



2022-23 BUDGET SUBMISSION

DATE 28 JANUARY 2022

1. KEY POINTS

Independent schools make a valuable contribution to education in Australia. They are long-established partners in Australia's education system, alongside government and Catholic schools, contributing to Australian society and the learning and wellbeing of Australian children.

The latest available data shows that one in six Australian school students attends an Independent school with more than one in five secondary students attending an Independent school.

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.

Independent schools cater for a range of communities with many students educated in regional and remote locations and in settings which are distinctive to the Independent sector, such as boarding schools and Special Assistance Schools. Independent schools offer a range of educational experiences and services that are not readily available from other providers.

This submission highlights three current key areas of concern for the Independent school sector.

— Support for Learners

- Ensuring that the wellbeing and mental health needs of staff and students and the impacts of COVID-19, are addressed.

— Support for Choice

- Ensuring schools hit hard by changes to funding methodologies remain accessible to families through a manageable transition to the agreed funding levels.
- Enabling schools and families to plan for the future by ensuring schools' funding is stable and predictable.
- Strengthening the provision of education in regional and remote areas and for Indigenous students by increasing funding to boarding schools which are frequently the only option for students who must board away from home to further their education.
- Supporting population growth by contributing to the capital costs of new Independent schools or significant extensions to existing schools..

— Support for Reform

- Protecting the quality of Independent schools by maintaining funding to assist the sector continue to deliver on existing and new national priorities.

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

2022-23 BUDGET SUBMISSION

2. 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 1,169 schools and over 647,000 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, Quaker and Seventh Day Adventist 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 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.

3. SUPPORT FOR LEARNERS

The need to protect and support all students and staff has never been more important. Students' wellbeing and mental health needs have substantially increased in number, complexity and severity particularly during the pandemic. All schools, including Independent schools, urgently require funding to address the immediate and acute mental health issues individual students are experiencing and to manage student trauma and critical incidents resulting from COVID-19 pressures. Funding support focused on longer term wellbeing and mental health interventions and strategies for both students and staff, is vital to students' ongoing health and success.

2022-23 BUDGET SUBMISSION

- There is increased incidence of mental health concerns – and at a younger age – with dire consequences
 - Half of mental illness have onset prior to 14 years.
 - By year three, children with a mental disorder have been shown to lag academically behind their peers by 7 to 11 months. This gap increases over time.
 - Children with a mental disorder also have progressively higher rates of absenteeism over the duration of their schooling.
 - Approximately 11 percent of children aged 12 to 17 reported deliberately harming themselves and about 7.5 per cent reported seriously considering suicide in the previous 12 months.
- Wellbeing is not distributed equally with already disadvantaged groups at greatest risk. The risk of having a psychological disorder is increased if a student:
 - lives in an outer regional area.
 - lives in a low-income household or one with no employed parent or in a sole-parent-led household.
 - self-identifies as gender non-binary.
 - is female. (Adolescent girls in particular are more likely to experience anxiety than boys or other age).
 - is Aboriginal or Torres Strait Islander.
- Staff wellbeing has a direct impact of student wellbeing and learning outcomes.
 - Safework Australia reports that teachers are over-represented in in the number of paid claims and early career teachers are leaving the profession at high rates.

Schools can play a critical role in preventing poor mental health and promoting and protecting student wellbeing. The degree to which Independent schools can succeed in supporting the mental health and wellbeing of staff and students depends on:

- the skills within their teaching and non-teaching staff
 - the capacity of staff to set aside enough time to provide the right mix of comprehensive preventative mental health support and targeted programs or interventions
 - access to the right resources and expertise when it is required
- **ISA is seeking additional support for Independent schools to ensure that both urgent and longer term student and staff wellbeing and mental health concerns can be adequately addressed.**

4. SUPPORT FOR CHOICE

A parent's right to choose a school that best suits their children, should be enabled. Education policy and resourcing must continue to support the right of parents to choose a school that meets the needs of their children and matches their values. Independent schools, through their diversity, help provide that choice.

2022-23 BUDGET SUBMISSION

SUPPORT FOR SCHOOLS TRANSITIONING TO THE DIRECT MEASURE OF INCOME (DMI)

METHODOLOGY

Since the introduction of the DMI methodology to calculate Capacity to Contribute (CTC) in non-government schools, there has been deep concern within the Independent sector about the capacity of some Independent schools to sustainably absorb the financial impact of changed funding entitlements.

The changes to the funding model, and the 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.

- **ISA is seeking financial assistance be directed to schools least able to transition successfully to their new DMI CTC scores.**

SUPPORT FOR FUNDING STABILITY

Stable and predictable government funding allows Independent schools to plan and deliver quality education programs. Stable government funding and predictable fee levels are also an important consideration for parents intending to send their children to Independent schools.

The current funding model, while more responsive to student characteristics, is far more volatile than the previous Socio-Economic Status (SES) funding model.

