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4. Government Funding in Australian Independent Schools

Peter Kilgour and Anthony Williams

It would be hard to imagine that the actions of the Bishop of Canberra and Goulburn would initiate decades of debate, at times tense debate, concerning the funding of Australian Adventist Schools. Yet it is the case that on Friday July 13, 1962, Bishop John Cullinane, the Auxiliary Bishop of Canberra-Goulburn, authorised the closing of the six Catholic schools in Goulburn for six weeks until the end of term, and instructed the 2,000 students to present themselves to the nearby government schools for enrolment, which they did on Monday July 16. The tipping-point had been reached for the schools of the diocese. The state government's insistence over several years on improvements to a toilet block at a local Catholic primary school was to be the spark for this response, and the school, being short of funds, was not in a position to respond without external funds. In what was to become a time of great excitement and furore, 640 Catholic-school students were enrolled in the region's government schools, but there was no room for the remainder. The students of some Catholic boarding schools marched en masse to their new schools under appropriate guidance from their teachers. They were well-received, some of the government school- teachers themselves being Catholic parents. Shortly afterwards, on July 22, the point having been made, most of the students returned to their Catholic schools, although some 10% stayed in the public system (Devine, 2012; Hogan, 1978).

In 1962, following his narrow victory at the 1961 federal election, Robert Menzies was in his thirteenth year as prime minister of a Coalition government. The Democratic Labor Party (DLP), largely Catholic which had formed seven years earlier after the Labor Split in

1955, the DLP kept the ALP out of office by drawing votes away from the Labor Party, thus assisting the government. A large section of the Australian Catholic community was at war with Labor over concerns about communism. The DLP, having kept Menzies in office, was vocal in support of state aid for church schools. The Leader of the Labor Opposition, Arthur Calwell, was a Catholic. Three of the four senior federal Labor leadership team were Catholics. The other was the new Deputy-Leader, Gough Whitlam. At the state level the Labor party was dominant in NSW, the most Labor of all the states at that time, and had been in office since 1941. It was a very Catholic branch of the party. R. J. Heffron had been the Premier since 1959, succeeding Joe Cahill, but he was to lose office to the Liberal leader, Robert Askin, in 1965. The second Vatican Council took place from 1962–1965 during the papacy of John XXIII. An important consequence of these events was that they led to the initiation of government support for the independent sector in education, which has evolved into the independent-school funding of the current era (Hogan, 1984; Hogan, 1978). The reality was that the country was beginning to see that schools represented more than just education, they were a powerful socialising agent with the ability to relate to their students' cultural and social norms. For Christian Schools such as the Catholic and Adventist schools they provided an opportunity to modify their curriculum by adding Christian faith to the socialisation and acculturation curriculum components. The opportunity to study in a community of faith is an important concept for a Church.

The funding of Independent Schools in Australia, including all schools operated by companies incorporated under the Seventh-day Adventist parent body, is composed primarily of a combination of government grants and student fees. Minor sources of income are sometimes available from donations, specific grants, fundraising and local church contributions, but these are dependent on the individual school and the local school company policies. In reality the government grants and student fees are the core funding of Adventist Schools in Australia. This funding model has not come without issues and a history which provides insights into the Church's position on schooling.

The amount of commonwealth government-funding that Australian independent schools receive is based on a percentage of a monetary amount called the Average Government School Recurrent

Costs (AGSRC). In simple terms this is a figure that is calculated to be the equivalent of the cost of educating a single student for one year. In 2016 this figure was approximately \$11,000 for primary students and \$13,000 for secondary students. This figure varies depending upon the stage of schooling of the student and is also adjusted yearly by a percentage usually determined by the consumer price index. The government determines what percentage of the AGSRC each independent school will receive based on the school's Socio-Economic Status (SES). This metric is derived from a combination of data of the families of enrolled students including occupations, levels of education, household income and family income. All of this is sourced from the Australian Bureau of Statistics. The lower the SES score the greater the percentage of AGSRC that is contributed by the government to the school. All schools with an AGSRC of less than 85 receive 70% of the AGSRC. If a school has an SES score of greater than 130, it is funded at 13.7% of the AGSRC. School grants per student vary and are established using a sliding scale based on the SES score. For schools falling between scores of 85 and 130, the amount of funding received is determined by a sliding scale based on the SES score as shown in Table 1..

