

## The Better Schools Plan

December 2013

Under the Better Schools Plan, every school in a signatory State or Territory was to receive on average around an extra \$1.6 million in funding over six years. This represented \$9.8 billion in extra funding over six years from 2014–15 and was designed ensure that schools could provide more one-on-one individual attention for every student.

The former Labor Government secured six-year agreements with five jurisdictions: New South Wales, Tasmania, Victoria, South Australia and the ACT. The Federal Government also secured the support of Catholic and Independent school systems for the Plan. At the time of the 2013 Federal election, the total of Australian school students, including all those enrolled at Catholic and Independent schools, supported by the increased Commonwealth funding from the 2014 school year was 78 per cent.

On 26 November 2013 Minister for Education, the Hon. Christopher Pyne MP, announced that the Coalition Government would no longer guarantee the funding allocated to States and Territories through the Labor Government’s Better Schools Plan, and would seek to renegotiate agreements with all States and Territory Governments and school systems within a year.

The Government subsequently announced on 2 December 2013 it will honour the former Labor Government's funding commitments for four years and boost spending to those states that had not signed up by \$1.2 billion. However, the five agreements signed by the former Labor government each ran for six years not four years, with two thirds of the funds scheduled to flow in the final two years of the agreements.

The Minister’s media releases on the changes to the Better Schools Plan can be accessed [here](#).

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## **The National Plan for School Improvement**

On 3 September 2012 former Prime Minister the Hon. Julia Gillard MP outlined the 'National Plan for School Improvement' in an address to the National Press Club. The Plan aimed for Australian schools to be ranked in the top five in the world in performance in the areas of reading, science and mathematics by 2025. The Plan incorporated many of the key recommendations of the Gonski Review (outlined below), and reiterated the Government's commitment that no school will be worse off under a new funding model.

The Plan included:

- A new way of funding schools, including a benchmark amount called a Schooling Resource Standard (SRS) for every Australian student, based on the costs of schools currently receiving the best results.
- More training for teachers and principals and ongoing professional development and support for them throughout their careers.
- A School improvement Plan for every school, developed in consultation with the school community, to help each school improve their results.
- Extra support for the students most in need through publically funded 'loadings' paid in addition to the SRS for students with a disability, Indigenous students, students from lower income families and students with limited English skills, as well as additional funding for rural and remote schools.
- More information about school performance via the MySchool website.

## **Legislation**

The *Australian Education Bill 2012* was introduced into Parliament by the former Labor Government on Wednesday 28 November 2012. The Bill enshrined the principles of the Plan, including the introduction of a new funding model, and committed to the target of Australia being in the top five schooling nations in the world for reading, science and maths by 2025.

The *Australian Education Bill* set out the core reform directions of the National Plan for School Improvement:

- Quality teaching—making sure Australia has the best and brightest teachers in our classrooms;
- Quality learning—including a world-class curriculum, a safe school environment and individual support for students;
- Empowered school leadership—giving principals more say over how they run their schools;
- Better information—giving the community more detailed information on schools and their performance; and
- Meeting student need—more help for disadvantaged students and schools.

The legislation was to be updated to reflect the details of agreements reached with the State and Territory Governments and the independent education sector.

The Bill will come into effect on 1 January 2014, with a transition period to give schools and systems time to adjust.

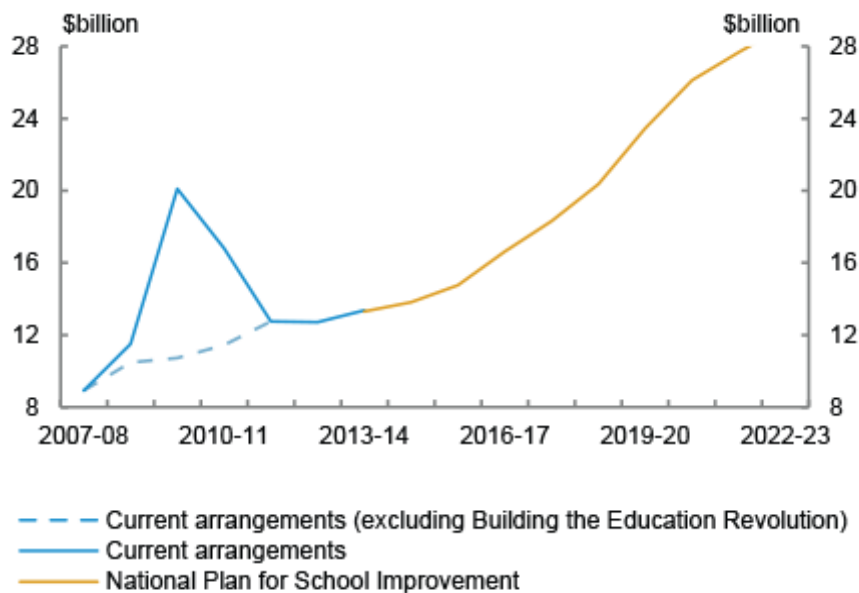
The Bill and its explanatory memoranda are available [here](#).

