19 January 2017

The Hon Michael McCormack MP
Minister for Small Business
PO Box 6022
Parliament House
Canberra ACT 2600

Submission uploaded to treasury.gov.au

Dear Minister McCormack,

2017-18 Pre-Budget Submission

The Association of Heads of Independent Schools of Australia (AHISA) acknowledges the Australian Government's ongoing support for the education of young Australians and, in particular, its support of students attending non-government schools.

AHISA further acknowledges that Australian Government funding arrangements for schools post-2017 are currently under review and that the Government is seeking to find savings or contain expenditure across it ministry portfolios. At the same time, it must be recognised that there are key issues in Australian school education demanding the attention of governments. In this submission we focus on three:

    a.   The achievement gap between non-Indigenous and Indigenous students

    b.   The evolution of schools in response to rapid social and technological change

    c.   Projected increases in Australia's school population and therefore increases in the capital and recurrent costs of schooling provision.

While responses to these issues will of necessity demand additional resources, we describe policy and program options that draw on the capacity of schools – and independent schools in particular – to leverage private contribution for public benefit. An outline of independent schools, private contribution and savings to government therefore forms an introduction to this submission.

Yours faithfully,

(Mrs) Karen Spiller

AHISA National Chair
Principal of St Aidan's Anglican Girls' School, Qld

Further inquiries may be addressed to AHISA's Chief Executive Officer, Ms Beth Blackwood, telephone (02) 6247 7300; email ceo@ahisa.edu.au.

COLLEGIAL SUPPORT FOR EXCELLENCE IN SCHOOL LEADERSHIP

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SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1

The Australian Government to introduce greater flexibility into its general recurrent funding model for non-government schools to support the establishment by existing non-government schools of a separate campus or satellite school for Indigenous students, whereby students attending the campus will attract the maximum rate of federal per student general recurrent funding as per the Majority Aboriginal and Torres Strait Islander schools category of funding (MATSIS), irrespective of the socio-economic background (SES) of those students attending the parent school.

RECOMMENDATION 2

The Australian Government to establish a national Schools Innovation Fund to assist schools as they respond to 21st century demands. Grants could be competitive and open to schools, clusters of schools and/or school systems and schools partnering with other organisations such as universities. A precedent for such a model is the successful Becoming Asia Literate: Grants to Schools (BALGS) competitive grants model, which disbursed some $7.2 million on 335 projects among 521 schools during the four years of its operation.

RECOMMENDATION 3

The Australian Government to increase the pool of funds available under the federal Capital Grants Program for non-government schools and consider the introduction of a loans subsidy, loans guarantee or other scheme to support the establishment of new non-government schools and expansion or refurbishment of existing schools.

1 | About AHISA

The primary object of AHISA is to optimise the opportunity for the education and welfare of Australia's young people through the maintenance of collegiality and high standards of professional practice and conduct amongst its members.

The membership of AHISA Ltd comprises principals of 425 independent schools with a collective enrolment of some 430,000 students, representing 11.5 per cent of total Australian school enrolments and 20 per cent of Australia's total Year 12 enrolment. One in every five Australian Year 12 students has gained part of their education at AHISA members' schools.

Almost a third of AHISA members lead schools with boarding facilities, collectively providing for over 15,000 boarding students. Some 85 per cent of members' schools have an early learning centre.

AHISA's members lead a collective workforce of over 40,000 full- and part-time teaching staff and 25,000 full- and part-time support staff.

The socio-economic profile of AHISA members' schools is diverse. Over 20 per cent of our members lead schools serving low- to very low-SES communities.

AHISA believes that a high quality schooling system in Australia depends on:

- Parents having the freedom to exercise their rights and responsibilities in regard to the education of their children
- Students and their families having the freedom to choose among diverse schooling options
- Schools having the autonomy to exercise educational leadership as they respond to the emerging needs of their communities in a rapidly changing society.

If schools are to offer rich learning experiences in an environment conducive to high levels of student and teacher achievement, principals must have the operational autonomy to positively shape and lead the educational, pastoral, community, financial, spiritual, cultural and managerial practices of their school. All of these elements combine to create a holistic educational environment and all are subject to the primary strategic goal of student development and success.

2 | Independent schools, private contribution and public benefit

Independent schools are significant providers in the mix of Australian schooling provision, and demonstrate the capacity of non-government entities to provide public services.

Independent schools educate 14.5% of all Australian school students and nearly 20% of all senior secondary students.

In 2015, there were 1,091 independent schools in Australia, including independent Catholic schools. Collectively, independent schools educated just over 586,800 full-time equivalent students or 14.5 per cent of Australia's total school enrolments. The non-government schools sector as a whole (that is, independent schools and Catholic systemic schools) provided for 35 per cent of Australia's total school enrolments. At senior secondary level, independent schools accounted for 19.8 per cent of all enrolments.[1]

Government grants (from federal, state and territory governments) to students in non-government schools represent only a portion of government expenditure on students in government schools. Private contribution to Australian education via independent schooling therefore represents a significant saving to governments.

Average total government recurrent funding per student by sector, 2013-14[2]	
Government	$16,180
Catholic	$9,750
Independent	$7,940

Partial government subsidies mean that parents contribute substantially to the cost of educating their children in a non-government school. In 2013-14 (latest available data), private contribution to recurrent expenditure in the combined non-government sector was $7.8 billion. In the independent sector only, private contribution to recurrent expenditure was $5.3 billion, with an estimated saving to governments of $4.3 billion.[3] (Savings are calculated as the difference between government expenditure on students attending independent schools and the average cost to governments of educating a student in a government school.)

