

Save Our Schools

Submission to the Review of the National Schools Reform Agreement

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1. Introduction

The next National Schools Reform Agreement (NSRA) and the future funding for schools should have close regard to the principles enunciated over 10 years ago in the Gonski Report because they have still to be fully implemented. Equity principles were a fundamental feature of the vision of that Report and a guiding principle of the funding model it recommended.

It is gratifying to note that in announcing the expert panel to inquire into the reforms to be included in the next NSRA, the Commonwealth Minister for Education, Jason Clare, said that the panel will focus on “real and measurable improvements for students most at risk of falling behind and who need additional support”. He said that there will be a particular focus on students from low socio-economic backgrounds, regional and remote Australia, First Nations students, students with disability and students from a language background other than English. This focus is welcome as well as consistent with that of the Gonski Report.

The Minister further requested the panel to consider ways to ensure public funding is delivering on national agreements and that all school authorities are transparent and accountable to the community for how funding is invested and measured. This is crucial to achieving equity goals and was also addressed by the Gonski Report.

Save Our Schools submits that the review panel must have regard to the experience and lessons from the implementation of the recommendations of the Gonski Report. Successive governments either failed to adopt the Gonski principle of social equity in education or sabotaged the Gonski funding model.

2. Defining equity in education

In its issues paper, the Gonski review panel noted that there were different meanings and interpretations of what constituted equity in education. It therefore felt compelled to state its view of what equity means. The Gonski Report adopted a dual equity objective which was similar to that proposed by Save Our Schools in its submission to the review. The Report said:

...no student in Australia should leave school without the basic skills and competencies needed to participate in the workforce and lead successful and productive lives.

It explained that this meant attainment of Year 12 or its equivalent as a minimum standard of education for all:

Australia’s school system needs to help ensure that the targets for students attaining Year 12 or equivalent qualifications are met and that students leave school with the skills and capacities required to actively participate in society, and contribute to Australia’s prosperity.

The Report also adopted a clear social equity goal. It said:

The panel has defined equity in schooling as ensuring that differences in educational outcomes are not the result of differences in wealth, income, power or possessions. Equity in this sense does not mean that all students are the same or will achieve the same outcomes. Central to the panel’s definition of equity is the belief that the underlying talents and abilities of students that enable them to succeed in schooling are not distributed differently among children from different socioeconomic status, ethnic or language backgrounds, or according to where they live or go to school.

This dual equity goal was abandoned by the Gillard Government at the outset. It was replaced by a weak equity goal of “improving the results of disadvantaged students”. Even this weak commitment was ignored by successive Coalition governments who showered Catholic and Independent schools with funding increases despite the fact that they enrol only a minority of low SES, Indigenous, remote area, and disability students.

It is time to re-focus on equity in education as the key education goal for the next NSRA. However, this goal must be clearly defined. In the past, progress in achieving equity has been hindered by a lack of clarity about the goal.

To its credit, the Review Panel has ventured a definition in its consultation paper. It has adopted the definition developed by the Productivity Commission. It covers two distinct aims.

The first is to ensure schooling equips each student with the basic skills required for success in life (equity in minimum or basic skills). The second is to reduce or eliminate differences in outcomes across students with different backgrounds, experiences and needs (equity across students), particularly for the “priority equity cohorts” in the NSRA – Aboriginal and Torres Strait Islander students, students living in regional, rural, and remote locations, students with disability and students from educationally disadvantaged backgrounds.

However, there are several problems with this definition, namely:

- Its reference to basic skills to succeed in life is too vague and does not provide an operational goal for policy makers;
- It suggest that the social equity goal is only to remove differences in outcomes between the priority equity cohorts rather than between these groups and highly advantaged groups;
- It is open to being interpreted as supporting equality of outcomes by all students;
- It presents a choice between reducing **or** eliminating differences in outcomes between students of different backgrounds;
- It excludes low socio-economic status (SES) students from the priority equity cohorts

Therefore, Save Our Schools recommends adoption of a revised definition of equity in education as the key national goal in the next NSRA.

We note the need to address equity issues relating to other educationally disadvantaged groups and issues in addressing learning outcomes of different categories of students from non-English speaking backgrounds.

2.1 What is an adequate education?

The first component of the Productivity Commission definition of equity in education recognises the need for all students to achieve a minimum standard of education. However, achieving ‘basic skills’ is too vague and open-ended to provide sufficient guidance for policy makers and the Australian community. It fails to specify the level of education needed for all students to participate successfully in adult society.

The basic skills necessary for a successful life can be interpreted in several ways. For example, it could be interpreted as achieving basic literacy and numeracy skills, completing Year 10 or completing the compulsory standards of different jurisdictions which generally require completion of Year 10 and participation in education, training or employment until age 17.

Save Our Schools submits that the minimum standard of education that should be expected for all students is that set by the original Gonski Report, namely, that all students should complete Year 12 or an equivalent vocational certificate.

2.2 The social equity goal must be defined more precisely

The Productivity Commission definition is also imprecise regarding removing differences between students from different backgrounds. The definition can be interpreted as only removing differences in outcomes between the priority equity cohorts mentioned. This is not enough to be consistent with the broad definition adopted by the Gonski Report because it fails to specify that the differences to be reduced and eliminated are those between the priority equity cohorts and highly advantaged groups.

At present there are huge achievement gaps between high SES students and priority equity cohorts such as low SES, Indigenous and remote area students. Overcoming these differences is the fundamental challenge facing the education system because they result in one group of students having more privileged access to higher education, high income and status occupations and positions of power in society. It amounts to structural discrimination against some social groups and it contributes significantly to the social reproduction of privilege and disadvantage. It hardens social divisions and social hierarchies.

