Independent Schools Queensland
choice & diversity

INDEPENDENT SCHOOLS AND INFRASTRUCTURE IN QUEENSLAND

A PLEA FOR FAIRNESS

CHOICE & DIVERSITY

April 2010/ A Discussion Paper Prepared for Independent Schools Queensland
by Professor Scott Prasser

Independent Schools Queensland commissioned this paper to promote informed policy debate on issues in school education.

Further copies of this Publication can be obtained at **www.aisq.qld.edu.au**

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Foreword by the Executive Director, Independent Schools Queensland

During 2010, Independent Schools Queensland will sponsor three policy *Think Tanks* designed to stimulate public debate on important issues facing the school education sectors.

It is appropriate that the first of our *Think Tanks* is about school infrastructure. Queensland is going through a significant population growth phase and the question of infrastructure to accommodate our increasing population is high on the public and government agenda.

Increasingly I receive feedback from independent schools about their frustrations with new developments and improvement to existing schools. It is not an easy process to establish a new independent school, or for that matter to make improvements to existing schools.

Independent Schools Queensland commissioned Professor Scott Prasser to prepare this discussion paper as a basis for consideration at the *Think Tank*.

It examines the issues around the provision of school infrastructure, particularly for the independent sector, and poses a number of questions and policy options to improve the current regulatory framework in this area.

I thank Professor Scott Prasser for his work. I also acknowledge the work of Mr Allan Guse, ISQ Manager (Strategic Resourcing & Policy) who has organised the *Think Tank*.

I am confident that from the *Think Tank* there will emerge ideas and policy initiatives that will contribute significantly to improvements in the provision of school infrastructure in Queensland.

David Robertson
Executive Director
Independent Schools Queensland
19th April 2010

EXECUTIVE SUMMARY

This paper has sought to analyse whether the establishment of Independent Schools in Queensland was being constrained. Particular attention was given to this issue in relation to Queensland's growth regions where the demand for education services has been higher than the rest of the State.

The paper asks four questions:

- **What is the problem facing the Independent sector in establishing new schools**?
- **Why should this issue be a concern**?
- **What are the causes of the problem?**
- **Options to tackle the problem?**

The problem is that the number of new 'mainstream' Independent schools is not keeping up with demand.

This is a concern to the Independent school sector seeking to respond to increasing market demand.

It is also a concern to the wider community.

A vibrant Independent school sector provides education choice and diversity. The Independent sector's growing market share indicates rising support for its schools.

Also, Independent schools have helped Queensland meet the demands for increased education services that our State's growing population needs. So often, ahead of public schools, the Independent sector has 'pioneered' the establishment of new schools in emerging high growth areas. In many cases this has been done at great personal costs to those parents involved.

The report highlights three particular constraints facing the Independent sector in establishing new schools.

First, the Independent school sector is partly caught up in Queensland's ongoing infrastructure crisis, the inadequacies of existing planning processes, the approval backlogs and the demands for more regulation across a wider range of areas. That the Independent sector is treated as a developer by local authorities than as a provider of education services has exacerbated these difficulties.

Second, there is limited Commonwealth and State infrastructure support to the Independent sector in establishment costs. Commonwealth establishment assistance, though small, has been recently withdrawn. Meanwhile, Queensland support has not kept up with demand and recently funding levels have been capped.

Third and most importantly, Independent schools suffer from competitive disadvantage in their establishment compared to their public sector counterparts. They face more complex approval building and development processes. They have to raise most of the finances themselves. Moreover, they are treated as developers by local government authorities and thus subject to a plethora of regulations, planning requirements and infrastructure charges that increase their costs and delay school start-ups. Public schools are largely exempt from these demands.

The report asks why should Independent schools and public schools that are essentially delivering the same 'product' in terms of education services, be treated so differently in terms of regulation, planning requirements and infrastructure charges? Why should Independent schools be so regulated by local government authorities? After all, they have no Constitutional powers in relation to education to be a gate-keeper in this area.

Compounding this issue of competitive disadvantage is that the State Government is both a supplier and regulator of education. There is a potential 'conflict of interest' in relation to the Independent school sector.

This report argues that given the principles of competitive neutrality that underline the *National Competition Policy* then such differentiated treatment of the Independent/Non-government is unsustainable in the future.

This report is a plea for fairness for the Independent school sector so that it can deliver the education services on equal terms as the public sector that a growing proportion of the population wants.

SECTION 1: INTRODUCTION – AIMS OF PAPER

This paper was commissioned by Independent Schools Queensland (ISQ) to explore the present regulations, costs and processes in relation to the establishment of new Independent schools.

The reason for commissioning this paper is that the ISQ believes that it is becoming increasingly difficult for new mainstream Independent schools to be established. It sees this issue not just in terms of whether its members can develop new schools, but rather in the broader policy context of its potential adverse impacts on the quality of education and diversity of education in Queensland.

This report analyses:

- **What is the problem facing independent sector in establishing new schools?**
- **Why should this issue be a concern?**
- **What are the causes of the problem?**
- **Options to tackle this problem?**

This paper provides the basis for discussion at the Think Tank being sponsored by ISQ on 21 April 2010.

SECTION 2: WHAT'S THE PROBLEM?

The reason for commissioning this paper is that ISQ believes that it is becoming increasingly difficult for new mainstream independent schools to be established in Queensland. While the reasons for this perceived problem will be further explored in **SECTION 3**, it is important to establish the nature and extent of the problem.

Superficially, figures suggest that there has been continued growth in the number of new schools in the non-government and more specifically, the independent school sectors in Queensland. From 1998 to 2008 the total number of non-government schools increased by 11% while public school numbers declined by 4%. The Independent school sector grew even more during this period by 17%. These growth rates in Queensland were higher than the national average growth rates which were 5% and 14% for the non-government and independent sectors respectively.

Certain provisos have to be made about this initially positive assessment.

One is that given the growth in demand for non-government/Independent school places in Queensland that has been above the national average (see **SECTION 3**), then it may be questioned whether the supply of new Independent schools is really keeping up with demand.

Another concern is the 'type' of new Independent schools being approved and coming on stream during the last decade. Approvals made by Queensland's Non-State Schools Accreditation Board (NSSAB) during the eight year period, 2002-2009, highlight this issue. The NSSAB dealt with 51 applications for new schools of which 25 of the successful applications were for Independent schools. Three of these have since closed leaving a net increase of 22 new Independent schools approved over the past eight years. However, 13 of these schools could be categorised as being 'specialist,' focussing on specific student needs, certain communities or reflecting a particular educational philosophy rather than providing school services of a broader nature. Thus, only five of the new Independent schools approved over these eight years could be viewed as being 'mainstream' with the potential to become P-12 schools with significant enrolments.

Given the growth in Independent school student numbers and this small number of new P-12 schools, then it may be argued that the Independent school sector is not keeping up with demand. Further, it has been suggested that Independent schools have been accommodating population growth through expansion of their existing institutional base.

This in itself raises further concerns:

- Can Independent schools meet the needs of its clientele in terms of school size and character?
- Can the Independent sector continue to play its part in meeting the increased demand for education services in new growth regions if new schools are not being established?
- Can there be diversity of choice in these new growth regions if the Independent sector is facing too many obstacles in establishing new schools?

Some of these issues will be explored in **SECTION 3**.

In addition to this evidence, there are also reports from those who have established new Independent schools in growth areas in recent years and who were interviewed as part of this research project. The responses have been of unremitting negativity in terms of the delays, costs and frustrations. As one respondent said, "the whole new school development process caused a lot of grief to the school community."

Such evidence, anecdotal as it is, should not be dismissed lightly. It was repeated too often and the complaints were too consistent across a range of different schools for it to be just an aberration.

