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29 May 2017

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Email: eec.sen@aph.gov.au

Dear Sir/Madam,

Re: AEU submission to the Senate Education and Employment Legislation Committee
Inquiry into the Australian Education Amendment Bill 2017

Please find attached the Australian Education Union's submission to the Inquiry into the Australian Education Amendment Bill 2017

Please contact me if you have any questions in relation to this submission.

Yours sincerely,

Susan Hopgood
Federal Secretary



Australian Education Union

Submission to the Senate Education and Employment Legislation Committee Inquiry into the Australian Education Amendment Bill 2017

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Introduction

One of the most well-known and widely lauded aspects of the 2011, *Review of Funding for Schooling: Final Report* (Gonski Review) was its conception of equity in education:

Central to the panel's definition of equity is the belief that the underlying talents and abilities of students that enable them to succeed in schooling are not distributed differently among children from different socioeconomic status, ethnic or language backgrounds, or according to where they live or go to school.¹

In 2013, the Australian Education Act (The Act), in response to the recommendations of the Gonski Review, was designed to address the unequal distribution of educational opportunities in two crucial ways. Firstly, by defining a Schooling Resource Standard (SRS) with loadings to address educational disadvantage, The Act instituted and required a sector blind, needs-based funding system to ensure that resources were expended where they were most required. Secondly, by giving legislative status to the National Education Reform Agreement (NERA), The Act sought to ensure that Commonwealth funding would be distributed fairly between states and territories as far as Constitutional constraints allowed. To this end, the NERA required states² to agree to achieve funding levels commensurate with the SRS at around the same time. The NERA also required that funding was distributed between schools within states on a needs-basis and that states' contributions to SRS targets increased in real terms.

The Act represents a major breakthrough in how the Commonwealth, with its greater spending capacity, is able to distribute funds between states and between school sectors within states. Previous arrangements, due to a range of historical circumstances, have seen non-government schools as the primary beneficiaries of the Commonwealth's financial resources.³ The Act replaces the poorly regarded previous Socio-Economic Status (SES) model which has been characterised as one that,

encourages blame shifting between governments and high level claims that the Commonwealth under-funds government schools and counter-claims that most public funding goes to government schools anyway, rather than informed debate. The end result is that members of the education community, much less the general public, have no clear idea what individual schools actually receive from both levels of government, nor if their income is appropriate to their needs.⁴

One of the compelling aspects of The Act is that it promotes a rational approach to funding that, in the name of efficiency and fairness, coordinates funding efforts across governments and school sectors. The *Australian Education Amendment Bill 2017* (The Bill) threatens a return to 'business as usual' in Australia's approach to school funding.

¹ Gonski, D., Boston, K., Greiner, K., Lawrence, C., Scales, B. and Tannock, P. (2011). *Review of Funding for Schooling: Final Report*. Australian Government., p.105

² From this point in the submission 'states' will refer to states and territories unless indicated otherwise

³ Connors, L., & McMorrow, J. (2011). *New Directions in Schools Funding: A Proposed Model*. University of Sydney.

⁴ Dowling, A. (2008). *Australia's school funding system*. ACER

The repudiation of a coordinated national schools funding system

One of the most retrogressive effects of the Bill, if it were to be enacted, is its destruction of a coordinated, national approach to schools funding. This aspect of the Bill is reflected in the lack of consultation or negotiation with states and school sectors before the current federal policy was announced.⁵ Over a short number of years the Commonwealth Coalition Government's positions on school funding have vacillated from the repudiation of a 'command and control' approach to more interventionist postures.⁶ As recently as last year, the Turnbull Government had proposed a complete withdrawal from the funding of public schools by handing income taxation powers to the states.⁷ The decision to announce its funding package prior to a further review of school effectiveness demonstrates that the Commonwealth Government has little interest in coordinating educational policy with appropriate levels of funding at a national level. States will not know what 'conditions' are attached to funding until the middle of 2018.⁸ Despite rhetoric indicating otherwise, the Bill represents a continuation of the 'no strings attached' position both with regard to the level of state funding contributions and the way in which they are spent.