We are also concerned that the wording of the Commission's definition could potentially lead to confusion and divert attention from differences in outcomes across social groups of students. In particular, the description of the second equity component as "equity across students" could be interpreted as something closer to equality of outcomes across students, which is neither a feasible nor a desirable aim. Different students, even if matched by SES and other aspects of their background, will still end up with different interests and talents that lead to different outcomes. This is due to the inevitable variability of human experiences and human responses to those experiences. This is part of being human, and we should never aim for equality of outcomes – only that those outcomes are not significantly determined by systematic differences in social background. Those opposed to equity goals, for whatever reason, might try to create confusion, as they have in the past, by arguing that equality of outcomes across students is not achievable, implying that equity across social groups is equally impossible.

Another problem with the Productivity Commission's definition is that it sets the social equity goal as "to reduce **or** eliminate differences in outcomes". This implies a choice between reduction or elimination. There should not be any such choice. The social equity goal should be to "reduce **and** eliminate differences in outcomes".

The Productivity Commission adopts a catch-all category of students from "educationally disadvantaged backgrounds". This is strange because the preceding groups mentioned in the Commission's definition are also considered as being from educationally disadvantaged backgrounds. There seems to be a reluctance by the Commission and the Panel to identify low SES students as a specific equity group despite the fact that they are the biggest educationally disadvantaged group in society. Furthermore, in accepting the Commission's definition, the Panel has ignored the Minister's statement in announcing the Panel that low SES students are one of the groups that the next NSRA will focus on to improve achievement.

The Productivity Commission definition shifts the focus from "wealth, income, power or possessions" towards a narrower emphasis on parents with lower educational attainments. We suggest that it is obvious that parents with lower levels of education may, on average, have more limited skills to support their children through their education, less familiarity with what higher educational

achievements require, and may in some cases set lower aspirations for their children. But it is also clear that parents with low incomes have limitations on how much material support, including use of books and creative toys in the early years, which can play an important role in education outcomes.

As a result of all these problems, Save Our Schools recommends that the equity in education should be more precisely defined to serve as a practical guide to policy formulation. It recommends the following definition for inclusion in the NSRA. It consists of dual equity goals, one for all individual students and one for social groups of students:

All Australian students should complete Year 12 or an equivalent vocational certificate. Students in priority equity cohorts should achieve a similar average and range of outcomes as highly advantaged students. Priority equity cohorts include low SES, Indigenous, rural, remote area, disability and other educationally disadvantaged students.

These goals provide benchmarks against which to measure progress in achieving equity in education. They apply to most disability students but education goals for severely cognitively impaired children should be separately investigated.

2.3 Other educationally disadvantaged groups

We note that the Panel has identified other social groups that could be considered for equity funding, such as young people living in out-of-home care, and students who speak English as a second language or dialect. We also note that the Panel has raised the issue of students with mental health problems. Students with these problems certainly deserve additional support, but there are some important questions about how to address them.

In the case of students living in out-of-home care and with mental health issues, asking about them at enrolment is clearly invasive, and should not be encouraged. The problems will inevitably manifest themselves within the classroom, and what is needed are more centralised services to which schools can refer these students to provide them with the additional support that they need. There is strong evidence that these characteristics are associated with SES. This issue could be significantly addressed by increasing the funding loading for schools that serve the relevant equity target groups, combined with the establishment of appropriate central services.

2.4 Students who speak English as a second language

The category of “students who speak English as a second language or dialect” is very broad and disguises large differences in school outcomes between students of different ancestry or ethnicity. It is no secret that these differences exist; any parent, student or teacher who has attended a speech night will be aware of the very successful outcomes achieved by students of Chinese, Vietnamese, and Indian ancestry.

More direct analysis is required to detect that some groups, students of Middle Eastern and Pacific Island ancestry for example, have significantly lower outcomes. This implies no judgement about the intrinsic capacities of the students, but simply recognises the reality that different cultures have developed different attitudes to the importance of educational success.

The fact that East Asian students do so well establishes that it is not the speaking of English as a second language or dialect spoken at home that is the major problem. Rather, traditional community cultural attitudes to education are the key. A penetrating study by Professor John Jerrim of the Institute of Education, University College of London, has examined the outcomes for students of Chinese ancestry who were educated and underwent testing for the international PISA surveys in Australia and compared them to the outcomes for students with a similar background tested in

China. Despite the lower overall performance of Australian students in PISA, these two groups of students, matched for ethnic background, performed equally as well.

While some have drawn the conclusion that Australia should learn from China about how to design an effective teaching system, Jerrim's analysis tends to suggest that familial and community attitudes must be taken into account when making international comparisons. It also tends to suggest that addressing the socio-economic differentials in outcomes is a major part of not only developing a more equitable society, but one that has higher overall outcomes.

Some communities, such as the Chinese, and more generally other East Asian communities, have a 1000 year history in which formal education has provided the main route for social mobility and ensuring a good life. Other communities have placed most emphasis on hard physical work. Recent migrants from India have tended to come under visas that require higher education or income, where aspirational attitudes to education are predominant. In some cultures, formal education has not played a central role, and in others education has been provided only within a narrow religious framework that does not meet the equity goals defined above.

We believe that collection of more information in this area is important. Ethnic diversity does not neatly overlap with socio-economic differences, and equally diversity in terms of ancestry does not overlap neatly with differences in educational outcomes. Australian education authorities have not been willing to collect this sort of background information, presumably because of fear of accusations of racism. But it is not racist to collect background information about factors such as ancestry and ethnic/cultural identity when it is clear that these factors affect educational outcomes. It would be racist if these factors are regarded as intrinsic to the ancestry and ethnic/cultural groups. A purpose of equity funding is to provide support to students from backgrounds that traditionally have put less emphasis on formal education to enhance their outcomes.