As a consequence of these problems there is emerging evidence that the:

- Number of new Independent schools being established may be being artificially retarded by government regulation or inept policy;
- Current regulatory arrangements may be anti-competitive in relation to the non-government sector;
- Important services and education choices are being denied to Queenslanders, especially in the new growth regions;
- Quality of education is being adversely affected given the Independent school's recognised contributions to achieving high level education outcomes.

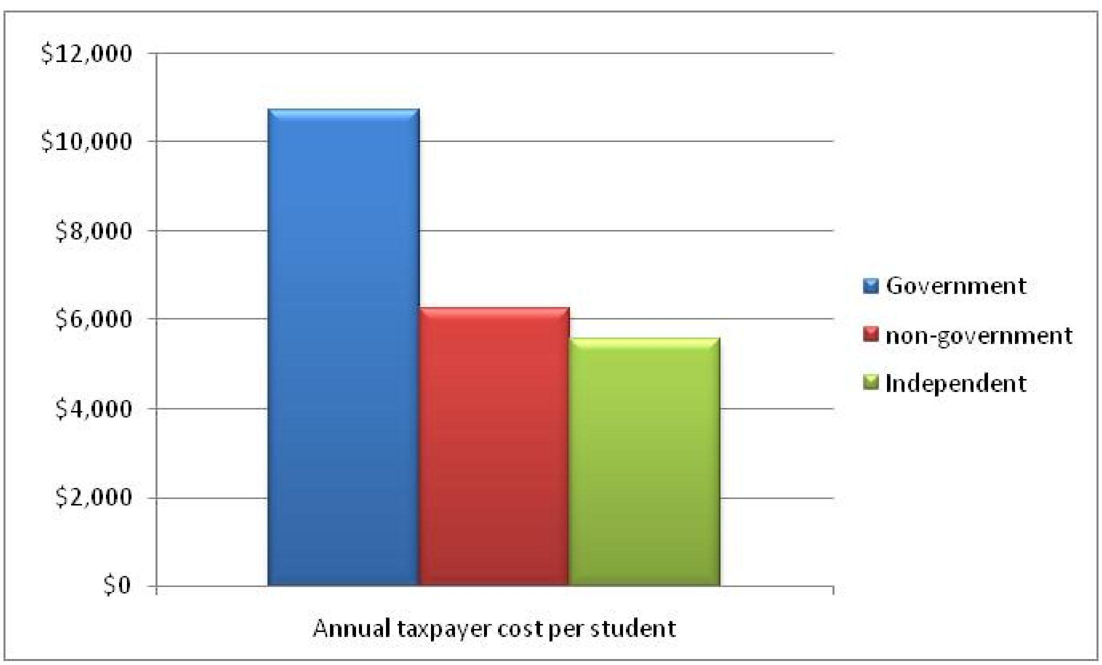
SECTION 3: WHY IS THIS AN ISSUE OF CONCERN?

3.1 Critics of non-government schools – does it matter?

Some would welcome a slowdown in the growth in the number of non-government and Independent schools. Despite bipartisan support at both Commonwealth and State levels of government for non-government schools, what has become regarded as a 'settled' area of public policy in Australia, there still remains a certain antipathy to the non-government sector in some circles (McMorrow 2010). State education authorities, either openly or covertly, have too often measured their performance in their ability to reduce the drift to the non-government sector. Critics see the sector as receiving 'unfair' support from government to the detriment of public schools. Others argue that it is the wealthy members in society who are receiving taxpayer funded subsidies. There is also the view that with the expansion of the non-government sector and, in particular the movement of the children from the more middle-class sectors, that public schools were left with having to cope with an increasing proportion of 'residual' less able students and have to offer a 'universal' service.

Such views have long been challenged. **Figure 1** reiterates the fact that total (Commonwealth and State) funding to the non-government sector and in particular to Independent schools is biased towards the public sector regardless of parental income.

Figure 1: Total public funding for Australian schools



But there are other reasons to be concerned about whether the number of new Independent schools is keeping up with demand.

3.2 Why a concern?

- ***Choice and preferences matter***

There has been a strong preference for the sort of services, teaching environments and governance regimes that non-government and Independent schools offer.

The figures speak for themselves.

Table 1 shows the total numbers of enrolments (FTE) for all sectors from 2002 to 2008, while **Table 2**, highlights that the State sector has been growing during this period on average at under 1% annually compared to the Catholic sector at 2.5% to 3% and the Independent sector at about 4%. Overall, the non-government sector (Catholic and Independent) is outgrowing public schools.

The Independent school sector in Queensland has grown strongly for many years in terms of both enrolments and the number of schools, and continues to gain market share. **Table 3** shows that the non-government's market between 2002 in 2008 has grown from 28.9% to 32.0%, while the Independent sector's enrolment share has risen from 12.3% to 14.4%.

So there has been a clear and consistent demand for Independent and non-government school education. That this trend has been sustained for such a long time suggests that it is not a fad or fashion. In a democracy parental and student preferences should matter in dictating government policy, working as it always must within the constraints of equity and resourcing. It seems that 'good' policy as well as 'good' politics would ensure that demand rather than supply should dictate the structure and composition of our school system and government policy in relation to support for new schools and processing arrangements.

Reinforcing this perspective is the strong positive image of the Independent school sector (as distinct from government or Catholic schools). A recent Australia wide survey indicated that 70% of the respondents supported Independent schools – up from 54% in 2001. Moreover, this figure was even more positive in Queensland at 77% (ISQ 2010).

The issue that needs to be addressed is whether these positive perceptions and strong growth in numbers should be an important element affecting government education policy or do vested institutional interests continue to constrain necessary policy change in this area?

Table 1: Enrolments by Sector for Queensland and Australia								
	QLD – Enrolments (fte)					AUSTRALIA – Enrolments (fte)		
	Govt (Qld)	**Independ (Qld)**	**Catholic (Qld)**	**Non-Govt (Qld)**	**Qld all sectors**	**Aust all Govt**	**Aust all Non-Govt**	**Aust all sectors**
2002 Total	441,930	76,745	102,871	179,616	621,546	2,268,769	1,046,154	3,314,923
2003 Total	446,644	80,261	104,600	184,861	631,505	2,264,967	1,065,374	3,330,341
2004 Total	450,475	83,295	106,975	190,270	640,745	2,260,247	1,083,647	3,343,894
2005 Total	452,654	86,539	109,848	196,386	649,040	2,255,617	1,103,345	3,358,963
2006 Total	456,739	89,678	113,148	202,826	659,565	2,257,527	1,121,817	3,379,344
2007 Total *	480,829	97,562	121,629	219,191	700,020	2,277,435	1,149,581	3,427,016
2008 Total	481,800	102,103	124,710	226,813	708,613	2,273,253	1,171,221	3,444,474

Note: * From 2007, ABS counted Prep half cohort from 2007. Preschool enrolments were not counted previously.

