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House of Representatives Standing Committee on  
Education and Employment  
Parliament House  
Canberra ACT 2600

By email: [ee.reps@aph.gov.au](mailto:ee.reps@aph.gov.au)

Dear Committee Secretary

**Inquiry into the Australian Education Bill 2012**

On behalf of the Catholic Schools Office, Diocese of Broken Bay I lodge the attached submission to the Committee's inquiry into the Australian Education Bill 2012.

I would be happy to expand on the comments contained in this submission at any time.

The views expressed in the attached submission relate only to the Diocese of Broken Bay and do not purport to represent the position of Catholic systems or schools in other dioceses.

Should you require further assistance in this regard please do not hesitate to contact

Yours sincerely

Peter Hamill  
Director of Schools

# Australian Education Bill

Submission to the House of Representatives Standing  
Committee on Education and Employment

Catholic Schools Office Diocese of Broken Bay

Mr Peter Hamill Director of Schools

10 FEBRUARY 2013

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## Introductory remarks

The Catholic Schools Office of the Diocese of Broken Bay (CSO) stretches from Willoughby on Sydney's lower north shore to Lake Munmorah on the Central Coast. It covers 2,763 square kilometres and includes suburban and coastal communities with families from a diversity of socio-economic backgrounds. The CSO is responsible for overseeing the management of forty-three schools (36 primary schools and 7 high schools) and educates approximately 17,000 students. The Diocese was established in 1986 and is one of three Catholic Dioceses in the Sydney region. Bishop David Walker has presided over the Diocese since 1996, and guides the CSO in the education and formation of students in Catholic discipleship, which is at the heart of our Catholic schools system.

The CSO welcomes the *Australian Education Bill 2012*. This Bill represents the first tangible step in the implementation of the Gonski Review of Funding for Schooling, and establishes a series of aspirational goals to reshape the funding arrangements for Australian schools. The Bill provides for a (non-enforceable) right to access excellent education for all students.

The CSO supports the stable, fair, robust and transparent public funding of Catholic schools from the commencement of 2014. This submission assesses the measures proposed in the Bill in light of:

- their ability to promote equity and fairness;
- the efficiency and effectiveness of the funding regime established;
- the effectiveness of the monitoring and transparency measures adopted; and
- the relationship to parental support for education.

Considerable time has elapsed since the release of the Gonski Review of Funding for Schooling and current Australian Government funding arrangements for independent schools expire at the end of 2013. The CSO encourages the Commonwealth to expeditiously finalise the details of the funding arrangements with state and territory governments and with the independent sector, and to incorporate specific details of the funding formulae into the Bill as soon as possible to ensure financial stability. While the CSO appreciates the complexity of the task, we retain concerns as to the continuing uncertainty of future funding arrangements, in light of Minister Garrett's undertaking that no school will lose a single dollar of funding income.

The views expressed in this submission relate to the Diocese of Broken and do not purport to represent the position of the Catholic systems or schools, in other dioceses.

## Key points

1. The CSO gives strong in principle support for the objects and reform directions identified. However, concerns are expressed as to the subjective nature of some of the aims and objectives. It is essential that these terms be operationalized in a way that can support implementation of the Bill.
2. The CSO notes the proposed commencement date of 1 January 2014, and encourages the Commonwealth to expeditiously finalise the details of the funding arrangements and to translate specific details into funding formulae to support the legislative framework in order to ensure financial stability for schools.
3. The CSO welcomes the Bill's express reference to non-government education authorities and the implicit acknowledgement of the role and assistance provided by bodies such as the NSW Catholic Education Commission, in supporting compliance, accountability, and the targeting of funds.
4. The CSO expresses reservations in so far as the Bill proposes an 'individual school entitlement' approach. Such an approach treats school systems as little more than as a conduit for their constituent schools, and may undermine the support provided to schools by overarching systems.
5. The CSO gives in principle support for the reform directions outlines in section 7 of the Bill regarding school improvement measures through the analysis of data pertaining to the academic performance, attendance, behaviour and wellbeing of school students.
6. The CSO gives in principle support for measures which make schools more accountable to the community in relation to their performance and the performance of their school students.
7. The CSO strongly supports proposed reforms to ensure that data collected on schools and school students is of higher quality, greater detail, more consistent and more available to the public.
8. The CSO expresses reservations as to any secondary use of data to link student assessment with teacher appraisal or school funding. We are concerned that expressly linking funding to outcomes contained in national assessment programs may have a number of unintended negative consequences, specifically in relation to
  - the unduly circumscribed measures of accountability currently available;
  - the use of data for secondary or unintended purposes, and
  - reservations concerning the validity, reliability and comparability of data.
9. The CSO expresses in-principle support for the development of assessment tools which cover a wider conception of school success.
10. The CSO expresses reservations if funding formulae established pursuant to the Bill are predicated on thresholds of disadvantage being reached; schools may be faced with spurious or perverse incentives (unrelated to education need or provision) to maximise funding.
11. The CSO considers that the position in relation to the movement of funds with students is a key issue which requires clarification. If funds move with students, this may create problems in relation to resource planning.
12. Regardless of the actual measures adopted pursuant to the proposed Act, the CSO suggests that support be provided for schools and systems to implement such a program, given the additional costs that this monitoring could impose on schools and systems. Any proposed new accountability measures should not further add to the administrative burden already faced by schools.
13. The CSO notes that section 10 of the Bill creates no legally enforceable obligations. This may bring into question the commitment of the government to the achievement the objects of the Bill.
14. Consideration should be given to establishing an independent agency tasked with ensuring building funds are prioritised to schools with demonstrated need, regardless of system or location.

