

# AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT

## SCHOOLS

Press Release 749

IT'S TIME !

### FOR THE AUSTRALIAN GOVERNMENTS TO TAKE OVER ADMINISTRATION OF PRIVATE SCHOOL SYSTEMS

One of the major reasons for the withdrawal of State Aid to private religious schools in the nineteenth century was their lack of public accountability for expenditure of public money. Our forefathers established and provided sole funding to a public system, open to all children and administered by a public administration answerable to Parliament in the years 1872-1964. Ministerial responsibility actually meant something.

We need to return to the basic principles of ministerial responsibility; accountability for expenditure of public money; and sole public funding of public schools.

Private schools not only divide the society and undermine our democratic political and legal systems through a corrupt old boys network. They also undermine the most basic principle of proper democratic governance: accountability for the expenditure of public money.

We hear a lot about a return to basics from private school promoters like Kevin Donnelly and Jennifer Buckingham. Perhaps they should turn their attention to this most basic principle of accountability for public expenditure. Since the return of State Aid to private religious systems of education in the 1960s, lack of accountability for what now amounts to billions of dollars of public money on an annual basis, is a national scandal. The evidence is worthy of the attention of a Royal Commission.

**The contracting out of the education of one third of our nation's children has proved a failed experiment.**

DOGS have produced many Advertisements and Press Releases over the last fifty years exposing the total lack of accountability for expenditure of public money by private school systems. In recent years a series of Auditor General Reports at both the State and Federal level have also been exposing the roting of public moneys. The *Save Our Schools* group have alerted public school supporters to the latest Auditor General concerns in NSW at

<http://www.saveourschools.com.au/funding/another-failure-of-govt-oversight-of-private-schools>

**This report is of particular interest. The Auditor General is demanding that the public Administrative Authority, namely the NSW Department of Education is responsible for making sure that the moneys provided by the Federal Government through Section 96 grants, actually get spent for the purpose for which they are given! The only way the Department can do this is to TAKE THEM OVER AND MAKE THEM PUBLIC SCHOOLS.**

**The following is what Trevor Cobbold has discovered.**

[A report published last week by the NSW Auditor-General](#) found that the Department of Education has failed to ensure that the Catholic and Seventh-Day Adventist school systems are accountable for the way they spend NSW Government funding. It said that the Department does not know how these systems distribute taxpayer funding to their member schools. The report also said that the Department has failed to adequately verify enrolments for funding purposes and monitor the governance of private schools.

In NSW, as in Victoria, private schools are funded as either a system or a non-system school. According to the report, the only two systems for funding purposes are the Catholic and the Seventh Day Adventist systems. The Department provides per capita funding through the system authorities which can re-allocate and distribute funds to their member schools according to their own methodology. For non-system schools, the Department provides per capita funding directly to the school.

The report identified a major failing in the Department's oversight of how the Catholic and Seventh-Day Adventist systems re-allocate their funding. It said that it is important for the Department to know how funding is reallocated to ensure adequate accountability of the use of public funds. Remarkably, however, it found that the Department does not know how these systems distribute funds to their member schools as it does not require the systems to report on how much funding each school receives.

The Auditor-General recommended that the Department should strengthen its oversight of the use of funds and how systems reallocate funding in order to increase accountability for public funding. It said that system authorities should be required to re-allocate funds across their system on a needs basis and verify this in reports to the Department.

The report also found that the Department does not know how much recurrent government funding is retained by systems for administrative costs. System authorities are not required to report to the Department how much of their grant was retained for administrative or centralised expenses.

This is a major issue. [A recent report by the Australian National Audit Office](#) found that many private school systems do not report on their administrative costs and centralised expenditure. In 2015, only nine out of 25 systems reported these costs. It also found that there are very large variations between systems that do report on this expenditure and some are diverting considerable funding to their own administration. The proportion devoted to central administration ranged between 0.1% and 18.9% of total recurrent funding, with a value between \$100,000 and \$30.7 million.

