) Accruals-based series, excluding capital charges.

The existing difference between non-government and government school funding and between Catholic and government school funding is likely to be narrowed significantly by 2003-04. Government school funding is likely to be below total non-government school funding or at about the same level, depending on which funding figures are used. Government school funding is likely to remain higher than Catholic school funding but the difference between the two sectors will be significantly reduced. The funding advantage of Independent schools over government schools is likely to widen while the current advantage of Independent schools over Catholic schools will be maintained.

It is apparent that non-government schools will be vastly better off than government schools by 2004 if these projections were adjusted to exclude superannuation expenditure, take account of income omitted from the measure of non-government school income and take account of the social purposes and higher costs of government schools.

**Claim 5:** *The ACT Government is attempting to shift the cost of schooling in the ACT even further on to non-government school communities.*

This assertion is not supported by the facts. The evidence clearly shows that the ACT Government is not shifting the cost of schooling on to non-government school communities. Indeed, the reverse is the case. Governments have provided an increasing proportion of the funding available to ACT non-government schools in recent years.

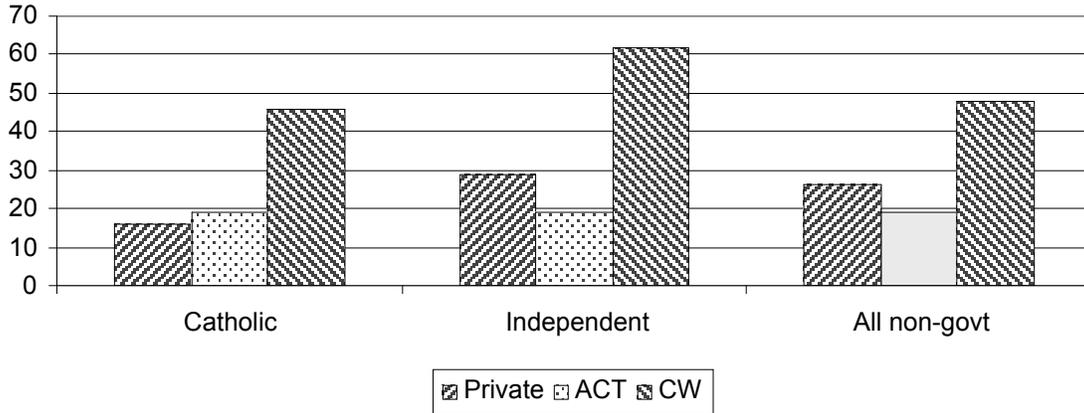
Between 1996 and 2001, total government funding has increased as a proportion of the total funding available to ACT non-government schools, from 56 to 58 per cent [Attachment A: Table A2]. The parent contribution to total funding declined from 44 to 42 per cent. For Catholic schools, the government contribution increased from 68 to 73 per cent of total funding and the parent contribution declined from 32 to 28 per cent. In the case of Independent schools, the total government contribution increased from 30 to 33 per cent and that of parents declined from 70 to 67 per cent.

Government funding for ACT non-government schools has increased by much more than funding by parents since 1996. The Australian Government is the main source of government funding for non-government schools. Between 1996 and 2001, its funding increased by nearly twice that of private funding – 48 per cent compared to 26 per cent (Figure 3). Australian Government funding of Catholic and Independent schools increased by 46 and 62 per cent respectively between 1996 and 2001 while parent funding increased by only 16 and 29 per cent respectively (Figure 3). ACT Government funding increased by slightly more than private funding in Catholic schools but was less than the increase in private funding for Independent schools.

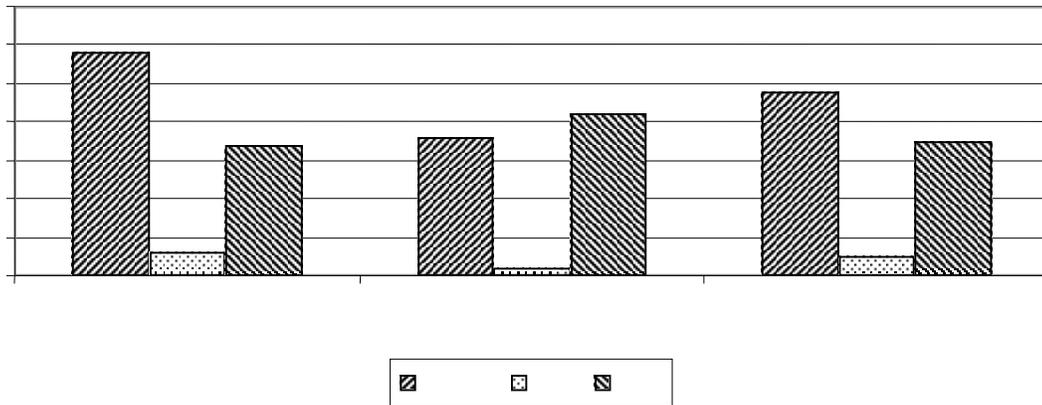
This pattern of increases in funding by source for non-government schools is considerably different to that of the earlier period of 1991-1996. In this period, private funding for all non-government schools increased by more than government funding – 48 per cent compared to an increase of 35 per cent in Australian Government funding (Figure 4). Private funding of Catholic

schools increased by 58 per cent compared to an increased in Australian Government funding of 34 per cent. Private funding of Independent schools increased by 36 per cent compared to 42 per cent in Australian Government funding.

