



**Submission to the
Inquiry into the Australian Education
(Consequential and Transitional Provisions)
Bill 2013**

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Standing Committee on Education and Employment)

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Introduction

The Gonski panel got it wrong. Yet the debate is being conducted as if the Gonski panel got it right, and we just need to work out the details.

A socially integrated school system will perform better than a socially segregated one. Yet, the Gonski plan is to use financial pressure to produce a socially segregated school system. It does this by ignoring the resources a school has and determining financial assistance on the basis of the socio-economic status of the students' neighbours. It thus discriminates against the most socially inclusive private schools we have, the low-fee ones in middle-class areas, those that have minimal barriers to attendance by poorer students.

If the government is incapable of seeing the damage the SES model does to our education performance, it could at least exempt all schools with fees below, say, \$2,000 from it and fund them at the 90 per cent of the school resource standard set as the maximum amount for low-SES schools.

Two Methods – One Just , One Bizarre

In the last 40 years, we have had two approaches to funding.

Prior to the Howard government, schools were funded on the basis of their own income. A low-fee school with few private resources would get more government support than a high-fee school with lots of private resources. It did not matter whether the school was attended by people with wealthy neighbours or people with poor neighbours. It did not matter if the parents of the children were wealthy or poor. The system supported social inclusion because it gave more money to a low-fee school than to a high-fee school. Thus, a school serving a middle class neighbourhood could keep its fees low and thus still take comparatively poorer children. It was not forced to put up its fees and drive poorer children out of it because it drew students from a middle class area.

The Howard government changed this. School fees and other private resources no longer had any effect on government support. Instead, the socio-economic status of the students' neighbours would decide the level of government support. Thus, a school that drew students from a poor area would get more support than one that drew students from a well-off area. This SES model punished low-fee private schools in middle class areas, the sort of schools that had kept their fees low so that just about everyone could attend them. They would have to put up their fees and thus drive poorer families out of them, making the education system more socially stratified than it already was.

In order to avoid this result, they did a deal to accept the SES model in return for a “no losers” guarantee.

The “no losers” guarantee meant that, if the application of the SES model would cut a school's funding, that school would be funded as if Labor's education resources index model were still in place, so it could keep serving lower-income families.

The public education lobby calls this “over-funding”. It looks at what a school would get under the SES model, declares that to be the fair amount and condemns any extra. Yet the extra is compensation for the failings of the SES model. The “extra” simply restores the school’s level of support to what it would have been if the SES model had never been introduced, to what it would have been if the school’s fees and other income were taken into account, to what it would have been under the previous Labor government. The “overfunding” puts schools where they would have been if the Labor Party’s model had stayed in place. By agreeing to the SES model with funding guaranteed, the systemic school authorities set themselves up for years of criticism by the public education lobby. (See Appendix.)

The SES model also broke the nexus between funding and fees. There was no longer any incentive for a school to keep its fees low, as the fees charged had no effect on the level of taxpayer support.

The Gonski Panel And The SES Model

A socially integrated education system performs better overall than a socially segregated one, but we have produced a very inequitable funding system that, were it applied to all schools, would increase social segregation and undermine overall educational achievement. Fortunately it does not apply to all schools yet as some 43 per cent of private schools are still protected from it by the “no losers” guarantee.

The Gonski panel recommended keeping the SES model. It just advised using a smaller area than the census collector districts to determine the wealth of the neighbours. In the long run, it recommended funding schools based on the income of the individual parents:

‘Recommendation 2

In a new model for funding non-government schools, the assessment of a non-government school’s need for public funding should be based on the anticipated capacity of the parents enrolling their children in the school to contribute financially towards the school’s resource requirements.’ (*Review of Funding for Schooling - Final Report*, p xxi)

‘Recommendation 3

For the purposes of allocating public funding for non-government schools, the Australian Government should continue to use the existing area-based socioeconomic status (SES) measure, and as soon as possible develop, trial and implement a new measure for estimating the quantum of the anticipated private contribution for non-government schools in consultation with the states, territories and non-government sectors. (p xxi)’

‘Recommendation 17

Australian governments should base public funding for most non-government schools on the anticipation that the private contribution will be at least 10 per cent of the schooling resource standard per student amounts.’ (p xxiv)

‘Recommendation 20

For the purposes of allocating public funding for non-government schools and systems, all Australian governments should:

- adopt a common concept of need for public funding based on the capacity of the school or system to contribute towards its total resource requirements
- commence work as a priority to develop, trial and implement a better measure of the capacity of parents to contribute in consultation with the non-government sectors.

