

Labor Senators' Dissenting Report

1.1 Labor Senators note the Australian Education Amendment Bill 2017:

- Will leave schools \$22.3 billion worse off than they would have been under the original, bipartisan plan to improve school funding. This will mean fewer resources for Australian schools students risking our ability to give each child at school a high quality education.
- Sees the Commonwealth government abandon all responsibility for ensuring that Australian students reach, at a minimum, 95 per cent of the Schooling Resource Standard (SRS).
- Does not meet the objectives of the original Review of Funding for Schooling, by moving away from 'total public funding' (Commonwealth and State school funding), to a Commonwealth-only funding model.
- Entrenches a discriminatory distribution of funding by prescribing sector specific targets of 80 percent SRS for non-government schools and 20 percent of SRS for public schools, fundamentally opposite to the Review of Funding for Schooling objective of a 'sector-blind model.'
- Will result in 85 percent of public schools being funded below their SRS target in 2027, some 15 years after the original Review of Funding for Schooling.
- Provides the majority of extra funding for the non-government sector, despite the public sector educating the majority of educationally disadvantaged children.
- Provides only 10 percent of funding announced over the forward estimates period. The majority of schools will have to wait a decade to reach even the lower targets set under this legislation. Most children at school today will graduate before funding reaches the SRS.

1.2 The current *Australian Education Act 2013* outlines the key objective of schools funding:

...All students in all schools are entitled to an excellent education, allowing each student to reach his or her full potential so that he or she can succeed, achieve his or her aspirations, and contribute fully to his or her community, now and in the future.

The quality of a student's education should not be limited by where the student lives, the income of his or her family, the school he or she attends, or his or her personal circumstances.

The quality of education should not be limited by a school's location, particularly those schools in regional Australia.¹

1 *Australian Education Act 2013*, preamble.

1.3 Labor Senators believe these principles are fundamental to fair school funding arrangements and note the Government's Australian Education Amendment Bill 2017 removes these core objectives, both in words and in fundamental practice.

1.4 Labor Senators believe the National Education Reform Agreement (NERA) should be honoured. This was a landmark agreement which set out new funding, reporting and reform arrangements to ensure schools deliver a high quality education for all students.

1.5 Under the NERA and the existing Act, underfunded schools would have reached their fair funding level (95 percent of the SRS) in 2019 for participating states and 2022 for Victoria. Under the proposed arrangements only 1 in 7 public schools will be at this level by 2027.

\$22 billion cut in funding

1.6 Labor Senators note, according to the Government's own figures, proposed changes represent a \$22.3 billion cut to school funding, compared to the existing legislation and agreements put in place by the former Labor government in 2013.

1.7 This difference is clearly detailed in the Government's briefing document, circulated to journalists on 2 May 2017. The document states that the legislation will see 'savings of \$6.3 billion over 4 years (2018–2021) and \$22.3 billion over 10 years (2018–2027)' to be achieved under the Government's plan.²

1.8 The Bill entrenches in legislation the Government's broken promises on education funding. At the 2013 Federal election then Opposition Leader Tony Abbott stated that the Coalition were on a "unity ticket" with the Labor government over the 2013 education funding arrangements. In the 2013 election the Coalition put up corflutes around polling stations stating: "Liberals will match Labor's school funding dollar for dollar."

1.9 This election promise was broken in the disastrous 2014 Budget when the Liberal government cut school funding by \$30 billion.

1.10 The alleged commitment to increased funding in this Bill is only an increase in funding when compared to the \$30 billion cut to school funding contained in the 2014 Budget. This policy represents a \$22.3 billion cut compared to the existing legislation and the arrangements put in place by the former Labor government.

1.11 In order to implement their cut to school funding the government will have to tear up the NERA, breaking the promise made in that Agreement to honour funding arrangements with the States and Territories. State and Territory Governments have made it very clear that they oppose the Government tearing up that Agreement.

1.12 The NSW government has been particularly clear that the Bill represents a funding cut and a broken promise. The Liberal Minister the Hon Robert Stokes MP stated:

2 *Key funding figures and qualifiers – 30 April agreed costs*, Tabled Document, 11 May 2017.

