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Ms Sara Edson
Secretary
House of Representatives
Standing Committee on Education and Employment
PO Box 6021,
Parliament House,
Canberra.
ACT 2600

Dear Ms Edson

Many thanks for your letter of 8 January inviting me to make a submission to the Committee's current review of the *Australian Education Bill 2012* and to appear before the Committee on 15 February.

Please find attached a detailed submission to the Committee. Supplementing the submission are four other research reports the Public Policy Institute has completed on education related issues during 2011 and 2012.

Please do not hesitate to contact me should there be any issues you need to discuss in relation to the submission prior to the hearings.

Yours sincerely

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**Submission to House of
Representatives Education Committee
inquiry into the Australian Education
Bill 2012**

by

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February 2013

1. Summary of main argument

This submission is made from two perspectives.

First, as a public policy academic, I have a particular interest in political, parliamentary and policymaking processes. From that perspective, I am concerned that the ***Australian Education Bill is a poor parliamentary process*** which reflects badly on the government of the day. The Bill fails to do what an act of parliament is expected to do – that is, make a law, give legislative authority to a program or spending, and to set out clearly the Government's expectations. The Bill as it stands is purely symbolic and aspirational – a political instrument. Its ostensible purpose is to implement the Gonski Review reforms to school funding, yet the Bill is silent on which of the Gonski recommendations are to be implemented and how implementation will proceed. It gives no opportunity to debate substantive measures, a debate that is much needed, given serious flaws in the Gonski Inquiry as a policymaking process.

Second, in my role as a public policy academic I have had a particular interest in school education policy. Since early 2011, the Public Policy Institute has produced four research based Issues Papers analysing recent research on school quality, equity and funding and a further paper assessing the Gonski Review processes and proposals against relevant research findings. The four papers are attached to this submission:

- ***Equity and Education*** (April 2011)
- ***Choice and Values*** (May 2011)
- ***Parental Contributions to Education*** (November 2011)
- ***What should we do with Gonski?*** (April 2012)

A fifth paper, ***Beyond Gonski – Reviewing the Evidence on Quality Schooling***, has been drafted for release in March 2013. An article for publication entitled *Making Policy or Playing Politics with Education Reform* has been submitted to an international journal of education and policy.

Appendix 1 summarises the main conclusions of each of these four papers.

In addition, analysis of education issues and the Gonski Review have been made in the media (see References).

In essence, it is submitted that the:

Gonski recommendations for significant increases in general recurrent funding for schools, large funding increases for disadvantaged students, changed funding responsibilities between the Commonwealth and state, and a redesigned school funding model are unlikely to have any impact on either school quality (as measured by high achievement) or equity.

The evidence is clear that the correlation between education spending and qualitative outcomes is weak, including for disadvantaged students. Instead, additional public investment should be directed at raising quality, using a broader definition of quality than basic skills proficiency, addressing equity through initiatives based on evidence of what works and giving priority to measures to raise teacher quality.

2. The Australian Education Bill as a questionable policy instrument

The *Australian Education Bill* is questionable as a policy instrument in a number of respects:

- **Policy substance is absent:** The high level aspirations which are the main content of the Bill are not translated into policies, programs, action or funding. A new school funding regime needs to be in place by 2014, yet this Bill gives schools and school systems no information on future funding arrangements. Schools need to plan ahead yet have been kept in ignorance of their future funding levels, and the data they will need to provide to secure funding. Advance notice of funding changes is particularly necessary for stand-alone non-government schools which do not have the resources of a system or state to draw on;
- **It is not legally enforceable:** It is unusual, if not unique, for a piece of legislation to stand outside the law;
- **It is aspirational in the long-term:** Symbolism of this kind, with an objective set for 2025, is better suited to a political manifesto than an Act of Parliament. The objective of achieving a ranking for Australia in the 5 top performing schools systems raises international competitiveness to an unwarranted level. A country's international ranking in any field falls well outside the authority of an Act of Parliament;
- **It includes current political fads:** Because the introduction of the Bill coincided with the release of the Australia in the *Asian Century White Paper*, student engagement with Asia has been cobbled onto the national education goals which have otherwise been developed collaboratively by the Commonwealth, States, Territories and education bodies. This shows the potential for the Commonwealth Government to impose its own larger political priorities on the operation of schools, yet the operation of schools is the responsibility of States and Territories;
- **It is inconsistent with federal responsibilities:** School funding is a shared responsibility between the Commonwealth, States and Territories. While the

Gonski proposals suggest changes to the balance of general recurrent funding between levels of government, there was no suggestion from the Gonski Review that the Commonwealth policy role become unilateral. To date, the Commonwealth has from time to time determined national education priorities and provided funding for those purposes, mainly through the states and school authorities. The *Australian Education Bill* appears to give the Commonwealth an overarching policy-setting role which, since the Commonwealth does not itself run schools, has the potential to greatly increase regulation and bureaucracy.