- Under the SES model, schools' CTC scores were recalculated every five years, not every year as now. Even applying the three year rolling average, a large number of schools will experience an annual change in their CTC score, and thus their base funding.
- The SES model had built-in transition mechanisms which meant schools experiencing a decrease in funding stayed at the same funding level until indexation was such that they reached their new funding entitlement.
- Base funding was a larger proportion of total funding which meant that overall, there was less volatility.
- Under the current model a number of loadings are not finalised until just before the end of the calendar year, prior to the final payment for the year. This means that schools do not know what their funding entitlement for the year is until November / December of that year.

Together these elements mean that Independent schools are experiencing far greater funding volatility than ever before, making it difficult for schools to confidently plan for their financial future.

- **ISA is seeking measures that address and reduce funding volatility.**

SUPPORT FOR BOARDING SCHOOLS

The Independent school sector is the largest provider of boarding in Australia serving a diversity of rural and metropolitan students including those from regional and remote areas and highly disadvantaged Indigenous students, many of whom have limited educational choice in their own localities

There are additional costs and challenges in providing boarding services to such a diverse cohort of students. The Independent sector is very keen to ensure adequate levels of funding for boarding schools, including funding for Indigenous boarding schools. The \$15.7 million announced in the last Budget, goes part way to address the inadequacy of funding to Indigenous schools, but an ongoing commitment is needed.

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

2022-23 BUDGET SUBMISSION

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 providing boarding.

Staffing is the most significant cost in providing quality boarding facilities for students. The impact of changes to Fringe Benefit Tax (FBT) on boarding schools has been significant and has markedly increased costs with schools no longer provide staff 'board and keep' as part of their entitlements without attracting FBT.

- **ISA is seeking additional resources to be directed to regional and rural boarding schools; the commitment to fund majority Indigenous boarding schools be renewed and extended; and changes to FBT arrangements for all boarding schools.**

INCREASED CAPITAL FUNDING

For the Independent school sector to meet the demands of a growing cohort of students and to continue to educate its share of enrolments, while lessening the burden on public providers, there needs to be increased capital funding available.

Independent schools already source large amounts of capital funding from parents and through borrowing. An increase in the quantum of funds available from the Commonwealth to the build new Independent schools and fund substantial extensions to existing schools, 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 including not just the building of new schools and the expansion of existing facilities, but also refurbishing and updating infrastructure, the provision of staff accommodation in boarding schools, the replacement of out-of-date materials, and upgrades to equipment to meet changing curricula and expanded courses. Nearly ninety percent of these capital works are funded by parents and the community.

Most Independent schools do not have recourse to systemic support to assist in capital development. In 2020 there were 1169 Independent schools with only 205 (18 percent) in systems and the vast majority 964 (82 percent) as stand-alone Independent schools. Stand-alone Independent schools, and indeed many small Independent systems, are challenged to raise the funds to undertake the capital projects required to match demand.

- **ISA is seeking an increase in capital grants to respond to the pressure of population growth and provide choice for parents by contributing to building new Independent schools or significant extensions to existing schools serving low socio-economic communities.**

5. SUPPORT FOR REFORM

Associations of Independent Schools (AIS) have delivered a wide variety of programs, resources and advice under the Non-Government Reform Support Fund (NGRSF), that have made a positive difference to students and their families, teachers, school leaders and the communities they serve.

The NGRSF currently provides vital funding to the AISs in each state and territory to support Independent schools implement national and state/territory reforms under three critical national reform priorities:

2022-23 BUDGET SUBMISSION

- 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 Associations' history of successfully supporting schools to implement Commonwealth priorities, has long been recognised by the Australian Government, initially through a range of Commonwealth Targeted Programs (CTPs), then through the Student First Support Fund and since 1 January 2018, through the NGRSF.

- AISs know the reforms: the intention, the legislative base, the accountability requirements and the educational context.
- AISs know the sector: its history, the regulatory environment and its expectations.
- AISs know their schools: have trusted relationships with leaders and staff and understand needs and strengths.
- AISs know professional development: what works, what resources are effective, how to introduce sustainable, whole school improvement and what mode of training to use.
- AISs are accountable to their schools: highly responsive, offering quality and value for money through programs, resources and advice.

ISA is concerned that even though the implementation of current government initiatives is not complete and new reform priorities are emerging, such as the Unique Student Identifier and the Australian Curriculum, this funding is due to cease at the end of 2022.

- **ISA is seeking the NGRSF, or similar, be continued to enable the AISs to maintain support for the ongoing and emerging national priorities in the Independent sector.**

6. CONCLUSION

The Independent school sector educates 16% of Australia's school children and is growing faster than the government or Catholic sectors.

The Independent school sector is seeking support for its students and schools within the current funding model and also through additional funding, in the context of an on-going global pandemic which has already significantly affected the Australian economy and Australian society.

The impact of the pandemic on students and families, their mental health and wellbeing and students' learning is significant. The support sought in this submission will help address the urgent and ongoing wellbeing and mental health needs of learners.

The measures proposed in this submission to address funding concerns in the Independent sector will enable all Independent schools to continue serving their communities and offering choice to all families, regardless of location, income and philosophy.

Further, the continuation of the funding to the sector to support the ongoing implementation of national priorities will ensure that Independent schools are able to fully participate in key Australian Government initiatives and reforms.