

Speaking Notes for presentation to MCEECDYA meeting 15 April 2011

You have been invited to address the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA) to provide an update on the progress of the Australian Government's Review of Funding for Schooling.

You are scheduled to present from 9:30 a.m. to 10:15 a.m.

The meeting is to be held in the Fairmont Room, Park Hyatt Hotel, 1 Parliament Square, Melbourne.

Upon your arrival, you will be met by a DEEWR official who will escort you to the meeting room. Should you encounter any difficulties, please contact Ms Hilary Riggs on 0407 418 907 who will be able to assist you.

The membership of MCEECDYA and those ministers attending is provided at Attachment A. The Chair is Minister Martin Dixon MP from Victoria.

Should you require them; defensive questions and answers have also been provided at Attachment B.

Speaking Points

Introduction

Thank you, Minister Garrett.

And thank you, Minister Dixon for inviting me to speak with you today to provide an update on the progress of the Australian Government's Review of Funding of Schooling.

Some may recall that I last spoke with this Council about the review in December last year.

Soon after our dinner, the panel released its Emerging Issues Paper that presented the key themes and issues raised during the panel's preliminary consultations and stakeholder listening tour.

On this listening tour the panel met with some 70 key education groups across Australia, including government and non-government education authorities, groups representing parents, principals and teachers, as well as unions, special education stakeholders and Indigenous groups.

As you would be aware, the paper sets out seven key themes that stakeholders discussed with the panel:

1. equity of educational outcomes
2. recurrent funding
3. capital funding
4. targeted and needs-based funding (including funding for Indigenous students)
5. students with special needs and students with disability
6. governance and leadership, and
7. community and family engagement.

The Emerging Issues Paper has provided the community with an excellent opportunity for interested parties to begin to, or continue to, be involved in the discussion, and to comment on the issues through a submission process.

And the community has embraced that opportunity.

Submissions to the paper closed 2 weeks ago yesterday and the panel has been overwhelmed with the number of submissions it has received.

At last count, we had over 1,200 submissions on the Emerging Issues Paper. In addition we have received in excess of 6,000 submissions from Australian Education Union members through various channels as part of its 'Public Schools for Our Future' campaign.

This response tells me and my fellow panel members that there is a strong and passionate commitment to providing all children with the best quality school education we can.

Most state and territory government education departments have indicated that they will provide submissions over the coming weeks.

Based on discussions and the interaction the panel has had with state and territory education departments to date, I am sure that those submissions will be invaluable in informing the panel's future investigations.

I look forward with great interest to receiving those submissions.

Early themes emerging through the submissions

The need to improve educational outcomes for all students, especially those currently not achieving their potential has been a recurring theme, and is a major focus for the panel.

For the purposes of the review, the panel believes that the focus of equity should be on ensuring that differences in educational outcomes are not the result of differences in wealth, income, power or possessions.

It has been heartening to see in many submissions support for the panel's focus on equity of educational outcomes.

We do not underestimate the challenge of trying to arrive at funding arrangements that support this.

You would know better than I how challenging it is to understand the impacts of disadvantage and how they can be addressed.

But as this review is a once in a generation chance to review the funding arrangements the panel believes that this is something that we must aspire to.

The panel has heard almost unanimously that the recurrent funding arrangements are complex and not easily understood.

We have a clear opportunity to consider the challenges of the current SES funding model for non-government schools and the Average Government School Recurrent Cost (AGSRC) measure, and think about what new arrangements, if any, could be put in place to better support schooling.

As we set out in our emerging issues paper, we believe that the issue of funding maintenance needs to be corrected in any new funding arrangements.

Funding maintenance is a historical anomaly; the panel believes there is something not quite right with a funding model when a number of schools are funded through different arrangements.

And that is something we will need to address.

It's interesting to see so far a level of support for the AGSRC as an indexation measure but less support for it as a benchmark.

One of the pieces of work the panel is looking at is whether or not there is merit in developing a Schooling Resource Standard, comprising a school component and a student component, that could set a base amount of funding with weighted adjustments or

loadings added on top to account for different types of disadvantage.

Clearly, it is not as simplistic as that and there is more work for the panel to do in considering this type of standard in more detail.

We also know that there are a number of pressures relating to capital funding and infrastructure.

These centre around the cost of maintaining and updating ageing infrastructure and learning facilities in existing schools, servicing debt for independent schools, and the capacity of schools and systems to develop and establish new schools, particularly in growth corridors and in regional and remote communities.

Many submissions from school communities reflect these concerns and paint compelling pictures of the learning environments in which students and teachers currently learn and work.

