

Chapter 4

The economic effect of school funding policy

4.1 Delivering the Jean Blackburn Oration at the University of Melbourne on 21 May 2014, Mr David Gonski AC reflected on his involvement in the review and report which now bear his name, and the fact that his name has become a byword for school funding in Australia. Mr Gonski had no regrets about being involved in the review, but he did regret the decision to include in the report 'calculations of what...a new school resource standard were likely to cost.'¹ Mr Gonski explained:

We also wanted, by noting the amount, to put it into context. We knew that the additional cost to governments which we noted was \$5 billion based on the 2009 numbers was a large number but we also knew that it was an increase of just under 15% of all government recurrent funding for schooling that year. We also knew that it was less than 0.5% of the gross domestic product of Australia for that year...

In retrospect, the decision to mention the number clouded the entire response to our review. Major media outlets talked of further billions for education and no doubt those who had to find the amount were very bluntly reminded of what was involved.

In fact our review was more subtle than an ask just for more money.

Lost in the discussion for more money were the central tenets of our review.²

4.2 The Gonski Review argued that education was not just a cost; it was an investment which would ultimately benefit Australia as a nation. The first three Findings of the Gonski Review highlighted this argument:

Finding 1 Australian schooling needs to lift the performance of students at all levels of achievement, particularly the lowest performers. Australia must also improve its international standing by arresting the decline that has been witnessed over the past decade. For Australian students to take their rightful place in a globalised world, socially, culturally and economically, they will need to have levels of education that equip them for this opportunity and challenge.

Finding 2 The challenge for the review is to design a funding model that adequately reflects the different needs of students to enable resources to be directed to where they are needed most. All Australian students should be allowed to achieve their very best regardless of their background or circumstances.

Finding 3 Australia's schooling system needs to help ensure that the targets for students attaining Year 12 or equivalent qualifications are met and that

1 David Gonski AC, Jean Blackburn Oration, University of Melbourne, 21 May 2014, p. 10.

2 David Gonski AC, Jean Blackburn Oration, University of Melbourne, 21 May 2014, pp. 11-12.

students leave school with the skills and capacities required to actively participate in society, and contribute to Australia's prosperity.³

4.3 The national needs-based, sector-blind approach to delivering school funding recommended by the Gonski Review was designed to address the widening gap between high-achieving and low-achieving students. Mechanisms for funding to be distributed in a transparent and accountable method meant that governments could not only ensure that funds went where they were needed, but also that results could be measured and funding distribution evaluated.⁴

4.4 This chapter explores the link between school funding and economic effect, and examines the argument for strategic use of funding to target areas of need.

Economic effect of school funding

4.5 The Gonski Review linked quality educational outcomes for students to increased national productivity:

Individuals who reach their full potential in schooling are usually able to make better career and life choices, leading to successful and productive lives. Success in schooling also helps to provide the skills and capacities needed to keep a society strong into the future. It deepens a country's knowledge base and level of expertise, and increases productivity and competitiveness within the global economy. Hanushek and Woessmann (2010) found that higher educational achievement led to significantly bigger economic returns, when they investigated the relationship between cognitive skills and economic growth in developed countries.⁵

4.6 Post the Global Financial Crisis, the OECD has found that education was significant in determining a person's economic and social prospects. For example, the OECD found that:

Unemployment rates among university graduates stood at 4.4% on average across OECD countries in 2009. But people who did not complete high school faced unemployment rates of 11.5%, up from 8.7% the year before. This adds to the huge problem of youth unemployment that today exceeds 17% in the OECD area.⁶

3 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xxix.

4 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, Recommendations and Findings.

5 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 19.

6 OECD, 'Education: crisis reinforces importance of a good education, says OECD', media release, 13 September 2011, www.oecd.org/newsroom/educationcrisisreinforcesimportanceofagoodeducationayssoecd.htm.

