



**Australian Government**

**Department of Education, Employment and Workplace Relations**

Your Ref 03/73  
Our Ref ES08/71268 [LEX8792]

Mr Mike Woods  
Commissioner  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2600

Dear Mr Woods

## **Annual review of regulatory burdens on business – social and economic infrastructure services – updated schooling comments**

I refer to my letter of 27 July 2009 which enclosed the Department of Education, Employment and Workplace Relations' (DEEWR) comments on the schooling aspects of the Commission's Draft Research Report released on 26 June 2009.

I am now enclosing DEEWR's updated comments on the schooling aspects of the Draft Research Report. DEEWR is happy for this input to be treated as a public submission.

Today I separately sent DEEWR's remaining comments on the Draft Research Report. These comments include some additional schooling related comments relating to curriculum, assessment and reporting.

Any queries about DEEWR's comments should be directed to DEEWR's contact officer for this matter – Rob Mason, Principal Government Lawyer (tel: 6240 8894 or email: [rob.mason@deewr.gov.au](mailto:rob.mason@deewr.gov.au)).

Yours sincerely

George Kriz  
Chief Legal Officer  
Legal, Investigations and Procurement Group

4 August 2009



Annual Review of Regulatory Burdens on Business:  
Social and Economic Infrastructure Services Draft Report

CHAPTER 7 EDUCATION AND TRAINING

7.1 The review has recommended that the Financial Questionnaire independent schools are required to complete be abolished. The review has also recommended that the Department of Education, Employment and Workplace relations utilise information obtained from other existing reporting requirements to determine schools' financial viability, including data collected using the Standard Business Reporting (SBR) financial taxonomy that will be available from 31 March 2010.

**Comments**

- As noted in the report, the *Schools Assistance Act (2008)* requires schools to be financially viable in order to receive funding under the Act.
- As a means of measuring the financial performance of schools and determining a school's financial viability, the Commonwealth is piloting a Financial Health Assessment Framework for non-government schools. Assessments are based on a number of financial indicators and industry benchmarks. The data underlying financial health assessments is collected in the Financial Questionnaire and the Census of Non-Government Schools. This minimises the administrative burden on schools to provide additional data.
- The Financial Questionnaire is essential to enable the financial health assessments to be undertaken. The Questionnaire is currently being reviewed in consultation with an expert working group with the intention of removing any unnecessary items and consolidating existing data fields. The overall reporting burden on schools is expected to be reduced, through a refined and more targeted Financial Questionnaire.
- There is currently no other source from which the data required for assessing the financial performance of schools, using the financial indicators noted in the review's draft report, can be obtained.
- When full detail of the Standard Business Reporting (SBR) financial taxonomy is available the Department of Education, Employment and Workplace Relations will investigate the data it collects to determine whether it provides adequate data for the purposes of financial health assessments of non-government schools.

# **Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services Draft Report**

## **Reporting & Accountability**

### **CHAPTER 7 EDUCATION AND TRAINING**

#### **7.2 Overview of regulations**

“State and territory registration requirements provide the overarching regulatory framework applying to independent schools. They include operational, financial, educational and governance standards.

Independent schools are also subject to an additional layer of regulation arising from the extensive education and financial accountability framework attached to funding received from the Australian Government.

Further, since independent schools are corporate entities or incorporated associations, they must meet the same standards of business operation, and are subject to the same financial and governance accountabilities as corporations.

The reporting and compliance burden for independent schools is generally greater than for their Catholic and government counterparts since they often do not have the support of centralised administration or economies of scale that allow them to better manage the costs of regulation. While the burden of reporting falls on each independent school, some reporting requirements for Government and Catholic schools are handled at the state, territory or diocesan level.” (Report, p.235)

#### **Comments:**

Considerable public funding is provided to support school education in Australia. The primary responsibility of governments in regard to regulating schools is to ensure the delivery of quality outcomes to students. To underpin this quality, the policy settings for regulating schools are not conceived in the same way that they would be for commercial organisations/businesses.

Performance reporting requirements apply to all schools in receipt of Australian Government funding, independent schools are not subject to an additional layer of regulation. In relation to financial accountability, bodies operating independently of the Crown such as independent schools are, as a matter of course, required to satisfy requirements in relation to their financial operations, including their financial viability and funding sources (excluding information that would identify individual donors) in accordance with conditions placed on them by the Commonwealth through funding agreements. Section 24 of the *Schools Assistance Act 2008* specifies the relevant requirements for these funding agreements. .

Both the National Education Agreement (covering Commonwealth funding to government schools) and the *Schools Assistance Act 2008* (covering non-government schools) include a common set of national school performance

and reporting requirements. These requirements aim to assist government and the community to assess school, system and government performance towards improving student outcomes.

There are five basic performance and transparency obligations. All schools (government and non-government) are required to: participate in national assessments comprising full cohort, annual literacy and numeracy testing and less frequent sample assessments; participate in national reports on schooling, including to the Council of Australian Governments (COAG); provide nationally comparable individual school information which will be published by the Australian Curriculum, Assessment and Reporting Authority (ACARA); provide plain language reports to parents; and publish school annual reports for parents and the community.

These educational performance and transparency obligations apply equally to all schools, government and non-government. They are designed to provide the information needed for improved accountability to students, parents and the community, public accountability in support of COAG outcomes, and an evidence base to support policy reforms and system improvements including better-directed resources.