Private contribution to recurrent expenditure in independent schools	**$5.3 billion in 2013-14**

Savings to governments from independent schooling provision 2013-14	**$4.3 billion in recurrent funding**

It is important to note that private contribution to school recurrent costs in the form of fees is made from families' after-tax income.

In the independent sector, school fees also contribute to capital costs. Donations and income from fundraising activities are other forms of private contribution to capital costs in independent schools. In

2014, some 86 per cent of the costs of capital in the independent sector were sourced through private contribution, representing over $855 million. The federal government contributed eight per cent or approximately $52 million of capital expenditure in the sector, and some six per cent was sourced from state government grants.[4]

Private contribution to capital expenditure in independent schools 2014	$855 million or 86% of expenditure

Australia's independent schools contribute not only in the form of monetary savings to government but in terms of the delivery of quality schooling for the development of Australia's human capital.

Australian research is consistent in showing an average 'value adding' of eight points on the tertiary entrance score of students attending independent schools, even after allowing for students' socio-economic status and prior ability.[5] The gain is greatest for students of lower to middle ability.

Students at independent schools are up to 4 times more likely to complete Year 12 and more likely to enrol in university or post-school training. They are 2.8 times more likely to complete their university degree.[6]

In the OECD's Programme for International Student Assessment (PISA) 2015 cycle of tests, the results of 15-year-old students in Australian independent schools ranked with those of the top-performing countries, helping to lift Australia's overall country ranking.

| PISA 2015 Australian independent school students & top 5 participating countries/economies, as ranked by unadjusted average score[7]					
SCIENTIFIC LITERACY		READING LITERACY		MATHEMATICAL LITERACY	
Singapore	556	Australian independent schools #1	544	Singapore	564
Australian independent schools #2	552	Singapore	535	Hong Kong (China)	548
Japan	538	Hong Kong (China)	527	Macao (China)	544
Estonia	534	Canada	527	Chinese Taipei	542
Chinese Taipei	532	Finland	526	Japan	532
Finland	531	Ireland	521	Australian independent schools =#5	532
AUSTRALIA national average (#14)	510	AUSTRALIA national average (#16)	503	AUSTRALIA national average (#16)	494
OECD average	493	OECD average	493	OECD average	493

3 | Progressing Australian education

3-A | HELPING TO CLOSE THE ACHIEVEMENT GAP FOR INDIGENOUS STUDENTS

While the NAPLAN 2016 National Report[8] shows overall gains for Indigenous students in reading and numeracy for Years 3 and 5, the achievement gap between Indigenous and non-Indigenous Australian students still remains, and is especially concerning for students in remote and very remote regions. The academic achievement of Indigenous students declines the further students live from major cities. (A table comparing percentages of non-Indigenous and Indigenous students reaching the national minimum standard in Years 3, 5, 7 and 9 in the three domains of reading, writing and numeracy is included as an appendix to this submission.)

Even in major metropolitan areas, where the achievement gap is narrowest, nearly 40 per cent of Year 9 Indigenous students are failing to meet the national minimum standard in writing. Just over 80 per cent of Year 9 Indigenous students in very remote regions are failing to meet the national minimum standard in writing.

NAPLAN 2016 - Y9 Reading-Writing-Numeracy Indigenous Students - Australia
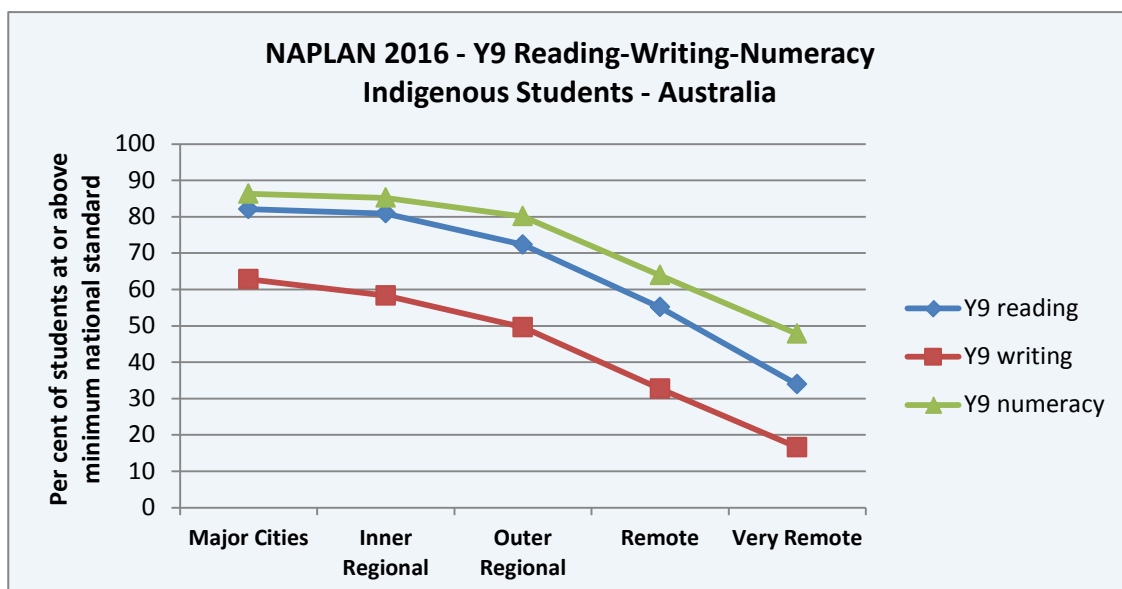
In its *Overcoming Indigenous disadvantage: Key indicators 2016* report[9], the Productivity Commission notes that, nationally, school attendance rates for Indigenous students declined by 11.2 percentage points from Year 5 to Year 10. The decline was larger in government schools (12.6 percentage points) than in non-government schools (5.6 percentage points).