4.7 OECD Secretary-General Angel Gurría argued that 'investment in education is not only about money, it's also an investment in the future.'⁷ The OECD also observed that education of individuals provided a benefit to society at large:

Governments therefore need to invest in education. In the long-run, their budgets will benefit from investment in education. The better educated are less likely to need unemployment benefits or welfare assistance, and pay more tax when they enter the job market.

A man with a tertiary education will pay back an average USD 91 000 in income taxes and social contributions over his working life, over and above what the government pays for his degree.⁸

4.8 The OECD argued that the education of individuals contributes to society as a whole:

A large body of literature suggests that education is strongly associated with a variety of social outcomes, such as better health, stronger civic and social engagement, and reduced crime. A smaller number of studies further suggest that education has a positive effect on most of these social outcomes.⁹

4.9 The implication from the OECD's argument is clear: inadequate or poorly targeted education funding increases disadvantage and inequity, leading to a number of significant and costly social problems.

4.10 The Gonski Panel defined equity in schooling as 'ensuring that differences in educational outcomes are not the result of differences in wealth, income, power or possessions.' The Panel noted that:

Equity in this sense does not mean that all students are the same or will achieve the same outcomes. Rather, it means that all students must have access to an acceptable international standard of education, regardless of where they live or the school they attend.¹⁰

4.11 It was the view of the Gonski Panel that ensuring that all Australian children have access to the best possible education could be considered 'the moral imperative of schooling',¹¹ beyond the legal obligation of governments to provide opportunity of schooling.

7 OECD, 'Education: crisis reinforces importance of a good education, says OECD', media release, 13 September 2011.

8 OECD, 'Education: crisis reinforces importance of a good education, says OECD', media release, 13 September 2011.

9 OECD, Centre for Educational Research and Innovation – CERI, *Improving Health and Social Cohesion through Education*, www.oecd.org/edu/cei/improvinghealthandsocialcohesionthrougheducation.htm.

10 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 105.

11 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 105.

4.12 In his Jean Blackburn Oration, Mr Gonski spoke of the importance of school education to individuals and society:

I cannot easily forget the differences I saw in the schools I visited. To say that many of the schools in the state systems need further assistance both in money and tender loving care is to me an understatement.

Governments need to embrace the importance of school education to individuals and to the productivity of our society. There needs to be a commitment to a properly funded needs based aspirational system and a failure to do so will be to our detriment.¹²

4.13 A key finding of the Gonski Review was that educational disadvantage had a significant effect on student outcomes in Australia. Those students which experience disadvantage are at risk of underperformance. The Gonski Review found that it was essential for disadvantaged students and schools to receive targeted funding so that the equity of education outcomes could be improved.¹³

4.14 As a result of this finding, the Gonski panel concluded that:

Australia must aspire to have a schooling system that is among the best in the world for its quality and equity, and must prioritise support for its lowest performing students. Every child should have access to the best possible education, regardless of where they live, the income of their family or the school they attend. Further, no student in Australia should leave school without the basic skills and competencies needed to participate in the workforce and lead successful and productive lives. The system as a whole must work to meet the needs of all Australian children, now and in the future.¹⁴

4.15 The foundation of the reforms to school funding recommended by the Gonski Panel was the improved coordination of funding at state and federal government level so that 'funding effort can be maximised, particular effort to improve the educational outcomes of disadvantaged students.'¹⁵ Unless the funding inequity for disadvantaged students is addressed, a proportion of Australian students will fail to reach their full potential and Australia as a nation will be poorer.

The link between school funding and student outcomes

4.16 Despite the widespread support for greater school funding, the committee also heard argument against increases in school funding. In particular, Professor Henry Ergas argued that increased school funding in Australia has not resulted in a positive effect on educational outcomes:

12 David Gonski AC, Jean Blackburn Oration, University of Melbourne, 21 May 2014, p.19.

13 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 108.

14 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xiv.

15 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xv.

At the heart of the national school funding arrangements is the substantial further increase in public expenditure on schools.