**Figure 3: Increase in per student funding by source in ACT non-government schools, 1996-2001 (%)**



**Figure 4: Increase in per student funding by source in ACT non-government**

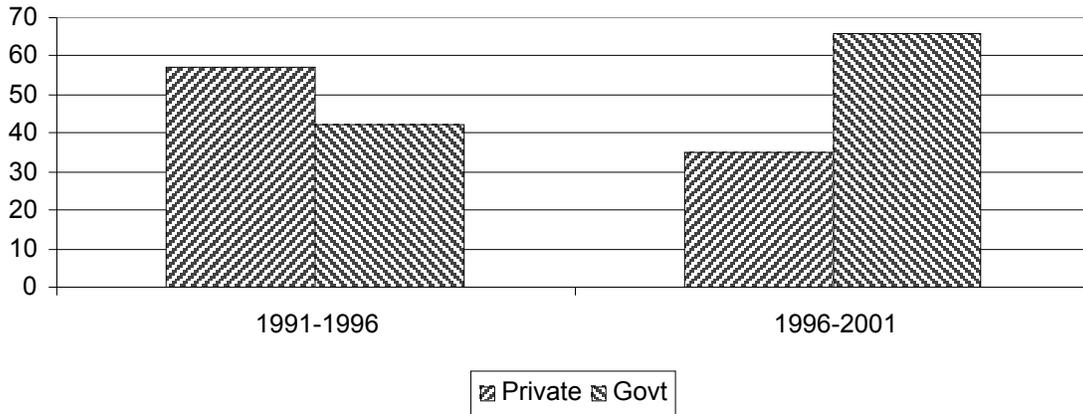


Governments have provided the large proportion of funding increases for ACT non-government schools over the past decade. The Australian and ACT Governments provided 56 per cent of the increase in non-government school funding between 1991 and 2001 compared to 44 per cent provided through fees, charges and donations (Attachment A: Table A3).

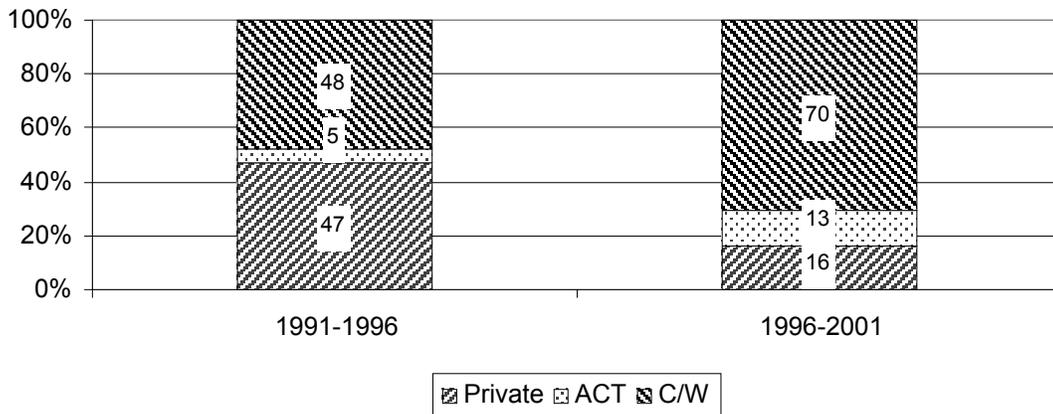
The dependence on government for funding increases has strengthened in recent years as a result of the above trends. Between 1996 and 2001, governments accounted for 66 per cent of the increase in total funding for non-government schools compared to 35 per cent by private sources (Figure 5). In comparison, governments provided 42 per cent of the increase in non-government school funding between 1991 and 1996 and parents provided 57 per cent. The dependence on government for funding increases was particularly strong in the Catholic sector. Governments contributed 83 per cent of the total increase in funding to ACT Catholic

schools between 1996 and 2001 compared to 16 per cent from private sources (Figure 6). By comparison, the respective contributions for 1991 to 1996 were 53 and 47 per cent. The ACT Government contribution increased from 5 to 13 per cent and the Commonwealth contribution increased from 48 to 70 per cent.

**Figure 5: Contribution by source to increase in ACT non-government school funding, 1991-2001 (%)**



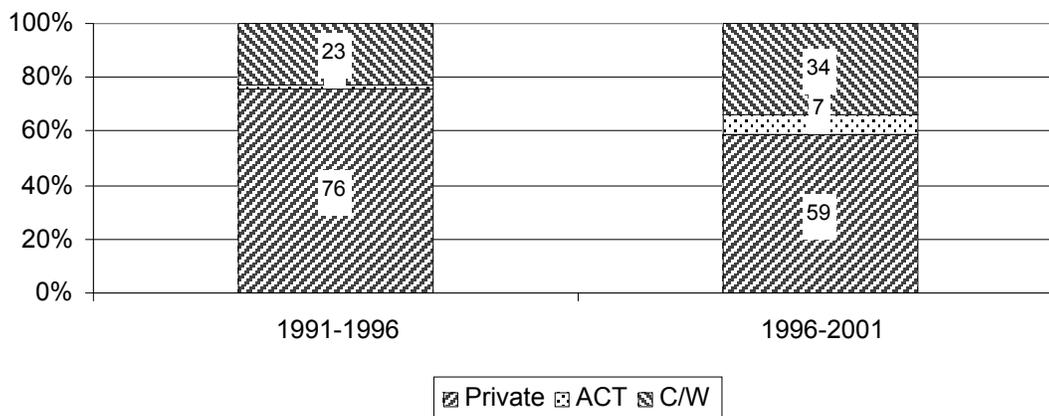
**Figure 6: Contribution by source to increase in ACT Catholic school funding, 1991-2001 (%)**



The government contribution to the increase in funding for ACT Independent schools expanded from 24 per cent in the early 1990s to 41 per cent in the late 1990s while the parent contribution fell from 76 to 59 per cent [Figure 7]. The ACT Government contribution to the funding increases grew from 1 to 7 per cent and that of the Commonwealth from 23 to 34 per cent.

