

Regulation and funding of independent schools: Lessons from Australia

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Executive summary

Among industrialized countries, Australia is the most similar to Canada with respect to its economy, history, and culture. There are therefore opportunities to learn from one another, including in the area of regulation and funding of independent schools, which in Australia as in Canada exist outside of the public system, and are known as non-government schools.

There are a number of Australian policies regarding the regulation and funding of independent schools worth consideration. First, like Quebec and the western provinces, Australia provides funding to qualifying independent schools in order to reduce the direct cost of tuition for parents choosing such schools. The base value of the government grant is determined as a percent of the equivalent funding provided to public schools. In 2013, the average operating grant provided to a public school (referred to as a government school in Australia) was \$15,649, compared to \$8,781 for an independent school (in Canadian dollars using Bank of Canada conversions of Australian dollars).

Second, like all Canadian provinces save for Ontario, Saskatchewan, and Alberta, all religious schools in Australia exist as independent schools outside of the public system. The three Canadian provinces in question provide Catholic education as part of the overall public education system. Indeed, Australia actually classifies their independent schools into two categories, one covering Catholic schools and the other covering all other independent schools.

Third, and perhaps most interestingly, Australia adjusts the value of the payment made to independent schools to reflect the socio-economic status of individual students. This is achieved by adjusting the value of the government grant to the school to reflect the socioeconomic profile of the area in which each individual student in a school resides. Specifically, government funding for students from the highest socioeconomic status (SES) areas is limited to 20 percent, while grants for students from the lowest SES areas can reach 90 percent. The remaining portion of the tuition costs must be covered by the parents or through fundraising by the school. Unfortunately, this innovation is currently being reviewed in Australia and hard data allowing for rigorous evaluation of the differential funding will not be available until 2018.

These and other independent school policies have impacted enrolments in Australia. In 2014, the share of students enrolled in independent schools in Australia was more than five times that of Canada: 34.9 percent compared to 6.8 percent. Of the 35.0 percent of students attending independent schools in Australia, 20.6 percent attend independent Catholic schools and the remaining 14.4 percent attend other independent schools.

Like Canada, Australia has experienced marked growth in independent school enrolment. For instance, for the decade between 2001 and 2011, enrolment in independent schools in Australia grew by 34.6 percent, compared to just 1.8 percent in public schools.

The main reason for the more standardized Australian approach to regulating and funding independent schools is the encroachment of the federal government in this policy area, which should not be emulated in Canada. While the outcome of this federal intervention in Australia has been deemed beneficial by many education observers, it violates a core tenet of federalism and ultimately leads to centralization, which prevents experimentation, innovation, and the tailoring of services to local needs.

There are insights for the Canadian provinces—both those that provide funding to independent schools and those that do not—from the Australian experience, including the treatment of religious education, the broad funding of independent schools, and potentially the differential level of funding provided for individual students based on their social-economic profiles.

Schooling in Australia: an overview

Australia's system of government, like Canada's, is a federal one, comprising the Commonwealth government, six states (Queensland, New South Wales, Victoria, Tasmania, South Australia, and Western Australia) and two territories (the Northern Territory and the Australian Capital Territory). Australia is also a Western, liberal democracy and its political and legal systems, while uniquely Australian in nature and drawing on aspects of the American system, are based on a Westminster form of government and the British legal system and common law.

For the first one hundred years after the establishment of the British penal colony in New South Wales in 1788, the State had minimal involvement in education, with religious groups and organizations primarily responsible for establishing and funding schools (Starr, 2010). Beginning in the mid-to-late 1800s, the situation changed when colonial governments legislated to establish a system of elementary schools open to all students. At the same time that government schools were established, the limited amount of funds that religious schools had previously received was withdrawn.

In the second half of the nineteenth century legislation was passed in each of the Australian colonies that effectively abolished State assistance to schools not under government control. ... In each of the colonies legislation was enacted to provide, free, compulsory and secular elementary education for all children in schools operated by the State. (Educational Transformations, 2006: 1)

The Australian colonies federated in 1901, and under the Australian constitution, while the Commonwealth government has power over tertiary education, it is the states and territories that are responsible for school education. As noted by the *Report on Government Services 2016*:

Under constitutional arrangements, State and Territory governments have responsibility to ensure delivery of schooling to all children of school age in their jurisdictions. They determine curricula, regulate school activities and provide most of the funding. State and Territory

governments are directly responsible for the administration of government schools, for which they provide the majority of government funding. Non-government schools operate under conditions determined by State and Territory regulatory authorities and also receive State and Territory government funding. (Steering Committee for the Review of Government Services, 2016: 4.3)

Although the states and territories are responsible for the operation, management, and funding of schools, government schools in particular, since the release of the 1973 report *Schools in Australia* (Interim Committee for the Australian Schools Commission, 1973), the federal Commonwealth government has significantly increased its involvement in school education, particularly in relation to funding, the curriculum, teacher education, and measuring educational outcomes and making results public. As noted by the Australian Government's Commission of Audit report:

The Commonwealth does not have specific Constitutional responsibility for the provision of school education, and the States operate schools on a day-to-day basis. Traditionally, the States also had responsibility for funding schools. However, the Commonwealth has taken on an increasing role in school funding and policy since the 1970s. (Australian Government, 2014a: 258)

Even though the Commonwealth government does not own any schools or employ any teachers, it has adopted a leading role in setting the educational agenda over the last 30 to 40 years. In particular, while the states and territories provide the lion's share of funding to government schools, the Commonwealth government has become the major funder of the non-government school sector. In addition to providing recurrent funding to schools the Commonwealth Government has also funded targeted programs in areas like literacy and numeracy, civics and citizenship, overcoming disadvantage, and promoting equity in education, especially for low socioeconomic status (SES) students. During the global financial crisis, as a temporary measure, the Commonwealth government also contributed millions of dollars towards non-government school infrastructure costs to assist in promoting economic activity and growth.

Indicative of the increased role of the Commonwealth government is the fact that between 1988/89 and 1997/98, expenditure on school education increased from \$2,142 million to \$3,932 million (Parliament of Australia, 2001).

That the Commonwealth government is in a position to initiate and drive educational reform is in large part because it is responsible for taxation and its financial resources far outweigh those of the states and territories

(described as a vertical fiscal imbalance). Increased Commonwealth government involvement in education dates from the decision, during the Second World War, to give the federal government control of income tax:

Following the Second World War, Australia experienced rapid population growth leading to increased demand for schooling, largely absorbed by the State government systems. At the same time, the capacity for States to raise revenue had been limited by the transfer of income tax powers to the Commonwealth in 1942 and changes to grant funding arrangements. (Australian Government, 2014b: 20)

Unlike in Canada, where “there is no federal department of education and no integrated national system of education” (CMEC, 2015: 2) as education “is under the exclusive jurisdiction of the provinces and territories” (p. 8), the Commonwealth Government has assumed a major role in school education. When detailing the differences in the financial powers of Australian governments and the situation in Canada in relation to funding, Caldwell makes the point that “... the states in Australia are significantly dependent on the federal government for funds to support schools. Provinces in Canada do not, and cannot, secure financial support for their schools from the federal government” (Caldwell, 2014: 3).

There is also a Commonwealth education bureaucracy, the Department of Education and Training, based in Australia’s capital city, Canberra. It was not until 1966 that the Commonwealth Government established a Department of Education and Science (Harman and Smart, 1982). Based on 2013/14 figures, the Commonwealth Government’s budget for the education portfolio totaled \$27.2 billion, with the Commonwealth’s Department of Education receiving \$269.5 million (Australian Government, 2014c: 44). Approximately 2,600 people are employed in the portfolio and approximately \$12.9 million was earmarked for school education in 2013/14 (Australian Government, 2014: 257).

The relationship between the various jurisdictions is now described as follows:

The Australian Government and State and Territory governments are jointly responsible for school education and share responsibility for developing, progressing and reviewing national objectives and outcomes for schooling and the national curriculum. (Australian Productivity Commission, 2015: B.8)

To facilitate nationally driven policies and initiatives the Commonwealth, state, and territory ministers of education meet on a regular basis under the auspices of the Education Council, formally known as the Standing Council for School Education and Early Childhood. Unlike the situation in Canada, where

there is no federal minister for education, the Australian body includes the Commonwealth minister as well as state and territory ministers. The closest Canadian equivalent to Australia's Education Council is the Council of Ministers of Education, Canada (CMEC), "the intergovernmental body composed of the ministers responsible for elementary-secondary and advanced education from the provinces and territories. Through CMEC, ministers share information and undertake projects in areas of mutual interest and concern" (CMEC, 2015: 8).

Beginning with the Hobart Declaration in 1989, the state, territory, and commonwealth ministers have issued a number of policy documents that provide a framework to inform and guide national collaboration. Subsequent documents include the Adelaide Declaration in 1999 and the Melbourne Declaration in 2008. The various documents detail the challenges and opportunities faced by Australian schools within a national and international context, the purpose of education, and what needs to be done to achieve agreed goals.

The most recent document, the Melbourne Declaration of Educational Goals for Young Australians, argues that education is crucial for the "intellectual, physical, social, emotional, moral, spiritual and aesthetic development and wellbeing of young Australians, and in ensuring the nation's ongoing economic prosperity and social cohesion" (2008: 4). It also notes that education is occurring in a rapidly evolving and challenging international environment where advances in information and communications technology, increasing globalization, and pressures such as climate change are transforming what it means to be educated. Agreed goals include:

- ◆ Promoting equity and excellence where all students, regardless of class, ethnicity, race, or language experience a high-quality schooling. No students are to be discriminated against because of "gender, language, sexual orientation, pregnancy, culture, ethnicity, religion, health or disability, socioeconomic background or geographical location" (p. 7).
- ◆ Allowing all students to become "successful learners, confident and creative individuals and active and informed citizens" (p. 8).

While CMEC is not as active as Australia's Education Council, it is of interest that the *Learn Canada 2020* initiative and the associated *Four Pillars of Learning* and *Activity Areas and Objectives* signify an attempt to fashion a more unified approach in what are very diverse education systems characterized by "significant differences in curriculum, assessment, and accountability" (CMEC, 2015: 2).

