

25 May 2017

Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Australian Education Amendment Bill 2017 Inquiry Submission

Dear Committee Secretariat,

I appreciate the opportunity to provide my thoughts and recommendations on the Australian Education Amendment Bill 2017. I am a consultant and software engineer operating a small business providing internet software and services with a strong focus on education. However, my main interest in the education reforms is as a parent whose children will be going through the public education system over the next 18 years.

My recommendations are below, followed by a short explanation for each recommendation.

Recommendations

1. The Australian Education Amendment Bill 2017 be passed by the Senate.
Preferably with amendments addressing:
 - a. lump-sum transition payments in 2018 and 2019 to all government schools with a below average Index of Community Socio-Education Advantage (ICSEA), particularly focusing on schools with more than 25 per cent of students in the bottom (first) quartile.
 - b. reduction in the funding amount for high fee non-government schools by including the actual financial contributions from parents to the school in funding calculations.
 - c. placing the money recovered from high fee non-government schools into an Education Innovation Fund. The Education Innovation Fund would be available through a competitive merit-based process to government schools with below average ICSEA.

2. The Australian Bureau of Statistics (ABS) and the Australian Curriculum Assessment and Reporting Authority (ACARA) collaborate on a report detailing the effectiveness and fairness of the Socio-Economic Status (SES) score, including any alternative possibilities.

Recommendation 1

The Australian Education Amendment Bill 2017 be passed by the Senate.

While there are issues with the Australian Education Amendment Bill 2017, it does set a minimum consistent standard in needs-based funding over the next 10 years. It removes some of the inefficiencies, discrepancies and unfairness that are present in the current funding scheme. Furthermore, this is accomplished while allowing for real funding increases over current levels for most schools.

It has been disappointing to see the Australian Labor Party (ALP) has chosen not to be pragmatic in approaching the Australian Education Amendment Bill 2017 by asking for sensible amendments. This to me is strong evidence that the ALP is simply concerned with the politics of this policy and not with the substantive issues. As the next federal election will be held before the end of 2019, the advantages of implementing a simplified, consistent needs-based funding model outweighs the short term funding differences — from promises and ending special deals — that may occur in some jurisdictions.

The former ALP government delayed the majority of their funding increases until the fifth and sixth year. The ALP is suggesting there will be on average a \$2.4 million difference per school over the next 10 years. However, some of this ALP funding is not being allocated prudentially and in accordance with the recommendation of the 2011 Review of Funding for Schools — (Gonski Report). In fact, education experts such as Ken Boston, who contributed to the report, have been critical of both sides of politics for failing to have the courage to address real needs-based funding.

Ultimately, it is the next two years of funding that is most relevant to the current debate. The ALP will get an opportunity in 2019 to present to the Australian people why their policy is better. If the ALP were to win government at the next federal election the Australian Education Amendment Bill 2017 will put them in a better position to improve Australia's education system efficiently and effectively. There is no reason to delay passing this legislation.

Recommendation 1a

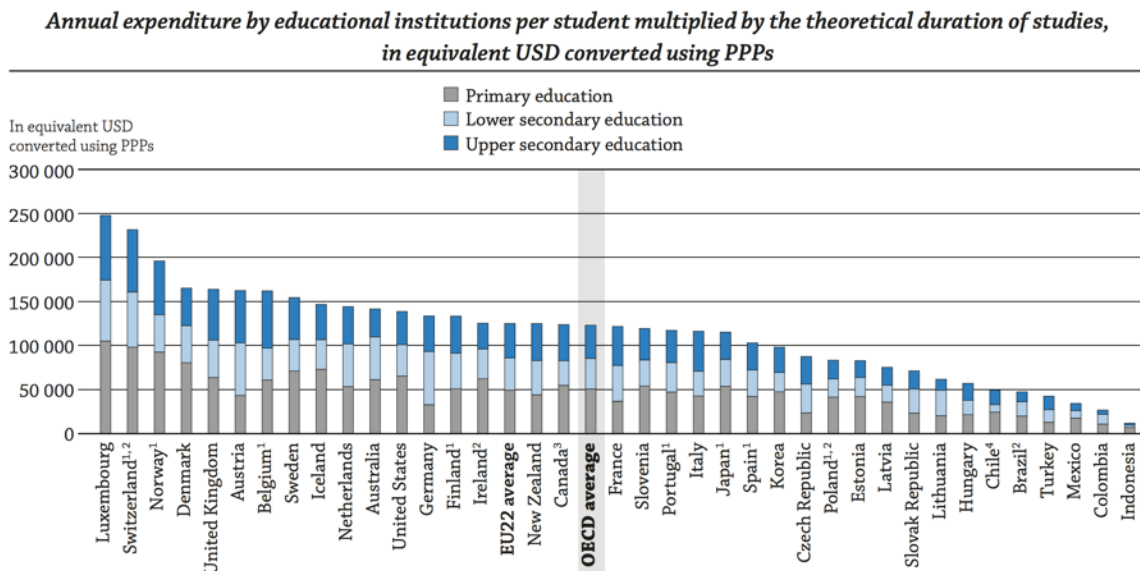
Lump-sum transition payments in 2018 and 2019 to all government schools with a below average Index of Community Socio-Education Advantage (ICSEA), particularly focusing on schools with more than 25 per cent of students in the bottom (first) quartile.

Additional funding is most beneficial to schools with the highest amount of disadvantage as they have higher probability of lower performance. While additional funding on top of what has been

announced by the Australian Government would be good, I am mindful of the numerous other areas of the budget that could benefit from additional funding.