The *Key indicators 2016* report also notes that, in 2015, 8.5 per cent of the Aboriginal and Torres Strait Islander potential Year 12 population achieved an ATAR of 50.00 or above (the highest possible ATAR score is 99.95). While this represents a significant increase on the 5.7 per cent of potential Aboriginal and Torres Strait Islander students achieving an ATAR of 50.00 or above in 2007, it is still well below the proportion of 43.8 per cent of potential non-Indigenous students achieving an ATAR of 50.00 or above in 2015.

In 2013, the apparent retention rate of full-time Aboriginal and Torres Strait Islander students from Years 7/8 to Year 12 was 55 per cent, compared with 83 per cent for other students.[10]

Innovation for effective solutions

In his speech to Parliament on the *2016 Closing the Gap report*[11], the Prime Minister, the Hon Malcolm Turnbull, affirmed:

> We have to stay the course on key policy priorities: the transformative power of education, the fulfilment that comes from employment, the right of all people to be safe and free from family and domestic violence, especially women and children. While delivering on these priorities we must be innovative in creating effective solutions, in partnership with the community, to address those challenges.

> We have to be agile, and we have to allow for new approaches – this will enable us to continue to build the evidence base where it doesn't yet exist.

In AHISA's second submission[12] to the federal parliamentary Inquiry into Educational Opportunities of Aboriginal and Torres Strait Islander Students, we described five successful models of innovative provision for Indigenous students – both out of country and on country – developed by independent schools in collaborative partnerships with Indigenous communities or schools:

- **Melbourne Indigenous Transition School** (MITS), Richmond, Victoria. MITS is a new independent school in Victoria which welcomed its first cohort of students in 2016. Established with substantial support from the leaders and school communities of Trinity Grammar School, Kew, and St Kevin's College, Toorak, MITS provides a one-year residential and academic program for up to 22 Indigenous students from Victorian and Northern Territory schools to assist them transition successfully to secondary school in mainstream Melbourne schools.

- **Woodleigh School**, Mornington Peninsula, Victoria. Woodleigh School has programs associated with three Indigenous communities. One relationship, developed by the Head of Woodleigh's Penbank campus, entails providing assistance in program development and teacher professional learning for a primary school in the remote NT community of Wugularr. The program also involves primary-level student exchange.

- **Yiramalay/Wesley Studio School**, Fitzroy Valley, WA. Established by Wesley College, Melbourne, Victoria, the Studio School provides on country provision for Aboriginal students in Years 10 to 12. Wesley College serves as a remote campus for the Studio School students, and Year 9 Melbourne-based Wesley students undertake programs at Yiramalay. Yiramalay is an independent school registered in WA.

- **Gawura School**, Sydney, NSW. Gawura is a primary school for up to 28 Indigenous students living in inner city Sydney, founded by and established within the site of St Andrew's Cathedral School in Sydney's CBD. Gawura is a separately registered independent school in NSW.

- **Darkinjung Barker College**, Wyong, NSW. Darkinjung Barker is a regional primary campus of Barker College in Hornsby, NSW which serves Aboriginal students in the Wyong region.

The submission sets out 25 key findings, including:

- There is no one-size-fits-all solution to increase educational opportunities in remote Indigenous communities. Partnerships between city schools and remote schools and communities require flexibility and the freedom to generate collaborations that are the most beneficial and which reflect the needs and capacities of those involved.

- Educational programs for Indigenous students, delivered on country or in metropolitan schools, must be culturally appropriate.

- Valuing the language of Indigenous students is an important part of having a culturally strong school.
- Metropolitan school communities must be prepared for 'two-ways learning' if cross-cultural efforts are to be successful, sustainable and have their greatest impact.

The submission also identifies key areas where government funding could have a profound impact on outcomes of Indigenous students, including:

- Seed funding to lay the foundations for and/or trial innovative models of education provision for Aboriginal and Torres Strait Islander students
- Funding to support teacher exchanges and ongoing collaborative professional development of teachers in remote Indigenous community schools
- Capital funding for schools willing to establish teacher visitation programs to remote communities to build teacher accommodation in these communities, suitable for short and longer-term stays
- Longer-term funding for projects where warranted. The success of many school-to-school initiatives depends on consistency and continuity; when projects are dependent solely on schools finding funds from already committed annual budgets or on fundraising, they are easily destabilised
- Scholarship schemes for urban Aboriginal and Torres Strait Islander children as day students in non-government schools. Unlike boarding school scholarship schemes, schemes for urban Indigenous students could support children in the early years of learning, to avoid the achievement gaps suffered by many students by the time they reach secondary school
- Greater flexibility in current funding models for non-government schools to ensure support for innovative on country educational provision for Aboriginal and Torres Strait Islander students.

It is the last proposal we now put before Treasury for the 2017-18 Budget, as a policy/program option for the Government.

