

# COALITION OF REGIONAL INDEPENDENT SCHOOLS AUSTRALIA INC

## Submission to the NATIONAL SCHOOL RESOURCING BOARD'S Review of the Regional Schooling Resource Standard Loadings

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### SUMMARY

The Coalition of Regional Independent Schools Australia (CRISA) welcomes this review of the Regional Loadings. The Coalition was formed in response to the drastic reduction in base funding for many regional schools under the DMI funding model as currently structured. Member schools are listed in Appendix A.

The threat which these schools face is exacerbated by the extent to which they face, by virtue of location, many extra operating costs, for which schools are not adequately recompensed under the current regional loadings.

The Coalition considers that the ARIA+ classification is not fit for the purpose of allocating school funding, since it does not take account of some of the key factors of school expenditure. To our knowledge there is no suitable existing scale. A classification specific to the education sector needs to be developed.

As the only national body with a sole focus on the needs of regional independent schools, CRISA looks forward to the opportunity to consult with the Board about the important questions which are the subject of its deliberations.

### RESPONSES TO SOME OF THE BOARD'S FOCUS QUESTIONS

#### A. What are the elements specific to REGIONAL location that increase the cost of delivering education in these settings?

##### 1. TRANSPORT

1.1. For most regional schools there is very little if any public transport to enable students to access school. Schools operate their own buses or use bus contractors to get students to school. For example, one Victorian school in a normal year spends \$3,375,000 on bus contracts for student access to school. (This figure does not include excursion costs.) Another school spends about \$2,000,000 annually on the buses which bring all of its students to school. While it currently recoups about \$1,000,000 in conveyance allowance, this could vanish if a similar school commenced closer to its catchment areas.

(The Grattan Institute has demonstrated<sup>1</sup> that, while the costs of government schooling in regional areas generally are substantially greater than in metropolitan areas, this is not true for government schools in inner regional areas. This analysis presumably excludes the cost of a range of services such as the government bus service.)

1.2. Buses for cultural experiences, sporting competitions and curriculum excursions to Melbourne typically cost one school a total of approximately \$50,000 per year. A return bus trip to Melbourne costs \$1,000.

1.3. As per 1.1 and 1.2, bus services for a Western Australian regional school cost \$450,000 per year. A return bus trip to Perth for sporting competitions or excursions costs \$1,100 minimum plus driver.

1.4. Fuel costs in the regions are generally more expensive.

## 2. STAFF SUPPORT AND DEVELOPMENT COSTS

- 2.1. Replacement Teacher Costs. A city-based afternoon professional development session may mean that a metropolitan teacher needs to be covered for one or two classes, while a teacher from a regional school requires a whole day's coverage.
- 2.2. Staff travel and accommodation for professional development typically costs one Victorian school \$20,000 per year. A Western Australian regional school adds to this the cost of sending staff from Western Australia to Eastern States for professional development at an additional \$60,000 per year.
- 2.3. Principals and senior staff of regional schools need to travel to capital cities or major regional centres for professional briefings, networking, government liaison, etc. Travel costs aside, the indirect cost of time used for travel may be upwards of \$20,000 p.a..

## 3. STAFF RECRUITMENT AND CONSULTING COSTS

- 3.1. Recruitment is the process whereby schools access what is described as "human capital". The Regional Australia Institute observed that in the Human Capital Index (*for Australia*), only sixteen regional LGAs are located in the top one hundred, whilst the lowest 270 are all regional LGAs.<sup>2</sup> This means that regional schools face significantly more recruitment hurdles than metropolitan schools. This may necessitate repeat advertising, paying travel costs for candidates and financial inducements for preferred candidates.
- 3.2. For one school, the need to advertise positions in local media as well as metropolitan media and Seek adds around \$1,500 per position, again around \$10,000 per year.
- 3.3. Relocation costs for new staff typically cost one Victorian school \$2,500 per staff member, possibly amounting to \$10,000 per year. A Western Australian regional school allows \$15,000 more if Eastern States recruitment is required.
- 3.4. Fee discount incentives are frequently offered to attract high quality teachers from the metropolitan area, particularly when the staff member's partner may relinquish their job to facilitate the move.
- 3.5. Travel costs associated with the engagement of expert consultants, such as architects, engineers, ICT specialists and lawyers can vary year to year. It typically may be \$5,000. For one Western Australian regional school this cost is \$1,000 per site visit from city-based architects, lawyers etc, as the services available locally do not always meet requirements.

