

# BLUE GUM COMMUNITY SCHOOL

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## SUBMISSION

'Contribution of the Not for Profit Sector'

Productivity Commission

GPO Box 1428

Canberra City ACT 2601

Thank you for the opportunity to comment on the Contribution of the Not-for-Profit Sector to Australian society. We are delighted that the Third Sector is finally losing its invisibility within government, and that the Third Sector's contribution to the triple bottom line is finally receiving articulation and acknowledgment in a way that is long-overdue. For far too long, the not-for-profit community sector has been rendered invisible, with government economic papers talking in bi-lateral terms about the public sector and the private sector. Far too often, the not-for-profit community sector has been relegated to the sidelines and been perceived naively in terms of its 'volunteer' labour force only.

### **Extracts from our story so far, as a NOT-FOR-PROFIT INDEPENDENT SCHOOL**

Eleven years ago, our organisation came into being, in response to our perception that there is an increasing need for greater diversity within the schooling/educational options available to families. We established a not-for-profit company, Best-Practice Education Group Ltd, which operates a variety of education-and-care services. Our principal enterprise to date is Blue Gum Community School, which runs Playgroups for 0-2 year olds; Extended-Hours Pre-School (incorporating Long Day Care) for 3-5 year olds; Primary School (Kindergarten–Year 5); Middle School (Years 6-8); High School (Years 9-10); After-School programs; & School Holidays programs.

## **GOVERNMENT CONFUSION ABOUT NOT-FOR-PROFITS**

Sadly, our school has experienced inequitable treatment due to bureaucratic misunderstandings about the structure of not-for-profit groups.

When setting up our group, our legal advisers recommended using the 'not-for-profit company limited by guarantee' structure, rather than the 'incorporated association' structure. So we did. However, we have been penalised financially because of this. Because we are 'a company', we have been deemed to be 'for profit', so forced to pay 'commercial' rent instead of the lower 'community' rent paid by 'incorporated associations' renting in the same building. Our protests were rejected, until we finally sought the intervention of the ACT Auditor-General's Office. This basic lack of understanding in the ACT bureaucracy - that a company can still be not-for-profit - is worrying, if the not-for-profit sector is to be treated seriously and equitably.

## **RELIGIOUS DISCRIMINATION**

### **One example - School Chaplain Grants**

Within the independent school sector, our school is unusual in not having any religious affiliation. However, the consequence of this is that our school has suffered a form of reverse religious discrimination e.g. in being unable to access Federal Government grants for School Chaplains. Our school cannot afford to employ a school counsellor. School Chaplains employed under this Federal Government grant scheme were allowed to work as school counsellors, but a pre-requisite was a religious affiliation. Our school was denied access to these grants, because they required us to select one religion for preferential treatment, which we could not do.

### **SES recurrent funding for schools**

In another example of reverse religious discrimination, when introducing a new SES-based funding model, Federal and ACT Governments allowed religious schools to be funded as a system / group, to avoid losing funding if they had a high SES score. As a non-religious school, this option was not available to our school. Consequently, we are now the only ACT non-government school that is forced to be funded according to our SES score – our school's Federal recurrent funding rate is approx. **50% LESS**

than that of neighbouring independent schools with the same or higher SES score as us! This inequity is even more stark when comparing Blue Gum's funding with that of Geelong Grammar and The King's School – both these wealthy schools receive a **HIGHER RATE** of student subsidy from the Federal Government than Blue Gum, even though our school fees are just \$4,000 per annum and theirs exceed \$20,000pa.

### **Charitable benefits**

Religion-based schools can access other financial benefits from Governments, e.g. because their religious group is deemed to be a charity. However, when it comes to running a school, there is no difference between their modus operandi and ours. The only difference is attached to their religion. We would like to be able to offer the same financial benefits to our employees.

## **ANTI-COMPETITIVE PRACTICES**

### **Conflict of Interest**

And the 'playing field' is definitely not level when our school tries to operate on equal terms with the government schooling system! The difficulty here is that the ACT Government operates its own government schooling system, but also has decision-making powers over non-government schools. Yet the sectors are effectively in competition with each other for 'customers'/students. There is a blatant conflict of interest, which has the potential to cloud decision-making. Even if bureaucrats/politicians try to act impartially, the question of whether just decisions not only being taken but being seen to be taken, is relevant here.

### **Criteria for non-government school registration**

For instance, when seeking to open a non-government school, one of the criteria the government can use to refuse school registration is the impact on neighbouring schools. So, even if a proposed new school is offering a *better* educational option/service to families, the school can be blocked if the government decides they will attract too many students from other schools and adversely affect their viability!

