

# COALITION SENATORS' DISSENTING REPORT

1.1 Coalition senators reject outright the implication in the majority report that the Coalition does not fully support public schooling or State school systems. Coalition senators recognise and support the key role that public education systems make in ensuring all young Australians are provided with high quality, relevant and meaningful education. It is a birth right and a vital investment in people and the future prosperity of our nation. Coalition senators regret that the government did not see fit to ensure enough time to fully inquire into the detail of the bill and the many issues that stakeholders raised both within the context of the inquiry and in other forums.

## **Lack of detail**

1.2 The bill exhibits a glaring lack of detail, stating broad objectives without making clear how these will be achieved. While the inclusive nature of the Preamble and Objects is attractive, and the Coalition does not disagree with the principles it espouses, the lack of practicality of the bill as a whole renders it largely meaningless, a frustration echoed by many stakeholders. A fact recognised in the bill, as it is not legally enforceable.

1.3 For submitters, the main area of concern centred on the ambiguity in funding arrangements. Their concern went beyond questioning the adequacy of the \$6.5 billion per annum suggested to implement the changed funding model, to questions regarding the proportion to be contributed by State governments, indexation, capital funding arrangements, loading metrics, definitions and proportions under the proposed 'as yet to be agreed' arrangements. It seems to Coalition senators that, notwithstanding the Government's obsession with education funding models it still has not been able to deliver any worthwhile proposal. As the Independent Schools Council of Australia submitted:

The information provided in the Bill regarding both funding and plans for school improvement lacks detail and this lack of detail creates further uncertainties for individual independent schools.<sup>1</sup>

1.4 Christian Schools Australia summed it up when they submitted that:

The complex nature of the task being undertaken is understood and appreciated. Nevertheless the lack of detail in relation to the future funding of non-government schools is disappointing and frustrating. In less than a year non-government schools would be expecting to receive their first tranche of 2014 funding. At this time there is no legislation in place nor tabled that would allow that payment to occur. There is no way for schools

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1 Independent Schools Council of Australia, *Submission 5*, p. 10.

to estimate what that payment might be and consequently plan for staffing or school development for 2014 or beyond.<sup>2</sup>

1.5 Whilst Coalition senators welcome the government's guarantee that no school will be worse off under the new funding model, there are real concerns given the number of variables being considered in any of the 16 models under consideration. Our concern is that the one size fits all model can mask the local impact. On this point, Mr Stephen Elder had this to say:

...the modelling work undertaken by the Catholic sector (based on a modelling tool provided by the government), provides sixteen different scenarios that show that nationally, Catholic funding will either not change, or may increase by up to 10 per cent. This hides large losses in individual schools and across separate dioceses across the country.<sup>3</sup>

1.6 Coalition senators recognise the crucial need for schools to secure funding for 2014. The new funding model needs to fulfil community and stakeholder expectations in a now tight timeframe, which has resulted in the need for 'intense negotiations' between the Government, states and territories and non-government school sectors.<sup>4</sup> We note Mr Stephen Elder's comment that:

Ultimately, losses faced by the Catholic sector may be a moot point...the bill has been drafted in such a way that if the state governments and non-government systems do not agree to the Australian Government's funding methodology, they will not receive any additional potential funding.<sup>5</sup>

## **Indexation**

1.7 Coalition senators agree with the numerous submitters who consider that the Prime Minister's assurance that no school would lose a dollar under the new funding arrangements leaves too much ambiguity for comfort. Indexation, and the method of its application, remains the government's elephant in the room. It was made clear to the committee from the Department's evidence that the Government has not yet decided what method of indexation will be used, and that there were 'a whole range' of options on the table.<sup>6</sup> Mr Barry Wallett, from the Independent Schools Council of Australia, summarised the concerns of many submitters when he gave evidence that:

...the modelling shows there are a number of schools—and that is several hundred schools—that are still outside of the model; that is, their current funding levels are higher than what they would be entitled to under the full implementation of the Gonski model. We know that the Prime Minister has said that no school will lose a dollar, and if they are resourced to a certain level in 2013, they will receive that money in 2014. Plus, this will include a level of indexation that is yet to be determined. If the school is funded

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2 Christian Schools Australia, *Submission 3*, p. 2.