3. The Gonski Review as a public inquiry

The instrument of a public inquiry is an established and appropriate mechanism for providing policy advice to government, gathering evidence, conducting research, garnering expert advice, establishing facts, providing analysis, assessing options and proposing solutions. Public inquiries, because they are removed from government, are seen as an ideal vehicle for open policy discourse, able to give due consideration to contrary views and opposing positions (see Prasser 2006). Public inquiries at both Commonwealth and State levels, have had major impacts on education policy in Australia for schools, universities and vocational training (Smart & Manning 1986). Public inquiries are recognised as a key instrument of **evidence-based policymaking** and rational policy analysis.

The effectiveness of a public inquiry will be measured ultimately by the fate of its findings and recommendations. A more penetrating test however is an analysis of the findings themselves and an assessment of whether they are likely to meet the policy objectives and deliver the desired outcomes. This is particularly critical when implementation calls for significantly increased investment of taxpayers' money.

The time lapse between the completion of the Gonski Review and announcement of implementation details indicates a failing of the Review to come up with implementable arrangements. While the general direction of the Gonski Review's findings, with their emphasis on equity and greater assistance for disadvantage, has been welcomed, at a practical level **the proposed new funding model appears to be unworkable**. The Gonski Report was presented to government at the end of 2011. Over twelve months later, neither the total costs of the reform nor the funding entitlements of States or individual schools have been calculated, despite a flurry of activity, negotiation, testing and retesting. While hardly conducted as a transparent process, this testing has involved substantial resources and has apparently produced many anomalous and several bizarre results for individual schools. The difficulties experienced in applying the model to real schools suggest at the least that the model was not adequately tested for impact and workability.

The **price tag attached to implementation is high**. Even at its lowest estimate, it represents a large increase (12.5%) on government recurrent education expenditure. It is not clear that whatever additional recurrent funding is provided through the

Australian Education Bill will in fact be additional money for schools, or whether existing Commonwealth funding provided for specific purposes and through COAG partnership agreements will be folded into general recurrent funds.

Whatever the sources of funding and allocative arrangements, the high cost of implementing the Gonski Review needs to be justified by compelling **evidence of likely impact on education achievement and equity**. This evidence is what a public inquiry would be expected to supply to support major policy change. In the case of the Gonski Review, the evidence is absent.

4. School funding reform

Objective evidence and rational analysis are vital for greater understanding of policy issues and for new policies to have the prospect of success (see Banks 2009). **It is beholden on government:** to demand explanation of how proposed changes enacted through legislation will have an impact on funding fairness education performance and equity; and why these measures are preferable to the present arrangements. A government which makes large-scale public investment in untested or heavily contested programs is failing the first principles of good government, good economic management and of acting in the public interest. Not only does it risk wasting public resources, it also risks missing real opportunities to raise the achievement levels and enrich the learning experience of Australian students, and of losing successful features of the present school funding arrangements.

In the case of the Gonski reforms being implemented through the *Australian Education Bill*, all the evidence suggests that **additional recurrent funding is the wrong lever for improving education outcomes for all students**. By calling for significant additional resources, the Gonski Review has ignored the evidence which shows that more resources are not the answer to raising school achievement, even for the most disadvantaged students. As the Productivity Commission notes in its May 2012 report on the school workforce, an across-the-board approach to class-size reduction is shown to have been a costly policy that has not translated into a commensurate improvement in overall student outcomes, tying up funding that could otherwise have been used for a range of more worthwhile purposes (Productivity Commission 2012:19).