Table 1

The connection between SES score and percentage of AGSRC received by school.

Examples of SES scores	% of AGSRC contributed by government	Examples of schools in these categories
Less than 85	70	Low socio-economic coastal country area with high indigenous enrolment. (84)
92	61	Western Sydney suburban low socio-economic high level of multicultural students.
103	48	Middle class Brisbane suburban school
122	24	Sydney north shore affluent area
More than 130	13.7	High class inner city Church of England Preparatory School (130) – Very high socio-economic area.

This formula leads logically to the conclusion that if the AGSRC figures estimate accurately the cost of providing education for one student for one year, then the balance of the cost after receiving government grants is made up from the student fees paid to the school. The outcome of this process of calculating funding for private schools is therefore that the independent schools, whose student population lives in a more-affluent area, will need to charge significantly higher fees than schools whose students come from poorer socio- economic areas.

Gonski Report

In December 2011 the final report into school funding commissioned by the Australian government was released. This report is commonly referred to in the education sector as the Gonski Report because David Gonski was the Chairman of the group (Gonski, D. et al. 2011). Gonski was selected for this position because he is recognized in Australia as a highly respected and connected business person. Gonski's reputation for objectivity and fairness would allow this commission to rise above any conflict of interest with either the political or corporate worlds.

The main objective of the commission was to study the funding models across Australian schools and examine the models for provision of equity of access to all Australian young people. Gonski's report included 26 findings that led to 41 recommendations. Out of the 26 findings, 13 (or 50%) related to funding issues and among these 8 of them (30% of the total) related to the need to address existing inequalities. Furthermore 34 of the 41 recommendations were aligned to the funding issues with more than half of these directly attempting to redress inequity issues through proposed new funding models. Table 2 provides a breakdown of the relationship between findings and recommendations and how many were related to funding issues.

Table 2

The intent of Gonsky Report findings and recommendations.

	Findings related to current inequalities	Findings related to school sector performance	Recommendations designed to address current inequalities	Recommendations designed to address school sector performance	Total
Related to funding	8	5	22	12	47
Not related to funding	9	4	3	4	20
Total	17	9	25	16	

The first recommendation of the Gonski report sets the scene for the priorities that the report would recommend:

- The Australian Government and the states and territories, in consultation with the non- government sector, should develop and implement a schooling resource standard as the basis for general recurrent funding of government and non-government schools. The schooling resource standard should:
 - reflect the agreed outcomes and goals of schooling and enable them to be achieved and improved over time;
 - be transparent, defensible and equitable and be capable of application across all sectors and systems;
 - include amounts per primary and secondary student, with adjustments for students and schools facing certain additional costs;
 - *complement and help drive broader schooling reform to improve Australia's overall performance and reduce inequity of outcomes* (Gonski et al., 2011, p. xxi).

The recommendations of this report articulate clearly the need to design a funding model that addresses the committee's perception of the funding inequities of schools. In response to a revised Australian Education Act of 2013 a new model of funding for independent schools was established in 2014. The new funding model, the Schooling Resource Standard (SRS), had as its primary objective the

improvement of the educational outcomes for disadvantaged students. It was to be implemented by the 900 stand-alone independent schools but was to be administered by the system administrations of the 8500 systemic independent schools. These systems were to be held accountable for the application of the new model which was designed to be needs-based (Independent Schools Council of Australia, 2013).

Moreover, the intent of the final report focused on the need to address funding inequalities in the education sector. The funding inequalities were seen to contribute to such issues as:

- The performance of students with special learning needs, multicultural students, and students who have English as a second language;
- The fairness of the funding model in its allocation of funds for the government and non-government sectors;
- The balance of funding between schools of different socio-economic status.
- The transition of all schools into the proposed new funding model.