We've got a legitimate expectation to receive for the schools in NSW the money that parents, that teachers, that students were promised. We can see the impact it's having in terms of teaching results and learning results in the classroom. And that's why we are all passionately committed to call on the Federal government to honour the deal that still today remains on foot. We're not asking for special treatment. We're not asking for a special deal. We're just asking for the deal that we currently have to be honoured.³

1.13 The Government of South Australia submitted that:

South Australia is delivering its share of increased funding under the six year bilateral agreement; over the final two years of our bilateral agreement (2018 and 2019), the South Australian Government will invest an additional \$175 million in South Australian education. The Australian Government has withdrawn its share of funding, putting at risk \$335 million in funding to South Australian schools in the final two years of the bilateral agreement. Even under its recent funding offer, indicative projections suggest that South Australian students will lose almost \$265 million in funding compared to the existing agreement.⁴

1.14 Likewise, the Victorian Government observed that:

In 2013, following the final report of the Review of Funding for Schooling (the Gonski Review), the Victorian Government became a signatory to the National Education Reform Agreement (NERA). The NERA was intended to deliver an additional \$12.2 billion to Victorian schools between 2014 and 2019, with sixty per cent of this funding to be delivered in 2018 and 2019. The NERA was a landmark reform that enabled all schools across Victoria to access needs-based, equitable funding. It provided a solid foundation for both levels of government to work cooperatively to support growth and improvement across all school sectors over a six-year trajectory. The Commonwealth Government introduced the current *Australian Education Act 2013* (the Act) to support this distribution of needs-based funding to all sectors.

The Australian Education Amendment Bill 2017 (the Bill) proposes to dismantle key elements of the NERA. The Victorian Government does not support this. The NERA is still in existence and should be honoured by the Commonwealth Government. Victoria has funded its full commitment of Gonski funding until the end of 2018. The Commonwealth Government's new funding proposal leaves a massive shortfall for Victorian government schools of around \$630 million in 2019 against the NERA, which will disproportionately impact on the most vulnerable schools and students. For some schools, this shortfall could equate to \$1 million next year alone.⁵

1.15 As the Australian Education Union noted "this funding so far has helped schools provide life-changing support and interventions for our students. To cut this

3 Press Conference on 31 May 2017.

4 South Australian Government, *Submission 26*, p. 2.

5 Victorian Government, *Submission 47*, p. 1.

funding and to end the cooperative arrangements designed to ensure that no child misses out is something that no political party should support.”⁶

1.16 Labor Senators note that this concern is shared by parents. This is set out in a letter from Ms Susie Boyd, President of the Federation of Parents and Citizens of New South Wales to the Hon Tanya Plibersek MP, Shadow Minister for Education:

We write to express our astonishment that the Senate Inquiry into the Australian Education Amendment Bill 2017 has convened without any representation of New South Wales government schools or parent communities.

This proposed legislation will have profound implications for the over 2200 government schools in New South Wales and thousands more across Australia. To invite a handful of state/territory education bodies, with no representation from the state government school sectors at this public inquiry is a dereliction of the Government’s responsibility to consult as widely and transparently as possible.

This is all the more imperative considering the range of views that exist between the various national and state organisations.

The Federal Government’s position is entirely contrary to that of NSW P&C Federation, which firmly believes that our current established funding agreement (NERA) should be fulfilled prior to any new funding arrangements are implemented.

The fact that representation of government school communities in New South Wales, and other states/territories, was deliberately absent from this inquiry amounts to virtual censorship of government school voices.

We cannot emphasise strongly enough that the Federal Government must consult with all stakeholders in education before embarking on major reforms which undercut the ability to complete and quantify the success of current funding models. This consultation must involve providing adequate timeframes for inquiry submissions, clear terms of reference, detailed data and modelling assumptions for all stakeholders to assess.

As long as elected officials feel they can shift goalposts and interfere with funding arrangements before they are fully implemented, there is little prospect for equitable and sustainable education funding. This will continue inequities in education outcomes, which will inevitably entrench the inequities in society as a whole.⁷

1.17 Labor Senators call on the Government to honour existing school funding agreements for 2018 and 2019 and the current Act, and work with all states and territories to bring underfunded schools to 95 percent of their Schooling Resource Standard (SRS) by the end of 2019, with Victorian schools to reach that level by 2022.

