

### Australian Association of Christian Schools

Stakeholder type: Peak body

Jurisdiction: National

### Summary

- 1 Flexibility is helpful for operational purposes. The diagnosis of areas of need not yet met by the school funding model due to a lack of good data, changes in circumstances/enrolments or the absence of a loading for a unique disadvantage, can be ameliorated by flexibility until such time as they are re-assessed.
- 2 Guidelines from the Commonwealth on its expectations of system operations would be helpful from a compliance and efficiency perspective.
- 3 Public transparency is a highly reasonable expectation both for system integrity, the ability of schools to know their deserved allocation and to be the basis for questions about the funds they receive and what is retained for administration purposes.
- 4 Schools are entitled to know what system office money is being used for on their behalf and systems ought to be accountable to those they serve. Lastly, it is reasonable for system operations and expenditure, as well as AIS funding, to be examined for value for money and ultimately accountable to the Australian taxpayer.

### Submission

Dear Professor Brown, Dr Taylor and Mr Daniels AM,

The Australian Association of Christian Schools, representing around 120 Christian education schools and over 42,000 students in each State and Territory, writes on behalf of school communities to welcome this review into approved system authorities.

We are pleased that historic 'special deal' benefits of being a system have been withdrawn from the school funding model (together with the removal of interim system-weighted average payments by the end of the year), and that the ability to receive government funds and distribute them according to a needs-based model continues.

As outlined in the summary on the final page, AACS is recommending the following improvements to approved system authorities:

- Retention of flexibility, but with detailed Commonwealth guidelines on system requirements for compliance
- Public transparency for both system authorities and Associations of Independent Schools (AISs)

AACS recognises that the transparency of approved system authorities is highly important for a school to be aware of how their Commonwealth funding allocation differs from that given to them by their system authority. It is only with this knowledge that schools can determine whether they are being funded according to their makeup under the Australian Education Act 2013 (Cth) and how much is being retained by the system authority for the administrative or other purposes.

In addition, flexibility allows systems to fill a breach either not met by the school funding model or as a quirk of school location or student cohort. Nonetheless, conversations can only be had in full knowledge of the data.

If Commonwealth funding for public schools is available online – then this should also be the case for independent schools.

## Submission focus questions

### **1. *What are desirable levels of flexibility for needs-based funding requirements—are there different levels of flexibility that could be applied to the per student amount and loadings?***

In circumstances where the cost to the system to provide educational services at one school is greater than another school (i.e. a more difficult school location to service, or additional funds are required to lower staff-to-student ratios due to greater educational need not fully covered by a loading), it is helpful to have the flexibility to withhold greater funding from certain schools to apply to others.

Servicing the Gawa Christian School on the Elcho Island is a case in point. Being an especially remote and hard to service school, the NT Christian Schools system retains a higher percentage in administrative fees for providing on the ground services, which are highly expensive to administer, such as a charter plane for an ICT technician to fix issues, or for financial services.

The existing flexibility has been desirable to meet the unique educational contexts in our Association.

Another circumstance worthy of discussion is the example of indigenous boarding students from remote areas who study in urban contexts. There being no loading for such students in urban schools for their higher educational needs, maintaining a lower staff to student ratio requires additional funds than those allocated. While separate to boarding costs and able to be absorbed in the main – this need potentially deserves a specific loading.

The current indigenous loading is suited to urbanised indigenous student educational needs, not the educational needs of a remote indigenous student in an urban context. In the absence of a specific loading for remote indigenous student boarders for education purposes, the ability to distribute money within a system is favourable.

None of the above, however, precludes greater transparency and our schools would be happy for funding to be public, including what is distributed to schools versus what is allocated to them through the Commonwealth school funding model.

Far from being a business case issue in the context of remote indigenous boarders, the distribution can be a mechanism highlighting that an additional educational loading for the origin of the boarders and for their educational need is required (i.e. remote rates for remote children in an urban context). Our schools would be able to submit the home addresses of such students for this purpose.

Among indigenous students there are a wide range of educational needs, and currently this is not reflected in the loadings allocated to urban school boarders from remote areas. They are not beneficiaries of the remote loading, yet the indigenous loading is not representative of the greater cost to meet their high educational need.

### **2. *What level of prescription by the Australian Government regarding needs-based funding arrangements may reasonably be required and is possible?***

AACS believes that a system's funding allocation should be needs-based, transparent, and publicly available. This in itself is a good incentive to maintaining a justifiable, needs-based funding model.

Any differences in Commonwealth allocation (as compared to system allocation) should as a matter of principle be as minimal as possible, but allowable considering each system's characteristics, such as the reality of costs for servicing the Gawa Christian School on Elcho Island mentioned above.

It is ultimately in the system's best interests that larger discrepancies be explained to better inform the Commonwealth's funding model. This could potentially include the introduction of particular loadings or loading amount adjustments.

However, under no circumstances should flexibility be used to support improper business models that are non-transparent or unjustifiable (i.e. keeping fees low by shifting funds between schools when parental capacity suggests the need for otherwise or using recurrent funding for education on boarding costs).

Rather, it should act as a litmus test to determine whether the data constituting the make-up of a school is properly reflected in its needs-based funding. Indigenous boarders in urban schools from remote areas is a case in point, whereby they require additional educational support than other indigenous students in the school.

