

1. Issues with the current version of the SES methodology for determining the financial capacity to pay from parents with children at non-government schools, are well known and examined in some detail in the Victoria University/CIRES Research paper on *The Socio-Economic Status (SES) score methodology used in recurrent school funding arrangement* (Nov 2017). Recommendations to improve this tool are explored in the paper. It is clear the methodology requires significant work.
2. However, the paper is silent on the policy change of the removal of choice for school systems being funded on a single SES score and the move to SES scores at the individual school level. As noted in the research paper, when SES was introduced for the Catholic school system, "Separate arrangements were put in place for Catholic systemic schools. This involved Catholic systemic schools in the Australian Capital Territory being funded at a determined SES score of 100, and all other schools at a determined SES score of 96". (p 14).
3. Further the research paper noted "Between 2013 and 2017, approved system authorities could apply to the Minister for Education for their member schools to be assigned a single SES score." (p 19)
4. However, the paper notes that "From 2018 SES scores will be applied at the individual level for all schools" (p 20) reflecting the change in the *Australian Education Amendment Act (AEAA), 2017* that "removed the ability of the minister for education to assign a single system SES score to systemic schools" (p 20). That is " the removal of system-weighted average SES scores from 2018" (p 5)
5. It is this policy change of the removal of system-weighted average SES scores from 2018, that will have a significant financial impact on low cost systemic Catholic schools in our area - the North Shore of Sydney, and in other selected areas across Australia.
6. The impact of this government policy change has not been modelled or considered by Government in any detail.
7. It is our view that the impact of this policy change will raise Catholic children's education costs to a point that is unfair and unsustainable for a material number of parents in our school and across the North Shore.
8. In our particular case, parental funding will increase from around \$4,000 per child per annum, to \$10,000 per child per annum in 2019 (figures based on actual school fees for 2018 per student and estimated costs from school survey 2017 on impact of SES changes at Our Lady of Perpetual Succour (OLPS), West Pymble).

9. Through parent engagement discussions, it is expected that a material number of families could not afford such a change in education costs and would therefore either change schools (suburbs away) to stay within the low cost systemic Catholic school system to a school they can afford, or else enter the public school system.
10. Neither option is a suitable alternative for many families with expected growth in longer traffic journeys, increased drop off/pick up times, family relocations to other suburbs and other tactical responses in response to the policy change.
11. In our own area of West Pymble, the local Catholic school would almost certainly become unviable with a material number of families leaving the school. The school would almost certainly close with consequent job losses and economic impacts to the area. It is expected that another six Catholic schools on the North Shore would also close.
12. A 'knock on' effect of this policy change for our local Catholic school would include a drop off in patronage of the local shopping village 200m from the school (note that West Pymble public school is 1.2 km from the shops and not as easy to get to).
13. Although it is noted in the research paper that "Systems will still have the ability to redistribute funding among their schools" (p 20), the intent of the *Australian Education Amendment Act (AEAA), 2017*, and the intent of the removal of the Minister's discretion, is a change to policy that the Grattan Institute notes will remove approximately \$3.1b from the Catholic school sector over the next 5 years.

"Catholic schools are right to say they will be worse off than under the 2013 Act. Their federal funding is projected to be \$3.1 billion lower over the next ten years.

This loss arises from the removal of the generous "system weighted average" in the capacity to pay measure, which treated all Catholic schools as average rather than basing their funding on each school's parent body.

The loss is biggest for ACT Catholic schools, which will see virtually no funding growth for a decade.

A core complaint from the Catholic leadership is that the socioeconomic status (SES) score disadvantages Catholic schools. Accordingly, one of the first jobs of the new National Schools Resourcing Board will be to review the SES scores. The final impact on Catholic schools will depend on the findings of that review."

14. It is obvious that the Victoria University/CIES research paper is silent on and falls short of proper analysis of this issue and the consequent impact to the Catholic sector as expected by constituents in our area and by the Grattan Institute in their comments above.
15. In our view, the result of this government policy change, and the saving of \$3.1b across the Catholic system school sector over the coming 10 years, will be the 'skinning' of both primary and secondary low cost systemic Catholic schools across the North Shore of Sydney along with other demographic regions of Australia.
16. If one policy intent of the SES review is to reduce parental choice of schools in their local areas through school closures, then the policy may very well be effective in this regard.
17. A key driver of this issue is the use of the Socio-Economic Status (SES) model as a proxy measure of the financial capacity to contribute of parents and school communities to their school's operating costs. We would content that as this SES indicator does not consider the actual income of parents (ATO returns, for example) nor the expenditure side of the income and expenditure of families with children, nor the family balance sheet, this SES proxy as a capacity to contribute is more theoretical rather than practical.
18. Given 11 schools have successfully contended their SES scores in recent years (p 16), it would indicate much more work is required for the SES model to be fair and equitable as a way of assessing the capacity of families to contribute.
19. Given that until now, due to the use of a System weighted Average score approach, low cost Catholic systemic schools have not participated in this appeals process *en masse*, it would be expected this will change in the future.
20. In our view, the use of a socio-economic model, which weights education and occupation as 2/3 of the measure of a person's 'capacity to pay', over the 1/3 'household income and income of families with dependent children', skews the reality of capacity to contribute.
21. A more realistic view would be found with actual tax returns of families with children attending the school, as this considers the financial circumstances of the family. That is, the use of a financial/economic model, not a socio-economic model.
22. Furthermore, as noted in the Victoria University/ CIES paper, "the choice of weightings used in the formula was based on a policy decision made in consultation with stakeholders, and not one based on any specific analysis findings." (p 23).
23. A family in this model where the primary earner has a university degree, and would therefore score highest in the education score, as well as highest in the occupation score (assuming a part time professional role due to trends in workforce casualisation) and yet

may have a dependent wife and children with an overall average income, would be unfairly penalized under the SES model.

24. Considering the expenditure side of the family I&E statement, and the family balance sheet, would account for the excessive rent/mortgage burden many families on Sydney's North Shore experience (and across Sydney in general). It would also account for rapid and significant increases in Utilities costs, casualization of workforce participation and the growth of differential and targeted pricing (often based on postcode area) for many goods and services in the North Shore area (from petrol sales through to insurance). Again, this would be a more fair, equitable and practical way of assessing capacity to contribute, or 'user pays' for schooling services.
25. The use of a big data/ analytics approach to analyse and deliver on this financial economic model would work well with the resources and strategic direction of both State and Federal Government, as shown in the NSW Data Analytics Centre (DAC), Data61 and [data.gov.au](http://data.gov.au).
26. In order to establish a more optimal approach to financial resourcing of non-Government schools, additional principles such as fairness, trusted and tailored/fit for purpose, should be considered.
27. More detailed impact analysis should also be undertaken to show the consequences of Government political and policy decisions.