

The Gonski Review of School Funding and the National Plan for School Improvement

April 2013

On Monday 3 September 2012 Prime Minister the Hon. Julia Gillard MP released the Government's response to the Gonski Review of school funding, known as the 'National Plan for School Improvement' (the Plan). On Saturday 14 April 2013 the Prime Minister released the proposed funding model to support the Plan.

Contents

The National Plan for School Improvement.....	1
Funding Model	2
Implementation	4
Legislation	4
The Gonski Review of School Funding.....	5
Review Recommendations	5
Background – Gonski Review Terms of Reference.....	6
Background – The Review Process	6
Background – The Current School Funding Model.....	7

The National Plan for School Improvement

Prime Minister Julia Gillard outlined 'National Plan for School Improvement' in an address to the National Press Club on Monday 3 September 2012. The Plan aims 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 incorporates many of the key recommendations of the Gonski Review, and reiterates the Government's commitment that no school will be worse off under a new funding model.

The Plan includes:

- A new way of funding schools, which will include 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 information on the new funding model is available [here](#).
- More training for teachers and principals and ongoing professional development and support for them throughout their careers. More information about the support for teachers and principals is available [here](#).
- A School improvement Plan for every school, developed in consultation with the school community, to help each school improve their results. More information on the School Improvement Plans is available [here](#).
- 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 this additional support is available [here](#).

- More information for parents and the community about school performance via the MySchool website. More information about the changes to the MySchool website is available [here](#).

The Plan will be phased in over six years from 2014. The Government has begun discussions with state and territory governments, and Catholic and independent schools, over the details of the Plan, including funding and implementation. The Government anticipates that an agreement on these details will be reached in early 2013.

While the final details of the funding commitments required to implement the Plan will not be known until the discussions with the states and territories are finalised, the Commonwealth Government has indicated it is prepared to make a substantial investment over time. The Prime Minister has estimated that the Plan, when fully implemented, would require an additional \$6.5 billion investment in total school funding per year.

For more information visit the Government's school funding website, www.betterschools.gov.au The joint press release of the Prime Minister and the Minister for School Education, Peter Garrett, is available [here](#).

Funding Model

On Sunday 14 April 2013 Prime Minister Gillard together with Minister for School Education the Hon. Peter Garrett MP announced the proposed model for funding the National Plan for School Improvement.

Under the proposed model the Federal Government will 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 will effectively invest two.

Under this model, schools across the country will benefit from an extra \$14.5 billion in public investment over the next six years, \$9.4 billion of which will be Commonwealth funding. The extra investment brings the total public funding for schools to \$49.5 billion a year on average, over the six years.

Under the Federal Government's proposal, over the next six years this additional funding will include:

- \$5 billion for NSW – bringing total public investment in NSW schools to \$87 billion (or 29 per cent of the national public investment in schools) over 2014–19;
- \$4 billion for VIC – bringing total public investment in VIC schools to \$68 billion (or 23 per cent) over 2014–19;
- \$3.8 billion for QLD – bringing total public investment in QLD schools to \$65 billion (or 22 per cent) over 2014–19;
- \$300 million for WA – bringing total public investment in WA schools to \$38 billion (or 13 per cent) over 2014–19;
- \$600 million for SA – bringing total public investment in SA schools to \$21 billion (or 7 per cent) over 2014–19;
- \$400 million for TAS – bringing total public investment in TAS schools to \$7 billion (or 2 per cent) over 2014–19;

- \$100 million for ACT – bringing total public investment in ACT schools to \$5 billion (or 2 per cent) over 2014–19; and
- \$300 million for NT– bringing total public investment in NT schools to \$5 billion (or 2 per cent) over 2014–19.

The funding model also proposes a more stable indexation of school funding. The Federal Government has 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 Commonwealth is asking 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.

Based on the proposed funding model, the SRS or per student amount for 2014 will be \$9271 for primary school students and \$12,193 for secondary school students. These are based on the average costs of high performing schools.

This proposed funding model will be discussed with the States and Territories at the upcoming COAG meeting, which is to be held on Friday 19 April in Canberra.