A respectable body of education research clearly shows that **money can be spent on education with few effects on outcomes**, no matter how high-flown the rhetoric attached to the funding. If governments are able to increase education expenditure, there is much evidence to suggest that if that investment is made directly in teacher quality, in support for the early years of schooling, in targeted programs addressing disadvantage that have been shown to work and in effective classroom practices, then education outcomes are likely to improve for all students. The central plank of education policy needs to be quality rather than disadvantage. Education policies and funding systems ideally would have incentives and rewards for high

achievement. After all, the decline in recent years in Australia’s international ranking has occurred mainly because of a decline in the number of students performing at advanced levels.

5. A new school funding model

The *Australian Education Bill* legislates the Gonski Review’s new school funding model, accepting the premise of the Review that a redesigned model, new allocation mechanisms and changed funding responsibilities between the Commonwealth and States will lead to improved education outcomes. There is no evidence for this. While the number of different funding methodologies used by the Commonwealth and states and territories is bewildering and many of them may be flawed, no direct link can be made between a particular approach to funding and student achievement to justify the investment in change. The proposed new funding model based on a Schooling Resource Standard (ie “a formula that accounts for the costs of providing high quality education”), and realigned responsibilities between the Commonwealth and States and Territories have no rationale beyond an assertion of benefit. In accepting the Review’s recommendations, the government appears to be replacing one complex, but transparent and understandable funding system with an equally complex approach with no adequate explanation of potential education benefits or efficiency gains.

A study by Deloitte Access Economics for the Gonski Review proposed the following criteria for assessing a funding system and a funding model:

Objectives for a funding system

Neutral	Choice
Fair	Coherence
Sustainable	

Objectives for a funding model

Effective	Certain
Equitable	Flexible
Adequate	Transparent
Efficient	Accountable
Incentives/no disincentive	Simple

The Government would do well to apply those criteria to assess the soundness of the proposed reform. While details are still too scarce for the public or academics to make a final judgement, it is unlikely the reform would meet the criteria any better than existing models.

6. School Improvement Plans

In the Bill, the Government has signalled its intention to tie funding to school improvement plans. The national plan headlines five elements of 'school improvement' – quality teaching, quality learning (which suddenly encompasses connection with Asia), quality leadership, transparency and accountability and meeting student need. There is no obvious connection between these headline elements of the improvement plan and the funding principles. As **unfunded “reform directions,”** they have more rhetorical value than any real substance.

To take quality teaching as an example, time and again research has pointed to the central importance of teacher quality to school performance. In Australia, teacher quality has been a key component of the education policy platform for some time, and substantial investment has been made in raising teacher quality, most recently through the national partnership on teacher quality under COAG which aims to support action at various points in a teaching career – attracting, training, placing, developing and retaining teachers. The COAG Reform Council reported in May 2012 however that although most of the agreed milestones for improving teacher quality have been met, the targets themselves are not robust or ambitious enough. **Increasing teacher effectiveness is far more important than increasing teacher numbers.** This, rather than class size, per capita funding or funding for disadvantage, is the policy focus for all high performing school systems.

The wording of the Bill, particularly its emphasis on more detailed and transparent data collection, creates a strong indication that the **burden of regulation and accountability** on schools will increase significantly. This will have a disproportionate impact on non-government schools, Independent schools in particular. While it may be desirable in principle to treat all schools on the same basis, schools in different sectors operate very differently. A small Independent school will not have the same capacity as a school in the public system, with all the resources of the state bureaucracy available to support it, to manage increasingly demanding administrative requirements.

APPENDIX 1

Summary of Conclusions of PPI Education Issues Papers

Equity and Education (April 2011)

This paper discusses the different meanings and interpretations of equity in education and the expectations on all schools to create a more equitable society. It reviews research evidence on:

- various interpretations of equity in the education debate;
- equity and quality outcomes of Australian schools;
- expectations of schooling in relation to both equity and quality;
- social diversity of Australian society and schools; and
- approaches that have proven to be effective in improving equity.

What this evidence shows is that:

- directing public investment to strategies, approaches and programs that lead to high quality educational outcomes is a means of reducing the dependence of student achievement on social background;
- investing additional resources in disadvantaged schools measured by low socio-economic status does not in itself make a difference to equity outcomes. Investing in quality education is the best investment in equity; and
- overcoming social disadvantage through education is more effective when schools have the flexibility to respond to the educational needs of each individual student, a clear focus on quality and achievement, strong systems of accountability to parents and government, and the capacity to recruit high quality staff.

