



Thursday, 25 January 2024

The Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services

Dear Assistant Treasurer

**2024-25 Pre-Budget Submission
National Catholic Education Commission**

The National Catholic Education Commission is pleased to present a submission to the Australian Government for the 2024-25 Budget.

Background

The National Catholic Education Commission (NCEC) is the peak body for Catholic education in Australia and is responsible for the national coordination and representation of Catholic schools and school authorities.

Working collaboratively with state and territory Catholic education commissions, NCEC advocates through effective liaison with the Australian Government, state and territory governments and key national education bodies. NCEC's role is to ensure the needs of Catholic schools are served through funding, legislation, and policy.

Australia's 1,759 Catholic schools educate one in five, or over 800,000 students, and employ over 104,000 Australians. This makes Catholic schools the nation's largest provider of education outside of government.

CATHOLIC EDUCATION PRIORITIES

1. Continuation of the Non-Government Reform Support Fund

NCEC strongly supports the continuation of the Non-Government Reform Support Fund (NGRSF) to enable Catholic education authorities to maintain support for the ongoing and emerging national priorities in school reform in line with the National School Reform Agreement. The NGRSF provides funding to non-government representative bodies (NGRBs) to support non-government schools in the implementation of national and state and territory school reform policy initiatives.

NCEC supports eight Catholic NGRBs nationally, working with them to implement agreed national and state-based reform initiatives. Through the NGRSF, Catholic education authorities successfully support our schools in implementing Commonwealth priorities.

The NGRSF commenced on 1 January 2018, providing \$200 million over the five years from 2018 to 2022. The 2022-23 Budget committed an additional \$40 million to extend the NGRSF until 31 December 2023 and align the funding to the term of the National School Reform Agreement.

On 16 December 2022, the Minister for Education, the Hon Jason Clare MP, announced that the current

National School Reform Agreement (NSRA), commenced on 1 January 2019, will be extended for a further 12 months until 31 December 2024.

The 2023-24 Budget extended the date of the funding from the 2023 calendar year to be spent, or committed to be spent, by 31 December 2024. This extension, in line with the NSRA, provided some flexibility for Catholic NGRBs to continue the delivery of agreed national and state reforms and the Minister for Education's priorities as outlined in the current agreement.

Clause 68 of the NSRA commits the government to providing funding for non-government representatives bodies (NGRBs) to support non-government schools in the implementation of these agreements. This commitment is consistent with the capacity of state and territory governments which commonly provide targeted support, when necessary, solely for the government school sector.

The Catholic NGRBs work with the schools and systems they represent to strengthen the three national priorities, namely:

- improve the quality of information on the Nationally Consistent Collection of Data on School Students with Disability (NCCD) to improve the efficiency and integrity of the data collection
- transition of NAPLAN (National Assessment Program Literacy and Numeracy) to online delivery
- improve governance and financial management practices in non-government schools to strengthen financial viability, improve business decision making and build resilience to mitigate unforeseen circumstances.

There has been a significant increase in the number of students identified as having a disability since the implementation of the new NCCD model in 2018.

In 2018 there were 753,232 students (19.3% of enrolments) with disability. This has now risen to 991,272 students (24.2% of enrolments) in 2023. Students with disability in Catholic schools resemble the national trend with 18.0% of total enrolments in 2018 having a disability and increasing to 21.8% in 2023. This may result from teachers across schools having increased knowledge to better impute their students diagnosis. Training needs to continue to support overall consistency in the quality of NCCD data, both within jurisdictions and at a national level.

While schools have transitioned to online NAPLAN delivery, some rural and remote schools are struggling to deliver NAPLAN online effectively due to poor IT network infrastructure. Funding is needed to close the gap between high-SES metropolitan schools and low-SES rural and remote schools with poor network infrastructure.

Additionally, schools can experience unforeseen events that impact their ability to deliver a quality education. Most recently flooding in far north and southeast Queensland, has caused significant damage to school buildings and grounds. As there is no dedicated Disaster Relief fund for non-government schools, it is critical that funds be available if required under the NGRSF. These funds were available for flood relief under the NGRSF in Queensland and New South Wales in 2022.

