

REVIEW OF FUNDING FOR SCHOOLING

AEU Victorian Branch submission

March 2011



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Australian Education Union (Victorian Branch) Submission

"That a private system may be able to offer a limited number of students the finest education in the world is irrelevant. Highly sophisticated elites are the easiest and least original thing a society can produce. The most difficult and the most valuable is a well-educated populace." [John Ralston Saul]

Introduction

The AEU (Victorian Branch) welcomes the opportunity to provide a submission to the Review of Funding for Schooling and congratulates the Federal Government for recognising that, after 37 years (since the last one), a fundamental review is long overdue.

The central contention of our submission is that governments have a primary obligation to adequately and appropriately fund schools that provide universal access to quality public education and that the present system of school funding in Australia does not do this.

We believe the stated aim of the Review (see below) should result in a change to the existing funding system consistent with our position.

"The aim of the review is to identify arrangements that will achieve a funding system which is transparent, fair, financially sustainable and effective in promoting excellent educational outcomes for all Australian students. Integral to this is ensuring the funding that is available is equitably distributed among schools; that is, directed to where it is needed most so that students are supported to overcome barriers to achievement, regardless of their background or where they go to school."

[Review of Funding for Schooling, *Emerging Issues Paper*, December, 2010, p.8]

For advocates of public education, such as the Australian Education Union, the fact of the review has created a sense of cautious optimism. The review provides the Federal Government with a opportunity to formally recognise the value of public education by matching a rhetoric of social justice and opportunity for all with the funding reality to make those things happen.

Universal Public Education

Public education has been under pressure for the past two decades. Once the ideas of neo-liberalism gained ascendancy in the 1990s, governments had a rationale for reducing their support for public education in order to make room for the 'more efficient' private sector to grow. Good government became small government. Rather than governments accepting that their prime responsibility was to ensure the best possible universal public education system, the emphasis shifted to ideas of 'competitive neutrality' and quality improvement through education markets.

What was lost in this move was what Professor Richard Teese from Melbourne University has called "the premise that public schooling is intrinsically valuable and the best vehicle to engage all children". [Sydney Morning Herald, 16/8/10]

Another trenchant critic of the move away from a universal public education system is the important Canadian thinker and writer John Ralston Saul. In one of his several visits to Australia he talked about the centrality of public education to a healthy democratic society.

"At the heart of this whole movement towards stability, long term democracy, middle class society, slowly chipping away at the idea of class, class divisions and class privileges without going into the trap of Marxism, at the core of all of this from the middle of the 19th century on has been public education."

"In the history of our democracies, the history of the dominance of universal public education is a central factor in the building of our foundations that produce the kind of successful societies they are."

[John Ralston Saul, Cornerstones Conference, Sydney, 2006]

The decline in the market share of public schools, and therefore the reality of a universal public schooling system, has taken place over many years (see Table below). Victoria, in particular, has the lowest proportion of students in public schools of any state.

% of Students in Australian Government Schools

Year	Australia	Victoria
1980	77.7	73.7
1985	74.2	69.5
1990	72.1	67.1
1995	71.0	66.8
2000	69.2	65.9
2005	67.1	65.0
2010	65.5	63.4

[Source: ABS, Schools Australia, cat 4221, various years]

In 1980 77.7% of Australian students were in public schools. 30 years later, in 2010, this had fallen to 65.5%. In other words from having over three quarters of all students in public schools in 1980, today there are under two thirds. In Victoria the equivalent figures were 73.7% in 1980 to 63.4% in 2010.

In international terms, Australia stands out as one of the most privatised schooling systems in the world. The most recent edition of the major annual education publication of the OECD, *Education at a Glance*, lists the proportion of students enrolled in public schools at primary and lower secondary for 31 countries.

% of Students Enrolled in Public Schools (2008)

Country	Primary	Lower Secondary
Chile	43.5	48.5
Australia	69.7	66.2
New Zealand	87.6	83.0
United State	90.3	91.1
Canada	94.2	94.2
United Kingdom	95.0	84.0
Finland	98.6	95.7
OECD Average	89.6	83.2

[Source: OECD, *Education at a Glance*, 2010, Table C1.5]

In primary, Australia has the fourth most privatised system and in lower secondary the third most privatised. The Australian school system is far more privatised than those countries it is normally compared to such as the UK, USA, New Zealand and Canada.

Despite what some pro-private school advocates assert, there is no positive relationship between the level of privatisation and the achievement outcomes for students. The most privatised country in the OECD table is Chile which ranked near the bottom in the 2009 international PISA testing program. Finland on the other hand, which ranked at the top of the PISA achievement tables, had 98.6% of its primary students and 95.7% of its lower secondary students in public schools. Apart from one exception (in Maths) all of the countries in the three PISA test areas – science, maths and reading – ranking above Australia in achievement had a greater proportion of their students in public schools.

[Source: ACER, *Challenges for Australian Education: Results from PISA 2009*, 2010]

When the PISA results are analysed in terms of equity, the Australian schooling system is similar to the OECD average. This is in contrast to less privatised high-scoring countries such as Shanghai – China, Hong Kong – China, Finland and Canada which are clearly in the High Quality, High Equity quadrant. All of these countries significantly outperformed Australia in PISA 2009. [Ibid, p.284]

John Ralston Saul in summing up the impact of moving from a universal public schooling system to privatised schooling concluded:

"I make a factual point here. There is actually no proof, no correlation whatsoever of any society in which private schooling has produced a more successful society, a more stable society, a more integrated or satisfied society. There is no proof that it's very good at producing wealth creation in any larger sense that's useful to society. There is certainly no proof that it's a system which helps in the elimination or shrinking of poverty --- and in fact if anything it is the exact opposite."

[John Ralston Saul, Cornerstones Conference, Sydney 2006]

Government Policies

Public education fell into disrepute under the neo-liberal governments of the 1990s – Kennett in Victoria and Howard in Canberra. In Victoria the Kennett Government undermined the public system when it closed over 300 public schools and removed 8,000 government school teaching positions; not for any educational reasons but as a convenient means of balancing the state's budget. The other advantage of these cuts for the market-friendly Kennett Government was the space it created for the growth of the private sector. A number of ex-government school sites which were deemed to be unviable by the Education Department were sold off for housing. At present, as demographics have changed, there are demands by parents in established metropolitan areas such as Coburg and Prahran where such sales occurred, for the building of a new government high school because the only option they now have in their area is non-government schooling.