6 Ms Haythorpe, Australian Education Union President, testimony to the committee 2 June 2017.

7 Letter received 9 June 2017.

Rejection of Commonwealth-states partnership to reach SRS target

1.18 Labor Senators do not support the move to a Commonwealth-only approach to school funding. It is fundamentally against the core principle of the *Review of Funding for Schooling*, which found that:

Australia needs effective arrangements for funding schools across all levels of government – arrangements that ensure resources are being provided where they are needed...and where the Australian Government and state and territory governments work in partnership to meet the schooling needs of all Australian children...⁸

1.19 Labor Senators do not support the Commonwealth government abandoning all responsibility for ensuring that Australian students reach, at a minimum, 95 per cent of the Schooling Resource Standard (SRS).

1.20 Labor Senators do not support the Government's approach which removes the requirement on states to contribute their fair share to getting all schools to the SRS. Labor's plan clearly required states to increase their funding for schools to bring them to their SRS level.

1.21 Labor Senators do not support a flat Commonwealth-only funding share of 80 per cent SRS for non-government schools and 20 per cent for government schools. This arbitrary funding share is not a recommendation of the Gonski Report and is not sector-blind nor needs-based. The result is that the majority of schools will not have reached their fair SRS level by 2027.

1.22 This was noted by the Independent Education Union who submitted:

The funding model proposed in this legislation is not a 'needs-based' model and is not a further iteration of the model proposed by the Gonski Review panel. The model fails to measure and fund actual need, but simply to distribute the arbitrary 'bucket' on a relative needs basis. It abandons the calculation of the necessary resources to meet the attainment of measured learning needs of all students.⁹

1.23 Labor Senators believe it is essential to take into consideration the ability of jurisdictions to fund their school system, so that schools receive total public funding on the basis of need, regardless of where students live. As the original *Review of Funding for Schooling* notes:

[N]ot all states and systems have the same capacity to fund their school systems adequately. It would appear that some, due to current economic realities or the need to support a larger share of educationally disadvantaged students, struggle to provide the resources needed in schools.¹⁰

8 *Review of Funding for Schooling*, Gonski, D. et al, p. xiv.

9 Independent Education Union, *Submission 2*, p. 2.

10 *Review of Funding for Schooling*, Gonski, D. et al, p. xv.

1.24 Labor Senators note the government school system with the highest level of disadvantage, the Northern Territory, will receive real funding cuts over the course of the ten year funding offer.¹¹

In the Northern Territory, where kids need our help the most, public schools will be going backwards in real terms every year for 10 years. Schools that have already been devastated by the previous Territory government funding cuts will have fewer teachers and fewer educational support staff, and that means less support for students.¹²

Public schools will remain underfunded

1.25 The Commonwealth-only approach to school funding means that the majority of extra Commonwealth funding will go to the non-government school sector,¹³ despite the fact that the government schooling sector educates the majority of students (70 per cent) and the majority of students with higher needs. Under Labor's plan, 80 per cent of extra funding went to public schools.

1.26 As a result of the Government's arbitrary decision to fund only 20 per cent of the SRS for government schools and by not considering all sources of funding, some 85 per cent of government schools will not reach their SRS by 2027. By contrast, nearly all non-government schools will be at or above their SRS by that time.¹⁴ This is not a fair, sector-blind nor a needs-based model.