At the time of writing, in 2017, the rhetoric around the application of the Gonski reforms since 2014 has highlighted the fact that the funding of schools in Australia is a favourite topic of debate in political forums. Different lobby groups are seeking different outcomes which range from, at one extreme, the dismantling of the AGSRC and the whole funding mechanism in favour of building a funding model for each individual school based on needs, to the other extreme of the current government's intention to maintain a modified Gonski model costing less but proving more beneficial for schools (Henderson, A., and Doran, M., 2016, September 16)

How schools use government funds

Data for the income and expenditure of independent schools in Australia is publicly available in mandatory annual reporting published on the schools' websites. Additional data for all schools are available on a website called mySchool (<https://www.myschool.edu.au>).

Table 3 and Figure 1 below show funding data for a sample of four Seventh-day Adventist schools that illustrate the relationship between government grants and school fees relative to the SES. These four schools were chosen to cover the range from low socio-economic status to high socio-economic status. It is evident from this sample

that as a school’s socio-economic (SES) level increases, the percentage of government grants in the total income decreases and the percentage of private fees contributed by the students increases. Figure 1 shows that as the SES rating increases (blue bar) the proportion of a school’s income contributed by government funding decreases (orange bar) and the proportion of the school’s income derived from fee contributions increases to make up the balance of the total funding required.

Table 3

Incomes for four Seventh-day Adventist schools in New South Wales

	BodySES	Government Recurrent Grants (%)	Government Capital Grants (%)	Fees and private income (%)	Other grants and capital income (%)
School 1	92	74	7	18	1
School 2	98.5	67	9	23	1
School 3	110	52	0	47	1
School 4	113	34	12	52	2
Average		57	7	35	1

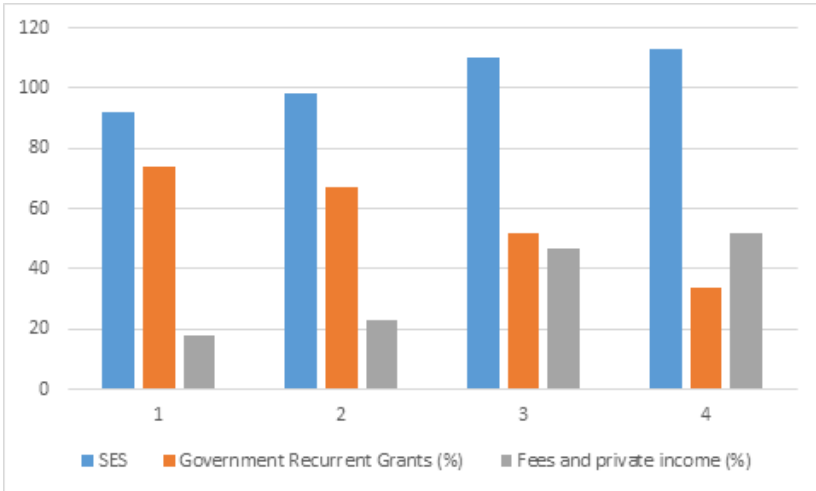


Figure 1. Relationship between major sources of income and SES

rating.

The data from the same 4 schools were used to provide the analysis of expenditure shown in Table 4 and Figure 2, where it is demonstrated that while the average amount of operating income from government grants for the four sample schools was 57% of total income (from Table 3), the average amount each school spent on salaries and allowances was 59%. While this varies for each school according to SES, the Seventh-day Adventist school system, it would appear, spends on average approximately the equivalent amount on staffing its schools as it receives in government recurrent grants. Government contributions are part of the general operating budget of each school and, along with school fees that make up the cost shortfall, will always cover salaries and allowances, classroom expenditure, capital expenses, loan repayments, insurances and other non-salary expenses.