Another view of the declining contribution of private funding for non-government schools can be obtained from Attachment A: Table A5. Growth in government funding was almost three times higher in the second half of the decade than in the first half. It shows that growth in private funding for non-government schools was much lower in the late 1990s than the early 1990s.

**Figure 7: Contribution by source to increase in ACT Independent school funding, 1991-2001 (%)**



Clearly then, the burden of providing increases in funding to ACT non-government schools has shifted to the ACT and Commonwealth Governments and away from parents in recent years.

This shift has continued since 2001 with an overall increase in Commonwealth funding for non-government schools. For example, between 2001 and 2004, Canberra Girls Grammar and Radford College will have received an increase in Commonwealth funding of nearly 30 per cent, Canberra Grammar primary school will receive a 75 per cent increase and its secondary school a 45 per cent increase. The increases for Catholic schools range from 25 to 38 per cent.<sup>9</sup> These increases are much higher than fee increases in these schools.

**Claim 6: *There is a growing imbalance and inequity in the relative support and funding for the government and non-government sectors.***

This statement is true, but the balance is in favour of the non-government sector. Both government funding and total funding of non-government schools increased at a much faster rate than funding of government schools during the 1990s. This has been exacerbated in more recent years with the new Commonwealth Government approach to funding non-government schools introduced from 2001.

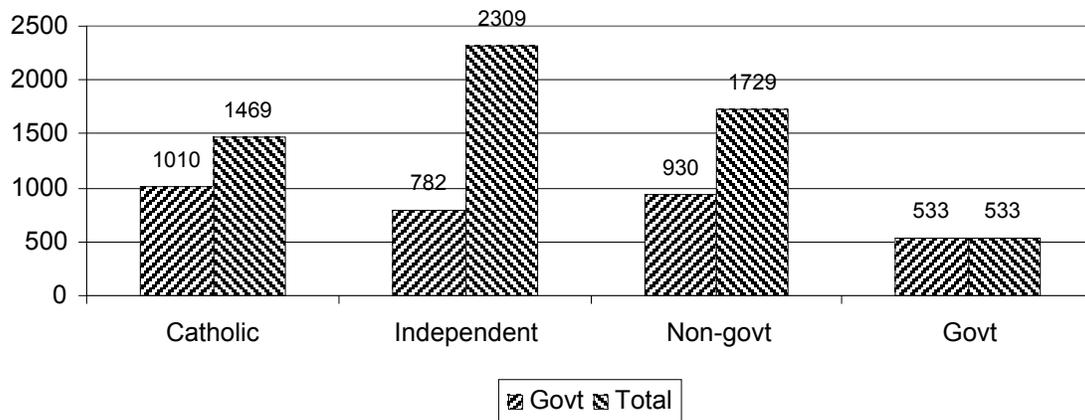
Government funding for ACT schools clearly favoured the non-government sector during the 1990s. Government funding per student, adjusted for inflation, in non-government schools increased by \$930 between 1991 and 2001 while total funding (including income from private sources) increased by \$1729 per student [Figure 8]. Government expenditure in government schools increased by only \$533 per student over the same period.<sup>10</sup>

<sup>9</sup> These figures are published in the Report of the Inquiry into ACT Education Funding (Connors Report), ACT Department of Education, Youth and Family Services, January, 2003, p. 79. The figures are derived from data presented to the Senate Estimates by the Commonwealth Department of Education, Science and Training in response to Question E305, February 2002.

<sup>10</sup> These funding figures have been estimated from data published in the National Report on Schooling. Figures for more recent years have not yet been published. The non-government school figures include expenditure on superannuation, which is excluded from the data series used for government schools expenditure. This exclusion has little impact on comparisons of increases in real expenditure. Government school expenditure for 2000-01 was estimated on the basis of the increase in the accruals series for 2000-01 compared to 1999-2000.

Annual growth in real total government (Commonwealth and ACT) expenditure per student in non-government schools was three times that for government schools between 1991 and 2001 [see Attachment A: Table A5]. Government funding for non-government schools increased at 3.3 per cent a year compared to 1.1 per cent a year for government schools. Total funding (including income from private sources) for non-government schools increased at 3.7 per cent a year, three and a half times that of government schools.

**Figure 8: Increase in real funding per student in ACT schools, 1991-2001 (\$1989-90)**



There was little difference in the growth of real funding for Catholic and Independent schools. Total real government funding per student in Catholic schools increased by 3.4 per cent a year between 1991 and 2001 compared to 3.8 per cent a year for Independent schools. Total funding per student grew at 3.6 per cent a year in Catholic schools compared to 3.7 per cent a year for Independent schools.

Growth in real government expenditure on non-government schools was entirely due to growth in Commonwealth Government funding between 1991 and 2001. Commonwealth funding increased at 5 per cent a year while there was virtually no growth in real ACT Government funding for non-government schools. However, in the last half of the 1990s, ACT funding for non-government schools increased at nearly 2 per cent a year while Commonwealth funding increased at over 6 per cent a year. This compares to annual growth of 2 per cent a year in real expenditure on government schools over the same period.

**Claim 7: Insufficient support for students with disabilities in the non-government sector.**

APFACTS claims that the current funding arrangements unfairly shift the substantial additional costs associated with students with disabilities on to non-government schools. It says that it is reasonable that these costs be borne by the ACT community as a whole. Funding for students with disabilities should be the same in both sectors.

It also refers to what it terms “the gross inequality in funding for children with disabilities in mainstream schools”. It states that “parents of children in a non-government school have to pick up the full cost of a child with special needs if the Government does not do so”.

APFACTS fails to present evidence to substantiate these assertions. The reality is that, far from being under-funded to support students with disabilities, non-government schools are actually better funded for this purpose than are government schools.