1.27 This was demonstrated in a written answer to a Question on Notice provided by the Department of Education and Training. That document included a table which showed the proportion of the SRS that will be publicly funded for government schools in 2027, assuming each state and territory government maintains the estimated 2017 share of the SRS in 2027. The table is reproduced below:¹⁵

Table 1: Estimated proportion of the SRS that will be publicly funded in 2027 (%)

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	AUS
Commonwealth	20	20	20	20	20	20	20	20	20
State*	70.1	65.3	70.9	73.6	94.7	80	96.8	65.8	72.6
Total public funding	90.1	85.3	90.9	93.6	114.7	100	116.8	85.8	92.6

1.28 This table demonstrates that under the Bill government school students will reach only 92.6 per cent of their Schooling Resource Standard by 2027. The Northern Territory, which educates the most disadvantaged students, and will receive real

11 Australian Education Union, *Submission 36*, p. 7.

12 Correna Haythorpe, President AEU, testimony to the Committee, 2 June 2017.

13 Prime Minister and Minister for Education and Training Press Release, 2 May 2017.

14 Australian Education Union, *Submission 36*, p. 5. Analysis drawn from Employment, Education and Workplace Relations Legislation Committee, answer to question on notice SQ16-000852, 2016.

15 Department of Education and Training Question No. SQ17-SY066

funding cuts over the ten year period, will remain underfunded at only 85.8 per cent of SRS.

1.29 The underfunding of public schools was also noted by the NSW Teachers' Federation, who stated:

The Turnbull Government plan will reduce the funding necessary to meet students' educational needs, ensure that the great majority of public schools will not reach the Schooling Resource Standard of the Gonski model, and widen the gap between advantaged and disadvantaged schools.¹⁶

1.30 The Australian Education Union highlighted the underfunding of public schools during its appearance at the committee's Melbourne hearing:

In fact, [the bill] guarantees the underfunding of public schools and the overfunding of private schools. Just yesterday, in Senate estimates the Minister for Education Simon Birmingham admitted that if states just maintain their 2017 share of funding—which is the only condition required to receive funding under this legislation—then public schools in five states and territories will still be under-resourced in 10 years.¹⁷

1.31 Labor Senators believe a key principle of any Commonwealth funding model should be that the majority of extra funding goes to the sector with the greatest need.

1.32 Labor Senators do not support a proposal that means disadvantaged schools, particularly in the Government sector, will remain underfunded in 2027, some 15 years after the original *Review of Funding for Schooling*, and will not be able to give each child a high quality education.

Unfair transition times

1.33 Labor Senators believe funding should be provided in a shorter timeframe to get all schools to their SRS.

1.34 Under the existing arrangements, established by Labor, underfunded schools in participating states would have reached their total public funding SRS target by 2019 or 2022. Under the Government's proposal, schools will not reach their lower, Commonwealth-only SRS share until 2027 – ten years from now, and 15 years since the Review of School Funding. Labor shares the Australian Education Union's statement at the Melbourne hearings that:

Ten years is a very long time. Tell that to a family whose child urgently needs one-on-one support with their reading or maths, speech therapy or just extra time with their teacher. Tell that to a year 7 student who urgently needs help to cope with high school.¹⁸

16 NSW Teachers' Federation, p. 2.

17 Ms Correna Haythorpe, Federal President, Australian Education Union, *Proof Committee Hansard*, 2 June 2017, p. 42.

18 Ms Correna Haythorpe, Federal President, Australian Education Union, *Proof Committee Hansard*, 2 June 2017, p. 42.

1.35 Submitters were rightly worried that this government's plan would force many children to wait so long before their education was properly funded. The Grattan Institute was clear in expressing the view that the proposed timeline is inadequate:

...all schools should get the Commonwealth share of their target funding by 2023 – that is, four years quicker than proposed. Under the 2017 Amendment, most of the spending is promised beyond the budget forward estimates, creating a risk that much of it won't eventuate. And very underfunded schools will need to wait too long to get the extra money they need.¹⁹

1.36 Labor Senators note that other submitters such as the Australian Government Primary Principals Association (AGGPA) and the Australian Primary Principals Association (APPA) also consider that the ten year timeframe to the lower target levels is too long and should be shortened.²⁰ The Australian Secondary Principals Association (ASPA) agreed, and submitted that:

Schools need the additional funding 'sooner rather than later' and the transition timeframe of 10 years is too long for our most disadvantaged schools. A child starting Kindergarten in 2018 in an underfunded disadvantaged school deserves a greater level of resourcing for their education before they complete Primary school. The same can be said for many Year 6 students today as they prepare for six years of schooling in disadvantaged and underfunded secondary education settings. We would like to see the timeframe halved for those schools that are significantly 'underfunded' whilst maintaining the longer timeframe for 'overfunded' schools that can demonstrate severe hardship from shortened timelines.²¹

National Education Reform Agreement

1.37 Labor Senators note that the NERA, which remains in place between the Commonwealth, NSW, SA, Victoria, Tasmania and the ACT, had agreed a substantial reform agenda to deliver improved schooling. The failure to progress these reforms has been to the detriment of Australia's children.