The Australian Government should continue using the existing area-based SES measure until this better measure is developed.’ (p xxv)

‘Recommendation 21

For the purposes of allocating public funding for non-government schools, the minimum private contribution should be anticipated for schools with SES scores in the lowest quarter of scores. The minimum public contribution should apply to schools with SES scores above around 130. The precise school SES scores and the shape of the anticipated private contribution between these two points should be set in a way that balances:

- minimising the extent and incidence of any differences between the schooling resource standard required by each non-government school and system and the resources currently available to it from all sources
- preserving reasonable incentives for an adequate private contribution towards the schooling resource standard across non-government schools with various capacities to contribute. (p xxv)’

Note that the Gonski report specifically says to continue with the Howard government’s SES model while developing a new way of doing the same thing.

The Gonski panel explicitly rejects taking account of a school’s actual resources, whether fees or other income, in determining how much money the school will be given:

‘The panel considers that basing public funding on the level of private resources a school is likely to be capable of raising for itself is preferable to relying on the private income that it actually receives. As argued in Chapter 2.3, linking public funding directly to a non-government school’s private income, expenditure or assets would be inherently complex and difficult to implement equitably given that different schools finance their recurrent and capital needs in very different ways. It would also accentuate disincentives for parents to invest in their children’s education.

‘The panel’s preferred approach is that some measure of a school’s capacity to contribute private funds to a schooling resource standard should be used, such as the SES of the school and its students. The current SES measure is derived from the characteristics of the census Collection Districts in which a school’s students live. However, this is subject to a potentially large degree of inaccuracy as the students attending a particular school are not necessarily representative of the socioeconomic averages of the areas in which they live.

‘A more precise measure of the SES of a school would be more accurate and credible. This could take the form of a measure based on smaller areas, such as the mesh blocks which represent the smallest unit of the 2011 census, or

alternatively, a direct measure of parental SES. The latter would need to be developed and tested on a school-by-school basis.

‘The panel considers that work should commence as a priority to develop a more precise measure of capacity to contribute to replace the existing SES measure. In the meantime, the existing SES measure has been used by the panel as the basis for estimating the quantum of the private contribution that should count towards meeting the resource standard in non-government systems and schools. In the case of a non-government system this would be the enrolment weighted average SES score of all the schools in the system.’ (p177)

The panel makes it clear that it wants to put pressure on parents to pay more for the education of their own children, a policy that will socially stratify our education system as school fees rise in some schools driving poorer children out of them:

‘As discussed in Chapter 2.3, there is long-established diversity in levels of parental contributions within the non-government sector. In particular, there are a large number of Catholic systemic schools and independent schools at different school SES levels which aim to offer relatively low-fee education. The panel also noted that, if governments fully funded the difference between the schooling resource standard and what parents and others actually contribute to schools, incentives for private contribution would be weakened. It would also lead to different levels of public funding for non-government schools with similar capacity to contribute from private sources.’ (p 178)

The government has endorsed the continuation of the Howard government’s SES model:

‘Non-government schools will receive a proportion of the per student amount, based on the schools’ capacity to raise private contributions, as is currently the case.’

(National Plan for School Improvement long version - <http://www.schoolfunding.gov.au/docs/national-plan-school-improvement-long-version>)

The decision to keep the SES funding model is legislated in Division 4 of the bill

Nothing is better guaranteed to socially stratify our schools than this.

One of the reasons that the Gonksi recommendations produced a list of 3,000 losing schools is that they kept the SES model, the one that ignored school fees. Naturally, all those schools protected from the SES model would find their protection ended if the SES model were to be continued.

