

Chapter 9

Conclusion

Committee comment

9.1 This report has demonstrated:

- 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 students¹ in the implementation of the National Plan for School Improvement (NPSI); and
- the disruption and confusion which has resulted from the change from the NPSI to the Students First funding arrangements.

9.2 The committee sees the Gonski Review as a fundamental benchmark in the history of school funding in Australia. The Review demonstrated the importance of an equitable and nationally consistent funding approach and the link between education outcomes and investment in the school sector. Equity was an essential concern in the Gonski Review. As Mr Gonski said when delivering the Jean Blackburn Oration:

One of the easiest decisions we were able to take is what we as a review team believed “equity” should mean in determining a suitable funding system in Australia.

We felt strongly and unanimously that a funding system must ensure that differences in educational outcomes are not the result of differences in wealth, income, power or possessions.

Flowing from this a funding system based on need was both obvious and important.²

9.3 The Gonski Review defined equity in schooling as 'ensuring that differences in educational outcomes are not the result of differences in wealth, income, power or possessions.'³ This definition recognised that not all students are the same or can

1 The 80 per cent figure is calculated using figures from Table 4.3 in Volume B of the Productivity Commission's *Report on Government Services 2014*. As a proportion of the national total, students in NSW, Victoria, South Australia, the ACT and Tasmania amounts to 67.42 per cent. When the students in Catholic and Independent Schools in Queensland, Western Australia and the Northern Territory are added, this figure is 80.41 per cent. The Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, Table 4.3 FTE student enrolments, August 2012, p. 4.9, www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf, (accessed 20 June 2014).

2 David Gonski AC, Jean Blackburn Oration, University of Melbourne, 21 May 2014, p. 13.

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

achieve the same outcomes; rather it meant equity of access for all students to a high quality education.

9.4 Without a funding system which allocates resources to schools and students most in need, equity of access to high quality education is not possible. Dr David Zyngier, senior lecturer from Monash University who appeared in private capacity, explained the importance of allocating funds to alleviate disadvantage:

The equity implications of a school's socioeconomic status are, as we know, considerable. Individual students are advantaged or disadvantaged by their own backgrounds—who their parents are—but the impact of this can be reduced or magnified in the schools they attend. School choice is exercised in Australia, favouring those with resources to exercise that choice while reducing opportunities for disadvantaged students who are increasingly sitting in classrooms alongside their own disadvantaged peers. Professor Richard Teese of the University of Melbourne calls this 'sinks of disadvantage'.⁴

9.5 Dr Zyngier argued that under previous school funding models that pre-dated the Gonski Review, the idea that parents and students had choice in regards to schools was a myth:

Choice is only available for those who have the wherewithal to make that choice. We have heard about the end of the age of entitlement. However, when a person on the basic wage of \$55,000 a year pays his or her taxes, that person does not have a choice, but their taxes go to enable someone who is on a salary of \$150,000 or more per annum to exercise that choice. So it is a bogus choice.⁵

9.6 The committee believes that genuine 'choice' will only be possible if funding is targeted to address areas of need. This can only occur if Australia effectively implements a needs-based school funding model, and adequately invest in that model into the future.

9.7 The Gonski Review also built strong community support for a national needs-based, sector-blind funding model which, if properly implemented, would raise education outcomes and reduce inequity. The historical reforms to education funding were driven forward by the NPSI, which began the process of implementing a national needs-based, sector-blind model, working with all stakeholders and including the community in the process of change.

9.8 On the proviso that adequate time, expenditure and effort are dedicated to embed these reforms, the committee is confident that these changes will boost educational standards across the board, effectively support those students with genuine needs, and address the long tail of underachievement regardless of schooling sector.

4 Dr David Zyngier, private capacity, *Committee Hansard*, 3 April 2014, p. 42.

5 Dr David Zyngier, private capacity, *Committee Hansard*, 3 April 2014, p. 47.

9.9 However, with the Abbott Government's changes to school funding arrangements, states and territories will have only four years of funding certainty.

