

# Reform of the Federation: Implications for Independent Schools

Report for Independent Schools Queensland  
prepared by Professor Kenneth Wiltshire AO

April 2015







Fraser Coast Anglican College

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## Foreword

The Australian Government placed reforming Federal-State relations on the national agenda mid-last year when it announced the Terms of Reference for a Federation White Paper. The Prime Minister's, the Honourable Tony Abbot MP, stated reason for undertaking this work is the need to "reduce and, if possible, end duplication" ensuring "less Commonwealth intervention in areas where States have primary responsibility."

While 50% of recurrent funding for independent schools comes from parents, the other 50% comes from State and Federal levels of government with the bulk of government funding (around 35%) coming from the Federal Government. Potential changes to the current government funding arrangements as a result of any reform of the Federation could have a major impact on independent schools, which is why Independent Schools Queensland (ISQ) has commissioned this timely research.

Professor Kenneth Wiltshire is an expert on Federalism and has written a large number of books, reports and articles on the subject. In this report for ISQ, Professor Wiltshire has focussed on the impact for independent schools should the funding and policy responsibilities for school education be transferred totally to the States, which he finds would lead to considerable uncertainty.

I commend *Reforming Federal-State Relations: Implications for Independent Schools* to independent schools and public policy makers.



**David Robertson**  
Executive Director  
Independent Schools Queensland





### About the Author

Professor Kenneth Wiltshire AO, of the University of Queensland Business School, has written a large number of books, reports, and articles on comparative federalism. He served as consultant to the New Federalism programs of both the Fraser and Hawke Governments, was for nine years a Member of the Commonwealth Grants Commission, consultant to the Australian Advisory Commission on Intergovernmental Relations, and a founding Board member of the Constitutional Centenary Foundation.

Professor Wiltshire has also had extensive engagement with education and training at international, national, and State levels. He served for six years as Australia's Representative on the Executive Board of UNESCO including as Chair of the Board's Programme and External Relations Commission, was for 13 years the Chair of the Australian National Commission for UNESCO, was Rapporteur-general for the UNESCO/ILO International Congress on Technical and Vocational Education and Training in Seoul, and Co-Chair of the Steering Committee for the first World Conference on Science in Budapest.

Recently Professor Wiltshire served as Co-Chair of the Review of the Australian Curriculum. Previously he conducted the Review of the former National Board of Education Employment and Training, was seconded to become Special Adviser to the Australian National Training Authority, and served as a member of the Commonwealth Ministerial Advisory Committee on Environmental Education.

At the State level he reviewed the Queensland Curriculum, was inaugural Chair of the Tertiary Entrance Procedures Authority of Queensland, and was Consultant to the Minister for Vocational Education and Training. He is also a Board Member of three Not for Profit organisations including The Smith Family.

Professor Wiltshire is a National Fellow of the Institute of Public Administration Australia, an Honorary Trustee of the Committee for Economic Development of Australia, and a member of the Australian Institute of Company Directors. In 1998 he was awarded the Order of Australia for services to public administration, formulation of public policy, and UNESCO.

### Disclaimer

Independent Schools Queensland commissioned this paper to promote informed debate on policy issues in school education. The author accepts full responsibility for the views expressed herein. Independent Schools Queensland does not necessarily support all of these views.

### About Our Schools – Our Future

The Our Schools – Our Future is an Independent Schools Queensland research based initiative designed to promote informed public policy debate about schooling. Through commissioned research, Our Schools – Our Future explores trends and issues in key areas which determine the nature and performance of our school education systems. Whilst the initiative has a particular focus on the contribution of independent schools to our education provision and outcomes, it examines a range of issues and trends relevant to the development and implementation of effective public policy for schooling. All research reports are available to members on the Independent Schools Queensland website at [www.isq.qld.edu.au](http://www.isq.qld.edu.au) via ISQhub.

# Executive Summary

Independent schools are a very significant part of the education landscape in Australia, much larger than is the case in almost all other countries, with 15% of all current school enrolments and an increasing enrolment share.

Independent schools currently receive some 50% of their funding from government sources but the majority of this comes from the national government. Consequently independent schools would be materially affected by any shift in funding arrangements between national and State governments.

Devolution of funding arrangements to State governments would cause considerable uncertainty since each State currently has a different formula for providing its own funding for Non-State Schools, and it is not certain that a State government would adopt the national government formula for funding independent schools which had applied in the past. It is also not clear that all State governments would honour the spirit and letter of the Gonski reforms of recent years.

Any devolution of school funding arrangements, particularly full scale devolution, would raise major issues for State governments. These include:

- The division of a new augmented State education budget between government, independent and catholic sectors, including the philosophy and principles which would underpin this decision.
- The significant conflicts of interest which would then be faced by State governments, as they would then assume the roles of funder, owner, competitor, regulator, and accreditor of all schools, plus a number of other roles. A level playing field would need to be established or, if there was to be any favouritism towards any one school sector, this would need to be made transparent.
- The necessity to reform the regulatory quagmire that currently impacts on independent schools and which would itself become imbued with conflicting roles. In turn this would require a reform of governance arrangements to ensure greater autonomy and transparency for regulatory bodies in the schools education sector. Consultation procedures would also need to be strengthened.
- Discussion as to the extent to which other broader government policies would be applied to schooling, including privatisation, outsourcing, partnerships of various kinds, and the facilitation of any competition which was contemplated between the public and private sectors. In particular a State government would need to clarify the role it sees for any of its government schools which are granted greater independence and autonomy.

All schools and particularly independent schools would benefit considerably from bipartisan approaches and more long term planning from governments. This applies especially for independent schools particularly regarding capital funding. Ideally all governments should formulate 10 year rolling policy settings to provide greater certainty to cope with the long lead times which characterise schooling and any educational reforms which have to move through cohorts.

Both the Australian and Queensland governments should move to four year parliaments, preferably fixed term, to encourage longer term and less political consideration of schooling policies and thereby inject a greater measure of certainty for school educators, parents, and students themselves.

# Introduction

Australia is in the midst of a significant debate about changes to the system of intergovernmental relations in the Federation. Several proposals have been floated, mainly from official sources, which foresee a shift of functions and funding from the national government to the State and Territory governments. National government involvement in school education is one of the main areas of attention.

These proposed reforms have significant implications for independent schools across the nation given that they currently receive the bulk of their government funding from the national government, and a smaller proportion from State and Territory governments. Independent schools are also bound by accountability and regulatory mechanisms of both Commonwealth and State/Territory regimes. Given that, across Australia, there are 1,015 independent schools with 520,000 students comprising approximately 15% of all school enrolments, this is a large and significant sector which would be impacted by any Federalism reforms. (4221.0 Schools Australia 2013, Australian Bureau of Statistics)

The complexity of this situation is exacerbated by the fact that, while the Australian Government's treatment of independent schools is relatively consistent across the nation, each State and Territory has different methods of providing its own funding to independent schools, as well as regulation of them. Therefore any devolution of the Australian Government's programs would see the State and Territory governments and their divergent public policies become the prime spotlight of attention for the future of schooling.

Independent schools in Queensland would therefore be faced with considerable uncertainty as to the future of their funding and status if any such transfer of powers over school education occurred. Whilst it is not possible to identify precise consequences, some appreciation can be gained of the likely implications.



# The Context

## Globally

In virtually all Federations of the world school education is the constitutional responsibility of State or provincial governments. This is often related to local, cultural, and sovereignty claims by regions or communities, and becomes a symbol of identity and difference. In most other Federations the role of the national government is limited to some standards setting and selected targeted programs and funding, as well as occasional national coordination of policy, together with handling international obligations and roles.