## Part 1: Preliminary

### Preamble

The sentiments expressed in the preamble to the Bill are laudable. The acknowledgement of the opportunities offered by digital 21<sup>st</sup> century education, evidence-based methods of teaching and learning, partnerships across the broader community, and the recognition of non-government education authorities, is welcomed. The acknowledgement that 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 and contribute fully to his or her community’ are ostensibly self-evident. However, the language in which the goals are expressed is to a degree subjective and open to interpretation. Shared agreement as to the meaning of terms ‘excellence’, ‘full potential’, ‘success’ and ‘contribution to the local community’ may be contested, and may have the unintended impact of further exacerbating existing tensions between schools, systems and sectors. It is essential that these terms be operationalized in a way that can support implementation of the Bill. Similarly, assessments regarding the level of income at which a child becomes less able to receive a ‘quality education’ may also be contested and may depend on the location of the child and their family and the cost burdens faced by particular families. The recent flagging by the federal government of the need to address structural imbalances in the federal budget may see these points of contention re-surface.

### Section 2: Commencement

Considerable time has passed since the release of the Gonski Review of Funding for Schooling and current Australian Government funding arrangements for independent schools expire at the end of 2013. The CSO notes the proposed commencement date of 1 January 2014, and encourages the Commonwealth to expeditiously finalise the details of the funding arrangements with state and territory governments and with the independent sector schools, and to translate the measures contained in the Bill into specific funding formulae to ensure financial stability.

### Section 3: Objects of the Act

The objects of the Bill are to provide an excellent education for school students; for Australian schooling to be highly equitable; and for Australia to be ranked, by 2025, as one of the top five highest performing countries based on the performance of Australian school students in reading, mathematics and science, and based on the quality and equity of Australian schooling. As previously noted these objects are laudable, but due to their highly contested nature may prove difficult to achieve. Section 10 provides that no legally enforceable obligations are created by the Bill and that a failure to comply with the Bill does not affect the validity of any decision, and is not a ground for the review or challenge of any decision. This may bring into question the commitment of the government to the achievement of the objects of the Bill.

## Part 2: Improving the performance of schools and school students

### Section 6: Developing a National Plan

The CSO is pleased to note that section 6 of the Bill expressly refers to non-government education authorities as bodies with which the Commonwealth will negotiate on the national plan. We value the explicit recognition of the role and assistance provided by Catholic Education Commissions, and similar bodies, across Australia in assisting with compliance, accountability, and the targeting of funds. A key feature of the Catholic education system is that local (often small single stream schools, schools) are able to operate as a community of schools with a single financial and resource allocation entity. That single entity provides a greater collective capacity to ensure the educational and financial efficiency and quality than each individual school working by itself. In a practical sense, it may mean that the most experienced and expensive teacher can be serving the poorest and least capable school community.

The CSO expresses reservations to the extent that the Bill is seen to push towards an ‘individual school entitlement’ approach. Such an approach treats school systems as little more than a financial aggregate or as a conduit for their constituent schools, with each school construed as a self-contained entity in terms of attracting, allocating and managing its own resource entitlement. Nationally, this could ultimately result in thousands of stand-alone ‘non-systemic’ schools. For the CSO this could result in forty-three atomised schools operating without the collegial support of the CSO and its team of educational, financial and human resources personnel. The logic of the ‘citizen entitlement’ contained in the Bill points in this direction.