Recent examples of Commonwealth driven initiatives and policy developments directed at reforming Australia's school education system in order to raise standards and improve outcomes include the following.

- ◆ The establishment of the Australian Curriculum Assessment and Reporting Authority (ACARA) in 2009 to oversee the National Assessment Program—Literacy and Numeracy (NAPLAN) and the development and implementation of the Australian Curriculum.
- ◆ The establishment of the National Assessment Program—Literacy and Numeracy in 2008. NAPLAN occurs annually at Years, 3, 5, 7, and 9 and involves standardized literacy and numeracy tests for all students across Australia in government and non-government schools. (Information related to NAPLAN can be found at <<http://www.nap.edu.au/naplan/naplan.html>>).
- ◆ The My School website detailing the results of the NAPLAN tests for students and their schools as well as sources of funding and a school's socioeconomic profile as measured by the Index of Community Socio-Economic Advantage (see <<https://www.myschool.edu.au/>>).
- ◆ The implementation of the Australian Curriculum Years Foundation to Year 10 in all the major subjects and areas of learning (see <<http://www.australiancurriculum.edu.au/>>).
- ◆ A review to evaluate the Australian Curriculum in terms of its academic rigour, usefulness, and ease of implementation. (The Final Report of the Review of the Australian Curriculum can be found at <<https://www.studentsfirst.gov.au/review-australian-curriculum>>).
- ◆ A review of teacher education to evaluate its relevance and ability to ensure beginning teachers enter the classroom as effective and motivated practitioners (the Teacher Education Ministerial Advisory Group's report on teacher education can be found at <<https://www.studentsfirst.gov.au/teacher-education-ministerial-advisory-group>>).

Such is the increasing Commonwealth influence over state and territory education systems and schools that some suggest the pendulum has swung too far towards an inflexible, highly centralized, and top-down model of educational delivery. The University of South Australia's Alan Reid describes the period between 2003 and 2007 as one of "coercive federalism" that led to feelings of resentment and hostility from the states and the education profession (Reid, 2009: 3). Brian Caldwell, from the University of Melbourne, is also critical when describing the period (2007–2010) as one where:

... what has been achieved to date has simply melded state and territory bureaucracies into a single-framework of decision-making that may

ultimately have no impact on how students learn. Australia may end up with one of the most centralised and bureaucratically organised systems of education in the world.” (Caldwell, 2009a: 1)

A recent paper on federalism describes the situation as a cumbersome system that is “less efficient, effective and equitable than it could be in delivering outcomes for all Australians” (Australian Government, 2014b: 2). Concerns include the degree of duplication and red-tape as a result of different levels of government carrying out the same tasks—examples include the national curriculum and assessment body (ACARA) and the body established to monitor and evaluate teacher quality (AITSL) duplicating what already occurs at the state and territory level.

In addition to arguing that the ever-increasing Commonwealth role in education, evident over the last 20 to 30 years under governments of both major political persuasions, may have reached its limit, the Issues Paper acknowledges that under the Australian Constitution the states and territories “arguably ought to have primary carriage of schooling policy for all schools in their jurisdiction” (Australian Government, 2014b: 29).

Australia has a tripartite system of education comprising government schools and Catholic and Independent non-government schools. As previously noted, government schools are managed and controlled by state and territory education departments and ministers of the crown. Non-government schools, while exercising a greater degree of autonomy, require state and territory government registration in order to operate (see the third section of this paper). Compared to many overseas education systems, Australia has a high proportion of students enrolled in non-government schools—fully 35 percent of all students—with 20.6 percent of students in Catholic schools and 14.4 percent in Independent schools (Independent Schools Council of Australia, 2015).

Recurrent and capital costs for government schools are met by state and Commonwealth governments. Non-government schools receive a substantial level of government funding for recurrent costs while government support for capital costs is minimal. According to the Independent Schools Council of Australia, based on 2013 figures, 82 percent of capital costs for schools was raised locally in the form of school fees and philanthropic donations. Non-government schools, in addition to receiving some government financial support, are allowed to charge fees while government schools, with some minor exceptions, are not permitted to charge parents for enrolling their children.¹

1. The My School website details the enrolment fees of individual government and non-government schools (ACARA, 2016).

Like many other education systems, Australian education authorities and governments are concerned about how best to raise standards and achieve a more efficient and equitable education system. This is especially the case given that standards have failed to improve notwithstanding increased expenditure over a number of years. Leigh and Ryan, after analyzing school expenditure and literacy and numeracy results associated with the Longitudinal Surveys of Australian Youth (LSAY), conclude that there has “been a small but significant fall in numeracy over the period 1964–2003, and in both literacy and numeracy over the period 1975–1998” and that “the productivity of Australian schools may have fallen over the past 3–4 decades” (Leigh and Ryan, 2008: Abstract).

More recent evidence that increased expenditure has not improved outcomes is found in NAPLAN trend data where, despite one or two areas of improvement over the years 2008–2015, literacy and numeracy results have remained constant. As noted by the Chief Executive Officer of the body responsible for NAPLAN, Robert Randall, “[t]he 2015 results show that at a national level we are seeing little change in student achievement in these important areas of learning. While stability is good, the community may well expect more improvement over time” (ACARA, 2015).

Performance in the Trends in International Mathematics and Science Study (TIMSS), the Programme for International Student Assessment (PISA), and the Progress in International Reading Literacy Study (PIRLS) has also led to concerns about the standing of Australian students relative to those in stronger-performing education systems. A 2012 report by the Australian Productivity Commission concludes:

Despite an increase in spending per student and falling class sizes, there is evidence that student literacy and numeracy have declined in recent years, and that Australia has fallen behind other high-performing countries.” (Australian Productivity Commission, 2012: 3)

As detailed in the *Reform of the Federation White Paper* (Commonwealth of Australia, 2014b: 27), Australian students were ranked 3rd in science and equal 2nd in mathematics and reading in the Year 2000 PISA test, but by 2012 students had slipped to 17th in mathematics, equal 8th in science, and equal 10th in reading. In the PISA reading test, while the score for Australian students declined, scores in a number of other countries, including Korea, Portugal, Germany, and Poland showed significant improvement (Masters, 2014: 2). Despite significant increases in expenditure over the last 12 years, educational outcomes as measured by the PISA test have failed to improve.

In summary, although school education in Australia has been the responsibility of state and territories since federation in 1901, beginning in 1973 the federal Commonwealth government has become increasingly

involved in K–12 education. While schools are managed and controlled at the state and territory levels, the federal government is particularly involved in initiating and driving educational reform through jointly developing outcomes for schooling, curriculum, teacher education, funding, and accountability via national testing. One of the federal government's more recent initiatives has been to provide the lion's share of government funding to non-government schools. This is not insignificant as 20.6 percent of students in 2014 attended Catholic (non-government) schools and 14.4 percent attended Independent (non-government) schools. These schools receive minimal capital funding, may charge tuition fees, and must be non-profit.

Australia's tripartite system of school education

Australia has a tripartite system of education consisting of government schools and non-government Catholic and Independent schools. As of August 2013, based on figures compiled by the Australian Bureau of Statistics and published by the Australian Productivity Commission, there were 6,661 government schools and 2,732 non-government schools. Of the total number of schools across the different states and territories, 70.9 percent are owned and managed by government (Steering Committee for the Review of Government Service Provision, 2015).

Over the period 2000–2010, the number of government schools across Australia decreased by 223, largely due to amalgamations, while the number of non-government schools increased by 91, primarily as a result of a growth in the Independent school sector due to increased enrolments (Australian Bureau of Statistics, 2011: 3).

Government schools operate on the belief that they should be “free, compulsory, and secular” and provide all students, regardless of where they live or their socioeconomic background, religion, or ethnicity, the same standard and type of education. The ideal is often described as schools providing all students with “equality of opportunity.”

Notwithstanding the impact of an increasingly national approach to school education, government and non-government schools operate within the unique context of the state or territory in which they are situated. Government schools are expected to enact a government-mandated curriculum, a uniform enterprise bargaining system that determines teacher remuneration and conditions, and a government-controlled system of certifying and registering teachers before they enter the classroom.

While states such as New South Wales and Victoria have a number of selective secondary schools, which are able to specialize in terms of the curriculum and are free to enroll students based on aptitude and ability, the majority of government schools teach the same curriculum and cannot discriminate in terms of enrolments. On the whole, schools must enroll students living in their enrolment zones.

Believing that school autonomy is beneficial, the Commonwealth government has recently provided funding to the states and territories to implement its Independent Public Schools initiative (see <<https://www.studentsfirst.gov.au/independent-public-schools>>). The program is a voluntary one where schools are invited to participate and given a greater degree of flexibility and freedom, compared to other government schools, in relation to budgets, who they employ, curriculum focus, and being able to draw on local expertise and networks. While Independent Public Schools appear similar to Alberta's Charter Schools, they do not have as much freedom in that they have to comply with the relevant government's mandated curriculum and accountability regime and system-wide teacher-union negotiated Enterprise Bargaining Agreements that set remuneration and employment conditions.

Non-government schools, compared to government schools, are more diverse in nature and are not as constrained in terms of employment conditions, curriculum focus, or how they are structured and managed. While non-government schools have enjoyed a history of autonomy more recently, as a condition of Commonwealth funding, they have been forced to implement the national curriculum and national testing regime and to comply with the requirements set out in the Melbourne Declaration of Goals for Young Australians. The principal reason why there are no for-profit schools in Australia is that, as a condition of funding and in order to be registered, non-government schools must be not-for-profit.