Table 2: Annual Percentage Change in Enrolments – Queensland and Australia								
	Annual percentage change (%)							
	Govt (Qld)	**Independ (Qld)**	**Catholic (Qld)**	**Non-Govt (Qld)**	**Qld all sectors**	**Aust all Govt**	**Aust all Non-Govt**	**Aust all sectors**
2003 Total	1.1%	4.6%	1.7%	2.9%	1.6%	-0.2%	1.8%	0.5%
2004 Total	0.9%	3.8%	2.3%	2.9%	1.5%	-0.2%	1.7%	0.4%
2005 Total	0.5%	3.9%	2.7%	3.2%	1.3%	-0.2%	1.8%	0.5%
2006 Total	0.9%	3.6%	3.0%	3.3%	1.6%	0.1%	1.7%	0.6%
2007 Total	5.3%	8.8%	7.5%	8.1%	6.1%	0.9%	2.5%	1.4%
2008 Total	0.2%	4.7%	2.5%	3.5%	1.2%	-0.2%	1.9%	0.5%

Table 3: Changes in Shares of Enrolments – Queensland and Australia								
	Market share (%)							
	Govt (Qld)	**Independ (Qld)**	**Catholic (Qld)**	**Non-Govt (Qld)**		**Aust all Govt**	**Aust all Non-Govt**	
2002 Total	71.1%	12.3%	16.6%	28.9%		68.4%	31.6%	
2003 Total	70.7%	12.7%	16.6%	29.3%		68.0%	32.0%	
2004 Total	70.3%	13.0%	16.7%	29.7%		67.6%	32.4%	
2005 Total	69.7%	13.3%	16.9%	30.3%		67.2%	32.8%	
2006 Total	69.2%	13.6%	17.2%	30.8%		66.8%	33.2%	
2007 Total	68.7%	13.9%	17.4%	31.3%		66.5%	33.5%	
2008 Total	68.0%	14.4%	17.6%	32.0%		66.0%	34.0%	

Source: ABS Table - nssc t43a - full-time equivalent students 19932008

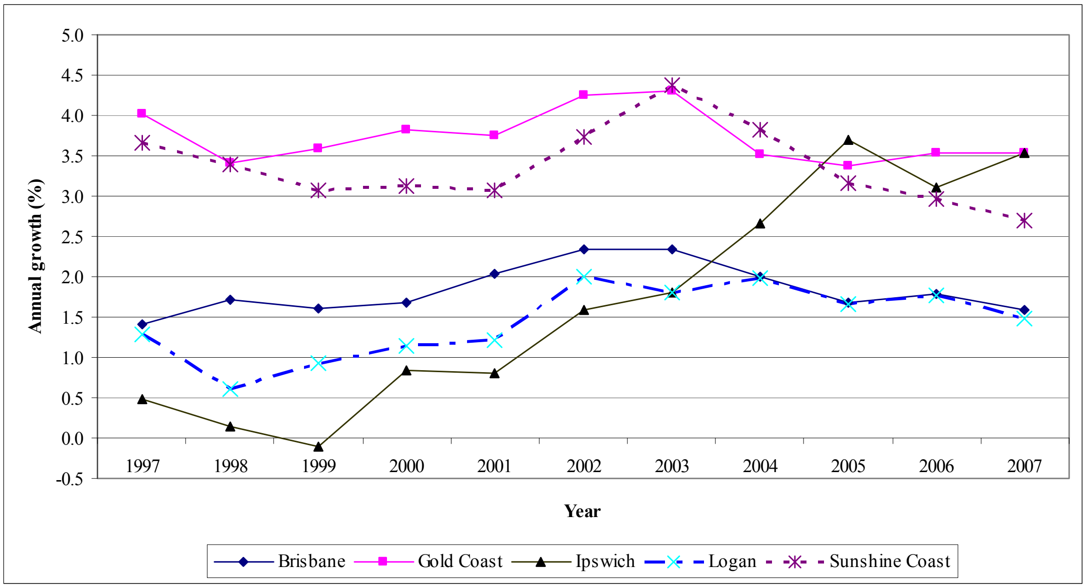
- ***Meeting Queensland's growing infrastructure and education needs***

Queensland and particular parts of it such as in south-east Queensland has been in the middle of a massive population growth rate. This has long been acknowledged. It has been driven by interstate migration and more recently, overseas migration and has involved an increasing influx of families with children who need services – health services, transport and of course education.

Figures 2 and **3** highlight the high population growth rates of key regions in south-east Queensland. **Figure 3** stresses that two of these south-east Queensland regions were growing faster than any other Australian regions outside of the capital cities. During the past two decades has seen the Queensland population grow at an annual rate of 2.3%, which is almost double that of the rest of Australia. Indeed, the latest figures indicated that in 2008-9 Queensland experienced its greatest growth in terms of volume with nearly 113,000 new arrivals in the State!

Such an influx has triggered an infrastructure crisis – the supply of infrastructure especially in the growth regions is just not keeping up with demand. This is not a disputed policy issue though the State Government has sought to re-label the crisis as one of excessive population growth rather than admit that the more fundamental problem has been a lack of spending, planning and coordination of infrastructure. Warnings during the 1990s that Queensland was heading for an infrastructure crisis were ignored (Roberts 1994). Allen Consulting Group's 2003 report concluded that Queensland's investment in public urban infrastructure had long been failing to keep pace with these growing demands. Indeed, the State's expenditure on infrastructure actually fell as a proportion of gross state domestic product during the critical juncture of this growth (Allen 2003). **Figure 4** shows that infrastructure spending in Queensland tapered off from 2001-2 to 2003. Queensland has been in catch-up mode since and this is seen most acutely in front line service delivery areas like health and also education.

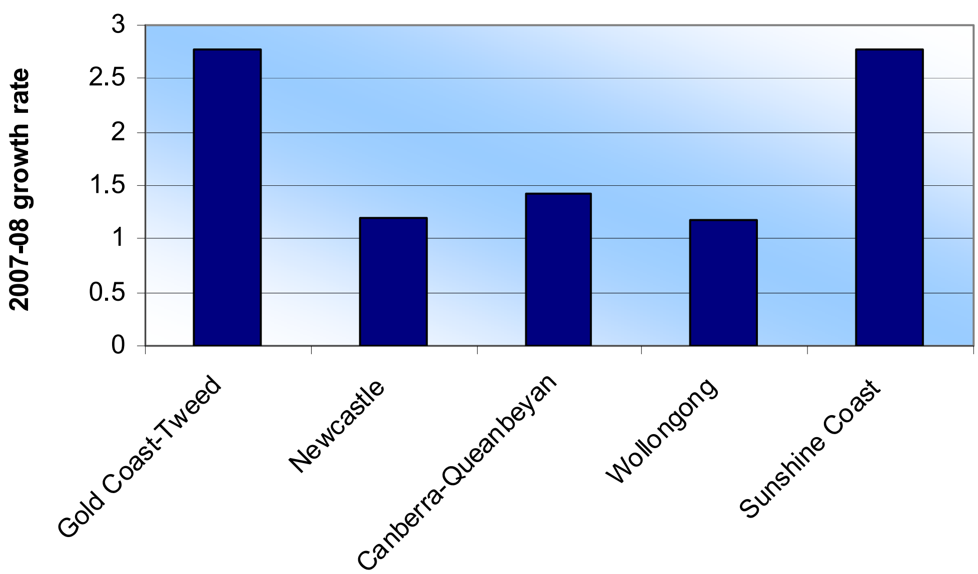
Figure 2: Population growth rates in south east Queensland LGAs 1997-2007



Source: ABS – various years

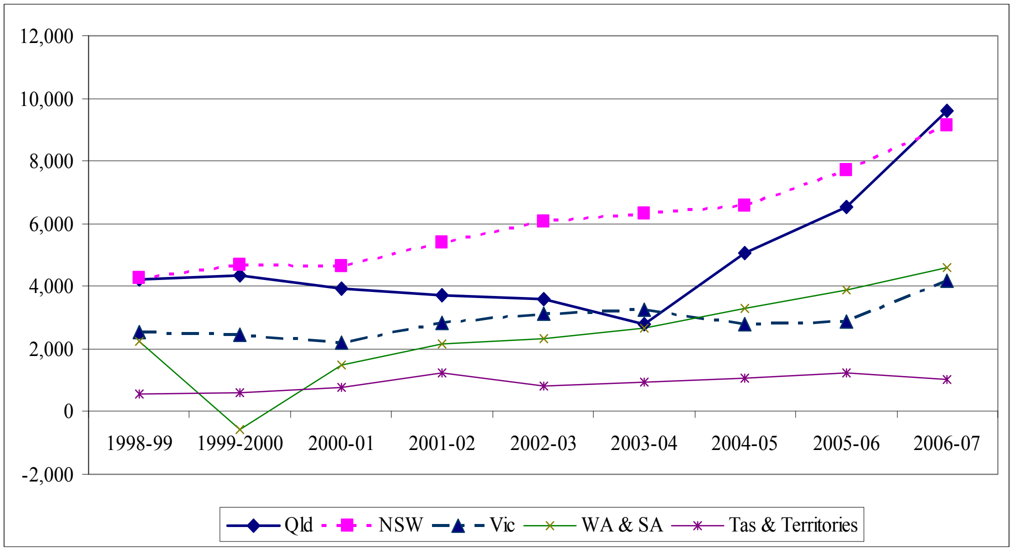
Figure 3: Regional population growth rates