Supporting innovative solutions

In brief, AHISA proposes that the Government makes provision under its schools funding model such that an existing non-government school can establish a campus or satellite school to cater for Indigenous students who will attract the maximum rate of federal per student general recurrent funding as per the Majority Aboriginal and Torres Strait Islander schools category of funding (MATSIS), irrespective of the socio-economic background (SES) of those students attending the parent school.

The proposal relates only to a campus or satellite school established within the same state or territory as the founding school, as non-government schools are registered by their state or territory government for operation within that jurisdiction according to the laws and regulations applying to schools within that jurisdiction.

(AHISA is aware that 'Children and Schooling' is a specific program stream under the Australian Government's Indigenous Advance Strategy (IAS), and covers projects aimed at improving school attendance and education outcomes. However, the IAS does not fund activities that are funded via federal general recurrent funding for schools and an amendment to the federal schools funding model is therefore the only option to support innovative effort by established schools and create more equitable funding arrangements for disadvantaged Indigenous students.)

Under the federal schools funding model described in the *Australian Education Act 2013*, students in non-systemic independent schools are eligible for a base recurrent funding amount (a proportion of the Schools Resourcing Standard, or SRS) and may also attract loadings that address disadvantage. The proportion of the base funding component varies according to 'capacity to contribute', where capacity to contribute is an aggregate measure of the SES of all students attending the school. Students attending independent schools with a higher SES score would receive less per capita base funding than students attending schools with a lower SES score.

Under this model, all students within the one independent school attract the same base funding amount irrespective of the student's individual SES or the individual family's capacity to pay. A student from a family with a lower income attending an independent school with a high SES score is therefore eligible only for a small base grant (but may attract a loading for a specified disadvantage such as indigeneity). On the other hand, a student from a high-income family attending a mid- or lower-SES school would be eligible for a larger government base grant.

AHISA's proposal would ensure low SES Indigenous students attending a campus or satellite school established under the aegis of an existing non-government school would attract government funding reflecting their own circumstances rather than the 'capacity to pay' of the parent school's community. This amendment to current funding arrangements would offer greater equity and choice of schooling to Indigenous families and support the extension of the resources of established independent school communities to Indigenous communities. The cases of Gawura School and Darkinjung Barker College, both in NSW, are used to illustrate the proposal.

Gawura School

Gawura was first established in 2007 as a 'school within a school' by St Andrew's Cathedral School in Sydney's CBD and has since registered as a school in its own right. It is a day school providing for up to 28 students – four in each year level from Kindergarten to Year 6 – who reside in inner Sydney with family or carers. Its program is built upon key educational and cultural foundations:

- Early childhood and Stage 1 education is vital to long term success
- A focus on literacy, numeracy, cultural awareness and socialisation
- Academically rigorous teaching and learning in an environment where Aboriginal and Torres Strait Islander culture is predominant (Wiradjuri has been embraced as the official Aboriginal dialect and is taught to all students in Gawura)
- The celebration of cultural identities as definitional
- Working together with families
- Continuity of practice, the development of good work habits, high expectations of students and regular attendance support high achievement
- Learning is a community experience, with close kinship connections between the children supported and differences in backgrounds and traditional family areas respected.

To ameliorate the lack of homework facilities or support at home, students must attend the School's Aboriginal Homework Club two to three afternoons per week. This is supervised by Indigenous and non-Indigenous staff, who assist students with their work.

The program at Gawura enables students to enter St Andrew's secondary school on an equal footing, academically and socially, with students of all other ethnicities commencing in Year 7.

(A more detailed description of the Gawura program and the School's operations is available in AHISA's submission to the Parliamentary Inquiry into Educational Opportunities of Aboriginal and Torres Strait Islander Students, available at http://www.ahisa.edu.au/wp-content/uploads/2016/03/AHISA-Never-Give-Up-Part-2-29Feb16.pdf.)

Success indicators include:

- **NAPLAN**. Gawura students have achieved significantly above the national Australian average in NAPLAN. As evidenced from the latest data available on the federal government's *My School* website, in 2015 the School's average results were well above those of statistically similar schools (that is, schools with similar students).

St Andrew's Cathedral Gawura School, Sydney, NSW

The National Assessment Program – Literacy and Numeracy (NAPLAN) assesses all students in Australian schools in Years 3, 5, 7 and 9. For more information visit the NAPLAN website.

The chart below displays average NAPLAN scores for each domain. The selected school's scores are displayed in blue. Also displayed are average scores for statistically similar schools (SIM) and all Australian schools (ALL). The coloured bars indicate whether the selected school's scores are above, close to, or below the other scores.
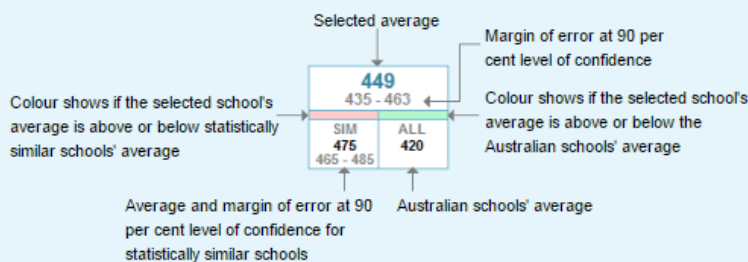
2008	2009	2010	2011	2012	2013	2014	2015