Choice and Values (May 2011)

Schooling policies supporting choice are increasingly common in OECD countries, most of which have funding mechanisms supporting choice, within public education and between public and private schools. Cross-country analysis shows a causal link between the degree of choice in the education system and performance. Not only does the availability of choice lead to higher levels of achievement for students exercising choice, it has also been shown to add to the achievement level of all students and to enhance equality of opportunity, benefiting low SES students even more than high SES students.

The benefits of choice and competition are stronger when combined with autonomy and accountability and when private schools receive a share of government funding. For choice policies to achieve their objectives without adverse effects, schools need autonomy over staffing decisions and admissions, a system of accountability which leads to the publication of performance information, and to receive government funding on the basis of enrolments.

Public funding of privately operated schools is critical to extending the benefits of choice, and to holding schools accountable for public purposes.

School choice, which is generally exercised on the basis of values and attitudes, is an effective way of providing for diversity in the community and contributes to social cohesion. Public funding means that non-government schools remain accountable for their public purposes and alleviates limits to choice.

Parental Contributions to Education (November 2011)

Parental contribution is the major funding source for independent schools, representing 58 per cent of total funding, and the most significant single funding source for non-government schools, at 43 per cent of total funding. This private investment in schools has important effects on the quality of schooling, on equity and on the public purse.

The combination of public and private investment enables independent schools to operate at a higher average per student resource level. This additional investment in quality schooling, along with autonomy of operation and responsiveness to the parent community, contributes to the higher education achievement of non-government school students which is independent of their social background. Through this higher achievement, non-government schools make a critical contribution to national productivity and economic growth.

Public funding for non-government schools increases access and expands the social mix, allowing greater choice for families and adding to the diversity of the non-government school sector. The main beneficiaries of the growth of non-government schools are middle income families who are almost equally likely to choose an Independent school as a government school. The expansion of choice is associated with better education outcomes and a reduction in the dependence of student achievement on socioeconomic background.

In addition to adding to schools' resources, private investment reduces the demand on public funds and frees up resources for public education. This kind of public-private partnership is an efficient approach, encouraging private contribution from those who can afford it and brings savings to government.

Parents' investment in school fees represents 21, 9 or 6 per cent of household income for families with children, for high, middle and low income families

respectively. Unlike other family expenditure, the proportion of family income committed to school fees is higher for higher income families. More important than economic factors in influencing parents' choice of non-government schooling are values and attitudes, particularly the valuing of education for its importance in securing safe futures for their children. Parents invest in the future benefits of higher school achievement, broader school experiences and anticipated higher earnings, and in making their choice, are influenced by perceptions of quality.

***What should we do with Gonski?* (April 2012)**

This paper makes an assessment of the Gonski Review and its recommendations from a public policy perspective. This involved reviewing the Gonski Report in terms of its process as well as its substance. Process is important in developing 'good' policy. As Bridgman and Davis (1998:27) suggest:

Experience shows that good process is integral to consistently good policy. While some very poor policies have grown out of the most rigorous process, it is rarer for good policy to grow from a haphazard approach.

Good process means having clear steps in collecting views and information, using appropriate instruments for that role, and analysing the data gained and communicating the results of that analysis at appropriate intervals to clarify the issues, establish benchmarks and identify areas of disagreement.

It also involved assessing the Gonski Report in terms of its policy thrust. All policy must face tests other than just good process, such as the use of evidence in policy proposals and the 'doability' of those proposals in terms of cost, effectiveness, benefits, administrative arrangements and legal and constitutional boundaries. Ultimately all policy proposals must also pass the 'good' politics test in terms of who is willing to pay, how much and the level of support from both stakeholders and the broader public. 'Good' politics matter and must be considered in relation to any new policy initiative or major review of a long standing policy like school funding.

The paper assesses the Gonski Review from two perspectives:

First, in terms of process with particular reference to its role as a public inquiry, a long used mechanism in Westminster democracies and especially in relation to education policy in Australia.

Second, as a contributor to public policy in education, where the Gonski Report fits in the continuum of Australian education policy development.

Third, paper goes on to consider the options facing the Independent school sector in how it should respond to the Gonski Report's recommendations and the array of post-Report processes.

