# 2021 – 2022 Pre-Budget

# Submission by

# Independent Schools Australia (ISA)

## Key Points

This submission highlights five key areas of concern for the Independent school sector with a focus on helping overcome the negative impacts of COVID-19 on students and students and strengthening regional and remote education. A number of these elements are interrelated and are outlined below.

* Ensuring that the impacts of COVID-19 on student learning and staff and student well- being are addressed.
* Ensuring schools hit hard by changes to funding methodologies remain accessible to families through a manageable transition to the agreed funding levels.
* Strengthening the provision of education in regional and remote areas by increasing the resource levels required to offer quality education with an additional focus on Indigenous boarding.
* Supporting population growth by contributing to the capital costs of Independent schools.
* Protecting the quality of Independent schools by maintaining the Non-Government Reform Support Fund including enabling funding to be used to support reform that mitigate the negative impacts of COVID-19 and builds on the pedagogical changes arising from COVID-19.

Australian Government investment in these areas will work towards ensuring the ongoing provision of quality education and the well-being and success of Australian students through a resilient and diverse Independent school sector.

## About ISA

ISA is the national peak body representing the Independent school sector. It comprises the eight state and territory Associations of Independent Schools (AISs). Through these Associations, ISA represents 1,168 schools and over 646,500 students, accounting for approximately 16 per cent of Australian school enrolments. ISA’s major role is to bring the unique needs of Independent schools to the attention of the Australian Government and to represent the sector on national issues.

Independent schools are a diverse group of non-government schools serving a range of different communities. Many Independent schools provide a religious or values-based education. Others promote a particular educational philosophy or interpretation of mainstream education. Many Independent schools have been established by community groups seeking to meet particular needs or to reflect the religious values of a particular community. Independent Catholic schools are a significant part of the sector, accounting for eight per cent of the Independent sector’s enrolments.

Independent schools include:

* Schools affiliated with Christian denominations for example, Anglican, Catholic, Greek Orthodox, Lutheran, Uniting Church, Seventh Day Adventist, and Presbyterian schools
* Non-denominational Christian schools
* Islamic schools
* Jewish schools
* Montessori schools
* Rudolf Steiner schools
* Schools constituted under specific Acts of Parliament, such as grammar schools in some states
* Community schools
* Indigenous community schools
* Schools that specialise in meeting the needs of students with disabilities
* Schools that cater for students at severe educational risk due to a range of social/emotional/behavioural and other risk factors.

Most Independent schools are set up and governed independently on an individual school basis. However, some Independent schools with common aims and educational philosophies are governed and administered as systems, for example Lutheran schools. Systemic schools account for 20 per cent of schools in the Independent sector. Four out of five schools in the sector are autonomous non-systemic schools.

## Impacts of COVID-19 on learning and student and staff wellbeing

During COVID-19 Independent schools experienced interruptions in every state and territory, although the extent and period of closures have varied significantly across jurisdictions. While It will take some time to fully understand the impact of the disruption on learning outcomes, early indications from global studies suggest that it will be students from disadvantaged backgrounds who suffer disproportionately.[[1]](#footnote-1)

COVID-19 has required teachers, parents and students to rapidly adjust to new modes of learning and to find and implement viable alternatives to the traditional model of teaching in a physical classroom. The degree to which these have been successful differs greatly across the country complicated by differences across state and territory jurisdictions, school sectors and individual schools. Independent schools located in regional and remote areas have experienced greater impacts on students and staff particularly in boarding schools.

Remote working has substantially increased teachers’ workload, with a recent study indicating that some teachers were working an extra 20 hours per week[[2]](#footnote-2). Those who teach in low socio-economic or disadvantaged schools face additional barriers, having to perform their roles with less support and less resources, consequently compounding the existing challenges and inequities facing these school communities[[3]](#footnote-3).

While the long-term effects of COVID-19 on the mental health of students, families and school staff is still being analysed through a number of research projects across Australia, early commentary has indicated that while learning loss may be temporary for most students, there are ongoing concerns for cohorts of students who belong to vulnerable groups and lack access to basic material, social and emotional resources.