## 4. LOGISTICS AND INFRASTRUCTURE

- 4.1. FREIGHT: High freight costs add to the expense burden of essential learning resources and equipment. For one school in Western Australia, recurrent allocation for freight is \$25,000. This cost is periodically increased as they must pay freight from Eastern states for furniture and equipment which are not held in stock by local suppliers, adding up to another \$30,000 per year.
- 4.2. WATER SUPPLY: In addition to consumption costs, one Western Australian regional school pays a \$45,000 capital infrastructure cost annually as one of the region's major consumers for mains water supply. Metropolitan major consumers do not have to do this.
- 4.3. FIRE PROTECTION: Many regional schools must establish and maintain a second and independent water supply for fire protection purposes. For one Western Australian regional school, installation including tanks cost \$400,000 plus there is the need for ongoing servicing and maintenance, an allocation of \$20,000 each year.
- 4.4. GAS: Where available, gas is more expensive in the regions – a particular cost burden for regional boarding schools.
- 4.5. ELECTRICITY: Power supply infrastructure – there is often a need for generators and/or battery backup due to unreliable supply. Regional areas can experience power outages of up to five days because of transmission problems unrelated to catastrophic events.

At one Western Australian regional school, installation costs for generators for the boarding house kitchen and for server/phone backup were \$40,000 plus \$5,000 for annual maintenance of these. Installation of a mains switchboard on-site to minimise multiple power failures each year cost \$180,000.

- 4.6. INTERNET CONNECTION: “Poor internet access for students is not limited to the more remote regions. Even regional cities are finding difficulty in gaining access to the bandwidth speeds needed to enable large numbers of students to access on-line education simultaneously.”<sup>2</sup>

One western Victorian school spends \$11,000 per month on broadband access, while a Western Australian regional school spends \$8,500 per month.

- 4.7. BUILDING AND CONSTRUCTION: Often few regional contractors are able to take on major projects, so a scarcity of competition and inflated materials costs result in higher overall costs.
- 4.8. FACILITIES MAINTENANCE: For maintenance of such things as B-class gas boilers, schools will commonly require a certified plumber from a metropolitan centre at considerable expense. Similarly, the regular inspection of school fire-detection systems often requires a specialised technician not regionally-based.
- 4.9. Regional Schools may have to clear land to build and expand. This incurs legislative requirements for environmental off-sets. A Western Australian regional school has been required to undertake an offset rehabilitation project for the past 10 years at an average cost of \$35,000 per year.

## 5. BURSARY SUPPORT FOR STUDENTS

- 5.1. This is a very substantial expense item for many regional schools, as they support their families through the vagaries of the regional economy, particularly the challenges faced by primary producers.
- 5.2. Data from a group of eleven regional schools showed discounts and concessions averaging an amount equivalent to 12% of total fee income; this is typically around 5% for the metropolitan schools surveyed.

## 6. FINANCIAL RISK

The Report *Financial Risk Loadings for Regional Schools*, prepared by Australian Projections Pty Ltd and submitted to this review under separate cover, outlines aspects of the amplified financial risk environment in which regional schools operate. This additional risk has an impact, for example, on the borrowing costs for regional schools.

### **B. Is the dollar value of the current school location loading appropriate to meet the additional costs specific to school location?**

DOLLAR VALUE: the answer to this question clearly depends on the regionality classification, addressed below.