The CSO emphasises the need for any Bill to acknowledge and facilitate the funding of systems as *systems* – not merely ‘bureaucracies’. Failing to do so may have the effect of depriving schools of their entitlements, given that most Australian schools operate within a collective framework which exists for the common local and national good. In a practical sense, the CSO supports schools in a number of ways which improves educational outcomes. These practical measures include: allowing staff in larger schools to offer support and assistance to their colleagues in smaller schools; streamlining and dealing with many of the administrative burdens imposed on schools (see comments below) freeing schools up to focus on the ‘core business’ of education; providing financial management support; and providing professional learning, and curriculum and assessment support to schools in a coherent, effective and efficient manner. This assistance is a core element of the successful operation of Catholic systemic schools across Australia. Any moves to remove the framework of support for schools may result in adverse impacts for schools as they are distracted from their key focus: teaching and learning.

### Section 7: Reform directions for the national plan

The CSO expresses support for the reform directions identified in section 7 of the Bill. The CSO is committed to ensuring that all teachers have the skills, and support they require, to improve their performance over time and to deliver teaching of a high quality to all of their students. The CSO is fully supportive of measures to further augment rigorous professional standards and best practice, based on evidence of successful teaching methods. We fully support measures to promote quality learning, whereby, in the terms of the Bill ‘Australian schooling will provide a high quality educational experience with an environment and curriculum that supports all school students to

reach their full potential.’ However, as noted above we express reservations surrounding the subjective and potentially contested notions of ‘high quality’, and ‘full potential’. There is some scope for differing interpretations of the standards which the community might expect, and which may, over time change in view of longer term expectations surrounding school betterment measures.

### Quality Teaching and Quality Learning (s. 7(1), (2))

The 2007 McKinsey study of the world’s top performing schools concluded that the key reform in improving educational outcomes involves improving the quality of teaching. ‘The quality of a school system rests on the quality of its teachers. ... High performing systems ...put in place processes which are defined to ensure that every child is able to benefit from increased capacity... and then monitor performance to identify whenever a student is starting to fall behind.’ (Barber, 2007, p. 37)

Hattie (Hattie, 2003) has indicated that the major source of variance in student achievements lies within factors inherent in students i.e. their innate abilities and pre-dispositions, which account for 50 per cent of achievement. Home environment accounts for a further 5 – 10 per cent of variation. With respect to ‘in-school’ factors, the major factor affecting student learning, responsible for 30 per cent of the difference in achievement, is the quality of teaching. Other in-school factors such as the nature of the school itself, (including principals) finances and school size together accounted for 5 to 10 per cent of student achievement.

The CSO is therefore strongly of the view that measures to continue to improve teacher quality are central to the success of any new regime established by this Bill.

### Empowered school leadership (s. 7(3))

The CSO agrees that leaders in schools should have the resources, the skills, and power to make decisions and implement strategies at the local level to obtain the best outcomes for their schools and school students. Catholic schools provide a significant return on the government’s investment by contributing to national growth and productivity. Characteristics of Catholic schools, namely a clear focus on quality and achievement, the flexibility to respond to the needs of individuals and strong systems of accountability to parents and government and the capacity to recruit high quality staff are associated with outcomes which contribute to greater equity and better outcomes are already in place in CSO schools.

Where choice merely adds to existing advantage for certain social groups safeguards are needed if the opportunity of choice for their children’s education can be exercised genuinely. As long as there are funding constraints that prevent lower SES families from exercising their choice of schools the benefits of choice will remain constrained. Appropriate public funding of privately operated schools can relax such funding and access constraints, thereby allowing greater choice for all families and increasing schools’ incentives to behave efficiently. (Woessmann, 2007, p. 42)

West and Woessmann (West, 2008) have confirmed that competition from privately operated schools has a positive causal impact on student achievement. They found that improved performance was measured in terms of both cognitive and non-cognitive outcomes (such as student morale and commitment, non-disruptive behaviour, disciplinary climate and tardiness). The benefits of competition are stronger where privately operated schools face external accountability measures,



are autonomous and received a share of government funding. Superior results are attributed to heightened incentives geared towards better student learning as a result of greater flexibility, creativity and responsive to local needs of autonomous schools.