As well, a whole new paradigm of ‘futures uncertainty’ has been created for *all* young people, in the light of disruptions to their learning and schooling, with implications for what lies beyond schooling. There has been a sharp jump in the number of students seeking help to cope with anxiety and stress[[4]](#footnote-4). The concerns for young people’s state of mental health and wellbeing are real.[[5]](#footnote-5) Schools will need to develop strategies and resources to support their student communities in handling this uncertainty.

Independent schools will now need to work with their communities to support students who have been impacted by COVID-19 academically, socially and emotionally as well as prepare for any future events that may have similar impacts on their teaching staff and student cohorts. The measures outlined below will assist Independent schools address these issues.

## Transition support for Independent Schools

ISA estimates that the introduction of the DMI methodology[[6]](#footnote-6) will result in an overall reduction in funding to the Independent sector of $212 million between 2020 and 2029. However, this includes a $1.8 billion reduction in funding for 350 negatively impacted schools, representing half the enrolments in the Independent sector, compared to the funding those schools would have received under the previous methodology.[[7]](#footnote-7)

The impact of DMI on individual Independent schools is a key concern for the Independent sector. Stand-alone Independent schools do not have access to systemic support which can help to ameliorate changes in funding. The changes to the funding model, and the relatively short time frame for transition, will impact schools and in some instances will test the ability of these schools to manage the transition and retain enrolments from lower income families. This will potentially drive-up CTC scores higher over time and creating an increasingly worse situation for schools.

Included in the impacted schools are a significant number of boarding schools that will see a reduction in funding under the new methodology. Boarding schools, both in regional areas and metropolitan areas serve a wide range of students, including those from regional and remote areas who often have limited educational choice in their own communities.

Many schools have been managing COVID-19 impacts on students and staff and regional boarding schools and have also been dealing with the intricacies and difficulties of state and territory border closures with boarders not being able to return to school and having to provide ongoing provision of remote learning for these students. Some have also had overseas students unable to either come to Australia to commence studies or to return to Australia to resume their school studies.

While the Independent and Catholic sectors have access to the Choice and Affordability Fund to assist schools to transition, it totals $463.3 million from 2020 to 2029 for the Independent sector. This is compared to more than $1.8 billion in losses to individual Independent schools resulting from the introduction of the DMI methodology over the same period and will not adequately address the longer-term sustainability issues that will be faced by some schools which will be exacerbated by COVID-19.

To assist extremely negatively impacted schools ISA requests either:

* Extending the current two-year ‘best-of’ arrangements. Delaying the implementation of DMI methodology for Capacity to Contribute for schools with an increase in their CTC score past 2021 would allow time for schools to adjust to the new arrangements and develop financial plans for managing a significant change in funding.
* Extending the length of the transition period for schools with an increase in their CTC score to allow schools with a large change in CTC score time to develop a sustainable transition plan relative to the change in CTC points. This is more equitable than setting an arbitrary deadline for all schools to transition, regardless of the difference in CTC point change between schools.

Amending the transition arrangements in this way would greatly assist affected schools and ensure a manageable financial transition over an appropriate period of time.

## Supporting regional and remote schools

The Independent sector is extremely concerned about ensuring adequate levels of funding for regional and remote schools, including boarding schools. An additional concern, and the subject of much representation by the Independent sector, is the on-going issue of the adequacy of funding for Indigenous boarding schools.

### Regional loadings

The provision of quality education in non-metropolitan areas is often challenging and incurs additional costs including transport, curriculum, staffing costs, ICT, and technology. Every element of the cost of the provision of education is higher in regional and remote areas due to distance from central services - something as seemingly simple as a slight rise in the cost of diesel to power generators can have a significant impact on the school’s budget and subsequent operations.

In its Report on *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, the Productivity Commission recognised that regionality and remoteness increases the cost of delivering human services such as schooling. “Remoteness poses a number of challenges for service provision. It increases the costs of delivering services. and prevents some services from being delivered at all. The size and remoteness of these communities means that they may not be able to support full time services. Isolation also poses challenges, with some communities cut off from services for weeks or months each year. Even when they are accessible, travel can be difficult, costly, time consuming and for some people … impossible.”[[8]](#footnote-8)

The Independent sector is the largest provider of boarding in Australia and there are additional costs and challenges of providing boarding services to a diverse cohort of students. Regional boarding schools not only serve regional and rural families, but also highly disadvantaged Indigenous students (see below).