APFACTS fails to take into account the recurrent funding non-government schools receive from the Commonwealth and ACT Governments. Non-government schools receive general funding for each student enrolled, including students with disabilities, and this should be included in estimates of the funds available for these students.

A simple way to assess whether non-government schools are under-funded for students with disabilities in comparison with government schools is to compare the ratio of per capita government funding for non-government schools to government schools with the ratio of the proportion of students with disabilities in non-government and government schools. These ratios are given in Table 3.

**Table 3: Ratios of ACT Non-Government to Government Schools for Government Funding and Enrolments of Students with Disabilities**

	Catholic	Independent	Non-Government
<b>Government funding</b>	0.59	0.41	0.54
<b>Students with disabilities</b>	0.29	0.29	0.29 (0.29)

Source: Attachment A: Table A6

Clearly, ACT non-government schools are not performing the same social obligation as government schools in regard to students with disabilities. Government funding for non-government schools is 54 per cent of the total funding of government schools. However, non-government schools only enrol 29 per cent of the proportion of students with disabilities enrolled in government schools. In other words, non-government schools are able to allocate a higher rate of funding to students with disabilities than is indicated by their pro rata funding for students with disabilities through grants from the Commonwealth and ACT Governments.

The funding outcome can be illustrated by the following example in which it is assumed that the average additional cost per student with a disability in the government sector is \$15000. As government funding for Catholic schools is 59 per cent of total government funding they would receive an additional \$8850 per student with a disability. If they enrolled these students in the same proportion as government schools, they would have enrolled 489 students. Given their actual enrolment of 136 students, students with disabilities are under-represented in Catholic schools by a factor of 3.6. This means that Catholic schools are effectively receiving an additional \$31860 for each student with a disability, or over double (112 per cent) the additional funding applied to students with disabilities in the government sector.<sup>11</sup>

Independent schools would receive \$6150 per student. If they enrolled students with disabilities in the same proportion as government schools, they would have 382 students. Given their actual enrolment of 112 students, students with disabilities are under-represented in Independent schools by a factor of 3.4. Thus, they are effectively receiving an additional \$20910 for each student with a disability, or 39 per cent more than the additional funding provided to students with disabilities in the government sector.

These estimates do not take account of additional grants provided to non-government schools for students with disabilities by the ACT and Commonwealth Governments. If these were taken into account, it would increase the disparities in funding for students with disabilities in favour of non-government schools.

Thus, the much lower ratio of students with disabilities to total enrolments in ACT non-government schools than occurs in the government sector means that non-government schools

<sup>11</sup> Even if Catholic schools contradicted their own Christian values and adopted a purely mercenary policy of only enrolling students with disabilities in proportion to the government funding ratio (that is, 59 per cent), they would be still under-represented by a factor of 2.2. In this case, they would receive an additional \$19470 per student, or 30 per cent more than the funding for these students in the government sector.

receive significantly more funds per student with a disability than a student in a government school.

This deficiency in the case presented by non-government schools is now widely acknowledged. For example, a bi-partisan Senate committee report<sup>12</sup> on students with disabilities made the following conclusion about the case presented by the non-government school sector:

The committee also notes that the Commonwealth funding formula for the non-government school sector reflects actual expenditure by the two levels of government on government schools. This includes the funds allocated for students with disabilities and the support services provided. Therefore the Commonwealth funds provided to non-government schools through the general recurrent grants implicitly includes a proportion of funding for the education of students with disabilities. Where non-government schools either do not enrol many students with disabilities or where they do not provide appropriate levels of support for students with disabilities, they benefit disproportionately from Commonwealth financial assistance. The committee agrees that the needs of students with disabilities in this sector would be more appropriately served if the sector made better use of its current resources. It therefore makes no recommendations in relation to further assistance to non-government schools.

Representatives of the non-government school sector have failed to respond to these criticisms. Heedless of the facts, they continue to promulgate misleading assertions about under-funding for students with disabilities in non-government schools.

APFACTS says that the additional funds provided to overcome the educational disadvantage resulting from the child's disability should be provided to the school chosen by the parents regardless of whether the school is government, Catholic or Independent. Such an arrangement should be supported, but it requires a different system of funding schools, both to more directly focus on student need in general but, also, to avoid double counting in the funding of non-government schools. Such a funding mechanism should also be used to determine funding for other needs such as students from low socio-economic backgrounds, students with behavioural problems and Indigenous students.

## **The Rationale for Government Funding of Non-Government Schools:**

### **Claim 8: *Governments should equitably support all students.***

APFACTS generally views equity only in terms of government funding per student in the government and non-government sector. It implies that non-government school parents should receive equal tax dollars in education funding. The basic argument is that all students should receive the same level of financial support irrespective of their needs or the sector in which they are enrolled.

For APFACTS, equity means the same level of government expenditure per student. APFACTS goes so far as to state that "equity ... is not an end in itself". This contrasts with the National Goals for Schooling agreed by national education ministers that are constructed around equity in outcomes.

The interpretation of equity adopted by APFACTS is self-interested. It is adopted in order to be able to justify greater increases in funding and to divert public discussion from equity in outcomes. Indeed, the argument is designed to support greater privilege and inequity in education.

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<sup>12</sup> Senate Employment, Workplace Relations and Education Committee, Education of Students with Disabilities, December 2002.

In itself, the argument for equal tax dollars for government and non-government schools is specious. People who do not avail themselves of publicly provided services are not thereby entitled to claim a certain proportion of taxation revenue to fund their private choices. Governments do not subsidise families if they choose to use taxis instead of public transport, use private security arrangements instead of police services or use private recreation and leisure facilities instead of those that are provided by the public purse.

