

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

PRESS RELEASE 655#

A Tale of Two Budgets: And the winners?

Private Enterprise and sectarian education – again.

Both State and Federal Budgets leave Private sectarian education as the quiet winners in their 2016-17 Budget papers.

1. The State Budget (See Press Release 654 at <http://www.adogs.info/press/victorian-education-budget-moveable-feast-figures>

On the surface, the Victorian State Budget looked promising for supporters of public education. The State Treasurer announced a surplus and allegedly poured money into education. But public and private were mixed up together.

There was nothing whatever said about taxpayer funds pouring, unquestioned, into the non-compliant Catholic Education office. This religious administration has been proved to transfer funding for the disadvantaged into new schools and existing wealthy institutions. Nor are figures provided for the continued funding of wealthy sectarian schools engaged in a resources arms race.

However, it appeared that state school lobbyists and the middle classes of the inner cities confronted with a choice between high mortgages and school fees are voting with their feet – into local public schools. This simple fact has finally caught the attention of Labor politicians and the Greens. But the Federal Coalition are lagging – well behind. They may discover that the July election is a Public school election.

Victorian private schools are quietly pocketing their 25% of anything spent by the State government on public school children.

And now, private construction companies are also lining up for huge slabs over the coming decades of public money.

Much was made in the State budget of the announcement for the building of new public schools – 23 out of the 220 required, and some of which replace schools closed by Kennett twenty years ago. But these new buildings will be built with PPPs – public private partnerships. According to Ken Davidson, this is economic madness. He writes:

Tim Pallas is right to argue that the state government can take advantage of low interest rates to invest in productivity. We can go further. The crucial issue is....to ensure the economic return on the investment exceeds the cost of capital.

If public debt is invested to yield a positive return, it will be a boon, not a burden, to future generations.

But it is also true that in terms of a business case, the lower the interest rate, the lower the rate of return necessary to cover costs.

It would seem that only a mug government would fund investment in public infrastructure, justified or not, with debt costing 9.5 per cent when the government could use its triple-A rating to borrow conservatively at 3.5 per cent.

And yet this is what the government does. According to the budget papers, the funding for public-private partnerships (PPPs) – which are listed as long-term leases totalling some \$12 billion – require finance charges or interest payments of \$880 million.

In the lead-up to the budget, the government announced it was funding 15 new government primary schools as 25-year PPPs, with a total value of \$291 million. On the basis of the budget's average PPP interest expense, this will cost \$30 million a year compared to \$17.4 million a year if the money was financed by public debt.

The difference over 25 years adds up to \$315 million, which would be sufficient to finance another 16 primary schools.

If the government's plan is such a good deal, why doesn't it insist, as a condition of its considerable contribution to the funding of non-government schools, that their capital funding be structured as PPPs to capture the efficiencies inherent in this type of funding?

Most of the efficiencies inherent in private provision of infrastructure can be captured by open, competitive tendering, in contrast to the secrecy inherent in the process of selecting the private partners for PPPs – especially with the latest variant, market-led proposals where private participants initiate the projects.

The major non-ideological justification for PPPs, rather than competitive tendering, is that the Victorian public service is no longer capable of managing major infrastructure projects thanks to severe staff cutbacks, outsourcing and politicisation – even for relatively straightforward projects such as school construction.

The total spend on government-school infrastructure in the current state budget is \$662 million. Most of the \$287 million expenditure on new schools will be announced eventually as PPPs and the remaining \$385 million will be spent on upgrades.

Four of the new secondary schools (in Coburg, Beaumaris, Prahran and Richmond), costing some \$100 million, replace schools that were sold by the Kennett government as part of its policy of meeting the so-called "debt crisis" it inherited from the Cain/Kirner government.

Kenneth Davidson is a senior columnist with *The Age*. Read more:

<http://www.theage.com.au/comment/state-should-embrace-public-debt-not-private-partnerships-to-fund-essential-projects-20160430-go1w9h.html#ixzz47S3hrrld>

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2. The Federal Budget

The current baby boom and the flight to public schools by cash strapped middle Australia, particularly in the inner cities has escaped the notice of the Turnbull government. After all, privatisation is in their DNA. The Labor Party and the Greens however, are more attuned to the public school developments.

However, although the Coalition has assiduously turned a blind eye to Gonski lobbyists, they are not entirely stupid. They have added an extra \$1.2 billion in tied grants over the next four years. This extra funding will be tied to standardised literacy and numeracy testing for students in **Year 1**. So not even our youngest students will escape the testing mania which is netting billions for multinational testing companies.

It should also be noted that these developments parallel recent developments in the USA and England and are used to promote privatisation of evaluation services and private for profit takeover of public schools.

One small interesting detail in the detail – the \$60 million a year School Chaplaincy program which paid for chaplains in 2900 High Schools has not (yet) been renewed after 2017-18.

Meanwhile, once again, the private sectarian lobby have quietly walked, laughing, to the bank. In the topsy turvy world of Coalition fiscal policy, two thirds of Australian children in public schools will receive 38.35% while the private sectarian sector gets 61.64% of Commonwealth funding.

Spending on private schools will grow by 5% in real terms next financial year and by 7% between 2016-17 and 2019-2010.

Academic contributions in *The Conversation* at <https://theconversation.com/federal-budget-2016-education-experts-react-58592> and AEU comments at <http://www.aeufederal.org.au/news-media/media-releases/2016/may/030516> emphasise the lack of fairness and the growth of inequalities in Australian education.

Yet only the DOGS are prepared to go back to the basic point:

You cannot have education for a democracy, along with fairness and you cannot tackle disadvantage in education if you boost education systems whose major enrolment objective is sectarian selection of children.

Even Karmel, in 1973, delivering Whitlam the DLP Catholic vote – which has long since gone to Abbott's side of politics anyway, was forced to admit this simple fact.

So DOGS four decades later, keep reminding citizens of voters of a simple fundamental policy:

PUBLIC FUNDING SHOULD BE FOR PUBLIC SCHOOLS ONLY

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