Although the Bill says that Commonwealth funding to the states will be contingent on the maintenance of their funding levels in accordance with as yet unwritten regulations, the Explanatory Memorandum for the Bill states that it will,

leave the setting of state and territory funding to the states and territories, however, to avoid cost shifting to the Commonwealth, the states and territories will be required to at least maintain their 2017 per-student funding levels as a condition of Commonwealth funding.⁹

Under the NERA, states are required to increase their real funding contributions both to the base rate of the SRS and to their share of additional funding required for their schools to approach 100 per cent of the SRS. As will be discussed further below, this is just one of the ways in which the Bill proposes to reduce the resources committed to public schools that are currently protected by the Act.

The Bill also reflects a retreat from any attempt by the Commonwealth to rationalise and coordinate school funding policies.
As recommended by the Gonski Review,

A more balanced alignment of public funding responsibilities for government and non-government schools should be negotiated between the Australian Government and the states and territories as part of the transition to a new funding model. The Australian Government should assume a greater role in the funding of government

⁵ Karp, P. (2017). State education ministers unite against Gonksi 2.0, *The Guardian Online* @ <https://www.theguardian.com/australia-news/2017/may/18/state-education-ministers-unite-against-gonksi-20>

⁶ Knott, M. (2015). Simon Birmingham: Don't expect schools election cash splash, *Sydney Morning Herald* @ <http://www.smh.com.au/federal-politics/political-news/simon-birmingham-dont-expect-schools-election-cash-splash-20151227-glvlpx.html>

⁷ Henderson, A. (2016). Public school funding: Labor declares Federal Government plan 'outlandish' and divisive, *ABC Online* @ <http://www.abc.net.au/news/2016-04-01/government-struggles-to-secure-support-for-education-plan/7291170>

⁸ Karp, P. (2017). Coalition won't reveal conditions attached to Gonksi 2.0 until mid-2018, *The Guardian Online* @ <https://www.theguardian.com/australia-news/2017/may/18/coalition-wont-reveal-conditions-attached-to-gonksi-20-until-mid-2018>

⁹ Explanatory Memorandum, *Australian Education Amendment Bill* (2017), p.3

schools. Similarly, the states and territories should assume a greater role in relation to non-government schools within a framework that provides them with the resources to assume this greater role and gives all schools certainty and stability around future funding levels.¹⁰

However, the Commonwealth Government's unilateral approach in developing and implementing the policy that the Bill seeks to enable has raised the ire of state education ministers whose capacity to participate in the policy development process has been limited to supplying a submission to this Inquiry. This will do little to achieve a balanced or negotiated 'alignment of public funding responsibilities for government and non-government schools'.

It is occasionally suggested that the bilateral agreements between states and the Commonwealth under the Act represent a fragmented approach to Commonwealth schools funding and a corruption of the Gonski Review's recommendations. This, however, is a simplistic and inaccurate view. The current NERA is designed to allow all states to reach full SRS funding levels at roughly the same time. Under previous arrangements, Commonwealth funding for schools across states was inconsistent and frequently based on short-term National Partnership agreements. Perversely, under arrangements proposed in the Bill, government schools in states and territories with the highest levels of need and lowest levels of state funding capacity have the most to lose as the Commonwealth caps its contribution to SRS funding for government schools.

Public schools will be under-resourced and private schools over-resourced

The funding implications of proposals contained in the Bill have been described by the Commonwealth Government as both a savings measure and a funding boost. Government briefing papers describe its initiatives as a \$22 billion funding cut over ten years, whilst the Government has promoted them publically as representing \$18.6 billion increase over the same period.¹¹ Under the Act as it currently exists, the former interpretation is the most accurate. The main effect of the Bill is to remove or amend clauses in the Act relating to indexation rates and SRS targets under the NERA that prevent a reduction in Commonwealth funding for schools, particularly government schools.