The argument for an equal share of the tax dollars also implies that non-government schools have the same public purposes as government schools and that they accept the same public responsibilities. However, as outlined above, non-government schools do not perform the same public purposes as government schools. Non-government schools can exclude students on the basis of perceived academic ability, unacceptable behaviour and inability to pay fees. Generally, they provide a religious-based education. They do not open their facilities to public use.

The argument is in fact designed to support advantage and privilege in education outcomes. Schools and students with low levels of need would receive the same level of government funding per student as those with high levels of student need. This means that scarce funds would be diverted from serving those with high learning needs. It would provide a resource advantage for well-off families because they will be able to top up the resources available to support their children in school and gain advantage over other families who do not have access to the same level of financial resources. To devote public resources to extending the advantages usually derived from a wealthy background over a student from a disadvantaged background is to enhance social inequality.

The argument for equal tax dollars for non-government schools founders while ever these schools retain the right not to accept the full responsibilities of government schools.

All this is not to deny that there is a case for government funding of non-government schools. However, that case is based on ensuring that non-government schools meet the social purposes of education. It is not based on assertions that each taxpayer has an equal claim on a given level of public resources.

**Claim 9:** *Parent contributions to non-government school funding provide a very substantial saving for government and permit governments to sustain a high level of funding for government school students.*

This claim is misleading on several grounds.

First, the claim is based on the observation that the average cost per student in government schools is greater than the average level of government funding per student in non-government schools. This comparison is invalid for assessing the extent of any savings to the taxpayer of funding non-government school enrolments compared to government school enrolments. There is no realistic possibility that all non-government schools will ever close and force all students into the government school system. In these circumstances, then, the claim has to be assessed in terms of student movement between the two sectors. Here the relevant cost comparison is between the cost of each additional student funded by the government in a non-government school and the cost of each additional student to the government system. That is, the comparison for this purpose must be between the marginal cost per student in each system as distinct from the average cost.

In the case of non-government schools, the marginal cost per student of government funding is equal to the average cost because this is the basis of government funding. Each additional student in the government sector attracts a given amount of funding, although this varies according to various categories of schools. In the case of government schools, the marginal cost is lower than the average cost because of the way the staffing formula is applied and because

there are only negligible increases in school costs associated with additional enrolments where there is excess capacity. Additional students may be enrolled without significant extra cost because of the way the staffing formula is structured or where there is no need to provide extra classrooms.

The difficulty in assessing savings or otherwise to the taxpayer from funding additional enrolments in non-government schools is that marginal cost data is not currently available. However, it is possible that the marginal cost of an extra student in the government system is lower than the average cost of government funding for an additional student in the non-government sector. For example, the ACT Treasury estimated the marginal cost per student in government high schools in 1988-89 at \$2352.<sup>13</sup> This compared to government funding in Category 10 schools (Catholic schools) at the time of \$2525 per student. Thus, government funding of Catholic systemic school enrolments at this time did not constitute a saving to the taxpayer. Instead, it was an additional cost.

The claims of APFACTS cannot be assessed without examination of marginal cost data for government schools. It is unlikely that the cost to the taxpayer of funding non-government schools has been reversed since the late 1980s. As outlined above, government funding as a proportion of total funding of ACT non-government schools increased during the 1990s and government funding of ACT non-government schools increased by more per student than government school funding.

Another reason why the APFACTS claims are misleading is that government school costs are higher in comparison to non-government schools because of the wider social obligations expected of government schools. Government schools serve much higher proportions of students with complex learning needs than non-government schools. Students from low socio-economic backgrounds, students with disabilities, students with behavioural problems and Indigenous students tend to, on average, have greater learning needs than other students and therefore generate higher costs. Fees and formal and informal selection processes in non-government schools often deter enrolments from these groups of students.

Yet, non-government schools also gain additional funding because the larger proportion of students with complex learning needs are in the government school system. Government funding of non-government schools is based on government school funding so that the high costs of high need students in the government sector flow through in part to the non-government sector. This is a windfall gain for non-government schools because the high need, high cost students form a much lower proportion of non-government school enrolments than in government schools.

This means that taxpayers are providing more funds to non-government schools than a needs-based approach would suggest. Far from achieving savings by funding non-government schools in this way, taxpayers are incurring unnecessary costs. It also means that scarce public funds are being diverted from high need students in the government sector to low need students in the non-government sector.

Third, while cost to the taxpayer is a relevant factor in education policy, it is not the primary consideration. As outlined above, the primary responsibility of government in education is to ensure equity in educational outcomes. This means that government has the responsibility of ensuring that all children receive an adequate education to fully participate in adult society and that children are not disadvantaged in their education achievement by socio-economic background, gender or race.

These equity goals imply a government role in non-government schools which includes regulation and the provision of funding. But, they also mean substantial public obligations on government

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<sup>13</sup> ACT Treasury, Financial Analysis of Schools Consolidation, July, 1990.

schools and these imply higher average costs than in the non-government sector where students with complex needs are often excluded by various enrolment procedures.

**Claim 10:** *Supports a balanced and fair allocation of funding, taking into account all sources of income and the needs of each student in each school.*

This is a laudable principle for funding education but APFACTS clearly does not support it in practice. It continues to support funding arrangements for non-government schools whereby the elite schools have much more resources than Catholic systemic and other non-government schools. It continues to support funding arrangements which divert scarce public funds from high need areas in the government sector to low need students in wealthy schools.

The fact is that APFACTS speaks on behalf of the well-off sector of non-government schools. It seeks to hide this behind the rhetoric of “balanced and fair allocation of funding”. APFACTS is not concerned about equity in education outcomes but uses the rhetoric of equity to support and entrench inequity.