Following on from the focus on equity of educational outcomes, the panel is conscious of the need to examine targeted and needs-based funding to better address the additional costs associated with students who face educational disadvantage.

Many have made the observation that educational disadvantage is being increasingly concentrated in certain systems or schools, or geographic locations.

As we know, disadvantage is often determined by Indigenous status, non-English speaking backgrounds (including refugees and migrants), disability, geographical remoteness, and low socioeconomic status and is usually multiplied in most contexts.

We also know that the location of a school and its relative school size can also magnify and compound any existing sources and multipliers of disadvantage. Sometimes, there is also greater variability within groups within schools than there is between schools.

The challenge for the panel will be to consider funding arrangements that are able to address this kind of disadvantage.

Some stakeholders have been critical of the current SES funding model in identifying areas of disadvantage, or using it as a basis on which to measure need.

Some in the community argue that an area-based measure like the SES model which is based on attributes of a census collection district would not be as powerful as using a more direct measure such as parental income, occupation or education.

That is something that the panel is considering at the moment.

As yet, we have not formed any conclusions on the best way to measure and identify need but we do believe there is merit in identifying a more direct measure.

We have recently looked at three ways to identify and measure need for the purpose of allocating public funding to non-government schools.

Firstly, we have considered a hybrid measure of school resources and SES.

Secondly, we have considered a more direct measure of family income such as what we could do using the tax system.

Thirdly, we have looked at adapting the SES measure to make it more precise by deriving it from the individual characteristics of students attending schools rather than the areas in which they live.

I should be clear that the panel has not yet reached a clear agreement on this matter but this gives you an idea of the types of models we are looking at.

Funding for students with special needs and students with disability continues to be a major concern.

There is general recognition that supporting students with disability, in particular, is resource intensive with high costs of equipment, training and teaching support.

Our consultations with stakeholders have highlighted how central your work around a national definition for students with disability is to this aspect of the review.

There are varying views in the community about whether or not a 'voucher' type system for funding students with disability could be considered.

Opinion seems to be split as to whether or not funding should be portable and follow the student, or whether it should be directed to the school.

Of course, in any discussion on improving educational outcomes, we need to recognise and understand the importance of relationships at the system, school and community level.

It is clear that funding alone does not lead to improved educational outcomes for students; rather, it is an enabler or a means of being able to achieve better educational outcomes.

Research has consistently shown us that the interactivity of relationships between principals, teachers, students, families and the broader community are fundamental to achieving stronger educational outcomes.

It then becomes a question of what governance and leadership arrangements can be put in place to support and reinforce these positive relationships.

The panel recognises the benefits that systems have to offer, and is considering some ideas around what it could do to provide incentives to non-systemic schools to opt to join a system.

Just as important will be the way in which funding arrangements support teachers and reinforce new approaches to teacher recruitment, retention and reward.

I know that governments are working on improving school governance and leadership through initiatives under National Partnership Agreements and through the Australian Institute for Teaching and School Leadership.

Members of the panel have visited more than 30 schools this year across both the government and non-government sectors and across all the states and territories.

We have seen first-hand the outcomes of these initiatives, and it has been an extremely interesting and engaging process.

As you would know from your work on *Engaging Families in the Early Childhood Development Story*, we cannot underestimate the importance of community and family engagement in promoting educational outcomes.

This was especially viewed to be the case in rural and remote settings where the school can be the focal point of the community, and which can offer services beyond traditional schooling.

We need to actively look for solutions where we can harness the potential of a school's infrastructure and services to provide integrated solutions for children — not only in terms of their education but also for health and well-being.

So, there are some of the issues that the panel is considering and you can well understand the complexity of our task.

I have always maintained that this review must be informed by rigorous research that provides a solid evidence base for our recommendations.

As well as drawing on the extensive research that has been undertaken over recent years to further our considerations, the panel has commissioned a number of pieces of research.

Research Program

I would like to thank you for the early support you and your senior officials have shown for the review to date, in particular your officials' response to the panel's request to participate in a series of research activities that will underpin our investigations.

I wrote to you in late January this year about three of these research projects.

1. A project on funding for disadvantaged students being undertaken by the Australian Council for Educational Research which maps the current processes at Commonwealth, state and territory, and system level, for targeting funding towards disadvantaged students.
2. A project around the feasibility of developing a schooling resource standard being undertaken by The Allen Consulting Group, which aims to explore the feasibility of developing a schooling resource standard linked to achieving the Melbourne Declaration Goals for Young Australians, Council of Australian Governments targets and National Education Agreement outcomes.
3. A project on assessing existing funding models for schooling in Australia by Access Economics to draw on the knowledge and experience of each jurisdiction in order to better understand which features of funding models work well and which ones do not.