In the Australian Federation, school education is also the constitutional preserve of the State Governments. However Australia is unique in three major respects which have a bearing on school education:

- a) The Federation has become highly centralised since its creation in 1901 largely as a result of the increase in powers of the national government which has occurred through gaining control of the main taxation sources, various interpretations of the Constitution by the High Court which have favoured the national government, the impact of globalisation which has strengthened the external affairs power of the national government and given it access to functions which used to be the sole preserve of the States, and a few key referendums which have shifted power to Canberra. The result is a profound degree of vertical fiscal imbalance whereby the national government possesses most of the revenue but few of the functions, and the States are in the reverse situation depending on transfers of funding from the national government for around half of their revenue. Many of these transfers consist of tied or conditional funding. A very significant result of these trends has been the rise and rise of Executive Federalism which sees a plethora of intergovernmental agreements, Ministerial Councils, and associated funding arrangements in which the national government has the upper hand. School education is currently one of the key functions caught in the midst of this jungle as the national government has assumed more and more responsibility in this arena.
- b) The very strong presence of non-government schooling in Australia, independent and Catholic, which is currently more prominent than in any other country. That prominence has been increasing over the past two decades as enrolments have grown in these sectors to the current extent of 35% of all school enrolments.
- c) Consequently these factors have produced a complex set of arrangements whereby both levels of government fund both government and non-government schools, but the national government has become the prime source of government funding for non-government schools; and the State/Territory governments are the prime source of government funding for government schools. All sectors are also subject to conditions and regulations of both levels of government. All of this complexity tends to blur accountability of the two levels of government for school education.

# Current Queensland Situation

## Enrolments

With Queensland’s long period of population growth, school enrolments have also increased across all school sectors – Government, Catholic and independent. Over the ten-year period, 2003 to 2013, total enrolments have increased by some 132,800 – from 631,500 to 764,300. During that period, independent school enrolments increased by some 33,300 from 80,200 to 113,500 – an increase of around 42%. Over the same period, Catholic school enrolments increased by some 36,400 from 104,600 to 141,000 – an increase of around 35%. Similarly for Government schools, the increase was 63,000 from 446,600 to 509,600 – an increase of around 14%. While the independent school sector currently remains the smallest sector overall, it has grown the fastest over this ten-year period. (4221.0 Schools, Australia, 2013. Australian Bureau of Statistics).

Table 1: Queensland school sector enrolment shares in 2013

Government	
All Students	67%
Primary	70%
Secondary	61%
Catholic	
All Students	18%
Primary	18%
Secondary	20%
Independent	
All Students	15%
Primary	12%
Secondary	19%
Combined Non-govt	
All Students	33%
Primary	30%
Secondary	39%

In 2013, the relative shares of enrolments across the three Queensland school sectors are shown in *Table 1*.

Non-government schools currently enrol 33% or about 1/3 of all students and nearly 40% of all secondary students. Details of all enrolments over the period 2003 to 2013 are shown at *Appendix A*.

## Number of schools

Overall, the number of schools in Queensland has not increased over the period 2003 to 2013. The following Table indicates that while the independent and Catholic sectors established more schools, there were 45 fewer Government schools counted, in net terms. Consolidations, closures and larger-sized Government schools account for the reduction, despite overall increased enrolments.

*Table 2* shows there were 17 more independent schools over the ten-year period – an increase of 10%. Similarly, for the Catholic sector, there were 19 more schools, or an increase of 7%.

Table 2: Numbers of schools in Queensland by school sector for period 2003 to 2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government	1,283	1,284	1,280	1,278	1,250	1,250	1,245	1,235	1,237	1,239	1,238
Catholic	278	281	282	288	288	289	289	290	292	294	297
Independent	167	168	172	173	177	174	176	177	179	182	184
All schools	1,728	1,733	1,734	1,739	1,715	1,713	1,710	1,702	1,708	1,715	1,719
Source of data: 4221.0 Schools, Australia 2013 NSSC Table 31a: Number of Schools by Affiliation, States and Territories, 1999 to 2013											

## National Government Funding

Non-government schools, and/or their peak bodies, each have a direct bi-lateral relationship with the national government. The national government's funding for non-government schools may currently be generally applied on a consistent basis across all jurisdictions although payment methods may differ. However, because in the implementation each jurisdiction had a different starting position with the Commonwealth there are still inconsistencies. Non-State schools in Queensland are on a different package to Non-State schools in NSW for example. State or Territory government funding for Non-State schools varies considerably from jurisdiction to jurisdiction as data in *Appendix D* reveals. So an independent school faces a different total government funding scenario depending on the jurisdiction in which it is located.

Although national government funding arrangements with non-government schools are bi-lateral in nature, for constitutional reasons such agreements cannot occur unless a State or Territory jurisdiction has a broad agreement with the national government on schooling.

Also the actual flow of funds from national government to non-government schools passes through State or Territory government Treasuries for on-passing, but the national government does require that this funding must be passed on to the schools or systems for which it is designated. There seem to have been no instances of any

jurisdiction dishonouring this pledge or charging an administration fee. For most independent schools (i.e. non-systemic) the national funding then goes directly to the school, although there are a few "systems" e.g. Lutheran schools in Queensland receive funding as a system and then redistribute such funding amongst their schools and occasionally charge them an administration fee. (Catholic system schools have a similar procedure). All non-government schools or their systems are bound by a funding, reporting, and quality assurance framework, with the national government.

All national government funding for independent schools is based on a consistent formula applied across the nation including per capita elements plus weightings for a range of needs related to the school's population. (Despite the fact that some States and Territories signed up to the Gonski-inspired agreements and some, like Queensland, did not, the national government applies basically the same formula for its funding to all jurisdictions.)

There are no longer "contracts" between the national government and independent schools and no actual funding agreements. All of the authority to transfer funds is contained in the Commonwealth Act. But all schools must be registered by the State or Territory government to be able to receive national government funding. The national government does not require that schools spend money strictly according to the criteria (loadings) on which it has been given; in essence they are required to spend in the best way to meet the needs of the school. However the current

quality assurance framework of the national government will look for other discrepancies in expenditure and may launch court actions e.g. in matters of conflict of interest, or instances of extravagant spending outside the purposes of education for which the funding has been given. The Commonwealth Government's reporting arrangements may appear quite simple with schools or systems just verifying that they have spent the money and their reports to the national government outline the details of their spending. However the details of the reporting remain quite complex and also duplicate what is provided to the States.

There appear to be very limited opportunities for a State or Territory government to game the system other than where the national and State or Territory government has agreed to mutually move towards notional weightings for disadvantage, but the sums involved in this case are not large. By contrast, of course, a State or Territory can engage in a form of cost shifting to the national government if it facilitates enrolments moving from its government schools to non-government schools.

## The Current National Policy Debate

Several recent policy initiatives have combined to stimulate the current debate regarding the future of the Australian Federation. Those with relevance for schooling include –

- Successive Productivity Commission and Council of Australian Governments (COAG) Reform Council Reports which have compared uneven performance across jurisdictions and progress against agreed national goals;
- Ongoing debates about Horizontal Fiscal Equalisation, particularly the sharing of GST revenue among jurisdictions, and the extent to which it reflects revenue raising capacity and expenditure needs of States and Territories;
- Data from international tests such as PISA, TIMSS and PERLS which have highlighted different levels of attainment across jurisdictions and locations;
- Review of Funding for Schooling (Gonski Report) which, apart from recommending a new approach to school funding, also raised the possibility of changing the mix of national and State/Territory funding for both government and non-government schools;
- The National Commission of Audit Report which specifically recommended that the national government transfer many powers, including school education, to the States and Territories who would be given a commensurate share of the taxation pool to fund these functions, and the power to adjust the rates of taxation. The Audit Report did suggest some quarantining of the shares of funding between Government/Catholic/independent sectors thus handed from national to sub-national governments – at least for the short term. The Audit Report also observed that the Australian Government does not actually run any schools;
- The current review of National Competition Policy which relates to schooling given that policy and regulation directly impacts on schools, particularly non-government schools who are in the ambivalent situation whereby any wholesale devolution of funding responsibility to States and Territories would see these schools totally funded and regulated by the same governments which are their competitors;

- The announcement by Prime Minister Tony Abbott of a new approach to Federalism to enhance the role of States and Territories, accompanied by the preparation of a White Paper on the Federation which is currently in train. This followed closely another announcement of a white paper on taxation which it is conceded will overlap to some extent with the federalism review exercise;
- The conduct of Reviews of the national curriculum and teacher education which will raise issues of the roles and responsibilities of the levels of government and the non-government sector; together with a review of the curriculum authority, the Australian Curriculum, Assessment and Reporting Authority (ACARA), itself;
- The engagement in the Federalism debate by the media, academics and a number of public policy think tanks including the Committee for Economic Development of Australia (CEDA) with its recently released report on *A Federation for the 21st Century*;
- Functional Reviews of several departments recently initiated by the Australian Government Department of Finance, which include a functional review of the Australian Department of Education.