Colour Scheme Red & Green ▼ Submit   Alternate view: Results in graphs

	Reading		Persuasive Writing		Spelling		Grammar and Punctuation		Numeracy	
Year 3	-		-		-		-		-	
	SIM	ALL	SIM	ALL	SIM	ALL	SIM	ALL	SIM	ALL
	335	426	345	416	331	409	342	433	321	398
	326 - 344		337 - 353		322 - 339		332 - 352		313 - 329	
	516		559		530		575		495	
	464 - 567		511 - 606		482 - 578		520 - 630		454 - 535	
Year 5	SIM	ALL	SIM	ALL	SIM	ALL	SIM	ALL	SIM	ALL
	417	499	400	478	435	498	414	503	421	493
	409 - 426		392 - 409		427 - 442		404 - 423		413 - 429	

How to interpret this chart

SIM schools serving students from statistically similar backgrounds
ALL Australian schools' average
[.] Student population below reporting threshold
[ ] Year level not tested

Selected school's average is
■ substantially above
■ above
□ close to
■ below
■ substantially below

- average of schools serving students from statistically similar socio-educational backgrounds (SIM box)
- average of all Australian schools (ALL box)

Selected average
449
435 - 463
Margin of error at 90 per cent level of confidence

SIM ALL
475 420
465 - 485

Colour shows if the selected school's average is above or below statistically similar schools' average

Colour shows if the selected school's average is above or below the Australian schools' average

Average and margin of error at 90 per cent level of confidence for statistically similar schools

Australian schools' average

Tell me more

- *Attendance*. Attendance rates of Gawura students consistently hover at 93 to 94 per cent. This exceptional result is supported by the collection of children and their safe return home each school day by bus.
- *Retention*. All Gawura School students have so far transitioned to Year 7 at St Andrew's. This is a significant result given the highly disadvantaged background of Gawura students. Retention figures to Year 12 are not available, as some students return with family to their homelands or move schools when family accommodation changes make St Andrew's inaccessible for daily attendance. However, for those students able to remain at St Andrew's, their completion rate and academic achievement is outstanding, as evidenced by their post-school pathways described below.
- *Post-school pathways*. Since 2012, 10 Gawura students have graduated Year 12 from St Andrew's Cathedral School and entered university courses in law, fine arts, teacher education, nursing and business management.

According to data on the *My School* website, St Andrew's has an ICSEA (Index of Community Socio-Economic Educational Advantage) score of 1163 while Gawura has an ICSEA score of 782. St Andrew's SES score (on which federal general recurrent grants are calculated) is 121; Gawura is funded as a Majority Aboriginal and Torres Strait Islander school (MATSIS), with students therefore attracting the highest possible federal general recurrent grants for Indigenous students.

Gawura's transition to a registered school means that Gawura students are now able to attract federal general recurrent funding based on the profile of those attending Gawura rather than those students attending St Andrew's. This is vital for the financial stability of Gawura, as students' families are highly disadvantaged and do not have the same capacity to contribute as families of students attending St Andrew's. Any gap between government funding and the cost of educational provision must therefore be met through fundraising and donations.

The advantage to Gawura students of being eligible for the MATSIS category of federal recurrent funding is apparent in the table below, which presents 2014 financial data (latest available data) for Gawura and St Andrew's Cathedral School as published on *My School*.

Per student recurrent income 2014		
	ST ANDREW'S CATHEDRAL SCHOOL	**GAWURA SCHOOL**
Australian Government recurrent funding	$3,479	$15,697
NSW Govt recurrent funding	$1,170	$2,683
Fees, charges & parent contribution	$23,699	$519
Other private sources	$1,620	$2,388
Total gross income (excluding income from govt capital grants)	$29,969	$21,286
Less deductions	$2,367	$0
Total net recurrent income	$27,602	$21,286

As the table demonstrates, MATSIS funding serves the interests of equity for Gawura students. Even so, it should be noted that the cost of educating students at Gawura is still subsidised significantly by private donations.

While school registration may seem the obvious course to obtain better funding for Indigenous students in campus-style or satellite school operations of already established schools, there are two major drawbacks to registration of the campus as a separate school:

- The lead time required for registration of a new school means a half-generation of students will miss the opportunity for the best possible academic outcomes
- Administration of the campus as a separately registered school is unduly complex, and therefore costly, when depth of the curriculum and co-curriculum offerings and overall success of the program depend on flexibility in resource sharing between the parent school and the satellite school. For example, Gawura shares the same site as St Andrew's Cathedral School yet separate registration entails separate acquittals, a separate compliance regime and complex transactions governing deployment of St Andrew's staff in Gawura for specialist activities.

Darkinjung Barker College

Darkinjung Barker College originated in a vision to 'take Barker College to the communities' and began operation in 2016. It is supported by Darkinjung Local Aboriginal Land Council (DLALC) under a Memorandum of Understanding with Barker College.

Darkinjung Barker College has not yet made the transition to a registered school in its own right. While waiting for registration to begin operation was an option, Barker College as the founding school believed it was important to address the needs of Darkinjung community students as soon as possible. Children in the region were entering Year 7 between two and four years behind their peers in levels of academic achievement. A business model was developed for the start-up of the school that relies on cross-subsidisation by Barker College and private donations.

