



## **NSWSPC Second Submission to the School Funding Review**

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### **Introduction**

*NSW secondary schools, central schools and schools for special purposes are part of a government system delivering high quality, inclusive education and our natural loyalty is first and foremost to the government sector. We must continue to remind governments that they, and only they, have the obligation and the capacity to ensure that quality education is delivered as a universal entitlement of every Australian child.*

That paragraph started the first submission from the New South Wales Secondary Principals' Council (NSWSPC) and reflected the desire of more than 500 secondary, central and school for special purposes principals<sup>1</sup> who are members of the NSWSPC to provide a considered response to the original terms of reference.

This second submission is designed to address the questions posed by the Funding Review in its emerging issues paper. This second submission unashamedly represents the following propositions based on the agreed views of NSWSPC members no matter where their school is located.

Their submission is presented with recommendations in seven areas:

- The Funding Context of NSW Public Secondary Schools
- Equity of Education Outcomes –
  - Reducing inequity
  - Promoting equity between schools in the government system
  - Promoting Equity between states, territories and sectors
- Funding Schools
- Governance and leadership
- Community and Family Engagement including A Charter of Public Obligation

A summary of the recommendations is included on pages 21 – 24.

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<sup>1</sup> For the purposes of this submission referred to as “secondary principals”.

# The Funding Context for NSW Public Secondary Schools

## 1. Secondary public education matters

- Secondary education is very “high stakes” with students needing to make the transition from childhood to early adulthood and tertiary education and/or employment in a world that demands high levels of understanding, skills and citizenship. This is the world of the 21<sup>st</sup> century and it needs a 21<sup>st</sup> century funding and policy response.
- Secondary schools are highly complex organisations meeting individual student specialisations, addressing multiple subject requirements, implementing sophisticated assessment regimes, managing large and complex staff and staffing procedures, implementing networks of technology and pedagogy; and preparing students for transitions. Many public secondary schools are larger than many medium size enterprises and they need to be funded to deliver the outcomes expected by government and the community.
- Secondary public schools have obligations in enrolment requirements and the implementation of legislation and regulation that private secondary schools do not. This applies particularly to legislation to protect students and ensure they meet requirements for qualification and credentials. The special place of public education in providing for every student, no matter where they live and no matter what their ability or personal context, must be recognised in the ways public secondary education is funded.
- Public secondary schools also have additional capacity to implement new curriculum, assessment, teaching and learning practices created by a network of schools working together and deriving economies of scale. These matters were addressed in detail in our first submission. The new funding model needs to focus funding on the public purpose of education and as a result, shift the balance from funding jurisdictions and systems to funding schools.

## 2. Adolescent learners have particular learning needs and transitions that need to be recognised and resourced.

- The needs of adolescents in terms of their learning, physical and emotional health have been changing and this has not been recognised in funding models or resource allocations in NSW, with government secondary schools here receiving smaller proportions of overall funding over time and being asked to “do more with less” for at least a decade<sup>2</sup>.
- Governments at all levels have a responsibility to adolescent learners that is at least equal to and certainly more complex and costly to deliver than the commitment to younger children. In any model that positions the secondary school as an integrated service to students, there must be an absolute recognition that the core purpose of schools is education - learning and learners. To deliver this core purpose well in secondary schools so that all students achieve their potential requires high level professional skills, leadership for learning and the ability of the school to focus itself on teaching & learning.

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<sup>2</sup> Data to support this statement can be found in state and federal budget papers and the position is explored in more detail on page 11.

- Adolescence is a period of transition. Governments and schools play a key role in ensuring students have a secondary education that ensures they have career and life choices. In secondary education this includes the continuing guarantee of a diverse curriculum, high quality teaching and the achievement of the outcome to graduate skilled independent learners and empowered citizens. Governments should not be able to increase school leaving ages or impose penalties on families and schools when adolescents do not attend school without taking responsibility in their funding decisions for funding the key transitions to, within and from secondary education.

**3. New funding models need to be sensitive to the full range of government secondary schools**

- Government secondary schools in NSW enrol the full range of students and reflect the greatest range and diversity of any jurisdiction or sector in culture, socio-economic background, student ability and background experience. This means that “one size does not fit all” and that any funding model needs to be sensitive to the full range of students and the full range of government secondary schools.
- In NSW, government secondary schools include a wide range of schools such as comprehensive schools, specialist schools, multi-campus colleges, central (combined K – 10/12) schools, schools for students with disabilities and schools for students in juvenile justice centres. Any new funding model will need to recognise the “complexity” of schools as well as the complexity of the students enrolled. In particular, it is time that governments (both state and federal) recognised the challenges faced by those schools that receive no additional federal funding and have limited access to community resources. These schools are predominantly comprehensive high schools drawing from communities in outer metropolitan, regional and rural communities, communities where the proportion of enrolment in government schools is higher than the overall figure for NSW.

**4. To “close the gap” any new funding model must be underpinned by a commitment to equity in Australian education.**

- Every public secondary student deserves the opportunity and resources to achieve his or her best. Equity must be an underpinning foundation of any new funding system for schools. There is growing evidence that the gap between schools and between students in different schools is growing, with government secondary schools doing “more of the heavy lifting” in terms of teaching students with a disability, students in rural and remote locations and students from backgrounds of poverty. There is also evidence from international research that “more equal and egalitarian” systems do better than systems where the equity gap is large and (in NSW) growing. “Closing the gap” for students and for schools is a priority for the members of the NSWSPC and a new funding process provides the opportunity to create fundamental shifts in the way education is delivered.
- There is also evidence from the PISA data that Australian performance has declined at year 9, especially for higher performing students. This decline has happened at the same time as governments have supported the funding and growth of the non-government sector, a sector that is not as inclusive as the public sector and is also able to determine its own enrolment pattern. This

reorganisation of schooling has not lifted the performance of Australia's more able students at Year 9, nor has it addressed the needs of students who cannot choose their own school. In this context, any new funding model needs to ensure government secondary schools can provide equity for all students and will not continue to be marginalised by current federal and state funding practice. The best systems in the world use the performance of public secondary education as their funding and registration benchmark for the whole system. Australian needs to do the same.