# Issues to be Addressed

In any significant debate about changing the functional arrangements in the Federation, particularly in relation to school education, a number of issues and challenges are presented and will have to be addressed.

## The philosophy of government funding of non-government school education

As outlined earlier there has been a marked change over the past 50 years in attitudes to government funding of non-government schools. We might well call this period “From State Aid to Gonski”, because the debate has shifted from an ideological and religious base to a pragmatic one. In essence, school funding has passed through four phases in this period – per capita, Education Resources Index (ERI), Socio-Economic Status (SES), and now Gonski-style common base amount plus loadings for disadvantage.

Fierce and fiery ideological debate on this topic involving reference to class, income, wealth, and encouragement of religion, was slowly subsumed by an argument that non-government schools were in fact saving governments money, especially as their enrolments continued to grow as a result of parental choice. Parents of students in non-government schools also pointed out that they paid considerable taxes to both levels of government. This trend was reinforced as the socio-demographic composition of non-government schools, which

were experiencing a growing share of all school enrolments, came to more closely resemble that of government ones. Indeed there is now evidence that many lower income families rely on a second or even third job to pay for education of their children in a school.

Non-government schools were also providing sound education in rural and particularly remote areas including Indigenous populations, thereby rebutting the argument that only government schools could address this need. In any event, all non-government schools were subject to government accreditation and so quality assurance was assumed to be in place.

Another strand of argument which has gained currency in recent times comes through the supporters of freedom of choice in schooling, leading often to the advocacy of more competition between schools which, it is assumed, will lead to more effectiveness, higher performance, and greater transparency and accountability. This has also been one of the factors behind many State and Territory governments considering the granting of more autonomy for government schools and the establishment of quasi-academies in some States. The establishment of the My School website can be viewed as part of this trend.

In a sense the Gonski Report seems to have put paid to the former deep ideological debate which used to dominate in Australia on this topic through its pragmatic approach of focussing on the student’s needs and largely ignoring the public/private divide, other than the reports’ argument that in most non-government schools it is reasonable to anticipate that a minimum private contribution will be made towards the School Resource Standard (SRS) because parents expect to pay fees and believe that it is a worthwhile investment for their children.

Recommendation 17 of the Gonski Report indicates that such a private contribution should be at least 10 per cent of the SRS per student amounts. There seems to be no philosophical, conceptual, or data based foundation for this figure which must therefore have been a judgement call by the members of the Gonski review, although it seems reasonable to assume that this judgement was based on evidence of some kind. The report did also have a short discussion of “capacity to pay vs. willingness to pay” on the part of parents, for their children’s education. However, other than introducing some further scaling into the government funding of non-government schools, the Gonski approach would contain no other form of discrimination in government funding of all schools under its formula of base funding plus loadings for disadvantage.

Even though not all States and Territories signed up to the Gonski funding formula, there seems to be a universal acceptance of this pragmatic philosophy re: the government/non-government divide – the funding follows the students irrespective of the sector in which they are enrolled. It must be noted that the Gonski Report admitted that small schools and Special schools had no accurate measures of needs. Calculating needs for disabled students is a world-wide challenge and Australia has barely risen to that challenge.

Of course the crucial question is whether States and Territories, should they possess almost total control over schooling, would continue to adhere to this philosophy given that they would now assume full funding responsibility for all schooling whether Government, Catholic, or independent. This would probably be the case in any transition period which would have to be designated, and it would also no doubt be couched in the now familiar “no school to be disadvantaged” mantra, which usually accompanies reforms in education. But for the longer term this matter remains uncertain. Different jurisdictions have occasionally been advocating for non-government schools, with some observers believing that cost shifting to the national government has been part of the motivation for this.

## Future roles and responsibilities

In most Federations a number of criteria have evolved, or been used, to determine what the roles and responsibilities in education should be. Since education is always principally a State constitutional power, the focus becomes the determination of criteria for the “intrusion” of the national government. The recent Committee for Economic Development of Australia (CEDA) report on the Federation<sup>1</sup> identified these criteria found in Australia and other Federations for a national government role in school education:

- Process roles, including leader, coordinator, facilitator, catalyst, enabler, aspirational encourager, and champion of patriotism and social cohesion, and promoter of innovation.
- Funder, especially where, as in Australia, the national government has much superior revenue sources.
- International roles, including honouring treaties, research benchmarking; monitoring competitiveness; and diplomatic functional relations with educational bodies such as OECD, UNESCO, APEC, and the European Union; as well as bi-lateral relations with many countries; and regulation of national standards and accreditation of international providers.
- Coping with linkages of education with other national government functions such as immigration, welfare, health, social policy, and higher education including teacher education.

- Identifying gaps; for example it is doubtful if the “Closing the Gap” program to address Indigenous disadvantage would have occurred without a national government presence and stimulus.
- National standards for teaching, curriculum, and reporting and accountability
- Facilitating mobility of students and teachers across the nation, through uniformity, portability, accessibility, and universality of entitlement.

The recent high level Australian policy initiatives mentioned above provide little guidance as to the way forward. The Gonski Report simply says:

*In practice, the panel recognises that existing imbalances have come about over many years and that the extent of the disparities in contributions across sectors and States and Territories is of a magnitude that cannot be changed quickly. Consequently, changes to these funding roles would need to be implemented incrementally and within a governance framework which gives certainty and stability around expected future funding levels for schools in all sectors from all government sources. Moreover, there are significant existing differences between the States and Territories in the level of expenditure on both government and non-government schooling, as well as the capacity of different jurisdictions to fund growth.*

<sup>1</sup> CEDA, A Federation for the 21st Century, Melbourne, October 2014, p. 110



Nevertheless the panel believes that the Australian Government and the States and Territories need to negotiate more balanced funding roles as part of a transition to a new funding model for all schools that will enable Australia to maintain and extend its educational aspirations. In the government sector, aggregate funding shares should be rebalanced gradually by the Australian Government bearing some part of the cost of bringing current expenditures in the government sector that indicated by the resource standard. This would need to be phased in over time and vary across the States and Territories, at least initially, to reflect differences in current resourcing levels and costs.

In return for this the States and Territories could take a larger role in contributing to non-government schools by agreeing to move towards sharing some greater part of the cost of public funding on a more balanced basis with the Australian Government. The net effect, it is suggested, would be additional funding for the States and Territories, with their increased funding for non-government schools more than outweighed by additional Australian Government funding for government schools.