Real government expenditure already increased by 3.8 per cent annually over the period from 2000 to 2012. In those school funding arrangements, Commonwealth outlays are projected to rise from \$13.5 billion in calendar year 2014 to \$17.6 billion in 2017 and then to \$22 billion in 2019. These very substantial increases have a high opportunity cost in terms of forcing taxes to be higher or other public spending to be lower than they would otherwise be. As a result, they can only be justified if there is compelling evidence that they will yield gains that exceed those opportunity costs yet that evidence has not been advanced. On the contrary, as the OECD recently pointed out...once one goes above a level of expenditure—some 50 per cent to 60 per cent of that in Australia—further increases in expenditure per student do not in themselves have any positive impact on performance.¹⁶

4.17 The Centre for Independent Studies (CIS) also made a similar point in a recent paper examining funding levels matched against Australian students' performance in international comparisons. Figure 5 below is extracted from the CIS report as it illustrates the point being argued in that report and by witnesses such as Professor Ergas.

4.18 In answers to questions on notice, Dr Ken Boston, former head of the NSW Education Department and member of the Gonski Review Panel, refuted the argument put by Professor Ergas and the CIS report. Dr Boston lists a number of publications which he argued identify a clear link between expenditure and school performance. In particular Dr Boston explained:

Grubb (2011) is an important publication, which Prof. Ergas has not represented accurately. Its thrust is to show that school outcomes depend very much on how school resources are used. Grubb sees money as an essential but not sufficient condition for school improvement: his major contention is that funding is an essential element in the creation of “compound resources”, in which money and other resources are combined to improve school outcomes. In the Australian context, examples of compound resources might include the application of funds in disadvantaged schools to support whole-school instructional leadership, teachers’ aides, counsellors, intervention programs and home/school liaison personnel fluent in the dominant community language.¹⁷

16 Professor Henry Ergas, private capacity, *Committee Hansard*, 1 May 2014, p. 58.

17 Dr Ken Boston, private capacity, answer to question on notice, 16 May 2014, p. 1.

Figure 5—Per student funding (real 2010-11 dollars) and PISA mean scores, Australia¹⁸



4.19 Dr Boston also observed that the OECD report on the 2012 PISA results, which is cited by those arguing that increased expenditure does not result in improved educational outcomes, found that 'high-performing countries tend to allocate resources more equitably across socio-economically advantaged and disadvantaged schools'. He explained that due to the problems in the allocation of school funding in Australia, the gap between advantaged and disadvantaged schools is greater:

Australia does not have a good record in allocating school funding equitably. The OECD (2013b,c) shows that disadvantaged schools in Australia have far fewer educational resources than advantaged schools. They experience more teacher shortages, and more shortages or inadequacy of educational materials and physical infrastructure than advantaged schools.

18 Jennifer Buckingham, 'School Funding on a Budget (T30.09)', Centre for Independent Studies, p. 11, www.cis.org.au/images/stories/target30/t30.09.pdf.

The gaps in human and material resources between disadvantaged and advantaged secondary schools in Australia are amongst the largest of all the countries participating in PISA, and certainly amongst the higher performing countries. Out of 65 nations participating in PISA, only Taiwan has a greater differential between advantaged and disadvantaged schools in the supply of teachers. Only ten countries have greater inequity than Australia in the allocation of educational resources.¹⁹

4.20 The Gonski Review Report noted that based on OECD data for 2008, government expenditure on schooling was relatively low in comparison on other countries: Australia's expenditure on primary, secondary and post-secondary non-tertiary education was 3 per cent of GDP compared to the OECD average of 3.5 per cent.²⁰ As Mr Gonski noted in his Jean Blackburn Oration, \$5 billion based on the 2009 funding was a large number, however it represented an increase of just under 15 per cent of government recurrent funding for schooling that year, and less than 0.5 per cent of Australia's GDP for that year.²¹ With a 0.5 per cent increase, Australia would still have been under the OECD average of 3.5 per cent.