Enrolment at Darkinjung Barker College is limited to 30 students, allowing the school to function essentially in one space. This enables students to remain in close contact with one another, and maintains family groupings. The basis of the program offered at the College entails:

- Provision of high-quality, culturally appropriate education and training programs as a foundation for lifelong learning
- Provision of appropriate intervention and support programs to improve literacy and numeracy outcomes
- Provision of programs that promote student engagement and maintain high levels of attendance
- Preparation of students for a successful transition into high school education.

(A more detailed description of Darkinjung Barker College is available in AHISA's submission to the Parliamentary Inquiry into Educational Opportunities of Aboriginal and Torres Strait Islander Students, available at http://www.ahisa.edu.au/wp-content/uploads/2016/03/AHISA-Never-Give-Up-Part-2-29Feb16.pdf.)

Success indicators in the first year of operation of Darkinjung Barker College include:

- Overall, students gained between 1.5 and 5 years in academic achievement.

- In **reading**, 61 per cent of students commencing in February 2016 in Years 1 to 5 were diagnosed as having a severe reading comprehension problem according to the York Assessment of Reading for Comprehension (YARC) scale. By November 2016, no students in this group measured as having a severe reading comprehension problem: 38 per cent had a moderate reading problem; 38 per cent measured as 'average' readers; 15 per cent measured as 'good' readers; and 8 per cent achieved an 'excellent reader' score in reading comprehension.

- In **spelling**, 56 per cent of students commencing in February 2016 in Years 1 to 5 were diagnosed as experiencing severe difficulties (that is, the students' academic performance was at or below the fifth percentile for his or her year of schooling) according to the Dalwood Spelling Test. By November 2016, only 19 per cent of students were still diagnosed at this level: 37 per cent were diagnosed as 'borderline'; 12 per cent were 'average' for their school year level; 6 per cent were 'above average'; and 25 per cent measured as having 'superior achievement' (that is, with scores at or above the 95th percentile for the student's school year level).

- **Attendance** at Darkinjung Barker is supported by the operation of two buses for the collection and drop off of students across the region. The buses are driven by members of DLALC community and the costs are shared between DLALC and Barker.

The current average per student expenditure at Darkinjung Barker is $22,849 per student, reflecting the cost of a low student:staff ratio (there are two teachers and two teachers' aides). Of this amount, the Australian Government contributes $6,760 (reflecting the Indigenous loading on the students' base entitlement) and the NSW Government $2,604, bringing total government per student funding to $9,364. The funding gap is bridged from non-government sources.

As noted above, average total government per student funding for students attending Gawura was $18,380 in 2014. Total government per student funding for students at Walgett Community College Primary School, a NSW regional government school with 96 per cent Indigenous enrolment, was $20,718.

The average total government per student funding for students attending Barker College, Hornsby in 2014 was $3,841. While students at Darkinjung Barker attract significantly more government funding than students attending Barker College because of their eligibility for an Indigenous loading, they are still funded at well below the level of funding they would attract if Darkinjung Barker was able to be recognised for the MATSIS category of federal funding.

A positive for Darkinjung Barker has been the NSW Government's decision in 2016 to fund students at the campus on their SES score, plus an Indigenous loading, bringing state government per student recurrent funding to $2,604 – well above the $1,497 per student NSW Government funding for students attending Barker College in Hornsby. This move on the part of the NSW Government establishes a funding precedent for the Australian Government in introducing similar flexibility to its recurrent funding model.

The value of a parent school

A funding model which recognises the Indigenous students at a dedicated campus of an already registered school as eligible for full federal funding would have multiple benefits:

- Encourage non-government schools to work with Indigenous communities to establish campuses or satellite schools making specific provision for Indigenous students

- Speed the process of establishing such campuses and therefore the impact on the learning outcomes of Indigenous children in regional areas
- Reduce the administrative costs of and therefore facilitate the cooperation and sharing of resources – including human resources – between the founding school and the Indigenous campus (these administrative costs are borne not just by schools but by the school registration and compliance authorities)
- Minimise the costs of fundraising and provide greater financial stability for the operations of the Indigenous campus
- Harvest private contribution to augment government funding for on country provision for Indigenous students.

Ventures such as Gawura and Darkinjung Barker College – and MITS and Yiramalay/Wesley Studio School – have demonstrated that established independent schools can readily meet those criteria identified as essential for the success of Indigenous community schools[13]:

- Quality leadership
- Profound understanding of the importance of school–community partnerships
- A school culture built on high expectations for all students
- Coherent whole-school approaches to evidence-based literacy and numeracy teaching
- Building and sustaining teacher capacity to deliver whole-school practice
- Empowering, supporting and engaging Aboriginal and Torres Strait Islander students to enhance their learning capacity
- Making learning content engaging, accessible and culturally responsive.

Long-established independent schools have many tangible and intangible assets they can draw on to establish and maintain successful provision for Indigenous students through a separate campus arrangement:

- Entrepreneurial leadership
- Quality teaching staff with specialists in curriculum, early learning, literacy and numeracy and special learning needs
- Non-teaching staff with finance and business management, fundraising and communications skills
- Well-established traditions in service learning and community service projects
- Many schools already have long-established relationships with Indigenous communities
- Broad-based school communities comprising families and friends of current students and alumni groups. Older established schools can have as many as 15,000 actively engaged alumni who may also be willing to contribute to scholarship and building programs
- Established relationships with banks and other financial institutions and philanthropic foundations
- Good will and a sense of moral purpose.

In other words, many independent schools have the critical mass of leadership, educational expertise, resources, networks and relationships to support entrepreneurial action and deliver successful outcomes for Indigenous students.