The panel<sup>2</sup> believes that a number of key principles should guide any renegotiating of funding roles:

- *the States and Territories should continue to operate their systems of government schools*
- *the States and Territories should have an incentive to take part in new funding arrangements*
- *non-government schools should be assured that relevant States and Territories will meet any funding commitments to them*
- *no State or Territory should be disadvantaged in relation to Commonwealth Grants Commission GST allocations as a result of their participation in new funding arrangements*

No reasons or more specific rationale are given other than what seems to be an underlying assumption that this will better address provision of needs based funding and create a spirit of sharing responsibility for addressing student needs among jurisdictions – a partnership approach. The Gonski proposal would, of course, muddy the waters even further regarding clarifying roles and responsibilities.

The National Commission of Audit simply recommended transferring the whole responsibility for schooling (and other functions, notably health), to the States and Territories who would then also be given a share of the income tax or GST pool. However since they also recommended that the national curriculum authority ACARA be absorbed into the Commonwealth Department of Education, it might be assumed that they had in mind that the national government would continue to have a lead role re the national curriculum and its associated reporting. And since they recommended the absorption of the teaching and learning authority AITSL it might be assumed that the States and Territories would become solely responsible for teacher education and training (despite the fact that Universities which are heavily controlled and funded by the national government would be responsible for teacher pre-service education).

The terms of reference for the White Paper on the Federation give no indication of any likely direction on the realignment of roles and responsibilities, although the Prime Minister’s various statements are clear in expressing a preference for the majority of school education functions being handed to the States/Territories.

Debate following the announcement of the Federation review task force also led to speculation that it could lead to making States more reliant on funding from the GST, which, although it is a Commonwealth tax, its revenue is currently given to the States and Territories. Some commentators were also unkind enough to suggest that the whole debate was simply camouflage for a broadening of the base of the GST and a rise in its rate. Consequently the announced review of Australia’s taxation system comes into play in the discussion re school education.

The report of the Review<sup>3</sup> of the National Curriculum makes the observation that in the minds of the States and Territories the role of the national government in curriculum matters should be confined to the “what”; and the “how” should be left to them. In other words, the national government should be concerned solely with content and leave the States and Territories to handle delivery. This is a slightly unrealistic division of responsibility since the national government will need to have some kind of quality assurance mechanism to ensure that the “what”, is what is being actually delivered even if through State and Territory reporting.

**Residual national government functions**

Despite any move towards more subsidiarity in school education it might be speculated that there would remain some functions in which the national government would be involved. A few might be discrete functions for the national government such as international relations of varying kinds, in terms of honouring treaties and conventions including any associated reporting of standards, participating in multilateral education authorities such as OECD, UNESCO, APEC, etc. – and similarly for educational migration or tourism with associated visa requirements, as well as registration and accreditation of international providers.

The relationship of school education with Vocational Education and Training has never been properly assessed or debated in Australia and if any more useful links should be established between these two sectors, the national government may well assume a role on school education through this door, probably under a skills formation agenda.

In general public policy debates, it has been argued that nationwide overall policy and funding matters in Australia relating to equity and entitlement are best handled from a central position of overview and thus by the national government, either by way of discrete function and funding, or leading in partnership with States and Territories.

Other residual functions for Canberra would be where the national government would continue to play a coordinating or facilitating role, but this might well require the States and Territories to opt in to such arrangements. One such area could be National Curriculum and its associated reporting, given that the national government currently funds half the budget for ACARA whose governance structure already gives the States/Territories a majority vote. A national curriculum with no national government involvement seems difficult to conceptualise. The conduct of educational research into common areas of significance to all education systems might also fall into this category.

Yet another category might be where the States and Territories decide that national government action on their behalf is more efficient than their endeavouring to coordinate their own actions. Continuation of the My School website and the Education Services Australia (ESA) facility for the sharing of resources is another possible arena for this approach. Indeed any data set of use and interest to State and Territory school systems is a contender for this role. This approach would still retain a partnership approach, or the States and Territories could even contract out such services to the national government rather than establish a body of their own.

<sup>2</sup> Review of Funding for Schooling (Gonski Report), Canberra, December 2011, p.180

<sup>3</sup> Review of the National Curriculum, Report, Canberra 2014

The emergence of any “national” policy requirement, crisis or emergency in education might trigger national government action, especially if it has international implications. This could also be actioned by concerns about any serious fall or decline in Australian performance in international testing of student performance. Such action could be by direct intervention or more likely through partnership with the States and Territories. It might be similar to the manner in which the Closing the Gap program was conceived and delivered, or the occasional approach to regulation of rogue providers of international education. Such national government action might be accompanied by a sunset clause; it would certainly require the national government to retain some funding and some bureaucratic presence.

With the national government continuing to have almost full responsibility for funding of higher education, it seems reasonable to assume that responsibility for teacher in-service programs in Universities or Colleges, and hence teacher quality, would require a strong residual role for the national government.

In the light of all these possibilities it seems highly unlikely that the national government would ever completely vacate the school education arena. The public will probably always look to the national government as well as to State and Territory governments to take care of the education of their children.

### Cross border

States and Territories would be obliged to continue and strengthen their cross border arrangements in many aspects of school education. These include catering for the mobility of both students and teachers and any related registration or accreditation requirements. It would also involve comparability of school assessment results. There is no necessary involvement of the national government in this aspect but it is always difficult to get “8 clocks to strike at once”.

### Comparative State policies and performance

Any large scale devolution of taxation and funding powers to the States will inevitably lead to a much greater focus on comparative performance between jurisdictions including in relation to education. Despite any diminution of powers in school education for the national government, there would still remain the interstate benchmarking which currently occurs through the Australian Bureau of Statistics, the Commonwealth Grants Commission, periodic reports by the Productivity Commission, presumably some reporting by ACARA, and a variant of COAG and its Ministerial Councils, and of course the international PISA, TIMMS and PERL tests.

However, these macro measures will need to be accompanied by greater micro attention by the States and Territories to their quality assurance mechanisms which vary in adequacy and in some cases do not replicate all of the current mechanisms of the national government. It is not even certain that school attendance is compulsory across Australia at present and it is disturbing that in some urban settings some jurisdictions are condoning incentives and rewards being offered by schools for student attendance.

### State fiscal capacity

Needless to say, bringing school education more exclusively within State/Territory control immediately places it more at the whim of the fiscal capacity of each jurisdiction.

The key question here is whether a State would have more certainty and stability in its fiscal capacity, with a fixed share of income tax, and/or a larger share of GST revenue, than it would have had from a continuation of national government grants for purposes such as education. Since both income tax and GST collections are always subject to fluctuations the general answer would have to be “No”. This could be mitigated if the States were able to impose surcharges or give rebates on their portion of the income tax (although not the GST since under the Constitution all Commonwealth taxes must be uniform). In other words, the States would be sacrificing some funding certainty to achieve some autonomy and flexibility in both taxing and spending. Also it would be a politically “courageous” State Government which was prepared to introduce an income tax surcharge on its residents even if it were designated for functions such as education or health.

Of course none of this negates the fact that such a fundamental shift in Federal-State relations and funding would place State finances, and hence school education, more at the behest of the changing economic circumstances of each particular State. In the past there have been marked fluctuations in the economies of many Australian jurisdictions so this aspect is definitely a relevant factor. To a small extent some of this fluctuation is addressed through the Commonwealth Grants Commission and its horizontal fiscal equalisation process, but the payments which come for any disadvantage a State experiences beyond its control are lagged, and may not compensate fully for large fluctuations in revenue or expenditure. (Note that the Gonski Report recommended that no State should be disadvantaged by the equalisation process as a result of entering its new school funding arrangements – which would effectively quarantine this area of State public finance.)

### Capital and infrastructure

The current methods for provision of school infrastructure in Australia are very haphazard. For the States and Territories, school education has to take its chances along with many other competing sectors for its capital spending, and in this arena the economic situation of each State figures even more prominently for both government and non-government sectors. Commonwealth funding for school capital expenditure has been just as haphazard with periodic programs being launched often for political as well as for educational purposes – “plaque driven policy”.