The ability of Catholic education authorities to continue to provide reform initiatives, activities and projects would be drastically restricted without the financial support provided through the NGRSF.

Recommendation

That the Non-Government Reform Support Fund be continued in alignment with the National School Reform Agreement. This will enable Non-Government Representative Bodies to continue to support the delivery of national and state and territory school reform policy priorities.

2. Increased Capital Funding

In making the choice of a Catholic education, families contribute approximately \$4 billion in after-tax dollars towards the annual cost of their children's education.

Catholic school families also contribute nearly 90 per cent of the costs required to support school buildings and other capital works in Catholic schools. In 2021, this investment was about \$2 billion, with governments contributing only 11.3 per cent.

An integral part of the mission of Catholic education is to provide universal, affordable schooling which is accessible to all students and children across Australia to provide families with a genuine choice of a faith-based school in or accessible from their area.

NCEC acknowledges the ongoing support of the Australian Government in the funding of Catholic schools. The Capital Grants Program for non-government schools provides funding to assist non-government school communities to improve capital infrastructure.

The Commonwealth Capital Grants Program is indexed annually, however the quantum of funding available under this program has not changed in any material way for many years. Furthermore, the current indexation methodology considers only price increases in capital cities, while remote/rural areas of Australia have much higher cost increases compared with metropolitan areas.

Schools must be equipped to offer quality, contemporary teaching and learning. There is pressure on existing schools to renew ageing capital infrastructure to expand capacity, comply with recent health and safety requirements, and in some areas to build new schools and early learning centres in response to student population growth.

The current funding model for universal preschool in New South Wales (NSW) and Victoria includes measures to boost universal access to preschool for all children in these states. In NSW, the government has shown commitment to delivering universal preschool by investing in new public preschools, upgrading preschools on non-government school sites, and supporting the not-for-profit sector to build more places in communities that need them. The plan includes building 100 public preschools to be co-located at public primary school sites.

Although the NSW state government has acknowledged the critical role of Catholic education in preschool education by planning to invest \$60 million in new and expanded preschools co-located on non-government school sites, including both Catholic and independent schools, it is not clear what share the Catholic sector will have and whether there will be sufficient funds to make universal access to pre-kindergarten accessible to all Catholic families. With the large number of government-run preschools being built in NSW, there is some concern that it may affect future Catholic enrolments as it may restrict competition from the Catholic sector. The Catholic early childhood education must obtain an equitable share of the funds made available.

In the fastest growing communities land is at a premium with developers competing with Catholic education authorities and frequently outbidding Catholic schools for land acquisitions. It has become increasingly difficult for Catholic education to balance the needs of existing schools for refurbishments and upgrades to capital infrastructure with the responsibility to build new schools in high-demand communities. This challenge has been heightened due to the current cost of living crisis together with surging construction costs across Australia.

Recommendation

That the Capital Grants Program funding for non-government schools be increased to facilitate the construction of new and expansions of existing, low-fee schools particularly in areas of high population growth. That capital funding be equitably distributed to the Catholic sector to expand early childhood services in areas of need.

3. Affordability and School Choice

NCEC strongly supports the right of families to choose a Catholic education for their children. Successive Australian governments, over many years, have also committed themselves to the principle of providing families with real school choice.

One of the most unique and valuable features of Australia's education system is the wide-ranging availability of genuine, affordable school choice. Genuine and affordable school choice is possible only if Australian families and schools have funding certainty.

For Catholic students, governments fund on average around 74 per cent of the cost of education with families making up the shortfall through school fees. Catholic education should not be restricted to families who can afford fees.

The level of government funding to non-government schools is determined by the Capacity to Contribute (CTC) which is means-tested according to family income. A school's CTC score affects the amount of base recurrent funding the school attracts from the Australian Government under the *Australian Education Act 2013* from between 10 per cent (minimum base funding) to 80 per cent (maximum based funding).

NCEC strongly supports the continuation of existing needs-based recurrent funding arrangements. The 10-year funding agreement delivers certainty to school communities and enables families the choice of an affordable choice of a Catholic education across Australia.