This is akin to asking Woolworths whether a small corner store should be allowed to operate in their part of town and possibly take some of their customers!

### **Blocking non-government school access to ‘community facility’ sites**

Recently, the ACT Government decided to close a significant number of its government schools. This resulted in government school sites being surplus to government requirements. A public consultation process ensued which invited community feedback on their preferred usage of these former government school sites. These school sites are zoned as ‘community facility land’ - schools are identified as one of the community facilities targeted for community facility land. So, many local communities publicly stated that if the sites weren’t needed for government schools, they would prefer them kept as school sites and used by non-government schools. The ACT Government declared that, even though the land is designated as ‘community facility land’ (i.e. for schools etc), the public consultation could investigate the land being re-zoned ‘residential’ or ‘commercial’, or could consider any ‘community facility’ usage **other than as a school!**

This was a deliberate, discriminatory decision to prevent non-government schools accessing purpose-built community facilities, on the same terms as every other commercial or community enterprise.

### **Blocking non-government school access to ‘commercial’ sites**

Conversely, our school’s attempt to access extra classroom space by leasing rooms (long-vacant and in serious disrepair) at a local shopping centre, was blocked by bureaucrats on the grounds that our proposed usage was ‘educational’ not ‘commercial’, so did not fit the zoning...

### **Universal pre-school funding restricted to government pre-schools**

The most recent example where the ACT Government has acted in a way that might be considered a breach of national competition policy and thus unconscionable, relates to the Federal Government’s declared universal pre-school funding for all 4 year olds. Despite promises to the ACT community sector that ALL pre-school services run by qualified early childhood teachers would receive this funding – i.e.

government pre-schools, non-government pre-schools and pre-school program in long day care programs – the ACT Government has now decided to allocate this Federal funding to government pre-schools only (with one exception – a new Catholic pre-school). It might be argued that this is a breach of competition policy, in that the ACT Government is favouring its own pre-schools and using its power unconscionably to discriminate against non-government pre-school programs (with which it competes for ‘customers’), placing them at a considerable financial disadvantage.

### **INCONSISTENT / INEQUITABLE ACCOUNTABILITY PRACTICES – onerous paperwork / licensing / accreditation requirements not universal**

Finally, even if successful in overcoming the considerable initial hurdles/deterrents, there awaits a whole new set of obstacles should a new school try to operate ‘differently’ (thereby adding to the diversity of schooling options on offer). While innovation and entrepreneurship are expected and valued in the ‘for profit’ sector, our experience has been that it’s a different story in the ‘not for profit’ sector.

The level of paperwork and inspection required by governments (often duplicated) is escalating and dominates the workload of our over-stretched administrative staff. The tail is not only wagging the dog, it’s strangling it!

For us, the saddest aspect of all of the situations described above, is that we are forced into an **US versus THEM** scenario. We feel as though governments are trying to prevent new schooling models from operating, rather than encouraging and facilitating their success and the increasing diversity they offer.

What an incredible waste of their potential contribution to the Australian community!

We fear that the education sector in particular is adversely affected by a deeply-ingrained view of education that is based on an outmoded **deficit** model. As the work of Martin Seligman et al has shown, this ‘lens’ is counter-productive and needs to be replaced by a **strengths-based** approach. This is where the social entrepreneurship of small not-for-profits can excel – unlike super-schools, small schools can change tack and set sail in a different direction very quickly, But, governments and bureaucracies continue to flounder, because of their reluctance to

relinquish control. They need reminding that: *You cannot discover new oceans until you have the courage to lose sight of the shore.* (Andre Gide)

We would argue for INCREASED Government support for social entrepreneurship (by not-for-profit groups) in the education sector, where such groups can demonstrate their ability to achieve greater social inclusion AND enhance the economic, social, cultural and environmental wellbeing of society, by successfully targeting one student at a time.

We are happy to expand on our experiences and our perspective, if this would help. While our submission is clearly critical of government policy and practice, this is not our focus, nor our purpose in lodging this submission. We understand that sometimes government policy and practice can be well-intentioned, but still have adverse consequences for some individuals/organisations. We simply hope that by telling our story, we can help the Commission in its task of rendering visible the Third Sector. We also hope that recounting our experiences will make visible some of the unseen obstacles that not-for-profit groups currently encounter, so that they can be charted. Once these obstacles are on the map for all to see, they are less likely to cause innovative, socially inclusive enterprises to flounder. We are optimistic that the Commission's Inquiry will prove to be a fruitful journey.

Yours sincerely

Maureen Hartung  
Executive Director

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