In general terms, choice policies are well supported by research evidence which suggests that choice:

- leads to higher achievement, even when social background is controlled for
- leads to higher achievement for both students in public and private schools
- is augmented when combined with autonomy and accountability measures are in place, and
- enhances equality of opportunity and benefits lower SES students even more than other students. (Public Policy Institute, 2011)

However, for choice and competition to have the positive impacts expected, certain pre-conditions are required. These include: accountability through the assessment of students, external exit exams, monitoring of teacher quality and comparisons of school performance. Research suggests that the most important aspects of autonomy concern influence over staffing decisions and determining the way instruction is provided. However, there is less evidence demonstrating a link between autonomy in budgetary matters on quality educational outcomes.

The CSO therefore strongly supports any proposed funding regime which will enable students from a range of social backgrounds to access our schools.

#### Transparency and accountability (s.7 (4))

The CSO gives in principle support for the Bill's promotion of transparency and accountability measures. We are pleased to note the broadening of data collected pertaining to the academic performance, attendance, behaviour and wellbeing of school students. We strongly support the proposed reforms to ensure that the data collected on schools and school students is of higher quality, more detailed, more consistent, and more available to the public.

However, as the OECD has noted, while accountability properly accompanies public funding, regulatory requirements need to be in proportion to the level and purpose of the funding provided. Regardless of the actual measures adopted pursuant to the proposed Act, the CSO recommends that support be provided for schools and systems to implement such an expanded program of accountability given the additional costs that could impose on schools and systems. Any proposed new accountability measures should further not add to the administrative burden already imposed on schools. Schools and systems already face a considerable compliance burden imposed by all levels of government. These obligations include, inter alia: program audits and accountabilities for targeted programs, National Partnerships and recurrent expenditure; workplace health and safety measures; taxation reporting requirements; DEEWR data collection and census requirements; capital grants accountabilities; overseas students; child protection accountabilities; attendance requirements; copyright; animal protection and welfare measures; and, the detailed obligations pursuant to, for example in New South Wales, the Education Act.

## Section 8: Developing benchmarks and supporting students

Section 8 commits the government to: develop benchmarks and support improvement; increase transparency; assess and improve school performance; and to gather and share evidence about the most effective methods of improving the performance of schools and school students. The Bill commits the Commonwealth to work the governments of the states and territories and non-government education authorities. Coupled with section 7(4) the Bill there is a strong commitment to a range of data collection strategies including academic performance attendance, behaviour and well-being, together with commitments to improve the quality, detail, consistency and availability of such data.

The CSO supports measures to improve education provision through the use of data. Since the inception of the Federal Government's National Partnerships projects, the CSO has been developing our capacity to use data to and improve outcomes in terms of literacy and numeracy achievement. A key achievement in this regard has been our development of a coherent evidence-based program *Leading Learning* which focusses centrally on teacher quality and the use of data to inform teaching and learning. However, the CSO expresses reservations given the history of attempts to link student assessment with teacher and/or school accountability. We are concerned that expressly linking funding to outcomes contained in national assessment programs may have a number of unintended negative consequences.

### 1. Unduly circumscribed measures of accountability

Despite the proposed expanded range of data for collection referred to in the Bill, a key problem is that 'objective' measures of school performance will remain largely limited to academic outcomes, and, to a limited number of easily measurable curriculum outcomes. Objective assessments alone do not adequately provide an indication of the success of a given school. This is especially so where the outcomes assessed are intangible, hard to measure, or where the outcome is affected by factors beyond the control or impact of the system, school or teacher. The aim to move Australian schools into the top five school systems by 2025 is a worthy goal. However, this may impose limitations on the conduct of education, and may lead to inaccurate and unreliable reporting of school data rather than providing any motivation or rationale for school improvement. Additionally, for the CSO and its schools, a key educational goal relates to the spiritual formation of students, supporting their spiritual and emotional growth, and developing a sense of ethics, and social justice.