Table 4

Expenditures for four Seventh-day Adventist schools in New South Wales

	SES	Salaries and Allowances (%)	Non-Salary expenses (%)	Classroom Expenditure (%)	Capital Expenditure (%)
School 1	92	60	27	5	8
School 2	98.5	64	15	9	12
School 3	110	62	20	6	12
School 4	113	52	25	10	13
Average		59	22	8	11

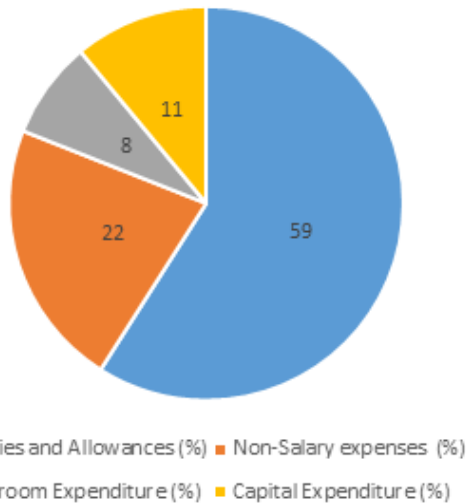


Figure 2. Breakdown of average expenditure of Adventist schools

Controversy surrounding government funding of Independent Schools

Community displeasure with funding of private schools

For some sections of the community there seems to be a divide between public education and the independent sector. Some supporters of public education view independent schools as places for the children of the wealthy elite. Conversely, families who support independent schools consider public schools as not appropriate for their children as they do not meet the desired needs of the family—religious, cultural or social. Those not supporting independent schools resent government funding being used to help operate these schools. They see students in some of the exclusive schools being provided with modern and technically advanced facilities, and these people question why their taxes should be used in supporting schools that obviously do not require the funding.

The public groundswell of resistance to provision of funds by governments for religion-based schools led to the development of lobby groups called Defence of Government Schools (DOGS) that embodied this sense of injustice and in 1981 initiated legal action

against independent schools in the High Court of Australia. In court they objected to taxpayers' money being given to religious institutions. The court found that in the provision of funds to independent religious schools there was no breach of the constitution, so long as funds were not targeted to any specific religion (DOGS and the High Court Case, 1981). DOGS maintain its objections to religion-based schools in 2017.

The opposing argument to the stance taken by DOGS is that these "more-exclusive" schools fund their building development and innovative programs with student fees well in excess of the AGSRC as well as donations and bequests from alumni of the school. When considering this argument, it should be remembered that these private schools only receive 13.7% of the minimum running costs (AGSRC) from the government and the balance of their operational funding is provided by school fees. The irony is that these fees are paid by parents who are themselves paying tax which supports government schools, but receive much less in return from the government for education of their children than if their children were in the public system.

It is also a fact that having an independent school system partially financed from taxes results in a much smaller burden on the government budget since the education of all students in an independent school is only partially funded from the national budget. Students in public schools are funded entirely from that same budget. In fact, in their 2015 report the Independent Schools Council of Australia reported that the presence of independent schools in Australia saves governments \$4.3 billion in schooling costs each year. This is "based on a calculation of the additional funding that would be required if all Independent school students attended government schools where they would be fully publicly funded" (Independent Schools Council of Australia, 2013).

Church polarisation over government funding

It is somewhat ironic that while there were strong objections from left-wing sectors of Australia with regard to government funding for religion-based schools, administrators of Adventist schools and many right-wing sectors of the Adventist community were lobbying not to receive this funding support. A significant question had been raised in the minds of many in the Adventist community about the level of autonomy in its education system with which the Church feels comfortable.

The history of the funding of Adventist schools in Australia indicates that in an era of a very conservative approach to any sort of liaison with the government, accepting any funding from the government to help with the running of Seventh-day Adventist schools was considered to be an ill-advised collaboration that is dangerous and would end in disaster. As Standish and Standish bemoaned in their 1984 book, “There was a time when Seventh-day Adventists stood staunchly against the public funding of education” (Standish and Standish 1984, p. 216). These authors cited evidence that the church sent a petition to the NSW State Government urging it not to submit to the pressure of the Catholic Church which was lobbying for private schools to receive funding. However, they also pointed out that as soon as government funding of Australian independent schools became a part of government policy, Adventist schools very readily accepted it.