The Australian Census already collects data on these factors, using one of the most sophisticated questions available internationally – appropriate for one of the most ethnically diverse countries in the world. A third question on ethnic identification is foreshadowed for the next census. We suggest that these questions should be included in school enrolment requirements, which should enable further research on associated outcomes to inform future targeting of funding in this area. It is an important issue to address, because a future Australia in which people of certain backgrounds dominate the health professions and the law courts, while others dominate the patient lists and the defendant lists is not one likely to be socially cohesive, or comfortable to live in.

3. The fallacy of genetic determination of inherent abilities

One of the fundamental premises of our approach is that the mean and range of intrinsic abilities, however they are defined and measured, is the same across different social groups, whether defined in terms of social class, ethnicity, or any other broad characteristic. As the Gonski Report stated as justification for its definition of social equity in education:

Central to the panel's definition of equity is the belief that the underlying talents and abilities of students that enable them to succeed in schooling are not distributed differently among children from different socioeconomic status, ethnic or language backgrounds, or according to where they live or go to school.

Members of the NSRA Inquiry Panel will no doubt be aware that this has been a controversial area over many years, with a consistent pattern of assertions that genetics determines class and ethnic/racial differences, through differences in intrinsic cognitive ability, and that, as a result, interventions cannot change differences in educational outcomes by social group. These claims have

consistently been contested, often hotly given their social importance, on both direct scientific and practical grounds, through evidence that has always been available, albeit often limited, that intervention programs can change outcomes, particularly for equity target groups.

Much of the controversy revolved around the concept of heritability. Our experience over the years is that in the minds of many people there are often vague memories that this issue may have been resolved by the review carried out by the American Psychological Association, which concluded, based on twin studies, that IQ, or cognitive ability, had a significant heritability, with the implication that there was, at least potentially, a genetic basis to social differences. Most of the evidence was obtained with ancestry/ethnic groups predominantly of European or white ancestry, and were thus most relevant to class differences. It was generally accepted, albeit not universally, that these conclusions could not be generalised to differences between racial/ethnic groups, though this did not prevent some arguing that there was a genetic and deterministic difference between these groups.

This position has been argued by Gary Marks, one of the most trenchant critics of the Gonski approach. Marks argues that the Gonski funding formula cannot succeed because the primary determinant of student achievement is parental abilities that are genetically transmitted to their children. Putting it bluntly, he claims that people from “lower classes” have lower intelligence. While his argument is that disadvantaged groups are disadvantaged due to their genetic inheritance, he has admitted that this argument applies to socio-economic disadvantage but has not been so forthcoming about other defined equity groups. It is up to him to explain whether he thinks his arguments apply to other social groups and whether they apply to the low outcomes achieved by the equity groups defined by the Panel.

Over the years, Marks has produced many variations on this theme, using the argument that when “prior student achievement” is included in the analysis of educational outcomes, the contribution from socioeconomic status declines, and often becomes negligible. The problem is that if socioeconomic status significantly determines prior student achievement or, putting it more technically, that the correlation between the two variables is high, then the challenge becomes to determine which of the two variables is in fact causally involved. But for Marks, the answer is clear, because his view is that prior student achievement is genetically determined.

We believe that more recent progress in research on this topic has undermined the relevance of heritability as defined by twin studies and has reached the point that estimates of heritability based on powerful molecular genetic analysis show that the genetic contribution to prior performance or cognitive ability (or IQ) is quite small.

Heritability estimates originally were based on analysis of twin studies. Their logic is that since identical twins are effectively 100% identical genetically, while non-identical twins are on average 50%, if identical twins are more similar in a particular characteristic or trait, such as educational outcomes, then this difference could be explained by genetic differences. This logic rests on the assumption (often known as the common environment assumption) that parents treat non-identical twins as identically as they treat identical twins. This is generally not established, and is somewhat implausible, given that identical twin pairs are always of the same sex, whereas non-identical twins are half the time of different sexes. And if some, or perhaps all, of the differences are due to different environmental exposures, then the genetic contribution could decrease, possibly even to zero.

Subsequent research has shown that twin studies often over-estimate the genetic contribution. To determine how valid twin study estimates are, a vital step is to find variation at the molecular genetic level that corresponds to the estimated genetic contribution. This has become possible with advances in molecular genetics, using analyses known as genome-wide association studies (GWAS),

which associates genetic differences that are known as single nucleotide polymorphisms (SNPs) with variations in the trait under study. It rapidly became clear that in many cases, there was not nearly enough associated genetic variation to explain the twin heritability estimates – a problem that has become known as missing heritability. As a generalisation, the gaps were particularly large for traits that could plausibly have been affected by environmental variation.

GWAS traditionally uses tight statistical criteria for establishing an association, and generally very large samples are studied to increase the chance of finding statistically valid associations. Many studies now use sample sizes in the hundreds of thousands, if not millions. For example, the largest study of the genetic contribution to educational attainment and cognitive performance used a sample size of 1.1 million and has been able to account for 11-13% of the variation in educational attainment and 7-10% of the variation in cognitive performance – still well short of the APA-endorsed 50% estimate for IQ from twin studies. In many cases, increasing the sample size tends to produce diminishing returns, suggesting that a full explanation is unlikely to be achieved, even with exceptionally large samples. For example, with educational attainment, an increase in the sample size to over 3 million, lifted the percentage of variation explained to 12-16%.

Even with this level of sophistication, there are still problems. These SNP-based estimates can be inflated by population stratification, assortative mating, and by effects based on family environments, rather than the child's genetics, and this appears to be the case. These can be allowed for by limiting variation in population ancestry, and by limiting analysis to comparisons of siblings within families, where family environments are controlled. Once this is done, the genetic contribution to variation in educational attainment drops to 4%, and that of cognitive ability (essentially what Marks claims is genetically inherited from parents and is the basis of differences between social groups) drops to 15%. Genetic variation is at best a minor contributor to both traits.