Excluding the capital cities, Queensland regions of Gold Coast and Sunshine Coast in 2007-08 were the equal fastest growing regions across Australia with 2.77% growth rate



Source: PIFU 2009

Figure 4: Capital expenditure by States 1998-9 to 2006-7



Source: ABS Gross Fixed Capital Formation Catalogue 5512.0 (1999-2007)

Added to these infrastructure woes have been Queensland's expenditure priorities. In important areas like education, Queensland spending has been 5% below the national average and the second lowest of the States (Moore 2006). For a State seeking to diversify its economy from a heavy reliance on primary industry, mining, tourism and retailing this does not augur well for the future.

Education spending is especially important given the composition of Queensland's expanding population base. Those aged between 30-44 years of age, along with their children aged 5-14 years, dominate population growth. Queensland Government demographer Alison Taylor (2007:17) noted the increasing importance of the 15-24 year old group:

> *... young people between 15 and 24 years and people of young working age (25-39 years) have increased their share of the net interstate gain ... for people aged between 15 and 24 years increased from only 5% of the net gain in 2000 to 16% in 2005.*

More recent figures reinforce these trends. In 2008 Queensland's population grew by 100,000 of which the school-age component was the largest group. Also, as mentioned, in 2008-9 Queensland had its greatest number of new arrivals on record so demands for services are not going to abate. That net overseas migration is now the major component of population growth, instead of interstate migration, poses further challenges to our education system.

The result has been that Queensland's school population is rising faster than other States (see **Table 2**) and this necessitates expansion of existing schools and the construction of new schools to meet this growing demand. ABS predictions suggest that Queensland's school age population will continue to grow faster than the Australian average in the foreseeable future. In 1992 Queensland's school age population represented 18.2% of the Australian school population. It rose to 19.1% in 1998, 20.2% in 2004, and is expected to be 21.3% by 2010. By contrast, every other State and Territory except Western Australia, has experienced a decline or no change in their respective school populations over the same period. In NSW the proportion will fall from 33.4% in 1998, to 32.4% in 2010. For Victoria, the proportion fell from 24.7% to 21.3%. Although Western Australia is expected to increase its school population, its rate of increase is considerably smaller than Queensland's (ABS Cat No 3201.0; Moore 2006: 90).

The construction of new schools rather than just expansion of existing ones is particularly important reflecting south-east Queensland's growing urbanisation, sprawl and the creation of what has been dubbed the '200km city' (Spearritt 2009) stretching from the border of New South Wales in the south to Noosa in the north. In the 1950s Brisbane accounted for 78% of the south east Queensland's population growth. Now it is less than 37% reflecting the low density urban sprawl outside the capital city. That means less ability to concentrate services around urban hubs serviced by public transport (Spearritt 2009), the need for both a wider range and duplication of infrastructure including schools across this sprawling, growing conurbation.

Importantly, the non-government/Independent school sectors have helped the State Government meet some of the inevitable demands for increased education services that these population trends drive. Indeed, it has been admitted by State authorities that in planning new school development they only seek to provide for 66% of the projected catchment population – the non-government sector is expected to take up the slack!

Further, many new Independent schools have been built in the very areas where population growth has been greatest (eg Sunshine and Gold Coasts), but where public schools have yet to be fully established. Independent schools have pioneered new schools in those parts of growth regions eg northern Sunshine Coast, where public schools were still striving to catch up with demand. It is only now in this part of the Sunshine Coast with the opening in 2009-10 of the new Peregian State School that this area is being properly serviced by the public school system.

In other cases, the Independent sector has partnered with developers, providing schools in locations where public schools had yet to be built. Certainly, such partnerships assisted developers in marketing and selling their products. At the same time, these schools meet real demands and helped some regions meet some of its community service needs when government was still struggling.

This growth in the Independent sector in Queensland, as in the rest of Australia, has contributed to considerable savings in government expenditure given the large contributions made by parents to both recurrent and capital spending. That Queensland has a lower proportion of children in the non-government school sector (see **Table 3**) has meant that the State has not had the same level of savings as elsewhere. Indeed, if Queensland in 2011 had the same Non-government school attendance rate as the national average was in 2005, then savings to the State budget could have been as high as $1,904m – a not inconsiderable amount for a State that has lost its triple A credit rating and is currently experiencing a serious fiscal deficit.

In addition, it has been argued that the non-government sector performs some of its education functions better. For instance, retention rates (ie those staying on to school in years 10-12) were higher for the non-government sector across Australia (84% vs 70%). It was even higher in Queensland (90% vs 70%) (Productivity Commission 2009: 4.27).

3.3 Summing up – of course it matters!

So in summing up, it matters if the Independent/non-government school sector is being retarded in developing new schools because:

- It is denying people's preferences;
- The sector has helped to ensure Queensland has a diversified range of education services;
- The sector has contributed to meeting Queensland's growing population boom and education infrastructure shortfall;
- The sector is factored into State planning to provide over 30% of school places in new regions;
- The sector has reduced pressure on State finances through the heavy contribution by parents through fees, donations and levies that have covered recurrent and more particularly capital costs.

4. WHAT ARE THE CAUSES and OPTIONS?

Numerous explanations have been put forward as to the difficulties that the Independent school sector is having in establishing new schools.

In brief these include:

- A significant financial commitment is required by the proponents of any new school, normally requiring high levels of borrowings before the school is formally established;

- Government planning and approval processes are becoming increasingly complex;

- Independent schools face significant external infrastructure charges for new developments (almost as though schools are developers in their own right, rather than providers of community facilities);

- Scarcity and costs of new sites in fast growing areas of south-east Queensland;

- Independent schools are reluctant to establish in new growth areas until the market has been established, meaning that they are often disadvantaged in terms of purchase of land and position;

- There is little or no cross-sector planning of new educational facilities, making the establishment of Independent schools a high-risk proposition in some areas;

- Increasing levels of government regulations across a wider range of areas of public life eg environmental, occupational health and safety, discrimination, design;

- Increasing regulation and accreditation processes in relation to the non-government sector;

- Costs and access to finance;

- Changes and limitations of current government support measures especially in relation to capital costs for Independent schools.

We may cluster these causes into three broad categories:

- **Planning and Growth Constraints in Queensland**
- **Limited Government Assistance towards New Infrastructure**
- **Competitive Disadvantage**

4.1 Planning and growth constraints in Queensland

What are the issues?

In seeking to establish new schools the Independent school sector in Queensland is facing the following problems:

- Scarcity of suitable sites for new schools;
- Prohibitive cost of suitable sites in growth areas;
- Increased infrastructure and other development costs imposed by governments;
- Increased and unpredictable increases by State and local agencies;
- Delayed approval of development plans at both State and local government levels;
- High costs and competition in accessing the increasing array of planning and building expertise (eg architects, environmental experts, planners);
- Increased regulation across all stages of the development process;
- Treatment by relevant government agencies as being part of the development industry rather than a 'not-for-profit' sector seeking to provide important social services.