RECOMMENDATION 1

The Australian Government to introduce greater flexibility into its general recurrent funding model for non-government schools to support the establishment by existing non-government schools of a separate campus or satellite school for Indigenous students, whereby students attending the campus will attract the maximum rate of federal per student general recurrent funding as per the Majority Aboriginal and Torres Strait Islander schools category of funding (MATSIS), irrespective of the socio-economic background (SES) of those students attending the parent school.

It should be noted that this recommendation aims to make innovations such as those represented by Gawura School and Darkinjung Barker College more readily replicable by non-government schools. AHISA has not here addressed the issue of funding for students from such satellite schools who then go on to attend the parent school or other high-SES independent schools that are open to students of all backgrounds. For example once students attending Gawura transition to St Andrew's they attract the same base funding as other students at St Andrew's and thus their government support drops to a level far lower than that for an Indigenous student attending a government-owned school.

Many non-government schools would struggle to finance the cost of the ongoing education of Indigenous students and/or the costs of time and expertise to source funds from trusts, foundations and philanthropists. We would hope that in the future the Australian Government would make funding available for scholarships for Indigenous students living in metropolitan areas or special general recurrent funding arrangements for Aboriginal and Torres Strait Islander students attending non-government schools, irrespective of the schools' SES scores.

3-B | THE EVOLUTION OF SCHOOLS IN RESPONSE TO RAPID SOCIAL AND TECHNOLOGICAL CHANGE

Australian schools are facing two significant 21st century challenges: rapid social change and technological disruption. In developing schools policies and programs that will equip young Australians to participate in and contribute to the life of our nation in the future, governments must envision schools not just as consumers of the initiatives of tertiary institutions or governments, but as dynamic sites for research, innovation and entrepreneurial action in their own right.

As a means for government to leverage the entrepreneurial capacity of schools, AHISA has consistently advocated for the institution of a national Schools Innovation Fund to support the capacity of schools to drive innovation in Australian education.

Grants under the Schools Innovation Fund could be competitive and open to schools, clusters of schools and/or school systems and schools partnering with outside organisations such as universities. Ideally, such a program should be broad-based to encourage creativity and innovation in project development but could be tied to government-mandated priorities, such as improving student engagement in STEM.

A successful precedent already exists for such a model. A program of competitive, direct-to-school grants was administered on behalf of the Australian Government by the Asia Education Foundation (AEF) under the National Asian Languages and Studies in Schools Program (NALSSP). The Becoming Asia Literate: Grants to Schools (BALGS) program operated between 2009 and 2012 and attracted 2,000 applications. During the life of the program, some $7.2 million was disbursed on 335 projects among 521 schools.

The evaluation of the BALGS program, published by AEF in 2013[14], offers valuable insights into how direct-to-schools grants can be effectively managed to meet government objectives. Outcomes of the program, which covered both primary and secondary schools, included:

- Enabling sustainable change and innovation
- Enabling curriculum renewal and refreshing pedagogy
- Building teacher capacity, within and beyond the school
- Developing teacher-leaders to drive and support curriculum innovation
- Engagement with research to develop evidence-informed practice
- Building strategic collaborations and sustainable partnerships within and between schools.

Importantly, the program enabled schools to engage in innovation and build professional practice irrespective of where the schools were on the practice continuum, and to develop practices that met the specific needs and contexts of the school.

Other features worth noting are:

- Project proposals were assessed, scored and ranked by independent assessors in the states and territories. Schools which won grants were obliged to follow accountability procedures and guidelines, make progress reports and develop plans for the sustainability of the funded projects.
- Over 12 per cent of registrations in the program were from clusters of two to four schools, indicating a high level of interest among schools in developing communities of practice.

- For successful proposals, on-call professional learning support was available to steer schools through the process of project design, implementation and review.

The BALGS program demonstrates that, due to the increasingly collaborative nature of the teaching profession, the impact of supported projects extends well beyond individual school communities. The program also demonstrates the return on investment to government. This is significant, given that the scheme would not be open-ended in terms of either money or time.

RECOMMENDATION 2

The Australian Government to establish a national Schools Innovation Fund to assist schools as they respond to 21st century demands. Grants could be competitive and open to schools, clusters of schools and/or school systems and schools partnering with other organisations such as universities. A precedent for such a model is the successful BALGS competitive grants model, which disbursed some $7.2 million on 335 projects among 521 schools during the four years of its operation.

3-C | PROVIDING FOR A BOOMING SCHOOL-AGED POPULATION

Increases in Australia's school population must of necessity entail increases in both the capital and recurrent costs of schooling provision.

In its report, *The teacher workforce in Australia: Supply, demand and data issues*[15], the Australian Council for Educational Research (ACER) notes that, based on an average class size of 24 student per class, between 2011 and 2020 the increase in the number of primary school-aged children in Australia would entail for each year of that period:

- An additional 443 primary classes per year in Queensland
- An additional 385 primary classes per year in NSW
- An additional 448 primary classes per year in Victoria
- An additional 352 primary classes per year in WA.

In these four states, the total additional enrolment would be 390,480 students in primary schools.