The implications of these more penetrating analyses of genetic contributions for the arguments put forward by Marks are profound. Far from being genetically determined, factors such as educational achievements and cognitive ability appear to have only minor genetic contributions, and socioeconomic status remains as a potentially important determinant of student abilities and school performance. The idea that genetic inheritance of cognitive ability sets fundamental limits to student performance for most of the population simply has no legs to stand on.

We should note that some, such as Marks, continue to rely on twin study heritability estimates. Others, such as Plomin, a practicing molecular geneticist, assert their confidence that molecular studies will eventually find the missing heritability, even though the potential of GWAS in relation to massive sample sizes now seems to be exhausted. It is certainly true that other molecular approaches may improve the fit somewhat but given that the problems with twin study analysis are now well-understood, and that interventions are clearly working in areas where twin heritability has been interpreted as meaning that they should not, we believe that the Panel should reject any arguments, based on out-dated analysis of a major genetic contribution to educational outcomes.

4. Social segregation is a major policy challenge

The authors of *Waiting for Gonski*, Tom Greenwell and Chris Bonnor, have argued that the biggest problem facing Australian schools is social segregation, and they have proposed a solution – fully funding Catholic and other private schools, subject to some to certain conditions such as not charging fees, while leaving them under the control of private school authorities such as Catholic Education Commissions and the Catholic Church.

Greenwell and Bonnor are quite correct in nominating social segregation as a major issue because Australian has one of the most highly segregated school systems in the OECD. A high proportion of

disadvantaged students attend disadvantaged schools while few attend advantaged schools. Numerous international and Australian studies show that social segregation in schools compounds the effect of individual socio-economic background on achievement and exacerbates gaps between rich and poor. There is a “double jeopardy” effect for students from low SES families. They tend to be disadvantaged because of their circumstances at home and when they are also segregated into low SES schools, they are likely to fare even worse.

The Gonski approach to this problem was to provide substantial additional funding that could be used for additional teachers or teacher aides and other student support measures to minimise this problem. It is clear that this sort of solution has not failed, because as is now well documented, the Gonski reforms were never properly implemented, and the current situation is that public schools are operating well below their School Resource Standard (SRS). Therefore, the first step is to fully fund public schools, especially disadvantaged schools. The overall shift in funding in the last decade that has seen funding for private schools increase more rapidly than for public schools can only make the disadvantages facing low SES students worse, by enabling private schools to compete more effectively for both high-performing students and teachers.

Fully funding public schools has to be done in a well-designed way, with transparency of funding allocations and clear assessment of outcomes against targets. If equity group is defined as students from families where the parents have limited educational achievements, then the target would be for the school to increase outcomes for this group of students. Regular review (say every two years) will show if the school has made progress, and where this has happened, successful strategies can be identified and popularised. Where schools are stagnating or going backwards, further additional funding may be required. Similar processes can be applied to programs for any target equity group. Schools should be supported centrally in this task. Special equity units staffed by high level and experienced professionals should be established at the Commonwealth and in every State and Territory level to support schools in improving outcomes for students in the priority equity cohorts.

Instead of this rigorous managed process, Greenwell and Bonnor argue that the problem can be solved by integrating Catholic (and other) schools into the public system, allowing them to maintain their curriculum, ethos and governance, but prohibiting them from charging fees. They quote Ontario in Canada as a place where such a system is working and delivering good outcomes. They note that Canada consistently outperforms Australia in standardised tests, and that disadvantaged students have more positive attitudes about schooling and their futures in Canada than in Australia.

It needs to be emphasised that international comparisons based on PISA results need to be carefully interpreted. Many factors, such as student demography and funding, influence student outcomes and these factors differ between countries. Also, there is potential bias if schools or systems selectively exclude low performing schools or students, or if there are differential patterns of school completion.

Canada’s superior reported performance is more likely due to other factors such as higher socio-economic status of families, much larger increases in funding and higher exclusion of low-achieving students from PISA than in Australia.

Differences in the socio-economic status of students appears to be a significant factor. The PISA Index of Economic, Social and Cultural Status (ESCS) score for all students is much higher in Canada than for Australia. This is especially the case in Alberta and Ontario which are two of only three provinces where Catholic schools are fully funded by government. The gap in the ESCS index scores between high and low ESCS students is also much lower in Canada, which likely contributes to the smaller achievement gaps in Canada.

Differences in the socio-economic status of students also appear to exert a strong influence on the comparative results of Canadian provinces. The average ESCS index for students in Alberta and Ontario were the highest of the ten provinces and they had the highest average reading and science scores in PISA 2018. The third province with fully funded Catholic schools, Saskatchewan, had the 3rd lowest ESCS score and achieved the 3rd lowest results in reading and science and the 2nd lowest in mathematics.

Similarly, there is no systematically superior performance one way or the other when comparing what Canadians describe as the “big four” economically developed provinces (Alberta, British Columbia, Ontario and Quebec). For example, the achievement gap between high SES and low SES students is greater in the two provinces that fully fund an independent Catholic system than in the other two, by 10-15 percentage points. Thus, there is little evidence to support the claimed superiority of the Ontario system, on which the Greenwell-Bonnor model depends.

Differences in funding are also likely to have contributed to the higher student performance in Canada compared to Australia. Between 2001-02 and 2016-17, funding per student in Canadian public schools, adjusted for inflation, increased by about three times that for public schools in Australia - 37 per cent compared to only 12 per cent for public schools in Australia. The increases in Alberta, Ontario and Saskatchewan were even higher at 45 per cent or more.