4.21 The NCOA report asserted that funding had been high under the AGSRC funding model (2000 onwards) and that growth would be increase exponentially post the implementation of the NPSI.²² In reality, and when considering the OECD data, Australian schools funding growth under the NPSI would not be remarkable when compared to other countries as a proportion of GDP. For example when the NCOA argues that school funding had been high under the AGSRC from 2000 on, the OECD data for 2000 has Australia spending 5.2 per cent of GDP on education funding compared to an OECD average of 5.4 per cent.²³

4.22 The importance of the NPSI model, with its implementation of an SRS including loadings for disadvantage, was to use funds allocated for schools strategically. This followed the key argument of the Gonski Review that funding arrangements should be structured so as to increase equity in the schooling system:

The structure of schooling systems and school funding arrangements can facilitate, or hinder, equity. Field, Kuczera and Pont (2007) suggest that in order to promote equity, expenditure in education should be targeted to schools most in need of support within a schooling system, so that minimum standards of achievement are met everywhere. They also suggest that funding arrangements should promote transparency and accountability by funding recipients, particularly government and non-government school

19 Dr Ken Boston, private capacity, answer to question on notice, 16 May 2014, pp 4–5.

20 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 13.

21 David Gonski AC, Jean Blackburn Oration, University of Melbourne, 21 May 2014, pp. 11-12.

22 National Commission of Audit, *Appendix to the National Commission of Audit Report, Volume 1*, February 2014, p. 262, www.ncoa.gov.au/report/appendix-vol-1/9-7-schools-funding.html, (accessed 9 June 2014).

23 OECD (2013), *Education at a Glance 2013: OECD Indicators*, OECD Publishing, <http://dx.doi.org/10.1787/eag-2013-en>

systems, for the allocation of resources so that the impact of addressing inequity and improving educational outcomes can be measured.

While funding arrangements play a critical role in improving equity in educational outcomes, allocating the right level of resources in the right places is only part of the challenge. Of equal importance is ensuring that additional resources are used in the most educationally effective ways. The key to achieving greater equity in schooling therefore lies not only in an increased investment in disadvantaged schools and students, but also in ensuring additional resources are used to employ strategies in a comprehensive, integrated and sustainable manner.²⁴

4.23 While the NCOA, like Professor Ergas, focused purely on the cost of education, the Gonski Review outlined a funding model which aimed to make the best use of school funding by targeting it to the areas of most need and the strategic use of the additional resources.

Specific examples of improved student outcomes of school funding

4.24 The committee heard a number of real-life examples which support the argument made by Dr Boston; that funding levels and its distribution are linked to educational outcomes, particularly where funding is specifically targeted to alleviating disadvantage. Many examples provided were in relation to the programs schools could run using the funding provided under the National Partnerships Program. Two such examples are extracted below in abridged form. These examples, from schools in Victoria, show that small amounts of targeted funding, if used strategically in areas such as teacher quality, can result in improved educational outcomes.

4.25 The first example is from Mr David Adamson, Principal of the Essendon Keilor College in Melbourne. Mr Adamson provided his evidence as part of a session, included at the conclusion of several of the committee's public hearings, which allowed teachers, parents and principals to give short statements to the committee:

In 2011, I received about \$70,000 national partnership money because I had a significant cohort of kids who were performing well below standard in literacy and numeracy. That is the only time ever I received any money for that because we solved the problem and so I did not have that cohort any more. How did I solve the problem? I did it by employing 0.7 of a teacher—\$70,000 covered about 0.7 of a teacher. I have multi campuses—I have two year 7 to year 9 campuses. I split that money across the two campuses and got a couple of my teachers who were experts, one in literacy and one in numeracy, to coach staff to set up a literacy and numeracy program. It was a small amount of time, a third of a teacher's allotment, 10 or 15 periods a week that they were able to put into that. We were able to train them and then to train other teachers in teaching literacy and numeracy. So the students in year 7 in that time who had that plus or minus three-year spread of abilities...by looking at NAPLAN and other results we were able, in two years, to narrow that six-year gap to around four years, as

24 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 109.

well as pushing everybody up. So a small amount of money could make a significant difference if used properly.