We note that the Australian Curriculum, Assessment and Reporting Authority (ACARA) is currently in the process of trialling instruments which measure students' performance in less easily assessed domains such as in civics and citizenship. This research is to be commended. However if we are to develop measures which adequately assess the totality of what schools provide then valid and reliable of a range of outcomes will need to be identified including, inter alia, student wellbeing, as well as a much wider range of curriculum outcomes. Additional assessment instruments would need to move beyond strict pen and paper assessments to those which address other modes in which student learning and development can be demonstrated (for example, oral, aural, practical skills, creativity, leadership and interpersonal skills). These outcomes may be core indicators of Australia's ability to be at the forefront of innovation during the 21<sup>st</sup> Century, but may not easily lend themselves to objective and comparable assessments.

Even if we accept the possibility that objective assessments can be used to assess the effectiveness of schools by identifying the *value* which has been added by schools and teachers, there are many dimensions of student life which do not currently have agreed indicators of progress. Utilising Commonwealth National Partnership funding, the CSO has been working towards strategies to measure the impact and effectiveness of our schools. Assessing the success of our teachers and schools is crucially about the value they are adding, optimally reflected in the growth in performance for matched students. However, finding sufficient numbers of matched students in one school is not always easy to do. The students who leave our schools (and who stay), may not be altogether orthogonal in terms of the subtle links in these movements, students' performance and school educational provision. Moreover, many students do not develop on a linear path.

## 2. Using data for secondary or unintended purposes

The CSO expresses reservations in terms of possible unintended impacts the form that accountability measures adopted pursuant to the Bill may have in terms of teaching personnel. Without a more detailed and complex analysis of the context in which teaching occurs, *objective* student assessments which are used indirectly (or directly) to assess teacher quality (school effectiveness) will continue to be fraught. Moreover, the 'best' teacher (or indeed school) is not always the same in all contexts. In some contexts the best school may be one which takes an active involvement in the wider issues facing the development of its students. Gonski's proposed mechanism of identifying the characters (and costs) of benchmark schools (initially based on the per student component of the resource standard on an outcomes benchmark that at least 80 per cent of students in reference schools are achieving above the national minimum) (Gonski, 2011, p. xxii), may tacitly ignore the considerable cultural capital which these schools have access to and which are not easy to measure and objectively assess.

Moreover, the variances in student performance *within* a school may larger than that *between* schools. According to Hattie (Hattie, 2003) -- the quality of the teaching is the primary ingredient in good educational outcomes. The real benefit of external system wide measures of performance such as NAPLAN is as a tool for teachers to use to so they can assess what they have (and have not) taught well, who they have (and have not) taught well, and what they have to do next. If further transparency merely amounts to 'naming and shaming' poorly performing schools then this is unlikely to improve educational outcomes, particularly in relation to the long low performing tail which accounts for much of Australia's less than optimal performance (i.e. high quality low equity). 'Poorly performing' schools (in terms of absolute academic performance) are more likely be situated in lower SES communities. Any measure which merely further stigmatises the performance of these schools, will undermine the key objectives of the Bill – namely to recognise and address the relationship between socio-economic disadvantage and poor student performance. It is essential that any additional accountability measures do not serve to reinforce existing negative feedback loops. If we extend the use of national assessment instruments and use them for secondary purposes, i.e. to appraise schools or allocate funds, then some teachers might teach to that narrow benchmark so that they can garner the rewards, and ignore broader measures of the cognitive and social development of their students.

### 3. Validity, Reliability, Comparability

An additional consideration in establishing the legitimacy and usefulness of any proposed measures relates to whether the proposed regime of data instruments are reliable, valid and desirable on their own terms as a means of assessment. NAPLAN results, for example, are used with caution to measure school performance and effectiveness because the margins of error are high. The CSO operates a system with a relative high number of schools with small cohorts at any particular year level, particularly at Years 3 and 5. Therefore, for any given school standard errors may be high. Modest apparent gains (or falls) in average results in small schools may be due to the standard error of the instrument, rather than teaching practices per se. If we are to use NAPLAN (or other instruments which are developed for school accountability purposes pursuant to this Bill), small schools and systems with relatively high numbers of small schools will need instruments with lower standard errors and narrower confidence intervals. The CSO understands that ACARA is currently in the process of developing more finely tuned diagnostic instruments, for example as a part of ACARA's online assessment project "NASOP" which is intended to be better targeted to student ability and which may provide more accurate (and timely) feedback on student performance. Rigorous equating processes will be required, to ensure comparability of data year to year.