Canada also had a much higher student exclusion rate in PISA and lower coverage of eligible students than Australia. Analysis by researchers at the Institute of Education, University College of London, have questioned the veracity of Canada’s PISA results. They revealed that Canada had one of the highest exclusion rates for PISA in the OECD and larger than Australia’s. They found that if Canada had similar exclusion and participation rates to other high achieving countries, its average PISA scores would fall below those of these other leading systems and be similar to Australia’s.

It is not even evident that fully funding Catholic schools in the three Canadian provinces has reduced social segregation in schools. While social segregation in the three fully funded provinces is lower than in some provinces, it is higher than in others and it has not decreased since 2000. Moreover, students in Catholic schools in Ontario come from higher-income and more educated neighbourhoods compared to their counterparts in secular public schools.

It should also be noted that other countries that fully fund religious schools, such as New Zealand and Netherlands, perform no better than Australia in terms of average results and equity. Indeed, they perform worse than Australia on some measures. Schools in these countries are also highly socially segregated. For example, schools in the Netherlands are commonly known as “black” or “white” schools. The former has high concentrations of students from immigrant families while Dutch whites congregate in “white” schools.

It also worthwhile noting the historical background of the two countries. Government funded Catholic schools were guaranteed under the Canadian Constitution in order to gain support for confederation from the significant French-speaking, and predominantly Catholic, minority. An important historical difference was that Canadian public schools were not necessarily secular but often had defined Protestant identities whereas public schools in Australia were established as secular. In Australia, the Catholic Church rejected the public school system and maintained a separate unfunded system, until declining recruitment of clergy as cheap teaching labour threatened to make the system unviable.

This background makes it unlikely that the Catholic Church would agree to the Greenwell-Bonnor proposition, and indeed the proposal has been explicitly rejected. If the Catholic Church had been interested in having a system which received funding for the disadvantaged students that it served, the Gonski formula should have been welcomed. Instead, while the Catholic system did receive adjusted Gonski funding, it insisted on receiving that as a central fund which it would then allocate internally. This was not done on the basis of Gonski equity principles but by investing in Catholic schools in higher SES areas.

Apart from the lack of robust evidence to support the Greenwell-Bonnor proposal, it would undermine key principles of public education, namely, that it be secular and non-discriminatory.

Greenwell and Bonnor propose that fully funded private schools would be permitted to preserve their “special ethos” and “character”. The proposal would allow religious schools contracted to governments to impose compulsory religious teaching and observance and to discriminate in hiring staff in order to preserve their special ethos. In all likelihood, some schools would also continue to informally discriminate against gay and transgender students.

The authors argue that this no more than what private schools do at present. However, this misses a crucial issue. At present, parents pay fees to access the special ethos and character of private schools but the proposal means that governments take responsibility for funding them in future. This means governments would fund religious education and support discrimination in hiring staff. It jettisons two fundamental principles of public schools – they are secular and non-discriminatory. It would introduce a different structural contradiction: some fully funded schools would be secular and others absolutely non-secular; some schools would be prohibited from discrimination in hiring staff while others would be allowed to discriminate. Parents, not governments, must pay for the special ethos of religious instruction and having their children taught only by teachers who support their faith.

The argument that government funding of private schools currently supports discrimination and a religious curriculum and values may be valid. But this is not a reason to continue or extend government funding of such practices. It is a reason to look for an alternative method to fund private schools.

In summary, there is little to no evidence that the funding approach that applies in some provinces in Canada produces superior and more equitable outcomes, and it is an approach rejected by the Catholic Church and education system. Moreover, the proposal jettisons fundamental principles of public education. There seems to be little point in pursuing it, particularly when other solutions to the impact of social segregation are available under the original Gonski approach.

5. Small class sizes for priority equity cohorts

Numerous OECD and academic studies have examined policies around the world to improve school outcomes for disadvantaged students. These studies provide much more substantial and fruitful options than the harmful proposal by Greenwell and Bonnor. They provide a huge resource for the Panel to draw on in recommending reforms to lift student outcomes, particularly for priority equity cohorts. Here we focus on one particular policy – small class sizes in schools with high proportions of priority equity cohorts.

The issue of whether smaller class sizes contribute to better educational outcomes has been somewhat controversial, but the current evidence suggests that substantial improvements in outcomes can be achieved by reducing class sizes in schools serving disadvantaged students. Many studies over the past 20 years have demonstrated a positive and significant relationship between education expenditure and student achievement, especially for disadvantaged students. One of the

mechanisms for this improvement is the employment of more teachers to allow reductions in student-teacher ratios.

Save Our Schools' proposal therefore is not for an overall decrease in class sizes. The evidence suggests that in schools that are already well-resourced, as is overwhelmingly the case in the Independent and even the Catholic sector, such a program would have little effect. However, in schools that enrol high proportions of students from the priority equity groups, this sort of program is likely to have substantial effects.

For significant changes, the decrease in class sizes needs to be substantial, and we suggest aiming for 50% reduction in the targeted schools. While some of the equity funding a school receives could be diverted to cover the costs, we believe that to achieve equitable outcomes will require interventions outside the classroom as well, particularly in relation to work with parents and general communities from equity target groups.

It is likely that the costs of such a program would be high. We therefore suggest that such a program might first be funded as experimental, with rigorous monitoring and assessment. But if the program leads to significant improvement in outcomes, that would justify increased funding as a social investment.

6. Future funding principles: Lessons from the sabotage of the Gonski proposals

The terms of reference require the Panel to consider how funding and reforms can be more transparent and better demonstrate links to student outcomes. In part, the terms of reference ask the Panel to ensure public funding is delivering on national agreements. This necessitates some basic principles to guide future funding without transgressing the Minister's edict that the Panel should not review how the SRS is calculated.