The National Schools Resourcing Board (NSRB) is currently examining the loadings for regional and remote schools in the current school funding model – the location and size loadings. It is appropriate that these costs are recognised in the Australian Government school funding model and it is timely for the loadings which are designed to assist regional and remote schools to be reviewed.

ISA and the AISs are participating in the work of the NSRB and are strongly advocating for an increase in the quantum of funding in the loadings for regional schools, particularly the location loading, to deliver adequate funding to address the particular challenges posed by geography and associated disadvantage.

Successive reviews and inquiries into regional and remote education have identified the clear need for more government investment in the educational opportunities and outcomes of regional and remote Australia. Further, it is ISA’s position that any additional funding for regional and remote schools should be in the form of new funding. Funding should not be taken away from other loadings in the funding model that are intended to address other areas of disadvantage, such as low socio-educational advantage or students with disability, and funding should not be taken from metropolitan schools to redistribute to regional and remote schools.

### Indigenous boarding schools

Indigenous students from regional and remote communities are the most educationally disadvantaged students in Australia. For many Indigenous students living in remote communities there is limited or no access to school education, particularly at secondary level. An Independent boarding school is often the only option for Indigenous students from remote and regional communities who must board away from home in order to access education.

In 2020, of the 2,098 Indigenous boarders in the Independent sector, half attended schools with either very large numbers or a high concentration of Indigenous boarders. Often these schools serve students and families with limited or no capacity to contribute to the costs of their children’s educational and boarding needs. Government funding, including ABSTUDY payments, play a central role in funding these services.

The additional costs of educating students from rural and remote communities in boarding school away from their families and communities is significant. These additional costs include not only living and educational support, but also health, pastoral and cultural support and costs associated with maintaining links to home communities. For boarding schools where Indigenous students from remote communities make up all or the majority of the student body, these additional costs threaten the financial viability of boarding provision.

These additional costs have been examined, quantified, and validated by several independent studies and reports commissioned by government in recent years. These independent reports show that the additional costs of educating Indigenous students in boarding schools with large numbers of these students are not being met. Schools are addressing this demonstrated shortfall through a variety of means, all of which impact on the viability of schools and the quality of education that can be provided.

The gap between income and costs for schools providing this critical educational service for Indigenous students has been an issue of on-going concern for the Independent sector and must be addressed urgently, in order for the viability of schools educating large numbers of Indigenous boarding students to be maintained.

## Capital funding for Independent schools

In order for the Independent sector to meet the demands of a growing cohort of students and to continue to educate its share of enrolments, while at the same time lessening the burden on public providers, there needs to be increased capital funding available to schools.

Independent schools are already sourcing large amounts of capital funding from parents and through borrowing. An increase in the quantum of funds available to the sector from the Commonwealth and with less restrictive requirements, is a vital element of providing quality education to all of Australia’s growing school age population.

The steady growth in enrolments in Independent schools has placed heavy demands on capital development such as buildings, grounds, and equipment in the sector. Enrolments have grown by 20 per cent, or more than 95,000 students, in the last ten years and are projected to grow by another 11 per cent, or more than 62,000 students, by 2028.

Growth in the sector requires not just the building of new schools, but also the refurbishment or expansion of existing facilities, the replacement of out-of-date materials, and upgrades to equipment to meet changing curricula and expanded courses.

Parents have traditionally paid for most capital development in Independent schools. In 2018 (latest available data) school community contributions provide about 89 per cent of capital funding in the sector equalling over $902 million of parental contribution being spent on capital development. Commonwealth and state grants accounted for the remaining 11%.

**Chart 1: Main sources of capital funding for Independent schools, 2018**

*Source: Australian Government Department of Education*

The Independent sector also uses borrowings for capital as well as for some recurrent purposes. In 2018 the net total borrowings of the sector were $3.8 billion which equates to $6,260 per student.

### Australian Government capital funding

The Australian Government provided approximately $60 million in capital grants for disadvantaged Independent and Catholic school communities with the least capacity to raise funds in 2020. Most long-established Independent schools receive no capital grants from governments. The extent and quality of their facilities reflect instead generations of contributions from families, former students, and other donors.