**5. A cohesive, cooperative and successful future in Australian education relies on new ways of thinking and a fair and equitable funding model capable of creating change for young people.**

*The public purpose of education funding is to ensure that all young people achieve the agreed goals of schooling to an agreed standard of achievement as a common, public good. Beyond this public purpose, private choice should entail a corresponding private expenditure.*<sup>3</sup>

- In Australian school education, a provision has evolved which is a mixture of government and non-government schools, secular and religious, of many differing types, configurations, governance models, resource levels, standards of facilities. This clearly creates a situation in which it is difficult to establish a strategic direction which will ensure education provision in this country is always of the highest standard when compared with the best systems worldwide. While a move by the Australian government towards establishing standards for learning, assessment, teaching and leadership (through the National Curriculum, National Assessment Program – Literacy and Numeracy and the National Professional Standards for Teachers and Principals) goes a considerable way to assuring quality, there is a substantial journey ahead if we are to achieve at the highest international levels. From good to great, and then from great to excellent, by McKinsey's classifications<sup>4</sup> will require a highly sophisticated, strategic approach to the development of education for the young people of Australia.
- There is an imperative to go well beyond the ad hoc, piecemeal and fractured approaches which have hindered the nation's education development in the past and have created a provision which, while adequate in some ways, is not producing results of a high standard internationally. Even more alarming is the distribution gap in educational achievement for Australian students apparent from OECD data through consecutive TIMMS and PISA studies. This has been reinforced by analyses of current NAPLAN data in which ICSEA values explain very high levels of school level variation in literacy and numeracy achievement.
- Put bluntly, the current system is resulting in a substantial gap in achievement levels for students on the basis of socio-economic factors. While the Australian Government is attempting to address this issue through strategies such as National Partnership funding, these measures fail to impact on all but

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<sup>3</sup> NSWSPC Initial submission

<sup>4</sup>McKinsey: How the world's most improved school systems keep getting better (2010)

the extreme outliers in school performance. Change of the proportion required calls for high level reform to Australian education.

- The review of funding currently being undertaken offers an opportunity, like no other, to establish a clear philosophical underpinning for the development of education in this nation. The recent efforts by the Australian Government to drive educational reform are to be applauded and have been supported by unprecedented amounts of financial resources provided to schools. Through the funding review, the Australian Government can deliver an unequivocal message about its values in relation to an education system which will lead to real equity in the future and will deliver on the Melbourne Declaration on Educational Goals for Young Australians. Given the wide variations in existing education provision and the inadequacies of the current funding model, along with the self-serving claims being made by many different sectors, it is stating the obvious to suggest this will be no mean feat.

This submission from NSW Secondary Principals Council urges members of the review committee to consider and provide answers to the following fundamental questions in relation to funding the future education provision for our nation.

1. What are the key philosophical, moral and ethical underpinnings which must be considered as the foundation for the future of education in Australia?
2. Is it in the best interests of Australia's future to continue to propagate a fractured education system which currently produces such alarming inequities?
3. Is it in the best interests of Australia's future to have a public education system which is increasingly residualised? Consider the proportion of non-government comprehensive 7-12 secondary schools in this country which have an ICSEA value below 950 as a case in point and it becomes evident that such provision is almost exclusively left to the government sector.

### ***Recommendations***

An educated population is a major public purpose of all nations and funding ensures the delivery of key public purposes such as curriculum, governance, pedagogy, systems, teacher standards, accountability and improved student outcomes. Funding alone will not make the kinds of differences that will be needed to reform secondary education in NSW but without a new funding model there is little likelihood of significant change and improvement. The NSWSPC expects the new funding model to make an immediate and long term difference to the outcomes for students in public secondary schools and, as result, expects the funding review to establish benchmarks against the Melbourne Declaration and not be tempted to use simplistic proxy measures at the school level. We then expect that governments will ensure certainty and transparent decision making in relation to school funding and that both federal and state governments will be held accountable for their school funding decisions.

1. To this end, the NSWSPC recommends:<sup>5</sup>
  - 1.1. An independent, statutory School Funding Authority that ensures one process of funding and public financial reporting for all Australian schools in receipt of public funds. See Recommendation 6.4 for details.
  - 1.2. Recurrent resourcing benchmarks for all secondary schools that recognise the complexity of public secondary education, the special needs of adolescents, the transition and equity demands made on public secondary education and the priority of funding the public purposes of secondary education.
  - 1.3. Accountability for public funding including common accounting and reporting procedures for all schools receiving public funding.
  - 1.4. Transitional arrangements that see an immediate injection of federal funds for secondary public schools in NSW.

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<sup>5</sup> Please see the first NSWSPC submission to the funding review for additional detail and expansion of the rationale. It is available on the School Funding website and on [www.nswspc.org.au](http://www.nswspc.org.au)

## Equity of Educational Outcomes

*We have to teach “poor kids” the skills “rich kids” already know – the skills that help them to succeed at school. The heart of the matter is that requiring solid, challenging, interesting work on a par with what excellent public and private schools demand works, with poor kids and all kids. Anything else is insane. Monroe (1999: 20)<sup>6</sup>*

As was explained in the first NSWSPC submission, this is the first opportunity in well over a decade to examine the ways that government funding combined with private sources of funding has created inequity in Australian education. Based on a detailed analysis of ICSEA and other social data, there is an “equity gradient” that explains the regressive pattern in current funding and policy towards public secondary schools. This equity gradient sees many public secondary schools enrol the students with the most complex needs and those from the families with the least choice. This pattern can be seen across the state and in particular communities.