An analysis conducted by Trevor Cobbold from the Save Our Schools coalition shows that the package proposed by the Commonwealth Government 'amounts to only about 40% of the increase planned under Gonski 1.0. Thousands of public schools will get much smaller increases than under Gonski 1.0.'¹² According to this analysis, funding under the Commonwealth's initiative will amount to only '\$506 per student over ten years, or \$50 per student per year, after allowing for increasing costs' whilst funding under existing arrangements protected by the Act amount to \$1347 per student over the same period (see Figure 1).¹³

The proposed amendments are also particularly detrimental to disadvantaged schools. In seeking to repeal Division 5 of Part 3 of the Act, the Bill removes the Commonwealth's obligation to increase its funding share for schools funded below the SRS by a minimum of

¹⁰ Gonski et al, op cit, p.xviii

¹¹ Gregory, H. (2017). Hunter education leaders raise questions over government's new needs-based funding model, *Newcastle Herald* @ <http://www.theherald.com.au/story/4641001/concerns-over-gonski-20/>

¹² Cobbold, T. (2017). Gonski 2.0 is a 40% Gonski, *Education Policy Brief*, Save Our Schools @ <http://www.saveourschools.com.au/funding/gonski-20-is-a-40-gonski>

¹³ Ibid

4.7 per cent per year. Repealing this section also allows the Commonwealth to alter the length of transition periods agreed to under the NERA.¹⁴ If enacted, this amendment will allow the Commonwealth to fund transitioning schools at a lower rate and to draw out the period of time over which schools must transition to full SRS funding levels. It is this Division that the Commonwealth Government must remove in order to cap its funding contribution to public schools at an arbitrary figure of 20 per cent of the SRS. In general, schools furthest from their SRS funding levels are the big losers; these are predominantly government schools. Unsurprisingly, non-government schools having their share of Commonwealth arbitrarily guaranteed at 80 per cent are the main beneficiaries.

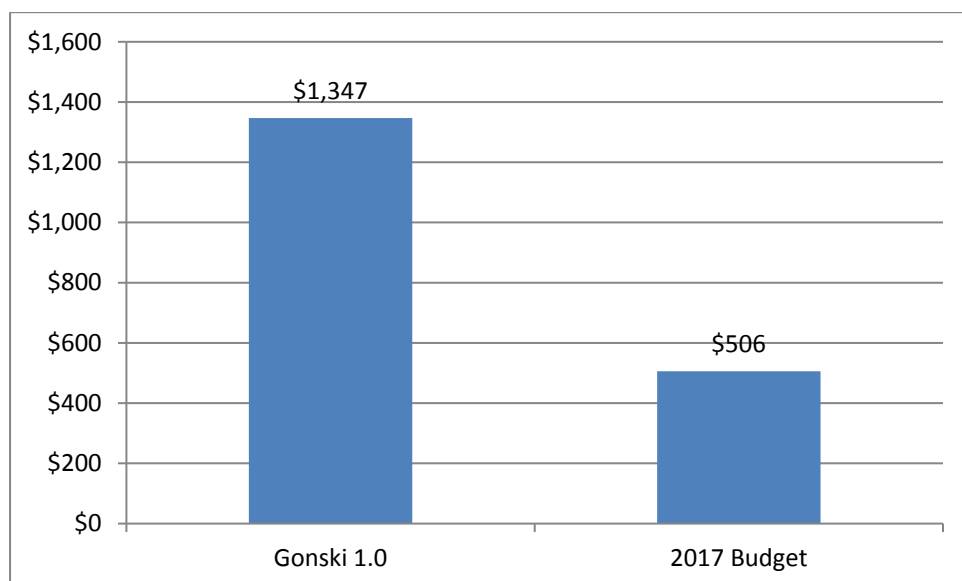


Figure 1. Increase in Commonwealth funding, all schools, 2016-17 to 2026-27 (\$ per student, adjusted for inflation). Source: Cobbold (2017)