Causes of the problem

- Increased costs and levels of regulation partly reflect Queensland's stage of rapid economic development, population growth and resultant infrastructure crisis;
- Queensland's overloaded planning and infrastructure processes;
- Inadequacies in existing legislation and efforts to reframe new legislation;
- Lack of prior investment by the State and local governments;
- New environmental and other regulations that have added to the regulatory burden;
- New infrastructure charges by State and local governments to fund overdue infrastructure partly driven by concerns about debt levels;
- Competition among developers and governments for skilled staff.

Governments have reacted in ad hoc ways to these pressures. For instance, there have been large increases in State and local government infrastructure charges to pay for the demand and backlog in infrastructure. The National Housing Supply Council estimated that between 1985 and 2007 the proportion of government charges for broad hectare developments in the Brisbane region increased from 1.9% of the costs of housing to 8.4% or from $1,800 to $43,000 (AHURI 2009). The Urban Development Institute of Australia (UDIA) observed that despite Queensland's record increase in population during 2008-9 (over 100,000), it was one of the worse years for new housing approvals because of regulation and development processing delays. Queensland's estimated

5,000 plus housing shortfall in the forthcoming 12 months can only grow given these conditions (UDIA 2009).

It should not be surprising that the Independent school sector as a builder of major infrastructure is also affected by these processes. The key issue for the Independent school sector is that it is largely caught up in this increasing web of regulations because it is treated, as those involved in establishing new Independent schools stressed, as “just another developer.” It has to go through all the same hoops, regulations and processes as private sector developers. The Independent school sector is being penalised because it is being treated as being part of an industry to which it has little affiliation.

The difference is that development is the core business of private residential and commercial developers. They have the staff, experience and can allocate resources based on expected income projections. By contrast, many establishing new Independent schools are starting out for the first time to get their school dream off the ground. It is often a salutary, difficult and expensive learning process (see **Box 1**). They receive no concessions in building and planning requirements by the myriad of government authorities they encounter and limited government financial assistance in the early phases of project development. Even those schools part of more systemic school structures with some staff experience, knowledge and resources are finding the current arrangements and increased regulatory environment increasingly difficult to manage.

In summary, the Independent school sector has not just been adversely affected by current arrangements. More correctly, because many of the Independent sector’s new schools are in growth regions and are being initiated by community based groups with limited experience and little affiliation with larger organisational networks, the sector is being disproportionately affected by the negative impacts of increased charges and regulations that have been developed by governments for different purposes and targeted at distinctly different groups in industry.

Box 1: Case Study 1: Small Independent school in growth region – pioneering in a new growth region

"It has been a terrible, terrible struggle" – School founder

The school was established in 2002 in a growth region by a small group of parents determined to establish a school that was private, but not religious in orientation. It is targeted more at middle to low income sectors than those from upper socio-economic structures. It has a strong value set underlying its school mission.

Some of the problems encountered by this school include:

- Initial preferred location, a peppercorn deal, was approved by the relevant State department, but was blocked by local government forcing the school to find a different location that was more expensive to purchase and had no town water or sewerage;
- Payments for road extensions cost over $100,000;
- Sewerage treatment plant – EPA licence fee increased from $500 to $5,000 without notice;
- Regulation – "there are just reams and reams of paper;"
- Excessive regulation – even the external paint colours of the school buildings had to conform to a 'rural' designation – "What has this got to do with providing education services?" (School Board member);
- Global Financial Crisis has caused further concerns concerning financing and added to stresses;
- The new public school that has just opened has had an adverse impact on enrolments – no impact statement from government about this new school on the already established Independent schools like this one;
- High levels of personal support by members including significant personal contributions have been the only way the school has kept going.

What should Independent schools do?

The Independent/non-government school sector may consider these issues:

- *Should the non-government school sector as an increasingly important education provider in Queensland that is assisting the State meet its education demands be treated "as just another developer"?*

  What alternative status under existing or new laws could the Independent school sector seek?

- *Should the Independent school sector seek an exemption status from certain regulatory processes either on a project by project basis approved by the Minister for Education and Training that would permit a streamlined development approval process and, potentially, substantially reduce infrastructure charges?*

- *Or could exemption status be granted by the Non-State Schools Accreditation Board as part of its accreditation approval process?*

- *Is it fair for the Independent school sector to have to go through the regulatory hoops and endure the added cost burdens and delays given that the sector's prime 'competitor,' the public school system, is largely exempt from these regulations and charges?*

- *Request an independent audit of the costs and benefits of current regulatory regimes on the Independent school sector with education outcomes being the focus – whatever happened to the business regulation review processes in State government?*

- *Place the Independent school sector on the same regulatory footing as the public school system (***see 4.3***);*

- *Review the implementation of the Commonwealth's 'Building the Education Revolution' (BER) that was developed and is being delivered to stimulate the economy within a very short timeframe through a streamlined development approval process by Queensland authorities. Assess why this streamlining, with some possible modifications, could not be applied to all new school development applications by the Independent school sector.*

After all, the final non-government school product – and the services it provides – is not significantly different from its public counterpart. This issue of competitive imbalance and regulatory burden is explored later (Section 4.3).

4.2 Limited government assistance towards new infrastructure

What are the issues?

Commonwealth and State governments provide considerable funding to Independent schools, though far less than provided to the public sector. There are a number of issues concerning this funding as pertaining to Independent schools infrastructure needs.

- Most Commonwealth and State government funding to the Independent school sector is primarily for recurrent spending:

  - Commonwealth funding for capital works to the Independent sector is relatively small component e.g. 2005-8 period the Commonwealth provided $164m under its *Capital Grants Program*, out of a total of $1.7billion i.e. less than 10% of the total (excluding other special grants);

  - Other Commonwealth programs for capital works are for highly specified items and run for limited timeframes (e.g. *Building Education Revolution*, *Investing in Our Schools Program National Solar Schools Program, Trade Training Centres in Schools Program, National Secondary School Computer Fund*);

  - Queensland Government funding to the non-government sector in 2009-10 was $493m of which only $53m (10.7%) was for capital projects (**Tables 4** and **5**).

- General capital funding provided by all governments is heavily conditional and oriented to refurbishment, maintenance and adding to facilities of existing schools rather than for assisting in establishing new schools and excludes land acquisitions (see **Box 2** for Commonwealth; see **Box 3** for Queensland Government)
- Even the Queensland Government's $100m provided to the Non-government sector under the State's five year $1billion *Tomorrow's Schools Program* (TSP) aimed at infrastructure refurbishment rather than new school development;
- Commonwealth Establishment Grants, begun in 2001 for new Independent schools, has been recently withdrawn (see **Box 4** and Senate Committee on Education, Employment and Workplace Relations 2008);
- Government capital funding to the Independent and non-government school sectors is managed through complex administrative review and applications processes such as Block Grant Authorities (BGAs);

- Queensland capital funding although increasing has not been keeping pace with the growth in demand for Independent school places – funding increases are based on building industry price indexes, not demand drivers such as enrolments;
- Queensland capital funding provided under *External Infrastructure Subsidy Scheme* (EIS) for charges connected to school developments eg local government headwater charges and other minor works was established on the basis of meeting 50% of these costs. However, increasing local government infrastructure costs has meant that demand for this subsidy is regularly exceeding the EIS budget. Consequently, in 2005 a 'cap' on the available allocation under EIS was introduced. What was once a full 50% subsidy on certain external infrastructure items was changed to be 'up to 50%.'

