

5 February 2024

Commissioner Alex Robson
Deputy Chair, Productivity Commission
4 National Circuit
Barton ACT 2600

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Dear Commissioner Robson,

Philanthropy Inquiry

The Association of Heads of Independent Schools of Australia (AHISA Ltd) values the opportunity to respond to the Productivity Commission's *Future foundations for giving: Draft report*. AHISA warmly supports the Commission's work to establish firmer foundations for the enhancement of philanthropy in Australia. In supporting that objective, however, AHISA does not see how the removal of the DGR status attached to school building funds will advance that objective in any substantive way. Doing so will likely place government under renewed demands to supplement school capital development with more direct funding mechanisms. This move will likely intensify upward pressure on school fees.

School capital needs arise from unprecedented school-age population growth, not all of which can be met by government schools, and the elevated enrolment demand for independent schools, particularly those serving less affluent communities in outer metropolitan and regional Australia. In developing this argument, we describe key features of the independent school sector to counter the view that independent schools do not contribute to the public good. The related assertion that contributions to school building funds are strictly a private benefit is contested.

Pushing past that primary issue, AHISA wishes to draw to the Commission's attention its overarching interest in how schools contribute to a culture of giving. We argue that the formation of philanthropic attitudes and related dispositions in students could be enhanced by education policies which connect philanthropy with student wellbeing and academic diligence. A rich seam of evidence from the Australian Values Education Program (2003-2010) suggests philanthropy could be given much greater articulation in national education policy to advance these twin objectives.

Future foundations for giving: Draft report

AHISA's submission to the Productivity Commission's (PC) *Philanthropy Inquiry, Future foundations for giving* (2023) renews attention to the fact that the great majority of independent schools in Australia are not-for-profit organisations. Of the 1209 Independent schools (ISA, 2023) nationally, all but a handful are 'for-profit'. This means independent schools rely on a varied mix

of government grants and parental fees to meet their recurrent operating costs. Capital development funding to expand the capacity and efficacy of learning facilities must necessarily be sourced from gifts, donations, capital raising and loans. The DGR status attached to school building funds has therefore been an efficient mechanism to supplement schools in their efforts to raise capital funding, which in the current environment is facing unprecedented demand.

The PC’s emphatic recommendation to exclude “primary, secondary, religious and other informal educational activities” from eligibility for DGR status is therefore an acute and immediate concern for AHISA. Removing schools’ DGR status will have an obvious and adverse impact on schools’ capacity to attract capital to fund new classrooms and related learning facilities. The effect of this change would be felt sharply by low-fee independent schools serving less affluent communities in the growth corridors of our capital cities, and regional areas. There is heightened enrolment demand for these schools fueled by the ‘value proposition’ they offer working families, and the surge in Australia’s school-age population, outpacing the States’ capacities to build new government schools. It is not clear how the removal of school building funds’ DGR status would improve philanthropy in schools, nor contribute to a stronger ethos of giving in the broader community.

The independent school sector in contemporary Australia

In the context of the PC’s *Philanthropy Inquiry, Future foundations for giving*, AHISA’s underlying concern arises from the need for the independent school sector to be more clearly and factually understood in the public arena, particularly in terms of its diversity. There is a common perception, aided by unflattering media stories, that ‘private’ schools are all rich, elitist, overfunded and bestow sumptuous resources on the Laura Ashley designer children of corporate CEOs. This is far from reality. High-fee independent schools comprise 11 per cent of the sector. In Figure 1 below we cite Independent Schools Australia (ISA) data indicating the distribution of independent schools segmented by parents’ capacity to contribute (CTC), the measure used to allocate recurrent funding to non-government schools. The CTC distribution of parents in independent schools resembles the socio-economic distribution of parents in government schools to a degree not widely appreciated.