Hattie (Hattie, 2003), has found that frequent testing has a "below average" impact on learning outcomes. He asserts that this is because most tests do not provide much information that changes the nature of instruction, and thereby increase students' achievement. The CSO is therefore of the opinion that any assessment instrument developed or adopted pursuant to the proposed Act should provide data which allows teachers and schools to confirm or adjust teaching practice. Under the current national assessment framework results are not released for some months. By the time the teacher of that particular class gets the results, they may have a new class, with new students, or have limited capacity to intervene in a timely manner. Formative assessment measures are crucial in positively influencing student learning outcomes.

### 4. Funding formulae and thresholds

If funding formulae established pursuant to the Bill are predicated on thresholds of disadvantage being reached then "school stacking" may become a problem. Schools may be faced with spurious or perverse incentives (unrelated to education need or provision) in order to maximise funding. The CSO has an explicit goal of reaching out to the most disadvantaged in our community. We are committed to meeting the needs of students from low income backgrounds, students with disabilities and indigenous students. However, some schools may be discouraged from pro-actively seeking out and addressing the needs of disadvantaged students where the funding rates which have been determined are unrealistically low, or are inadequately indexed. Additionally, this may occur where the total numbers of students enrolled from a targeted group may approach-but not meet-the levels needed in order to attract funding. For example, the CSO has demonstrated positive educational outcomes for our Aboriginal students. However, no individual school would meet the threshold for "base + loading" if a proposed threshold measure of 10% of enrolments were to be set. Therefore the CSO would lose considerable funding which is currently directed towards the needs of our Aboriginal students, who are enrolled in a number of schools in small percentages, and whose needs are being well met by our systemic schools.

## 5. Transitional arrangements and the movement of students

The CSO considers that the position in relation to the movement of funds with students is a key issue which requires clarification. If funds move with students, this may create problems in relation to resource planning, especially for smaller schools, which may invest considerable (human or capital) resources to address the needs of disadvantaged students. If funds move with students this may reduce the scope for forward-planning and provide limited certainty in terms of funding. Funding programs and policies which arise from the Bill must ensure that adequate transitional arrangements are put in place for schools and systems which experience significant changes to the demography of their school and which could potentially impact the level of government funding provided. Additionally, the CSO expresses concerns as to the need for transitional arrangements for schools and systems which may find themselves structurally disadvantaged in terms of any new funding arrangements which are established. Without adequate time for adjustment this could result in significant disruption for students, staff and parents.

## 6. Teacher and student morale

The teaching profession and teachers are not always good at celebrating their own successes. There is a sense that there's always more a can teacher can do. The teaching profession itself does not always adequately honour success. The rationale for any new arrangements which attempt to monitor and improve teaching and learning in schools should examine what may not be working, what could be improved, as well as ensuring that the profession (and the wider community) recognises when it is delivering excellence, thereby ensuring that evidence based best practice teaching pedagogy can be identified and propagated. A key element of this is to ensure that assessment and feedback is productive and constructive.

## Section 9: School Funding

Section 9 of the proposed Bill deals with key elements of the reform strategy recommended in the Gonski Review of Funding for Schooling, through grants of financial assistance to States and Territories, with base recurrent funding allocated according to a formula that calculates an appropriate amount for every school in recognition of the costs of providing a high quality education. As previously noted, the CSO expresses strong in-principle support for this approach, subject to a number of caveats which cannot be addressed until the actual detail of the proposed funding mechanism is released.

The principle of school choice is embedded with Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights. Choice policies were introduced after a long period of commitment to universal education through public schooling; a period which focussed on concepts such as regulation, homogeneity, and uniformity. (Forsey, 2008, p. 14) More recently there has been a focus on the delivery of diversified public services which focus on the delivery of outcomes, rather than outputs. Any funding policies introduced pursuant to this Bill must ensure that an ostensible commitment to school choice is coupled with actual funding commitments which support parental choice in practice.

Using OECD terminology, CSO schools would be defined as ‘government-dependent private schools’ i.e. schools receiving more than half of their core funding from government agencies or relying on government to pay teaching staff. Therefore funding commitments from the Commonwealth, the state government and from parents are crucial in the ongoing viability of our schools. The CSO expresses in principle support for the proposed loadings as outlined in sections 9 (c)(i) – (iv), subject to final advice as to the proposed funding formulae for additional recurrent funding to address educational disadvantage. We remain concerned as to the actual definitions and standards which will be used in relation to disability; being an Aboriginal person or a Torres Strait Islander; low socioeconomic status; and English proficiency. A case in point is the lack of consistency in the categorisation disabilities which varies across jurisdictions, as well as between systems and schools. Such variability is greater with emotional and psychological disabilities, and may be impacted by a family’s access to diagnostic and support services. The CSO expresses reservations as to the current lack of detail supplied regarding the methodology to measure whether the education offered to students with special needs has been delivered to an appropriate standard.