### **C. Are there elements specific to school location which have particular resourcing implications for certain types of schools in regional and remote areas, such as boarding schools?**

The terms of reference for the Review indicated that “the Board will take into consideration... any significant variations related to school setting or context, including in-school delivery of education for boarding students.” The restriction to ‘in-school’ education here is puzzling.

Presumably, any education conducted by a school (not just that which happens in a classroom) is 'in school'. Tuition activities which happen in a boarding house, normally on campus, seem clearly 'in school'. But when a busload of boarders is taken to a careers expo, for example, is that not 'in-school'? Boarding schools regard boarding as being an educative experience; students learning social skills, learning to live independently, learning about healthy eating, etc. Thus we would assert that any extra costs involved in the provision of a boarding program by virtue of its regional location should be taken into consideration by the Board.

## 7. COSTS TO TUITION PROGRAM OF BOARDING

**SUBSIDIES:** One Victorian boarding school which caters almost exclusively for regional students mostly from the land, subsidises the direct costs of boarding by \$830,000 in a normal year. This cross-subsidy is in place because of a 'grass roots' understanding of the actual capacity of boarding parents to contribute through both tuition and boarding fees. The majority of boarding schools would cross-subsidise similarly, with this subsidy being a significant cost to the operation of the 'day school'.

**7.1. TRANSPORT:** One Victorian school spends \$120,000 p.a. on buses to enable boarding students to access the school at the beginning and end of term due to limited public transport access to the school from catchment regions. This is enabling students to attend school, and unrelated to the accommodation aspect of boarding.

**7.2. TUITION:** Teachers in boarding schools will often be involved in tutorial activities for boarding students and remunerated for their tutoring.

**7.3. COMMUNICATION:** The need for boarding schools to engage and visit boarding families across a vast catchment area (in the same way they would engage with day student families) increases the costs of communication and promotions.

## 8. OTHER BOARDING EDUCATION COSTS

**8.1. FOOD AND CONSUMABLES:** These costs are generally greater in the country partly due to freight costs.

**8.2. LOGISTICS AND INFRASTRUCTURE:** most of the costs listed in Section 4 are amplified where there is provision for boarding.

## **D. Is ARIA+ the most appropriate basis for classifying locations and applying to the school location loading? Should another measure be considered?**

### 9. REGIONAL CLASSIFICATION

There are serious flaws in the ARIA+ classification which we consider renders it inappropriate for classification of school loadings:

#### 9.1. 'BLIND' TO STATE BORDERS

While education is part-Federally funded, the conduct of education is State regulated. So schools must deal with education authorities, sector representative bodies, professional associations, etc in their own state. Specialised professional development activities for staff occur in metropolitan centres.

This State-based characteristic has been emphasised recently with the closure of State borders. Schools near borders have lost students and face having to draw from further afield within their own State, at potentially increased transport cost.

At 820 km from Sydney, Lindisfarne Anglican Grammar School, near Tweed Heads, has a claim as the New South Wales independent school furthest from Sydney, and yet is classified by ARIA+ as 'major city' because of its proximity to the Gold Coast.

## 9.2. OBLIVIOUS TO URBAN BOUNDARIES

At the other extreme there are schools close to metropolitan centres, but nevertheless demonstrably regional in their geography and their cost base, which are also classified as 'major city'.

Bacchus Marsh Grammar School is located 60km from Melbourne in a rural fruit-and-vegetable growing district in the Moorabool Shire. It is 17km by road to the nearest metropolitan public transport. Perhaps the definitive test is that Bacchus Marsh was clearly outside the Melbourne COVID lockdown zone! And yet ARIA+ classifies Bacchus Marsh Grammar as being 'major city'. As referenced earlier, the school incurs very large costs because it is not in a major city. Being outside the urban public transport network, it operates its own bus services to bring students to school at a cost of \$3,375,000 annually.