At a federal level, the Howard Government deliberately turned its back on public education after it came to power in 1996. It got rid of the New Schools policy which had placed some rational constraints on the Commonwealth funding of new non-government schools. The result of this change was a rapid expansion in the number of non-government schools. Between 1996 and 1997 the 1.5 percent increase in the number of non-government schools was the largest in the last 20 years. Since 1996 the average annual growth rate in the number of non-government schools is nearly three times the rate in the six years leading up to the policy change [ABS, Schools Australia, cat 4221, various years]. At the same time there has been a continuing decline in the number of government schools.

Number of Australian Schools

	Government Schools		Non-Govt Schools	
	Number	Decrease	Number	Increase
1986	7589	-	2496	-
1991	7470	119	2510	14
1996	7088	382	2542	32
2001	6942	146	2654	112
2006	6902	40	2710	56
2010	6743	159	2725	25

[Source: ABS, Schools Australia, cat 4221, various years]

The overturning of the New Schools policy not only undermined the viability of many government schools but it affected the student social make-up of the sector as a whole. The ratio of low income to high income families in government high schools grew from 13:10 to 16:10 between 1996 and 2006. There was a similar but slightly smaller change in the make up of government primary schools over the same period. [Barbara Preston, 2007, *The Social Makeup of Schools* @ <http://www.aeufederal.org.au/Publications/2007/Bprestonrep2007.pdf>, downloaded 18/3/2011)].

The majority of the new non-government schools, which received government funding, are ethnically and religiously-based in the independent sector; schools which often have variable non-mainstream curriculum policies. [The Age, *At the Crossroads?*, Michael Bachelard, 25/2/08] Commenting on the effects of this policy, Professor Barry McGaw, CEO of ACARA, said that it had created "the worst of all worlds".

"The OECD is concerned with working out how we deal with the potential role education might play in creating social cohesion. What we are doing with our system is increasingly dividing people up". "We'll just become more and more isolated sub-groups in our community". [Ibid]

The second action of the Howard Government which impacted on the public sector was the change to the funding formula for non-government schools. In 2001 a new Socio-Economic Status (SES) model replaced the Education Resources Index (ERI) which had been set up by the Hawke Government.

The ERI had calculated the level of funding a non-government school received by measuring its private income. Under the SES which is still in operation, the level of funding depends on a school's SES score calculated on the flawed basis of the average SES of the census collection districts (CDs) from which a school draws its students. In analysing the use of CDs to estimate a school's SES, Barbara Preston concluded that their use is:

".... vulnerable to the ecological fallacy, which involves inappropriately inferring individual-level relationships from relationships observed at the aggregate level. ABS

[Australian Bureau of Statistics] has strongly cautioned against the inappropriate use of area-based indexes or relative disadvantage. This is in recognition of the heterogeneous nature of areas as small as CDS" [Barbara Preston, The Systematic Bias of ICSEA, Professional Voice, Winter 2010, p.29]

Under the SES system, fee increases and other private income (e.g. bequests, endowments, trust funds, investments) have no impact on the level of Commonwealth funding. The funding is further linked to the Average Government School Recurrent Costs index (AGSRC) so that increases in costs in government schools automatically result in funding increases for private schools. Because public schools enrol the great majority of students with resource-intensive high educational needs from the five most common categories of educational disadvantage - lack of English language proficiency (including refugees and migrants), Indigeneity, remoteness, disability and low SES - the average cost of provision is higher than in private schools. To automatically link this funding to private schools is clearly inequitable and inappropriate.

The faults of the SES model have been compounded by the lack of integrity and inconsistency in its application. The leaking of an internal review of the funding system by the federal Department of Education in 2007 identified the 'entrenched inequities' in the application of the model. The review found that 60% of systemic Catholic schools and 25% of independent schools were funded above their entitlement under the SES model. In fact 54% of non-government schools were on some special deal – called 'Funding Maintained' for one group and 'Funding Guaranteed' for another – which meant that they received more than their calculated SES level. [a copy of the review can be found at <http://www.smh.com.au/multimedia/pdf/sesfundingreport.pdf>]

The review found that private schools had been over-funded by more than \$2 billion over the previous four years and were expecting to receive \$2.7 billion more than they were entitled to under the SES model over the period 2009-2012. This would mean that some individual schools would receive as much as \$23 million more than their entitlement in the 2009-12 period. In further analysing the same data Trevor Cobbold, ex-Productivity Commission economist, found that Catholic and independent schools serving the highest income families received the most over-funding per student during 2005-07, while schools serving the poorest communities received little or no over-funding. [<http://www.saveourschools.com.au/media-releases/media-release-30-may-2008-rich-families-benefit-most-from-over-funding-of-private-schools>]

The review also found that one of the Howard Government's main justifications for the funding increases to private schools – increasing their affordability – fell by the wayside as fees increased above the CPI. Non-government fees also grew faster than the official measure of education costs, the Index of Australian Government School Recurrent Costs (AGSRC). Between 2001 and 2008 the AGSRC increased by just under 50 percent for primary schools and by just over 40 percent for secondary schools; over the same period Australian non-government school fees

increased by over 60 percent. In the Catholic sector fees increased by 69 percent between 2001 and 2008 [MCEETYA and MCEECDYA, National Report on Schooling, various years and Harrington, 2011, Australian Government funding for schools explained @ <http://www.aph.gov.au/library/pubs/BN/sp/SchoolsFunding.htm>, downloaded 18/3/2011]. It should be remembered that, as shown above, these schools are educating increasingly affluent students with more cultural capital and fewer needs.