### ***Reducing Inequity***

Rather than starting with addressing “competing demands” of different sectors, systems and jurisdictions, the funding review should start with establishing common platforms and Australia wide practices based on the needs of students and schools.

One way of reducing inequity and responding to competing demands would be to place all schools receiving public funds on the same economic and accounting framework to:

- determine the “value for money” of providing public funds to different kinds of schools;
- eliminate waste and focus resources where they are most needed; and
- ensure all schools receiving public funds are allocated consistently within new legislative and taxation requirements.

### ***Recommendations***

2. The NSWSPC recommends that the Funding Review committee commissions a review of the full economic cost of schools including, but not limited to:
  - 2.1. The charitable status of private schools that allows them to access grants and funds that are not available to government schools such as DGRS (direct gift recipient status) and the tax deductible status of donations made by parents and others to private schools. Government schools can also do this by applying to the ATO if they establish special funds such as library funds. It is reasonable to recommend the cost to the taxpayer of tax deductible gifts be included as taxpayer income for schools when calculating the amounts to be provided. In other words, tax foregone by deductions should be considered as school income.
  - 2.2. The employment subsidies (including non-payment of FBT) that apply in schools with charitable status. This includes those subsidies that allow teachers who work in private schools to salary package mortgages and other

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<sup>6</sup> Monroe, L. (1999) *Nothing’s Impossible* New York: Public Affairs

- private expenditures in ways that cannot be accessed by government school teachers.
- 2.3. The differential taxation status of schools (companies, charities, government schools) that embeds inequity and how all schools receiving public funds can be registered and operated under common legislative, financial and taxation rules and procedures.
  - 2.4. The ownership of capital projects including buildings and infrastructure paid for with public funds but built in private schools and used for a private advantage; the payment by state governments of non-government school interest on buildings and infrastructure; depreciation and tax deductibility of capital expenditure.
  - 2.5. School transport and other subsidised costs to parents that might more properly be considered private costs.
  - 2.6. Fees paid and contributions made by parents in both private and public schools. Almost all public secondary schools in NSW charge “subject contributions” to cover the costs of “consumables” used by individual students in particular subjects. In a recent NSWSPC survey, the average public secondary school general contribution was calculated at \$70. As this is not compulsory payment rates of general contribution payments vary from less than 10% to 95% depending on the school.
  - 2.7. The jurisdiction costs of government funded registration and accreditation authorities that administer government policy for all schools. At the Federal level this includes ACARA and AITSL; at the state level in NSW includes the NSW Board of Studies and the NSW Institute of Teachers.

### ***Promoting Equity between schools in the government system***

As outlined in the NSWSPC initial submission and in the explanation above, equity of outcomes will be critical in the judgments made by secondary students of the success of their education. If each student and school can say they had the funding and resources to do their best, this will go a long way towards ensuring that Australian school funding is fair, transparent and targeted in the right ways.

A major barrier to equity in NSW within the government system has been the “one size fits all” approach to secondary school funding at a state level. Until this year’s request for financial data for the *MySchool* website, principals in public secondary schools in NSW did not know (and nor did NSW DET) the costs of staffing, maintenance and other expenditure for each school.

It is very difficult to recommend changes when there has been such a lack of transparency and information on the full costs of educating students in individual public schools in NSW, a situation that has been complicated by poor data sharing across the portfolios within the NSW DET and the failure of the NSW government to fund a fully integrated (and ICT based) administration system. This is an area that must be addressed by the state government in any review of NSW state government funding arrangements as it is a source of considerable productivity savings that could be returned to schools.

The NSWSPC acknowledges that there are great strengths in the current model of funding and resource allocation in the NSW public education system in terms of



economies of scale, staffing harder to staff schools and the allocation of resources across the state. In recent negotiations in NSW public secondary education about staffing and school resources, finding a balance between state efficiencies and the educational benefits of more local decision making and control has been a critical challenge to the development of good secondary school policy.

The NSWSPC anticipates, that as part of any funding review, the NSW state government will be asked examine the confusing nature of its current funding arrangements, ensure that the complexity of secondary education is recognised in any change and guarantee that there will be no cuts in funding to government secondary schools except for those based on declining enrolment (as shown in the NSW DET ERN enrolment database).

As part of its research for this submission, the NSWSPC has also identified a hierarchy of schools within the public system in NSW typified by three major types of public secondary schools in terms of access to public and private sources of funding:

- Public secondary schools that can select their enrolments and/or operate in more affluent communities where the community can provide significant additional funds on top of state funding.
- Public secondary schools that receive higher levels of government funding through priority schools funding, low SES national schools partnerships funding, schools in partnership funding or other major sources of federal and state funding designed to address the needs of the state's most remote and/or disadvantaged students, schools and communities.
- Public secondary schools with large numbers of students in Quadrants 2 and 3<sup>7</sup> that receive no additional funding beyond the formula allocation and are only able to provide a minimum level of resources to students over and above their government allocation. Some of these schools received less government funding in 2009 than private schools drawing on similar communities.<sup>8</sup>

### ***Recommendations***

3. As a result of this discussion, the NSWSPC recommends that the following actions are used to promote equity of funding and address targeted and needs-based funding within the NSW government system:
  - 3.1. Maintenance of funding and administration efficiencies through the NSW state jurisdiction disbursing an aggregated federal and state funding base allocation to all public secondary schools calculated on a per-school basis as in 3.2 below.
  - 3.2. The calculation of a total funding allocation for each secondary public school based on a school resource package that includes:

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<sup>7</sup> NSW DET discussion paper: Australian School Funding (page 10)

<sup>8</sup> This includes Rooty Hill High School and Quakers Hill HS in western Sydney, both of which received less government recurrent funding than local catholic high schools according to the 2010 *MySchool* website.