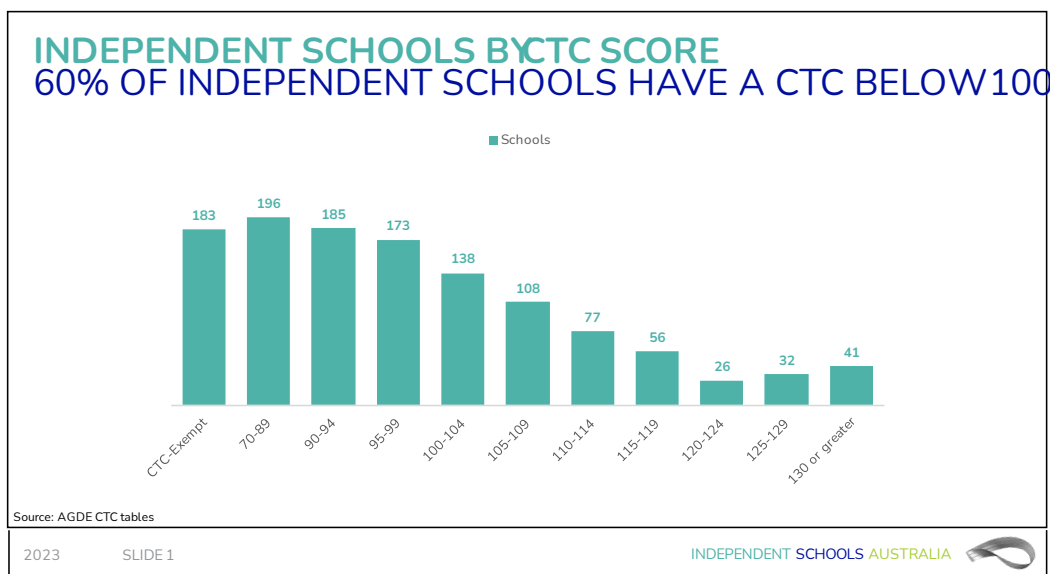


Figure 1 Source: Independent Schools Australia

The diversity of the sector is also expressed in the faith and ethnic communities that comprise modern Australia. Independent schools are predominantly faith, community or pedagogically based, or some combination thereof. For example, schools will identify as Anglican, Islamic, Serbian, Jewish, Christian, Bahai, Assyrian, Lutheran, non-denominational, Steiner, Montessori, Alternative, Special Assistance, and many others.

AFFILIATIONS OF INDEPENDENT SCHOOLS BY NUMBER OF ENROLMENTS

2022

AFFILIATION	NUMBER OF SCHOOLS	STUDENTS FTE	STUDENTS FTE
ANGLICAN	154	168,140	24.4%
NON-DENOMINATIONAL	235	100,067	14.5%
CHRISTIAN SCHOOL	158	82,779	12.0%
UNITING CHURCH	42	51,318	7.5%
ISLAMIC	53	46,278	6.7%
CATHOLIC, ROMAN	52	43,992	6.4%
LUTHERAN	80	43,476	6.3%
BAPTIST	41	25,382	3.7%
INTER-DENOMINATIONAL	23	18,473	2.7%
SEVENTH DAY ADVENTIST	44	15,678	2.3%
PRESBYTERIAN	13	12,156	1.8%
STEINER SCHOOL	50	9,515	1.4%
JEWISH	19	9,186	1.3%
PENTECOSTAL	20	9,068	1.3%
ASSEMBLIES OF GOD	11	7,496	1.1%
BRETHREN	20	5,568	0.8%
MONTESSORI SCHOOL	39	4,984	0.7%
ORTHODOX, GREEK	8	3,851	0.6%
CATHOLIC, OTHER	8	3,760	0.5%
ORTHODOX, OTHER	6	2,463	0.4%
OTHER RELIGIOUS AFFILIATION*	14	6,108	0.9%
OTHER**	119	18,901	2.7%