The Independent Schools Council of Australia (ISCA) reports that Australian school enrolments are expected to increase by some 499,000 students between 2015 and 2025, entailing the establishment of 547 new primary schools and 710 new secondary schools.[16]

Capital costs of meeting rising enrolments will be high. The cost of the infrastructure required to meet increasing enrolments in Queensland out to 2031 has been estimated at between $4 billion and $5 billion, based on the build cost of a government primary school of $30 million and $50 million for a government secondary school.[17] Where growth is in inner city areas, the cost of land and the scarcity of open space are additional challenges.[18]

To help meet demand for additional classrooms and new schools, AHISA advocates that governments urgently consider mechanisms that will enable non-government school communities to contribute to capital provision.

As noted above, in Section 2, ISCA reports that in 2014 parents and donors contributed 86 per cent of funds for capital developments in independent schools; 8 per cent of capital expenditure was sourced from Australian Government grants and 6 per cent from state and territory governments.

ISCA further notes:

> Government investment in independent school capital is a very efficient use of scarce government resources. For example, the Building the Education Revolution initiative leveraged an additional $370 million in private contributions from independent school communities towards BER projects.[19]

To encourage private contribution to help meet rising school infrastructure costs, AHISA proposes that the Australian Government increases the pool of funds available under the federal Capital Grants Program for non-government schools and considers the introduction of a loans subsidy, loans guarantee or other scheme to support the establishment of new non-government schools or expansion of existing schools.

RECOMMENDATION 3

The Australian Government to increase the pool of funds available under the federal Capital Grants Program for non-government schools and consider the introduction of a loans subsidy, loans guarantee or other scheme to support the establishment of new non-government schools and expansion or refurbishment of existing schools.

NOTES

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[2] ISCA (2016a); ibid. (Expenditure data sourced from the Productivity Commission's *Report on Government Services* and Financial Questionnaire data as provided by schools to the Australian Department of Education and Training.)

[3] ISCA (2016a); ibid. (Expenditure data sourced from the Productivity Commission's *Report on Government Services* and Financial Questionnaire data as provided by schools to the Australian Department of Education and Training.)

[4] ISCA (2016a), ibid; and ISCA (2016b) *Capital funding*; *Independent Update*, Issue 4, 2016. Accessed at http://isca.edu.au/wp-content/uploads/2011/07/2016-Independent-Update-4-Capital-funding.pdf.

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[12] Association of Heads of Independent Schools of Australia (AHISA) (2016) *Never Give Up: Submission to the Inquiry into Educational Opportunities of Aboriginal and Torres Strait Islander Students*, Part 2. Available at http://www.ahisa.edu.au/wp-content/uploads/2016/03/AHISA-Never-Give-Up-Part-2-29Feb16.pdf.

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[14] Australia Education Foundation (2013) *What works 5. Schools becoming Asia literate: what works?* Available at http://www.asiaeducation.edu.au/docs/default-source/what-works-pdf/what-works-5-report.pdf.

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[16] ISCA (2017) Enrolment trends in independent schools. Web article, accessed at http://isca.edu.au/about-independent-schools/enrolment-trends-in-independent-schools/.

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APPENDIX

NAPLAN 2016: PERCENTAGE OF NON-INDIGENOUS AND INDIGENOUS STUDENTS AT OR ABOVE THE NATIONAL MINIMUM STANDARD BY GEOLOCATION

NAPLAN 2016 % of students at or above the national minimum standard						

		Major Cities	Inner Regional	Outer Regional	Remote	Very Remote
READING						
Year 3 reading	Non-Indigenous	96.3	95.5	94.9	94.8	94.5
	Indigenous	87.5	88.2	82.2	64.0	46.9
Year 5 reading	Non-Indigenous	94.9	93.7	92.2	92.4	90.7
	Indigenous	81.2	80.4	72.9	52.0	26.1
Year 7 reading	Non-Indigenous	95.9	95.0	94.2	94.7	92.8
	Indigenous	86.2	84.9	77.5	56.5	37.7
Year 9 reading	Non-Indigenous	94.3	93.2	92.8	94.3	91.1
	Indigenous	82.1	80.9	72.3	55.1	33.9

		Major Cities	Inner Regional	Outer Regional	Remote	Very Remote
WRITING						
Year 3 writing	Non-Indigenous	97.2	96.8	96.7	96.8	96.2
	Indigenous	90.6	91.9	88.6	71.9	52.1
Year 5 writing	Non-Indigenous	95.0	93.3	92.3	92.6	91.3
	Indigenous	82.2	82.0	77.4	55.1	32.1
Year 7 writing	Non-Indigenous	92.4	88.7	87.2	87.6	85.9
	Indigenous	74.4	71.6	61.2	40.3	21.8
Year 9 writing	Non-Indigenous	86.4	80.8	78.7	79.3	73.4
	Indigenous	62.8	58.3	49.6	32.7	16.6

		Major Cities	Inner Regional	Outer Regional	Remote	Very Remote
NUMERACY						
Year 3 numeracy	Non-Indigenous	96.5	9.06	95.9	96.0	95.3
	Indigenous	88.2	89.3	84.5	70.1	52.4
Year 5 numeracy	Non-Indigenous	95.8	94.9	94.3	94.3	94.2
	Indigenous	84.3	83.6	78.0	59.7	41.7
Year 7 numeracy	Non-Indigenous	96.7	95.8	95.6	96.0	95.7
	Indigenous	86.9	85.9	79.3	61.2	46.3
Year 9 numeracy	Non-Indigenous	96.4	95.1	95.7	96.8	95.6
	Indigenous	86.3	85.2	80.1	63.9	47.8

SOURCE: Compiled from data presented in the 2016 NAPLAN National Report.