The definition of school size and school location may be less problematic. However, the actual cost implications for education provision may be difficult to determine, and are probably not altogether orthogonal. Any in principle support for such an approach is subject to further information concerning the application of multiplier loadings where there is more than one dimension of disadvantage. The CSO expresses reservations as to the current availability of an evidence base upon which such judgements can be made and as to how ‘core’ educational provision can be partialled out from the impact of the provision of additional extra-curricular measures, or indeed from the wider cultural context in which schools operate.

The oft-cited examples of Korea and Finland operate systems whereby privately operated schools receive about the same share of government funding as do publicly operated schools. According to Woessmann this suggests that systems in which ‘the government finances schools but contracts

their operation out to the private sector are the most effective in terms of fostering students' educational achievement.' (Woessmann, 2007, p. 43)

The CSO operates a system of low fee schools which attract per student resources levels below the average government school. However, the level of resources available to the relatively small number of long established high fee independent schools is, more frequently, the focus of attention in public discussion. The opaque nature of the funding mechanism, overlap and duplication make it difficult to conduct a coherent public review of funding provision. This complexity leads to misconceptions and distortions in the debate and makes it easy to mask the significant level of support for Catholic system schools which is provided in terms of recurrent funding by parents, as well as in terms of the considerable capital investment in education in terms of land and building resources, built with resources contributed directly by parents, and the wider Catholic community over a considerable period of time.

According to the ABS survey of household expenditure (Australian Bureau of Statistics, 2006) Australian families spent \$3.6 billion on their children education, 95% of this being on school fees. For families with children at school annual average expenditure on fees was \$2,040 with the average annual expenditure on Catholic secondary school fees being \$3600; nine times more than that expended on government school fees. In 2011, the CSO's tuition fees amounted to \$19.9 million, representing some 12 per cent of total income. With the recent NSW funding freeze the CSO has been forced to increase fees by up to 6 per cent, and coupled with flow on effects in terms of AGSRC, fee income will probably rise as a proportion of total income over the mid-term. For many families school choice is relatively independent of their level of income, however Watson and Ryan (Watson, 2010, p. 103) have noted that "to suggest that the act of choosing a child's school is purely an economic decision (that is, everyone buys the best that they can afford and those who can't afford anything simply choose the public system) is too simplistic." Choosing to pay fees has been seen to change the relationship between parents and school, given parents a stronger sense of engaging in the school's operation and outcomes.

For some time now, non-government schools in Australia have been effective in achieving the high quality educational outcomes on which economic growth and national prosperity rely. Conventionally, the success of independent schools this has been attributed to the nature of student intakes, in terms of academic ability. However, this characterisation of non-government schools, particularly of Catholic systemic schools is inaccurate. The Gonski Review (Gonski, 2011, pp. 3-10) suggests that Catholic systemic schools broadly mirror the composition of government sector schools. Marks (Marks, 2009) and Hanusek and Woessmann (Hanusek, 2010) suggest that after controlling for SES and prior achievement that Catholic schools 'add value' in the order of five per cent. While the reasons for this remain unclear, it has been hypothesised that non-government schools promote academic expectations and that they lift expectations relatively more for low achievers than high achievers. Funding policies supporting school choice have underpinned these outcomes, and a strong commitment to this approach should be continued.

## Additional issues for consideration

The CSO is concerned to ensure that there is certainty around the following key issues pertaining to school funding:

1. Any regulations pursuant to the Bill should ensure that no school (or system) receives less funding compared to 2013 levels, particularly in relation to funding-maintained schools.
2. Any funding formulae established pursuant to the Bill should ensure that grant funding moves in line with growth in enrolments in Catholic schools.
3. Funding formulae should address fundamental asymmetries between revenue collection and service delivery reflected in the current division of state and federal responsibilities, and addresses issues associated with the financial insecurity of the states. Pro-active mechanisms to address deliberate cost shifting should be considered.
4. In terms of AGSRC, or any alternative funding mechanism, measures should be implemented to ensure that flow-on effects to Federal funding from State Government budget funding cuts are adequately addressed. If an alternative to AGSRC indexation is implemented, what are the key elements of a comparable measure of cost movements in all Australian schools that would be adopted? Any new funding regime must clearly articulate its proposed indexation to allow forward planning by schools and systems.
5. Any proposed change in approaches to parents' 'capacity to pay' measures or definitions in any new funding model must be explicitly addressed.