In 2013, Australia's cumulative expenditure per student over the expected duration of primary and secondary studies was higher than the OECD average. This is shown in Figure 1.

Figure 1. Cumulative expenditure per student by educational institutions over the expected duration of primary and secondary studies (2013)



1. Some levels of education are included with others. Refer to "x" code in Table B1.1 for details.
 2. Public institutions only.
 3. Year of reference 2012 for expenditure per student.
 4. Year of reference 2014 for expenditure per student.
 Countries are ranked in descending order of the total expenditure by educational institutions per student over the theoretical duration of primary and secondary studies.
 Source: OECD, Table B1.3. See Annex 3 for notes (www.oecd.org/education/education-at-a-glance-19991487.htm).
 StatLink <http://dx.doi.org/10.1787/888933397619>

Source: OECD 2016, Education at a Glance 2016: OECD Indicators, OECD Publishing, Paris.

Given the higher risk of disadvantaged students performing below their potential it is most appropriate that any additional funding that can be extracted from the Australian Government — on top of what has already been announced — is provided towards schools with the highest level of educational disadvantage. This could be achieved most cost effectively through special lump sum payments in 2018 and 2019 directly paid to Australia's most disadvantaged schools. I do not believe this would be considered a special deal as it would only apply for two years and is to support our most neglected state-run public schools in making the funding transition. Providing this funding as a lump sum would allow principals to decide, in consultation with their school community, how best to use the funds to meet the needs of the school. While the Australian Government does not have primary funding responsibility for government schools, additional funding would help to prevent any harm from not achieving funding promised by previous Australian Governments. Furthermore, it helps to address educational inequality, builds Australia's human capital and provides opportunity to those who need it most.

Recommendation 1b

Reduction in the funding amount for high fee non-government schools by including the actual financial contributions from parents to the school in funding calculations.

Some schools are receiving more than their fair share of Australian Government school funding. This legislation would appear to ameliorate some of the funding issues. Radford College (in the Australian Capital Territory) has an SES score of 124, 0 per cent of students in the first quartile, and fees above the School Resourcing Standard (SRS). Radford College will have an approximate 10 year funding decrease of \$9,062,300, but will still receive close to \$68 million in Australian Government funding.

I fully support choice in the education system and providing funding to non-government schools. However, contributing tax payer funds to schools that have fees that are double the SRS is clearly not a fair distribution of funds. By charging such high fees these schools are gaining a significant financial advantage on top of their educational advantage. In a country with a means-tested welfare system, providing these schools with government funding seems completely illogical and at the very least is a wasteful allocation of scarce resources. Schools such as SCEGGS, Darlinghurst; The Kings School, North Parramatta; and Geelong Grammar, Corio will not benefit from additional Australian Government funding to the same extent as schools with a high proportion of disadvantaged students. Despite this, these elite schools will receive an increase of \$4,978,900, \$19,3335,500, and \$16,627,100, respectively over the next 10 years.

This could easily be corrected through taking into account not just the ability to contribute but the actual contributions paid. After a set limit any additional parent fees would see a progressive decrease in taxpayer funding. Hopefully aiming for no Australian Government funding to be provided to schools with fees more than double the SRS. I think most Australians would consider this responsible while still allowing the Australian Government to generously contribute funding to many expensive non-government schools. It would not impact on non-government schools that charge more modest fees. It's main impact would be on a few select schools with extremely high fees that should not responsibly expect Australian Government funding. In a time when fairness is finally being discussed it would be contradictory to give Australia's most elite and exclusive schools government funding.

Recommendation 1c

Placing the money recovered from high fee non-government schools into an Education Innovation Fund. The Education Innovation Fund would be available through a competitive merit-based process to government schools with below average ICSEA.

The funding reclaimed from Australia's most expensive non-government schools should be redirected to an Innovation Education Fund, hopefully with a small top up from the Australian Government. Given this fund would be very limited it would be available on a competitive basis to

government schools with below average ICSEA. Alternatively, it could be aimed directly at increasing funding to special schools such as the Redbank School (Westmead) or returned to the elite schools through a government-administered scholarship program for disadvantaged students.

Recommendation 2

The Australian Bureau of Statistics (ABS) and the Australian Curriculum Assessment and Reporting Authority (ACARA) collaborate on a report detailing the effectiveness and fairness of the Socio-Economic Status (SES) score, including any alternative possibilities.

There has been some debate about the fairness of the SES score with particular concerns over assigning students' residential addresses to a Statistical Area Level 1. To maintain confidence in the fairness of funding to non-government schools it seems appropriate to ask the ABS and ACARA to investigate that this remains the most effective and fairest method. Given privacy constraints it seems unlikely a better method would be available without specific legislation allowing for more detailed data linkage. However, the ABS would have the expertise to determine if such linking would create a meaningful difference.

Conclusion

I am glad to see that the Australian Government has finally come to the realisation that needs-based funding is the only way to provide an equitable education system. Fair needs-based education is a major tool in redressing disadvantage, increasing productivity and improving efficiency. The Australian Education Amendment Bill 2017 is a strong step in the right direction for Australia's education system and it would be extremely disappointing to see this opportunity lost.

While I have some concerns, the benefits of this policy far outweigh its costs. I hope that the Senate can come to an agreement that will allow this legislation to pass, creating a consistent needs-based funding model across Australia. This will set a solid foundation upon which successive Australian governments can build upon to strengthen our education system into the future.

Kind regards,
Andrew Sykes
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