We do not have that money any more. The teachers have moved on. The expertise is disappearing. Over time the ability to make that significant difference disappears very quickly. So in a two- or three-year period, if I am not careful I am going to lose all that expertise in the school. The two teachers I trained as coaches are nearing retirement age. I do not have the resources to continue those programs so I do not get additional funding.

So when you hear stories that money does not matter, it really does matter. Targeted properly it can make a significant difference to student outcomes...²⁵

4.26 The second example is from Ms Karen Money, the principal of William Ruthven Secondary College in Melbourne. Ms Money also provided her evidence as part of an individual parents, teachers and principals session at the committee's public hearing:

We had a brand new timetable, curriculum and methodology of doing things. Part of that methodology was being able to employ, with some national partnerships money, some good leading teachers to come in and build into their allotment for 70-minute periods of coaching—similar to what David [Adamson] was saying, having the expertise of expert teachers coaching their peers and colleagues to lift the capacity of all of the other teachers with the consistency of practice across the school—and that has resulted in some learning improvements for our students, which is the main game for all of us.

It was very contentious, very difficult, to do a lot of those things, but it needed to be done if you were really serious about students learning at the centre. It also meant a big culture change. It meant changing the values, changing language around, for example, 'They're only Reservoir kids, so what do you expect from them?' to 'I expect everything for them. I expect them to be treated like every other young person in Australia, a democratic country, where they should have access to the best possible teaching no matter the postcode and no matter where they live.

...the real point that I wanted to make was that if you have people who can see the good research around on what makes schools better and what improves them and you can enable practitioners and teachers to learn from each other and get better at what they do, ultimately even with our low SES, non-English speaking background students who you would not necessarily expect the very best from, you can get the very best.

In 2010 the median VCE study score was 25 and last year [2013] it was 28. So it has gone up by one each year. That does not sound like a lot but it is a big difference to VCE median study scores. We had a perfect study score of 50 from Amir Mallelari, a young Arabic boy. He will receive a Premier's Award for his VCE. He is one of our Reservoir boys. It is important to have

25 Mr David Adamson, Principal of the Essendon Keilor College, Melbourne *Committee Hansard*, 3 April 2014, p. 53.

good teaching, good and consistent practice, committed staff who have the time, and staff who have the expertise, but that costs money. To lift the capacity for these young people is what is important. Last year we had 10 per cent of our VCE study scores over 40. That came from a low of 4.2 [per cent] the year before...²⁶

4.27 The committee heard similar examples of the significant difference made by targeted funding in other states. The Queensland Teachers' Union representative, Mr Kevin Bates, summed up the position in his evidence:

Quality learning relies on appropriate funding. This is firmly established in part 2 of our submission, where outcomes for students in national partnership schools dramatically improved when school resourcing increased. The quality of a child's education should not depend on the circumstances they are born into.²⁷

4.28 Other witnesses, for example Mrs Gail McHardy of the Parents Victoria Association, argued for the importance of continuity of funding and the effect of uncertainty on a school being able to continue running a successful program:

We often see in our space that schools will go, 'We've got this opportunity; we could do that because we could link it to that grant or we could link it to that initiative of the government,' and they will support that because that is what they want to do. So schools are very creative and savvy in doing it but, unfortunately, that money goes only for a period of time and does not sustain the program. That is one of the biggest frustrations for families. They think: 'This is wonderful. Why don't you keep it going?' The schools say: 'We can't. The money has run out.' That is our biggest frustration.²⁸

4.29 Mr Rob Nairn, Executive Director of the Australian Secondary Principals Association, argued that funding is part of the equation for ensuring quality educational outcomes. The other components required are consistency of funding and capability of school leaders:

But here is the sting in the tail: if you give lots of money to people who do not have the necessary capabilities to use that money effectively, then you are not going to make any difference at all. Now, I could give you examples of principals that have received national partnership money that said, 'I've just received \$150,000 from the federal government; I don't know what to do with it'—whereas, under the proposed funding model, you have a system where principals can rely on dollars coming in year by year. You can put in some sustainable interventions, so it is not a matter of, 'I'll fund this teacher for this year,' or the next two years, and it makes a difference, and then the teacher goes and everything falls apart. You can actually plan as a school

26 Ms Karen Money, Principal of William Ruthven Secondary College, Melbourne, *Committee Hansard*, 3 April 2014, p. 54.

27 Mr Kevin Bates, President, Queensland Teachers' Union, *Committee Hansard*, 1 April 2014, p. 1.

28 Mrs Gail McHardy, Executive Officer, Parents Victoria Inc, *Committee Hansard*, 3 April 2014, p. 38.

community and get things sorted out so that you have something sustainable into the future. I think that is the important part of any funding model....

A great leader with inadequate funding is only going to be able to do a portion of what they could do if they had adequate resources. The OECD points to flexibility over your curriculum and your resources as enabling you to implement things that are going to make difference. It is not so much about flexibility over your budget and your buildings and those sorts of things.

I think one of the strengths of the Gonski funding was that, six years down the track, everybody would be at the same level, and that was the generally recognised, essential point of funding for every student. We are concerned that we are not going to reach that point, simply because the commitment is for four years; and, if we do not get to that point, then what are we going to have?²⁹

4.30 The committee also heard from Catholic and Independent schools that consistent funding, particularly for students with specific educational needs, was something desperately needed. For example Mr Wayne Bull, Principal of La Salle College, Western Australia told the committee:

I am delighted to be able to present this evidence. My name is Wayne Bull and I am principle of La Salle College in Middle Swan, which is located in the outer metro of Perth. Our school has an SES of 99 and an ICSEA of 1,016. We are part of the Catholic education system of Western Australia. Our fees are currently \$3,500 per year, although approximately 10 per cent of our parents pay no fees at all and another 25 to 30 per cent are on some form of concession. We have a large education support unit supporting 70 students with disability ranging from quite severe intellectual or physical disability through to moderate. We also have 92 Indigenous students, 42 of whom are boarders. So we have a unique situation where our boarding is only for Indigenous students and these students come only from the Kimberley from remote locations where secondary education is not available—places like Balgo Hills, Billiluna, Mulan and so on.

Fundamentally, I am very supportive of the Gonski model and the Better Schools funding model. The fact the model recognises a base funding whereby schools have a basic requirement to run the school, and then various loadings which are provided on the basis of need and disadvantage. I believe that this is a very positive and equitable approach. My understanding, though, is for the next four years, while the funding is guaranteed, much of the additional funding—the big gains—were going to come in years five and six. So as a principal looking ahead for the next four years I have some certainty; I was looking forward to even greater certainty in years five and six but I guess there are some questions there.

29 Mr Rob Nairn, Executive Director, Australian Secondary Principals Association, Western Australia, *Committee Hansard*, 29 April 2014, pp 22–23.

In some ways it has been a bit of a challenge trying to explain the new funding model to my community, to my board and to parent groups. I guess the idea of explaining that has been a little challenging—the fact that there was a model in place which looked at a six-year arrangement, which has now come back to four. For La Salle, particularly given the diverse make-up of our students, supporting students with disability and our Indigenous students is critical for us.³⁰

4.31 Mr Warwick Dean, Principal of the Hutchins School in Tasmania, provided the perspective of an Independent school:

The Hutchins School is a non-profit institution which is set up and governed on an individual basis as a truly independent school. Unlike in other sectors, the school does not rely on a central bureaucracy or bodies and is separately accountable to the Hutchins School board, its parent body and the school community.

I think perhaps there is a common perception—I have actually worked in other states—that independent schools are large urban schools that cater for high-income families. At my school I do not think that is true. I have noticed, for example, that 90 per cent of independent schools are low- to medium-fee establishments which cater for the full spectrum of Australian society, and my school is no different. Tuition fees for a senior student at my school are an all-inclusive \$14,800. The early learning centre, which is to the end of grade 2, is \$9,380, with years 3 to 6 being \$10,640.