1.38 Labor Senators note that the NERA and individual bilateral agreements locked states into increasing their funding so that all schools would reach 95 percent of the SRS in total public funding by 2019, except Victorian schools which would reach that mark by 2022. Failure to monitor and enforce these bilateral agreements, and the provision by the then Minister for Education, the Hon. Christopher Pyne MP, of funding to WA, QLD and NT without any maintenance of effort clauses, represents four years of lost progress.

1.39 Further, the NERA committed the Government to a number of reviews of the underlying SRS model which have not taken place. These reviews include a comprehensive review of the Agreement, together with reviews of indexation

19 Grattan Institute, *Submission 33*, p. 2.

20 AGGPA, *Submission 35*, p. 6; APPA, *Submission 32*, p. 4.

21 ASPA, *Submission 16*, p. 4.

arrangements, bilateral agreements, the SES measure, low-SES loadings and score methodology.²²

1.40 Had these reviews taken place, as intended, the SRS model and settings would have been reviewed to ensure they were meeting underlying objectives of the model. Failure to conduct these reviews demonstrates that the Government is not committed to ensuring the underlying model remains relevant and that schools get the resourcing they need.

1.41 Labor Senators believe the SES measure underlying the capacity to contribute measure should be reviewed to ensure this score remains the most appropriate means of assessing the relative educational advantage of non-government schools, as per the original NERA.²³ As the National Catholic Education Commission note:

The Bill continues to use the existing SES methodology in the Commonwealth's school funding model, despite the fact that the 2011 Gonski Review of Funding for Schooling and 2013 National Education Reform Agreement recommended that a more precise measure of capacity to contribute should replace the existing SES methodology. The NCEC argues that the SES should be reviewed as a matter of urgency.²⁴

1.42 Labor Senators note that the NERA also had a comprehensive reform agreement to lift standards across the country. Labor Senators note this Bill removes reform objectives and does not replace them with a comprehensive reform plan. Labor Senators note the Government does not intend to reach agreement on reforms through COAG until June 2018, which will be almost five years since their election. This will represent five years of lost reform time.

Non-government school funding

1.43 Labor Senators call on the Government to continue funding systemic schools as a system, until such time as an SES review is undertaken.

1.44 Labor Senators are concerned about the proposed impact of the change to the primary capacity to contribute curve. Labor Senators note that evidence from the ABS demonstrates that primary school parents have lower labour force participation, and lower incomes, on average, than secondary school parents. This demonstrates that primary school parents, on average have a lower ability to pay school fees, than secondary parents.

1.45 Labor Senators note the Government's online calculator is deliberately misleading, by reporting 2017 figures according to their proposed legislation from 2018, not the actual 2017 allocation schools will receive according to the *Australian Education Act 2013*, which remains in force. By doing this the Government has deliberately hidden the extent of their cuts, particularly on Catholic systemic schools.

22 National Education Reform Agreement 2013, p. 23.

23 National Education Reform Agreement 2013, paragraph 109, p. 23.

24 National Catholic Education Commission Submission, p.2.

Overfunded schools

1.46 Labor Senators support moves to reduce the funding of elite overfunded schools and will support the Government in that endeavour if it brings forward separate legislation to that effect.

1.47 Labor Senators note that under the Government's proposal some schools currently receiving more than 100 percent of their SRS (total public funding) will actually receive Commonwealth funding increases, as they receive less than 80 percent of their SRS from the Commonwealth. This is a waste of resources which could be better directed to underfunded schools.