The fact that the aforementioned Australian book, written in 1984 by Adventist scholars is evidence that a sector of Australian Seventh-day Adventists, at that time, believed the Adventist education system was compromised by accepting government funds. Standish and Standish (1984) believed that a by-product of accepting such funds was that it would lead to financial insecurity of the institutions. If funds were accepted and the operation of the schools was to continue on that basis, then should the funding source be removed, the financial viability of the institutions would be left in disarray, potentially leading to the collapse of the Adventist school system.

The alternative argument in favour of accepting government funds for Adventist schooling during this period was also put forward with passion. Subsidies from government for operating costs of course made the affordability of Adventist schools very much more within reach for the average Adventist family, allowing them to have access to Christian education for their children.

Needless to say, the whole evolution of government funding in Australian Adventist schools initiated significant and serious discussion on the relationship between church and state including fear of where Adventist Education would end up if it compromised in this area. Dr. Daryl Murdoch of Adventist Schools Australia recounts the 1980s as being a time of turmoil and ‘soul searching’ by the church hierarchy in Australia. Murdoch states, “There was a strong view that Church and State should be separate and that there were grave

risks in relation to being able to maintain our independence and ability to teach according to our beliefs. Government interference and, indeed, a potential takeover was a major concern” (D. Murdoch, personal communication, January 23, 2017). He goes on to highlight that despite the funds private schools are receiving from Australian governments, “there will always be concerns regarding various lobby groups bringing to bear pressure to restrict the freedoms of Christian schools. Retaining the right to employ whom we feel is appropriate and having the freedom to teach in accordance with our beliefs are important freedoms and we will always need to be vigilant.”

The levels of government support received by Adventist schools during the initial era of funding carried with them a requirement that Adventist schools to ‘open their doors’ to students of other faiths or no faith. This was a challenging period for the Adventist Church in Australia. Summits were held in the late 1980s and according to Murdoch, “By a narrow margin, it was voted to open the doors to the broader community and accept higher levels of government funding” (D. Murdoch, personal communication, January 23, 2017). The major turning point was the decision to recognise our schools as being evangelistic and hence to remove of the policy under which there was a ceiling of 15% non-SDAs in our schools. This decision opened the door into Adventist schools for a broader cross-section of the community who were prepared to accept Adventist school’s beliefs and values as a suitable educational environment for their children’s education. This policy change resulted in considerable growth in our schools.

The decision to embrace full government funding may have been influenced by the fact that in order to provide the facilities and resources to compete in the Christian education sector and to attract and hold students, more resources were required. Adventist schools were in competition with a growing Christian school sector and needed to be proactive in positioning themselves in the marketplace as viable Christian schools. Churches were groaning under the financial load of supporting church schools. Hence the decision was somewhat pragmatic. This is not to say that there were not some who were philosophically opposed to the receipt of full funding. Such sentiments still simmer just below the surface today. Needless to say, the church remains vigilant in protecting its religious freedoms.

History has shown that the receipt of government funding for

independent schools and the opening up of Adventist schools to those of other faiths, or of no faith, has meant that Adventist education has seen an escalation of the activities of this department of the church in Australia, to the extent that the Education Department of the church now has the largest budgets and the largest workforce. Given the capacity for education to bring changes in culture and social perspectives, the schools have become potentially the premier means of evangelism while at the same time diminishing their financial burden on the church.

As has been identified, acceptance of the philosophy of church and state working collaboratively to fund Adventist schools has its residual tensions when the issues of accepting government funding are considered. In the end, however, practicalities have become the priority. What is always of importance in considering such circumstances is the quality of the outcomes achieved in response to the initiative. What has been evidenced is that there has been growth in Adventist schools and in the diversity of the school population. Importantly, the schools have become evangelistic arms of the church with enhancements such as the growth in chaplaincy positions. Furthermore, the range and quality of the schools' facilities have expanded to a much higher level than would otherwise have been possible without the government funding. Fears of compromise, the concerns of the first objectors, have been outweighed by the necessity for schools to have their vision and mission clearly enunciated and put into practice.

What does Ellen White say about receiving government funding to run Adventist Schools?