### **ACT Government Funding Changes:**

**Claim 11:** *Closure of the Interest Subsidy Scheme will:*

- *delay capital works programs in non-government schools;*
- *make it harder for newly established schools to offer facilities equivalent to government-owned schools;*
- *make it harder for non-government schools to grow to meet additional demand;*
- *increase fee levels in schools committed to capital works necessary to meet registration requirements.*

These claims are greatly exaggerated. The ACT Government will continue to support programs already committed and this amounts to over \$17 million up to 2018-19.

The closure of the scheme will only impact on a small number of schools and these are the most well-resourced schools in the ACT. Some 60 per cent of the \$17 million already committed under this scheme will go to Canberra Girls' Grammar, Canberra Grammar and Radford College. These schools use the scheme to fund interest payments on extensions to existing facilities such as sports stadiums, gymnasiums and swimming pools that are not available in government schools or, indeed, in most other non-government schools. Less than 5 per cent of funds are committed to new schools.

ACT non-government schools will continue to have access to Commonwealth Government capital works program and establishment grants. The Commonwealth Block Grant program provides about \$2 million a year for non-government school capital projects. The ACT Government will continue to provide free land grants for new non-government schools.

In any event, the funding provided under the scheme will still be available for distribution to non-government schools. Only the particular scheme has been closed. The ACT Minister for Education has recently stated that the funds provided to the scheme will be retained in the non-government sector but distributed more equitably. The Minister has asked for advice on how the money should be used. APFACTS wanted an assurance that ISS funds redirected into per capita grants will be on top of other funding and not instead of already committed funding for indexation and new initiatives. This appears to have been agreed to by the Minister.

This outcome is different to the recommendation of the Connors report which recommended that the funding that becomes progressively available from the closure of the ISS be applied to meet the cost of indexing non-government school recurrent grants. In effect, this would have involved a

reduction in funding available to non-government schools as the ACT Government is committed to indexation in any case.

**Claim 12:** *The Interest Subsidy Scheme provides equitable and needs based support for non-government schools in a manner that cannot be adequately addressed through recurrent funding.*

This claim is clearly at odds with the facts about the use made of the ISS. The ISS has been used primarily to support and enhance privilege in education not improve equity. As noted above, it is the richest schools in Canberra that have made greatest use of the scheme. The operation of the scheme is contrary to the equity principles built into the Commonwealth's own Capital Grants Programme, namely, to provide and improve school capital infrastructure particularly for the most educationally disadvantaged students.

APFACTS states that because the building needs of schools vary over time so too does the application of the scheme to each school also vary over time. However, this assertion is denied by the fact that the richest schools have so clearly made most use of the scheme over time.

APFACTS also states that changes to the ISS in recent years have been ignored and these ensure it will provide equitable and needs based support for non-government schools. This claim cannot be supported. The most recent change to the ISS was in the 2001-02 ACT Budget which increased the funds available by slightly over \$300 000 a year. There was no provision to ensure that schools with less resources had greater access to the scheme.

**Claim 13:** *Non-government schools did not receive their fair share of the free bus scheme money.*

Non-government schools received about \$3 million of the \$27 million previously announced for the Liberal Government's free bus scheme.<sup>14</sup> Expressed as a percentage of the government school allocation it was 12.5 per cent (that is, \$3m/\$24m). This compares with ACT Government funding of non-government schools as a percentage of ACT Government funding of government schools at about 18 per cent in recent years.<sup>15</sup>

Thus, it appears that APFACTS has a case. However, this funding increase for government schools should be put in perspective. Government schools have to cope with higher levels of student need than non-government schools and government funding for non-government schools has increased at a higher rate than that for government schools in recent years. The larger increase to government schools from the 'free bus' money is an exception to recent trends.

Government schools should receive the larger part of increases in government funding because they face greater student learning needs than non-government schools. Government schools educate a much higher proportion of students from low socio-economic backgrounds, students with disabilities, students with behavioural problems and Indigenous students. Students from these backgrounds tend to have higher learning needs than other students. In order to make progress towards the equity goals expressed in the National Goals for Schooling, government funding increases should favour government schools. A higher rate of funding growth for non-government schools tends to promote greater inequity in education outcomes.

APFACTS conveniently ignores past funding increases for non-government schools. The Commonwealth Government is the primary source of government funding for non-government

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<sup>14</sup> The \$3 million is made up of \$1.5 million for early years of schooling, \$1.0 million for IT, about \$0.5 million for career education support (on a pro rata basis).

<sup>15</sup> This percentage is calculated on the basis of a government school per student expenditure in 1999-2000 of \$7124 (Report on Government Services 2002, Table 3A.29) less the Commonwealth Government contribution of about \$760 per student (derived from the National Report on Schooling in Australia 2000, Table 3.9, p.16 and the average of government school enrolments in 1999 and 2000 taken from Australian Bureau of Statistics, Schools Australia, 1999 and 2000, Catalogue No. 4221.0).

schools, accounting for 73 per cent of government funding for ACT non-government schools (Table A1) and only 10 per cent of government school funding. Between 1996 and 2001, real Commonwealth funding per student in ACT non-government schools increased by 6 per cent a year compared to an overall increase of 2 per cent a year for government schools (Table A5). Total government funding for non-government schools increased at 5 per cent a year.