3 Mr Stephen Elder, *answers to questions on notice*, received 13 March 2013, p. 2.

4 The Hon. Peter Garrett, *Lateline*, ABC television, 25 February 2013.

5 M Stephen Elder, *answers to questions on notice*, received 13 March 2013, p. 3.

6 Mr Tony Cook, *Proof Committee Hansard*, 1 March 2013, p. 50.

above on the model, they are funded below what they get in 2013. Then at some stage they have to be brought into the model and how that happens is what concerns us. In other words, they are not going to attract the full educational indexation over the coming years in order to bring them into that model. We do not know as yet the details of the transitional arrangements for those schools.<sup>7</sup>

1.8 Similarly, representatives from the Catholic system were keen to remind the committee that indexation must keep pace with the change in the real cost of education in government schools.<sup>8</sup> Even before indexation is applied, Coalition senators note with concern Mr Stephen Elder's response to a question on notice that:

Critically, the results show that the Australian Government's proposed funding model which is supposed to address equity, results in 25 per cent of low-SES Catholic schools losing funding.<sup>9</sup>

## Loadings

1.9 The lack of funding detail is also particularly worrying in relation to loadings, which are a central plank of the Gonski model, and are designed to account for variable disadvantage. The Coalition senators support a funding model for education that targets public money on areas of need and welcomes the loadings outlined in the bill. However, given the variability of loadings, the lack of agreement as yet on metrics and the issues surrounding their application there remains concerns. The Independent Schools Council of Australia expressed the following misgivings:

In principle, the independent sector supports the provision of base recurrent funding to each independent school. However, critical to the effectiveness of this base recurrent funding will be that the base funding is set at an appropriate level. If the level is set too low, schools will need to rely on loadings to maintain their level of government funding. Utilising loadings to maintain current funding levels is not appropriate. The quantum of loadings funding is reliant on a school's point in time enrolment profile and which means they are a highly variable funding source. Such an outcome would result in potentially dramatic, unpredictable and long-term changes in funding arrangements for individual independent schools. This would not provide the necessary funding certainty for the operation of independent schools.<sup>10</sup>

1.10 Two areas of additional concern are around the loadings for students with a disability and school location. Stakeholders are clearly concerned that the bill does not deliver in a meaningful way and it is disappointing that students with a disability will have be covered by a 'temporary loading'<sup>11</sup> until definition work is completed. The Australian Federation of Disability Organisations submitted that its recommendations

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7 *Proof Committee Hansard*, 1 March 2013, p. 11.

8 Mr Stephen Elder, *answers to questions on notice*, received 13 March 2013, p. 1.

9 Mr Stephen Elder, *answers to questions on notice*, received 13 March 2013, p. 3.

10 Independent Schools Council of Australia, *Submission 5*, pp 22–23.

11 Mr Tony Cook, *Proof Committee Hansard*, 1 March, 2013, p. 49.

should be implemented to make the legislation 'real' for students with disabilities.<sup>12</sup> Children with Disability Australia submitted that:

To achieve the level and type of provision required by the standards, and indeed those required by students and parents, consistent and sufficient funding must be part of the core amount provided to schools. Capacity to do this must be built into the funding model. This must be considered in the current negotiations to ensure that this core funding enables all schools to meet the [Disability Standards for Education] requirements. Much of what is required to do this must be part of every school's routine practice, not bolted on with a loading in the event of a student with disability enrolling at a particular school.<sup>13</sup>

1.11 In relation to the role of loadings in addressing geographical disadvantage, Isolated Children's Parents' Association of NSW was disconcerted by the lack of commitment in the bill to set funding based on what was required to close the gap in outcomes between schools in different geographic locations:

...the gap in educational achievement is evidence that the current funding is insufficient to compensate for the concentration of disadvantage in some remote schools, and therefore should not serve as a basis for future funding. If loadings are set on the current additional operational costs of operating a school in remote and very remote areas, then that new funding model may serve to entrench rather than improve the current disparity in outcomes. There should be additional funding beyond an estimate of current costs added to the loading to achieve the goal of increasing equity in our school system when it comes to location of the school, rather than just maintaining the status quo, so as to provide resources for teachers and administrators to provide equitable opportunities and close the gap in outcomes.<sup>14</sup>

1.12 Coalition senators are also sceptical of the Government's ability to accurately define rural and regional areas, given its lamentable track record of drawing seemingly arbitrary lines on a map, in the context of funding provision for the Youth Allowance and rural health programs. Close to a million young Australians attended regional schools in 2011, over 680,000 of them in their respective State government public system.<sup>15</sup> It is imperative that those students facing challenges stemming from their geography be identified and their special circumstances addressed.