Box 2: Commonwealth criteria for capital funding

Commonwealth capital funding support to the Independent school sector is made under the *Non-Government Component of the General Element of the Capital Grants Program* (DEWRR 2008: 61) is to:

- Provide and improve school infrastructure – especially for disadvantaged students;
- Ensure refurbishment is for existing students while making provision for needs arising from demographic and enrolment trends;
- Pursue other Commonwealth objectives.

Box 3: Queensland criteria for capital funding

Capital funding can be for:

- Planning, construction, alteration, extension, renovation, relocation or upgrading of educational facilities for students;
- Boarding facilities for students including accommodation in the facilities for persons supervising students in the facilities;
- Residential accommodation for teachers in remote areas of the State.

Funding is available for the following types of work:

- Preparation of sites for building;
- Installation or upgrading of water, sewerage, electricity and other services;
- Cost of local authority imposed head works charges if not funded under the External Infrastructure Subsidy Scheme;
- Purchase of furniture and equipment;
- Architectural, engineering and other professional fees;
- Provision of demountable classrooms.

(*Capital Assistance Scheme Guideline*: Section 7, p4)

Capital assistance **cannot** be provided to meet expenditure in relation to:

- Acquisition of land;
- Facilities which have religious worship as the sole or principal function;
- Pick-up and set-down areas at developing schools;
- Other local government external infrastructure requirements that are funded under the *External Infrastructure Subsidy Scheme*;
- Facilities of a type not provided by the State or Commonwealth in State schools with the exception of onsite residential boarding facilities for students or boarding supervisors if: (i) the facilities are situated in the school grounds; or (ii) the Minister approves the provision of the facilities.

Sources: *Education (Capital Assistance) Act 1993*; *Capital Assistance Scheme Guidelines; External Infrastructure Subsidy Scheme Guideline*

Box 4: Impact on new Independent/non-government schools of ending Commonwealth establishment grant assistance

"The unexpected removal of this funding provision from the Act is, to say the least, a disappointment and ... a serious backwards step. Already, non-government schools must carry a much greater burden ***than government schools*** *in the establishment of a new facility. Legal, structural, capital and marketing costs are at their peak at such a time and enrolments are often at an awkward stage, thereby creating temporary financial pressures ... It is difficult to see how the removal of the Establishment Grant contributes to a more even playing field. AACS would propose that the Government revisit the removal of this Grant and ensure that non-government schools, who must carry the lion's share of the start-up capital for a new school, are not further disadvantaged in* ***comparison to the establishment of new government schools****."* (bold is author's emphasis).

Australian Association Christian Schools (AACS) submission to Senate Committee on Education, Employment and Workplace Relations 2008 inquiry

"In phasing out these grants (immediately) the Government is making it increasingly difficult to set up new non-government schools. It is hard to understand why newly developing communities and suburbs should not have the same access to government support in establishing new schools that schools in older areas have already enjoyed."

Coalition minority report Senate Committee on Education, Employment and Workplace Relations (2008: 23)

The key issue in this discussion is that government capital assistance is relatively minor relative to what parents contribute. Parents provide 82% of the cost of buildings and equipment in the Independent school sector through fees, fund raising activities, donations and levies. In 2006, across Australia, parents contributed some $3.3 billion to the recurrent costs of running schools and $421m for capital development. While there is some limited interest rate concessions to a small number of Independent schools most operate by borrowing to finance capital development. Debt servicing is built into fees. In 2006 net borrowings by the Independent school sector throughout Australia was $2.5 billion (equivalent to $5,640 per student).

Importantly, as will be discussed in **Section 4.3** the other issue is that State schools have none of these obstacles in seeking capital funding. All of it is provided by the State Government.

What should Independent schools do?

The Independent school sector may consider these issues:

- *Is the heavy reliance on parents for capital funding equitable given the high proportion of the school population now attending the Independent sector?*

- *Should there be a review of the current cap on State capital funding especially in relation to the External Infrastructure Subsidy Scheme (EIS)?*

- *Should the non-government sector request the formation of a special new School Establishment Fund?*

- *Should the non-government sector be treated the same as the public sector by local government in relation to charges and inspections* (see **Section 4.3**)?

- *Should developers be levied to provide capital assistance to both the non-government and government sectors?*

Table 4: Queensland Government capital funding to the non-government sector

	Capital Assistance* ($000)	External Infrastructure** ($000)	Total
2009-10+	$45 982	$5 393	$51 375 000
2008-09	$45 982	$5 393	$51 375 000
2007-08	$44 229	$5 202	$49 431 000
2006-07	$41 884	$4 947	$46 831 000
2005-06++	$37 526	$4 474	$142 000 000

* Capital assistance is made under the *Education (Capital Assistance) Act 1993* and is called State Capital Assistance Scheme (SCAS)

** External Infrastructure is made under the External Infrastructure Scheme (EIS)

\+ Capital funding has not been increased because application of the latest Building Price Index (BPI) was negative.

++ In 2005-06 included a special $100 million one-off allocation under the five-year *Tomorrow's School* infrastructure program, to be used for such things as asbestos removal and information and communication technology.

Table 5: Queensland Projects approved under SCAS and EIS programs 2005-2009

Year	CAA	Program	State contribution	Commonwealth contribution	School contribution
2009	**ISQ**	EIS	$4,266,071		$4,266,068
		SCAS	$20,277,000	$12,732,000	$38,185,753
	QCEC	EIS	$2,031,907	$1,827,431	$204,475
		SCAS	$30,099,345	$15,590,426	$8,354,375
		TOTAL	**$56,674,323**	**$30,149,857**	**$51,010,671**
2008	**ISQ**	EIS	$3,181,483		$3,181,483
		SCAS	$23,697,000	$14,859,860	$76,226,222
	QCEC	EIS	$3,201,187	$1,171,222	$2,038,713
		SCAS	$34,095,895	$6,013,728	$17,328,270
		TOTAL	**$64,175,565**	**$22,044,810**	**$98,774,688**
2007	**ISQ**	EIS	$2,736,099		$2,736,090
		SCAS	$20,363,512	$8,846,788	$43,589,100
	QCEC	EIS	$1,982,602	$57,637	$1,924,966
		SCAS	$45,731,885	$7,813,668	$12,709,369
		TOTAL	**$70,814,098**	**$16,718,093**	**$60,959,525**
2006	**ISQ**	EIS	$2,665,510		$2,665,509
		SCAS	$19,295,940	$11,525,860	$60,260,303
	QCEC	EIS	$3,992,251	$351,287	$3,640,967
		SCAS	$39,308,632	$9,386,334	$11,970,726
		TOTAL	**$65,262,333**	**$21,263,481**	**$78,537,505**
2005	**ISQ**	EIS	$505,238		$505,238
		SCAS	$18,651,540	$8,257,560	$49,136,600
	QCEC	EIS	$1,649,239		$1,180,916
		SCAS	$28,281,177	$21,946,309	$10,807,339
		TOTAL	**$49,087,194**	**$30,203,869**	**$61,630,093**

NOTE: Does not include projects funded wholly by the school or with only Commonwealth assistance.

Table 6: Australian Government capital grants for schools, by program and category of school, by State and Territory, financial year (accrual basis) ($'000)

		Capital				
		2007–08	2006-07	2005–06	2004–05	2003–04
Queensland	Government schools	79,676	125,978	119,218	50,708	48,617
	Non-government schools	50,454	36,661	46,864	17,900	17,220
	Total	130,130	162,639	166,082	68,608	65,837
Total all States/Terr.	Government schools	464,640	673,823	568,072	257,004	249,579
	Non-government schools	262,882	205,570	265,666	104,984	98,064
	Total	727,522	879,393	833,738	361,988	347,643

Notes:
- Some amounts may not add due to rounding.
- Expenditure in respect to a certain program year can be incurred in subsequent years.
- All data is provided on an accrual basis in accordance with the appropriations framework.