The press release outlining the proposed funding model is available [here](#).

On Saturday 14 April 2012, Minister for Tertiary Education, Skills, Science and Research the Hon. Craig Emerson MP announced a range of savings measures in the Higher Education portfolio that will fund the National Plan for School Improvement.

The measures are:

- an efficiency dividend for university funding, of 2 per cent in 2014 and 1.25 per cent in 2015, which will average \$300 million per annum;
- removal of the 10 per cent discount on paying university fees upfront and the 5 per cent bonus received for voluntary repayment of HELP debts; and
- conversion of student start-up scholarships into a loan, repayable along with students' university fees after students are earning a specified level of income.

On the same day, Deputy Prime Minister and Treasurer the Hon. Wayne Swan MP announced that from July next year work-related self-education expenses will be more fairly targeted through an annual cap of \$2,000 a person. Mr Swan said the majority of those with self-education expenses would not be affected as the current typical claim for formal qualifications was \$905, less than half the proposed cap. For other expenses, such as conferences, seminars and workshops the typical claim was only a few hundred dollars.

The press release outlining these savings measures is available [here](#).

Implementation

New South Wales

On Tuesday 23 April 2013, Prime Minister Gillard together with NSW Premier the Hon. Barry O'Farrell MP announced a National Education Reform Agreement between the Federal and NSW Governments. The Agreement will enable the implementation of the National Plan for School Improvement across NSW, benefiting over 1.1 million students.

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

On top of this, the Federal Government has 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 has agreed to grow its own school budget by 3 per cent per year from 2016 onwards.

NSW is the first state to form an agreement with the Federal Government to implement the National Plan for School Improvement.

The Prime Minister's Press release is available [here](#).

Legislation

On Wednesday 28 November 2012, Prime Minister Julia Gillard introduced the *Australian Education Bill 2012* into Parliament. The Bill enshrines in law the principles of the National Plan for School Improvement, including the introduction of a new funding model, and commits 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 sets 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 Government aims to reach agreement with states and territories, and the non-government and Catholic sectors, regarding the funding and implementation of the Plan early in 2013. The legislation will be updated to reflect the details of these agreements. If passed, 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](#).

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 is part of a broader education reform agenda being undertaken by the Government, which includes 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 proposes 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. Modeling 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 Commonwealth 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 – Gonski Review Terms of Reference

The terms of reference of the Review were finalised after a period of public consultation, in which representatives from the education sector as well as members of the general public were encouraged to make submissions. The final terms of reference focused on the following four key issues:

- Supporting educational outcomes;
- allocation of funding;
- funding mechanisms; and
- accountability and regulation.

The full terms of reference are available [here](#).

Background – The Review Process

The Review was established to develop a funding system for Australian schooling that would be transparent, fair, financially sustainable and effective in promoting strong outcomes for all Australian students. Accordingly, it was important that the review itself also be transparent, and engage a wide range of stakeholders in the review process.

Community and stakeholder consultation was a key part of the Review process. Community consultation began in July 2010, with an initial 'stakeholder listening tour' that visited capital cities across the country. Throughout the tour, opinions were sought from over 70 groups representing the education

sector, including government and non-government education authorities, Indigenous education and special education representatives, and parent, principal, teacher and union groups.

On 16 December 2010, the panel released a [Review of Funding for Schooling: Emerging Issues Paper](#) that summarises the views presented by stakeholders during the initial listening tour. Following the release of the Emerging Issues Paper, the panel invited formal submissions to be made. In total, over 7000 written submission were received throughout the review period.

Background – The Current School Funding Model

Currently, schools are funded through a three-way funding partnership that involves the Commonwealth 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 Commonwealth Government and private sources. However supplementary funding is also provided by the Commonwealth Government to government schools, and by state and territory governments to non-government schools.

The current funding model for Commonwealth 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.

Commonwealth 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 Commonwealth 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 Commonwealth Government and state and territory governments across the schooling sectors. In particular the fact that the Commonwealth 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.