- 3.2.1. Base recurrent funding to every secondary public school built on recurrent resourcing benchmarks that enable them meet key social, educational and citizenship outcomes<sup>9</sup> and that recognise the:
  - 3.2.1.1. complexity of public secondary education,
  - 3.2.1.2. diversity of secondary schools,
  - 3.2.1.3. special needs of adolescents
  - 3.2.1.4. the transition and equity demands made on public secondary education.
  - 3.2.1.5. professional learning needed to underpin the achievement of professional standards by all teachers.
- 3.2.2. Base capital funding that is based on the future building, infrastructure, classroom, furniture and technology needs of secondary settings; and that recognises the age and condition of current infrastructure.
- 3.2.3. Additional recurrent funding to each secondary school that recognises the individual school and community setting and takes account of the:
  - 3.2.3.1. geographic, social, workload and achievement gap
  - 3.2.3.2. profile of the students based on measures of socio-educational advantage and incorporating disability funding, support for particular groups (such as refugees, LBOTE, Indigenous, etc) necessary to ensure those students achieve their potential.
  - 3.2.3.3. additional staffing needs to cover the projected equity gap from 3.2.1.
- 3.3. Giving greater authority for the decisions about educational strategies and resource allocations in the school to secondary principals and school communities.

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<sup>9</sup> The NSWSPC supports the use of the ARACY framework<sup>9</sup> as a guide to benchmarks for targeted funding in this area

### *Promoting Equity between states, territories and sectors*

Equity is not only about social justice; equity is not only about individual achievement; it is also about effective investment in students, productivity and economic growth.

An analysis by the NSWSPC of data from different states and sectors shows that some states have implemented strategies that make much better use of their public secondary funding than NSW, with increased investment available due to larger high schools (Queensland) and more strategic planning of schools (South Australia and Victoria) than NSW. On the other hand, as the largest and most diverse population, NSW government education has actually benefited from economies of scale not available to smaller, more dispersed states such as Western Australia and the Northern Territory. The NSWSPC would like to recommend that the Funding Review identify funding strategies for creating equity and lifting performance and productivity within and between states and territories.

We would like to focus on major areas of inequity facing public secondary education in all states and we make the following propositions, all of which we can support with evidence:

- Secondary education costs more per student than primary education and this fact needs to be acknowledged in the design of the new funding model. In recent years, the major improvements in school funding in NSW have gone to primary schools in reduced class sizes, new facilities through the BER and significant funding, initially through the literacy and numeracy national partnerships and now in the new state government's plan for additional Reading Recovery teachers. It is true that a number of low SES secondary schools received funding for refurbishment to science and language laboratories through the BER program but the funds that were to be allocated to put Science laboratories in NSW Central Schools, where there was a demonstrated curriculum need, were re-allocated by the federal government when there was an over-run on the demand for BER funds by primary schools.
- In recent years, private schools and private school enrolments have grown most at the secondary level of education, the most expensive end. However, the data held by NSWSPC indicates that these schools continue to enrol relatively low cost and mainstream students, especially in metropolitan and large regional centres. This applies as much to the Catholic sector as it does to other private schools.
- Both these facts mean that public secondary and central schools enrol a higher proportion of higher cost students, not only in comparison with private schools but also in comparison with public primary schools. This observation should be reflected in a special place and purpose for public secondary and central schools in the new funding design.
- Teacher shortages in mathematics, sciences, technology and languages have been most acute in public secondary schools<sup>10</sup> and, with the "baby boomers" reaching retirement age, it is critical that there is funding for teacher recruitment, retention, standards, professional learning and the achievement of

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<sup>10</sup> Australian Secondary Principals' Association surveys of teacher shortages.

higher levels of professional expertise. The same is true for the leadership of public secondary schools; a career that requires deep educational expertise combined with the ability to lead and manage a complex school in times of change.

- Further, it should be noted that the majority of private and a minority of public schools can expect the transition of their students from secondary education to tertiary education and/or employment will include high levels of university enrolment as students fulfil parental and peer group expectations. For the majority of public secondary schools, providing resources to assist students to reach the mandatory leaving age, complete school qualifications and make the transition to university, TAFE and work is a major use of school funds, staffing and resources. The high level of academic skills presumed by tertiary institutions requires that students learn these skills at school, particularly senior secondary school. Any new funding model needs to include funding for transition programs, university preparation and strategies to increase retention in public secondary schools. The Funding Review committee should question why universities receive the reward payments for increasing the enrolment of students from the lowest SES quartile when secondary schools and community agencies do the majority of the work.
- Any funding system based on vouchers – that is, based on a position that all students are equal – will increase the gaps that already exist. While associations representing the interests of primary school principals might recommend this approach, the NSWSPC suggests that this would signal a concession from those associations that primary school age children do not have as many individual costs as older learners in secondary public schools. For this and other reasons, the NSWSPC completely opposes any individual voucher system for school funding, except where that funding is used to target individual students based on levels of need and disability above that of mainstream students in that school and community.

### ***Recommendation***

4. The NSWSPC recommends that the funding review recognises the special purpose, place and equity challenges of public secondary education compared to other sectors and designs a funding model that will “close the gap”.

## Funding Schools

In the initial submission, the NSWSPC outlined a series of features that should be included in a uniform mechanism for determining the funding entitlement of all schools. A summary is included in the recommendations on page 4 above.

In this section of the second response, the NSWSPC does not wish to discuss a specific model of funding, leaving that to other experts and to the Review, with its access to far deeper sources of information.

Rather NSWSPC would like to comment on some factors that may influence the deliberations.

### *SES proxy funding model*

When the first *MySchool* website was published the “like school groups” were based on ICSEA measures that were aligned to the SES CCD geographic proxy model used to allocate federal funds to private schools. The reaction from public secondary school principals was understandably critical because schools in the same geographic areas do not necessarily enrol the same students. In NSW, public secondary school principals had access to data that indicated performance differences between students and between types of schools in the same community.