A case study of one of Victoria's major private schools in Melbourne's south eastern suburbs – Haileybury College – illustrates the effects of the SES funding model. Over the period 2001 (when the SES model was introduced) to 2011 Year 12 fees at Haileybury increased by 91% from \$12,075 in 2001 to \$23,055 in 2011. Over the same period the inflation rate, as measured by the CPI, rose by 37% and private education labour costs, another measure used to identify costs to private schools, rose by 49.8%. Over roughly the same period government funding to the school quadrupled from \$1,009 per student to \$4,638 per student. Rather than using this funding to make Haileybury “more affordable”, the school has been able to sharpen its competitive edge against other schools by advertising class size reductions (a maximum of 18 from upper primary through to Year 11 and 15 in Year 12, with an average class size of 11 in Year 12 in 2010) which would be the envy of Victoria's public schools. The college was also subject to a “thorough investigation” by the Uniting Church after revelations that it had poached students with sporting ability from surrounding schools, including “an entire elite girls’ volleyball team from a nearby government school on scholarships worth up to \$18,000 a year”. [Source: The Age 16/1/11, The Age 26/8/06, <http://www.haileybury.vic.edu.au/>, <http://www.myschool.edu.au/>]

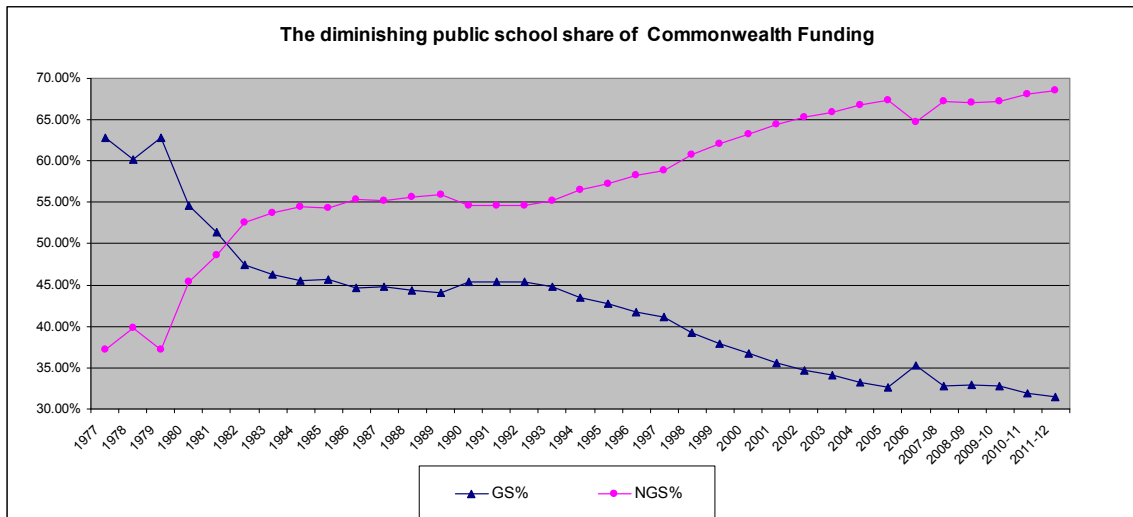
In analysing the same developments from a broader perspective, Watson and Ryan concluded that the level of private school subsidies has changed the social make-up of students in both the government and non-government school sectors.

“...private schools in Australia used increased government funding primarily to improve the quality of the learning experiences of students (measured here through improved student-teacher ratios), instead of reducing tuition fees. Not surprisingly, we found that the middle to top regions of the SES distribution was where most of the shift in students from the public to the private sector had taken place. The loss of higher SES students has affected public schools substantially, with a relative fall in the number of public secondary schools enrolling students from above-average socio-economic backgrounds.

To the extent that the peers of students have affected individual student achievement and other outcomes, this trend will contribute to rising costs per student in the public school sector. If the current funding system continues, Australia can expect to see a continuing drift of above-average SES students into the private school sector—a policy that will intensify the problems posed for public secondary schools of catering predominantly for students from lower SES backgrounds.”

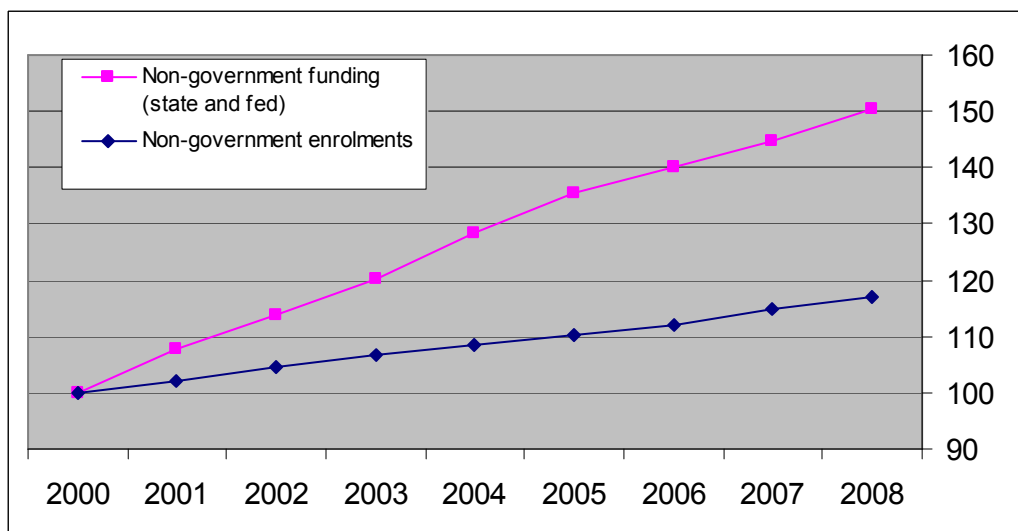
[Louise Watson and Chris Ryan, *Choosers and losers: The impact of government subsidies on Australian secondary schools*, *Australian Journal of Education*, Vol 54, No 1, 2010, pp86 – 107]

The following graph, illustrates the contribution of the SES funding model (and its accompanying special deals) to the diminishing public school share of Commonwealth funding.



[Source: 1977 - 2006 - Reports on States Grants (Primary and Secondary Education Assistance) Act 1992; 2007-08 to 2011-12 Federal Budget Papers, 2008-09]

The argument put forward by some non-government school lobbyists that the accelerating gap in Commonwealth funding between the sectors is just a reflection of the increased market share of student enrolments is not borne out by the available data.

