

**Submission**  
to the Competition Policy Review



**Independent  
Schools** Victoria

# Inquiry into Competition Policy

**21 November 2014**

## **The Independent Schools Victoria Vision:**

A strong Independent education sector demonstrating best practice, providing excellent outcomes for students and choice for families

To realise this, we:

- advocate for excellence in education
- champion Member Schools
- support quality education
- protect the right of parents to choose where and how their children are educated.

Independent Schools Victoria will assist our 209 diverse Member Schools to continue providing the best possible education outcomes for the citizens of tomorrow.

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# Introduction

Independent Schools Victoria welcomes the invitation to provide comment on the Australian Government's *Competition Policy Review*.

This submission is made on behalf of our Member Schools, as well as in the light of the potential impact that any changes to competition policy may have on Independent Schools Victoria in its role as a peak body and member service organisation.

The submission does not attempt to address all of the issues raised by the Review Panel's Issues Paper. Instead, the focus of this submission is on Draft Recommendation 2. Human Services, specifically on the guiding principle that funding regulation and service delivery should be separate.

Independent Schools Victoria's submission should be read in conjunction with the submission made by the Independent Schools Council of Australia (ISCA).

# Background

Independent Schools Victoria was established in 1949 and today represents, promotes the interests of, and provides services to more than 200 Member Schools. Our Member Schools educate more than 132,000 school-aged students on more than 300 campuses across metropolitan Melbourne and in regional and rural Victoria. These schools also provide substantial services beyond school education, including Long Day Care, Out of School Hours Care, Kindergarten programs and Pre-prep programs.

This submission is shaped by the educational, social and philosophical diversity of the Independent sector. Our membership reflects a variety of religious faiths and ethos with schools affiliated to Anglican, Assemblies of God, Baptist, Brethren, Catholic, Christian, Coptic Orthodox, Greek Orthodox, Jewish, Lutheran, Islamic, Pentecostal, Presbyterian, Seventh-day Adventist and Uniting churches. There are inter-, multi- and non-denominational schools, as well as schools for students with learning difficulties and individual needs and schools adhering to the Montessori and Steiner education philosophies.

# Draft Recommendation 2 – Human Services

*Australian governments should craft an intergovernmental agreement establishing choice and competition principles in the field of human services.*

*The guiding principles should include:*

- *user choice should be placed at the heart of service delivery;*
- *funding, regulation and service delivery should be separate;*
- *a diversity of providers should be encouraged, while not crowding out community and voluntary services; and*
- *innovation in service provision should be stimulated, while ensuring access to high-quality human services.*

Independent Schools Victoria welcomes these guiding principles. We believe that they form a virtuous circle that continues to benefit society. We also believe that Independent schools exemplify these principles, in that the sector represents a diversity of service providers who understand that parental choice is at the heart of service delivery. Independent schools have a strong record of innovation which is supported by a high degree of separation between funding, regulation and their (largely) autonomous service delivery.

With regard to the second guiding principle, regarding the separation of funding, regulation and service delivery in Victorian school services, in Victoria, these responsibilities are currently allocated as follows:

|              | <b>Government schools</b> | <b>Catholic schools</b>  | <b>Independent schools</b> |
|--------------|---------------------------|--------------------------|----------------------------|
| Funding      | DEECD/Parents             | Parents/DoE/DEECD        | Parents/DoE/DEECD          |
| Delivery     | DEECD                     | School Communities/CECV  | School Communities         |
| Registration | VRQA . delegated to DEECD | VRQA . delegated to CECV | VRQA                       |
| Regulation   | DEECD/DoE                 | DEECD/DoE                | DEECD/DoE                  |

where:

- the responsibilities are ordered according to their significance
- DEECD is the Victorian Department of Education and Early Education Development
- DoE is the Commonwealth Department of Education
- CECV is the Catholic Education Commission of Victoria
- VRQA is the Victorian Registration and Qualifications Authority, an independent statutory body that reports to the Victorian Minister for Education.

As can be seen, the oversight of Victorian Independent schools appears to largely meet the guiding principles of Draft Recommendation 2 (although the partial funding by DEECD and the partial regulation by DoE run counter to this principle). However, Independent Schools Victoria does not believe that this model is sufficient to ensure competition in school education. Instead, Independent Schools Victoria believes there is another strong public policy rationale for both DEECD and DoE's continued involvement in funding Independent schools.

By contrast with Independent schools, the oversight of Victorian Government schools is in almost total conflict with the guiding principle that funding, regulation and service delivery

should be separateq DEECD currently acts as a monolithic funder, deliver and regulator of Victorian Government schools. As a result, the Victorian Minister for Education is responsible for both funding school services in *government and non-government* schools, and for delivery of services in *government* schools.

In our view, that is an inherently unsound structure of responsibilities and is unavoidably bound to create conflicts of interest for Ministers of all political persuasions, despite our sincere belief in their good intentions.

One potential model for Victoria that we suggest may deal with these issues is presented below:

|              | Government schools            | Catholic schools            | Independent schools         |
|--------------|-------------------------------|-----------------------------|-----------------------------|
| Funding      | DEECD/Parents                 | Parents/DoE/DEECD           | Parents/DoE/DEECD           |
| Delivery     | Government school directorate | School Communities/CECV     | School Communities          |
| Registration | VRQA                          | VRQA                        | VRQA                        |
| Regulation   | Victorian schools regulator   | Victorian schools regulator | Victorian schools regulator |

The ~~Government schools directorate~~q and the ~~Victorian schools regulator~~q could be functionally separated from the public purchaser of (government and non-government) school services (DEECD), in the same way that the VRQA is currently an independent statutory authority that reports to the Minister for Education, but which is not part of DEECD. However, in order for this to work, any delegation of responsibilities (such as currently occurs with regard to the VRQA's role to register government and Catholic schools) would need to be considered very carefully, so as not to reduce competition.

In addition to maintaining separate responsibility for funding, delivery and regulation, Independent Schools Victoria believes that competition in school education would be better guaranteed if there continued to be a role for both the Commonwealth and state governments in funding school education.

The continuation of parallel channels of public funding from both the Commonwealth and State/Territory levels of government limits the ability of any single government to destroy competition from non-government schools by denying them all public funding. Devolving all public funding to the level of State/Territory governments (as, for instance, suggested by the National Commission of Audit's recommendation 23), would directly threaten competition from non-government schools, by placing decisions regarding a large proportion of their funding in the hands of their direct competitor. Likewise, centralising all public funding to the Commonwealth government carries similar (albeit reduced) risk.

A prime example of this occurs in Victorian Government funding for four-year-old kindergarten. The Victorian Government determined in 2003 to provide a significantly lower level of funding to kindergartens associated with Independent schools that to all other kindergartens (including those run by for-profit organisations). This decision significantly limits the ability of Independent schools to provide kindergarten services, even though their school communities continue to request such services. With no mitigating funding from the Commonwealth Government, this decision flies directly in the face of the guiding principle identified by the Review that ~~user choice~~ should be placed at the heart of service deliveryq

Instead, Independent Schools Victoria would encourage the crafting of an intergovernmental agreement establishing choice and competition principles that:

- clearly delineated between the funding and regulatory roles of each level of government, to reduce the existing substantial inefficiencies and duplication, and
- retained a role for both levels of government so that neither could impose sole control over the operation of non-government-school education.

For this reason, any proposals for an intergovernmental agreement affecting the funding of schools should recognise this fact and maintain parallel channels of public funding so as to protect competition and choice in schooling. We regard the National Commission of Audit's recommendation 23 to shift schools policy and funding to the state level as being naive in this respect.