For many years, the research paradigm suggested that “within school differences were greater than between school differences”. This is still considered true in more egalitarian systems of education and underpins much of the literature on the importance of the teacher in student performance. It is also true for many Australian schools but more recent information<sup>11</sup> highlights the differences between schools with different enrolment profiles. More than two decades of promoting parent choice and school specialisation in secondary schools has been a factor in creating divisions between students, schools and (inevitably) communities, divisions that are not recognised in “geographic proxy measures”. The NSWSPC considers these divisions in secondary schools are a factor in Australia’s declining performance in international PISA measures in Year 9.<sup>12</sup>

Funding models that assume that students from the “same geographic proxy” or from any particular background, such as language backgrounds other than English, have equal educational needs, fail to recognise the differences within cohorts of students and while ICSEA as a measure of socio-educational advantage is a much better measure when based on actual student enrolments, it still requires considerable refinement if it, or similar measures, are to predict the needs of students and schools.

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<sup>11</sup> NSW DET Discussion Paper 2011 – Australian School Funding Arrangements [www.det.nsw.edu.au](http://www.det.nsw.edu.au)

<sup>12</sup> Ibid

## **AGSRC**

Does the Funding Review know and have accurate data on the average cost of schooling for all schools and sectors in Australia?

One of the most regressive aspects of the funding model for private schools in Australia is the fact that private school funding is based on a public school average, an average which, by its very nature implies that some public schools will be funded below the average and some above the average. When this is combined with the requirements of government to provide education for the most expensive students and schools including small schools in rural and remote communities where private schools will not operate; schools for students with disabilities and schools for the most disadvantaged students where costs can rise as high as \$50000 per student, the regressive nature of AGSRC as a funding mechanism for private and public schools must not be allowed to continue into new funding mechanisms. Funding the most advantaged students and schools according to the expenditure on the most disadvantaged students and schools is unethical, in that the majority of public schools will have much lower funding than AGSRC.

## ***Capital Funding***

It is the opinion of NSWSPC that the school landscape in Australia has been characterised by poor planning, duplication and waste. Further, programs such as Investing in Our Schools, BER and National School Pride funding have been implemented with almost no consideration of equity, need or assessment of the relative capital needs of particular schools and sectors. The NSWSPC regards this as one of the least transparent and most disappointing tactics of recent governments. It contrasts strongly with the successful equity based approach used in the implementation of the Digital Education Revolution in NSW, a major technology infrastructure program that has used innovation, technological advances and skilling of its staff to change the learning platforms for students and create significant increases in productivity in public secondary schools.

In the opinion of the NSWSPC, capital expenditure for public schools should be the primary responsibility of state governments; capital expenditure for catholic schools should be the responsibility of the system authorities and capital expenditure for independent schools should be the responsibility of the school authority. NSWSPC holds the position that the federal government exposes itself to a conflict of interest, bordering on corrupt practice, if it funds private facilities using public expenditure and then relinquishes the ownership of those facilities to a private provider at no cost to the provider.

## ***Targeted and needs based funding***

In addition to the information provided above on pages 6 and 7, the NSWSPC recognises that targeted funding is a major part of the school funding landscape that can be allocated either to students, schools or systems to achieve particular goals. It should always be based on need, add value and not replace base funding or complexity funding. In particular the NSWSPC would like to see:

- A consistent definition of disability and “funded disability” used across all Australian schools. In making allocations to students with disabilities equity considerations should be included.
- The Funding Review redefine targeted funding models for schools based on graduated scales of need rather than absolute funding cutoff points. This funding could then be included in the school’s budget and, over time as measures of need become more sensitive replace add-on targeted programs completely.

### ***Recommendations***

5. The NSWSPC has already made recommendations in its first submission and above about a single statutory funding authority and on the components of a school/student resource package. In addition NSWSPC recommends:
  - 5.1. The Funding Review commission the development of a more sophisticated measure of need using the recommendations of NSW DET in relation to improving the calculation ICSEA for individual students and schools.
  - 5.2. The Funding Review commission the development of measures of school complexity, profile and workload that will ensure equitable funding to public secondary schools.
  - 5.3. AGSRC should be abolished as a benchmark and be replaced with recurrent resource standards that will achieve the goals of the Melbourne Declaration in the full range of schools.
  - 5.4. The proposed School Funding Authority identifies base recurrent funding for all public secondary schools to be allocated by jurisdictions<sup>13</sup> and provides additional complexity, needs and targeted funds directly to schools within those jurisdictions based on complexity and need.
  - 5.5. Capital expenditure for public schools should be the primary responsibility of state governments; capital expenditure for catholic schools should be the responsibility of the system authorities and capital expenditure for independent schools should be the responsibility of the school authority.

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<sup>13</sup> The quantum of funding to each jurisdiction should be calculated as the aggregate of that which would have been due to each school on the basis of the authority's benchmarking processes

## **Governance and leadership**

### ***The role of government and statutory authorities in governance***

The initial point of governance identified in this submission is government itself, at all levels. Government has obligations to and accountabilities for every student and every public secondary school. There is a critical need for school funding in this country to be consistent, transparent, equitable and focused on achieving the national goals of education. Governments have been reluctant to use clear, comprehensible and combined guidelines for funding, with the result that there is variation within and between sectors that results in significant funding anomalies and a failure of governments to accept accountability for their decisions.

The NSWSPC expects government to legislate for an independent statutory School Funding Authority as discussed in other sections and to accept that governments have roles, obligations and accountabilities for funding, governance and the achievement of school outcomes required by national and international benchmarks.

### ***School Boards and Councils***

In NSW public secondary education, there are fewer than 10 School Councils (dating from the late 1990s) still operating, although almost all public secondary schools have Parents & Citizens Associations and Student Representative Councils. The NSWSPC is currently revising its position in light of the proposals of the federal and new state governments in this area.