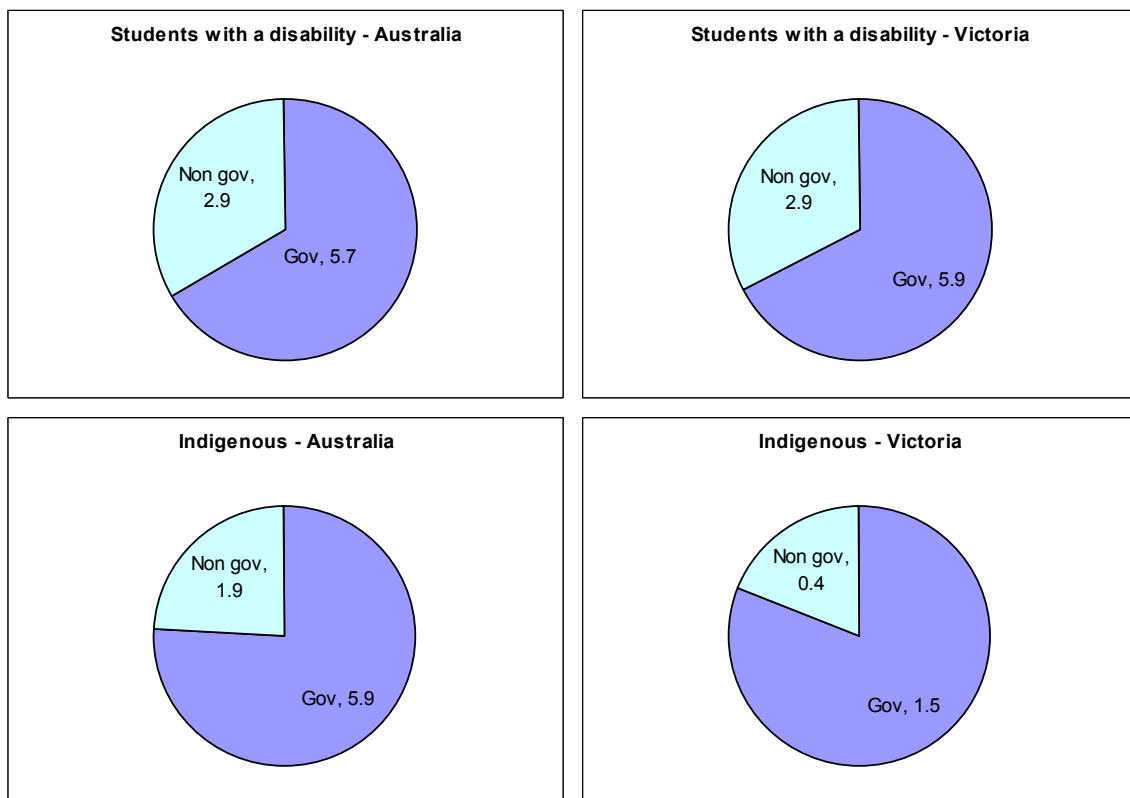


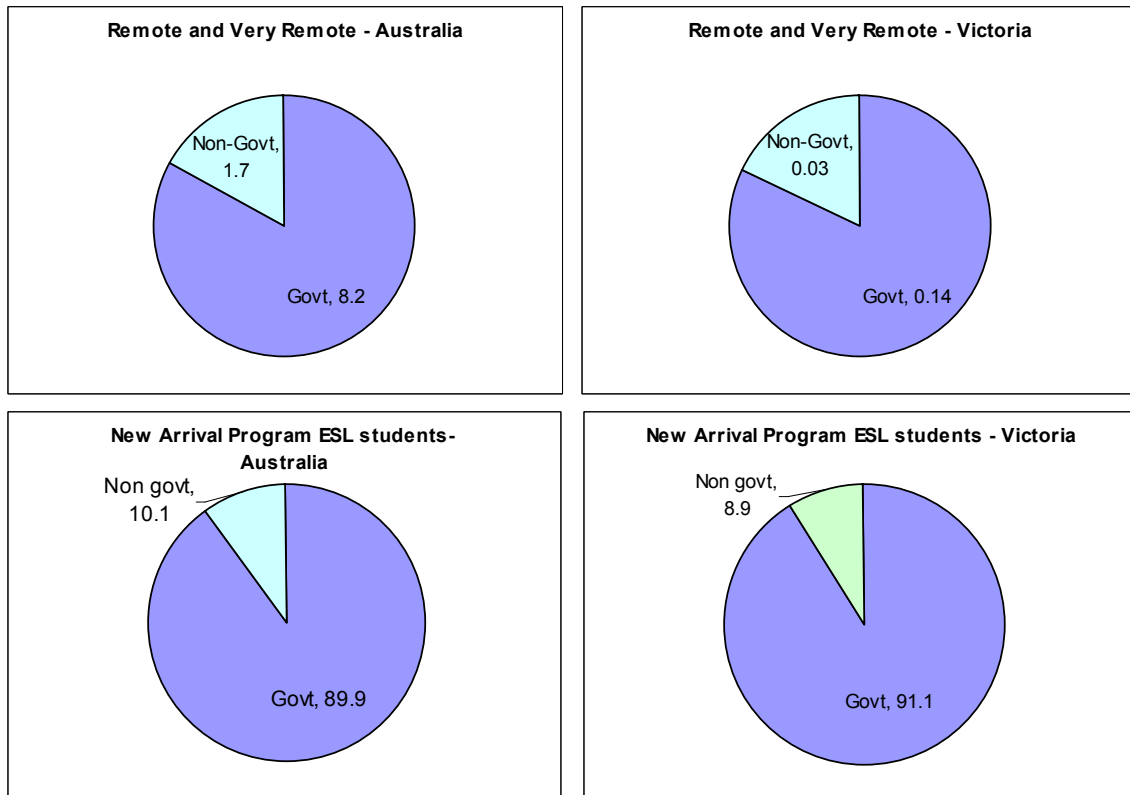
[Source: Figure Index of change in real funding for Australian non-government schools (state and federal sources) and index of change in Australian non-government school enrolments (index base year 2000 = 100). Sources: MCEECDYA, *National Report on Schooling* (2000-2008) and ABS, *Schools Australia* (Cat No 4221), 2010. Note: Expenditure has been adjusted by the GDP Price Deflator (Base year 2007/08 = 100)]

Nature of the Student Population in Government Schools

The cost of providing a quality education to students rises in line with the nature of the student population in a school. Providing equal educational opportunities for students from disadvantaged backgrounds or who have special needs costs more. This is particularly true when you have a critical mass of such students in a school. Government schools are unmistakably the main provider for groups which are educationally disadvantaged and/or have special needs. The vast majority of low income (77%), Indigenous (86%), disability (80%), provincial (72%) and remote/very remote area (83%) students attend government schools. The graphs below show the relative school populations for selected student profiles. The composition of the government school student population provides a compelling argument for greater equity-based funding for the schools in this sector.

