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GOVERNMENT RESPONSE

TO THE

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE'S REPORT**

COMMONWEALTH FUNDING FOR SCHOOLS

November 2004

GOVERNMENT RESPONSE TO THE SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION REFERENCES COMMITTEE'S REPORT COMMONWEALTH FUNDING FOR SCHOOLS

Introduction

The Senate referred the Commonwealth funding for schools inquiry to the Employment, Workplace Relations and Education References Committee on 13 May 2004. The terms of reference for the inquiry covered the principles of Commonwealth funding for schools with particular emphasis on how these principles apply in meeting the current and future needs of government and non-government schools; and whether they ensure efficiency and effectiveness in the allocation of school funding. The committee also investigated accountability arrangements including through the Ministerial Council on Education, Employment and Youth Affairs.

The committee tabled its report on the inquiry in the Senate on 11 August 2004. The report makes 7 recommendations relating to these issues which have been considered by the Government in formulating this response.

Response to recommendations in the report

The Government's response to each of the recommendations contained in the Senate Committee's report is set out below.

Recommendation 1

The committee recommends that the Howard Government should accept responsibility for resolving the divisiveness its school funding decisions have generated, and that the Commonwealth should demonstrate leadership in developing a new national consensus on school funding, with a renewed focus on equity and a determination to raise the quality of education in schools that are poorly resourced to deal with under-achieving students.

Response

The Government does not support this recommendation. Much of the divisiveness that has arisen has been driven by misleading information produced by the Australian Education Union in an attempt to revive the State Aid debate.

The Australian Government has already responded to those students and schools in need of extra help, providing almost \$5 billion over four years for special purposes. Of this, \$2.1 billion will be invested in the education of the most disadvantaged students, with a focus on literacy, numeracy and help for students with disabilities. Another \$2.5 billion will be spent on school buildings; \$117 million will improve the educational experience of geographically isolated children; \$246 million will help newly arrived students from non-English speaking backgrounds learn English; and \$114 million will be provided for students to learn languages other than English.

The Australian Government's SES funding formula is needs-based. It gives more funding to schools serving needy communities and less to schools serving wealthy communities. Maximum funding under the SES model, payable to schools serving the neediest communities, has been significantly increased from about 59% to 70% of the average cost of educating a student in a government school.

Recommendation 2

The committee recommends that the Australian Government accepts its responsibility for the support of high quality public school systems as a national priority, including the endorsement of the MCEETYA principles for schools resourcing.

Response

The Australian Government has always supported high quality public school systems. Over the next four years, the Australian Government will provide \$10.8 billion to the states and territory governments in specific funding for their state schools. This is a \$2.9 billion increase over the current four year period and will continue to provide funding increases to state schools of around 6 per cent per annum. Total funding in 2004-05 will be 79 per cent higher than that provided in 1996.

The Australian Government's general recurrent funding for state schools over the next quadrennium represents a 39 per cent increase over the current four year period.

The Australian Government did not endorse the funding principles developed by MCEETYA because they were developed without consultation with the non-government sector, representing one third of Australian students. As the Australian Government is committed to collaboration with all stakeholders and to effective choice for parents educating their children, it could not endorse these principles as an agreed framework to apply to education funding within Australia.

Recommendation 3

The committee recommends that the Commonwealth note the overwhelming evidence put before the inquiry on the flawed nature of its funding arrangements for non-government schools, including:

- *failure to take into account the total resources available to a non-government school in assessing relative need for funding;*
- *adoption of a funding scale that has provided the largest increases in funding to non-government schools that were already operating well above the resource standards in government schools; and*
- *creation of instability and insecurity in the post 2008 funding for the 50 per cent of non-government schools that are in one of the two funding maintained categories for the 2005-2008 quadrennium, including 60 per cent of schools in Catholic systems.*

Response

The SES approach, unlike the Education Resources Index (ERI) system which it replaced, is transparent and objective, based on independent data that are consistent for all schools. One of the key principles that underpin the SES model is that private investment in education should not be discouraged and, therefore, it does not take into account a school's private income from fees or any other sources.

The Australian Government is aware of the need for stability and certainty in the schools sector and will ensure that the sector is consulted early on arrangements for the 2009-2012 quadrennium.