## Funding Model

Under the proposed model for the Better Schools Plan, the Federal Government would pay 65 per cent of the additional investment needed to fund all schools properly and reach the goals outlined in the Plan. In other words, for every extra dollar that State and Territory Governments invest in schools, the Federal Government would effectively invest two.

The 2013–14 Budget provided an additional \$9.8 billion over six years from 2014–15 for these new needs-based school funding arrangements. The graph below from the [2014–15 Federal Budget](#) illustrates the impact of the Plan on school funding.

### Total school funding over time-current and projected



The funding approach underscoring the Better Schools Plan was based on the key recommendations arising from the independent Gonski Review of School Funding, and included extra money for disadvantaged schools and students through loadings for students with disability, low English language proficiency, low SES backgrounds, and Indigenous students.

In the former Labor Government's August Economic Statement, the treatment of payments for non-participating states and territories was separated from the government's National Plan for School Improvement funding and listed as 'NFP' (not for publication).

As the conditions placed on the funding had not been met by the time of the Federal election, the funding allocated for Queensland, Western Australia and the Northern Territory to implement the Plan was not included in the Pre-Election Economic and Fiscal Outlook.

The Pre-Election Economic and Fiscal Outlook detailed the funding as \$1.2 billion over the forward estimates, including:

- \$118.2 million in 2013–14;
- \$222.9 million in 2014–15;
- \$352 million in 2015–16; and
- \$510.2 million in 2016–17.

The agreements already signed were to see the following increased funding for schools:

- \$5 billion in funding for New South Wales schools;
- \$191 million in funding for ACT schools;
- \$656 million in funding for South Australian schools;
- \$382 million in funding for Tasmanian schools; and
- \$3.7 billion in funding for Victorian schools.

The funding model also proposes a more stable indexation of school funding. The former Labor Government committed to annual growth in school education spending of 4.7 per cent, provided States and Territories commit to grow their own school budgets by 3 per cent a year.

In return for this extra funding, the former Labor Government asked States and Territories to:

- maintain current school spending and stop education cuts and funding freezes;
- commit to 3 per cent growth in school funding every year;
- invest the share needed in their State or Territory to fairly fund every school; and
- sign a new National Education Reform Agreement that sets out the new funding approach and national school improvement reforms.

The Hawker Britton Occasional Paper on the Pre-Election Economic and Fiscal Outlook is available [here](#).

The Hawker Britton Occasional Paper on the August Economic Statement is available [here](#).

The Hawker Britton Occasional Paper on the 2013–14 Budget can be accessed [here](#).

## **Implementation**

The former Government secured the support of New South Wales, Tasmania, Victoria, South Australia and the ACT for the Better Schools Plan. Along with increased funding, the jurisdictions that signed up to the Better Schools Plan also agreed to education reforms including annual performance reviews for teachers, school improvement plans, science tested in NAPLAN, full implementation of the national curriculum by 2018, and more autonomy for principals.

Negotiations in Queensland, Western Australia and the Northern Territory were suspended for the federal election campaign period in August.

### ***New South Wales***

The NSW Liberal Government signed up to the National School Improvement Plan through a National Education Reform Agreement between the Federal and NSW Governments on 23 April 2013.

Under the agreement, the NSW Government would commit \$1.7 billion in additional funding for school education, while the Federal Government would commit an additional \$3.3 billion, taking the total new public investment in NSW schools to \$5 billion over a six year period. This would benefit over 1.1 million students.

On top of this, the Federal Government committed to grow its school education spending by 4.7 per cent per year from 2014 into 2015 and throughout the agreement. In return, NSW agreed to grow its own school budget by 3 per cent per year from 2016 onwards.

### ***Australian Capital Territory***

The ACT Government signed up to the Plan on 30 May 2013. Under the agreement reached between the ACT and Federal Governments, ACT schools would receive an extra \$191 million over six years in school funding from 2014, benefiting around 62 000 students.

### ***South Australia***

South Australia was the third jurisdiction to sign up to the Federal Government's Better Schools Plan. Under the agreement reached between the two governments on 14 June 2013, funding to South Australian schools would increase by \$656 million over the next six years. This amount would increase to \$1.1 billion over the six year period provided the full rate of indexation is maintained.