Enrolment shares for selected groups (percentage) in government and non-government schools, Australia and Victoria



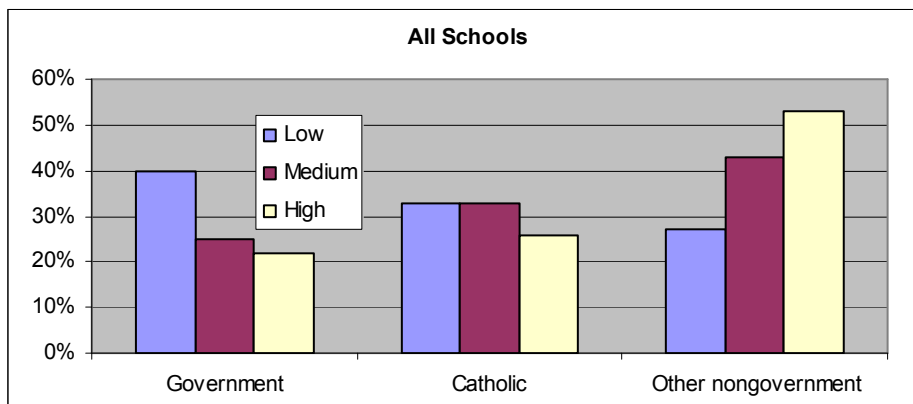


[Source: Productivity Commission, 2011 and ABS, 2007, DEST 2007. Note that the data for remote and very remote students is from the 2006 census. New Arrival Program data is from DEST and is for 2006; the denominator in this case is the total number of students enrolled in the program.]

Family Income

While there are wealthy families who send their children to government schools and poor families who have children in non-government schools, the overall profile of the sectors is significantly different.

School Sector Student Populations According to Income Levels



[Source: Barbara Preston, The Social Make-up of Schools, 2007]

Recent OECD PISA data illustrated the difference in peer groups of students in government, Catholic and independent schools. Government schools have 35% of students in the lowest SES quartile and 16% in the highest quartile, Catholic schools have 16% in the lowest quartile and 30% in the highest quartile and independent schools have 10% in the lowest quartile and 50% in the highest quartile. [ACER, PISA in Brief: Highlights from the Full Australian Report, 2010, p.13]

The high correlation between a student's socioeconomic (SES) background and their PISA test performance was evident in each of the three curriculum areas – reading, maths and science. In reading, the average score of the fourth (the highest) SES quartile of Australian students was 30 points ahead of those in the third quartile, 58 points higher than those in the second quartile and 91 points higher than those in the lowest quartile. The same pattern of performance was seen in maths (90 score points between highest and lowest SES groups) and science (96 score points). "The 2009 PISA report examined average achievement for each socioeconomic quartile and found that there was a difference in scores between students in the highest and lowest socioeconomic quartile that equated to almost three full years of schooling". [ACER, *Disadvantage in Australian Schools*, ACER eNews, 20/12/2010]

The impact of the different student profiles on the conditions of learning in the private and public sectors was researched by the OECD as part of their PISA analysis. The OECD noted that "private schools may realise their advantage not only from the socioeconomic advantage that students bring with them, but even more so because their combined socioeconomic intake allows them to create a learning environment that is more conducive to learning" [OECD, PISA 2006:Science Competencies for Tomorrow's World, Volume 1, 2007, p. 231].

Commenting on the advantages of a high SES intake ACER concluded: "The advantage gained from this combined socioeconomic intake can be both direct (in terms of more support of learning from home; more exposure to a variety of texts; higher levels of aspirations) and indirect (enabling schools which charge fees the opportunity to offer a range of more personalised supports to students; attract more talented and motivated teachers; and develop a general school climate that is oriented towards higher performance)." [Disadvantage in Australian Schools, 20/12/01]

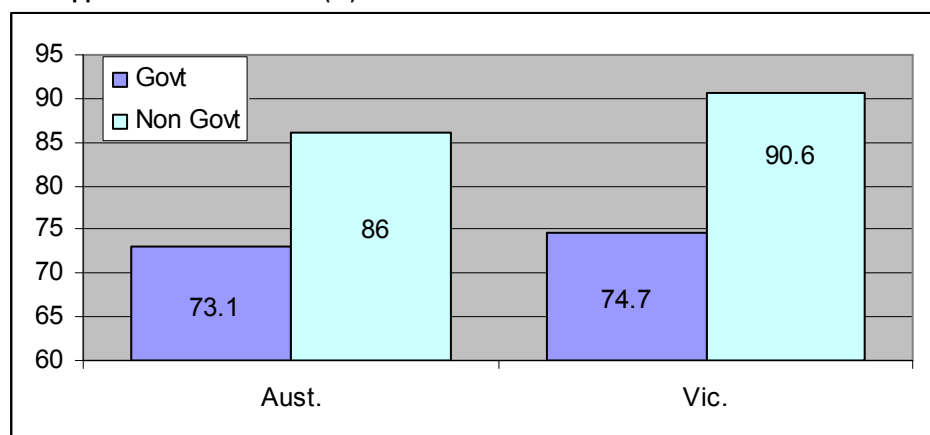
The Victorian Auditor-General's report covering literacy and numeracy achievement in Victorian government schools over the period 1998 – 2007 also looked at the effects of SES background on student achievement. It concluded that the achievement gap between students from schools categorised as high and low SES within the public school system, represented 15 months of learning at Year 9. This gap had not narrowed over the period of the audit for either literacy or numeracy. [Victorian Auditor-General, Literacy and Numeracy Achievement, February 2009, p.4] The Auditor General went on to recommend that the Victorian Department of Education and Early Childhood Development set targets to reduce the influence of SES disadvantage on literacy and numeracy achievement through investing more

in early intervention strategies and sustaining support for students who need it as they progress through school. [Ibid, p.7]

Students at Risk of Leaving School Early

The link between school completion to Year 12 and post-school education, employment and income is well-established. Economists have also linked the levels of school completion to a country's productivity improvements. At present there is a significant difference between 7 – 12 retention rates in government and non-government schools.

2010 Apparent Retention rates (%) from Yr7 to Yr12 for Australian and Victorian schools.



[Source: ABS, Schools Australia, Cat 4221.0]

Improving the retention rate in government schools to at least the same levels as those in non-government schools would deliver positive outcomes for both individuals and the country's economy. This would require the funding of sustained intervention strategies such as those recommended by the Victorian Auditor-General (see above) and include reduced student-to-teacher ratios.