The above discussion is of importance in providing background to the position that education holds within the church at this current time and what have been the factors that have contributed to its present state in the context of external funding of the church's schools. But at this point it is most appropriate to frame it all in the context of Ellen White's guidance on education and to determine if there are insights into acceptance of external funding of the church's schools in her counsels. While there does not appear to be specific direction from Ellen White on receiving government funds to support Adventist schools, there are several comments she made that speak to the principles which should inform the church's practice. An example of

this is found in her answer to a question about the appropriateness of receiving grants for church building projects:

Who is it that owns our world? Who are the real owners of houses and lands? Is it not God? He has an abundance in our world which He has placed in the hands of men, by which the hungry might be supplied with food, the naked with clothing, the homeless with homes. The Lord would move upon worldly men, even idolaters, to give of their abundance for the support of the work, if we would approach them wisely, and give them an opportunity of doing those things which it is their privilege to do. What they would give we should be privileged to receive (White, 1895, p. 197).

Though speaking generally about funding rather than specifically about funding of schools, the statement does provide insight into how the notion of funding from external sources should be considered if such funds are used in support of the work. It is clearly evident that the Church's education system is seen as part of the work. Additional evidence of the strong stand that Ellen White took on the issue of receiving government funds for church work is found in connection with the dispute over the initial decision of the General Conference session of 1895 to decline the offer by Cecil Rhodes to provide funding for the purchase of a 12,000 acre property in South Africa that would later become the site for Solusi College. While the general conference in session instructed the church in South Africa to pay for the land rather than receive a grant, Ellen White strongly objected to that decision to the extent that the session's decision was reversed. The critical statement she made that revealed her philosophy on accepting external funds was: "We need not sacrifice one principle of truth while taking advantage of every opportunity to advance the cause of God" ((White, 1895, p. 198). This example directly relates to an educational institution gaining funding from external sources and provides insights into what should be done when opportunities to gain support for schools and subsequently the work present themselves.

Ellen White bases her position on several precepts, one of which was, "Government aid, or aid from anyone willing to give it, should be gratefully accepted if, in the taking, truth is to have a standing place and..... (be) uplifted in many places in regions beyond" (White, 1895, p. 201). Solusi College was the starting point in the establishment of many "educational and medical institutions on most all continents where truth has a standing place because of government assistance" (<http://www.whiteestate.org/books/mol/Chapt20.html>).

Conclusion

The debate over the question of whether to accept government funding for Adventist schools has had in Australia and indeed worldwide in the Seventh-day Adventist denomination has had a torrid history. Nonetheless it would be difficult to imagine the state of the church's education system that would exist today if this funding did not make up about half of the income of these schools. Moreover, the question must be asked, would new-Adventist parents of limited means really be able to consider Adventist schooling as an option for their children if there was not the support of the government funding and the church as a whole. Apart from the opportunity for schools to provide support through the raising of children in a faith-based environment, the work would lose one of its significant dimensions.

The impact of Adventist schools' being registered education providers in the independent sector in Australia has been profound. The number of students enrolled in Adventist schools in Australia is almost 12,000, many of them not from Seventh-day Adventist families and many of whom have no Christian affiliation. Yet most importantly, because of the government funding the schools receive these thousands of students have the opportunity, to know Jesus and also to discover the perspective the Seventh-day Adventist Church has on Christianity. Whole communities, including government departments and their agencies, have been witness to the wholesome brand of education that Adventist schools provide.

The expansion of Adventist schools in Australia as a result of government funding has resulted in the budgets of Adventist school companies being significantly larger than Adventist church company budgets in many conferences in Australia. Certainly, school companies employ many more staff-members than the church's other branches of operations. School chaplains and counsellors are being trained at Avondale College of Higher Education for employment in Adventist schools and are becoming an integral part of the schools' missions. Thus, schools have become a premier mode of evangelism for the church in Australia because of the access to so many families who are not Adventist but value the care and nurture their children receive in Adventist schools. To this end, government funding of Adventist schools can be seen as contributing to school growth and an enhancement of the school environs and facilities.

Surely this is what Ellen White meant when she said: “We need not sacrifice one principle of truth while taking advantage of every opportunity to advance the cause of God” (White, 1895, p. 198).

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