9.10 After the shambolic first months of policy formulation from the Abbott Government, some commentators reflected on what would happen if the Gonski Review recommendations languished:

But it's worth reminding ourselves what the Gonski review tried to fix (which Pyne might have been reminded of, had he accepted the invitation made by Gonski panel member Kathryn Greiner to talk him through the review's findings).

Under the existing arrangements, the "educational outcomes" of indigenous kids have fallen two years - *two years* - behind those of non-indigenous kids....

Sixty per cent of children who are not proficient in English, and about 30 per cent of indigenous children and those living in "very remote" areas, are considered "developmentally vulnerable".

And that too often means they're dropping out of the system.

In 2009, the report tells us, 56 per cent of children from low socio-economic backgrounds finished year 12, compared with 75 per cent of children from high socio-economic backgrounds.⁶

9.11 Professor Stephen Dinham, national president of the Australian College of Educators stressed that the consequences of the Abbott Government's changes would be highly detrimental to Australia as a nation:

...It is hard not to conclude that what we are seeing is a deliberate strategy to dismantle public education, partly for ideological and partly for financial reasons.

If these developments continue then the inevitable outcomes will be greater inequity and continuing decline in educational performance, something that will provide the proponents for such change with further "evidence" to support their position and for even more far-reaching change.

Australia is becoming a less equitable society both generally and in respect of education and as has been demonstrated, inequality in society is actually worse for everyone.⁷

9.12 Although noting that there are arguments both for and against linking the amount of funding to educational outcomes, the committee considers that schools cannot set high standards for teacher quality and student outcomes without adequate funding. Without certainty of funding, and adequate funding from both the

6 Bianca Hall, 'Government backflip on Gonski reforms puts school funding in chaos', *The Age*, 1 December 2013, www.theage.com.au/comment/government-backflip-on-gonski-reforms-puts-school-funding-in-chaos-20131130-2yj3.html.

7 Stephen Dinham, 'Why free market will not fix problems with teachers and teaching', *The Sydney Morning Herald*, 2 April 2014, <http://www.smh.com.au/comment/why-free-market-will-not-fix-problems-with-teachers-and-teaching-20140402-zqpo2.html>.

Commonwealth and State Governments, schools, students and the Australian community will suffer.

9.13 At its public hearing on 16 May 2014, the committee heard from Dr Ken Boston. Dr Boston was able to offer a unique and important perspective on school funding: that of a former Gonski Review panellist, former head of the NSW Department of Education, and ongoing commentator on school funding and educational outcomes. The committee considers that Dr Boston provided one of the clearest summations of the need for school funding arrangements to be clear, consistent, and certain into the future:

The disturbing thing is that there has been real growth in education spending in the years 2000-2012, the high water mark of sector based, needs-blind funding, and during those years our national performance has declined. The government and Commission of Audit conclude that funding is therefore not the critical factor in the decline, but the issue is the increased funding is not then spent strategically. Too much is being spent on schools that do not need it. Not enough is being spent on what matters where it matters.

In concluding I go back to the five-year gap in reading performance. The government is quite wrong on the cause of this and other similar gaps. This gap is not the result of insufficient autonomy to schools and their principals. It is not the result of underachieving schools having poor teachers. It is not the result of an unchallenging curriculum. It is not the result of failing to make Thomas Hardy compulsory reading in year 8. It is the direct result of sector based, needs-blind funding; and, so long as that system continues, the quality of education provided for disadvantaged children will remain inferior, the oxygen will continue to be sucked from any genuine competition, we will continue to fail to realise the full potential of our latent human capital and Australian education will remain an international basket case.⁸

9.14 The committee recognises that school funding is a policy issue on which the States, Territories and the Commonwealth Government must work together with each school sector and school communities. In conducting public hearings in six states, the committee was able to take views from a range of stakeholders: public, Catholic and independent school associations; parents, teachers, principals; unions and, in some cases, State Governments.

9.15 The committee notes that a very significant majority of stakeholders in education funding support the findings of the Gonski Review and the arrangements agreed under the NPSI. For this reason, the committee is particularly concerned that this consensus is in danger of being undermined in the confusion created by the Abbott Government's changes to school funding.