Save Our Schools believes that there are crucial lessons to be learned from the implementation and active sabotage of the Gonski proposals. While there were flaws in the Gonski model, they are minor compared to the way in which implementation of the principles has been sabotaged, deliberately or unconsciously. This history is now well-known and documented, and we draw on it for lessons to guide future school funding.

Save Our Schools submits that funding for schools under the next NSRA should be guided by some key principles, namely:

1. Funding for public and private schools should be based strictly on a needs-basis in order to deliver increased outcomes for students in the priority equity cohorts;
2. The Commonwealth Government should play a greater role in funding for increased equity in education;
3. The Commonwealth-State funding agreements must ensure that both parties live up to their commitments and responsibilities to deliver equity in education;
4. Public schools should be fully funded at 100% of their SRS within the life of the next NSRA;
5. The integrity of the SRS must be maintained and not diluted;
6. Reporting on target outcomes and the use of taxpayer funding must increase.

6.1 Funding for need

The Panel is asked how to ensure that funding is better linked to outcomes. The focus of the inquiry on school outcomes for the priority equity cohorts implies strictly funding according to need.

A key lesson from the history of the implementation of the Gonski funding model is that from the outset it was only partially based on need and that this principle of funding according to need was disregarded by successive Coalition governments in directing large increases in funding to private schools. This has contributed to the failure to improve outcomes for most of the priority equity cohorts and the failure to significantly reduce achievement gaps between rich and poor.

The Gonski funding model was compromised from the beginning. In announcing the Gonski funding inquiry, the Labor Government guaranteed that no school would lose a dollar under the new funding model. This ensured that private schools that were already over-funded under the old SES funding model got to keep that funding under the new model. The “no losers” guarantee was described by one member of the Gonski panel as an albatross around their neck. The “no school would lose a dollar” guarantee was later replaced by “every school would get an increase” and that is what happened - irrespective of need. As a result, many schools were funded above what was warranted by their SES score.

Prime Minister Gillard also made a secret deal with Catholic Church to guarantee Catholic schools would maintain their existing share of total school funding into the future. The deal was extended to Independent schools. It was all about maintaining market share.

At a time when some schools were clearly highly advantaged by special funding arrangements that had emerged over 50 years of lobbying and electoral blackmail, this deal was a blow to the principle of funding according to need. Funding should have been diverted from schools that had little need relative to achievement of national benchmarks (predominantly elite private schools and Catholic schools) to schools that were struggling to achieve good outcomes for large numbers of disadvantaged students (predominantly public schools and a small number of generally sectarian faith schools). But it was not.

The failure to fund schools according to need was compounded by another special deal for private schools conjured up between the new Morrison Government and the Catholic Church after the Church’s ruthless campaign against the decision of the Turnbull Government to terminate the lucrative system-weighted average funding for Catholic schools. There were two components of the peace deal.

One was an additional \$3.4 billion over 10 years to implement a new direct income method of assessing parental capacity to contribute to private schools. It replaced the previous measure of capacity to contribute based on the socio-economic status of statistical areas. The key point here is the funding increase was announced well before the new measure of the financial need of schools was determined. It was a peace deal in search of a model to implement it and it took over a year to find it.

The model that eventuated was fundamentally flawed. Despite being based on the taxable income of families with children in private schools it ignored significant sources of family and school income. It ignored direct income support for families provided by grandparents and other relatives in the form of full or partial payment of school fees, deposits on house purchases, assistance with mortgage payments, childcare, household appliances, and car purchases etc. Other exclusions from the assessments include 50% of capital gains not subject to taxation, income held in overseas bank accounts and tax havens and family wealth. As a result, the capacity of private school parents to pay school fees is vastly under-estimated and the financial need of private schools is over-estimated. Consequently, private schools are systematically over-funded by taxpayers.

The current approach also ignores lucrative sources of income for private schools such as donations and investment income. For example, 50 of the richest private schools in Australia raked in \$611 million from these sources over five years from 2017 to 2021. Just 10 schools raked in nearly \$300 million. None of this income is included in the assessment of the financial need of these wealthy private schools.

The second component of the peace deal was a \$1.2 billion hand-out for private schools called the Schools Choice and Affordability Fund. It had no basis in need and was not available for public schools. Numerous other special deals followed that extended the resource advantage of private schools. They include Low Growth Funding for private schools and other transitional funding to the new funding method, drought assistance, COVID assistance and most notably JobKeeper funding worth \$769 million. None of this funding was based on need.

Much taxpayer funding has been wasted on over-funding private schools. On average, they are funded at over 100% of their SRS in every jurisdiction except the Northern Territory. Archbishop Anthony Fisher has said that the Catholic school system had “never had it so good” in terms of funding. It has had little positive effect as the biggest declines in PISA results in recent years have been in Catholic and Independent schools. It has allowed these schools to enhance their lavish educational and sporting facilities and to attract teachers and high-performing students.

These schools now have a significant resource advantage over public schools. It is money that could have been used to support the achievement of equity goals by increasing funding of public schools. Public schools enrol about 80% or more of the priority equity cohorts and over 90% of disadvantaged schools are public schools.

The sorry history of the sabotage of the Gonski vision for equity in education and its associated funding model, together with the continuing low achievement by the priority equity cohorts and the continuing large achievement gaps between them and high SES students, demands that future school funding be determined solely by need.

6.2 The Commonwealth should have a key role in increasing equity in education.

In another act of sabotage, the Turnbull Government arbitrarily restricted Commonwealth funding of public schools to 20% their SRS. By contrast, it also announced it would fund private schools to 80% of their SRS. It reverted to the historical approach whereby the Commonwealth has primary responsibility for funding private schools and the States have primary responsibility for funding public schools.