Given the limited funds available, projects undertaken under the Capital Grants Program tend to be small scale capital works such as the construction of additional classrooms or building refurbishments. While the funds available under the Capital Grants Program are indexed annually, the quantum of Capital Grants Program funds has not changed in any material way for many years.

### Projected demand in the Independent sector

The Australian Government Department of Education, Skills and Employment has estimated that enrolments in the Independent sector will grow by 11 per cent to 2028. While these projections are pre-COVID-19 and the impact of COVID-19 on enrolments is yet to be seen, it is still likely that there will be significant growth across all school sectors in the next ten years.

**Table 1: Projected enrolment growth in Independent schools, 2019 to 2028**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2019 | 2028\*\* | Change (no.) | Equivalent number of new schools\* |
| Primary | 264,234 | 287,328 | 23,094 | 43 |
| Secondary | 319,610 | 358,572 | 38,962 | 73 |
| Total | 569,518 | 645,900 | 62,057 | 116 |

*Source: Australian Government Department of Education  
\*Based on average school size by sector for 2018 derived from ABS data.*  
*\*\*2028 figures based on Department of Education & Training enrolment predictions.*

The projected growth is a continuation of the growth that has been seen in the sector over the last decade. However, the difficulties and high costs of the establishment of new Independent schools is such that much of the growth in that period has been accommodated in the expansion of existing schools. While student numbers attending Independent schools have grown by 20% over the last ten years, the number of Independent schools has only grown by 6%.[[9]](#footnote-9)

Further, most Independent schools do not have the resources of systemic support to assist them in capital development. In 2019 there were 1168 Independent schools with 205 (18%) in systems and 963 (82%) as stand-alone Independent schools. Stand-alone Independent schools, and indeed many small Independent systems, are challenged to raise the funds to undertake capital projects.

It is also worth noting that in the last decade growth in the sector has been evenly distributed across all parts of Australia; metropolitan, regional and remote and the need for additional capital funding to accommodate students is Australia-wide.

Post COVID-19, an increased capital funding program could also provide jobs and stimulus as schools seek to expand and grow. The Independent sector has a demonstrated track record in this area. Between 2009 and 2011, the Australian Government made a substantial investment in capital infrastructure across all schooling sectors through the Building the Education Revolution (BER) program, in particular through the Primary Schools for the 21st Century element (P21) of the program.

BER funding had a significant and welcome short-term impact on capital grants provision for Independent schools. The P21 element of the BER funded 1,098 projects in 917 Independent schools for a total of $1.6 billion. The benefits of the BER were increased in the Independent sector as additional funding was contributed to BER projects by Independent school communities. In the Independent sector, the BER initiative leveraged an additional $370 million in private contributions from Independent school communities towards BER projects.

An increase in capital funding for the Independent sector would also support regional and remote schools and Indigenous schools in remote areas that urgently require funding for critical capital works such as teacher housing.

## The Non-Government Reform Support Fund

The Non-Government Reform Support Fund (NGRSF) currently provides vital funding to the AISs in each state and territory which enables them to support the Independent schools they represent with the implementation of national and state/territory school reform policy initiatives.

In 2021, there are three key national priorities:

* quality assurance, moderation, and support for the continued improvement of the Nationally Consistent Collection of Data on School Students with Disability (NCCD)
* transition of NAPLAN to online delivery
* improving governance and financial management practices in non-government schools to strengthen financial viability, improve business decision making and build resilience to mitigate unforeseen circumstances.

The NGRSF is the only source of funds that the AISs can access to support the ongoing work around the implementation of the NCCD, the introduction of NAPLAN Online and the work to improve the governance and financial management of Independent schools. This funding is due to cease at the end of 2022.

While there is a clear need for ongoing support in the national priority areas given the continuing nature of this work, it has also been noted that the NGRSF is currently the only source of funds to support the implementation of the Australian Curriculum and ideally, would also be used to support the implementation of the Online Formative Assessment Initiative and Learning Progressions Initiative. Further, there will be additional implementation work required when the Review of the Australian Curriculum is completed.