The majority of non-government schools are faith-based and include Catholic, Anglican, Uniting, Presbyterian, Baptist, Jewish, and Islamic schools. A small but increasing number are non-denominational, and schools embrace a wide range of educational philosophies ranging from Montessori and Steiner to more traditional schools focusing on a liberal-humanist view of education and strong academic outcomes. As noted by Jennifer Buckingham and Trisha Jha (2016: 6), "[t]he vast majority of schools in the non-government school sector (96 percent) have a religious affiliation" and out of 2753 schools only 163 are not affiliated with a recognized religion. However, the composition of faith-based schools has been changing recently:

The defining change in schooling over the last two decades has been the diversification of religious schools. Before the 1980s, close to 90% of students in the non-government sector attended schools associated with the two major denominations, Catholic and Anglican. In 2006, this proportion dropped to just over 70%, with the remaining students attending schools affiliated with a large array of minority faiths. The most substantive increases in enrolments have been in Islamic schools and new classifications of 'fundamentalist' Christian denominations. (Buckingham, 2010: ix)

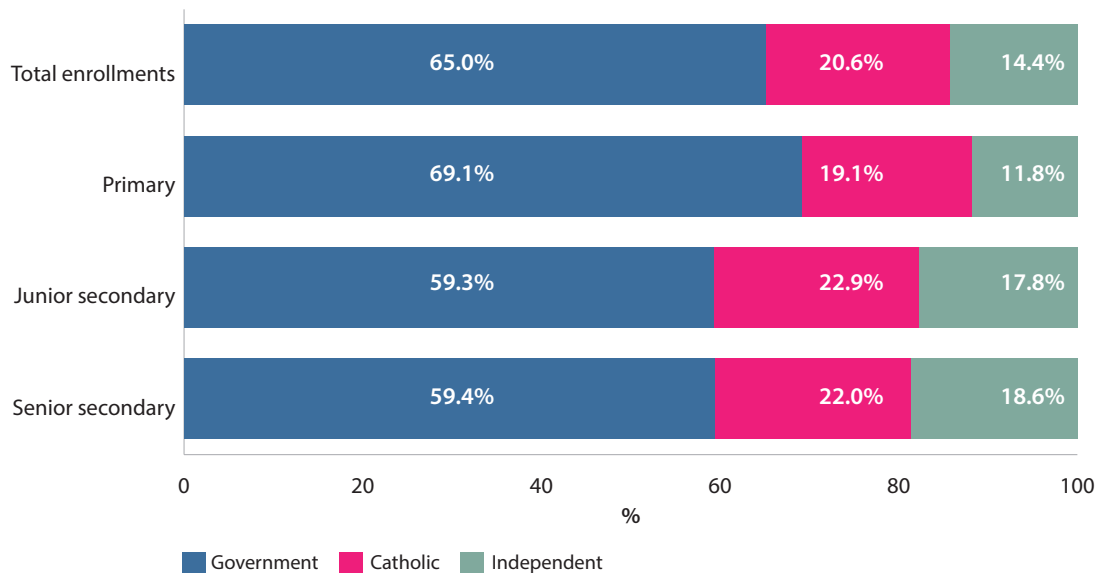
While there are a small number of Catholic schools within the Independent sector that are managed by particular religious orders, the majority of Catholic schools, which enroll approximately 20 percent of Australian students, are systemic schools under the control of Catholic education authorities based in the particular Archdiocese in which they operate. Catholic systemic schools, while having a strong relationship with their parish, operate under the direction and control of respective Catholic education offices based in each archdiocese.

Thus, in Australia's tripartite system of schooling, as of 2013, 70.9 percent of schools were government schools, but growth (from 2000–2010) occurred in the number of non-government schools (increased by 91) while the number of government schools declined (by 223). Non-government schools are more diverse in nature than the more standardized government schools. Fully 96 percent have a religious orientation, 70 percent of which are Catholic or Anglican with growth occurring in the minority religion sectors.

Government and non-government school enrolments

In terms of enrolments, approximately 65.0 percent of full-time students are enrolled in government schools, with 20.6 percent in Catholic schools and 14.4 percent in Independent schools (**figure 1**). As government students move from primary to junior secondary school the percentage drops from 69.1 percent to 59.3 percent; in the Australian Capital Territory approximately

Figure 1: Australian school enrolments by sector and level, 2014



Source: Independent Schools Council of Australia, 2015.

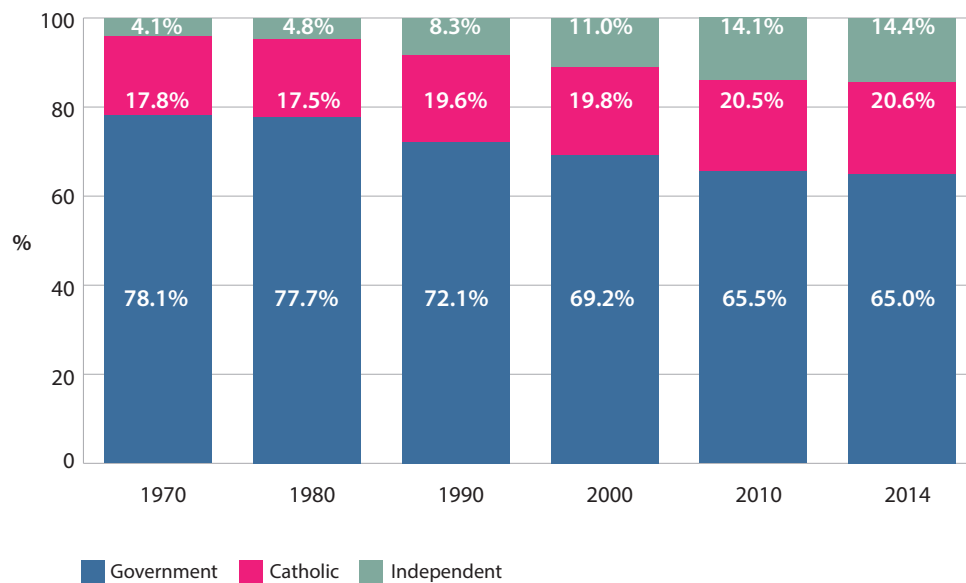
50 percent of secondary school students attended non-government schools in 2015 (Mannheim, 2014). The percentage of Australian students enrolled in non-government schools, at 35 percent, is high compared to 35 other OECD countries and economies where “less than 10% of 15-year-old students were enrolled in private schools” (OECD, 2016: 164).

Australia’s government school enrolment, at 65.0 percent, is significantly lower than Canada’s, where the publicly funded system, involving public and separate schools, serves about 93 percent of all students in Canada (CMEC, 2016: 4). As noted by the Fraser Institute:

Education in public schools is the dominant form of education in all provinces. In 2012/13, New Brunswick had the highest level of enrolment in public schools (98.7 percent). Quebec had the lowest level of public school enrolment (87.3 percent). (Van Pelt, Clemens, Brown, and Palacios, 2015)

Over the period 2001–2011, the number of students enrolled in Independent schools grew by 34.6 percent with the equivalent figure for Catholic schools being 11.6 percent; government school enrolments grew by only 1.8 percent (Australian Bureau of Statistics, 2012: 1). Over the more extended period 1970 to 2014, enrolments in government schools decreased from 78.1 percent to 65 percent while non-government school enrolments over the same period grew from 21.9 percent to 35 percent (**figure 2**).

Figure 2: Full-time enrolment share by sector, selected years, 1970–2014



Source: Independent Schools Council of Australia, 2015.

A national survey commissioned by the Independent School Council of Australia, exploring why parents chose to send their children to Catholic and Independent schools, lists factors such as good teachers, a supportive and caring environment, educational excellence, a disciplined and safe classroom, clear moral values, and good facilities (ISCA, 2008: 10). A second national investigation exploring the values and attitudes of non-government school parents suggests that parents choose Catholic and Independent schools because of their “religious or cultural affiliation” and their “capacity to offer the right balance between academic standards and personal development” (Muller & Associates, 2008: 5).

More recently, a Queensland study investigating why parents choose to send their children to Independent schools listed factors such as good discipline, high quality teachers, encouraging a responsible attitude to work, and the ability to help students fulfill their potential later in life (Independent Schools Queensland, 2015: 1).

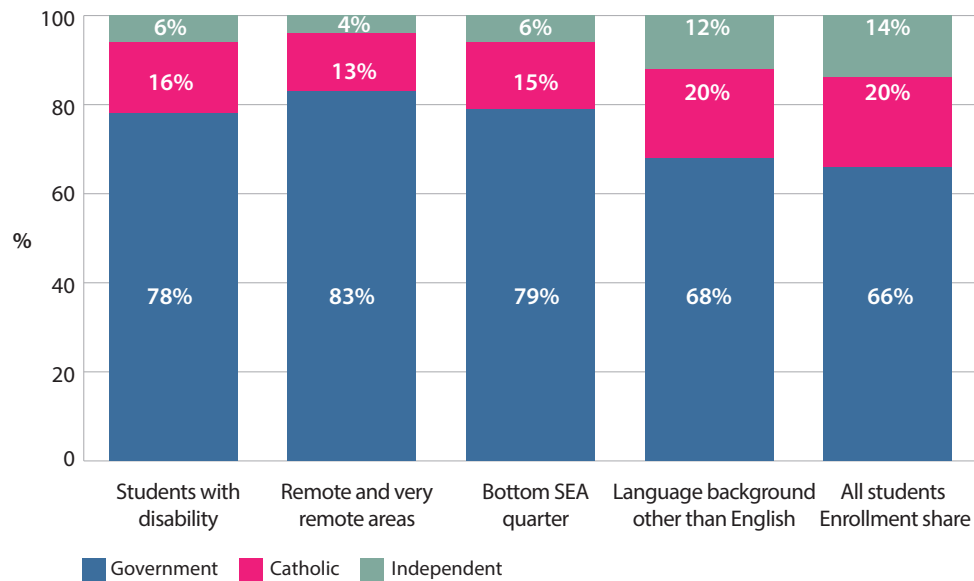
The above enrolment figures relate to Australia as a whole, and it should be noted that enrolments by sector vary across the different states and territories (**table 1**). The Australian Capital Territory has the smallest percentage of government school students, while the Northern Territory has the largest percentage of students attending government schools.

Table 1: Proportion of full-time equivalent students who are enrolled in government schools, August 2013

	New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania	Australian Capital Territory	Northern Territory	Australia
Primary	69.3	67.4	70	70	66.2	73	60.6	77.8	68.9
Secondary	60.5	57.1	61.3	58	60.3	67.1	53.8	65.2	59.6
All schools	65.4	62.9	66.7	65.8	63.9	70.3	57.4	72.7	65.1

Source: Australian Productivity Commission, 2015: 4.10.