Government School Needs

In the previous section, this submission identified the distinctive nature of the school population in the government school sector. Because of their universal access obligations, government schools, as compared to their non-government counterparts, have a far higher proportion of students who cost more to teach. The funding policies of successive state and federal governments for the past 20 years have also meant that the physical infrastructure needed to meet the needs of these students has lagged behind that of schools in the non-government sector. Over the past decade, the AEU has tracked the gap between the identified needs of schools and the resources required to meet those needs through its annual State of Our Schools survey, sent to all government schools in Victoria and completed by the principal. The survey results represent at least one in three of Victoria's government schools for each year of the survey.

While some questions in the survey changed over time as new issues were identified, others have been included each year from 2002 – 2010. (NB There was no survey conducted in 2008). One question which has been asked each year relates to the adequacy of resources to meet school needs.

Do you have sufficient and appropriate resources to ensure quality program delivery in your school (%)?

	2002	2003	2004	2005	2006	2007	2009	2010
"No"	65	55	69	70	68	71	72.2	68.7

"As many as 25 to 50 percent of our students don't have access to a 'current' computer or the internet so the school needs to provide maximum access. The AEDI (Australian Early Development Index) for our school indicates that many students come to school already disadvantaged by a lack of social experiential, and linguistic skills, which we must work to redress in order to get them to the expected benchmarks at the end of each year. Generational poverty is very much alive within our school community."

[SOS survey response: primary school principal]

"Highly resentful of the private sector and religious schools when I see outcomes we have achieved on an average funding per student of \$7.5K, then note these schools charge their parents this amount and then have the governments toss in another \$6.5K per student, give me half that amount extra and the \$2,000,000 that comes to per year would go a long way towards maintaining buildings properly, hiring staff and buying programs to meet the needs of students with learning difficulties."

[SOS survey response: primary school principal]

"Additional funding would allow us to provide targeted support for students at risk due to ESL/LBOTE, learning difficulties or delays, family concerns. We could also provide support for teachers in admin tasks, freeing them to teach."

[SOS survey response: primary school principal]

In the period 2007 – 2010 schools were asked to list their main concerns from a series of issues which had arisen in previous surveys.

List your main concerns about the operation of your school (%):

Main concerns about school operation	2007	2009	2010
Resources for disadvantaged students		46.1	62.7
Adequacy of budget	60	61	61.8
Lack student welfare resources	45	46.4	55.4
Staff recruitment/retention	14	20.5	54.1
Lack of admin support	41	32.7	50
Student behaviour/discipline		25.1	35.2
Physical/verbal abuse of staff		12.6	33.5
Teacher workload	61	51.7	23.8
Teacher stress	33	32.7	18.2

"The disadvantaged students need so much extra care and attention as do their parents. This then gets them to school but then so many are so very far behind."
[SOS survey response: primary school principal]

"We have a number of currently unfunded students at risk who need constant supervision and this does effect the equitable distribution of resources."
[SOS survey response: primary school principal]

Following on from the 2007 survey results, schools were asked in 2009 – 2010 specific questions about the adequacy of funding to meet their levels of disadvantage.

Please select the most appropriate response to the following statement: Funding adequately addresses the levels of disadvantage at my school. (%)

	2009		2010	
	All schools	Schools funded for being over the student family occupation (SFO)* index median	All schools	Schools funded for being over the student family occupation (SFO)* index median
Strongly agree	1.4	0.9	0.6	1.4
Agree	14	9.2	8.4	5.3
Neither agree nor disagree	27.6	28.9	20.5	16.3
Disagree	30.1	31.6	45.9	46.9
Strongly disagree	26.9	29.4	24.6	30.1

[*SFO funding supports programs that focus on students at risk of not achieving success at school with particular emphasis on students with literacy problems]

"We have a growing number of special needs children - ESL (including several non-English speakers), children with disorders that do not fit the PSD [Program for Students with Disabilities] categories, children from a neighbouring refuge & nearby 'housing estate' families. None of these children are eligible for funding; neither do we receive any extra assistance for them."

[SOS survey response: primary school principal]

"Teachers and school leadership are stretched to the limit at this time. We are doing what we can to cope and no teacher wants to see a child who needs support disadvantaged."

[SOS survey response: primary school principal]

Another question which was asked each year during the period 2002 – 2010 related to the importance of school raised funds to the operation of the school.

How important are school-raised funds for the running of your school? (%)

	2002	2003	2004	2005	2006	2007	2009	2010
Very Important	68	65	66	71	67	64.5	58.5	58.4
Important	26	27	27	20	25	25.2	29.3	29.9
Not Important	7	8	7	10	8	10.3	12.2	11.6

"There needs to be a recognition that government schools are unable to establish and maintain resources in the same way as in fee paying private schools. Fees are voluntary and, as a result, the average government school attracts less than 50% of fees from parents. It is a well held belief in the community that government schools provide free education. This places a huge burden on schools to provide all the resources for a high quality education without some contribution from parents. In many cases the school has to provide the basic requirements of pens and pencils ahead of teaching and learning resources."

[Submission to Schools Funding Review: secondary school]

In the 2007 – 2010 surveys, schools were further asked about what school-raised funds were used for.

What do you use school-raised funds for? (%)

	2007	2009	2010
Classroom equipment	58	53.2	56.6
ICT Hardware/software/support	55	53.8	55.2
Library/textbooks	42	44.5	47.4
Playground/Play Equipment	53	46.8	47
Programs/program resources	48	42.4	44.6
Maintenance	34	29.3	27

“The inequity in funding between the non government and government sectors is a key issue to address the provision of quality education for all. I see private schools regularly completing multi million dollar building projects and purchasing luxury items and despair that our students have comparatively so little.”

[SOS survey response: secondary school principal]

Concerns about the quality of the buildings in government schools have been a constant in the State of Our Schools survey responses throughout the first decade of the 21st century. The Victorian Labor Government’s Victorian Schools Plan (now abandoned with the change of government) and the BER program from the Federal Government made some improvement in this situation. However the backlog of needs - for building replacement, building maintenance and new types of buildings to meet contemporary schooling expectations – is still huge.

The effect of working and learning in sub-standard buildings should not be underestimated. The evidence from Australia and overseas links the replacement of building stock past its use-by date with new state-of-the-art buildings, and the provision of new teaching and learning resources, to a positive effect on attendance, on care of the building and on the quality of education which occurs there. Principals also point out the negative effect of sub-standard buildings on community perceptions of a school.