The NGRSF could also be used to provide support to Independent schools to address the varied challenges that have arisen through the unexpected / unpredicted impacts of COVID-19. As noted earlier in this submission, the impact of COVID-19 on schools, staff and students have been significant. The Association of Independent Schools of NSW has noted that their member schools are increasingly seeking additional support and guidance from AISNSW in relation to students with complex mental health needs as well as students who may be at risk of self-harm and suicide.

While AISs now receive some funding through the Choice and Affordability Fund (CAF), the aim and uses of the CAF are generally quite different to those of the NGRSF. The focus of CAF funding is to provide transition support to Independent schools with the introduction of the Direct Measure of Income Methodology, with a third of all CAF funds for the Independent sector quarantined solely to support regional and remote schools’ transition. This difference means that there is a clear need for the NGSRF to continue.

Through successive Australian Government funding programs over many years, AISs have a demonstrated track record of using Australian Government funding responsibly and effectively to advance the country’s education reform agenda and improve the quality of education students in Independent school receive. Continuation of the NGRSF would enable AISs to continue to support Independent schools meet their requirements under the *Australian Education Act 2013*, to fully participate in priority Australian Government initiatives, current and emerging, and to address the additional needs of schools created by COVID-19.

## Conclusion

The Independent sector educates a significant number of Australian children, many of them in regional and remote locations and in settings which are distinctive to the sector, such as boarding schools. These schools play a unique role in regional Australia, offering education and services that are not necessarily available from any other provider. Other Independent schools offer an equally diverse range of educational services to meet student and parental needs across a range of communities, such as Indigenous boarding schools.

The Independent school sector is seeking support for its schools within the current funding model and also through additional funding, in the context of a global pandemic which has already had significant impacts on the Australian economy. The pandemic has also had an impact on students and families, their mental health and wellbeing and students’ learning.

The suite of measures proposed in this submission would greatly assist schools in the Independent sector to continue to offer choice to families, regardless of location, income, and philosophy, serving all communities.

Further, the continuation of the Non-Government Reform Support Fund as well as assisting individual schools meet their regulatory obligations, would ensure that Independent schools are able to fully participate in key Australian Government initiatives and continue to improve their governance and financial management practices.

ISA

29 January 2021

1. UNESCO, UNESCO rallies international organizations, civil society and private sector partners in a broad Coalition to ensure #LearningNeverStops [press release]. 26 March 2020. Available from <https://en.unesco.org/news/unesco-rallies-international-organizations-civil-society-and-private-sector-partners-broad> [↑](#footnote-ref-1)
2. Ziebell, N., Acquaro, D., Pearn, C., & Seah, W.T. (2020). Australian Education Survey: Examining the impact of Covid-19. A report summary. Melbourne Graduate School of Education, The University of Melbourne [↑](#footnote-ref-2)
3. Flack, C. B., Walker, L., Bickerstaff, A., & Margetts, C. (2020). *Socioeconomic disparities in Australian schooling during the COVID-19 pandemic*. Melbourne, Australia: Pivot Professional Learning. [↑](#footnote-ref-3)
4. Education Review (2020). Jump in number of students signing up to anxiety programs since Pandemic, July 23, 2020. https://www.educationreview.com.au/2020/07/jump-in-number-of-students-signing-up-for-anxiety-program-since-pandemic/ [↑](#footnote-ref-4)
5. Teacher Wellbeing and COVID-19, CSI Response for Teachers and Schools, Dr Meera Varadharajan [↑](#footnote-ref-5)
6. In 2018 the Australian Government announced changes to the funding arrangements for non-government schools, including the phase-in of the Direct Measure of Income (DMI) methodology to calculate Capacity to Contribute (CTC) scores. Under the current funding arrangements, Commonwealth per capita base funding for non-government schools is adjusted according to a measure of ‘capacity to contribute’, determined by a measure of the school community’s socio-economic status (SES). This means that schools with a higher SES score will receive a lower level of per capita base funding and vice versa. [↑](#footnote-ref-6)
7. The net effect of the changes to the DMI methodology are -$212 million due to the losses of negatively impacted schools being slightly larger than the funding increase for those schools which will receive increased funding under the methodology changes. [↑](#footnote-ref-7)
8. <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report> [↑](#footnote-ref-8)
9. ISA analysis of the ABS *Schools Australia* time series [↑](#footnote-ref-9)