As can be seen in Figure 2, particularly in the large eastern states, government schools lag well behind non-government schools in their proximity to their respective SRS.¹⁵ Under the NERA, the goal was for schools to reach 95 per cent of the SRS by 2019 (92 per cent in Victoria); this target will be jettisoned under provisions contained in the Bill. An analysis of figures provided to Senate Estimates shows only in Western Australia and the ACT will public schools reach the SRS by 2027 if their share of Commonwealth funding is capped at 20% of the SRS and state funding is maintained at current levels.

Five states representing 84 per cent of public schools will still be funded below 95 per cent of the SRS by 2027 (see Figure 3)¹⁶. The analysis also reveals that a large number of non-government schools and authorities will be funded over their SRS levels by 2027 if their Commonwealth funding reaches 80% of the SRS and state and territory government funding for non-government schools is maintained at current levels.

Between 2017 and 2027 it is estimated that the number of over-funded Independent schools will grow from 17 per cent to 65 per cent. In the ACT, Western Australia, Queensland and NSW more than 70 per cent of Independent schools will be funded at a level higher than their SRS.

¹⁴ Explanatory Memorandum, *Australian Education Amendment Bill* (2017), pp.61-62

¹⁵ Goss, P., & Sonnemann, J. (2016). Circuit breaker: a new compact on school funding. Grattan Institute @ <https://grattan.edu.au/report/circuit-breaker/>

¹⁶ Senate Committee: Education and Employment (2016). Question No. SQ16-000852

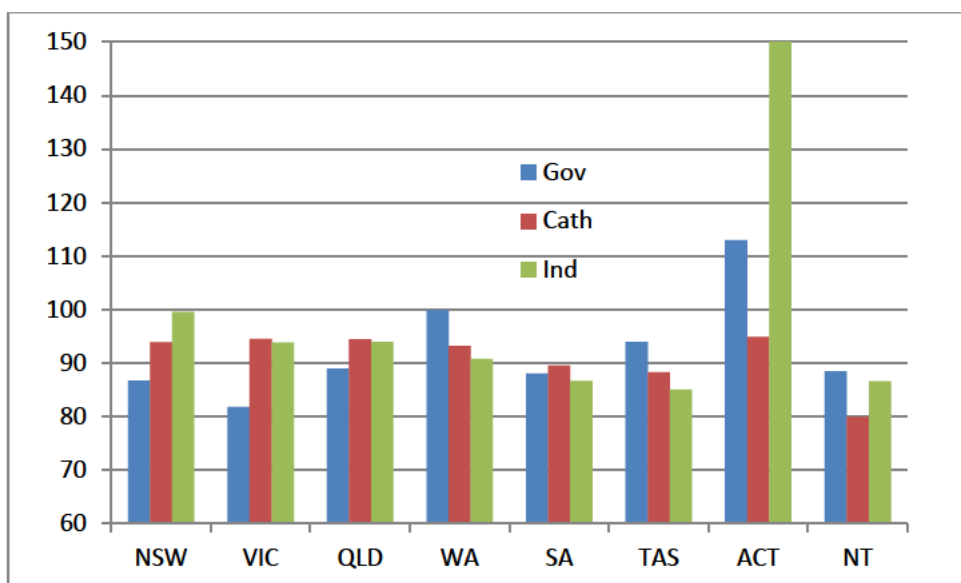


Figure 2. Government funding as a proportion of SRS, 2016. Source: Goss & Sonnemann (2016)