## Timing

1.13 It seems to Coalition senators that the Government, and specifically Minister Garrett, has little or no idea about how schools operate in practice. Planning for staffing and capital expenditure necessarily happens well in advance, and the lack of

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12 Australian Federation of Disability Organisations, *Submission 6*, p. 6.

13 Children with Disability Australia, *Submission 19*, p. 6.

14 Isolated Children's Parents' Association NSW, *Submission 28*, p. 3.

15 Rural and Regional School Statistics, *Client Memorandum*, Parliamentary Library, 4 March 2013, p. 1, citing unpublished DEEWR data.

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firm foundations as little as nine months out from a new funding period is highly disruptive, particularly for Catholic and Independent schools.

1.14 From evidence it is clear that negotiations still have a way to go.<sup>16</sup> This was an urgent concern of many submitters, and was summarised by Christian Schools Australia in their submission:

There is some way to go before this is settled yet the time to achieve the necessary agreement and secure the required funding commitments is short. The Government needs to urgently release far more detail in relation to school funding to allow consideration and consultation. Modelling of the impact on individual schools and school communities is critical at the impact at the individual school level is the most important aspect of any funding proposal.<sup>17</sup>

1.15 However, this is at odds with statements by Minister Garrett, who was reported as telling the ABC as late as 26 February 2013 that 'all that needs to happen now is for us to effectively plug in the final set of numbers'.<sup>18</sup> Similarly, Mr Garrett told *Lateline* on 25 February 2013 that the Government was 'waiting to settle some final data from 2011 figures that will mean we have an absolutely completed model'.

1.16 The fact that progress has been so delayed is remarkable considering the Gonski report's release in December 2011, not to mention Labor's promise of a new school funding model as early as 2007, nearly 5 years ago.

1.17 Another clue that the Government is disconnected from the reality of how schools operate is given by the bill's lack of specificity on non-government education authorities. The Independent Schools Council of Australia had this to say:

For independent schools the distinction between non-government education authorities and non-government schools needs to be made clear. For example, in sections 6 and 8, the Bill refers to negotiating with non-government education authorities (presumably not every independent school but rather their representatives). In other places, for example section 9, the Bill refers to non-government education authorities reaching agreement with the Commonwealth on implementation of the national plan in return for Commonwealth funding. In this context, non-government education authorities must refer to individual independent schools, as it is the individual school in the independent sector that will make the agreement with the Commonwealth Government to implementation of the national plan, not their sector representatives.<sup>19</sup>

1.18 Coalition senators are mindful of the evidence from the Independent Schools Council of Australia that, unlike other sectors in Australian education, the majority of independent schools operate autonomously. Independent schools do not rely on

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16 Mr Tony Cook, *Proof Committee Hansard*, 1 March 2013, pp 50–54.

17 Christian Schools Australia, *Submission 3*, p. 9.

18 RN Breakfast with Fran Kelly, 26 February 2013.

19 Independent Schools Council of Australia, *Submission 5*, p. 13.

central bureaucracies or bodies, and are separately accountable to their parent and school communities; while Catholic schools operate as part of a centrally coordinated Catholic school system, the bill fails to acknowledge and account for these variations in school organisation. Whether Catholic or Independent, individual schools operate in an environment of choice and diversity, recognised and supported by their respective parent bodies and all levels of government. The incentives that operate in this environment impose an imperative on independent schools to constantly strive to ensure they provide a high quality educational experience for their students.<sup>20</sup> This, Coalition senators consider, is as it should be.

### **Additional cost to schools**

1.19 A number of submissions expressed serious concerns about the cost of additional data collection which will seemingly be required. The committee heard from the National Catholic Education Commission of their concern that '...the bill as it stands is a model for school reform through increased regulation rather than increased funding.'<sup>21</sup> Data collection is already a serious impost on schools, particularly in the independent sector which has no 'head office' to coordinate and collate information input:

While governments and their agencies pursue more comprehensive and fine-grained data collections, the cost burden of collection, collation and submission rests with the individual school and the school community. While the benefit of additional data is accrued by governments and researchers, the cost of this benefit is shifted to the parents of students in independent schools...Future data collections will necessitate complex information technology solutions, the costs of which will not be able to be met by a large number of low fee, low SES schools in the sector.<sup>22</sup>