“Built to 1950s standards, this LTC building is inadequate because the electrical supply cannot run computers and air conditioners. Classrooms are small, the roof leaks and the foundations are rotten. Toilets are old, smelly and poorly ventilated.”

[SOS survey response: primary school principal]

“I’m sick and tired of the rhetoric that “it’s what happens in classrooms that makes the difference” – it does – but first impressions are often the deciding factor for enrolments. If no enrolments it doesn’t matter how great the programs are.”

[SOS survey response: secondary school principal]

The State of Our Schools survey asks government school principals to identify what can be done to improve the quality of education at their schools. This is also a key question informing submissions by Victorian government schools to the Review of Funding for Schooling. An analysis of the past decade’s survey responses, and the Review submissions, identify a common set of government school needs. Apart from the areas already referred to above, they comprise:

- Smaller class sizes to provide an environment where the diverse range of students in government schools can each have the necessary learning support to achieve success in their schooling.

“Reduced class sizes – and the ability to have smaller class sizes and/or more opportunities to team teach would mean more one on one time between staff and

students and therefore increase the potential of each and every student reaching their full potential and feeling better connected.”

[Submission to Schools Funding Review; secondary school]

- Student Welfare support to meet the increasingly complex and pressing needs of the student population in the government school sector.

“A greater breadth of welfare programs must be developed at our College to cater for the clearly identified needs of our diverse student populations. Children dealing with broken homes, emotional, physical and sexual abuse, depression, anxiety, children who are primary carers for their parents and the myriad of other mental and social problems that face teenagers of all backgrounds.”

[Submission to Schools Funding Review; secondary school]

- ICT resources which are current, sufficient to allow access for all students and accompanied by timely technical assistance.

“Our school would benefit from a full time ICT specialist teacher to run a computer lab that would cater for a classroom of 25 children. Our school needs a full time IT Computer Technician to ensure smooth operation of all ICT equipment and facilities. Interactive whiteboards need to be placed in all classrooms to ensure students are equipped for the 21st century learning environment. In the upper school, students need to have access to laptops and/or netbooks to support their learning and develop independence in preparation for their transition to secondary school.”

[Submission to Schools Funding Review; primary school]

- Resources to provide a broader curriculum to improve the range of learning opportunities for a diverse student population, particularly to increase participation and retention in secondary schools.

“Where government schools struggle, is in being able to provide a breadth of courses for students in senior school. Current funding levels mean that class sizes at senior levels are typically 26 students; though some classes run with smaller numbers. The funding constraints mean that any class smaller than 15 students cannot be offered. This means that in 2011 we will be unable to offer classes in VCE subjects such as Specialist Mathematics, German, Food & Technology, Studio Arts, Design & Technology, Systems Engineering, Accounting, Media, Outdoor & Environmental Science, Geography and Theatre Studies.”

[Submission to School Funding Review: secondary school]

- Funding to improve the equity in learning opportunities for different groups of students with special needs, including those who have high needs but fall outside of the cut-off point for present targeted funding programs.

"The lower aspirations we see in sections of our school community are not helped by changes in funding support for special needs students and lack of flexibility in the ways that we can utilise the funding that we have to best meet the needs of our community. For many, public education is one of the few vehicles which can help them break away from existing economic and social constraints."

[Submission to School Funding Review; secondary school]

- Funding for more specialist staff in a range of curriculum, welfare and health areas, including assistance to classroom teachers.

"Access to specialist support personnel such as speech pathologists, educational psychologists, student counsellors and other ancillary services is limited, with personnel experiencing heavy case loads and having long waiting lists. Workload demands result in a high turnover of staff as many specialist support staff find work in non-school settings. This turnover causes problems because there is a lack of continuity in support for students."

[Submission to Schools Funding Review; secondary school]

- Professional development support to meet the needs of ongoing teacher education in an ever-changing policy environment.

"More funding would allow access by all staff to more professional learning. Apart from the whole school professional learning opportunities, our staff currently have approximately one day per year allocated (if that) where they can apply to attend professional learning due to the restrictive budgets. Engaging in professional learning as a group, research shows, is more effective in regard to building pedagogy."

[Submission to Schools Funding Review; secondary school]

This list would be predictable to teachers and principals in almost all government schools. It represents their consensus about the tools for improvement, but remains only a wish-list without additional funding support. At present public school staff make do with what they have and have to wear media and political criticism of the job they are doing with little mention by their critics of the inadequate resources they have been given.

School Funding and Expenditure Data

The latest National Report on Schooling shows that for 2007-08 the average total expenditure for government schools was \$12,639 per student, compared with \$10,826 per student in Catholic schools, \$15,576 in independent schools and an average of \$12,745 for all private schools.

	Australia National Report on Schooling)	Australia (Trevor Cobbold)	Victoria (Trevor Cobbold)
Independent	\$15,576	\$15,147	\$16,605
Catholic	\$10,826	\$10,399	\$10,031
Government	\$12,639	\$10,728	\$ 9,858

[Source: MCEECDYA, National Report on Schooling, 2010; Trevor Cobbold @ <http://www.saveourschools.com.au/funding/fee-and-funding-increases-give-elite-private-schools-a-massive-resource-advantage> downloaded 21/3/2011]

Trevor Cobbold's further analysis of these figures found that they were not comparable and that they significantly over-estimated the average total expenditure on government school students. In his key research paper on school funding (*Closing the Gaps*, November 2010) Cobbold concluded that the total expenditure for government school students in 2007-08 was \$10,723, \$15,147 for independent students and \$10,399 for Catholic students.

The comparable figures for 2007-08 in Victoria were per capita spending on government schools \$9,858, Catholic schools \$10,031 and independent schools \$16,605. In an equitable society you would assume from these figures that the most needy high cost students are being educated in independent schools.

Other findings in the Cobbold paper were that over the period 1998-1999 to 2007-08:

- total expenditure per student (adjusted for inflation) increased much more in Catholic (\$1,739) and independent schools (\$2,207) than in government schools (\$1,147)
- total government funding for independent schools increased by 112%, for Catholic schools by 84% and for government schools by 67%.

Additional information about school income levels has recently become available through data generated by the Commonwealth's My School website. While this data is incomplete because it underestimates non-government school income due to the absence of information about assets, trusts, foundations and various investment funds, it clearly shows the wide gap between the resources available to independent (private) school students and those for students in the public system. The income available to the students in these two sectors is in inverse proportion to the identified levels of need.