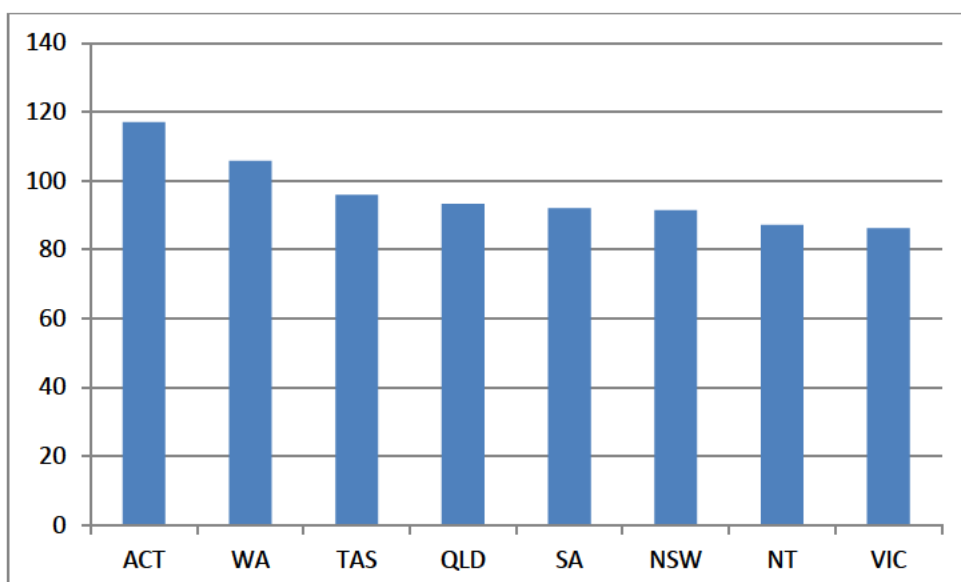


Figure 3. Estimated proportion of the SRS for government schools by state in 2027. Source: Based on analysis of Senate Committee: Education and Employment (2016). Question No. SQ16-000852

State by state impact

The reaction of the states to the Commonwealth's new schools funding policy was almost unanimously negative for two reasons. Firstly, states were aggrieved that the Commonwealth had sought to implement a new policy that was in breach of signed agreements for most states, without any consultation. Secondly, states were aware that the provisions in the Bill would deliver major cuts to the resources promised to their schools, especially in 2018 and 2019 when the bulk of Commonwealth funding was to be delivered in order to meet targets required by the NERA.

- The NSW Department of Education has revealed that the funding arrangements that the Bill seeks to facilitate will create a shortfall of \$1.8 billion from what was required

to meet obligation contained in their Bilateral Agreement under the NERA.¹⁷ The Department's funding figures show that NSW public schools will lose \$846 million in 2018 and 2019 alone.¹⁸ The pattern is the same in other states.

- The Victorian State Government has revealed that public schools will be \$630 million worse off over 2018 and 2019 than under the state's Gonski agreement if the Bill were to be enacted.¹⁹
- The South Australian Education Minister has revealed that schools will be \$265 million worse off than under the state's Gonski agreement if the Bill were enacted.²⁰
- The Western Australian Education Minister has revealed that the funding changes proposed by the Commonwealth Government will see that state receive \$93 million less from the Commonwealth in 2017/18 than expected.²¹
- The Queensland Education Minister has revealed that the changes proposed by the Commonwealth will cost public schools in that state \$300 million over 10 years.
- Changes proposed in the Bill will see Tasmania \$85 million worse off in 2018 and 2019 compared to the state's Gonski agreement.²²
- In the Northern Territory the arrangements facilitated by the Bill will see Commonwealth funding growing by just 1.3 per cent annually between 2017 and 2027. This is a substantial funding cut in real terms.²³

The school by school funding figures included in the Government's online estimator²⁴ show the deep inequity in its approach to the resourcing of schools.

Not only would public schools in the areas of highest disadvantage (Northern Territory and Tasmania) receive the lowest increases in funding but they fall well short of what would be provided to some of the richest schools in the nation.