## 9.3. NOT REFLECTIVE OF ACTUAL SCHOOL EXPENDITURE

The two examples above illustrate that the ARIA+ scale does not take into account the actualities of school operations (and could not be expected to, given its design).

## 9.4. LACK OF TRANSPARENCY

Actual school ARIA+ ratings are hidden behind a paywall, and it seems that the instrumentalities licensed to use it for school funding purposes are unable to release ARIA+ data to schools. This is very unsatisfactory.

## 9.5. NEW CLASSIFICATION SCALE REQUIRED

This Loading program which involves substantial government expenditure is not, in our opinion, based on a suitable foundation. A new purpose-built regional classification for schools should be designed, taking into account the factors mentioned above.

### NOTES

<sup>1</sup> Grattan Institute Submission to Senate Standing Committee on Economics - Inquiry into the Indicators of, and Impact of, Regional Inequality in Australia

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<sup>2</sup> Regional Australia Institute Submission to Senate Standing Committee on Economics - Inquiry into the Indicators of, and Impact of, Regional Inequality in Australia

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## APPENDIX: CRISA MEMBER SCHOOLS AS AT 31 AUGUST 2020

<b>School</b>	<b>Location</b>
All Souls St Gabriel's School	Charters Towers, Qld
Bacchus Marsh Grammar	Bacchus Marsh, Vic
Ballarat and Clarendon College	Ballarat, Vic
Ballarat Grammar	Wendouree, Vic
Billanook College	Mooroolbark, Vic.
Bishop Druitt College	Coffs Harbour, NSW
Blackheath and Thornburgh College	Charters Towers, Qld
Braemar College	Woodend, Vic
Bunbury Cathedral Grammar School	Bunbury, WA
Calrossy Anglican School	Tamworth, NSW
Clarence Valley Anglican School	Grafton, NSW
Court Grammar School	Outer Perth, WA
Emmanuel Anglican College	Ballina, NSW
Fairholme College	Toowoomba, Qld
Geraldton Grammar School	Geraldton, WA
Gippsland Grammar	Sale/Bairnsdale, Vic
Goulburn Valley Grammar School	Shepparton, Vic
Great Southern Grammar	Albany, WA
Haileybury Rendall School	Darwin, NT
Hale School	Wembley Downs, WA
Highview College	Maryborough, Vic
Hunter Valley Grammar School	Maitland, NSW
Kardinia International College	Geelong, Vic
Kinross Wolaroi School	Orange, NSW
Launceston Church Grammar School	Launceston, Tas
Lindisfarne Anglican Grammar School	Tweed Heads/Terranora, NSW
Mandurah Baptist College	Mandurah, WA

Matthew Flinders Anglican College	Buderim, Qld
Moama Anglican Grammar School	Moama, NSW
Newcastle Grammar School	Newcastle, NSW
Oxford Falls Grammar School	Oxford Falls, NSW
Oxley College	Burradoo, NSW
Scotch Oakburn College	Launceston, Tas
Somerset College	Mudgeeraba, Qld
South Coast Baptist College	Waikiki, WA
St Columba Anglican School	Port Macquarie, NSW
St Dominic's College	Kingswood NSW
St Paul's Anglican Grammar School	Warragul/Traralgon, Vic
St Paul's Grammar School	Cranebrook, NSW
St Philip's College	Alice Springs, NT
The Armidale School	Armidale, NSW
The Cathedral School of St Anne & St James	Townsville, Qld
The Essington International School	Darwin, NT
The Geelong College	Geelong, Vic
The Hamilton and Alexandra College	Hamilton, Vic
The Illawarra Grammar School	Wollongong, NSW
The Scots School Albury	Albury, NSW
Trinity Anglican School	Cairns, Qld
Wesley College	South Perth, WA
Westbourne Grammar School	Truganina, Vic
Whitsunday Anglican School	Mackay, Qld
Wollondilly Anglican College	Tahmoor, NSW
Woodleigh School	Baxter, Vic