### ***Tasmania***

The Tasmanian and Federal Governments reached an agreement on 9 July 2013 for Tasmania to sign up to the Plan. This agreement reached represented an extra \$382 million in funding for Tasmanian schools. While a heads of agreement was signed between the Tasmanian Government and the Federal Government, a binding bilateral agreement was not finalised ahead of the 2013 election.

## ***Victoria***

The Victorian Napthine Government signed up to the Plan on 28 July 2013. Under the agreement, Victorian schools would see an extra \$12.2 billion in combined funding over the next six years.

The \$12.2 billion in funding represented a compromise between the Victorian and Federal Governments, with the amount of funding contributed by the Victorian Government reduced to \$5.4 billion.

Under the agreement, the education maintenance allowance was not included, with funding instead diverted directly into schools. Victoria also won several concessions, including an agreement that the Federal Government will incorporate regulations into the legislation to constrain its capacity to unilaterally intervene in schools. Victoria would not have to increase annual education spending by 3 per cent until 2016, two years later than the Federal Government had initially demanded.

As in Tasmania, although a heads of agreement was signed between the Federal and Victorian Governments, a binding bilateral agreement was not finalised ahead of the 2013 election.

## ***Independent and Catholic Schools***

The peak body for independent schools, the Independent Schools Council of Australia (ISCA), signed up to the Plan on 10 July 2013. This brought 1 050 schools and 562 000 students under the scheme.

Under the plan, the Federal Government would provide \$629 million over six years to independent schools. The figure would rise as further states and territories sign up to the Plan.

This agreement included a caveat that independent schools with disadvantaged students that had received national partnerships or targeted program funding over the previous three years would not lose funding when these programs were cut.

Shortly after the National Catholic Education Commission also signed up to the Plan, bringing in the 735 403 students currently enrolled at 1 706 Catholic schools across Australia under the scheme.

## ***Queensland***

Following the 2013 Federal election, the Queensland Government reached an agreement with the Federal Government on 31 October 2013 for an extra \$884 million in Federal funding for education over four years.

This agreement reached between the Governments included no conditions on the funding, including no requirement to distribute the funding by need and no guarantee of continued or increased State Government funding to education over the four-year period.

Under the Labor Government's offer prior to the federal election, Queensland was offered an extra \$3.8 billion, with the Newman Government expected to contribute \$1.3 billion of that funding.

### **Coalition Government plans for school funding**

The Coalition Government has agreed to honour the funding arrangements agreed to between the former Labor government and the State and Territory Governments for the next four years. However, the Better Schools Plan operates on a six-year model. The agreements signed with five jurisdictions ahead of the 2013 federal election reflected this, with two-thirds of funding coming in the final two years. As such, the Coalition Government has only committed to providing one third of the federal funding that was set out in the agreements.

As Queensland, Western Australia and the Northern Territory will also be offered Commonwealth funding from 2014, the Federal Government has [committed a further \\$230 million](#) (the same amount as was made available by the previous Labor government) to cover these three jurisdictions in 2014. \$131 million of this amount will be distributed to Queensland. This additional funding will be funded through savings within Education Portfolio. Details of the reallocation of funding will be provided in the Mid-Year Economic and Fiscal Outlook, due to be released before Christmas.

### **Future funding**

The Federal Government has provided no commitment to provide the additional funding offered by the Labor government starting from the 2018 academic year. The Government will seek to renegotiate with all State and Territory Governments and school systems over the next year.

The Federal Government has not provided an indication as to what the proposed funding made available will be based, how it is to operate or whether the funding will have conditions attached. It is also unclear whether the Federal Government will require continued, let alone increased, funding from State Governments alongside the federal funding.

### **The operation of existing agreements**

The previous Labor Government made a commitment that States and Territories that signed up to the Plan early would 'not be any worse off financially' than those that signed up later, with no State or Territory to receive a greater share of additional funding or more beneficial federal indexation.

This commitment is reflected in the deals signed by the Federal Government with NSW, Victoria, South Australia, Tasmania and the ACT include a clause protecting them if future deals with other States and Territories include better conditions.

Since NSW, Victoria, South Australia, Tasmania and the ACT negotiated their agreements, the Coalition Government has agreed to provide \$884 million in education funding to the Queensland Government with no conditions attached.

Minister Pyne has indicated that any agreements reached with the Coalition Government will not require any guarantee from States and Territories to match Commonwealth funding. Previously the Better Schools Plan required \$1 of investment from State and Territory governments for every \$2 of Federal funding. Similarly, the Coalition Government has indicated it will not require State Governments to maintain their present levels of education funding.

## **Background – The Gonski Review of School Funding**

The Gonski Review of school funding in Australia was released on Monday 20 February 2012. The Review was commissioned by then Minister for Education Julia Gillard on behalf of the Government in 2010. The Review covered funding for both government and non-government schools, and was the first comprehensive review of school funding since 1973. The review was undertaken between 2010 and 2012 by a panel of six eminent Australians, led by David Gonski.