The panel has also commissioned a further piece of external research on Australia's future schooling challenges and opportunities that is being undertaken by a consortium led by The Nous Group which also includes the Melbourne Graduate School of Education and the National Institute for Labour Studies.

This work aims to describe the current levels of performance and equity of the Australian schooling system, to outline some of the key future challenges facing the systems, and policy reform designed to meet these challenges and improve performance and equity.

And the panel is also undertaking its own internal work on developing any new alternative funding model.

These research activities are progressing well.

However, as we discussed at our dinner in December last year, access to additional data from government and non-government education authorities will be critical to the review's ultimate success.

I understand that most education authorities are likely to hold historical and longitudinal data on benchmark testing (such as basic skills testing) that would provide valuable information on longer term trends in student performance.

I urge your assistance to impress upon your senior people the importance of providing the review with access to this data - in whatever form is convenient.

If you have concerns about how data from your jurisdiction could be interpreted I would urge you to talk with me and my panel members about any processes we could put in place to quarantine or handle the data in such a way that would make my request more palatable.

I should take the time to tell you that each and every panel member recognises this review as a joint, national endeavour; we have the utmost respect for the serious work that you do in your jurisdictions and the responsibilities that you have, and how well you discharge them.

These are genuine sentiments, and it is our wish to work with you in a genuine spirit of collaboration.

Reporting arrangements and release of second issues paper

I know that your officials have raised the matter of the panel's reporting arrangements, and whether the panel intends to release a draft, final report.

Your officials have also raised the matter of access to the research work that the panel has commissioned.

As you would be aware the review is to report to the Australian Government by the end of this year.

The panel has spent some time over the last few months considering how it can best deliver on its commitment to a transparent and open review.

I am pleased to advise you that the panel intends to release a second issues paper in about August 2011 that will present the key findings of the research work that it has commissioned, and seek public responses to it throughout August and September 2011.

The release of the issues paper will be accompanied by the publication of the research

work that the panel receives from the external consultancies it has commissioned.

The panel believes that this represents the most open reporting process given the progress of the review to date.

It will provide all those with an interest with access to the research work that is being provided to the panel, and the opportunity to comment on it accordingly.

I remain hopeful that the panel's commitment to transparency will be reciprocated by you in granting the panel access to some of your more informative longitudinal data as I requested earlier.

Final comments

Over the next few months, the panel will continue to undertake its investigations and research.

While I acknowledge the challenging and difficult work that lies ahead, the panel is excited about the possibilities of the review

We recognise an ongoing productive dialogue between the panel and governments is essential to producing this result.

I hope you can join with us in this national endeavour.

Thank you.

I am now happy to answer any questions that you may wish to ask about the review.

ATTACHMENT A

MCEECDYA members

Membership of the MCEECDYA comprises Australian State, Territory and Australian

Government and New Zealand Ministers with responsibility for the portfolios of school education, early childhood development and youth affairs, with Papua New Guinea, Norfolk Island and East Timor having observer status.

As at 13 April, the following members will be in attendance at the 15 April 2011 meeting:

Vic

CHAIR

The Hon Martin Dixon, MP, Minister for Education

AG

The Hon Peter Garrett, MP, Minister for School Education, Early Childhood and Youth

ACT

Mr. Andrew Barr, MLA, Minister for Education and Training

Ms Joy Burch, MP Minister for Disability, Housing and Community Services; Minister for Children and Young People

NSW

*The Hon Adrian Piccoli, MP, Minister for Education

NT

The Hon Dr Christopher Burns, MLA, Minister for Education and Training

QLD

*The Hon Cameron Dick, MP, Minister for Education and Industrial Relations

SA

The Hon Jay Weatherill, MP, Minister for Education and Early Childhood Development

TAS

The Hon Lin Thorp, MP, Minister for Education and Skills; Minister for Children

Vic

The Hon Peter Hall, MLC, Minister for Higher Education; Minister with Responsibility for the Teaching Profession

The Hon Wendy Lovell, MLC, Minister for Housing, Children, Early Childhood

WA

The Hon Dr Elizabeth Constable, MLA, Minister for Education The Hon. Robyn McSweeney, MLC, Minister for Child Protection; Community Services; Seniors and Volunteering; Women's Interests; Youth

*Attending their first meeting

Apologies have been received to date from the following members and observers:

AG

The Hon Kate Ellis, MP, Minister for Employment Participation and Childcare

NT

The Hon Robert Knight, MLA, Minister for Young Territorians

NZ

The Hon. Anne Tolley, MP, Minister of Education, Minister for Tertiary Education

The Hon. Paula Bennett MP, Minister for Social Development and Employment, Minister of Youth Affairs