* OTHER RELIGIOUS AFFILIATIONS INCLUDE CHURCHES OF CHRIST, ANANDA MARGA, HARE KRISHNA AND SOCIETY OF FRIENDS

** OTHER INCLUDES SPECIAL SCHOOLS, INTERNATIONAL SCHOOLS, INDIGENOUS SCHOOLS, AND COMMUNITY SCHOOLS.

Figure 2 Source: Independent Schools Australia

Of note, 96 out of 1209 schools in the independent sector are Special Assistance Schools. Students enrolling in an independent special assistance school have usually experienced long-term disengagement from education. With specialised support they can re-engage in learning and determine future pathways for further study or employment. The Australian Education Act 2013 defines special assistance schools as those which 'primarily cater for students with social, emotional or behavioural difficulties'. Although Independent special assistance schools enrol a high proportion of students with disability, these schools should not be confused with Independent special schools, which cater solely to students with disability, usually with significant adjustment needs. Independent special assistance schools provide an alternative option to mainstream schooling to reengage young people in education. Many students who attend special assistance schools are educationally disadvantaged. This is often due to their social or economic circumstances, and poor levels of achievement or school participation (ISA, 2023). Many special assistance schools do not charge fees.

Communities of schooling

The majority of independent schools (63%) are K-12 schools - that is, primary and secondary combined - which differentiates them from most schools in the government and Catholic sectors. This structural difference contributes to the continuity of schooling for students and the degree to which independent schools become embedded in their communities. Philanthropy, with its communitarian precepts and ideals of community service and public-spiritedness, underwrites a holistic education where students are exposed to programs of personal formation, service learning, civics, democratic deliberation and moral reasoning - experiences which become embedded in the academic curriculum and the broader life of the school. These school-based programs build social capital, with more than 90 per cent of AHISA schools involved in direct charitable work in communities well beyond the school (AHISA, 2019). The claim independent schools do not contribute to the public or common good is therefore contested.

Holistic pedagogy and service-based learning in schools can usefully be understood as a marked orientation to the disposition of 'values education' (Lovat, Toomey, Clements & Dally, 2010, 2011), on which there is significant scholarly Australian and international literature. (The sixty-chapter *Second International Research Handbook on Values Education and Student Wellbeing (2023)*, edited by the above authors, was published recently.

Values education animates the curriculum, providing context and meaning. The concept of values education and the practice of values pedagogy reminds us that an enduring goal of education reaching back millennia - now very much out of currency - is that education is a moral 'enterprise' (Kitcher, 2022), rightly preoccupied with learning and 'human' development, and the care of self and others. One could say that education is a philanthropic act. The prevailing orthodoxy that schooling is a key instrument of the national economy and of national prosperity - a 'human capital' paradigm now thoroughly normalised - pushes against more 'philanthropic' notions of schooling: philanthropic schools explicitly analyse, model, practise and habituate attitudes towards 'giving', in its many practical and relational guises. There are firm grounds to argue that current education policy narratives pay sufficient attention to values-based education and values-based pedagogy, and the philanthropic values that underpin these constructs of education.

National school reform agreement

AHISA notes the Productivity Commission's abiding interest in Australian schooling with its commissioning of the Review of the National School Reform Agreement (2023). In its analysis of the effectiveness and appropriateness of national policy initiatives and the framework for measuring student outcomes, concepts and constructs of 'values education' have dropped out, arguably mirroring the absence and demise of the Australian Values Education Program (AVEP, 2003 -2010), and the human and moral dearth of much educational effectiveness research. AVEP was a significant, internationally recognised policy initiative eclipsed and discarded by the 'Education Revolution' - a 'performative' and boldly instrumental vision (Duncan & Sankey, 2019) of Australian schooling which has not delivered the promised and desired academic effects.

Australian values education program

In 2003 the Australian government introduced a values-based approach to national schooling policy. The \$29.5m Australian Values Education Program, described as the 'core' of Australian

schooling, involved 316 schools, 50 academic researchers, 100,000 students and 10,000 teachers. AVEP placed the teaching of values and moral development at the centre of schooling, and privileged 'values' over academic outcomes. AVEP developed a *National Framework* (DEST, 2005), through which values could be taught in a planned and systematic way. Projects focused on student wellbeing, resilience, positive education and service learning. Ten principles of good practice values pedagogy were established, and five key impacts identified: value consciousness; student wellbeing; agency; connectedness and transformation. AVEP adduced neuroscientific evidence to support the role that emotion, sociality and moral development play in the development of cognition and academic diligence. AVEP demonstrated that good practice pedagogy must be directed to the whole person and relies upon the brain being stimulated in a morally ambient learning environment. Moreover, AVEP and evidence from abroad raised the challenging question that academic success may happen best for students when it is not the primary focus of their learning (Benninga et al. 2006, Lovat et. al., 2011).