We now have a situation in which Labor is forcing schools currently on its more rational, just and inclusive ERI model onto the Coalition’s irrational, unjust and segregating SES model, while the Coalition is trying to keep those schools on Labor’s ERI model rather than its own SES model and the media blathers about “needs-based” funding without ever explaining that Gonski SES is the same as Howard SES.

The serious flaws in the Gonksi report were obvious the day the report was released,

and I submitted a letter to the editor of *The Age* that very day pointing them out:

‘21/2/2012

‘The Gonski report is, overall, a magnificent and meticulous plan for the future funding our schools (“A historic chance to fix education funding”, 21/2), but it contains two daggers – one pointing at the hearts of all our teachers and one pointing at the hearts of low-fee private schools.

‘To determine the school resource standard by looking at what so-called “high-performing” reference schools cost is both bizarre and dangerous. It is bizarre because some differences in expenditure have nothing do with education (e.g., the different WorkCover levies in different states) and nothing meaningful is to be learnt by averaging out the costs of a \$30,000-fee private school and a \$10,000-a head public school that just happen to have the same student results. It is dangerous because it adopts the “inputs don’t matter” philosophy that so damaged Victorian schools in the 1990s.

‘To ignore school resources and determine funding for private schools based on the capacity of parents to pay is both discriminatory and inequitable. It is discriminatory because there is no suggestion that public schools be funded in the same way - though this recommendation will give impetus to that idea. It is inequitable because it will force the most inclusive private schools to put up their fees and thus become more exclusive.

‘More than 80 per cent of the recurrent costs of a school are teacher employment, and there is little scope for variation in the remaining less than 20 per cent. The AEU, the IEU and the low-fee private school authorities ought to combine to pressure the government into adopting an explicit staffing formula as the basis for the school resource standard and the schools’ own resources as the basis for the funding phase-down. The model adopted by the Victorian Labor government in 2005 is conceptually rational though financially inadequate.

‘Yours sincerely,
Chris Curtis’

It was not published, and the media coverage since that day has completely failed to explain how the current funding system actually works and what the Gonski report actually recommends. There is a set of assumptions: that the current SES model is fair and just, that any school that gets more than that model would allocate is “overfunded” and that the Gonksi plan is to replace the SES model with something else.

Recommendation

I recommend that the bill be amended to remove SES as the method of determining the amount of public funding private schools receive and to include a version of the ERI as the method of determining the amount of public funding private schools receive.

If the committee is unwilling to remove the SES model completely, it can preserve a beachhead of low-fee socially inclusive schools. The alternative is to exempt all schools with fees below, say, \$2,000 from the SES model and fund them at the 90 per cent of the school resource standard set as the maximum amount for low-SES schools. This alternative leaves open the possibility of the future removal of the SES model.

If the government entrenches the SES model, our schools will become socially stratified as the SES model uses the varying amounts of funding to sort schools by their SES level. The point should be as obvious to MPs as it was to me the day the Gonski report was released.

My arguments were presented in greater detail in my *Submission to the Inquiry into the Australian Education Bill 2012*, though apparently to nil effect.

Chris Curtis
12/6/2013

Appendix: “Overfunded?”

The following is a selection of extracts from various papers and articles making the assumption that any school getting more than the SES model would allocate it is being overfunded. In no case does the author make the slightest attempt justify that assumption.

‘The powerful wealthy private school lobby successfully pushed the Gillard Government into agreeing to the same "no school worse off" promise that resulted in the funding maintenance scandal that has plagued John Howard’s SES funding model. Many of the very wealthiest private schools that already enjoy \$3000 or \$4000 per student each year in public funding will be even better off.’

(John Kaye, “Why Public Schools Are Different”, <http://newmatilda.com/2012/09/10/why-public-schools-are-different>)

‘WEALTHY Catholic schools in Melbourne's eastern suburbs are allocated millions of dollars more from the federal government than they are entitled to under the controversial socio-economic status (SES) funding formula.’

(Jewel Topsfield, “Catholic schools overfunded to the tune of \$39 million”, *The Age*, 28/2/2011, <http://www.theage.com.au/victoria/catholic-schools-overfunded-to-the-tune-of-39-million-20110227-1ba1h.html>)

‘CATHOLIC schools in Melbourne's affluent suburbs are the most over-funded in Victoria, with students receiving almost \$3000 more than their federal entitlements, according to new research.’