## Trends in ACT Non-Government School Funding

**Table A1: Income per student of ACT non-government schools by source (current \$)**

Year	Catholic				Independent				All Non-Govt.			
	Priv	ACT	C/W	Total	Priv	ACT	C/W	Total	Priv	ACT	C/W	Total
1991	990	1000	1736	3726	3810	874	969	5653	1648	971	1557	4176
1992	1102	1028	1800	3930	4198	777	1192	6167	1831	969	1657	4457
1993	na	na	na	na	na	na	na	na	na	na	na	na
1994	1391	986	2074	4451	4565	804	1299	6668	2168	942	1884	4994
1995	1605	1000	2170	4775	5022	859	1372	7253	2443	965	1974	5382
1996	1561	1064	2328	4953	5183	891	1375	7449	2432	1022	2098	5552
1997	1611	1065	2531	5207	5392	944	1610	7946	2528	1036	2308	5872
1998	1644	1098	2697	5439	5539	982	1685	8206	2607	1069	2447	6123
1999	1726	1160	2919	5799	5568	1001	1744	8313	2710	1119	2618	6447
2000	1874	1190	3152	6216	6027	1039	2051	9117	2931	1152	2872	6955
2001	1813	1270	3410	6494	6669	1062	2223	9954	3066	1216	3104	7387

Note: na = not available

Source:

Australian Education Council, *National Report on Schooling in Australia, Statistical Annex*, Curriculum Corporation, Melbourne, 1991 and 1992.

Ministerial Council on Education, Employment and Youth Affairs, *National Report on Schooling in Australia*, Curriculum Corporation, Melbourne, various issues.

**Table A2: Proportion of total income per student of ACT non-government schools by source (%)**

Year	Catholic				Independent				All Non-Govt.			
	Priv	ACT	C/W	Govt	Priv	ACT	C/W	Govt	Priv	ACT	C/W	Govt
1991	27	27	47	73	67	15	17	33	39	23	37	61
1992	28	26	46	72	68	13	19	32	41	22	37	60
1993	na	na	na	na	na	na	na	na	na	na	na	na
1994	31	22	47	69	68	12	19	32	43	19	38	57
1995	34	21	45	66	69	12	19	31	45	18	37	55
1996	32	21	47	68	70	12	18	30	44	18	38	56
1997	31	20	49	69	68	12	20	32	43	18	39	57
1998	30	20	50	70	67	12	21	33	43	17	40	57
1999	30	20	50	70	67	12	21	33	42	17	41	58
2000	30	19	51	70	66	11	22	34	42	17	41	58
2001	28	20	53	73	67	11	22	33	42	16	42	58

Notes:

1. Percentages may not add to 100 due to rounding.
2. na = not available

**Table A3: Change in income per student of ACT non-government schools by source**

Period	Catholic				Independent				All Non-Govt.			
	Priv	ACT	C/W	Total	Priv	ACT	C/W	Total	Priv	ACT	C/W	Total
1991-01 \$	823 (30)	270 (10)	1674 (60)	2768	2859 (66)	188 (4)	1254 (29)	4301	1418 (44)	245 (8)	1547 (48)	3211
1991-01 %	83	27	96	74	75	22	129	76	86	25	99	77
1991-96 \$	571 (47)	64 (5)	592 (48)	1227	1373 (76)	17 (1)	406 (23)	1796	784 (57)	51 (3)	541 (39)	1376
1991-96 %	58	6	34	31	36	2	42	32	48	5	35	33
1996-01 \$	252 (16)	206 (13)	1082 (70)	1541	1486 (59)	171 (7)	848 (34)	2505	634 (35)	194 (11)	1006 (55)	1835
1996-01 %	16	19	46	31	29	19	62	34	26	19	48	33

Note: The figures in brackets represent the proportion of the increase in total income contributed by the different sources.

**Table A4: Government and total funding per student in ACT non-government schools (1989-90 \$)<sup>a</sup>**

Year	Catholic				Independent				All Non-Govt.			
	ACT	C/W	Govt	Total	ACT	C/W	Govt	Total	ACT	C/W	Govt	Total
1991	943	1638	2581	3515	825	914	1739	5330	916	1469	2385	3940
1992	958	1678	2636	3663	724	1111	1835	5747	903	1544	2447	4154
1993	na	na	na	na	na	na	na	na	na	na	na	na
1994	887	1865	2752	4003	723	1168	1891	5996	847	1694	2541	4491
1995	861	1867	2728	4109	739	1181	1920	6242	830	1699	2529	4632
1996	888	1943	2831	4134	744	1148	1892	6218	853	1751	2604	4634
1997	886	2106	2992	4332	785	1339	2124	6611	862	1920	2782	4885
1998	907	2229	3136	4495	812	1393	2205	6782	883	2022	2905	5060
1999	948	2387	3335	4742	818	1426	2244	6797	915	2141	3056	5271
2000	943	2498	3441	4926	823	1625	2448	7224	913	2276	3189	5511
2001 <sup>b</sup>	974	2617	3591	4984	815	1706	2521	7639	933	2382	3315	5669

Notes:

- Current income per student has been deflated by the Consumer Price Index (weighted average of eight capital cities) for the quarter ending 30 June in each year derived from ABS, Consumer Price Index, Catalogue No. 6401.0. The base for the index is 1989-90 = 100.
- For 2001, the CPI deflator was adjusted to exclude the impact of the GST. This 'ongoing' inflation rate was estimated at 3.25 per cent. See Australian Government, Budget Paper No. 1, 2001-02.

**Table A5: Growth in real government and total funding per student in ACT non-government schools (% per year)**

Year	Catholic				Independent				All Non-Govt.			
	ACT	C/W	Govt	Total	ACT	C/W	Govt	Total	ACT	C/W	Govt	Total
1991 - 2001	0.3	4.8	3.4	3.6	-0.1	6.4	3.8	3.7	0.2	5.0	3.3	3.7
1991 - 1996	-1.2	3.5	1.9	3.3	-2.0	4.7	1.7	3.1	-1.4	3.6	1.8	3.3
1996 - 2001	1.9	6.1	4.9	3.8	1.8	8.2	5.9	4.2	1.8	6.3	4.9	4.1

Note: Growth in real expenditure per student in ACT government schools between 1990-91 and 2000-01 is calculated at 1.1 per cent a year. The growth rate for 1990-91 to 1995-96 was 0.2 per cent a year and for 1995-96 to 2000-01 it was 2.0 per cent a year.