The language of education policy

AHISA has identified AVEP and more general notions of values-based schooling to illustrate the connections and intersections between the Productivity Commission's work in school reform and its inquiry into philanthropy. AHISA firmly believes these connections could be strengthened by re-articulating and nuancing some of the language and discourse of education policy, much of which is couched in the grammar and idiom of the 'economy'. For example, the OECD's PISA has become a highly influential measure of the quality of national education systems. In stating that fact we should be reminded the OECD is fundamentally an 'economic' organisation, not an 'educational' one, but its impact on education policy globally has been profound, (Rivzi & Lingard, 2009). The blurring of education policy and economic policy has led to a markedly one-sided stance towards the goals, purposes and policy instruments of national education governance.

Consider one example used in the language of a major education reform: the centrepiece of the so-called Education Revolution was, of course, NAPLAN (2008) along with the much-anticipated *My School* website (2010). *My School* enabled public access to the literacy and numeracy performance means of all 9551 schools in Australia. The choice of the name '*My School*', in preference to '*Our School*', with its connotations of community and common purpose, signified a new consumer relationship - arguably a 'performative act' (Austin, Urmson, & Sbisà, 1977) re-visioning schooling away from the common good and the school as a community of learning and giving, towards the individual interests of parents making choices in an education market energised by data and competition.

That said, the renewed focus on student wellbeing in the Expert Panel's *Improving Outcomes for All* is welcomed, and potentially signals a revival of some of the important work conducted under the auspices of AVEP.

Conclusion

AHISA appreciates the opportunity to contribute to the Productivity Commission's *Philanthropy Inquiry, Future foundations for giving*. In doing so, AHISA has expressed its marked reservations about the efficacy of excluding school building finds from eligibility for Deductible Gift Recipient (DGR) status. This is argued on the grounds that removing DGR status will lead to greater demands for government to provide more direct capital support to schools facing enrolment

pressures. This shift will also likely inflate school fees. AHISA therefore urges the Commission to reconsider its recommendation to exclude school building funds from DGR status.

AHISA further appreciates the opportunity to describe the diversity of the independent school sector to counter the common portrayal that independent schools are unambiguously wealthy and exclusive. AHISA also begs the Commission's indulgence to reflect upon on the connections between the Commission's significant interest in school reform and its inquiry into philanthropy. We have cited the Australian Values Education Program as an example of how such connections could be expressed in policies narratives that privilege values pedagogy and student wellbeing as necessary preconditions of academic diligence and student achievement.

AHISA welcomes any inquiries the Commission may have about this submission. These may be directed to me by telephone or via email at ceo@ahisa.edu.au.

Yours sincerely,

Dr Chris Duncan

AHISA Chief Executive Officer

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About AHISA

AHISA Ltd is a professional association for Heads of independent schools.

The primary object of AHISA is to optimise the opportunity for the education and welfare of Australia's young people through the maintenance of collegiality and high standards of professional practice and conduct amongst its members.

AHISA's 470 members lead schools that collectively account for over 450,000 students, representing 70 per cent of Australia's independent sector enrolments and over 11 per cent of total Australian school enrolments. AHISA members' schools also educate a significant proportion of senior secondary students: 20 per cent of Australia's Year 12 students attend AHISA members' schools.

AHISA's members lead a workforce of over 44,000 teaching staff and almost 30,000 support staff.

The socio-economic profile of AHISA members' schools is diverse. Over 20 per cent of members lead schools serving low-to very low-SES communities. The geographic spread of members' schools is also diverse, with schools located in major cities, inner regional, outer regional, remote and very remote areas. School size varies from less than 200 students to over 3,000 students, with most members' schools falling within the range 600 to 1400 students.

AHISA believes that a high-quality schooling system in Australia depends on:

- Parents having the freedom to exercise their rights and responsibilities regarding the education of their children
- Students and their families having the freedom to choose among diverse schooling options
- Schools having the autonomy to exercise educational leadership as they respond to the emerging needs of their communities in a rapidly changing society.