



Productivity Commission

Regulatory Burdens – Social & Economic Infrastructure Services

Submission by

Christian Schools Australia Ltd

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1. Introduction

Christian Schools Australia Ltd (CSA) is a national association of over 155 independent Christian schools, with over 60,000 students and more than 3,000 teaching staff. These schools range in size from around 12 students to over 1,200 students. The schools are located in metropolitan, regional and rural Australia, including some in areas classified as remote or very remote.

The communities served by member schools are largely low to medium in socio-economic status. The average SES score as determined for Australian Government funding purposes for CSA member schools is lower than that of the Catholic systemic schools. Most schools would be considered to be charging 'affordable' fees and have been experiencing strong growth over the last two decades.

The majority of member schools are autonomous, not for profit charitable institutions incorporated in a varied of ways with their own boards and governance structures. The majority are established as public companies limited by guarantee or incorporated associations under the relevant State legislation. A small number are established through trust arrangements, specific denominational Acts of Parliament or under letters patent.

We welcome this opportunity to respond to the Draft Report¹. We reserve the right to provide further analysis and comment either in response to other submissions or more generally. In particular we may wish to make a response to any proposed legislative change which may be recommended by the Commission or on areas not canvassed in this submission.

2. The regulatory burden on Christian Schools

The Draft Report acknowledges the complex regulatory environment that applies to independent Christian schools. It also recognizes that the nature of these schools, without a centralised administrative support body, results in a disproportionate burden arising from equivalent regulatory requirements in comparison to Government or Catholic schools.

This is particularly obvious in relation to smaller and particularly regional and rural based schools. Many of these schools are challenged to find suitably qualified or experienced staff within their local communities. Where staff can be engaged with relevant experience in general business and corporate compliance matters those staff members almost certainly require further training and professional development to under the requirements of the additional regulatory framework imposed on the

¹ Productivity Commission 2009, *Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services*, Draft Research Report, Canberra

education sector. This provides a significant impediment to the commencement of new schools in those areas and the continued operation of existing regional and rural schools.

Over the past decade these regulatory requirements have grown considerably. While the Commissions review is focussed upon Commonwealth regulation it is noted in the Draft Report that the overarching regulatory framework applying to independent Christian schools are the State and territory registration requirements. These requirements have dramatically increased over the last decade through both expansion into new areas, such as teacher registration, child protection or financial and governance standards, for some jurisdictions and increasing expectations and more complex obligations in existing areas of regulation.

3. Areas of Concern for Christian Schools

CSA shares many of the concern raised by the Independent Schools Council of Australia (ISCA) and detailed in the Draft Report. The operations of Christian schools have many similarities with the operations of other independent schools. If anything the tendency of Christian schools to serve lower socio-economic communities than other independent schools tend to exacerbate the challenges of meeting these regulatory burdens.

The affordable fees that accompany the socio economic status of the parent communities obviously results in a lower resources base from which to fund the staffing required by these increasing administrative burdens. As noted in the ISCA submission:

*'The cost burden of regulation is of particular concern to independent schools as this must inevitably be borne by parents. In the government schools sector, the cost of regulation is borne by the whole community.'*²

For Christian schools this cost burden must not only be met by the parents but those parents are often drawn from the more needy sections of the community. As a result you have the situation that those who may least be able to afford increased costs are paying a greater share than the general community.

The inconsistency and/or duplication of regulation between the Australian Government and state and territory governments add significantly to this burden. The Draft Report notes the development of the National Education Agreement and the introduction of new legislation for the funding of non-government schools³. The National Partnership Agreements also being developed in relation to particular

² Submission 26, ISCA paragraph 20.

³ the *Schools Assistance Act 2008*

funding programs also needs to be included in the consideration of the regulatory regime that applies to Christian schools.

The Draft Report suggests that an assessment of the burden imposed by inconsistencies between the Australian Government and state and territory governments be left until these new arrangements are fully implemented. While there may be some merit in this proposal the experience of Christian schools to date of these arrangements has not demonstrated any reduction in the regulatory burden. In fact the initial requirements proposed for individual school reporting by the Australian Curriculum, Assessment and Reporting Authority (ACARA) merely seem to introduce a further layer of complexity and possible inconsistency.

We strongly urge the Commission to ensure that the assessment of the regulatory burden of inconsistency and/or duplication of regulation between the Australian Government and state and territory governments is undertaken as soon as possible.

In some state and territory jurisdictions there is scope as part of the existing regulatory framework for non-government bodies to be involved in the regulatory processes. CSA is involved in the Cyclical Review process for the Accreditation of Non-State Schools in Queensland and is a 'system' for the purposes of registration and accreditation of schools in New South Wales. We have also had discussions with the applicable authorities in other jurisdictions in relation to equivalent arrangements under current or proposed legislative frameworks.

These approaches and the involvement of a non-governmental body in what almost constitutes a form of self regulation have been highly successful. There have been benefits to the schools involved and, we believe, substantial cost savings to government. In both the existing situations the role and responsibilities of CSA is clearly enunciated in legislation and government policy and is closely monitored to ensure that appropriate standards are maintained. In New South Wales these arrangements have been in operation successfully for more than a decade.

We encourage the Commission in undertaking its review of the regulatory burden on schools to actively consider the benefits and possible application of similar arrangements across a wider scope of obligations.

The Draft Report also recommends that the Financial Questionnaire be abolished. In doing so it is noted that this data is no longer used for the determination of the allocation of funding and the efficacy of the Financial Questionnaire as the basis for determining financial viability if also questioned.

While the current funding model for non-government schools does not require this data for the allocation of resources to schools we understand that this information is used for broader public policy development in relation to non-government school funding. Although most schools are required to prepare and lodge an annual audited

financial statement this is by no means a requirement for all schools as it is dependent upon the applicable incorporation basis. Even amongst those schools that are required to lodge an annual audited financial statement there can be significant differences in the presentation of these reports as a result of differing disclosure regimes.

Despite the administrative burden that is imposed by the completion of the Financial Questionnaire we do not support its abolition at this time and would support its retention until the Standard Business Reporting (SBR) project can ensure that equivalent data can be obtained and extracted from a broader financial data collection process.

Considering the expected availability of the SBR financial taxonomy from 31 March 2010 we anticipate that this approach will only require schools to complete the Financial Questionnaire on one further occasion in April/May 2010 before a streamlined process can be implemented. We consider that this will not impose too great a burden on schools given the significant value of the Financial Questionnaire information as a longitudinal dataset in the development of public policy by the Government.