The issue of the funding for the so-called 'wealthy' schools has attracted considerable media attention largely due to the misleading campaigns of the Australian Education Union and the Australian Labor Party who have endeavoured to make the public believe that the high fee schools receive the most amount of public funding of any school in Australia – government or non-government.

The facts are that the higher fee schools receive the least amount of public funding per student, typically a quarter of that provided to a state government school. The Australian Government believes that all students should receive some public financial assistance towards their education, regardless of the school they attend. The SES model provides the greatest level of assistance to non-government schools serving the neediest communities, and the least assistance to those serving the wealthiest.

Recommendation 4

The committee recommends that the SES non-government school funding model should be linked to the economic capacity of school communities, modified to include sources of private income including fees and linked to the educational needs of each school and its students.

Response

The Australian Government does not support this recommendation. The SES policy ensures that schools are not penalised for raising private income. The Australian Government believes that parents should not be discouraged from investing in their children's education.

Recommendation 5

The committee recommends that the Commonwealth, through MCEETYA, should exercise its responsibility to ensure that financial data regarding school income and expenditure, whether on an aggregated or disaggregated basis, is provided and publicly presented and reported in a standard format, using a single accounting basis and reporting period. In the case of non-government schools, this data, both aggregated and disaggregated to the school level, should be provided to the Commonwealth in a standard format on an annual basis, and tabled in the Parliament. Provision of full financial information in this manner should be a condition for receipt of recurrent funding.

Response

The Australian Government believes the public funding of all schools should be fully transparent. The Australian Government has published the estimated annual general recurrent grant funding from the Commonwealth for every non-government school or non-government school system in Australia. Figures have been published for every year from 2003 to 2008. The Australian Government believes that the States and Territories should be as equally transparent as the Commonwealth.

Recommendation 6

The committee recommends that accountability provisions regarding non-government schools should be strengthened to require reporting by schools on a range of matters including:

- *enrolment of students with disabilities;*
- *enrolment of Indigenous students;*
- *admission and exclusion policies;*
- *teaching staff;*
- *curriculum; and*
- *discipline policies.*

Response

The Australian Government does not support this recommendation. The items listed by the Committee would simply add unnecessary reporting without driving genuine improvements in schools. In contrast a key feature of the 2005-2008 quadrennium legislation is a greatly enhanced performance framework. The strengthened accountability and reporting requirements will reinforce the link between the funding provided under Australian government programmes and improved outcomes for all Australian students. These requirements will underpin the Australian Government's national priorities in schooling. Key elements are included as conditions of funding in schools legislation for 2005-2008, including:

- greater national consistency in schooling, including starting ages, and curriculum and testing standards;
- commitment to achieve performance targets for Year 3, 5 and 7 literacy and numeracy and to report against performance measures for Year 3, 5 and 7 literacy and numeracy;
- report to parents their child's performance against the Year 3, 5 and 7 benchmarks literacy and numeracy;
- better reporting to parents, including plain language reports and meaningful information on school quality;
- transparency of school performance;
- greater autonomy for school principals;
- creating safer school environments;
- common commitment to physical activity; and
- making values a core part of schooling.

The requirement for all schools to publish and make readily accessible a range of school performance information will include such information as academic outcomes, curriculum offerings such as what vocational, education and training options are offered, school leaver destinations, the professional qualifications of teachers and professional development undertaken by teachers. Reporting against measures and targets such as the literacy and numeracy benchmarks, will include reporting by students' sex, Indigenous status, socioeconomic background, language background and geographic location using the national definitions being agreed through MCEETYA.

The Australian Government accountability and reporting requirements apply equally to government and non-government schools.

Recommendation 7

The committee recommends that, pending discussions with state and territory governments through normal MCEETYA processes, the Government should be mindful of the rights of states and territories to legislative and administrative autonomy with regard to the operation of schools. The Government should not use school funding legislation as a vehicle to impose on the states and territories policies and practices that would normally be the subject of agreement through MCEETYA.

Response

The Australian Government is the single largest funder of school education. As such it has the right to set financial, policy and administrative directions. The Australian Government will exercise its leadership role in schooling in areas where national reform is required. This may involve consideration by Ministers through MCEETYA processes on specific matters. However the Australian Government has the right and the responsibility to attach conditions to its very significant schools funding to ensure that important reforms are implemented.