The Gonski Report was scathing about the structural incoherence of this arrangement. The Report criticised the imbalance between the funding responsibilities of the Commonwealth and the States and the lack of coordination in funding schools. It envisaged a much expanded role for the Commonwealth in funding disadvantaged schools and students.

This role was rejected by the Turnbull Government. It gave priority to funding the more privileged private sector over funding disadvantaged students, the large majority of whom were in public schools.

The Federal Government’s role in public education stems from its responsibilities to improve equity in education, social cohesion and economic growth. It also has special responsibilities relating to Indigenous Australians and migrants, which implies a key role in funding public education. While the States have primary constitutional responsibility for education, the national government has a responsibility to ensure that the rights of all citizens to a quality education are upheld. It has a

responsibility to ensure that all children, whatever their background and wherever they live, receive an education to prepare them for full participation in the community as citizens.

In upholding the democratic rights of all citizens, the national government has a special responsibility to ensure that children who endure hardship due to poverty, location or cultural background have access to the benefits and privileges enjoyed by the rest of society, especially in relation to access to a quality education.

The national government cannot allow a diversity of state government provision of public education to result in children in some regions being denied an adequate education. If a state government decides by reason of insufficient revenue, ideology, or other reasons that some children cannot be supported to achieve the minimum level of education expected by society, then the national government has a responsibility to intervene.

Similarly, children from different family backgrounds should be expected to achieve similar levels of education whatever the state or territory in which they live. For example, Indigenous children living in the Northern Territory should be expected to achieve the same level of education as Indigenous children living in the ACT or Victoria. If a state government is discriminating against Indigenous children by not providing an adequate education, the national government has a responsibility to intervene. The same case applies to other disadvantaged students such as those from low socio-economic status (SES) families and those living in remote areas.

It is the responsibility of the national government to intervene in all circumstances where students are not achieving an adequate education and where there are large differences in the results of children from different social groups. In a federal system, the national government is the essential monitor and backstop to ensure that all Australian children receive a quality education to prepare them for adult life.

For these reasons, the Commonwealth Government should play a greater role in ensuring equity education across the nation. This implies a greater role in funding public schools because they enrol the vast majority of priority equity cohorts and include 90% or more of all disadvantaged schools. While the precise shares for the Commonwealth and states will be subject to negotiations Save Our Schools suggests that the Commonwealth take up an extra 5% share under the next NSRA, In this case the split in funding public schools would be 25% Commonwealth and 75% State.

6.3 Commonwealth-State funding agreements must clearly define roles and responsibilities.

Turnbull's justification for the arbitrary 20/80 government funding shares was to ensure that the State and Territory governments met their obligations. However, this was a problem of the Coalition's own making. Under the National Education Improvement Agreement negotiated by the Labor Government in 2013, the Commonwealth and the states agreed to maintain their current funding levels through indexation to ensure a consistent baseline for calculating their shares of the additional "Gonski" funding and to ensure that funding from one government level was not substituted for funding from another in the transition to the full funding levels by 2019. Immediately on taking office, the Abbott Government's education minister, Christopher Pyne, released the states from their obligations.

Pyne derided the conditions attached to Commonwealth funding under the plan as Canberra 'command and control' measures. He said that "it would be up to the states to decide whether they spend their money or not because they are sovereign Governments and should be treated like

adults". The states took immediate advantage of the opportunity with several cutting funding in real terms in the following years.

Turnbull's complaint was disingenuous. As Prime Minister and an experienced cabinet minister, he would have been fully aware of the common practice of the states substituting increases in Commonwealth funding in a particular policy area for existing State funding.

The Gonski Report recognised these problems, and recommended strong Commonwealth-State funding agreements, to guarantee a shared commitment to equity goals. Turnbull could have revisited its recommendations and negotiated tight agreements with the states. Instead, his primary concern was to continue the Commonwealth's dominant role in funding private schools. The lesson for the next NSRA is that the bilateral funding agreements must clearly specify the funding responsibilities of each level of government.

6.4 Public schools must be fully funded withing the life of the next NSRA

An important lesson from the implementation of the Gonski funding plan was that the Labor Government decided on a six-year transition with about two-thirds of the funding increase delayed until the final two years which was beyond the Budget forward estimates. This made the plan vulnerable to a change of government. This proved to be the case as the incoming Abbott Government refused to fund the increase planned for the last two years. This represented a huge loss of funding for public schools and the priority equity cohorts.

The lesson from this experience is that public schools should be fully funded at 100% of their SRS withing the life of the next NSRA.

Despite the announcement by the Turnbull Government that the states would take responsibility for funding public schools to 80% of their SRS, the current funding agreements only require them to fund at 75% by 2027 for NSW, 2028 for Victoria, 2029 for South Australia, Western Australia and Tasmania, 2032 for Queensland and no target date for the Northern Territory.

Save Our Schools welcomes the statement by the Minister for Education to the National Press Club that the Government will give first priority to fully funding the most disadvantaged schools. We propose the following transition to full funding of all schools withing the next four years:

Public schools with 50% or more of their students belonging to priority equity group should be funded at 100% of their SRS within two years. Schools with 25-49% of their students belonging to priority equity groups should be funded at 100% of their SRS within three years and all public schools should be funded at 100% within four years.

6.5 The integrity of the SRS must be maintained.

While private schools are being lavished with funding, public schools are being defrauded of billions in funding by the existing Commonwealth-State bilateral funding agreements which undermine the integrity of the measure of the SRS.