Out of 9,400 schools only around 80 schools get a smaller percentage increase than public schools in the Northern Territory.

While a public school like Tennant Creek High School in the Northern Territory would receive a 1.75% increase in funding in 2018 (\$37,700), the elite Lauriston Girls' School in Melbourne would receive a 12.25% increase (\$270,500).

¹⁷ Karp, P. (2017). Gonski 2.0: NSW urges principals to fight \$1.8bn cut in school funding, *The Guardian Online* @ <https://www.theguardian.com/australia-news/2017/may/11/gonski-20-nsw-urges-principals-to-fight-18bn-cut-in-school-funding>

¹⁸ NSW Department of Education @ https://d3n8a8pro7vhmx.cloudfront.net/aeu/pages/1010/attachments/original/1494477883/NSW_Data_School_by_School.pdf?1494477883

¹⁹ Henebery, B. (2017). Gonski 2.0: the winners and losers, *The Educator* @ <http://www.educatoronline.com.au/news/gonski-2-0-the-winners-and-losers-235859.aspx>

²⁰ Australian Associated Press (2017). Reaction to Gonski 2.0, *The Australian* @

²¹ Hamlyn C. (2017). 'Gonski 2.0' funding leaves WA with a \$93 million hole, Minister says

²² Baines, R. (2017). Federal budget 2017 overlooked Tasmania, critics claim, ABC News Online @ <http://www.abc.net.au/news/story-streams/federal-budget-2017/2017-05-10/federal-budget-2017-tasmania-forgotten-in-funding-critics-say/8509654>

²³ Lawler, E. (2017). Fighting for a fair deal for Territory Kids, Media Release @ <http://newsroom.nt.gov.au/mediaRelease/23219>

²⁴ Commonwealth Department of Education and Training, School Funding Estimator @ <https://www.education.gov.au/sites/education/files/sch/calc/index.html>

One of the wealthiest schools in the nation, the Sydney Church of England Grammar School would receive a 5.74% increase (\$185,700) and the elite Trinity Grammar School, would receive an increase of 4.64% (\$468,300).

Cuts to individual schools

The states are facing substantial cuts in dollar terms. At the school level these cuts translate to a reduction in their capacity to deliver the best outcomes for all of their students. For example, Craigmores High School in Adelaide is a school with a high proportion of low SES students. Between 2014 and 2016 the school has received an extra \$1 million thanks to existing arrangements in the Act and the NERA.

This money has allowed the school to create literacy and numeracy coordinator positions and to engage an education liaison officer to support students at risk students.²⁵ If the Bill is passed, Craigmores High School will stand to be \$974,050 worse off over 2018 and 2019 (based on an average per student funding reduction of \$1012 over this period).

Hayes Park Public School in Shellharbour (NSW) received \$527,773 in total between 2015 and 2017 thanks to extra funding that has been made available by the existing Act and the NERA.

This school has used the extra funding to employ learning support staff and a speech therapist.²⁶ According to the Principal,

This is the first time we have ever had any supplementary funds that we can utilise to meet the particular needs of our students. Whilst it is early days yet, we are confident that the results will continue and more and more of our students will reach their potential in literacy.²⁷

As a consequence of measures contained in the Bill, Hayes Park Public School stands to be \$512,011 worse off over 2018 and 2019 (based on figures supplied by the NSW DET).

Kambrya College in the outer south-eastern suburbs of Melbourne has a high proportion of students from non-English-speaking background and a high number of low-SES students. This school received an extra \$31,500 in 2016 and has used the funds to support students entering high school who are struggling academically.²⁸ Under the Commonwealth's proposal, the school's share of funding is estimated to be between \$900,000 and \$1 million less over 2018 and 2019 (as estimated by the Victorian DET). The discrepancy between extra funding supplied in 2016 and what was to be received in 2018 and 2019 is a reflection of the fact that arrangements between Victoria and the Commonwealth under the NERA were to see the bulk of Commonwealth funding delivered in 2018 and 2019. The main purpose of the Bill is to prevent the Commonwealth's provision of this funding.