When detailing enrolments across the three sectors it is also important to note that government and non-government schools enroll students from a variety of backgrounds in terms of socioeconomic status, ethnicity, race, mother tongue, level of disability, and place of residence. Government schools, compared to Catholic and Independent schools, enroll greater number of students who are Indigenous, have a disability, experience low socio-educational advantage (SEA), live in remote areas, or come from a language background other than English (**figure 3**).

Figure 3: Proportion of students by disadvantage group, by sector, 2010

Source: Australian Government, 2011.

The fact that schools in the different sectors have quite distinctive patterns of enrolment impacts on how schools operate, the type of curriculum offered, the style of pedagogy, and the level of funding required to ensure that all students are treated equitably.

Students' individual, economic and social circumstances can impede them from achieving their educational potential. ... Educational disadvantage is more likely to be experienced by students from low socio-economic backgrounds, students in rural and remote locations, indigenous students and students with disabilities, learning difficulties or other special needs. (Australian Productivity Commission, 2012: 251)

As a result, in relation to funding, it is generally agreed that whatever formula is designed and implemented by government must address the needs of those students suffering educational disadvantage.

In summary, as of 2014, 65.0 percent of students attended government schools and the remainder attended non-government schools; 20.6 percent of students attended Catholic schools and 14.4 percent attended Independent schools. Between 2001 and 2011, government school enrolments grew by 1.8 percent, Catholic non-government school enrolments grew by 11.6 percent, and Independent non-government school enrolments grew by 34.6 percent.

Funding arrangements

School funding is a controversial and sensitive public policy issue, with ongoing debates about what type of funding model best suits Australian schools, what constitutes the level of government funding required to properly resource schools, and whether non-government schools should receive government funding and, if so, the amount and conditions of funding.

Some education players, such as the Australian Education Union that represents government school teachers, argue that state schools are underfunded and that non-government schools do not deserve any government support. In its submission to a 2011 review of school funding commissioned by the Australian Labor Party Commonwealth government of the time, the AEU argues:

Although substantial government funding to private schools has become entrenched in Australia in recent decades, we believe there is no pre-existing, pre-determined entitlement to public funding; i.e. there is no *a priori* justification for public funding to private schools.” (Australian Education Union, 2011: 9)

In part, the AEU’s argument is based on the conviction that only government schools are open to all, that they best serve the needs of the Australian community in terms of social cohesion and stability, that they have greater numbers of disadvantaged students, and that the majority of non-government schools are already well resourced as they serve financially privileged communities.

While accepting that some non-government schools deserve funding, the Australian Greens Party argues that government schools deserve priority funding and that “very wealthy non-government schools” should have their funding withdrawn (see Australian Greens’ Education Policy). Similar to the AEU, the Greens Party also argues that any funding model must be based on “needs and equity” and that government schools, compared to non-government schools, enroll greater numbers of students from the most disadvantaged communities.

While the AEU and the Greens Party are critical of non-government schools and the fact that they receive a degree of government funding, there are also those willing to defend school choice and parents’ right to enroll their children in Catholic and Independent schools. Arguments in favour of non-government schools include the following: as parents pay school fees they save governments, and taxpayers, the cost that would be involved if such students were enrolled in government schools; parental choice in education, especially involving faith-based schools, is supported by international covenants and agreements; non-government schools achieve stronger educational

outcomes compared to government schools (even after adjusting for the influence of home background); and the existence of non-government schools exerts pressure on government schools to achieve stronger outcomes and better reflect parental expectations and needs (see Buckingham, 2001; Prasser, 2011; Harrison, 2004).

Australia's major political parties, the Australian Labor Party and the Liberal and National parties, while disagreeing on the mechanism and quantum of funding, accept that Australia has a tripartite system of education where all students, regardless of sector, deserve state and Commonwealth support.

In general, all government and non-government schools receive a level of state and Commonwealth funding and while government schools, in theory, do not ask parents to pay, Catholic and Independent schools charge enrolment fees.² The qualification "in theory" is necessary as increasingly parents are being pressured to cover the costs of enrolling their children in government schools. The Victorian Auditor-General, after investigating the fees and charges imposed by government schools, concluded that:

The principles of free, secular and compulsory education were first established in Victoria in the Education Act 1872. However, these provisions have been watered down over time. Parents of children in government schools are now required under law and government policy to pay for items such as books, stationery and camps. (Victorian Auditor-General, 2015: vii)

Reports commissioned by the Brotherhood of St Laurence (Bond and Horn, 2009) and the Victorian Council of Social Service (VCOSS, 2015) also note that government schools in Victoria are far from free and that disadvantaged parents, in particular, often face financial hardship. The peak organization representing government school parents, the Australian Council of State School Organisations (ACSSO), also argues that the time when schools were free has long since passed. In its submission to the Commonwealth Government's Senate Committee inquiry into school funding, ACSSO notes:

Currently government schools are forced to supplement some of the cost burden by applying a school fee, more correctly termed a voluntary donation ... Despite the voluntary nature of this fee, schools

2. A detailed description of how state and territory schools are funded can be found in Chapter Two of the *Review of Funding for Schooling* (Australian Government, 2011), Chapter Six of *A History of State Aid to Non-government schools in Australia* (Educational Transformations, 2006), and the Commonwealth Parliamentary Library's Background Note *Australian Government Funding for Schools Explained* (Parliament of Australia, 2013).

still issue invoices and use a variety of means to solicit these funds. (Australian Council of State School Organisations, 2014: 5)

While state and territory governments are the primary source of funding for government schools, the Commonwealth government primarily funds non-government schools. There are a number of funding models across the various states and territories as well as that employed by the Commonwealth government. As noted by the *Review of Funding for Schooling Final Report*:

Funding for schooling is shared between state and territory governments and the Australian Government. Income from private sources, through parental fees, fundraising activities and philanthropic contributions, is also an important part of the revenue base of schools, particularly those in the non-government sector. This funding mix has resulted in a complex funding environment, with an array of funding models that interact to provide the total level of funding to individual schools. (Australian Government, 2011: 37)

Such is the complexity of Australia's various school funding arrangements that the Australian Education Union describes it as "one of the most complex, opaque and confusing in the developed world" (Australian Education Union, 2011: 3). The Final Report (otherwise known as the Gonski Report) arising out of the Commonwealth's 2011 review of school funding is also critical:

When considered holistically, the current arrangements for schooling are unnecessarily complex, lack coherence and transparency, and involve duplication of funding effort in some areas. There is an imbalance between funding responsibilities of the Australian Government and state and territory governments across the schooling sectors. (Australian Government, 2011: xiv).

The *Report on Government Services 2016* notes that state and territory government recurrent expenditure on school education for the years 2013–2014 was \$50.4 billion, with government schools receiving the lion's share of \$38.5 billion (Steering Committee for the Review of Government Service Provision, 2015: 4.3).

Whereas state and territory governments are the main funders of government schools at 87.3 percent of total government funding, the Commonwealth Government primarily funds non-government schools at 74 percent of recurrent costs. State and territory governments provide 26 percent of the funding received by non-government schools from government sources (Steering Committee for the Review of Government Service Provision, 2015: 4.3).

Whereas government schools are, supposedly, free and parents are not expected to pay fees, non-government school parents pay fees on an annual basis to enroll their children in Catholic and Independent schools. Enrolment fees for non-government schools, including systemic Catholic schools and Independent schools, can range from \$2,000 to \$32,000 per year (ACARA, 2016).

Based on 2013 figures, governments provided 57.2 percent of the funding for non-government schools, with private fees and local fundraising making up the remaining 42.8 percent (Steering Committee for the Review of Government Service Provision, 2015: 4.7). With the exception of the Building the Education Revolution infrastructure fund available to all schools, (government, Catholic, and Independent), non-government schools, with the exception of some minor capital funding, are expected to meet their own capital and infrastructure costs. 82 percent of capital funding for Independent schools is sourced from schools and their communities.

Based on 2012–2013 figures, Commonwealth, state, and territory government recurrent expenditure on full time equivalent students in government schools across Australia, both primary and secondary students, was \$15,703 per student while government expenditure on each non-government school student was \$8,812 (Independent Schools Council of Australia, 2016a).

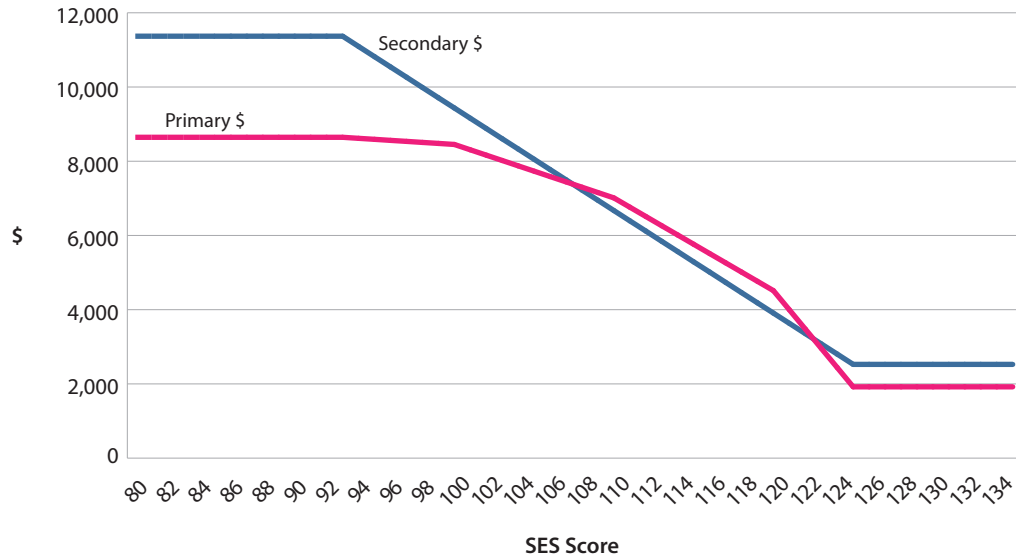
Such figures are averages and in relation to non-government schools it should be noted that the base payment (Schooling Resource Standard [SRS]) varies according to a school community's capacity to contribute. For example, an Independent secondary school serving a wealthy community (a community with a high "SES score") might only receive base funding of approximately \$2,000 per student whereas a secondary school serving a disadvantaged, low socioeconomic status community would be entitled to approximately \$11,500 in (Commonwealth and state/territory combined) government funding (**figure 4**).