The paper finds that as a public inquiry, the Gonski Review was flawed. The Review failed to consult widely in a way that challenged fixed positions and increased understanding of different perspectives and the complexities of school funding. After initial consultations, it did not continue to engage on the issues for consideration, to release information about evidence and views coming before it or to test its own thinking in a transparent and objective way. It failed to critically analyse the findings of two major commissioned research studies and by relying heavily on those studies, ignored a substantial body of evidence which undermines the Review's credibility. The Review failed to deliver policy proposals that are 'doable.'

The Report places overwhelming emphasis on the one policy objective of equity, arguably to the detriment of the equally important goal of excellence. It fails to consider the large body of research about the major factors associated with higher school achievement and puts its faith in "the money myth" – the assumption that additional funding is what is needed, despite evidence that the important factor in education achievement is not how much funding is provided, but how funding is invested.

The Gonski Report does not examine the effectiveness of different funding approaches in different contexts, nor assess the particular strengths of the Australian schooling system, characterised as high performing, average equity and with a strong government and non-government sector. There is minimal, if any, analysis of other policy goals such as choice and the role of private investment. In proposing "rebalancing and realignment" of Commonwealth and state roles and responsibilities, the review appears to be replacing one complex but transparent and understandable system with an equally complex approach. As a result, the Gonski Report does not provide a strong policy rationale for the major changes it proposes.

The paper analyses in detail the Gonski Report's proposals on six discrete areas of education policy: excellence, equity, choice and diversity, private investment in schooling, Commonwealth and State responsibilities, and base grant entitlement for all students.

Beyond Gonski – Reviewing the Evidence on Quality Schooling, in draft, planned for release in March 2013.

This paper brings school quality into sharper focus by assembling and explaining the most recent research evidence on quality and interpreting its relevance in the Australian context. Its thesis is that in both the national interest and the interest of individual students, quality needs to be at the forefront of all decisions about the

quantum and distribution of school resources and at the centre of initiatives to address educational disadvantage, and that quality needs to be defined broadly. The central questions in school funding are what funding is needed and how these resources are best deployed to raise educational achievement for all.

The weight of evidence points to particular policy directions:

- The way resources are used and the quality of human resources are far more important than funding levels. A focus on increased funding is misplaced once a reasonable level of funding is achieved;
- Private investment in education is beneficial for economic reasons and to promote choice, creativity and diversity;
- Class size is not a determinant of quality;
- The objective of greater education equity is best served by a clear focus on quality and by drawing on the growing body of evidence about what works to raise the achievement levels of particular groups of students. Quality and equity are not in conflict.

The objective of achieving quality should be set as a high bar, with recognition given to reaching high academic standards and to creativity and innovation across a broad curriculum. Basic skills proficiency is important but schools should be supported and held accountable for achieving quality in terms of a well-rounded education focusing on the high level skills needed in the modern economy and society.

A narrow view of quality jeopardises the life chances of students from disadvantaged backgrounds even more than their more advantaged peers, who have access to wider educational experiences through their family life. Meaningful policies to overcome social disadvantage through schools focus on risk and resilience and are based on evidence about what works. Untargeted approaches relying on additional resources dispersed widely are not likely to be effective.

The factors that work for disadvantaged students are the same factors that work for all students – a sustained focus on quality, involving individualised learning, high standards, quality teachers, school autonomy and accountability, and a school climate conducive to teaching and learning.

Policies aiming to raise education quality need to focus on particular dimensions of effective schooling:

- **High standards**, ambitious learning and a challenging curriculum based on the content knowledge and skills needed in modern society
- **Rigorous assessment** associated with high standards and the acquisition of complex, higher order thinking skills
- **Teacher quality**, in all its dimensions – selection, training, development, remuneration, assessment

- **Teacher professionalism;**
- **School autonomy** coupled with appropriate accountability
- **Social support**, support for special education needs and support for the development of a positive school climate.

An article *Making Policy or Playing Politics with Education Reform* has been submitted for publication with an international journal. This article takes the Gonski Review as an example of policymaking through the mechanism of a public inquiry, a well-regarded instrument for governments seeking to draw on expert and balanced advice and sound evidence to set new policy directions. It finds that the Review fails several of the standard tests for rational policymaking. As a result, the Review does not provide sufficient justification for major policy change or for a large investment of public funds.

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