I know the critical element of the negotiations with the former government was an agreement reached that total public funding for schools would increase by at least three per cent under new funding arrangements. On this we relied. Payments received thus far indicate that this commitment is not being met at this time for the Hutchins School. Unlike the 900 non-systemic independent schools, government systemic schools and Catholic systemic schools are not obliged to fund their schools according to the new funding arrangements but are able to continue their longstanding capacity to redistribute funding according to their own methodology. This means that the only schools in Australia funded according to the new funding arrangements seem to be the 900 systemic independent schools. The Hutchins School is one of these schools. The other 8,500 schools are part of either government or non-government systems. My concern, therefore, for the Hutchins School is that the basic school systems can redistribute their funding, which mitigates some of the problems with the model in terms of its volatility and uncertainty to provide systemic schools with a greater degree of funding certainty and stability, but independent schools receive their funding directly from governments, so there is no capacity to redistribute funds to address the flaws in the model. The capacity of school systems to redistribute funding means that, despite the rhetoric, government schools can suffer and have suffered reductions in funding even in signatory states, and I believe that is unfounded.

30 Mr Wayne Bull, Principal, La Salle College, Western Australia, *Committee Hansard*, 29 April 2014, p. 25.

The negotiation process for us was a difficult environment. The former government's key objective was, in my opinion, to secure a sign-on from all state and territory governments, and I believe independent schools were not a key priority or focus in either the negotiations or the structure and implementation of any model. The government has committed to funding only the first four years of arrangements, and Minister Pyne has indicated that in the final year of the current four-year funding period the government will enter into a new quadrennium funding agreement with all states and territories and non-government sectors. It is my hope that the concerns raised here will be attended to as a model for funding agreements as they are devised.³¹

Committee comment

4.32 The committee is persuaded by the evidence that there is a link between funding and the achievement of improved educational outcomes. At the same time the committee recognises that improved school funding arrangements are an essential but not sufficient condition of lifting the overall performance of student outcomes, and in particular addressing the long-tail of educational underperformance. There is a requirement for the ongoing development in related areas of policy such as improved teacher training, quality learning, school leadership and parental engagement.

4.33 A key point often overlooked by those arguing against increased investment in education, is that provided funding is used strategically and targeted to those areas of most need, the equity gap will diminish and beneficial results can be achieved.

4.34 At its site visits to the Immaculate Heart of Mary School and the Darlington Primary School in Adelaide, committee members were able to see firsthand how targeted funding can be used to achieve outstanding results for students. It is the committee's view that the above examples clearly demonstrate what can be achieved by implementing a national needs-based, sector-blind system of school funding. The committee is encouraged by the results which can be achieved through targeted funding, such as that in the National Partnerships Program.

4.35 The committee endorses the views put so clearly by Dr Ken Boston:

I can see that Ergas and others, as economists, are looking at the macro-economics of the thing. When you get down into the classroom, when you understand what is going on and when you see wasted human potential because the resources are simply not there, then it focuses the mind on where this country is going. I go back to one of my initial points: if we are hard strapped for cash, as we seem to be, it is better to spend the money we do have for education strategically on areas of need, rather than divvy it up according to some sort of historical approach whereby sectors get a certain amount and no school loses a dollar.³²

31 Mr Warwick Dean, Principal, Hutchins School, Tasmania, *Committee Hansard*, 4 April 2014, pp 41–42.

32 Dr Ken Boston, private capacity, *Committee Hansard*, 16 May 2014, p. 5.



From left: Senator Penny Wright (Deputy Chair), Senator Deborah O'Neill, Senator the Hon Jacinta Collins (Chair), Ms Jo Miller (Deputy Principal) and Mr Stephen Palethorpe (Committee Secretary). The committee saw first-hand the benefits to the students of the Darlington Primary School, Adelaide, from funds provided through the National Partnerships Program during the site visit to that school on 30 April 2014.