While the CTC model is more equitable than previous models, NCEC supports advancing a review and refinement of CTC settings by 2025, to ensure the fairest funding formula is in place for all families and communities.

Recommendation

To advance the review of the Capacity to Contribute formula by 2025 to ensure the fairest funding formula for all families and communities.

4. Renewal of Government Commitments

The principle of providing families with real school choice is endangered by two current policy challenges, which if implemented by the government, would severely threaten the ability of families to choose a genuine and affordable Catholic education.

Current proposals by the Australian Law Reform Commission (ALRC) to restrict the ability of faith-based schools to operate according to their ethos, and by the Productivity Commission to remove Deductible Gift Recipient (DGR) status for building funds for faith-based schools, undermine the principle of enabling real school choice for families.

These policy challenges are at odds with the Australian Government's commitments to protect parents' religious freedom to send their children to a faith-based school in line with their religious beliefs and values, and to ensure funding certainty for Catholic schools.

The government went to the last election with a promise to Catholic school families that it would ensure the funding arrangements that exist for non-government schools under the previous government 'would continue in full under Labor' and that there would be no cuts to Catholic school funding.

The removal of DGR status would have significant impact on Catholic schools and systems as well as for health and other social services provided by faith-based organisations' and would be particularly profound on low fee faith-based school communities. For Catholic schools, it will add a further financial burden on families who contribute to school education and are already dealing with significant cost-of living pressures.

Governments provide only a fraction of the capital needs of faith-based schools. DGR status is one means by which the government provides indirect support for the capital needs of faith-based schools. Implementation of the Productivity Commission's proposal would result in a significant change to government regulatory conditions and would have a dire effect on the capacity of Catholic education to build and maintain schools.

Recommendation

That Deductible Gift Recipient status for not-for-profit non-government schools be retained in order to facilitate the building and maintenance of educational infrastructure.

NCEC looks forward to the Labor Government renewing its focus on its pre-election and subsequent commitments to faith communities to support 'the right of all Australians to have and to manifest their religion or beliefs, and the right of religious organisations to act in accordance with the doctrines, tenets, beliefs or teachings of their faith'.

The ALRC proposals threaten the ability of Catholic schools to operate according to their ethos.

In seeking the freedom to operate in accordance with their religious beliefs, Catholic schools do not discriminate or seek to discriminate against any staff or student based on their personal attributes.

In keeping with the long standing principle providing families with real school choice, Catholic schools should be enabled to preference the employment or enrolment of people of the Catholic faith, and those willing to support the ethos and mission of their schools.

This is clearly reasonable and fair in a free, democratic, multicultural, and pluralist society.

Recommendation

That Catholic schools be enabled to continue to operate according to their ethos and build communities of faith, in keeping with the principle of genuine and affordable school choice.

5. Funding Opportunities

Funding initiatives such as the National Teacher Workforce Action Plan (NTWAP) should be available and equitably distributed across all sectors. For example, in Action 2 of the NTWAP plan 5000 Commonwealth Scholarships up to \$40,000 each were restricted to individuals committed to serving in government schools, excluding the Catholic sector. Similarly, Action 3 of the NTWAP, which offers 1,500 additional spots in the

High Achieving Teachers (HAT) program to encourage career-switchers to enter teaching, should be open to all sectors, not just government schools.

While pilots within such programs might target specific needs, like low socio-economic status (SES) schools or regions with staffing challenges, the opportunity to participate should be available to both government and non-government schools alike. Effective solutions will depend on local contexts and may differ across communities.

Recommendation

Equal opportunities and financial incentives should be offered to attract teachers to Catholic schools, similar to those provided for government schools. This includes scholarships/bursaries, HECS-HELP relief, allowances in remote, rural, and regional areas, housing subsidies, and support for dioceses to construct housing if required.

NCEC appreciates the opportunity to make this submission for the 2024-25 Budget.

Should further information be required in relation to this submission, please contact me via phone (02) 8229 0808 or email Jacinta.Collins@ncec.catholic.edu.au.

Yours sincerely

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