Whereas the majority of Independent schools receive funding directly, funding for Catholic systemic schools is given to the various state- and territory-based Catholic Education Commissions which then distribute funding to individual schools.

As noted by the *Reform of Federation White Paper*, there has been a significant increase in government funding that cannot be explained simply by increased enrolments:

Spending by all Australian governments grew by 37 per cent, in real terms, in the ten years between 2002–03 and 2012–13.⁷⁶ This has been driven largely by State and Territory policy decisions to decrease the teacher to student ratio, as well as the increase in the average length of service of teachers and increases in student numbers. During this period, funding growth has far outstripped student growth. Growth

Figure 4: “Capacity to contribute” settings for non-government schools, 2014



Source: Independent Schools Council of Australia, 2016a.

in student numbers has been averaging 0.8 per cent, while funding has grown by an average of around 4 per cent per year for government schools and around 5 per cent for non-government schools since 2000–01. (Australian Government, 2014b: 26)

In summary, while state and territory governments are the primary source of funding for government schools (87.3 percent in 2013/14), the federal Commonwealth government is a primary source of funding for non-government schools (74 percent of recurrent costs in 2013/14). On average, 57.2 percent of the funding for non-government schools came from government sources (in 2013/14) and the remaining 42.8 percent came from school tuition fees and fundraising. While government schools received (in 2012/13) \$15,703 in funding for recurrent expenses from government sources, on average, and non-government schools received \$8,812, the amount non-government schools receive varies according to the socioeconomic status of the families in the community the school serves. If parental capacity to pay is high, a non-government secondary school could receive as little as \$2,000 per student from government sources, while a non-government secondary that serves disadvantaged students from families of low socioeconomic status could be entitled to approximately \$11,500 from government sources (Commonwealth and state/territory combined).

Standards and performance outcomes

Australian students face a number of tests and examinations that measure academic performance at individual, school, sector, and jurisdiction levels. The National Assessment Program—Literacy and Numeracy (NAPLAN) was introduced in 2008 and all Australian students at years 3, 5, 7, and 9 are tested on an annual basis in literacy and numeracy. Results for both students and individual schools are publicly available on the My School website managed by the Australian Curriculum, Assessment and Reporting Authority.

In the final two years of secondary schooling, all states and territories have competitive, academically focused certificates and assessment regimes that signify the end of schooling and students' transition to further tertiary study or work.

Australia has also been involved in international tests such as the Trends in International Mathematics and Science Study (TIMSS) and the OECD's Programme for International Student Assessment (PISA). Until recently, international test data were not reported by school sector, making it impossible to compare performance. Beginning with the 2009 PISA results, the ACER (Australia Council for Education Research) has begun to publish data that identifies the performance of the three school sectors.

In the most recent 2012 PISA tests, Australian students are ranked equal 17th in mathematics, equal 8th in science, and equal 10th in reading (ACER, 2012). In both the 2009 and 2012 PISA tests results, schools in the non-government school sector outperformed students in government schools.³

It is generally found that students in non-government schools achieve stronger academic results than students in government controlled schools.

There are a number of studies that generally conclude that students attending Catholic and independent schools have superior academic outcomes compared to the government sector and show that both sectors add value in the final year of schooling. (Marks, 2015a: 220)

As discussed later in this paper, Marks argues that the stronger performance of non-government school students, compared to those in government schools, remains even after adjusting for students' socioeconomic status background.

In relation to Year 12 academic results and tertiary entry, a study associated with the Longitudinal Surveys of Australian Youth (LSAY) concludes that “[s]chool sector has a substantial impact on tertiary entrance performance”

3. Canada is identified as one of only three countries in the 2009 Programme for International Student Assessment where private school students with the same background as those in public schools achieve stronger results (Mussett, 2012: 27, footnote 9).

(ACER, 2001: viii). A second LSAY report concludes that “[a]fter making an allowance for differences in the social and academic composition of schools, there was an average difference of six percentage points between government and non-government schools” in relation to tertiary entry results (Australian Council for Educational Research, 2003: 5). Marks reaches a similar conclusion:

The findings confirm that Catholic and Independent schools “add value” to student performance. The effects are not trivial with effect sizes of 0.24 SD and 0.37 SD, respectively, net of other influences in the multiple regression analysis and differences of 6 to 8 percentiles in the first-differences and fixed-effects analyses. (Marks, 2015b: 20)

Non-government schools also achieve stronger results than the majority of government schools as measured by the NAPLAN literacy and numeracy tests. Miller and Voon, after analyzing the NAPLAN data available on the My School website, conclude that:

... test outcomes vary by school sector, with non-government schools having higher school-average scores, even after differences in school’s ICSA are taken into account. (Miller and Voon, 2011: 382)⁴

The ACER’s analysis of the 2012 PISA data also suggests that non-government schools achieve stronger outcomes compared to government schools:

Comparing the unadjusted mean mathematical literacy scores for these three groups of students reveals that, on average, students in the independent school sector achieved significantly higher than students in the Catholic or government school sectors, and students in Catholic schools scored significantly higher than students in government schools. These findings are also applicable to scientific and reading literacy. (Thompson and Buckley, 2013: xvi)

While not conclusive, there is also evidence that Catholic and independent schools are better able to promote social cohesion. One study, commissioned by the Foundation for Young Australians, concludes that “students who attend a Catholic school are 1.7 times less likely to report experiences of racism than students attending government schools” (Jenkins, Morgan, and Taouk, 2009: 5). A second study involving the LSAY project finds that “[s]tudents at government schools did less volunteering (in frequency and

4. ICSA refers to an Index of Community Socio-Educational Advantage—used as a measure of educational disadvantage based on factors such as home background, geographical location and proportion of indigenous students.

hours) than students in either Catholic or independent schools” (Brown, Lipsig-Mumme, and Zajdow, 2003: vi). The LSAY Briefing Paper 26 cites research concluding that “[r]espondents from Catholic and Independent schools were also more likely to volunteer (Semo, 2011: 8).

While there is agreement that non-government schools outperform most government schools (selective government schools where enrolment is based on academic ability prove the exception), there is disagreement as to whether the situation changes if students’ and schools’ socioeconomic status is taken into account. Instead of accepting that there is anything superior or more effective about how non-government schools are managed or how they operate in terms of curriculum, classroom management, or teacher quality, the argument is that students in such schools only perform well because they come from privileged backgrounds. Critics argue that because non-government schools operate in relatively affluent and well-off communities, they have a decided advantage.

One line of research suggests that socioeconomic status—generally measured by parental qualifications and occupation, income, and postcode—significantly affects educational outcomes. Once home background is taken into account, any difference between government and non-government schools disappears. After analyzing the 2009 PISA results, a study by the ACER concludes, after taking home background into account, that “there is no statistically significant difference in the average reading, mathematical and scientific literacy scores of students from different school sectors” (Thompson et al., 2010: ix). A Queensland University study analyzing LSAY data also doubts the superior performance of non-government schools: “sending children to Catholic or independent primary schools has no significant effect on their cognitive and non-cognitive outcomes” (Nghiem et al., 2014: 3). Trevor Cobbold argues in a similar vein, based on a meta-analysis of some 30 studies:

Studies that adjusted for a range of student and school characteristics show no significant differences between the results of students from public, Catholic and Independent schools in national and international tests and in university completion rates. (Cobbold, 2015)

An extensive body of research, however, reaches different conclusions, finding that the impact of home background is not as influential as thought. Gary Marks, after analyzing NAPLAN data for years 3, 5, and 7, concludes that “[t]he correlations are consistent with the literature with socioeconomic background accounting for between 9 and 16% of the variation in student achievement, without considering the impact of other influences on achievement” (Marks, 2014: 18). When identifying the more influential determinants effecting outcomes, Marks (2004: 43–47) refers to the student’s prior ability, school culture and ethos, and setting high expectations. Elsewhere, after

analyzing data associated with the PISA test, Marks also questions the impact of SES: “student-level ESCS typically explains 10% to 20% of the variation in student achievement in PISA” (Marks, 2015c: 123).⁵

Marks also argues that a school’s socioeconomic status does not help to explain why non-government schools generally outperform government schools in areas like the NAPLAN tests, Year 12 examinations, and success at gaining tertiary entry. For example, “analyzing [NAPLAN test] data with a large number of cases with reliable measures, has established that school-SES effects are trivial and do not warrant policy response” (Marks, 2015c: 18).

The OECD’s *PISA Low-Performing Students* report also suggests that a student’s home background is not as influential in determining outcomes as some claim: “Differences in student’s socio-economic, demographic and education background explain 15% of the variation in low performance across students, on average across OECD countries” (OECD, 2016: 62). While accepting that a student’s background is one factor that influences outcomes, the authors suggest that “social and demographic background do not determine student achievement” (p. 62) and “the link between background and outcomes “is neither absolute nor automatic” (p. 63).

An LSAY Research Report, after analyzing data associated with the LSAY 2006 cohort and students’ tertiary entry rank (TER), also questions the connection between a school’s socioeconomic status and its results. After suggesting that “the impact of individual students’ characteristics is dominant with respect to TER and the transition to university,” the report concludes that:

[A] school’s overall socioeconomic status does not influence students’ TER outcomes, after controlling for individual characteristics including academic achievement from the PISA test. (Gemici, Lim, and Karmel, 2013: 8)

A number of researchers argue that there are many other more significant factors influencing educational outcomes, such as prior academic ability, students’ motivation and resilience, teacher quality, a rigorous curriculum, a disciplined classroom environment, a school culture that promotes high expectations, and parents’ expectations and behavior.