A full list of panel members, including biographies, is available [here](#).

The Gonski Review was part of a broader education reform agenda undertaken by the former Labor Government, which included the [Melbourne Declaration on Educational Goals for Young Australians](#), and the launch of the [National Curriculum](#).

The full report of the Gonski Review is available [here](#).

## **Review Recommendations**

The Gonski Review noted two significant weaknesses in the current Australian school system. The first is that over the last decade, the performance of Australian students and Australian schools has declined across all sectors.

The second is that there is a significant gap between the highest and lowest performing students in Australian schools. This performance gap is far greater in Australian schools than it is in many other OECD countries, particularly those with high-performing schooling systems. The review noted what is described as an “unacceptable link” between low levels of achievement and educational disadvantage, particularly among students from low socioeconomic and Indigenous backgrounds.

To address these weaknesses, the Review proposed a more equitable schooling system that prioritises support for its lowest performing students.

The major recommendation of the review is the introduction of a Schooling Resource Standard (SRS). The SRS would:

- form the basis for general recurrent funding for all students in all schooling sectors;
- consist of separate per student amounts for primary school students and secondary school students;
- provide loadings for the additional costs of meeting certain educational needs. These loadings would take into account socioeconomic background, disability, English language proficiency, the particular needs of Indigenous students, school size, and school location;
- be based on actual resources used by schools already achieving high educational outcomes for their students over a sustained period of time;
- recognise that schools with similar student populations require the same level of resources regardless of whether they are located in the government, Catholic or independent school sectors; and



- be periodically reviewed every four years so that it continues to reflect community aspirations and, in between reviews, be indexed using a simple measure that is based on the actual increase in costs in schools already achieving the relevant high educational outcomes over a sustained period of time.

This SRS, consisting of a set investment per student amount, plus additional loadings, would represent the total resources required by a school to provide its students with the opportunity to achieve high educational outcomes over a sustained period of time.

The set SRS amount will be determined based on the current level of funding per student at the top performing schools across the country. This will represent a significant increase in overall school funding, which the Review Panel believes is a necessity. Modelling undertaken by the Review Panel suggests that this would mean an increase in funding of \$5 billion or 15 per cent of current school funding (based on 2009 figures).

As occurs under the current funding arrangement, the SRS would continue to be funded by the three-way partnership between the Federal Government, State and Territory Governments, and private sources. Government schools would be fully publicly funded to the level of the SRS plus any applicable loadings.

The level of government funding to non-government schools would be determined based on the anticipated level of a school's private contribution. Initially, this private contribution would be based on the SES score of the school, as occurs under the current funding system. However the Review recommends that work would commence as a priority to develop, trial and implement a more precise measure of capacity to contribute.

Importantly, both the Government and the review insist that under the new funding arrangement no school would lose funding.

### **Background – the previous school funding model**

Currently, schools are funded through a three-way funding partnership that involves the Federal Government, State and Territory Governments, and private sources (parent and school communities). Under current funding arrangements, government schools are primarily funded by State and Territory Governments, while non-government (Catholic and independent) schools are primarily funded by the Federal Government and private sources. However supplementary funding is also provided by the Federal Government to government schools, and by State and Territory Governments to non-government schools.

The current funding model for Federal Government funding to non-government schools as detailed in the [Schools Assistance Act 2008](#), is based on the socioeconomic status (SES) of the school community. This model links student residential addresses to Australian Bureau of Statistics Census of Population and Housing data to obtain a socioeconomic profile of the school community and measure its capacity to support the school.

Federal Government funding for government schools is delivered under the National Education Agreement (NEA) with the states and territories. The NEA funding framework allows states and territories to determine where to allocate Federal funding in their own jurisdiction.

The current funding system has received heavy criticism in recent years. It is deemed to be unnecessarily complex, lacking coherence and transparency, and involve a duplication of funding effort in some areas. There is an imbalance between the funding responsibilities of the Federal Government and State and Territory Governments across the schooling sectors. In particular the fact that the Federal Government is the primary funder of non-government schools has been divisive in the community, as it has been interpreted as giving preference to the independent school sector over and above other sectors.

The current system also fails to recognise that not all states and territories have the same capacity to fund their schools, and subsequently the level of funding across the school system differs substantially by state and territory.

#### **Further information**

The Hawker Britton Occasional Paper on the National Plan for School Improvement and the Gonski Review of School Funding is available [here](#).

Further information on the Better Schools Plan in the 2013–14 Federal Budget is available [here](#).

The full report of the Gonski Review of School Funding is available [here](#).