

Executive Summary

The historic Gonski Review Report identified several highly concerning trends in the educational outcomes of Australian students. It found that over the past decade, the performance of Australian students had declined at all levels of achievement compared to international benchmarks. Furthermore, a concerning proportion of Australia's lowest performing students were found not to be meeting minimum standards of achievement.

In addition to declining performance, the review found that Australia has a significant gap between its highest and lowest performing students; far greater than in many OECD countries. Disturbingly, the review identified an unacceptable link between low levels of achievement and educational disadvantage, particularly among students from low socioeconomic and Indigenous backgrounds.

The OECD has consistently argued for countries to address disadvantage and increase equity in school systems, most particularly in the publication 'Equity and Quality in Education – supporting disadvantaged students and schools':

The highest performing education systems are those that combine equity with quality. They give all children opportunities for a good quality education...Educational failure also imposes high costs on society. Poorly educated people limit economies' capacity to produce, grow and innovate. School failure damages social cohesion and mobility, and imposes additional costs on public budgets to deal with the consequences – higher spending on public health and social support and greater criminality, among others. For all these reasons, improving equity in education and reducing school failure should be a high priority in all OECD education policy agendas.¹

The Gonski Review stressed the need for an equitable school funding system: one that ensures that differences in educational outcomes are not the result of differences in wealth, income, power or possessions. To address the current imbalances, the review recommended a national needs-based and sector-blind school funding model. The new funding model would provide a level of base funding to all schools and additional targeted funding to disadvantaged students in order to remove inequities and minimise the identified performance gap.

Submissions to the committee's inquiry noted the strong consensus that was developed through the Gonski process, across the public, Catholic and Independent schooling sectors.

The previous government's National Plan for School Improvement (NPSI) was the vehicle for implementing a national needs-based funding model grounded in the

1 OECD (2012), *Equity and Quality in Education: Supporting Disadvantaged Students and Schools*, OECD Publishing. <http://dx.doi.org/10.1787/9789264130852-en>, p. 3.

findings of the Gonski Review and building on the consensus achieved by the review process.

In total, the former government expected that the NPSI, when fully implemented by 2020, would see an additional \$6.5 billion spent on schools per annum by the Commonwealth and State and Territory Governments. This new funding model was accompanied by an improvement framework for schools and teaching, with five areas of reform identified for implementation.

However, following the 2013 federal election, and despite promises of a "unity ticket" on education policy, the Abbott Government has begun to effectively unpick the overwhelming consensus built during the Gonski Review and NPSI negotiations. Although for the first four years funding will remain as set out under the *Australian Education Act 2013*, after 2017 funding will be indexed to 'CPI plus enrolment growth'. By the Abbott Government's own projections, this will result in a \$30 billion cut to the education sector over the medium term. Such significant cuts jeopardise the widespread improvements in student outcomes that were to flow from a strategically funded needs-based model. As a result, the quality of education provided to those Australian school children most in need of additional support will remain inferior, and we will continue to fail to realise the full potential of our latent human capital.

Assessing evidence from around Australia

The committee conducted public hearings in six states and heard the views of a wide range of stakeholders: public, Catholic and independent school associations; parents, teachers, principals; unions and, in some cases, State and Territory Governments. In addition to the public hearings, the committee received over 3400 submissions over the course of the inquiry.

The evidence collected through the committee's inquiry clearly shows:

- the complexity of previous, pre-Gonski funding arrangements; the ground-breaking consensus achieved by the Gonski Report;
- the agreement and goodwill achieved amongst jurisdictions covering approximately 80 per cent of Australian school students² through the implementation of the NPSI; and
- the disruption and confusion which has resulted from the change from the NSPI to the Students First funding arrangements.

As part of the evidence gathered in its inquiry, the committee notes that a very significant majority of school funding stakeholders support the findings of the Gonski Review and the arrangements agreed under the NPSI.

The committee identified a number of themes from the evidence gathered:

- Uncertainty about future funding, particularly beyond the four years of provided for in the 2013-14 Budget;

2 See paragraph 9.1.

- Lack of clarity regarding the process for amendments to the *Australia Education Act 2013* and the possible effect of removing the 'command and control' mechanism from the Act;
- The need for accountability and transparency measures to ensure that funding is going to those schools which require it most; and
- Transparency around the future levels of funding, particularly indexation decisions, by states and territories.

The committee considers that without certainty, accountability and transparency in school funding, achieving high quality educational outcomes for Australian students will not be possible.

Needs-based funding for schools now and into the future

As a result of its inquiry, the committee believes that the Abbott Government's changes to school funding arrangements will be detrimental to Australian schools, students, and to the broader Australian community. In particular, the changes will put at risk adequate funding for those students most at need, for example, students with disability.

At the recent Budget Estimates, Coalition Senators wrongly claimed that it was the Abbott Government which had delivered a needs-based funding model.³

It is the committee's view that without the Gonski Review, without the NPSI negotiations with states and territories, and without the passage of the *Australian Education Act 2013*, there would not be a national needs-based school funding model in Australia. The committee submits that, under the Abbott Government's arrangements, a needs-based funding model will last for a mere four years. After that, amendments to the *Australian Education Act 2013* and the low level indexation of funding post-2017 will mean that schools and the students they support cannot rely on adequate funding. This in turn will lead to inferior results for those students most in need and will further exacerbate the widening gap of educational achievement.

The committee's eight recommendations aim to ameliorate the grim future for school funding in Australia.

3 Senate Education and Employment Legislation Committee, *Budget Estimates Hansard*, 4 June 2014, p. 83.