(Farrah Tonmazin, “Two thirds of private schools ‘over-funded’”, *The Age*, 30/5/2008, <http://www.theage.com.au/national/twothirds-of-private-schools-overfunded-20080529-2jk4.html>)

‘Worse, thanks to the no-loser clause in the SES policy, such schools are now overfunded to the tune of \$2.8 billion over four years, because they keep their so-called disadvantaged status whether they enrol more students from disadvantaged areas or not.’

(Jane Caro, “Schooled in denial of systemic, creeping apartheid”, *The Sunday Age*, 25/1/2009, <http://www.theage.com.au/opinion/schooled-in-denial-of-systemic-creeping-apartheid-20090125-7p60.html?page=-1>)

‘Many medium to high SES private schools are particularly well-favoured by the current funding model. Under the “funding maintained” (FM) arrangements a majority of these schools get more funding than warranted by their SES score. This over-funding amounted to \$615 million in 2010 according to the Gonski report. None of it goes to low SES private schools.’

(Trevor Cobbold, “Make or Break Time for Gonski”, 25/2/2013, <http://www.saveourschools.com.au/equity-in-education/make-or-break-time-for-gonski>)

‘The second major issue with Catholic school funding stems from what is known as the "funding maintained" arrangement. As the name suggests, public funding for what are effectively elite Catholic schools is maintained even if a school would not be entitled to as much under the SES funding model that applies to other private schools.

The Gonski review strongly criticises these arrangements.’
(Nicholas Reece, “Going for the ‘full Gonski’”, *The Age*, 7/12/2012, <http://www.theage.com.au/opinion/politics/going-for-the-full-gonski-20121206-2ay8z.html>)

‘Theoretically, therefore, both schools should be entitled to the same amount of Commonwealth money per student under the federal government’s formula for funding private schools. However, because of a controversial anomaly, Loreto Mandeville Hall was last year allocated \$4181 more per secondary student than Trinity Grammar.

‘Loreto Mandeville Hall is not unusual - almost half of non-government schools are allocated more federal funding than they are entitled to under the socio-economic status (SES) model.’

(Jewel Topsfield, “Education report to tackle school money divide”, *The Age*, 15/2/2012, <http://www.theage.com.au/victoria/education-report-to-tackle-school-money-divide-20120214-1t46c.html>)

‘More than half of Australia’s private schools now receive more public funding than they are entitled to according to their SES ranking, thanks to the politically expedient funding maintained and funding guaranteed sweetheart deals done between the powerful private school lobby groups and successive governments.’

(Jane Caro, “The deserving rich v the undeserving poor”, *On Line Opinion*, 16/8/2010, <http://www.onlineopinion.com.au/view.asp?article=10829>)

‘Under the SES formula, introduced by the Howard government in 2001, private schools are funded according to the income, occupation and education of parents within the school’s census district. Controversially, however, 60 per cent of Catholic schools and 25 per cent of independent schools were funded above their SES entitlements.’

(Jewel Topsfield, “My School shows funding disparity”, *The Age*, 10/3/2011, <http://www.theage.com.au/victoria/my-school-shows-funding-disparity-20110309-1bo1g.html>)

‘The funding mechanism for non-government schools is supposed to be a formula based on the socio-economic status (SES) of the students rather than the resource base of the school. This might be fair enough, provided it applied to all students. It does not.

‘The SES funding basis only applies to the non-government schools it advantages. It does not apply to non-government schools for which the formula would reduce the funding. And it doesn’t apply to government schools because, if it did, it would involve a massive increase in funding.

‘The non-government schools that would lose out under the SES formula are “funding maintained”, which collectively gives them \$800 million more than if the SES formula were applied.’

(Kenneth Davidson, “Public schools sacrificed for a win at any cost”, *The Age*, 9/8/2010, <http://www.theage.com.au/opinion/public-schools-sacrificed-for-a-win-at-any-cost-20100808-11q61.html>)

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