²⁵ Australian Education Union (2017). *Getting Results (Vol.2)* @ <http://www.aeufederal.org.au/news-media/media-releases/2017/february/240217>

²⁶ Ibid

²⁷ Ibid, p.39

²⁸ Ibid, p.43

Students with disability funding

A significant unknown in the Bill is how the funding of students with disability will be handled. This is a major issue with the second full national census of students in 2016 (The Nationally Consistent Collection of Data) showing almost 468,000 students at school requiring funded support.²⁹

However, the latest available figures show in 2015 the Federal Government provided funded support for only 200,000 students with disability at a single flat rate. That number matches the number of students funded by state governments and non-government school authorities.³⁰

Education Minister Simon Birmingham said funding from 2018 would be informed by the NCCD data and funding for students with disability would grow by 5.2% a year. He said there would be 3 rates of funding to match the 3 levels of adjustment (supplementary, substantial and extensive) students are categorised as receiving. But how many additional students will be covered and what rate the funding will be set for each level of adjustment is not disclosed in the legislation. This is a significant issue for public schools where around 70% of the students requiring an adjustment are educated.³¹

The 5.2% increase in SWD funding does not suggest a significant expansion of funding in this area, given schools require funding for over 260,000 additional students who need support.

The Greens in May 2016 released a policy committing to an additional \$4.8 billion in funding for students with disability over four years in order to assist an additional 277,000 students.³²

Conclusion

The Australian Education Amendment Bill should not be supported.

The Coalition Government has put forward the Bill without having consulted or negotiated on the provisions in it with the states, the non-government sector or principals, teachers and parents.

The funding model proposed is fundamentally flawed: not only does it represent a \$22 billion cut in the resourcing of schools but it would entrench over a ten year period the overfunding of private schools and the underfunding of public schools.

It also represents a return to the discredited and dysfunctional approach of the past where the Commonwealth arbitrarily funds government and non-government schools without regard to

²⁹ Education Council (2016) Nationally Consistent Collection of Data, School Students with Disability, 2016 emergent data on students in Australian schools receiving adjustments for disability @ http://www.educationcouncil.edu.au/site/DefaultSite/filesystem/documents/Reports%20and%20publications/ED17-0046%20SCH%20NCCD%20Report%202017_ACC.PDF

³⁰ <http://www.pc.gov.au/research/ongoing/report-on-government-services/2017/child-care-education-and-training/school-education/rogs-2017-volumeb-chapter4.pdf>

³¹ Ibid

³² Di Natale, R. (2016). Greens commit to fairer students with disability funding, Media Release @ <http://nick-mckim.greensmps.org.au/articles/greens-commit-fairer-students-disability-funding>

the efforts of the states or what is required to ensure every child had access a high quality education.

It is not a plan that in any way reflects the key recommendations of the Gonski Review that there should be a national approach to the funding of schools and an SRS should be used to guide the recurrent funding of government and non-government schools by both the Commonwealth and the states.

In particular, the Federal Government is abrogating its fundamental responsibility to properly resource public schools. It is prepared to tear up signed agreements with state governments designed to achieve appropriate levels of resources in all schools and instead place the entire burden of ensuring schools are adequately funded on the states. Instead of the 80% of funding due to flow to public schools in the last two years of the Gonski agreements, the Federal Government would deliver less than 50% of its additional investment to public schools.

The Commonwealth's go-it-alone approach would leave public schools across the country under-resourced and all politicians would do well to remember the human cost of that. The greatest burden of under-resourcing is borne by the most vulnerable and disadvantaged students, those at risk of being left behind or dropping out of school.

The Gonski funding delivered so far has helped schools provide life-changing support and interventions for these students. To cut this funding and end the cooperative arrangements designed to ensure no child misses out is something no political party should support.