1.48 Indeed, it has been suggested that state governments could withdraw some funding to ensure non-government schools are not overfunded by 2027, representing cost shifting to the Commonwealth. The Grattan Institute, in its submission, points to a perversity where some non-government schools could be funded above their funding targets, if state governments do not adjust their own contributions. This is because the Commonwealth Government will fund non-government schools to 80 per cent of their target, and many non-government schools and systems are already funded at more than 20 per cent of their target by state governments:

To avoid this happening, state governments should adjust spending in future so that schools are funded in line with need and equitably across sectors.²⁵

Stakeholder consultation

1.49 Labor Senators note that there has been virtually no consultation with the sector prior to the announcement of the Government's new funding models. Labor Senators believe it is essential to consult and discuss proposed changes in an open and collaborative manner with all stakeholders, not to present them with a *fait accompli*.

1.50 While the Chair claimed that primary school principals were united in supporting the Government's changes, this is incorrect. The Australian Primary Principals Association, expressed concerns about embedding the 80-20 funding arrangement in the legislation and moving away from a truly national funding model. APPA President Mr Dennis Yarrington said:

We feel that (a national model) would be a better arrangement to have in place than having separate funding coming from the Commonwealth and coming from the state or territory. If we go back to the type of division of area, we would be concerned about the continuity of funding being assured to different sectors ... We would see that the best way forward is for collaboration.²⁶

1.51 APPA also revealed concerns about the capacity to contribute arrangements and expressed the view that the transition should occur more quickly – that schools below the SRS level transition over four years instead of 10.

25 Submission from The Grattan Institute, p.19.

26 Committee Hearings, 5 June 2017, p.43.

Regulations

1.52 Labor Senators are concerned that a large amount of detail about the proposed funding model is due to be included in the regulations, and a draft has not yet been provided. Labor Senators call upon the Government to release an exposure draft of the regulations before the Bill is brought to the Senate for consideration, so there is time for proper scrutiny from stakeholders.

Students with disabilities loading

1.53 Labor Senators support the principle of a Students with Disability (SWD) loading that is differentiated by reference to the needs of the student. However, Labor Senators are concerned that the small increase in SWD funding, from just \$1.5 billion to \$1.6 billion is not sufficient to support the increased number of students being supported from 200 000 currently, to 468 000.²⁷

1.54 After standard indexation, the SWD loading is increasing by around 3 per cent a year, while the number of students that to be supported by that loading is more than doubling. Testimony from Children and Young People with Disability Australia (CYDA) noted this:

...will in reality mean that the dollars are spread even thinner. This is of grave concern to CYDA.²⁸

1.55 Labor Senators note some concern from stakeholders that the Nationally Consistent Collection of Data on students with disabilities is not yet reliable enough to be used for the purpose of funding.

1.56 Labor Senators believe it is critical to provide appropriate support for students with disabilities, so they can access a high quality education. Labor Senators note that for too long students with disabilities have not been properly supported in Australian schools. As CYDA also noted:

It is unclear from the Australian Education Amendment Bill 2017 what the educational future is for students with disability. Children and young people with disability have a right to a quality education and without appropriate and targeted reform students with disability will continue to slip through the cracks.²⁹

Conclusion

1.57 School funding should enable a high quality and equitable education to be provided for all students.³⁰ Labor Senators agree with the conclusions reached in the *Review of Funding for Schooling*, in particular that:

27 Australian Education Union, *Submission 36*, p. 9.

28 Children and Young people with Disabilities Australia – testimony

29 CYDA Submission, p. 7.

30 National Education Reform Agreement, p. 6.

...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... The panel believes that the key to achieving this vision is to strengthen the current national schooling reforms through funding reform.

1.58 This Bill does not fulfil this vision. It leaves our schools underfunded, fails to work with states to achieve the Schooling Resource Standard for all schools, and introduces a sector specific model which leaves disadvantaged schools, particularly in the public sector, underfunded even after ten years. This Bill represents a lost opportunity for a generation of Australian children, who will be educated without the funding and reform partnership envisaged by the Review in 2012.

Recommendation 1

1.59 That the Bill should not be supported in its current form.

Senator Gavin Marshall
Deputy Chair

Senator Jacinta Collins

Senator Chris Ketter