The NSW report also criticised the Department for failing to directly validate the enrolments of private schools. This is important to avoid the possibility of fraud by over-statement of enrolments to generate higher funding from the NSW Government. For example, [a report by the Queensland Auditor-General](#) in 2015 found that some private schools were overstating their enrolments to get more state funding. It estimated the over-counting of students at 14% and the over-funding conservatively at \$1.5 million.

The NSW Auditor's report found that the Department relies on schools and system authorities to engage a registered auditor to certify the accuracy of information on their enrolments and usage of grants. However, it does not have a process to verify the independence of the auditor. The Auditor-General recommended greater scrutiny of the registration and independence of the auditors to increase confidence in the accuracy of this information. The report also recommended that the Department should conduct investigations to verify enrolment and expenditure of funds.

Another area of concern was the lack of oversight by the NSW Education Standards Authority (NESA) of the compliance of private schools with registration requirements. In 2017, 70% of schools that were re-registered were not assessed against the proper governance requirement of the NSW Education Act. Since 2015, the Authority has placed seventeen private schools under monitoring arrangements due to areas for improvement or concerns about compliance with these requirements.

The Department allows school systems such as the Catholic system to self-regulate. Systems monitor their schools' compliance with the registration requirements and NESA inspectors monitor system authority processes over a 5-year cycle. The report recommended that NESA should increase random inspections of schools to ensure that system authorities are adequately monitoring compliance with all registration requirements, including proper governance.

The new report is latest in a long list of audit reports highlighting poor government oversight of how private school systems distribute their government funding. For example, the recent [National Audit Office report](#) slammed the Commonwealth Department of Education for failing to ensure its funding of private school systems is distributed according to need and for not knowing how private school systems distribute their funding. There had been no change from the [2009 Audit Office report](#) that found that the Department did not have information on the funding formulae that private school systems used to distribute funds to their affiliated schools.

This failure of public accountability for the use of taxpayer funds was noted by the [2011 Gonski report](#). It expressed concern about the lack of transparency of funding allocations in private school systems. It noted that there was limited information available about the methods private school systems use to distribute government funding to their affiliated schools. More recently, a [report by the Victorian Auditor-General](#) in 2016 found that the Victorian Department of Education and Training was not aware of the methodology used by the Catholic Education Commission of Victoria to distribute state recurrent grants to member schools.

The fact is that private schools and systems in Australia are largely self-regulated. The history of government funding of private schools is a history government and bureaucratic failure to ensure public transparency and accountability on how private school organisations

spend taxpayer money. Some private school organisations have long arrogantly refused to meet legislative and regulatory requirements relating to accountability for the use of taxpayer funds.

The sad thing is that this is likely to continue given the standard set by the Commonwealth. Gonski 2.0 continues the same administrative and regulatory arrangements that have failed in the past. It has made it clear that there will be no change to the autonomy of private school systems in distributing funding to their schools and the transparency arrangements remain unchanged despite the recent ANAO report.

It remains to be seen whether the NSW Government will do any better. The Department's response to the Auditor-General's report promises change but subject to consultation with private school organisations. In effect, this provides them with a veto over closer regulation by the Government.

The NSW Government should enact additional enforcement procedures to ensure private schools distribute funding according to need. They should go beyond just reporting to the Department. All private school systems should be compelled to publish their funding models on their websites, how much each school receives and how much is retained for central administration expenses.

**DOGS NOTE THAT THE ONLY WAY AROUND THE ACCOUNTABILITY  
PROBLEM IS TO TAKE PRIVATE SCHOOL OVER AND MAKE THEM PUBLIC,  
OR GIVE THEM THE OPTION OF BEING COMPLETELY FINANCIALLY  
INDEPENDENT.**

**LISTEN TO THE DOGS PROGRAM**

**855 ON THE AM DIAL: 12.00 NOON SATURDAYS**

**<http://www.3cr.org.au/dogs>**