In the government sector some States have had considerable success with Public Private Partnerships of various kinds, as well as outsourcing, and issuing of social bonds. Some jurisdictions have also had success with sharing of joint campuses by government and non-government schools. However the health of the State’s balance sheet is still vital for the attraction of private as well as public capital. For the non-government school sector, whilst there are currently formulae in place for State Government provision of capital, the quantum of funds is relatively small and usually dependent on co-contributions from the non-government schools or their systems.

Consequently, all school education sectors will continue to face considerable uncertainty regarding funding for capital expenditure, possibly more so if the States should gain exclusive responsibility in this domain. Independent schools have always been heavily reliant on private fee income for their capital expenditure and that does not seem likely to change.

### Broader State public policy frameworks

There also needs to be some consideration as to whether States and Territories will continue to catch school education in their broader public policy objectives.

This factor plays out most noticeably in funding cuts, efficiency dividends, and other economies which jurisdictions are commonly enforcing in modern times. Independent schools cannot expect to be cushioned from these measures. Also, whilst some States are paying lip service to the present fashion of de-regulation there is little evidence of this being applied to school education to date. As the data in *Appendix C* reveal, independent schools are currently caught in a web of national and State regulations and this raises the very pertinent question of whether a State Government would seek to rationalise this regulatory framework into one regulatory regime once national responsibility were devolved.

Jurisdictions are also pursuing general reforms such as privatisation, outsourcing, contestability, and public-private partnerships of various kinds, which may have implications for independent schooling especially if they are permitted to enter these arrangements, or if on the other hand they are faced with increasing competition from them.



Indeed a number of jurisdictions are pursuing greater autonomy for government schools and even endeavouring to create “academies” and other specialist government schools. They are influenced to some extent by results reported from England, the United States and elsewhere, where various programs of school autonomy have been introduced with encouraging results. However it is often overlooked that the context of these experiments is somewhat different from the Australian situation. For example allowance of greater school based decision making by Principals and school boards in England takes place in a situation of very tight overall quality assurance including Her Majesty’s Inspectorate of Schools and the General Certificate of Secondary Education (GCSE) examinations; a far stronger quality assurance framework than exists across Australia.

The stated rationale for school autonomy in Australian jurisdictions is to lift educational performance, achieve better management and resource allocation, and lift morale of teaching staff. This development is predicated on the premise of the benefits of competition and accountability to parents for results, and a sense of ownership of the school by its community. However the move will clearly also create some competition with Independent schools, especially regarding price, and particularly for those independent schools charging fees at the lower end of the spectrum. (However the limited

amount of research on this aspect would seem to suggest that parents do not yet understand the concept of an independent government school; they simply understand two basic notions of schooling- public and private)<sup>4</sup>. It seems reasonable to anticipate that a State Government, pursuing these broad objectives, and with near complete control of school education, would be sorely tempted to tilt the policy and funding playing field towards its own school sector either explicitly or inadvertently. That factor would need to be offset by the lower outlays involved for a State Government in funding per student in non-government schools. Not a lot of thought appears to have been given to this public policy dilemma.

Conflicts of interest

All of this focuses attention on the real and potential conflict of interest which a State Government would face if it gained full control of funding of all school education.

Each State and Territory government would thus become in effect:

- Policy Maker
- Legislator
- Owner
- Funder
- Service Deliverer
- Curriculum Mandator
- Competitor
- Regulator
- Accreditor

Clearly there is significant scope for conflict of interest in possessing all these roles. None of the currently existing general or education specific national and State/Territory regimes for competition oversight are well suited to address these conflict of interest issues. A strict regime of separate statutorily based bodies, at arm’s length from government, for these roles would be necessary. They would also be best accompanied by associated joint advisory bodies involving Government, Catholic, and independent sectors, a transparent decision making process, and rigorous appeal mechanisms.

The Implications for Independent Schools in Queensland

With 190 schools and 15% of the State’s school enrolments, Queensland’s independent schools are a formidable component of the Queensland education system. Therefore any shift of government powers in schooling from the national to the State Government would have significant implications for independent schools particularly in funding and regulation, and future State public policy initiatives.

Funding arrangements

The current pattern of funding for Queensland independent schools is shown in *Table 3*.

The trends in number of schools and enrolments over the period 2003 to 2013 are shown at *Appendix A*.

The key factor is that the funding from the national government and that from the State Government is distributed on entirely different formulae. Consequently a lot would be hanging on any conditions which the national government might attach to any devolution of spending and taxing powers to the State, and the State Government’s own decision on how it would allocate the new total pool of funds at its disposal for school education. There is no certainty or even firm speculation on these matters at present. However the significant aspect is that independent schools in Queensland would then have all their government funding eggs in the one basket, viz. the State Government budget, and that basket would now be funding competing sectors, public and private.

The current method of State Government funding for non-government schools has been outlined above. This Basket-Nexus approach has existed since the mid-1990s. A major review was conducted in 2000 and some mainly internal reviews since. Another major review was due two years ago but was deferred owing to the Gonski deliberations. However it is important to note that the State funding of non-government schools in Queensland has been fairly stable in policy terms and seems to have enjoyed bi-partisan support.

Regulatory environment

As mentioned earlier, *Appendix C* lists all of the Commonwealth and State Government regulations which impact on independent schools in Queensland. It is certainly a formidable array especially in an era where deregulation is supposed to be the norm. It must be a nightmare for a school Principal to navigate particularly Grammar schools with their historical enshrinement in State legislation. Any review by the Queensland Government of its new total regulatory environment, following devolution of education responsibility from the national government, would need to ask whether all the regulations are necessary or could be streamlined in line with principles of subsidiarity. It should also be an opportunity to address the design of the governance of school education in Queensland, to ensure effective and transparent support for students. This would clearly require maximum consultation with all sectors including independent schools.

Table 3. Average income per student in 2011 by source (Qld independent schools)

Source of income	Average income per student (2011)	Proportion by income source
Private	\$7,965	49%
Australian Government	\$6,165	38%
Queensland Government	\$2,212	13%
Total	\$16,342	100%
Source: National Report on Schooling in Australia 2011, Table 55		

<sup>4</sup> Dr. Scott Prasser, Independent Schools in Queensland. A Discussion paper- Issues and Challenges in the context of the Smart State education system, Independent Schools Queensland May 2008

**The Queensland  
policy context**

The Queensland situation is now more uncertain owing to a change of government as a result of the recent State Election which saw Labor achieve a narrow victory. However since the new government has a majority of only one vote in the House, policy making will take place in a fragile political environment. Consequently it is necessary to consider the probable positions of both the new Government and Opposition.

In the current Federalism debate, the previous Queensland LNP government expressed a strong preference for school education and other functions to be devolved to the States, accompanied by the granting of more income taxing powers. It affirmed that it was willing to accept the challenges which this would involve in return for what it saw as the benefits of locating funding and responsibility more closely to delivery of functions such as school education for which the States have Constitutional responsibility. The reduction of overlap and duplication between national and State governments has also been a prime consideration.

It might be speculated that the new Labor Government would also be comfortable with some devolution of taxing and spending powers to the States and greater powers in education for the State. However the degree of support remains uncertain.

Any large scale shift of school education powers with associated funding /tax rearrangements would impact on Queensland in many similar ways as would occur for other jurisdictions. However Queensland’s public finances are strongly influenced by the structure of its economy particularly the resources and tourism sectors which are prone to fluctuating fortunes. If the State gained increased income taxing powers it would become more vulnerable to these elements although possessing more flexibility to address them. Nonetheless it is doubtful if Queensland, or other jurisdictions, would contemplate the brave option of introducing an income tax surcharge, even if the revenue were hypothecated to school education.