### ***Governance***

The governance of public secondary schools in NSW has been highly centralised with the re-introduction since 2006 of “line management” in a hierarchical structure deriving from the Director General and Deputy Director General (Schools) to Regional Directors and through them to the School Education Director. Principals are expected to lead and manage the school but have little authority<sup>14</sup> to innovate. Where “devolution” has occurred it has focused on the management rather than the educational aspects of the work of principals and schools. There is a strong emphasis on audit, accountability and documentation, with most experts confirming that the accountabilities of secondary public school principals in NSW exceed their authority.

Research conducted by the NSWSPC<sup>15</sup> showed that principals had the greatest authority in the following areas: community engagement, pedagogy and professional learning. They had least authority in finance, staffing, infrastructure and assets management including procurement. In relation to curriculum and assessment, principals believed they had significant local authority within the framework of the NSW Board of Studies and the same applied to school planning within the broad DET Office of Schools framework.

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<sup>14</sup> The NSWSPC does not use the word “autonomy”, taking the position that, in any public sector organisation, authority is delegated through legislation and regulation. No principal or school can be “autonomous” if in receipt of public funds.

<sup>15</sup> NSWSPC (2009) *The Role, Authority, Leadership and Accountability of the Principal* nswspc.org.au



Very recent evidence from PISA 2009<sup>16</sup> challenges many of the assumptions about autonomy that are made by Australian politicians and some educational providers. The PISA analysis suggests that:

*The prevalence of schools' autonomy to define and elaborate their curricula and assessment relates positively to the performance of school systems. School systems that provide schools with greater discretion in deciding student assessment policies, the courses offered, the course content and the textbooks used are also school systems that perform at higher levels in reading.*

There is little evidence from any systems that more autonomous management results in improved learning and equity outcomes. The exception is where the school principal, staff and the community have greater flexibility to design, focus and tailor an appropriate academic and social curriculum that is well resourced. Significantly, the PISA analysis<sup>17</sup> indicated that, where systems limited competition between schools and gave authority to individual schools to make decisions about and allocate resources (including staffing) to curricula and assessment, schools in those systems did better.

Under the proposed COAG reforms, schools and their leaders will be able to control their own budgets, select and appoint all staff and undertake long term strategic planning in consultation with their local communities. These are all areas where increased authority would be welcomed by public secondary school principals in NSW in the context that there was a demonstrated relationship between the school's overall funding, resources and capacity to achieve improved student academic and equity outcomes.

To realise improved academic and equity outcomes through different governance models is not enough. Governments must increase the total funding quantum to all public secondary schools and ensure a redistribution of funds to meet student and school needs. Governments must also be prepared to change practices that embed inequity and competition between schools and must be prepared to be held accountable if government decisions and actions about curriculum, assessment and school funding do not achieve national educational goals.

### ***Recommendation***

6. As a result of the funding review, the NSWSPC would like to see greater authority given to school principals and school communities in educational leadership, professional development, school decision making, curriculum delivery, staffing and resource allocation with the following conditions:
  - 6.1 Funding to public secondary schools is enhanced.
  - 6.2 Accountability mechanisms are more finely calibrated to reflect the actual authority and delegation given to principals and schools.
  - 6.3 There is a national system of school registration (articulated through jurisdictions and or state registration authorities) for all schools receiving

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<sup>16</sup> PISA 2009 Results: What Makes a School Successful? Resources, Policies and Practices Vol IV  
<http://browse.oecdbookshop.org.oecd/pdfs/browseit/9810101E.PDF>

<sup>17</sup> Ibid

public funds that ensures consistency in the accountabilities placed on schools for the use of public funds.

- 6.4 Federal and state jurisdictions work together to establish one single Statutory Funding Authority to:
  - 6.4.1 Ensure public secondary schools are funded as a primary obligation of both federal and state/territory governments.
  - 6.4.2 Determine funding benchmarks and allocate all school funding in consultation with jurisdictions and sectors.
  - 6.4.3 Ensure secondary public schools are funded according to a Secondary Schools Resource Package designed to allow all schools to achieve national learning benchmarks.
  - 6.4.4 Publish guidelines for the use of public funds which are consistent and consistently reported in all schools in all sectors. This would include a Charter of Public Obligations for the use of public funds (see next section).
  - 6.4.5 Monitor the delivery of funds to schools by jurisdictions and systems to ensure equity priorities are met.
  - 6.4.6 Monitor all schools in receipt of public funds to ensure they address the public purposes for which public funds are given.
  - 6.4.7 Develop and administer a single accounting, taxation and financial reporting system for all schools in Australia to ensure transparency and fair reporting.
  - 6.4.8 Separate school funding decisions from political cycles to ensure certainty and consistency in secondary school funding.
  - 6.4.9 Ensure that each state and territory jurisdiction distributes funding in a fair, transparent and equitable way and reports on the use of that funding using evidence.

## **Community and family engagement**

The engagement of families and the community is a critical feature of successful public secondary schools. Many busy, working parents demonstrate this through involvement in school activities that directly involve their own children. A smaller group of parents seeks involvement through traditional parent organisations and representative decision making structures.

Their numbers tend to decline in public secondary schools where complexity and adolescence combine to challenge many parents. In public secondary schools, the balance is often provided by students themselves, who, as they move into the early adult years, assume their own student voice and become community leaders.

There is also a long history of business, academic (university) and vocational partnerships in public secondary education in NSW, at the school level and more recently at the corporate level through the Public Education Foundation. One particular source of funds for public secondary schools (and many private schools) has been the CDSE funds provided to local school and community groups through Clubs NSW. One large gap in NSW public secondary education has been in the low number of academic partnerships established with TAFE, despite a number of school based TAFE courses operating through TAFE.

It would be a very positive response for the federal government to give all public schools direct gift recipient status (DGRS) to enable them to access grants and philanthropic donations. Again, in doing this, equity should be a major consideration.