Source: Australian Government DEEWR

4.3 Competitive Disadvantage

What are the issues?

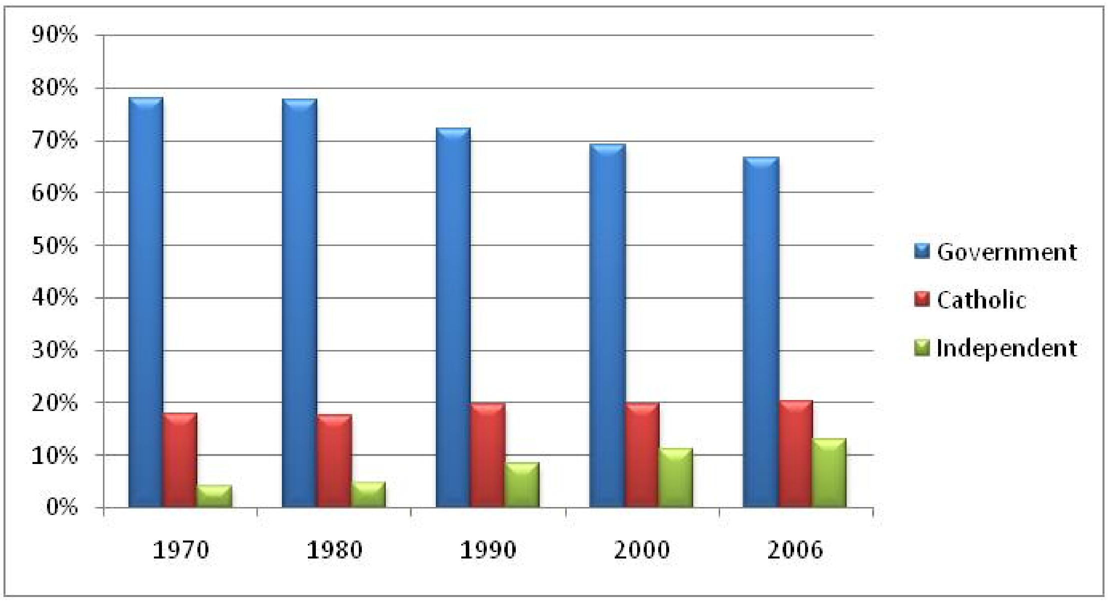
The crux of the problem facing the Independent school sector concerning infrastructure provision (and other areas) is less about its access to government funds, subsidies or loans and more about the uncompetitive market place in which it has to operate.

Australia's education system has evolved quite differently from other countries. It is not just that Australia has a mixture of non-government and public schools. Many other countries have similar arrangements. Nor is it that the non-government sector receives some government support. This also occurs overseas although with important differences (Nesdale 2003).

Rather, the real distinctiveness of the Australian 'model' is the way it has become one of *de facto* competition between the non-government and public school systems. This is in contrast to other countries where the private and public sectors are either highly separated with a small private sector that does not offer nor is interested in competition with the public sector (eg United Kingdom) or is so integrated that neither sector threatens to the other (eg Netherlands). For a variety of reasons the non-government/Independent sector has growth rates faster than government schools. The non-government sector is taking a bigger share of the school market – more than 30% of all students are now enrolled in non-government schools and for secondary students it is 50% (**Figure 5**). The recent Global Financial Crisis (GFC) may have dampened down the rates of growth, but the sector continues to expand and increase its market share at the expense of the public system. Even in regions like the Sunshine Coast where the local economy has been hit hard by the GFC, the Independent school sector continues to grow. The Independent school sector has become a resilient and desirable 'product.'

What makes this competition between the two sectors more potent is that non-government schools, including those in the faster growing Independent sector and parts of the systemic Catholic sector, have not just been attracting students from the higher socio-economic groups. An increasing proportion of students from middle to lower middle-class families have now moved into this sector. More than this, the fastest growth in the non-government sector has been in those newer Independent schools whose students come from a lower socio-economic background – under 100 on the SES index. Arguments that government schools must receive more funds because they have to cater for universal schooling provision has not been supported by a recent study that by using a measure of total disadvantage concluded that the total of disadvantaged students is the same in the government school and non-government school sectors (Association of Independent Schools Victoria 2007). Consequently, the non-government sector has become increasingly a real choice for families that previously might have enrolled in the State sector. Moreover, in new growth regions, it has often been the non-government sector that has been to the fore in developing new schools to meet emerging demands until the public sector catches up.

Figure 5: Market share, school enrolments in Australia, 1970–2006



Sources: 1970: 'Schools' Commonwealth Bureau of Census and Statistics, Ref No. 13.5, Canberra, Australia. 1980 and 1990: ABS, 'Schools Australia' 4202.0. 2000 and 2006: ABS, Schools Australia 4221.0

So what's the problem? – 'regulated' competition

The problem with present arrangements is that the 'competition' between the non-government and government sectors is on a highly unequal footing. It is highly regulated in favour the public sector. Moreover, the regulation is being done by the State Departments of Education that are also competitors to the non-government sector. There is a clear, but largely unacknowledged conflict of interest, between the State government as both supplier of education services and regulator of the public and non-government school sectors. This level of 'regulation' and restraint on the Independent sector is even more pronounced when the complex government imposed processes of establishing new schools are appreciated.

This study has shown that in Queensland, the Independent sector is constrained by a range of direct and indirect government regulatory mechanisms such as:

- **Controlling the number** of Independent schools through the State's formal and complex accreditation processes – public schools do not go through such screening;

- **Imposition of processes to control the location** of new Independent schools through assessments of their potential impact on existing public schools – no such process operates when new public schools are established in areas pioneered by the Independent sector (as occurred in northern parts of the Sunshine Coast);

- **Requirements to meet 'developer' standards** by local government regulation covering environmental, building and off-street requirements rather than education standards – standards that do not apply to new public schools which once designated are largely exempt under existing legislation from local government planning requirements (see **Box 5**);

- **Requirements to pay increasingly onerous infrastructure charges** especially to local government that has added to the burden of establishing new schools and which current State government support funding mechanisms are clearly failing to match – again payments that public schools are exempt from as State bodies;

- **Reporting processes** across a number of areas to both Commonwealth and State governments.

As noted earlier, State government education authorities may see their roles (and indeed sometimes measure their success), as more about defending the public sector, minimising competition from the non-government sector and constraining its growth, than about achieving outcomes that match the real purposes of education.

In seems indefensible that two different parts of the education system or perhaps 'industry' might be more apt, the non-government and public sectors, that are in competition for both public resources and consumer support, are treated so differently in relation to regulations, access to public support and processes of approval concerning their establishment, construction and infrastructure requirements. This seems a breach in the concept of competitive neutrality that has driven reform and improved efficiency across a number of areas in Australia.

Box 5: Case Study 2 – Large co-ed religious based school in growth region – coping with ‘developer’ regulation

Modern religious based co-ed school established in 2004 and with enrolments over 500 and capacity planned for 750 in the next few years.

“The processes forced on us – caused a lot of grief for the school community. The school was treated like land developers, expected to pay all the costs, rather than that we were building a school to service the community, or to meet the needs of our supporters – we just cannot understand it.” – School Business Manager

“In this growth environment – finding land is becoming horrendous.”