Also, the geographic decentralisation of the State’s population and industry creates greater public expenditure challenges as witnessed by the Commonwealth Grants Commissions’ calculations which identify significant needs for Queensland in dispersion, scale, and cultural factors, many of them in school education. Indeed health and education have long been the two major government functions for the Queensland Government and both are characterised by large costs associated with decentralisation and regionalism. Queensland’s public finances, and hence its school funding capacity, would become more dependent on Horizontal Fiscal Equalisation if devolution of income taxing occurs as a result of any changes to Federal-State finances.

The previous LNP Queensland Government had a broad range of State public policies which were shaped largely by the report of the State Commission of Audit, its main focus was on ways to address the large government debt facing the State and projected deterioration of the State’s public finances. These include privatisation by way of asset sales or leasing, but this was not significantly applied to schooling.

Outsourcing was also favoured and this has been a feature of some government school education functions especially construction and maintenance of assets and some back office functions. With greater government school autonomy this would have been destined to increase. Public Private Partnerships (PPPs) are very much in vogue in Queensland for both economic and social infrastructure, and construction and maintenance of government schools and Vocational Education and Training colleges has occurred. For schools, PPPs typically occur in bundles to make the total funding involved attractive to private capital, and there would be potential to include independent schools in such bundles although this idea has never been floated. Also the concept of shared campuses between government and non-government schools which has been tried elsewhere has rarely been considered in Queensland.

The Queensland Commission of Audit also strongly recommended “contestability” as a fundamental notion to drive State Government service delivery. Efforts have already been made to introduce contestability into some State Government functions but to date there has been no such movement in relation to school education. However it is perfectly conceivable that the previous LNP State Government, having identified potential sites for new schools, could have opened the provision of such schools to competitive bidding from both public and private sectors. This possibility was strengthened by that government’s strong desire to cut government spending across all parts of the public sector.

It seems highly probable that most of the thrust of these former policy directions will be rejected by the new Labor Government especially privatisation. Labor will probably favour some element of Public Private Partnerships in school construction, and a much more limited activity in outsourcing. The concept of contestability – which was not very successfully begun by the LNP government, – will probably be ditched and it seems very doubtful that Labor would enter into any form of direct partnership with non-government schools in terms of shared campuses or facilities.

It can also be anticipated that the Labor government will strongly support government schools, and continue with its former policy of creating specialised academies and more autonomous schools in the State schooling sector; these may be promoted as an alternative to independent schools but given Labor’s previous policy of bi-partisan support for Non-State schools it is doubtful if Labor would actively discriminate against independent schools in funding approaches unless it were faced with the need for severe expenditure cutbacks. It can also be noted that, in general, State and Territory Labor governments across Australia have not advocated the degree of autonomy for government schools that has characterised the approach of non-Labor governments.

**Future policy on funding  
of independent schools**

Education currently comprises some 23% of the Queensland Governments’ own budget. Would this situation continue after devolution of national government school education responsibilities, especially as much of the current Federal funding comes as Specific Purpose Payments? Moreover those States who agreed to Gonski agreed to maintain their own share of the costs of non-government school education.

**Policy issues**

The current method of funding non-government schools has been outlined above. In the context of the Federalism debate, the following questions and related policy issues arise immediately:

- Would the Queensland Government continue to adhere to any quarantining conditions for funding of non-government schools laid down by the national government for the period of the transition from national to State funding?
- In distributing the newly received bulk component of schools funding from the national government would the State Government use the Gonski approach and formulae, or something resembling it, to distribute the share for non-government schools?
- Would the State Government simply pool the newly received national government funding with its own former State funding for non-government schools, and apply its own current Basket-Nexus formula for funding non-government schools to the total pool? In other words would there continue to be a distinction between former national and former State school funding buckets – probably not?



- Since it seems likely that the Queensland Government would take this opportunity to review the whole approach to funding of non-government schools, which model would prevail – a Gonski-like approach, the State’s current Basket-Nexus model, or some new Queensland tailored approach? Would the driving principles of such a review be philosophically based on some conception of the public/ private divide, or purely pragmatic considerations? How would the conflicting issues of capacity to pay versus willingness to pay be reconciled?
- In the light of the prospect of enrolments in independent schools continuing to grow at a faster rate than for government schools, would any new funding formula be flexible enough to allow for modifications which might be necessary?
- Given the squeeze on the State Government’s capital raising capacity, foreshadowed to continue for many more years, together with the fact that the Queensland Government would now be in possession of the power to grant income tax concessions, would the State Government introduce more generous incentives for independent schools to raise capital to fund their building and equipment programs?

- Given that “educational tourism” is becoming more important to the Australian economy, including in school education, would the State Government be inclined to offer incentives to Independent schools to expand to meet international demand?
- Would Queensland be swayed by approaches to non-government school funding adopted by other State and Territory jurisdictions, given interstate comparisons of resourcing and school performance will continue to be conducted by several bodies?
- Considering that the Queensland Government has now created some 80 Independent Public Schools (in 2014), with 130 planned for 2015, would the State Government be tempted to squeeze funding for non-government schools and reallocate such money to its own Independent Public Schools, especially in an era of expenditure cutbacks, which will also have to be confronted by the new Labor government.
- Recalling that school funding models have generally received bi-partisan support in the past, would any new arrangements also have this assurance?

### Potential State response

In essence, the key question is what would be the response of a State government which suddenly had control of almost all school funding? At least some of the following issues would arise:

- Would education funding be quarantined in any way from the State’s economic cycle and fluctuations in budget revenue? If necessary, would the State be prepared to levy an income tax surcharge to fund education to ensure stability in funding schools both public and private?
- Would education policy rest on an ideological or purely pragmatic base and would an interventionist strategy be formulated to encourage government or non-government schools, or would the government simply endorse parental choice and let the funding follow enrolments? This gives rise to the age old question of whether the government school system is considered to be a basic necessity and entitlement, given that school education is supposed to be compulsory and paid for by taxes levied on the whole population, or is the public system to be considered a safety net?

- Would the State Government consider that fee income for non-government schools should be based on willingness to pay or capacity to pay and be tempted to adjust continually the share of their government funding accordingly? And whichever strategy was adopted, would competition be encouraged between government and non-government schools and amongst government schools themselves, and what educational performance measures would be used to benchmark such competition and even direct funding?
- Would a partnership model be adopted for both recurrent and capital spending on school education and would such a policy embrace items such as public/private style capital funding of infrastructure, co-location of campuses, and the outsourcing of the operating of government schools? Would the Queensland Government consider the issuance of social bonds to fund school education and would the proceeds be made available to both government and non-government schools?

### Conflicts of interest, regulation, & governance

Independent Schools Queensland has previously raised issues relating to the governance arrangements for schooling in Queensland.<sup>5</sup> These have included conflicts of interests, separation of policy from delivery, regulatory impact particularly on independent schools, and the need for greater government transparency and consultation.

With any new wholesale devolution of powers and funding from national to State Government there would be an exacerbation of these issues. To them could be added the former Queensland Government’s pursuit of contestability in its public policy and spending roles whereby school education would thus take on a competitive direction; however, this would need to sit beside the government’s other stated intention to pursue partnerships in its endeavours, particularly with the not-for-profit sector. Although few of these notions have yet to be applied fully to school education, it is surely only a matter of time before that occurs.

Whatever approaches are taken it is clear that the Queensland Government, with almost total control of all school education in the State, would have a significant conflict of interest and its current governance structures are not designed to cope with this dilemma. Neither the Queensland Competition Authority nor the various statutory bodies appended to the State Department of Education are really designed to facilitate contestability and partnerships at the one time. A complete review would be needed and it would need to be a review where all sectors and stakeholders were involved. The resulting design would need to be fully transparent and have the confidence of all stakeholders.