9.16 The committee believes that it will not be possible to achieve the best educational outcomes for Australian students if there is not a genuine commitment by

8 Dr Ken Boston, private capacity, *Committee Hansard*, 16 May 2014, pp 1-2.

the Australian Government to a national needs-based, sector-blind funding model which is implemented across all jurisdictions.

9.17 The committee urges the Abbott Government to fulfil its pre-election commitment so that the strong community consensus developed through the Gonski Review and the NPSI implementation can be preserved. The committee has made the following recommendations in this report as a way forward for the Australia Government implement a genuine needs-based funding model.

Recommendation 1 (*commit to implementation of the NPSI*)

The committee believes that the significant consensus achieved from the Gonski Review and the agreements negotiated under the National Plan for School Improvement (NPSI) must not be lost with the current government's harmful and confusing changes. The committee recommends the Australian Government honour its pre-election commitments to fully implement the national needs-based, sector-blind funding model incorporated in the NPSI to improve equity across Australian schools. In particular, the Australian Government should commit to the following elements of the NPSI:

- **the six year transition to a nationally consistent Schooling Resource Standard;**
- **maintain the commitments made under the National Education Reform Agreement (NERA) and bilateral agreements with participating states and territories, in particular the five areas of the NPSI:**
 - **quality teaching**
 - **quality learning**
 - **empowered school leadership**
 - **meeting student need**
 - **greater transparency and accountability; and**
- **conduct reviews prescribed under the NERA and strive for equitable funding for schools most in need.**

Recommendation 2 (*non-participating states*)

The committee recommends that the government work with non-participating states and territories to:

- **maintain the existing education spending of all non-participating states and territories;**
- **ensure appropriate indexation of education spending for all non-participating states and territories;**

- **ensure that adequate co-contribution arrangements are agreed by all non-participating states and territories to establish a national School Resource Standard; and**
- **achieve agreement with non-participating states and territories to the national funding model and NPSI established under the *Australian Education Act 2013*.**

Recommendation 3 (*disability loading*)

The committee recommends that the government moves, as a matter of urgency, to a disability loading based on actual student need. To this end, the committee recommends that data collection and decisions about the loading for students with a disability should be expedited so as to provide certainty around a needs-based disability loading to replace the temporary arrangements in 2015. This must happen in close consultation with advocacy groups, the various school sectors and states and territories.

Recommendation 4 (*disability loading*)

The committee recommends the Federal Government honours its election commitment for increased funding to cover unmet need for students with a disability.

Further, the committee recommends that the government works with all states, territories and advocacy groups to clarify the interaction between the disability loading and the National Disability Insurance Scheme.

Recommendation 5 (*disability loading*)

The committee recommends that information assisting parents and carers of students with a disability be produced and distributed as soon as possible.

Recommendation 6 (*federal-state relations and accountability*)

The committee recommends that the Department of Education produce an annual 'report card' detailing the breakdown of school funding including:

- **funding provided to states and territories (participating and non-participating) and non-government schools by sector;**

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- **comparable information contributed by state and territory governments about their school funding;**
 - **the extent to which these arrangements are achieving equitable funding to schools and students in most need; and**
 - **funding broken down to a school level.**

Recommendation 7 (*indexation rate post 2017*)

The committee recommends that the Australian Government should reinstate an appropriate indexation rate for school funding. The government should ensure that Commonwealth school funding is not cut in real terms by adopting a more realistic indexation rate that ensures annual indexation is not below actual cost pressures. The committee notes that the previously agreed rates increased Commonwealth funding at 4.7 per cent per annum and states' contributions at 3 per cent per annum.

Recommendation 8 (*ongoing scrutiny*)

The committee recommends the Senate pay particular regard to:

- **any further cuts to Commonwealth or state education funding;**
- **the effect on Commonwealth-state relations with any further cuts or changes, particularly the effect on states' ability to adequately fund schools; and**
- **any reviews conducted or amendments proposed to the *Australian Education Act 2013*.**

The committee also recommends that the Senate refer any amendments proposed to the *Australian Education Act 2013* to the Senate Education and Employment Legislation Committee for inquiry and report.

Senator the Hon Jacinta Collins

Committee Chair