Net Recurrent Income (\$) by Student (Average School Amount)

	Australia	Victoria
Government	11,100	10,178
Catholic	10,000	9,300
Independent	13,700	15,201

[Source: The Australian 5-6/3/11 derived from ACARA My School data]

Funding of Elite Private Schools

The public funding for elite private schools has been elevated from a discreet privilege to a taxpayer entitlement. This is despite the fact that in many other areas of government funding, such as old age pensions, an income test is applied and those whose wealth is above a certain threshold, no matter how much tax they pay or have paid, do not receive a government subsidy.

As Professor Clive Hamilton commented:

"Why the taxpayer should subsidise the private choices of others is a mystery to me. You don't get a massive public subsidy when you decide to buy a Mercedes rather than catch the bus."

[“In Defense of Public Education”, Transcript of Speech, Canberra, 19/5/05
http://www.clivehamilton.net.au/cms/media/documents/articles/In_Defense_of_Public_Education.pdf]

There is little evidence that the market-based ideology, which has underpinned the school funding policies of the Howard, Rudd and Gillard Governments, has any beneficial social or educational outcomes. A recent OECD study about the effects of markets in education found that their major impact was in terms of changing the social composition in schools – the result of competition for “desirable” and high achieving students and middle class choice – which increased the gap between have and have-not schools. Markets also boosted the investment schools made in promotion and marketing. Evidence that they positively improved the quality of teaching and learning in schools was hard to find. [Sietske Waslander; Cissy Pater and Maartje van der Weide 2010. [Markets in Education: An Analytical Review of Empirical Research on Market Mechanisms in Education](#). Education Working Paper No. 52, OECD, Paris, October 2010]

Lying behind the market-based approach to schooling in Australia has been the idea that the public sector is the safety net for those who cannot afford something better. It is obliged to find places for all children and young people. Rather than this being seen as a reason for parents to choose public schools, it has become the exact opposite. The inclusivity of the public sector is linked to social disadvantage and the exclusivity of the private sector to social advantage.

"High fees are actually their [elite private schools] greatest selling point because they reinforce their exclusivity, and that is exactly what the schools want. They actively restrict choice." [Clive Hamilton, *ibid*]

The present government school funding policies act as enablers to accelerate this trend. The advantages these policies confer upon the private sector of schooling are at the expense of the public sector.

"The expansion of private schooling drains the public system of cultural and academic resources, makes schools unviable in size and mix, and diverts scarce funds into an over-resourced and predatory sector. Access to demanding courses, to model students, to

specialist teachers and to good facilities is being whittled away.” [Richard Teese, Sydney Morning Herald, 16/8/10]

In the last quarter of 2010, using information from financial statements lodged with the corporate regulator ASIC, *The Australian* and *The Age* published articles about the “profits” being made by some of Victoria’s most elite private schools. 2009 figures were used to compare the government grants each school received to the profit above operating costs they made and to their net assets. The articles also set out fee increases for the period 2009 - 2011.

Elite Private Schools: Profits, Assets, Government Funding, Fee Increases

	Profit above operating costs 2009	Net Assets 2009	Government Funding 2009	Year 12 Fees 2010 and % increase over 2009 CPI 1.8%	Year 12 Fees 2011 and % increase over 2010 CPI 3.1%
Scotch College	\$14 million	\$116.6 million	\$4.7 million	\$22,572 (4.8%)	\$24,024 (6.4%)
Melbourne Grammar	\$8.2 million	\$128.3 million	\$4.5 million	\$22,380 (5%)	\$23,760 (6.1%)
Geelong Grammar	\$10.6 million	\$108.9 million	\$6.3 million	\$27,700 (5%)	\$29,220 (5.3%)

[Source: The Age, 12/9/10, The Australian, 20/12/10]

A funding model which subsidises social privilege in such a blatant way and works to residualise the universal public system and turn it into the sector of second choice requires urgent change.

Recommendations

The Australian Education Union (Victoria) recommends that a new system of school funding should have the following characteristics:

1. Its first aim should be to ensure that Australia has the best possible universal public education system to underpin a democratic, civil and prosperous society. This would mean a government funding system which would be responsible for fully funding public schools so that Australia can achieve and maintain a high quality, high equity public education system with all students being taught in world-class learning environments.
2. The funding system should not be structured so that its result is to undermine the universal nature of the public education system by further encouraging the migration of high SES students from public to private schooling and leaving the public sector as an increasingly residualised system catering predominantly for low SES students.
3. It should ensure that the funding that is available is equitably distributed among schools; that is, directed to where it is needed most so that students are supported to overcome barriers to achievement, regardless of their background. All the indicators show that the students with the greatest needs are mainly concentrated in public schools which have the legal obligation to be open to all.
4. It should be based on a formula which gives appropriate weightings to those student background characteristics (eg low SES, disability, Indigeneity, rural/remoteness, new arrivals) which have been linked to academic underperformance. The formula should recognise the extra costs schools incur in meeting the needs of these students on an individual basis as well as the additional costs of having a school population with a significant proportion of students with these background characteristics.
5. It should be publicly transparent with full financial disclosure in the interests of the taxpayer. It should not be compromised by setting up special deals outside of the guidelines for particular groups of private schools such as the existing arrangements known as 'funding guaranteed' and 'funding maintained' schools. Financial accountability for the receipt of public funds by non-government schools should be tightened, particularly in the light of recent media stories about the use of government recurrent (and BER) funding for purposes other than those designated by government guidelines.

6. It should not link non-government school funding to the funding of government schools. It should remove the Average Government Student Recurrent Cost index [AGSRC] as a measure for determining private school funding. The indexing of funding levels for private schools to reflect the increase in costs incurred by government to educate students in public schools is inequitable and inappropriate. It allows many private schools to unjustifiably benefit from the high-demand characteristics of the student population in public schools.
7. It should include a planning mechanism which would link decisions about funding a new school, or the expansion of an established school, to the potential impact on existing schools in a particular area where there is already provision. Public funds should be used responsibly to enhance existing provision, rather than continually expand the choice in private schooling and undermine the existing investment in public schools.
8. It should link funding of non-government schools to the totality of assets held by a school, the level of fees it charges and its compliance with government educational policies. Wealthy elite private schools in particular, should receive no government funding given their assets and fee levels. Their continued funding under a new system would contradict the equity principle espoused by the Review panel itself.

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