



Initial Government Response to the Review of Funding for Australian Schooling Report

Your School, Our Future

Labor has always believed that education is the most important investment we can make in Australia's future.

A great quality education enables each person to reach their full potential, giving individuals and their families access to better opportunities.

Every child is entitled to a great education.

Education is central to our economic strength. Australia cannot continue to be a globally competitive, high skill, high wage economy without a world leading education system.

And having a world leading education system is like running a never ending race. We must constantly improve to keep pace with other nations.

It is now clear other nations are surging ahead of us.

The global economy is transforming. Asian economies are growing.

Australia can be a big winner from growth in our region but only if we succeed in education.

Delivering education reform

The Gillard Government is already delivering national schooling reforms to ensure that long term success.

A national curriculum has been introduced, giving every student access to the same knowledge entitlement, based on world's best standards.

Parents can now see school results on *My School* and make informed decisions about their child's education, using a new level of transparency.

Infrastructure has been improved in every school, building new classrooms, science labs and learning centres.

Teacher quality, the engine of student achievement, is being improved through national teacher standards, new training requirements and alternative pathways into teaching.

More than 900,000 computers have been provided to Australian students to enhance their learning.

Trade Training Centres are being built around Australia to give secondary school students a pathway to skilled work and trade qualifications.

We are investing \$2.5 billion in improving literacy and numeracy, teaching quality and support for schools in disadvantaged communities.

Our Empowering Local Schools program is supporting new flexibility for principals to make the right budget and staffing choices for their school community.

Each of the Government's reforms is designed to bring Australian schooling into the 21st century and deliver a great quality education for every student.

We are pursuing reform to make sure that every school in every neighbourhood is empowered to deliver the best opportunities to its students through excellent teaching and learning, and to keep improving.

These reforms combine with our major national reforms of early childhood education and learning, universities and skills training to provide an historic expansion of opportunities for young Australians.

Getting an education or learning a new skill takes time and effort and so does education and skills reform. It won't be easy but it must be done for our nation's future.

Making sure that we deliver great quality schooling for all students is a challenge for all Australian governments and school sectors.

Review of School Funding

In 2010 the Australian Government commissioned a Review of Funding for Schooling in Australia. Chaired by David Gonski, the Review Panel was composed of eminent Australians with expertise in education and public policy.

We asked them to advise us on how school funding in Australia could be “transparent, fair, financially sustainable and effective in promoting excellent education outcomes for all Australian students.”

The panel received more than 7000 submissions, visited 39 schools and consulted 71 key education groups across Australia.

At the end of 2011 the Review Panel presented a Report of its findings and recommendations to the Government.

The Review Panel found that:

“Australia lacks a logical, consistent and publicly transparent approach to funding schooling.”

Their Report goes on to say that the current arrangements are:

“... complex, confusing, opaque and inconsistent among jurisdictions, and obscure educational goals and accountability.”

The Review Panel concludes that:

“Australia must aspire to have a school system that is among the best in the world for its quality and equity, and must prioritise support for its lowest performing students. Every child should have access to the best possible education, regardless of where they live, the income of their family or the school they attend”.

To do this, they argue that:

“Australian schooling needs to lift the performance of students at all levels of achievement, particularly the lowest performers. Australia must also improve its international standing by arresting the decline that has been witnessed over the past decade.”

The Review Panel has made a series of far-reaching recommendations for national funding reform.

Their proposals for a Schooling Resource Standard construct a picture of what funding it might take to deliver a high quality education for every child. A Schooling Resource Standard would have two elements: the amount of per student investment required to provide a high quality education; and loadings that target disadvantage.

In simple terms, it identifies a base amount for every student in every system, derived from the actual cost of educating students in a sample of well performing schools. It reflects the idea that funding should support excellent outcomes for all students.

The Report recommends that per student funding amounts should be based on the cost of educating students in high performing schools, where at least 80 per cent of students are achieving above the national minimum standard for their year level in reading and numeracy, across each of the three most recent years of NAPLAN results, as well as other measures of school performance.

The Schooling Resource Standard then applies loadings to reflect the cost of addressing factors which are known to impact on student performance, such as low socio economic background, disability, indigeneity, remoteness, English proficiency and school size.

The combination of base amount and loadings to address disadvantage provides the complete Schooling Resource Standard for the recurrent funding, from whatever source, needed to support schools in delivering high quality education to all students.

The Review Panel recommends that school systems, government and non-government, should retain the flexibility to allocate and distribute funding between their schools and that they should have stronger accountability for how resources are allocated to individual schools. The Panel also recommends that the funding contributions of the Australian and State and Territory Governments each play an appropriate role in supporting government and non-government schools.

The Gillard Government’s Response to the Review Report

The Australian Government commends and thanks Mr Gonski and all of the Panel members for their leadership and service in undertaking this review.

The model recommended by the Review Panel provides great insight into the kind of system that would deliver the resources needed for every student and every school.

The Review Panel also concludes that significant further work is needed to test and develop the different elements of this kind of system.

The model proposed would impact on all existing arrangements and school funding providers and has significant policy and financial implications for governments.

All governments and stakeholders need the time to understand and work through what is proposed by the Review Panel, how it may impact on them and whether it will work in practice.

For those reasons, it is important that we take the next steps in this reform process thoroughly and with care. That work should draw on the collaborative spirit that has prevailed in recent education reforms. It needs to satisfy those involved that the funding proposals, based on the Review Panel's recommendations, are right for our nation.