SA

The Hon Grace Portolesi, MP, Minister for Youth

QLD

The Hon Karen Struthers, MP, Minister for Community Services and Housing

Vic

The Hon Ryan Smith, MP, Minister for Youth

WA

The Hon. John Howard Dadley Day, MLC, Minister for Youth

NT

The Hon. David Buffet, MLA, Chief Minister, Minister for Education and Youth

PNG

The Rt Hon. Michael Somare MP, Minister for Education (Acting)

The Hon. Mark Maipakai MP, Minister for Labour and Industrial Relations

The Hon Michael Ogio, MP, Minister for Higher Education, Research, Science and Technology

Timor-Leste

Dr Joao Cancio Freitas, Minister of Education

ATTACHMENT B

MCEECDYA Ministers Meeting

15 April 2011

Presentation by Mr David Gonski on the Review of Funding for Schooling: Defensive questions and answers

QUESTION: Will the panel release a draft final report? When is the panel due to report?

- The panel has spent some time over the last few months considering how it can best deliver on its commitment to a transparent and open review.
- The panel intends to release a second issues paper in August 2011 that will present the key findings of the research work that it has commissioned, and seek public responses to it throughout August and September 2011.
- The release of the issues paper will be accompanied by the publication of the research work that the panel receives from the external consultancies it has commissioned.
- The panel believes that this represents the most open reporting process given the progress of the review to date.
- The review is progressing well and is on-track to report to the Australian Government by the end of this year.
- The Australian Government has provided a commitment to work with state and territory governments in forming the Government's response to the review's recommendations.

QUESTION: What research will be published?

- In August this year, final reports from the following research work commissioned by the panel will be published;
- Funding for disadvantaged students undertaken by the Australian Council for Educational Research (ACER)
- The feasibility of developing a schooling resource standard undertaken by The Allen Consulting Group
- Assessment of different funding models for schooling in Australia undertaken by Access Economics, and
- *Challenges and opportunities in Australian schooling* undertaken by a consortium led by The Nous Group.
- This research will be accompanied by an issues paper that;
- describes the issues raised by the research papers,
- asks key questions or notes some areas of interest about the results of the work, and
- calls for public responses to those questions or areas of interest over August and September.

QUESTION: Can you provide an update on the status of the research projects?

- *Funding for disadvantaged students.* A final report has been provided by the Australian Council for Educational Research and is currently being considered by the panel. It will shortly be sent to states and territories for checking.
- *The feasibility of developing a schooling resource standard.* The Allen Consulting Group (ACG) has developed a paper which outlines possible approaches to the development of a standard and sets out principles and criteria that could be used in evaluating the standard.

Depending on the panel's consideration of the paper, ACG may undertake more work on the feasibility of particular methodological approaches to developing a resource standard.

This could include broad estimates of the level and cost of a standard, and its component parts. The project is due to be completed in July 2011.

- Assessment of different funding models for schooling in Australia. Access Economics have completed consultations with government and non-government education authorities in each state and territory. They are in the process of preparing a draft report, and a final report is due by May 2011.
- Challenges and opportunities in Australian schooling. The Nous Group has been selected to undertake this project, and lead a project consortium which includes the Melbourne Graduate School of Education and the National Institute for Labour Studies. The consultancy commenced last month, and this project is due to be completed in July 2011.

QUESTION: What is the scope of the review's work? Is it considering the current division of Commonwealth and state and territory responsibilities in schooling, or just the Commonwealth's responsibilities?

- The terms of reference for the review are broad enough to allow us to come at funding arrangements with a fresh eye and to begin, as it were, with a blank sheet of paper.
- As part of that we will be considering the division of Australian Government and state and territory responsibilities, and that was something that came through strongly in our meetings with key education stakeholders.
- However, we are well aware of the complexities and sensitivities in this area.
- We are also committed to developing recommendations that are workable and recognise the need for a new funding model to be acceptable to all of the major stakeholders.
- We look forward to continued collaboration with the National Goals Working Group as our thinking develops.

QUESTION: What is the quantum of funding that the panel is working within?

- At this stage we are not yet focusing on the quantum of funding that is available; that will largely be a matter for the Australian Government.
- We are aware of the commitments that the Australian Government has made that following the conclusions of the review, a funding guarantee would apply to all schools from 2014 in that a school will continue to receive the same funding as

before, until its new funding allocation reaches that level and begins to overtake it.