<sup>5</sup> Dr. Scott Prasser, Independent Schools in Queensland. A Discussion paper- Issues and Challenges in the context of the Smart State education system, Independent Schools Queensland May 2008





## Summary

Like all entities which operate largely in the private sector, independent schools realise that they have to operate with vision, innovation, and attention to their financial sustainability. They also need considerable certainty and predictability in their environment. This is complicated by the fact that they also receive financial support from both national and State governments for their operations and thus are caught in the middle of any Federal-State financial reform particularly re finance. Add to this any change in the broader State Government policy framework relating to contestability and partnerships, and the situation for an independent school becomes even more unstable. It is never a good position to have all your government funding eggs in the one basket.

All of this need not be considered in a totally negative light; policies such as contestability and partnerships open the door for independent schools to engage with the State Government and help it deliver its goals for school education. But there remains a need for vigilance to ensure that the governance of the milieu is transparent and fair.

However, the reality is that an independent school ideally needs a 10-year lead time for its planning, especially re capital expenditure. As things currently stand there is little certainty or stability guaranteed for independent schools beyond 2017.

Also, Queensland has possessed a bi-partisan and relatively stable approach to school funding for many decades and it is imperative that this should continue.

In a similar vein, State governments know that every reform to school education has at least a five year cohort effect. None of this sits well with the current election cycle in Queensland which is only three years, unlike every other State which has a four year cycle. The Queensland Government might seriously consider introducing a longer election cycle to provide a little more certainty and stability in arenas such as school education, especially if the result of the current debate in Australia sees the State and Territory governments with near total powers over school education.





Good Shepherd Christian School

# Appendices

**Appendix A**  
Queensland Enrolments by Education  
Sectors and School Sectors for 2003  
to 2013 – FTE Enrolments and FTE %  
Enrolment Shares

**Appendix B**  
Details of Current Queensland State  
Funding for Non-Government Schools

**Appendix C**  
Indicative List of Legislation  
and Regulations Impacting  
on Independent Schools

**Appendix D**  
State and Territory Recurrent Funding  
for Non-Government Schools, Including  
Funding for Disadvantaged Students



# Appendix A

## Queensland Enrolments by Education Sectors and School Sectors for 2003 to 2013

FTE Enrolments	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government											
All Students	446,644	450,475	452,654	456,739	480,829	481,800	486,803	488,063	491,780	500,626	509,671
Primary	286,167	287,707	287,589	288,780	309,481	309,683	311,383	312,422	316,305	324,271	331,161
Secondary	160,477	162,769	165,066	167,960	171,348	172,116	175,420	175,640	175,474	176,355	178,511
Catholic											
All Students	104,600	106,975	109,848	113,148	121,629	124,710	128,251	131,800	135,039	138,263	141,048
Primary	59,274	60,846	62,578	64,396	71,374	73,249	75,564	77,531	79,802	81,925	83,546
Secondary	45,326	46,129	47,269	48,752	50,255	51,461	52,687	54,269	55,236	56,338	57,502
Independent											
All Students	80,261	83,295	86,539	89,678	97,562	102,103	105,318	107,532	109,296	111,578	113,585
Primary	36,339	37,970	39,767	41,654	48,115	50,662	52,726	54,002	55,399	57,266	58,557
Secondary	43,921	45,325	46,772	48,024	49,447	51,441	52,592	53,530	53,896	54,312	55,028
All Sectors											
Total primary	381,781	386,522	389,934	394,829	428,970	433,594	439,673	443,955	451,507	463,462	473,263
Total secondary	249,724	254,223	259,107	264,736	271,050	275,018	280,699	283,440	284,607	287,005	291,041
Total all students	631,505	640,745	649,040	659,565	700,020	708,613	720,372	727,395	736,114	750,467	764,304

FTE % Enrolment Shares	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government											
All Students	71%	70%	70%	69%	69%	68%	68%	67%	67%	67%	67%
Primary	75%	74%	74%	73%	72%	71%	71%	70%	70%	70%	70%
Secondary	64%	64%	64%	63%	63%	63%	62%	62%	62%	61%	61%
Catholic											
All Students	17%	17%	17%	17%	17%	18%	18%	18%	18%	18%	18%
Primary	16%	16%	16%	16%	17%	17%	17%	17%	18%	18%	18%
Secondary	18%	18%	18%	18%	19%	19%	19%	19%	19%	20%	20%
Independent											
All Students	13%	13%	13%	14%	14%	14%	15%	15%	15%	15%	15%
Primary	10%	10%	10%	11%	11%	12%	12%	12%	12%	12%	12%
Secondary	18%	18%	18%	18%	18%	19%	19%	19%	19%	19%	19%
Combined Non-govt											
All Students	29%	30%	30%	31%	31%	32%	32%	33%	33%	33%	33%
Primary	25%	26%	26%	27%	28%	29%	29%	30%	30%	30%	30%
Secondary	36%	36%	36%	37%	37%	37%	38%	38%	38%	39%	39%

Source: 4221.0 Schools, Australia, 2013 NSSC Table 43a – Full-time equivalent students by Affiliation, Sex, Grade, Age and Aboriginal and Torres Strait Islander Status, States and Territories, 1999 to 2013

# Appendix B

## Details of Current Queensland State Funding for Non-Government Schools

### Recurrent funding: The Basket-Nexus Model

State Government funding for non-government schools is provided annually through the State budget, and to receive funding, schools must be accredited and eligible. The quantum of recurrent funding for the non-government school sectors in each financial year is linked/indexed to the amount of funding provided by the Government to operate the State Government’s own schooling system.

From the 1970’s flat per capita funding was in place for non-government schools i.e. a flat rate of subsidy per student. In the early 1990’s a special committee of review was established with various terms of reference including making recommendations to the government on needs-based funding. This committee’s deliberations produced what is still essentially the current funding model – with needs-based funding introduced in 1992 by “freezing” the base per capita rates for primary and secondary enrolments and applying additional future budget increases to raising the level of needs-based funding. The approach has generally received bi-partisan support.

Thus the Basket-Nexus model was born: which uses a set percentage of the average cost per State student (based on the State Department costs to run State schools) and multiplies this “nexus” by enrolments in the non-government sectors. With successive budgets reflecting various schooling reforms and government initiatives, this nexus rate has been adjusted to ensure extra funds for these initiatives were allocated to the non-government sectors, i.e. that the non-government sectors received a transparent “share” of these policy initiatives. In essence, the Basket-Nexus mechanism seeks to ensure that the annual budget for non-government school recurrent funding increases in accord with higher education costs in the State sector and with enrolment increases in the non-government sectors.

The funding mechanism which is used for this purpose is called the Basket-Nexus Mechanism which calculates the average cost of educating a student in a State school (based on a widely inclusive basket of goods and services), which is then used to calculate the notional cost of funding to be provided for a non-government school student. That proportion is currently 22.33%. This notional cost for a non-government school student is then multiplied by projected non-government school enrolments to give the total amount available for the non-government school sectors.

The 2014-15 Queensland Government budget for non-government school recurrent funding was \$584.3m. A proportion is set aside for the targeted Students with Disability in Non-State Schools Program (6.5 %). Other funding is also set aside for additional programs: Great Teachers=Great Results (\$12.26m) and Youth Support Initiative (\$1.08m). The remainder available to be used for the recurrent grant is \$532.8m.

Payments are based on per capita rates and enrolments as per the February census conducted by the Non-State Schools Accreditation Board. Secondary rates are weighted at 1.5 times the primary rates. Per capita rates comprise two components: base and needs. The needs component is currently being transitioned to 40% of total available funds. The base component is the same for all Non-State Schools (Primary \$1,055; Secondary \$1,583). These figures are currently frozen at these levels until the needs component reaches 40%.