Research associated with the OECD’s PISA test, for example, suggests that factors such as students being motivated, confident, and diligent in their work habits, plus schools having high expectations and teachers who are supportive and positive, all impact on outcomes (OECD, 2011, 2014, 2015, 2016). School autonomy is also considered a significant influence, especially in developed countries where non-government schools have freedom

5. ESCS refers to “economic, social, and cultural status” and is a PISA measure of home background.

over staffing, budget allocation, and curriculum focus. Hanushek, Link, and Woessmann (2011: 25) conclude that “autonomy reforms improve student achievement in developed countries, but undermine it in developing countries.” In the Australian context, a 2012 Commonwealth Productivity Report also concludes that autonomy is beneficial:

The shift to greater autonomy should generally be seen as a positive development to the extent that it removes impediments that can prevent principals and other school leaders exercising leadership. This can potentially lead to improved outcomes, given that school leaders tend to be better informed than central agencies about the circumstances of their schools, such as the specific needs of their students. (Australian Productivity Commission, 2012: 245)

Thus, while the research is mixed, there is a growing consensus that student’s home background, or socioeconomic status, is not the most significant factor explaining the higher student performance of non-government school students on standardized assessments such as PISA, NAPLAN, and Year 12 examinations. As noted by the OECD, “the link between background and outcomes is neither absolute nor automatic,” suggesting that student characteristics such as prior academic ability, motivation, and resilience, as well as teacher quality, rigorous curriculum, disciplined classrooms, a school culture of high expectations, and parental behavior can all contribute to explaining the difference. School autonomy is certainly considered a key influence in the difference in results as impediments to principals and other school leaders are removed.

Regulation, financing, and their effects

The non-government sector in Australia involves both the Independent schools sector and the Catholic sector, the latter incorporating systemic schools that are managed by the various diocesan-based Catholic education offices and Church authorities. Whereas government schools operate under various acts of parliament and are answerable to education departments and, in the final instance, to the relevant minister of the Crown and the government of the day, non-government schools exercise a greater degree of freedom and flexibility. As noted by the *Schools Workforce* report, “Non-government schools (particularly independent schools) have traditionally enjoyed greater autonomy than most government schools” (Australian Productivity Commission, 2012: 223).

Such autonomy, though, is not absolute and non-government schools have to conform to a number of regulations and directives imposed by state, territory, and Commonwealth government authorities. All non-government schools, in order to operate, have to be registered by the various state and territory registration authorities such as the Victorian Registration and Qualifications Authority. Registration relies on schools being not-for-profit, conforming to building regulations and occupational health and safety rules, showing financial probity, and being open to inspection on a regular basis. The Commonwealth government is the main provider of funds to non-government schools, and there is also an increasing practice of making funding to schools conditional on compliance with government policy and directives such as implementing the national curriculum and the national NAPLAN testing regime.

In order to teach in either government or non-government schools, prospective teachers must be certified and registered by the respective state and territory education authorities. Examples include the Victorian Institute of Teaching, the New South Wales Board of Studies, Teaching and Educational Standards, and the Queensland College of Teachers. While each jurisdiction manages its own process of teacher registration, there is now a nationally consistent set of criteria detailing professional standards to which all teachers must conform, as a result of work undertaken by the Australian Institute of Teaching and School Leadership. The national standards identify the attributes and knowledge required for teachers to be

certified as graduate, proficient, and highly qualified (see <http://www.aitsl.edu.au/australian-professional-standards-for-teachers/standards/list>). They cover such topics as how students learn, content knowledge, effective teaching and learning, supportive and safe learning environments, assessment, professional learning, and professional engagement. Whereas teachers once were able to gain registration after completing a one-year course, Australia has now moved to requiring two years of post-graduate study for prospective teachers. Beginning teachers are provisionally registered, and after receiving full registration must re-register on a regular basis by demonstrating compliance with a number of conditions, including undertaking professional development, completing a minimum period of teaching or equivalent practice, and passing a police “working with children” check.

Curriculum

Each of the states and territories has a long history of developing and implementing its own approach to the curriculum, as defined by formal documents such as syllabuses and frameworks. Each jurisdiction has a curriculum body, either separate from or a part of the jurisdiction’s education department, that is responsible for the Foundation to Year 12 curriculum and for formal, high-stakes examinations and tests at the Year 12 level, the final year of schooling before students undertake tertiary study or enter the workforce. Generally speaking, such curriculum bodies include representatives from government and non-government schools, as all schools are expected to implement the government-mandated curriculum.

Beginning with the national statements and profiles developed during the early to mid-1990s and culminating with the Australian National Curriculum (currently being implemented in schools) there has been a move to achieve greater consistency across the various jurisdictions in what is taught from Foundation to Year 10. The establishment of the Australian Curriculum, Assessment and Reporting Authority (ACARA) in 2009 signaled the Commonwealth government’s intention to take a more dominant role in both national literacy and numeracy testing at year 3, 5, 7, and 9, and also in what was taught from Foundation to Year 10 (for a detailed explanation, see Australian Government, 2014c: Ch. 3). While ACARA has also developed several Years 11 and 12 study designs, the states and territories have maintained their own locally developed and assessed senior school subjects and courses. Given that 2014 represented the first year that the Australian National Curriculum was fully implemented across the states and territories, it is too early to ascertain its impact in areas like literacy and numeracy standards and broader educational outcomes.

One of the conclusions of the 2014 national curriculum review (Australian Government, 2014c) is that the implementation of the national curriculum varies across the different states and territories and school sectors. While New South Wales has maintained its more formal syllabus and discipline-based approach to the school curriculum, jurisdictions like the ACT, Tasmania, and South Australia have embraced the national curriculum as the preferred model. It is also difficult to ensure that all schools are implementing the national curriculum and Independent schools, compared to government schools, appear to exercise a greater degree of flexibility in what they choose to implement in their classrooms:

... if possessing a national curriculum means that it is actually being delivered, it might well be questioned whether we do actually have a national curriculum. ... we cannot be certain that the Australian curriculum is being implemented as intended across the nation. (Australian Government, 2014c: 237)

One of the reasons for the variation in implementation is that non-government schools, compared to governments schools, have strong commitment to autonomy and flexibility at the local level—what in the Catholic schools is known as subsidiarity. The belief is that those closest to classrooms and schools are in the best position to make decisions about what type of curriculum and school culture best reflects the unique character of each school and the community it serves.

While all Australian schools are expected to implement the national curriculum from Foundation to Year 10, or its local equivalent as determined by the various state and territory curriculum bodies, non-government schools exercise a greater degree of curriculum flexibility and autonomy. In the Independent school sector, for example, there are Montessori and Steiner schools, and examples like Preshil, the Erasmus School, and Fitzroy Community School (all in Melbourne) that provide alternative, more progressive forms of education compared to mainstream schools.

Funding

A significant feature of Australian schooling is that all government schools, most Catholic schools and some independent schools are members of systems. There are 34 separate system authorities across Australia, including the education departments and Catholic education commissions in each state and territory. The remaining 18 systems are in the independent school sector. Only a small number of

independent schools are governed by these authorities. (Australian Government, 2011: 45)

Given that there are some 34 distinct education system authorities to which governments allocate funding, involving state and territory education departments and national, state, and territory based Catholic and Independent school authorities, it should not be surprising that funding is a complex, opaque, and often confusing area of public policy. The situation is made worse by the fact that sources of income include state, territory, and Commonwealth governments as well as so-called voluntary fees raised locally by government schools and compulsory fees charged by Independent and Catholic schools. (As a result of the Australian Government's Review of Funding for Schooling, beginning in 2014 a new and in many ways more complex and opaque model of funding was adopted that currently is being subjected to a good deal of debate.)

The primary sources of funding for government schools are the respective state and territory governments; as noted by the Gonski Report, they "do so in ways that are complex and vary substantially among jurisdictions" (Australian Government, 2011: 42). While there is a good deal of variation in the ways funding is quantified and distributed, the different funding models can be characterized in two ways. The first involves a highly centralized system where the education department allocates individual government schools' recurrent costs, most of which involve teacher salaries and associated costs, and infrastructure and maintenance costs (see page 43 of the Gonski Report for a detailed description of the various state and territory funding models). The second model gives schools greater flexibility as each school is given a budgetary allocation that schools then decide how to spend. It should be noted, though, that as government schools operate under various Enterprise Bargaining Agreements that enforce a uniform approach to teacher remuneration and employment conditions, there is very little budgetary discretion. Commonwealth funding, involving recurrent funding and targeted funding for particular programs, is allocated to government schools via the various state and territory education departments.

State, territory, and Commonwealth funding to Catholic systemic schools is distributed to schools by the various Catholic Education Commissions, while funding to most Independent schools is received directly by individual schools. As previously noted, while government school students are fully funded by governments, the funding to students in Catholic and Independent schools is reduced according to a school community's capacity to contribute.

As an alternative to the number of then-existing arrangements, the Gonski Report recommended that all Australian schools, Catholic,

Independent, and government, be funded according to a Schooling Resource Standard (SRS) plus an additional needs-based loading to address disadvantage.

A school's base level of funding, or SRS, is "intended to represent the recurrent resources required to support a student with minimal educational disadvantage, based on certain benchmark schools" (Australian Government, 2014c: 260). The additional loadings relate to factors such as small enrolments, geographic location, and students coming from a low socioeconomic home background, being Indigenous, or lacking language proficiency. In 2014, the base average amount calculated for primary school students was \$9,271, with secondary school students receiving \$12,193.

Whereas government schools are to be fully funded under the Gonski model, the amount allocated to non-government schools is adjusted according to "parents' capacity to pay." All non-government schools must contribute at least 10 percent of the total Schooling Resource Standard from local funds, with the figure rising to 80 percent for those schools serving the highest socioeconomic status communities. While attempting to provide a consistent funding model that would apply equally to all jurisdictions and all school sectors, the reality is that the implementation of the Gonski model has been anything but consistent.

Preceding the 2013 Commonwealth Government election, the Northern Territory, Queensland, and Western Australian governments refused to sign the Gonski agreement and the ALP Commonwealth Government, in order to reach agreement before the election, adjusted the Gonski funding model to suit the various jurisdictions. After initially endorsing the proposed funding model, the Liberal/National Opposition, on being elected to government, refused to fund the last two years of what was initially a six-year agreement.