### ***A Charter of Public Obligation***

As this section deals broadly with the role of community and parents in schools, it is timely to consider that, while government is responsible for government funding, parents and the community contribute most of the private funding to schools. It is critical to recognise that these two sources of funding derive from very different motivations. Broadly the view of the NSWSPC is that:

- Public funding should be used to fund the public purposes of education and to meet the government's obligation to provide universal public education; and
- Funding for the private purposes of education should be privately funded except in cases where schools and students are identified for additional funding based on need.

Public secondary education has been described as being like public transport. The community subsidises the majority of the costs of infrastructure, staffing and capital, while the travellers contribute to the costs of their journey. Using this metaphor, the NSWSPC recognises that, where possible, parents should contribute to the costs of excursions, consumables and school activities in public schools.

However, NSWSPC also recognises that, where parents can afford more, schools are able to offer more, including music tuition, sports coaching and access to overseas travel. In NSW, public secondary schools receive student assistance funding (up to

\$5000 per annum for a school of 1000 students depending on need and enrolment) to help support individual students and families with the costs of school – including stationery, books, uniforms, subject costs and excursions.

However, many secondary public schools in poorer areas of the state cannot offer the enrichment curriculum available to other schools and students. The provision of co-curricular and extra-curricular learning experiences is a major area of divide between students in different types of schools and this is an area in which the funding review could recommend in relation to needs based funding.

### ***Recommendations***

7. In concluding this section, the NSWSPC recommends that:

- 7.1 A Charter for the use of Public Funding (see Appendix 1)<sup>18</sup> be recommended by the Funding Review committee as a requirement for public funding to be granted to a school.
- 7.2 The Funding Review commission additional research into variations between state and territory systems of public secondary education in relation to the collection of costs, travel subsidies, purchase of learning resources and devices, charging of fees and other sources of private funding.
- 7.3 The lack of access for some students in some schools to co-curricular and extra-curricular learning experiences be recognised as a source of educational and social division, compounded by the ability of some schools and communities to privately fund significant additional learning opportunities. There should be additional funding that recognises this as a need for many students.

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<sup>18</sup> Please see the additional detail and rationale in the initial NSWSPC submission. [www.nswspc.org.au](http://www.nswspc.org.au)

## Summary of Recommendations

To assist readers, the recommendations contained above have been collated and presented below.

1. To this end, the NSWSPC recommends:
  - 1.1. An independent, statutory School Funding Authority that ensures one process of funding and public financial reporting for all Australian schools in receipt of public funds. See Recommendation 6.4 for details.
  - 1.2. Recurrent resourcing benchmarks for all secondary schools that recognise the complexity of public secondary education, the special needs of adolescents, the transition and equity demands made on public secondary education and the priority of funding the public purposes of secondary education.
  - 1.3. Accountability for public funding including common accounting and reporting procedures for all schools receiving public funding.
  - 1.4. Transitional arrangements that see an immediate injection of federal funds for secondary public schools in NSW.
2. The NSWSPC recommends that the Funding Review committee commissions a review of the full economic cost of schools including, but not limited to:
  - 2.1. The charitable status of private schools that allows them to access grants and funds that are not available to government schools such as DGRS (direct gift recipient status) and the tax deductible status of donations made by parents and others to private schools. Government schools can also do this by applying to the ATO if they establish special funds such as library funds but many of these funds cannot be used as part of a direct grant submission.
  - 2.2. The employment subsidies (including non-payment of FBT) that apply in schools with charitable status. This includes those subsidies that allow teachers who work in private schools to salary package mortgages and other private expenditures in ways that cannot be accessed by government school teachers.
  - 2.3. The differential taxation status of schools (companies, charities, government schools) that embeds inequity and how all schools receiving public funds can be registered and operated under common legislative, financial and taxation rules and procedures.
  - 2.4. The ownership of capital projects including buildings and infrastructure paid for with public funds but built in private schools and used for a private advantage; the payment by state governments of non-government school interest on buildings and infrastructure; depreciation and tax deductibility of capital expenditure.
  - 2.5. School transport and other subsidised costs to parents that might more properly be considered private costs.

- 2.6. Fees paid and contributions made by parents in both private and public schools. Almost all public secondary schools in NSW charge “subject contributions” to cover the costs of “consumables” used by individual students in particular subjects. In a recent NSWSPC survey, the average public secondary school general contribution was calculated at \$70. As this is not compulsory payment rates of general contribution payments vary from less than 10% to 95% depending on the school.
- 2.7. The jurisdiction costs of government funded registration and accreditation authorities that administer government policy for all schools. At the Federal level this includes ACARA and AITSL; at the state level in NSW includes the NSW Board of Studies and the NSW Institute of Teachers.
3. As a result of this discussion, the NSWSPC recommends that the following actions are used to promote equity of funding and address targeted and needs-based funding within the NSW government system:
  - 3.1. Maintenance of funding and administration efficiencies through the NSW state jurisdiction disbursing an aggregated federal and state funding base allocation to all public secondary schools calculated on a per-school basis as in 3.2 below.
  - 3.2. The calculation of a total funding allocation for each secondary public school based on a school resource package that includes:
    - 3.2.1. Base recurrent funding to every secondary public school built on recurrent resourcing benchmarks that enable them meet key social, educational and citizenship outcomes<sup>19</sup> and that recognise the:
      - 3.2.1.1. complexity of public secondary education,
      - 3.2.1.2. diversity of secondary schools,
      - 3.2.1.3. special needs of adolescents
      - 3.2.1.4. the transition and equity demands made on public secondary education.
      - 3.2.1.5. professional learning needed to underpin the achievement of professional standards by all teachers.
    - 3.2.2. Base capital funding that is based on the future building, infrastructure, classroom, furniture and technology needs of secondary settings; and that recognises the age and condition of current infrastructure.
    - 3.2.3. Additional recurrent funding to each secondary school that recognises the individual school and community setting and takes account of the:
      - 3.2.3.1. geographic, social, workload and achievement gap