1.20 Coalition senators were alarmed to hear from representatives of the Catholic system that:

Under the Gonski proposals, the minimum fee for recurrent purposes expected under the Student Resource Standard (SRS) is about 10 per cent for low-SES schools. For high-SES schools this expectation reaches 80 per cent. The Gonski report suggested that the SRS for primary schools was \$8000...According to the Catholic sector's modelling, around half of the Catholic schools would have to raise fees to meet both the Australian Government's capacity to pay fee expectations, and any shortfalls in funding, due to changes in the funding process. These fees may need to rise in excess of 200-300 per cent in many Victorian Catholic primary schools if the model is applied directly.<sup>23</sup>

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20 Independent Schools Council of Australia, *Submission 5*, p. 15.

21 Mrs Therese Temby, *Proof Committee Hansard*, 1 March 2013, p. 41.

22 Independent Schools Council of Australia, *Submission 5*, p. 18.

23 Mr Stephen Elder, *answers to questions on notice*, received 13 March 2013, p. 2.

1.21 This augers badly for maintaining fees at an affordable level for families seeking to exercise choice in the education of their children at non-government schools.

### **Citizenship entitlement**

1.22 Finally, many stakeholders such as Christian Schools Australia, the Independent Schools Council of Australia, the National Catholic Education Commission and others have indicated the bill should be amended to recognise that every child should be entitled to at least a basic grant which the Prime Minister referred to in her 3 September 2012 speech as a 'citizenship entitlement'. Coalition senators agree that the bill should establish the nation's support for a child's education as one of the entitlements of citizenship.

### **Conclusion**

1.23 It is a pity that cheap political points are being scored by government senators, in reaction to State government attempts to address educational reform within their own jurisdiction, particularly when negotiations on the funding model have been protracted and acrimonious. Coalition senators highlight that these concerns are not isolated to Coalition State governments, and note the ALP government in Tasmania has also outlined its concerns about increases of Commonwealth interference in State School funding matters.

1.24 The aspirations of an effective and efficient education offering to Australian families that is 'system blind', where parental choice is acknowledged, disadvantaged students are funded appropriately and principal autonomy is encouraged is one Coalition senators fully endorse.

1.25 Coalition senators are all too aware of the importance of meaningful and effective reform to the Australian education system. We are at risk of failing the educational needs of our future generations. However, we question the usefulness of the bill in achieving meaningful and effective change as so much of the detail required is not available for consideration.

1.26 While the Coalition does not oppose the bill in its current form, it notes the Government's intention to substantially amend it following the next Council of Australian Governments meeting in April, and in particular to include the new funding model. Coalition senators note the obvious need for the bill to be reconsidered once this detail is known, and its financial and educative impact can be properly assessed.

### **Recommendation**

**Coalition senators recommend that the Objects of the bill should be amended to read:**

- (a) families must have the right to choose a school that meets their needs, values and beliefs;**
- (b) all children must have the opportunity to secure a quality education;**

- (c) student funding needs to be based on fair, objective, and transparent criteria distributed according to socio-economic need;**
- (d) students with similar needs must be treated comparably throughout the course of their schooling;**
- (e) as many decisions as possible should be made locally by parents, communities, principals, teachers, schools and school systems;**
- (f) schools, school sectors and school systems must be accountable to their community, families and students;**
- (g) every Australian student must be entitled to a basic grant from the Commonwealth Government;**
- (h) schools and parents must have a high degree of certainty about school funding so they can effectively plan for the future;**
- (i) parents who wish to make a private contribution toward the cost of their child's education should not be penalised, nor should schools in their efforts to fundraise and encourage private investment; and**
- (j) funding arrangements must be simple so schools are able to direct funding toward education outcomes, minimise administration costs and increase productivity and quality;**

#### **Recommendation**

**Coalition senators recommend that definitions in the bill be amended to recognise and account for the administrative differences between systemic and non-systemic schools.**

#### **Recommendation**

**Coalition senators recommend that the bill be amended to provide that current funding arrangements be extended for a further two years, to guarantee funding certainty for schools and parents, in the event that no agreement is reached at the Council of Australian Governments meeting in April 2013.**

**Senator Chris Back  
Deputy Chair**

**Senator Bridget McKenzie**