## Capital Funding

The physical context in which education occurs provides a key indicator of the esteem and importance which is afforded to school education. An apparent omission from the Bill relates to the issue of capital funding. The Gonski Review focussed on recurrent funding and largely did not address issues concerning the capital needs of schools. Within the CSO there is considerable demand for new schools, expanded capacity and the need to ensure that schools are adequately maintained. Our current capital stock is less than optimal. Financially, the CSO operates as a 'break-even' enterprise. There is therefore little excess financial capacity to cater either for the renewal of existing capital stock nor for the provision of new schools to meet areas of demand in the growth areas of our diocese.

Infrastructure NSW in its report *First Things First*, (Infrastructure NSW, 2011) identified the Hunter/Central Coast Region as having utilisation rates for permanent and total teaching spaces well above the target level of 80%. In the growth corridor of the Broken Bay Diocese public primary schools are currently operating at a utilisation rate of over 100% for permanent teaching spaces, and at approximately 90% rate for total teaching spaces. These rates are higher than for most other areas in the state. However, with limited capacity to generate even a small operating surplus, exacerbated by the recent NSW state government funding freeze, the CSO is severely limited in the expansion of our capital stock to meet demographic changes. At the other end of our Diocese, the lower North Shore, some school capital stock has been decommissioned due to demographic trends which delivered low enrolment levels in the early 1990s. With the recent influx into that area of younger families with children (Sydney Morning Herald, 2012), the CSO has been unable to develop facilities to meet that demand. Recent media coverage suggests that overcrowding in government schools on the lower north shore has increased substantially, and that the NSW government has



considered the option of providing for teaching spaces with high rise office accommodation. "At least six public schools on the lower north shore may be redeveloped and extra schools built under proposals the state government is investigating to cope with overcrowding from dramatic enrolment growth... At present, there is no solution for one of these schools, and the Department of Education and Communities is considering leasing commercial premises." (Sydney Morning Herald , 2012)

The Gonski Review noted:

"Many government schools, and some poorly resourced non-government schools, are suffering in terms of their facilities ... It is also clear that, on average, the facilities and infrastructure within some government schools are not of a comparable standard, and this is impacting on the attitudes and morale of students and staff, as well as on school enrolments. The panel is convinced that government schools need additional funding, and better planning to bring their infrastructure up to a quality that at the very least enables them to effectively compete with some non-government schools." (Gonski 2011: 97)

This situation also reflects the current state of capital repair at some of our secondary schools. Many of these schools were constructed, or substantially expanded, in the early post-war period. Despite the much-appreciated injection of funds via the Commonwealth's Building the Education Revolution program many buildings remain less than optimal for the delivery of best practice education particularly in light in recent changes in technology and educational pedagogy.

As the Gonski report notes, a transformation of the building and upkeep of facilities and the planning of new schools is urgently needed. The report notes that a lack of data and public accountability in the current schooling system make it difficult for school communities to understand their capital funding rights and needs, and for governments to understand and assess their funding objectives and priorities. As the report notes, "There is no national standard against which the adequacy of school facilities can be assessed...Improving accountability is a crucial step towards improving the quality of school infrastructure." (Gonski, 2011, p. 98)

The CSO supports a new independent agency, to develop expected standards to which school buildings must be maintained and built. Education authorities should be responsible for assessing and monitoring the condition of their schools against these standards, and maintaining school and sector master plans. Over time, all school sectors would be required to publish information about the condition of individual schools, and decisions about infrastructure and spending on major works. The Gonski review excluded large capital works, unlike school maintenance and minor works, from the proposed recurrent schooling resource standard, and it appears that the proposed Bill has adopted this position. However, a federal funding stream for all new schools would encourage cross-sectoral planning and enable the balanced development of new schools in fast-growing suburbs and towns.

The CSO is currently unable to fully meet areas of high growth demand given the fixed nature of educational infrastructure, a lack of funding support for the development of new school sites, and a level of funding which makes it difficult for the system to run budget surpluses, thereby allowing for the accrual of funds for use in the development of new schools.

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