A centrepiece of the Government's reform agenda is the establishment of ACARA, whose responsibilities include collecting, analysing and reporting a range of information on all schools for the purposes of school evaluation, accountability and resource allocation. It is important to note that school reporting and the provision of data for ACARA is not an additional imposition on independent schools. These schools are subject to the same requirements to provide this information as are government and non-government systemic schools.

### **7.3 Concerns - independent schools**

#### **Inconsistency and/or duplication of regulation between the AG and state and territory governments**

“As part of the forward work agenda of the NEA, funding and regulation across the government and non-government schooling sectors will be reviewed and bilateral agreements between the AG and the state and territory governments developed. Duplication between the reporting requirements of the AG and the states and territories will be addressed as part of this process. *It seems appropriate that an assessment of the regulatory burden imposed by inconsistencies between AG and state and territory regulation be left until after the new system is fully implemented.*” (p.240)

#### **Comments:**

Under the new funding arrangements introduced through the NEA and the *Schools Assistance Act* 2008, many of the input controls and forms of compliance previously required of schools have been removed. Reporting obligations now focus on achievement of agreed outputs and outcomes.

Under the NEA all governments have agreed to review funding and regulation across government and non-government schools. The NEA Forward Workplan includes the reform direction “Review funding and regulation across government and non-government schooling sectors”, with MCEETYA to consider the need for improvements to regulatory and accountability framework for all schools.

### **Unnecessary data collection**

“The ISCA also raises an ongoing concern regarding the heavy burden of collecting data on student background characteristics (sub. 26). These data are collected for the MCEETYA to enable nationally comparable reporting of the progress of students, with particular background characteristics, towards the achievement of national goals and targets at various points of schooling.

This is not a new concern. The issue was canvassed in the Report of the Taskforce on Reducing Regulatory Burdens on Business [2006],...which recommended:

[DEEWR] should implement alternatives to universal data collection, including, for example, sampling or better targeting data collections within the school system’ (recommendation 4.38).

The Government, in its response, agreed in principle to this recommendation, but indicated that the issue requires further examination. *The Commission urges the Government to act on the recommendation of the Taskforce or clearly explain to stakeholders the reasons for not implementing reforms.*” (p.244)

### **Comments:**

Collection of student background data from every school, government and non-government, including data on Indigenous background, language background other than English (LBOTE) and socio-economic status, is critical to support the educational aspirations, outcomes and reforms agreed by COAG.

This background data is necessary, for example, to enable publication of NAPLAN data disaggregated by student SES in the report on the NEA to the COAG Reform Council by the Productivity Commission’s Steering Committee for the Review of Government Service Provision (see draft report *National Education Agreement Performance Reporting*, Indicator 5, Tables NEA.25-28). In commenting on data quality, that draft report notes (p.38): “Disaggregation of this indicator by SES at the State and Territory level is a priority. The high level of non-response for the associated items on student enrolment records precludes reliable reporting at the State and Territory level.”

This information is more important now, not less, than under the previous funding arrangements. Student background information together with student attainment information provides the rich data which is needed for the

government to target funding programs appropriately and to assess the impact of these programs on particular groups of students.

Recommendation 4.38 of the *Rethinking Regulation* report was that the Department should implement alternatives to universal data collection including sampling or better targeting data collections within the school system. In the case of collection of student background data, however, sampling is not an acceptable alternative, as this data is required for individual diagnostic reporting, school evaluation, and broader level reporting (at school, system and national levels) on the literacy and numeracy outcomes of the full cohort of students.

Student background information is also a key component of the new national school level information to be reported by ACARA, as it is critical for a more comprehensive, balanced and accurate picture of individual schools and their performance.

### **Other concerns**

“The ISCA also raise a number of other concerns relating to new provisions in the Schools Assistance Act 2008 [including that] the unspecified reporting requirements relating to the ‘funding sources’ of non–government schools may lead to added administrative burden. *The Commission considers that since the regulations under the Act have not yet been released, and the NEA not yet fully implemented, there is not sufficient evidence to make a considered assessment of these issues...*” (p.244)

#### **Comments:**

At its 29 November 2008 meeting, the Council of Australian Governments (COAG) “agreed that greater transparency and accountability for the performance of our schools is essential to ensure that every Australian child receives the highest quality education and opportunity to achieve through participation in employment and society.”

Further, “COAG agreed that the new Australian Curriculum, Assessment and Reporting Authority will be supplied with the information necessary to enable it to publish relevant, nationally comparable information on all schools to support accountability, school evaluation, collaborative policy development and resource allocation. The Authority will provide the public with information on each school in Australia that includes data on each school’s performance, including national testing results and school attainment rates, the indicators relevant to the needs of the student population and the school’s capacity including the numbers and qualifications of its teaching staff and its resources. The publication of this information will allow comparison of like schools (that is, schools with similar student populations across the nation) and comparison of a school with other schools in their local community.”

The *Schools Assistance Act* Administrative Guidelines, published in February 2009, provided information about the proposed content of the individual school information reporting requirements. Schools will not be required to

report school income disaggregated by funding source until a common definition is agreed. ISCA are represented on the groups progressing work on this for MCEETYA.

## **Draft recommendation 7.2**

“The DEEWR, in consultation with the states and territories, should ensure that reforms to streamline reporting obligations in the education sector, including for schools...are undertaken consistent with the methodology and principles of the Standard Business Reporting initiative. Electronic reporting and secure on-line sign-on to the agencies involved should be introduced.” (p.xl)

Comments:

In regard to reporting educational outcomes, SBR appears to be a financial reporting tool not readily applicable to the assessment and reporting of student learning or the reporting of student attainment and participation.