Excessive regulations and processes:

- Meeting 124 environmental conditions meant hiring 14 consultants
- Sampling of stormwater - even when there wasn’t any!
- Cutting down a tree became a major exercise with several consultants and even the hiring of a ‘spider-catcher’
- Although site had an approved Masterplan – each new stage of the school’s growth required repetitive processes that were expensive and time consuming – it never seemed to end!
- Fire Services were unreasonable and dictatorial in relation to installation and location of facilities

“We cannot really accurately estimate the extra costs of the regulation – it must be at least $600,000 probably more – but these certainly put back the opening of the school a couple of years. Odd when the region needs new schools.” – member of School Committee

“At the end of the day after all the processes we went through we could not even get a simple street sign to indicate where the school was because of the council’s sign minimisation policy – it was the last straw!” – School Business Manager

“Soccer clubs get better discounts than schools” – School Business Manager

Competitive neutrality – application to education

Competitive neutrality refers to those administrative and legal arrangements which treat all organisations and individuals in an equivalent manner. This includes public, private and not-for-profit service providers.

The National Competition Policy Report (the Hilmer Report) developed a range of policy principles aimed at assisting governments to formulate a consistent approach to competition policy issues. With reference to competitive neutrality, the report recommended that "government businesses should not enjoy any net competitive advantage by virtue of their ownership when competing with other businesses".

Indeed, the Hilmer Report (see Industry Commission 1996: 292) noted:

> *... reforms intended to promote the contracting out of services traditionally supplied by an in-house monopoly provider may be thwarted or undermined if the in-house producer's advantages serve to limit the emergence of effective competition.*

Following the Hilmer Report a number of intergovernmental agreements between the Commonwealth, States and Territories were reached. These agreements bound the parties to a range of policy principles, including those relating to competitive neutrality set out in the *Competition Principles Agreement* (see **Box 6**). Under this Agreement, the parties agreed to formulate policy statements on competitive neutrality by June 1996, including the application of competitive neutrality provisions to local government.

Box 6: The Competition Principles Agreement

The *Competition Principles Agreement* between the Commonwealth and all Australian States and Territories outlines the responsibilities of these parties to establish competitive neutrality between government businesses and private sector competitors.

The Agreement notes:

- The objective of competitive neutrality policy is the elimination of resource allocation distortions arising out of the public ownership of entities engaged in significant business activities: government businesses should not enjoy any net competitive advantage simply as a result of their public sector ownership.

- The Agreement makes a distinction between government business enterprises and other 'significant business activities' undertaken by agencies as part of a broader range of functions. For the former, the parties agreed to impose full Commonwealth, State and Territory taxes (or equivalents), debt guarantee fees and *the imposition of a regulatory environment* equivalent to that faced by private sector businesses. For other significant business activities, the Agreement suggests that similar principles should be applied, or agencies should ensure that prices charged for goods and services will take account of these principles and reflect the full costs of service delivery.

Source: *Council of Australian Governments 1995 (Competition Principles Agreement)*

Where organisations are competing in the same market, competitive advantages may arise through the imposition of different regulatory or other requirements. Governments and their agencies operate in environments which may confer on them a number of advantages relative to external suppliers of services. For example:

- Exemptions from Commonwealth taxes (including company tax, sales tax, financial institutions duty, import duties, fringe benefits tax, fuel excises);
- Exemptions from State and local taxes (including property rates and taxes, land tax, debit tax, franchise and licence fees, payroll tax).

Where does competitive neutrality sit with schools?

Independent schools operate in a complex regulatory environment, which encompasses educational standards, financial accountability, corporate accountability and professional accountability of teachers and administrators.

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

In addition, Independent schools are subject to extensive educational and financial reporting requirements arising from schools' receipt of Commonwealth funding. These requirements are set out in the new *Schools Assistance Act 2008* ('the Act') which governs Independent schools' funding relationship with the Australian Government for the 2009–2012 period. The Act includes a set of national school performance requirements consistent with the *National Education Agreement* (NEA), a new funding agreement between the Australian Government and the State and Territory governments, which came into effect on 1 January 2009. The Australian Government has provided a greater commitment to increased transparency, both in outcomes and outputs, and in school financial information.

Many Independent schools are also corporate entities under the *Corporations Act*, and must meet the same standards of business operation and are subject to the same financial and governance accountabilities as corporations, for example, submitting financial reports to the Australian Securities and Investments Commission (Productivity Commission 2009b).

It would therefore seem that the non-government school sector has a clear case to argue that it is being treated unfairly by present arrangements compared to its main competitor, the public schools. It has to meet, as outlined a range of corporate accountability requirements. It has to meet numerous accountability requirements in relation to its education services and government grants. In relation to infrastructure it has to go through more onerous processes in the development of new school sites than its public school counterparts. And, it also has to manage more demanding accreditation processes to establish new schools. See **Box 7** for the experiences a small school in a growth region trying to cope with regulations and competition.

Box 7: Case Study 3: Small religious based school in a growth region – 'being regulated to death'

Established in 2004 this Independent school is religious based and in a growth region.

- "Our biggest problem was having the land changed in terms of its designation use – it took a lot of money, but more importantly it took a lot of time. The local government planning section just did not help. It delayed the establishment of the school by more than 12 months."
- "Because of this we had to borrow more funds than we wanted to – as we could not even start with an initial school intake to generate income."
- Different compliance regimes by different government agencies and across different levels of government:
- "There seems little co-ordination between different government bodies and between different levels of government – EPA caused major hassles – their requirements did not even match the local authority's who stated to us that the requirements being proposed were not needed. "
- Approval processes were "agonisingly slow" – to get approvals from even one government agency. It was an ongoing iterative process that stretched over 12-15 months. It wasn't a plot against us – it was just the process they had to apply."
- "The problem is every government agency, every bureaucrat is just doing their job, but there is no co-ordination – and small groups like us get caught in the bureaucratic cross-fire."

Future developments

- "We are worried about the future – we will continue to grow but we have more development work to start and we are concerned about the processes."
- "We are just a small community wanting to give our children a certain value set in their education process – our fees are moderate and that is our target market – people who just want that bit of extra but cannot afford to send their children to expensive private schools."
- "**What we want is to be treated like public schools in terms of funding and regulation – we need a level playing field.**" – School Principal

What should Independent schools do?

Independent schools may wish to consider:

- *Should the principle of competitive neutrality in the provision of education services be endorsed so the Independent/non-government school sectors can be placed on a more equal competitive footing with the public school system?*

- *Should Independent/non-government school site applications be placed on the same footing as for public schools – i.e. exemptions from local government land and building requirements and meeting of Education Department and Public Works Department building codes **OR** require public schools to comply to same regulatory requirements in site selection, development and building construction as Independent schools?*

- *Should Independent/non-government schools be more integrated into State planning processes and in requirements for Masterplanned communities?*

- *Should the State Government's role as a regulator and provider of education services be separated to reduce conflict of interest*?

- *Should the State Government become a purchaser of education goods from those who can best provide them through regular, open, competitive tendering processes?*

- *Should the sector be placed on a more equitable basis by increased government funding providing loans for start up capital costs as is provided to the public system on the basis of meeting certain student requirements?*

5. SUMMARY

This report has shown there is a case to answer. The Independent school sector is being constrained in its efforts to establish new schools.

It is a constraint partly caused by Queensland's growth and the problems of infrastructure provision and planning that this has caused. That the Independent sector has to meet the planning requirements of local government and has been treated "as a developer" has added to these complexities.

It is a constraint caused by the growing inadequacies of existing government capital support mechanisms to the Independent sector.

It is particularly a constraint caused by the lack of competitive neutrality of present regulatory arrangements that treat the Independent/non-government sector so differently and, as argued, so unfairly.

Such limitations on the Independent sector have adverse impacts on the provision of education services in Queensland.

A number of policy options for the Independent school sector are suggested. Most importantly, the report proposes that Independent/non-government sector should be placed on a more equal footing with the public sector concerning approval processes. With over 30% of the school population, the Independent/non-government sector is no longer just an appendage to the public system. Instead, it needs to be treated as a partner. Greater collaboration between the two sectors in the future planning, location and infrastructure support in establishing new schools is urgently needed.

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Published by:

Independent Schools Queensland.

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