The current hybrid funding model is due to expire at the end of 2017, and no decisions have been made regarding the new funding model as negotiations, at the time of writing, have yet to be finalized.

Watson and Ryan (2009) argue that Australia has a voucher system, but this is not the case. A true voucher system involves money following the child to whatever school is chosen, and parents are empowered by giving them the financial means to choose between government and non-government schools. In the case of Australia's Catholic systemic schools (that enroll approximately 20 per cent of students), state and Commonwealth money is distributed to individual schools by the various Catholic Education Commissions—not as a voucher that parents can then utilize. In the case of Independent schools, instead of parents receiving a voucher, government funding is distributed directly to individual schools.

Management

There are a range of different approaches to school management. Historically speaking, government schools have been centrally managed by education departments that establish teacher remuneration and work conditions (in negotiation with teacher unions such as the Australian Education Union), and mandate the curriculum and teacher registration and certification.

It is apparent that a high degree of centralization at the state (and later territory) level has been the basic pattern of governance in government/state/public education since the late 19th century. While there have been significant developments over the years, Australia is still viewed overall as having a highly centralised education system. (Caldwell, 2007: 128)

Beginning in the Victorian state government in the early 1990s, governments began to lessen the influence of centralized bureaucracies by giving government schools increased flexibility and control over staffing, budget allocations, and curriculum focus. More recently, in 2009, the Western Australian government introduced its Independent Public Schools program to give government schools greater autonomy and flexibility in decision making.

Building on the Western Australian experience, the Commonwealth Government introduced its version of the Independent Public Schools initiative and provided funding to the states and territories to adopt the program. (Given the impact of union enforced Enterprise Bargaining Agreements and other constraints, Independent Public Schools have less freedom than Independent schools in how they manage schools and deal with staffing issues.)

Catholic systemic schools, in order to operate, have to be registered by the respective state and territory education authorities, implement the mandated curriculum, and abide by teacher registration and certification requirements. Systemic schools, given that they are faith-based, also have to imbue their curriculum and school organization and management with the Catholic faith and the teachings of the Church. Such schools operate under the auspices of various state and territory Catholic Education Commissions that allocate funding and monitor and evaluate schools. It is common around Australia for faith-based schools to be exempted from anti-discrimination policies in areas like staffing in order to recognize their unique religious character.

While a small percentage of Independent schools are part of a larger system, for example the South Australian Anglican Schools System and Lutheran Education Queensland, “the majority of Independent schools operate autonomously” and “do not rely on central bureaucracies or bodies” (Independent Schools Council of Australia, 2015). Most schools are operated by boards of governors or management committees which, as the key decision making bodies, are “accountable to their parent and school community and responsible for issues such as details of the school’s educational programs, staffing, co-curricula content, student behaviour management and current and future

development” (Independent Schools Council of Australia, 2016b: 1). School leaders in Independent schools, compared to those in government schools, are not constrained by union-dominated Enterprise Bargaining Agreements in relation to staff and employment conditions.

Accountability

Schools in the three sectors—Catholic, Independent, and government—are held accountable in various ways to different bodies and different authorities. The way in which information related to performance and educational outcomes is collected and made available also varies.

All schools undertake the NAPLAN at Years 3, 5, 7, and 9 on an annual basis involving standardized tests for all students. Results for every school are then made publicly available on the My School website, along with information detailing a school’s socioeconomic status (described as an index of community socio-educational advantage), funding, and performance over time. Each state and territory also has high-stakes, competitive examinations during the final year of schooling that are used to decide tertiary entry and post-school destinations.

While the official policy related to NAPLAN is not to use the test results to produce league tables, the reality is that the news media and other commercial bodies produce annual lists of schools ranked in terms of performance. To alleviate the impact of such lists, the body responsible for NAPLAN allows schools serving similar socioeconomic status communities (as measured by ICSEA) to be identified and compared on the My School website. Newspapers also produce the results of Year 12 examinations, measured by a student’s Australian Tertiary Admission Rank (ATAR), that is used as a measure of a school’s academic performance.

Although the days when departmental inspectors would regularly visit classrooms to evaluate teacher and school performance have long since passed (there is no body equivalent to the UK’s Ofsted), government schools are answerable to the department and to the relevant minister, parliamentary legislation, and departmental regulations. While the format varies across the states and territories, government schools are also expected to produce a publicly available annual report that details the school’s activities, outcomes, and achievements.⁶

6. An example of the Victorian Government’s accountability and performance process can be found at <<http://www.education.vic.gov.au/school/principals/management/Pages/accountability.aspx>>. The New South Wales model of monitoring and evaluating schools can be found at <<http://www.boardofstudies.nsw.edu.au/rego/registration-process-government-schooling.html>>.

As expected, government schools must conform to government policy and to ensure this occurs schools are subject to regular external auditing, monitoring, and evaluation.

Non-government schools are also required to undertake the NAPLAN tests and the overwhelming majority undertake the various state and territory Year 12 examinations that result in students gaining an ATAR. As with government schools, NAPLAN and Year 12 results are made public both on the My School website and in the media. Schools, in order to be established and to operate, have to be registered by the relevant state or territory authority. Catholic systemic schools are monitored and evaluated by their respective Catholic Education Offices, while the vast majority of Independent schools are answerable to their board of governors or management committee. Depending on how such schools were established, particular schools, in the final instance, are answerable to a religious order or church body.

Non-government schools, as they charge fees and exist within a competitive environment, are also answerable to their parents and the communities they serve:

The reality for Independent schools is that they need to remain competitive to survive, consistently meeting high parental expectations for the development of students both academically and socially. The freedom of students and their families to exercise choice in schooling is one of the most demanding forms of accountability for Independent schools. (Independent Schools Council of Australia, 2016b: 2)

As a result of Commonwealth Government involvement in school education, government and non-government schools also have to comply with an ever-increasing range of accountability requirements and conditions. As the Australian Government is the largest contributor of funds to Catholic and Independent schools, such schools are especially impacted by the national government's requirements. Such requirements include committing to the Melbourne Declaration on Educational Goals for Young Australians, implementing the National Curriculum and NAPLAN, and various other requirements as detailed in the Australian Education Act 2013.

Historically, educational performance has been measured by inputs, including level of investment, numbers of teachers, class sizes, and the quality of intended curriculum syllabuses and frameworks; however Australia, like the majority of OECD education systems, has moved to a more outcomes-focused model. Whether as a result of international tests like TIMSS, PISA, and PIRLS, public concerns about academic rigor and falling standards, or pressure to lift outcomes due to economic and financial imperatives, the emphasis is very much on school effectiveness, accountability, and transparency.

Over the last ten to 15 years, schools have had to comply with a host of Commonwealth government-imposed requirements introduced to monitor and evaluate outcomes—including NAPLAN test results, meeting equity targets in areas like literacy and numeracy, and increased cost effectiveness. While at times the Commonwealth government has acted in collaboration with the states and territories (described as collaborative federalism), at other times it has mandated its agenda by tying funding to its policy initiatives and programs (coercive federalism).

The dilemma faced by Australian schools, education authorities, and governments is to balance the need for transparency and accountability with the belief that increased school autonomy leads to stronger performing schools and more effective educational outcomes. The contradiction is illustrated by the Commonwealth government's decision to give government schools greater independence by funding the Independent Public Schools initiative while, at the same time, increasing compliance and regulatory requirements. The situation is exacerbated as schools, both government and non-government, have to comply with the demands and regulatory requirements of two levels of government.

Lessons from Australia

Although education in Australia has been the responsibility of states and territories since federation in 1901, beginning in 1973 the federal Commonwealth government became increasingly involved in K–12 education. While schools are managed and controlled at the state and territory level, the federal government has become particularly involved in initiating and driving educational reform, in part based on its ability to raise and distribute taxes. In addition to stipulating educational inputs like curriculum and teacher quality, the Commonwealth is also taking the lead in holding schools and systems accountable by monitoring literacy and numeracy outcomes via NAPLAN, and making results public.

One of its initiatives has been to fund non-government schools. This is not insignificant as 20.6 percent of students attend Catholic (non-government) schools and 14.4 percent attend Independent (non-government) schools, while 65.0 percent of students are enrolled in government schools.

As of 2013, the tripartite system in Australia—government schools, Catholic schools, and Independent schools—has 6,661 government schools and 2,732 non-government schools with growth occurring in the non-government sector. Over the period 2001 to 2011, enrolments in Independent schools grew by 34.6 percent, enrolments in Catholic schools grew by 11.6 percent, and enrolments in government schools grew by 1.8 percent. Over the longer term (1970 to 2014), enrolments in government schools decreased from 78.1 percent to 65 percent while non-government school enrolments increased from 21.9 percent to 35 percent.

The non-government schools are more diverse in nature than the standardized government schools. The vast majority of schools in the non-government sector (96 percent) have a religious affiliation (about 70 percent of which are Catholic or Anglican) and the remaining 163 schools embrace a wide range of educational philosophies from Montessori and Steiner approaches to an emphasis on strong academic outcomes.

On average, governments provide about 57 percent of non-government school funding and the remaining 43 percent comes from school tuition fees, donations, and fundraising. Independent schools, with minor exceptions, receive no capital funding, may charge tuition fees, and must be non-profit.

In all, 74 percent of non-government school funding comes from the federal commonwealth government and 26 percent from the state and territory government levels. While on average government schools receive \$15,703 per student (2013) and non-government schools receive \$8,812 (in both cases this does not include capital expenditure), the amount the non-government schools receive varies according to the socioeconomic status of the community it serves. While government schools are fully funded by government, funding for non-government schools can vary widely. Schools in the highest-level socioeconomic areas must contribute up to 80 percent of funding from local school sources, whereas in the lowest-level SES areas as little as 10 percent of funding can come from local sources.

Research on both international assessments and senior school Year 12 examinations has found that the non-government sector students in Australia outperform government school sector students—even after adjusting for students' socioeconomic status. Because the link between performance and student background, as the OECD recently stated, “is neither absolute nor automatic,” other aspects of education in non-government schools can provide keys as to what accounts for the difference.