**Table A6: Total Government Funding and Enrolments of Students with Disabilities in ACT Schools, 2001**

	<b>Catholic</b>	<b>Independent</b>	<b>Non-govt</b>	<b>Government</b>
<b>Funding (\$ per student)<sup>1</sup></b>	4680	3285	4320	7937
<b>Students with disabilities<sup>2</sup> (%)</b>	1.1	1.1	1.1 (1.1)	3.8

*Notes:*

1. The figures for government funding of non-government schools are published in the National Report on Schooling in Australia 2001, Table 26. The government school expenditure figure is published in the Report on Government Service Provision 2003, Table 3A.7 and includes superannuation but excludes capital charges.
2. There were 1440 students with disabilities enrolled in ACT government schools in 2001, 136 in Catholic systemic schools and 112 in Independent schools. The government school figures are taken from the Report on Government Services 2003 and the non-government school figures from the Non-Government School Census, February 2001 published by the ACT Department of Education and Community Services. There is a slight disparity between the figure for students with disabilities in all non-government schools published in the Report on Government Service Provision (261) and the ACT School Census data (248). The proportion derived from the Report on Government Service Provision is in brackets.

## Projections of Future ACT School Funding

Table B1 shows comparative levels of funding for each ACT school sector and estimated average annual growth rates in funding between 1995-96 and 2000-01. Table B2 shows projected funding levels for 2003-04 based on a range of average annual growth rates for 2000-01 to 2003-4.

**Table B1: ACT School Funding<sup>a</sup> by Sector, 1995-96 to 2000-01<sup>b</sup>  
(\$ per student)**

School Sector	1995-96	1999-00	2000-01	Av. Growth per Year %
Government <sup>c</sup>	6316	7124	7616	3.8
Government <sup>d</sup>	7261 <sup>d</sup>	7424	7937	4.6
Catholic	4952	6216	6494	5.6
Independent	7449	9117	9954	6.0
All Non-govt.	5553	6955	7387	5.9

Sources:

Steering Committee for the Review of Commonwealth/State Service Provision, *Report on Government Services 1998, 2002, 2003*, AusInfo, Canberra.

Ministerial Council on Education, Employment and Youth Affairs, *National Report on Schooling in Australia 1996, 2000, 2001*, Curriculum Corporation, Melbourne.

Notes:

- Income figures are used for non-government schools. Income is slightly less than expenditure for non-government schools. Expenditure data is used for government schools.
- Non-government school figures refer to calendar years so that 1995-96 refers to 1996 and 2000-01 refers to 2001.
- Cash-based series, including superannuation, for 1995-96 to 1999-2000. The 2000-01 figure is estimated on the basis of the increase in the accruals series for 2000-01 compared to 1999-2000.
- Accruals-based series, excluding capital charges, for 1998-99 to 2000-01.

**Table B2: Estimates of ACT School Funding by Sector, 2003-04<sup>a</sup>**  
**(\$ per student)**

School Sector	Estimate 1	Estimate 2	Estimate 3	Estimate 4
Government <sup>b</sup>	8518	8322	8518	8322
Government <sup>c</sup>	9083	8928	9083	8928
Catholic	7647	7647	7844	7844
Independent	11855	11855	12024	12024
All Non-govt.	8773	8773	8923	8923

*Notes:*

- a. Non-government school figures refer to calendar years so that 2003-04 refers to 2004.
- b. Cash-based series, including superannuation.
- c. Accruals-based series, excluding capital charges.

Estimate 1 uses the average annual growth rates between 1995-96 and 2000-01 (Table B1) to estimate comparative funding levels for 2003-04. Estimate 2 uses slightly lower growth rates for the two government school series (3.0 and 4.0 per cent respectively) in the event that the past rates are not sustained.

The new Commonwealth funding arrangements for non-government schools operating from 2001 mean that future funding growth may differ from that between 1995-96 and 2000-01. National estimates published by the Commonwealth Department of Education, Science and Technology (DEST) of projected total funding<sup>16</sup>, discounted by the estimated growth in enrolments in non-government schools<sup>17</sup>, indicate significantly increased growth in non-government school funding to 2003-04. Estimate 3 uses an average annual growth rate of 6.5 per cent for Catholic, Independent and all non-government schools.<sup>18</sup> Government school funding is assumed to grow at the same average annual rate as for Estimate 1.

Estimate 4 combines the lower growth rates for government schools used for Estimate 2 and the higher rates for Independent schools used for Estimate 3.

<sup>16</sup> National Catholic Education Commission 2003, Submission to the Productivity Commission Review of the Disability Discrimination Act (Cth) 1992, Appendix B. The estimated average annual growth rates for 2001 - 2004 are 8.6, 7.3 and 8.0 per cent respectively for Catholic, Independent and Non-government schools.

<sup>17</sup> Derived from Commonwealth Department of Education, Science and Technology, Response to Question E493 21 February 2002, Senate Legislation Committee. The estimated average annual growth rates for 2002 - 2005 are 1.1, 1.4 and 1.2 per cent respectively for Catholic, Independent and Non-government schools.

<sup>18</sup> The rates for ACT Catholic and all non-government schools are less than those derived from projected national funding figures because these schools are unlikely to achieve the same rate of growth in funding as that for Australia as a whole whereas ACT Independent schools can be expected to achieve a slightly higher rate than their national counterparts, based on past rates of growth. The national growth rates derived from the DEST funding projections are 7.5, 5.9 and 6.8 per cent for Catholic, Independent and all non-government schools respectively.