Just as independent schools must account for their spending, systems need to explain to both the Commonwealth and their own schools how their funding has been distributed. Advice as to the how the Commonwealth would characterise proper distribution and operations would be most helpful. System efficiency and schools receiving value for money is an important goal and schools would like reassurance that they are meeting expectations.

Given that spending is already recorded, this is no additional burden upon school system offices. The systems can provide the funding data to the Commonwealth Department of Education, which can then feed same to the online School Funding Estimator (present and future funding) and to MySchool via ACARA (usually two years behind present funding).

Greater transparency is helpful for parents and systems need to be able to give good reasons for their decisions.

### **3. *What additional guidance may be necessary and what form should it take?***

To avoid issues when systems make genuine, needs-based decisions not to distribute funding to a school as it is allocated and uphold a high degree of transparency at the same time, there can be greater clarity as to whether the Commonwealth is also satisfied.

If there could be a non-threatening process to request an assessment or detailed written guidelines by which systems could ascertain how their allocations and administration costs will be characterised by the Commonwealth, then this would be helpful.

Secondly, it would be helpful for system schools themselves to have advice about how they can approach their system office, before self-identifying as being underfunded or servicing unreasonable administration fees and requesting a remedy. Guidelines in how to make such an assessment and communicate it to the system pitched at a business manager's level would be helpful.

### **4. *What is the right balance of prescription and flexibility for assessing compliance with needs-based funding requirements and why?***

Flexibility to manage a group of schools and their common identity according to their own perceived needs is important, but this must be balanced by transparency. This signals to the Commonwealth that needs-based funding is duly allocated and spent. Secondly, it also allows schools to be able to know their allocation and have the ability to strike up a conversation with their system office as to the justification for any differences.

This would help avoid unfair complaints aimed at the Commonwealth about underfunding if the school is not receiving their full Commonwealth allocation, unless there is truly a need for considering a loading for a particularly unique educational-need (i.e. remote indigenous student in an urban school). The Commonwealth is only one source of funding and it is important for its record to be publicly available and defensible – as should be the case for accompanying State and Territory school funding.

What each school attracts in Commonwealth and State funding should be in the public arena.

It was always the case that systems could distribute funds as a system, but the Australian Education (Amendment) Act in June 2017 made this even more explicit. The requirement of the Act remains that there must be an allocation on a needs-basis. How can this be scrutinised if it is not itemised and available to the affected parties?

The only way this can be done is if there is transparency of funding allocations and in turn, system distributions are in the public arena and able to be compared on the School Funding Estimator and MySchool. Ideally, it would stipulate how much a school gets from their system, the Commonwealth, State or Territory, and Parents.

**5. What level of transparency is required to effectively enable accountability of approved system authorities?**

Just as public school funding from the Commonwealth is available on the School Funding Estimator, independent schools should be able to have their per student allocation publicly accessible on the School Funding Estimator and My School to display any differences.

While this transparent accounting for expenditure could be argued by some systems as undermining the grant of flexibility (in that a system's autonomy or discretion is 'undermined' by exposure to public comparison), AACCS believes that the money must be accounted for regardless of potential discomfort. Any 'allowable differences' on a needs-basis, by definition, would be justifiable.

It is a straightforward matter of integrity for a school system to allow others to see and know the difference in funding between allocation and actual distribution. Schools should have the ability to ask 'why?' This would also mean that system offices are held accountable and more inclined to look for ways to provide greater value for money to their schools. In turn, what additional money is given directly to AISs to assist system offices to implement reforms should also be declared for the same reason.

**6. What are acceptable approaches for approved system authorities to make their needs-based funding arrangements publicly available?**

As mentioned above, the per student amount allocation from the Commonwealth and actual distribution by the system should be on the School Estimator and on MySchool. System office funding should also be made publicly available by the Department and/or AIS websites. There should also be transparent reporting of how AISs are spending their Commonwealth funding and funding from membership fees.

The difference between what funds are attracted by a school and what is actually distributed is currently shown for each public school, but not Independent or Catholic schools. It is only with this knowledge that schools can determine whether they are being funded according to their makeup under the Australian Education Act.

In summary, each school attracts money to a system, but the schools themselves and the public ought to know:

- 1 What each school attracts.
- 2 The difference between the Commonwealth's allocation and the actual distribution received from the system.
- 3 How much money goes to the central administrative point of each system, so as to be fully accountable for what it gets used for, i.e. administration of funding distribution, advocacy, planning, capital building etc.
- 4 What funds are allocated to respective AIS authorities and what they do with the money they receive, especially with regard to capital funding to ensure it goes to schools and systems most in need.
- 5 How the Commonwealth is ultimately able assure itself that the money is going to schools according to need.

Lastly, as a final point on school funding model integrity, it is in the interests of all players (the Commonwealth, States, Territories, AISs, approved system authorities and stand-alone schools) to have publicly available data and clear accountability expectations. Only then can they be found wanting if they are not playing their part and if innocent - properly defend themselves against claims of underfunding or improper distribution so often heard in education politics.

Yours sincerely,  
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Executive Officer  
Australian Association of Christian Schools