The needs component includes a number of factors:

- Socio Economic Status (SES) – 37.5% of needs funding
- School Resource Index (a measure of a school’s private income) – 37.5% of needs funding
- School isolation – 5% of needs funding
- Student needs – 20% of needs funding, that takes account of:
  - Number of students with disability (receives a weighting of 5)
  - Number of students with English as a second language
  - Number of Indigenous students
  - Number of students from isolated areas
  - Number of recipients of boarding fee concessions (receives a weighting of 3).



# Appendix C

## Indicative List of Legislation and Regulations Impacting on Independent Schools

### Queensland State legislation

- Adoption Act 2009
- Animal Care and Protection Act 2001 & Animal Care and Protection Regulation 2012
- Australian Code of Practice for the Care and Use of Animals for Scientific Purposes 2004
- Anti-Discrimination Act 1991
- Building Act 1975
- Building Regulation 2006
- Building Fire Safety Regulation 1991
- Child Employment Act 2006
- Child Employment Regulation 2006
- Child Protection Act 1999
- Child Protection Regulation 2000
- Civil Liability Act 2003
- Civil Liability Regulation 2014
- Commission for Children and Young People and Child Guardian Act 2000
- Commission for Children and Young People and Child Guardian Regulation 2011
- Disability Services Act 2006
- Disability Services Regulation 2006
- Drugs Misuse Act 1986
- Drugs Misuse Regulation 1987
- Education (Accreditation of Non-State Schools) Act 2001
- Education (Accreditation of Non-State Schools) Regulation 2001
- Education (Capital Assistance) Act 1993
- Education (Capital Assistance) Regulation 2005
- Education (General Provisions) Act 2006
- Education (General Provisions) Regulation 2006
- Education (Queensland College of Teachers) Act 2005
- Education (Queensland College of Teachers) Regulation 2005
- Education (Queensland Curriculum and Assessment Authority) Act 2014
- Education (Queensland Curriculum and Assessment Authority) Regulation 2014
- Education (Overseas Students) Act 1996
- Education (Overseas Students) Regulation 2014
- Education (Work Experience) Act 1996
- Electronic Transactions (Qld) Act 2001
- Electrical Safety Act (Qld) 2002
- Electrical Safety Regulation 2013
- Environmental Protection Act 1994
- Environmental Protection Regulation 2008
- Evidence Act 1977
- Evidence Regulation 2007
- Fair Trading Act 1989
- Family Law Act 1975
- Financial Accountability Act 2009
- Fire And Rescue Service Act 1990 (Qld)
- Building Fire Safety Regulation 2008
- AS1851:2005 – Maintenance of Fire Protection Systems & Equipment (Australian Standard)
- Fire Safety Management Plan Guidelines (Schools & Institutions) 2002
- Food Act (Qld) 2006
- Food Regulation 2006
- Grammar Schools Act 1975
- Grammar Schools Regulation 2004
- Guardianship and Administration Act 2000
- Guardianship and Administration Regulation 2012
- Health Act 1937 (Section 76KC)
- Health Regulation 1996
- Health (Drugs & Poisons) Regulation 1996
- Industrial Relations Act 1999
- Industrial Relations Regulation 2011
- Invasion of Privacy Act 1971
- Libraries Act 1988
- Liquor Act 1992
- Liquor Regulation 2002
- Public Health Act 2005
- Public Health Regulation 2005
- Public Records Act 2002
- Public Records Regulation 2014
- Statutory Bodies Financial Arrangements Act 1982 (Grammar schools)
- Statutory Bodies Financial Arrangements Regulation 2007 (Grammar schools)
- Further Education and Training Act 2014
- Workers’ Compensation and Rehabilitation Act 2003
- Workers’ Compensation and Rehabilitation Regulation 2014
- Work Health and Safety Act 2011
- Work Health and Safety Regulation 2011

### Commonwealth legislation

- Australian Education Act 2013
- Australian Education Regulation 2013
- Age Discrimination Act 2004
- Archives Act 1983
- Copyright Act 1968
- National Copyright Guidelines
- Corporations Act 2001
- Credit (Commonwealth Powers) Act 2010
- Defamation Act (Qld) 2005
- Disability Discrimination Act 1992
- Disability Standards for Education
- Education Services for Overseas Students Act 2000
- National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007
- Education Services for Overseas Students Regulation 2001
- Education Services for Overseas Students (Registration Charges) Act 1997
- Education Services for Overseas Students (Registration Charges) Regulation 2011
- Fringe Benefits Tax Act
- Fringe Benefits Tax Assessment Act 1986
- A New Tax System (Goods and Services Tax Administration) Act 1999
- Human Rights & Equal Employment Opportunities Commission Act 1986
- Indigenous Education (Targeted Assistance) Act 2000
- Indigenous Education (Targeted Assistance) Regulation 2001
- Privacy Act 1988
- National Privacy Principles
- Racial Discrimination Act 1975
- Sex Discrimination Act 1984
- Student Assistance Act 1973
- Trade Practices Act 1974
- Trade Practices Amendment Act (No.1) 2001



# Appendix D

Sourced from *Review of Funding for Schooling – Final Report, 2011* (p44)

## State and Territory Recurrent Funding for Non-Government Schools, Including Funding for Disadvantaged Students

Jurisdiction	Recurrent funding	
	Determination	Allocation
New South Wales	<ul style="list-style-type: none"><li>Non-government school funding pool set at 25% of NSW AGSRC</li></ul>	<ul style="list-style-type: none"><li>Distributed according to the 12 categories of the former Education Resources Index (ERI) system with separate rates for primary and secondary students</li><li>Catholic systemic schools funded at category 11</li></ul>
Victoria	<ul style="list-style-type: none"><li>Victorian Government has committed to increasing the funding pool to 25% of the Victorian AGSRC</li><li>Indexed annually</li></ul>	<ul style="list-style-type: none"><li>Financial Assistance Model allocates per capita (41%) and needs components (59%)</li><li>Needs component allocated on family background measure plus other student and school characteristics</li></ul>
Queensland	<ul style="list-style-type: none"><li>Link with State school costs (currently 21.21% of Queensland AGSRC)</li></ul>	<ul style="list-style-type: none"><li>Approximately three-quarters of funding is allocated as a per student base component with different rates for preschool, primary and secondary</li><li>Remainder is distributed on a needs basis using a weighted combination of the Australian Government's SES score, the Schools Resource Index, isolation and other measures</li></ul>
Western Australia	<ul style="list-style-type: none"><li>Pool of funding set at no less than 25% of the WA AGSRC</li></ul>	<ul style="list-style-type: none"><li>Per capita rates vary by school level and category of need with 10 funding categories based on the ERI</li></ul>
South Australia	<ul style="list-style-type: none"><li>Previous year's allocation adjusted for inflation including 25% of agreed salary movement in SA Department for Education and Child Development and a Treasury-determined factor for the non-salary component</li></ul>	<ul style="list-style-type: none"><li>Per capita component based on enrolments, with higher rates for secondary than primary, and a needs component based on characteristics of schools and students</li><li>Additional funding for students with special needs</li></ul>
Tasmania	<ul style="list-style-type: none"><li>19.11% of state AGSRC</li></ul>	<ul style="list-style-type: none"><li>Allocations based on enrolments, SES scores and school-level weighting</li><li>Needs-based distribution reflects the Australian Government-determined SES scores</li></ul>
Australian Capital Territory	<ul style="list-style-type: none"><li>Historical grant amounts indexed by Consumer Price Index and adjusted for ad hoc increases</li></ul>	<ul style="list-style-type: none"><li>Per capita basis according to funding scales based on ERI</li></ul>
Northern Territory	<ul style="list-style-type: none"><li>21% of the NT AGSRC</li></ul>	<ul style="list-style-type: none"><li>Per capita basis with separate rates for primary, secondary, remote and severely disabled students</li></ul>



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