- We are also aware of the environment of fiscal constraint and the financial realities in which governments are current operating.
- I would make the observation though that I don't necessarily see the primary purpose of this review about agitating for more funding across the board.
- I think it's equally important to be looking at the structures and funding channels we have in place and seeing whether or not the funding we have can be used more efficiently and effectively.
- I think there is sufficient evidence to suggest that more funding across the board does not necessarily mean better educational outcomes; it's about how you use the money you have.
- Of course there may be particular areas, such as students with disability or capital, where there could be a case made for more funding but we'll need to see what trade-offs can be made within the system first, and then see where there is a case to seek more funding.

QUESTION: Is the review going to recommend greater coherence or coordination in the way Commonwealth and state and territory governments fund non-government schools?

- It is too early to answer this with any certainty.
- It is clear that school funding is very complex and that there could be some advantages in simplifying how the various sources of funding for all schools relate to one another.
- This could mean looking at exploring the possibility of a national set of arrangements agreed to across the Commonwealth and the states and territories and with systems and schools.
- For example, in one of the past reviews I undertook in the Arts, tripartite agreements were a useful way of securing an integrated solution between the Commonwealth, the state or territory, and an organization.
- At this stage I can conceive of this model possibly being applied to funding arrangements at a national level with roles and responsibilities of each party set out clearly but as I have said these are early days.
- At our discussion with the National Goals Working Group -the group of your officials - we discussed the principle of coherence between sectors and across systems.
- I do believe there is a balance to be struck between intra-jurisdictional coherence (i.e. that within a state or territory) and inter-jurisdictional coherence (i.e. the possibility of a harmonized, national system across sectors).
- However, we are mindful of the need to develop recommendations that are workable and recognise the need for a new funding model to be acceptable to all of the major stakeholders.
- We would welcome any views in your submissions to the review on this issue.

QUESTION: Will the review examine changes to the way schooling is regulated as opposed to funded?

- While the focus of the review is on funding arrangements, this necessarily includes looking at the regulatory context in which they would operate.

- As we know, funding arrangements cannot be conceived of in an isolated environment without regard to regulatory arrangements.
- From our early discussions we know it will be important for there to be some kind of trade-off between the funding that is provided and the commensurate and proportionate regulatory and accountability mechanisms that are put in place.
- Most of our early focus on regulation has been regarding capital and the appetite from some stakeholders for planned provision of schooling infrastructure.
- In particular, the terms of reference ask about the forms of accountability, transparency and regulation that are necessary to promote high standards of delivery and probity among schools receiving public funding.
- The work that the MCEECDYA Process Governance Group is going to do on regulation will be important for the panel to consider.

QUESTION: Will the review explore the increasing disadvantage of students concentrated in government school systems?

- The review has identified equity of educational outcomes as a major issue.
- In our emerging issues paper we put the view that the focus of the considerations of equity should be on ensuring that differences in educational outcomes are not the results of differences in wealth, income, power or possessions.
- The panel does not intend it to mean that all students are the same or will achieve the same outcomes, but rather that they will not be prevented from achieving their maximum potential because of their background or family circumstances.
- We heard during the listening tour that many people have observed educational disadvantage being increasingly concentrated in certain systems or schools.
- As we know, disadvantage is often determined by Indigenous status, non- English speaking backgrounds (including refugees and migrants), disability, geographical remoteness.
- We also know that the location of a school and its relative school size can also magnify and compound any existing sources and multipliers of disadvantage.
- We commissioned the Australian Council for Educational Research to examine funding for disadvantaged students. The report has now been prepared and we will shortly be distributing it to states and territories for checking.
- I note that the National Goals Working Group is also undertaking some work around concentration of disadvantage, using the My School data, and I look forward to hearing more about that work as it progresses.

QUESTION: What are the panel's views on the My School data and its Index of Community Socio-Educational Advantage (ICSEA), and how are you planning to use it in the design of a new funding model?

- We are aware of the ongoing discussions about the appropriateness of different aspects of the data for different purposes.
- We have not yet formed any views about how we might use any of the My Schools information as part of the review or in a new funding model.
- As part of our listening tour we did hear views from some stakeholders about the limitation of the SES funding model as a blunt instrument that lacked precision in identifying areas of disadvantage.
- It was put to us by some groups that an indirect measure like the SES model which is

based on attributes of a census collection district would not be as powerful as using a more direct measure such as parental income, occupation or education.

- Whether or not that would mean the adoption of ICSEA for funding purposes is a consideration the panel will have to make in the future.
- Coming to this from the outside I do believe there is merit in a more direct measure for assessing disadvantage but that should not be taken to mean that we believe the 2010 ICSEA in its current form is the automatic solution.
- We would welcome any views in your submissions to the review on this issue.