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<sup>19</sup> The NSWSPC supports the use of the ARACY framework<sup>19</sup> as a guide to benchmarks for targeted funding in this area

- 3.2.3.2. profile of the students based on measures of socio-educational advantage and incorporating disability funding, support for particular groups (such as refugees, LBOTE, Indigenous, etc) necessary to ensure those students achieve their potential.
      - 3.2.3.3. additional staffing needs to cover the projected equity gap from 3.2.1.
    - 3.3. Giving greater authority for the decisions about educational strategies and resource allocations in the school to secondary principals and school communities.
  4. The NSWSPC recommends that the funding review recognises the special purpose, place and equity challenges of public secondary education compared to other sectors and designs a funding model that will “close the gap”.
  5. The NSWSPC has already made recommendations in its first submission and above about a single statutory funding authority and on the components of a school/student resource package. In addition NSWSPC recommends:
    - 5.1. The Funding Review commission the development of a more sophisticated measure of need using the recommendations of NSW DET in relation to improving the calculation of ICSEA for individual students and schools.
    - 5.2. The Funding Review commission the development of measures of school complexity, profile and workload that will ensure equitable funding to public secondary schools.
    - 5.3. AGSRC should be abolished as a benchmark and be replaced with recurrent resource standards that will achieve the goals of the Melbourne Declaration in the full range of schools.
    - 5.4. The proposed School Funding Authority identifies base recurrent funding for all public secondary schools to be allocated by jurisdictions<sup>20</sup> and provides additional complexity, needs and targeted funds directly to schools within those jurisdictions based on complexity and need.
    - 5.5. Capital expenditure for public schools should be the primary responsibility of state governments; capital expenditure for catholic schools should be the responsibility of the system authorities and capital expenditure for independent schools should be the responsibility of the school authority.
  6. As a result of the funding review, the NSWSPC would like to see greater authority given to school principals and school communities in educational leadership, professional development, school decision making, curriculum delivery, staffing and resource allocation with the following conditions:
    - 6.1 Funding to public secondary schools is enhanced.
    - 6.2 Accountability mechanisms are more finely calibrated to reflect the actual authority and delegation given to principals and schools.

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<sup>20</sup> The quantum of funding to each jurisdiction should be calculated as the aggregate of that which would have been due to each school on the basis of the authority's benchmarking processes

6.3 There is a national system of school registration (articulated through jurisdictions and or state registration authorities) for all schools receiving public funds that ensures consistency in the accountabilities placed on schools for the use of public funds.

6.4 Federal and state jurisdictions work together to establish one single Statutory Funding Authority to:

6.4.10 Ensure public secondary schools are funded as a primary obligation of both federal and state/territory governments.

6.4.11 Determine funding benchmarks and allocate all school funding in consultation with jurisdictions and sectors.

6.4.12 Ensure secondary public schools are funded according to a Secondary Schools Resource Package designed to allow all schools to achieve national learning benchmarks.

6.4.13 Publish guidelines for the use of public funds which are consistent and consistently reported in all schools in all sectors. This would include a Charter of Public Obligations for the use of public funds (see next section).

6.4.14 Monitors the delivery of funds to schools by jurisdictions and systems to ensure equity priorities are met.

6.4.15 Monitor all schools in receipt of public funds to ensure they address the public purposes for which public funds are given.

6.4.16 Develop and administer a single accounting, taxation and financial reporting system for all schools in Australia to ensure transparency and fair reporting.

6.4.17 Separate school funding decisions from political cycles to ensure certainty and consistency in secondary school funding.

6.4.18 Ensure that each state and territory jurisdiction distributes funding in a fair, transparent and equitable way and reports on the use of that funding using evidence.

7 In concluding this section, the NSWSPC recommends that:

7.1 A Charter for the use of Public Funding (see Appendix 1)<sup>21</sup> be recommended by the Funding Review committee as a requirement for public funding to be granted to a school.

7.2 The Funding Review commission additional research into variations between state and territory systems of public secondary education in relation to the collection of costs, travel subsidies, purchase of learning resources and devicess, charging of fees and other sources of private funding.

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<sup>21</sup> Please see the additional detail and rationale in the initial NSWSPC submission. [www.nswspc.org.au](http://www.nswspc.org.au)



7.3 The lack of access for some students in some schools to co-curricular and extra-curricular learning experiences be recognised as a source of educational and social division, compounded by the ability of some schools and communities to privately fund significant additional learning opportunities. There should be additional funding that recognises this as a need for many students.

## Appendix 1

### *A Charter for use of public funding<sup>22</sup>*

*The purpose of this Charter is to express the public purpose of government in providing public funding for education in operational terms. It should include specific reference to matters such as:*

- a Public obligation** In accepting public funding, a school agrees to act as an agent for the government in terms of delivering its public purpose in education and agrees to operate the school in a manner consistent with legislation and regulations applying to government schools within the jurisdiction. This would include provisions related to:
  - (i) Enrolment policies and practices
  - (ii) Curriculum delivery & assessment
  - (iii) Annual reporting
  - (iv) Employment practices
  - (v) Child protection, discrimination & other social legislation
  - (vi) School uniforms
  - (vii) Discipline procedures, including suspension & expulsion
  - (viii) Complaints procedures
- b Fees** Where a school provides particular resources or services above and beyond those related to the public purpose, the school may charge fees for the provision of those resources or services, however the imposition and level of fees will have the effect of reducing the school's entitlement to public capital funding and may have the effect of altering the school's student profile, with a subsequent impact on recurrent funding.
- c Right of Access** While registered, non-government schools in receipt of public funding may declare and provide education within a particular faith or ethos for their client community, they may not unreasonably restrict the access of any child, through fees or other administrative mechanisms, to the school, or to those parts of their educational program provided from public funds.

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<sup>22</sup> Copied from the NSWSPC initial submission