Australia and Canada have a lot in common, including a federal system of government, a Westminster parliamentary tradition, and societies that are multicultural in nature. At the same time, in relation to school education, there are important differences:

- ◆ Australia has significantly more students attending non-government Catholic and Independent schools;
- ◆ Unlike in Canada, where the federal government is not involved in education, except for Indigenous students and those in military families, the Australian Commonwealth Government provides significant funding to both government and non-government schools;
- ◆ The Commonwealth Government is also a key member of the national body comprising state and territory education ministers, unlike in Canada where CMEC only involves ministers from the provinces and territories;
- ◆ While there is a degree of difference across the states and territories, in areas like the curriculum and how schools are managed and funded, Australian education systems are far more centralized, unified, and integrated than in Canada.

Before considering what Canada can learn from Australia on the funding and regulation of independent schools, what can education systems in modern industrialized countries in general learn from the Australian

experience? The question is important as Australia's high level of enrolments in non-government schools, compared to other OECD countries, provides a significant opportunity to evaluate and learn about the strengths and benefits of a more market-driven approach to school choice. The impact of increased Commonwealth intervention in school education also provides a useful illustration of the strengths and weaknesses of centralizing control over education policy.

Given the move in the USA to increased federal government intervention, represented by No Child Left Behind legislation and President Obama's Race to the Top initiative (often linked to implementation of the Common Core Standards), the Australian experience represents a relevant and useful case study. With ongoing debates in England and in Sweden about the impact of freeing schools from government control, and the need to find a balance between school autonomy and the necessity of holding schools accountable for standards and outcomes, recent events in Australia also provide useful lessons on what needs to be done to ensure compliance without denying schools the ability to manage themselves and to best reflect the needs and aspirations of their school communities.

While many factors impact standards and educational outcomes, including curriculum quality, motivated and well-resourced teachers, effective school leaders, and parents who value education, one of the strengths of Australia's education system is the fact that it is tripartite, with Catholic, Independent, and government schools all receiving a degree of government funding and support. Such financial support over the last 30 to 40 years has been accompanied by a significant increase in non-government school enrolments and greater opportunity for parents to exert school choice.

While some within Australia argue against governments funding non-government schools, the consensus is that all schools deserve a degree of financial support—for a number of reasons, including the fact that all parents pay taxes, and that international covenants and agreements endorse school choice.

Student performance

Based on research carried out by Marks (2015a, 2015b, 2015c), the Australia Council for Education Research (2003), and Gemici, Lim, and Karmel (2013), the fact that Australia's non-government schools outperform government schools (with the exception of selective government secondary schools), even after adjusting for the impact of student socioeconomic status, is a strength of Australia's education system. At a time when the focus is on how best to raise standards and strengthen educational outcomes, the strong performance of non-government schools represents an ideal opportunity to identify and evaluate what leads to educational success.

Taxpayer savings

At a time of financial constraint and increasing fiscal responsibility, it is also significant, as non-government schools are only partially funded by governments, that billions of taxpayer dollars are saved every year. One estimate puts the annual savings to governments, based on 2012/13 figures, at \$8.7 billion (Independent School Council of Australia, 2016b). This figure represents the additional cost to state, territory, and Commonwealth governments if all students enrolled in Catholic and Independent schools moved to the government school sector.

Increased autonomy and flexibility at local school level

The success of Australia's non-government school sectors (especially in terms of student achievement and fiscal impact) demonstrates that a more market-driven model of educational delivery is preferable to a centralized, bureaucratic one where there is limited parental choice and limited school autonomy.

There is a powerful educational logic to locating a higher level of authority, responsibility and accountability for curriculum, teaching and assessment at the school level. Each school has a unique mix of students in respect to their needs, interests, aptitudes and ambitions; indeed, each classroom has a unique mix. A capacity to adapt a curriculum that meets international standards to this unique mix is essential. (Caldwell, 2014: 6)

After an extensive evaluation of Australian and overseas research related to autonomy, a Victorian report reaches a similar conclusion:

In any event, the benefits from tailoring decision making and teaching practice to the particular needs of schools and their students are not seriously in dispute. An ongoing objective for the teaching profession has been to preserve scope for teaching autonomy within the classroom. ... In these contexts, autonomy is simply an enabler for the exercise of skills that are central to the delivery of quality school services.

The upshot is that, notwithstanding the evidential uncertainties, the debate is not in fact about whether there should be devolved decision making. Rather it is about how far it should extend, through what means it should be given effect, and how to make sure schools are accountable for the decisions they make.

(Victorian Competition and Efficiency Commission, 2013: xxvii)

The argument in favour of school autonomy and diversity is one that is increasingly being heard in many other education systems around the world. Whether Charter schools in the USA (and in Alberta, Canada), City Academies and Free Schools in England, New Zealand's Partnership Schools, Australia's Independent Public Schools, or 'friskolor' schools in Sweden, the leading edge of educational innovation and reform involves giving schools greater flexibility and freedom at the local level.

Hanushek and Woessmann (2015), analyzing those education systems performing well in PISA and TIMSS, identify a number of characteristics that lead to stronger outcomes, including: a community where all, especially parents and society's leaders, value education; expectations that are higher for all students; teachers who are highly motivated and respected; effective school leaders; and autonomy at the school level that gives teachers the opportunity to innovate and the flexibility and time to learn from one another.

In an earlier paper, Woessmann identifies three institutional characteristics that he argues strengthen learning outcomes:

Competition introduced by private-sector participation, decentralization of responsibilities that endows schools with autonomy, and features such as centralized exams that provide information on which to base choices and thus make schools accountable to citizens and administrators. (Woessmann, 2007: 474)

A meta-analysis by US-based Andrew Coulson (2009) also argues in favour of diversity, autonomy, and choice in education: "Across time, countries, and outcome measures, private provision of education outshines public provision according to the overwhelming majority of econometric studies" (p. 47); "It is in fact the least regulated market school systems that show the greatest margin of superiority over state schooling" (p. 48).

Australia's tripartite system of school education, where all schools receive a level of state, territory, and Commonwealth funding, and where there is a strong history of non-government school autonomy and ability to respond to parental expectations and the market, confirms Coulson's observations. The fact is that such schools outperform government schools even after adjusting for students' socioeconomic status.

Notwithstanding the fact that Australia has a rich and vibrant non-government school sector, given the increasing influence of the Commonwealth government in areas like the national curriculum, national testing, and national teacher certification and registration, it is also important to be aware of the dangers of restricting school autonomy by imposing a centralized, overly bureaucratic and intrusive model of education that restricts innovation, flexibility, and choice at the local level.

One example of Australia's increasingly monolithic approach to education is the imposition of the Australian National Curriculum across Foundation to Year 10 (the compulsory years of school education). Given that the new curriculum covers all of the major subjects and areas of learning and that its implementation is tied to Commonwealth funding, the recent review of the national curriculum concluded that school autonomy, especially for Catholic and Independent schools, is restricted.

Lessons for Canada

There are a number of Australian policies regarding the regulation and funding of independent schools worth consideration. First, like Quebec and the western provinces, Australia provides funding to qualifying independent schools in order to reduce the direct cost of tuition for parents choosing such schools. The base value of the government grant is determined as a percent of the equivalent funding provided to public schools. In 2013, the average operating grant provided to a public school (referred to as a government school in Australia) was \$15,649, compared to \$8,781 for an independent school (in Canadian dollars using Bank of Canada conversions of Australian dollars).

Second, like all Canadian provinces save for Ontario, Saskatchewan, and Alberta, all religious schools in Australia exist as independent schools outside of the public system. The three Canadian provinces in question provide Catholic education as part of the overall public education system. Indeed, Australia actually classifies their independent schools into two categories, one covering Catholic schools and the other covering all other independent schools.

Third, and perhaps most interestingly, Australia adjusts the value of the payment made to independent schools to reflect the socio-economic status of individual students. This is achieved by adjusting the value of the government grant to the school to reflect the socioeconomic profile of the area in which each individual student in a school resides. Specifically, government funding for students from the highest socioeconomic status (SES) areas is limited to 20 percent, while grants for students from the lowest SES areas can reach 90 percent. The remaining portion of the tuition costs must be covered by the parents or through fundraising by the school. Unfortunately, this innovation is currently being reviewed in Australia and hard data allowing for rigorous evaluation of the differential funding will not be available until 2018.

These and other independent school policies have impacted enrolments in Australia. In 2014, the share of students enrolled in independent schools in Australia was more than five times that of Canada: 34.9 percent compared to 6.8 percent. Of the 35.0 percent of students attending independent schools in Australia, 20.6 percent attend independent Catholic schools and the remaining 14.4 percent attend other independent schools.

Like Canada, Australia has experienced marked growth in independent school enrolment. For instance, for the decade between 2001 and 2011, enrolment in independent schools in Australia grew by 34.6 percent, compared to just 1.8 percent in public schools.

The main reason for the more standardized Australian approach to regulating and funding independent schools is the encroachment of the federal government in this policy area, which should not be emulated in Canada. While the outcome of this federal intervention in Australia has been deemed beneficial by many education observers, it violates a core tenet of federalism and ultimately leads to centralization, which prevents experimentation, innovation, and the tailoring of services to local needs.

There are insights for the Canadian provinces—both those that provide funding to independent schools and those that do not—from the Australian experience, including the treatment of religious education, the broad funding of independent schools, and potentially the differential level of funding provided for individual students based on their social-economic profile.

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Acknowledgments

The author wishes to thank the W. Garfield Weston Foundation for its generous support for the Barbara Mitchell Centre for Improvement in Education. He also thanks the anonymous reviewers for their comments, suggestions, and insights. Any remaining errors or oversights are the sole responsibility of the author. As the researcher has worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.

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ISBN

978-0-88975-432-4

Date of issue

January 2017

Citation

Donnelly, Kevin (2017). *Regulation and Funding of Independent Schools: Lessons from Australia*. Fraser Institute. <<http://www.fraserinstitute.org>>.

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