The Australian Government will determine to embrace a model of this kind if we are satisfied that it will help Australia to achieve the following:

- Higher achievement for all students
- Equity in access to high quality education
- Excellent quality teaching and learning outcomes
- Choice and support for a diverse range of schools
- Fairness, transparency and accountability
- Continuous improvement and innovation in school performance
- Financial sustainability, to ensure that schools can be financed properly into the future
- Stability and certainty for schools about their funding, with no school losing a dollar of funding per student.

The Review Panel also makes recommendations about other aspects of school funding, including governance and accountability arrangements, funding of capital and philanthropy.

These proposals also deserve further consideration and discussion in the community.

In some areas, the Australian Government believes that the scope of proposed new funding contributions may be too large. For example, on capital spending, the Australian Government has recently completed the largest ever program of capital investment in Australian schools. While we are open to continued discussion about the most effective way to provide capital funding for schools, we do not envisage the significant expansion of the Commonwealth's capital funding role.

Indexation is also a feature of the current Commonwealth funding model. It is our expectation that indexation will be a feature of any future funding model.

Next steps

Education is a significant financial investment for governments and for families.

When it leads to higher achievement, education contributes to a stronger economy with more high-wage, high skill jobs. Over time, investment in high quality education can generate positive returns for individuals, for communities and for our nation.

The Australian Government has demonstrated its commitment to investing in education since 2007 through the billions of extra dollars it has put into Australian schools, almost doubling the spending of the previous government and delivering major national reforms.

Since 2007, much has been achieved through co-operative partnership with teachers and principals, State and Territory Governments, Catholic and other non-government school providers, education unions and other stakeholders.

This unprecedented cooperation and goodwill needs to continue if we are to deliver effective reform in school funding.

The Australian Government is committed to returning the budget to surplus in 2012–13 and to ongoing fiscal responsibility. State and Territory Governments also face fiscal challenges, as do parents who do not wish to see school fees rise beyond their reach.

To take that next step requires that all of the stakeholders in education—states and territories, schools and school systems, teachers and parents—engage in constructive and productive dialogue.

In that spirit of cooperation and with a commitment to pursue and deliver national reform, the Australian Government will take the following steps:

- a. We will take to the Council of Australian Governments a set of principles to guide national school funding reform and seek the commitment of State and Territory Governments to work through the reform proposals and options for their implementation. This will include detailed development and modelling of the elements of a new funding system proposed by the Review Panel and how they could work in practice, including arrangements for transition to a new system.



We will ask Australia's education ministers and stakeholders to work together to share data, evidence and experience to confirm whether the elements of the Schooling Resource Standard architecture are designed to deliver the highest standards and improved performance from our children. This will be done through a Ministerial Schools Funding Reference Group, to examine the key recommendations and proposals and provide feedback and advice.

- b. We will work with education ministers to examine how funding reform could be implemented in a way that works for each system and school and how it would work with other reforms to improve the quality of schooling and student achievement.
- c. We will invite education stakeholders—including principals, parents and unions—to participate in the process of developing and testing these elements of a new system.
- d. This work will also inform the Commonwealth's position in the pending National Education Agreement review, the future of our National Partnership agreements and schools funding beyond 2013.

The most important stakeholders in education are the parents of children who attend schools. Their engagement in ongoing discussion about funding for schooling is essential if we are to take the next step towards a school system that works better for all students. The Government will provide public forums and opportunities for discussion so that parents and communities can have their say about this important education issue.

The Government is delighted that David Gonski has agreed to continue working with the education community to assist these next stages of work.

The Minister for School Education, Early Childhood and Youth, Peter Garrett, will invite States, Territories, non-government school sector representatives and stakeholders to participate in the new Ministerial Reference Group. The Ministerial Reference Group will provide an opportunity for continued consultation and dialogue with education stakeholders as options and models are refined and developed.

States and Territories will also be engaged through the Standing Council on School Education and Early Childhood and the Council of Australian Governments. These bodies will receive advice and expertise from the Strategic Policy Working Group, which comprises senior officials from all states

and territories, the National Catholic Education Commission and the Independent Schools Council of Australia.

Working groups will be established to consider issues in relation to the identification of the reference schools, efficient and effective loadings for socio economic disadvantage, students with disabilities, Indigenous students, and the capital costs of education.

The Minister for Human Services and the Minister Assisting for School Education, Brendan O'Connor, will lead the work on funding for students with disabilities arising from the Report's recommendations.

The Parliamentary Secretary for School Education and Workplace Relations, Senator Jacinta Collins, will lead the work on capital funding and philanthropy.

The Australian Government will also provide arrangements whereby parents, teachers and interest groups can contribute as the national policy process evolves.

We need an open and informed process to move beyond the divisive debates of the past and to avoid any tendency towards false claims that some schools are going to lose out. Unfortunately there are always those that seek to exploit reform processes in this way. However, the Australian Government will ensure that the model adopted and the transition arrangements provide that no school loses a dollar per student as a result of this funding review.

We have a once-in-a-generation opportunity to get school funding reform right for Australia's future and we should not lose that opportunity because of scare mongering.

The Australian Government, working together with the whole community, is determined to seize that opportunity and deliver reforms that provide a world class education for all our students.