The terms of the current agreements allow all states except the ACT to claim up to four percentage points against their target share of 75% for expenditures, such as depreciation and school transport, that are explicitly excluded from the nationally agreed measure of the SRS. Several states can also claim expenditures on curriculum and standards authorities that are also excluded from the measure of the SRS. This means that the actual target SRS shares in the current bilateral funding agreements are only 71% or less. This skulduggery is defrauding public schools of over \$2 billion a year.

Save Our Schools recommends that the next funding agreements should maintain the integrity of the nationally agreed measure of the SRS by disallowing the inclusion of non-SRS expenditures as part of the state funding shares.

6.6 Reporting on equity outcomes and the use of funding must increase

Reporting on progress towards education goals and how funding is used are fundamental to ensuring accountability. However, as the Productivity Commission report noted, reporting on the NSRA is inadequate and there are many gaps.

A key problem is that there is no single source of information on the use of funding and outcomes. For example, the annual reports on the implementation of the current NSRA and the progress reports by state/territory governments only report on the implementation of the policy initiatives. They do not provide any data on progress towards the outcomes targeted by the Agreement. Nor do they include any data on achievement against targets by equity groups identified in the Measurement Framework. The annual report and the state progress reports on the NSRA should include data to enable an assessment of the success of the national policy initiatives in meeting the objectives of the Agreement. They should provide data on how funding is allocated to schools and how schools have used funding to support the education of priority equity groups. In addition, the reports should provide sufficient data to assess progress in improving equity in education.

There are several data sources to draw upon in reporting on the target outcomes. For example, ACARA reports on NAPLAN results by sex, Indigenous status and location, Language Background Other Than English (LBOTE), parent education and occupation. The Australian Bureau of Statistics reports retention rates to Years 9, 10, 11 and 12 by sex and Indigenous background in *Schools*. The *Report on Government Services* reports Year 12 attainment rates by socio-economic status and location.

However, there are significant gaps in reporting on outcomes by equity group at the end of schooling. Data collections need to be upgraded to adequately assess the effectiveness of policy initiatives and progress in improving equity in education.

As noted in numerous reports by national and state auditors-generals, there are continuing problems in ensuring accountability in the use of government funding. A key objective of the Education Act is the distribution of taxpayer funds according to need. Analysis of distribution by system authorities would provide assurance that funding is distributed in accordance with need. However, a report by the national auditor-general has found that the Department of Education has constantly failed to ensure this since 2013. This is despite criticism by the Gonski Report in 2012 that the distribution of funding by education systems was not transparent. Years later, the public is still not assured that private school systems distribute taxpayer funding according to need.

This is a particular issue in the Catholic school sector. Numerous reports have shown that Catholic education authorities have failed to distribute taxpayer funding according to need as required under the Education Act. Catholic authorities have systematically diverted funding intended for poorer urban and regional schools to schools in wealthy suburbs to keep fees low to maintain market share.

Catholic education authorities have long resisted being accountable for how they distribute taxpayer funding. In his memoirs, Prime Minister Malcolm Turnbull recounted a conversation with the Archbishop of Sydney, Anthony Fisher, about the Government's proposal to publish the amount of funding each school would receive under new funding arrangements. Fisher was concerned that this would reveal the Church's cross-subsidisation of its schools in wealthy suburbs:

...once you tell people how the government has assessed need and shown how much each school would get, we could never get away with it. People would say we were short-changing poor schools to benefit rich ones.

Fisher told Turnbull that the problem with the Government's needs-based model was that "more funding would go to schools in the poorer outer suburbs of Sydney and country New South Wales". Fisher's priority was to keep fees low for wealthy families. According to the Archbishop, the wealthy should be supported at the expense of the poor.

The Auditor-General's 2021 report said an annual report should be presented to Parliament that outlines the funding provided to a school authority and how this funding has been applied by the authority in order to meet the requirements of the Education Act. It noted that prior to 2013, the Department produced the annual Report on Financial Assistance to Schools (known as the Green Report) which provided a detailed breakdown of school level funding and enabled a comparison between schools, authorities, school sectors and jurisdictions. However, this was discontinued under the Abbott Government. It has enabled private school systems to escape scrutiny of their use of taxpayer funds ever since.

The Auditor-General's report said an annual report should be presented to Parliament that outlines the funding provided to a school authority and how this funding has been applied by the authority in order to meet the requirements of the Education Act. Save Our Schools recommends that the next NSRA include requirements for such detailed reports to the national and state parliaments.

It should be noted that the National Schools Resourcing Board is charged with reporting annually on State and territory compliance with section 22A of the Education Act. However, we note that the most recent published report is for 2020. This is not timely enough to ensure accountability.

7. Recommendations

1. The definition of equity in education should be revised as follows and incorporated as the key national goal in the next NSRA:
 - All children should receive a minimum standard of education that enables them to fully participate effectively in modern society. It means that all students should complete Year 12 or an equivalent vocational qualification;
 - Students in priority equity cohorts should achieve a similar average and range of outcomes as highly advantaged students.
2. The "priority social equity cohorts" for the NSRA should be low SES students, Aboriginal and Torres Strait Islander students, students living in rural, and remote locations, students with disability and students from other educationally disadvantaged backgrounds.
3. The education reform policies of the next NSRA should be based on recognition that education outcomes for the priority equity cohorts can be improved and should reject any notion that the lower achievement amongst these groups of students is genetically determined.
4. The Review Panel should reject any proposal for full taxpayer funding of private schools.
5. Class sizes in schools with a high proportion of students in the priority equity cohorts should be halved;
6. Funding for public and private schools should be based strictly on a needs-basis in order to deliver increased outcomes for students in the priority equity cohorts.

7. The Commonwealth Government should play a greater role in funding for increased equity in education.
8. The next NSRA must clearly specify the funding responsibilities of each level of government and ensure that all parties live up to their commitments and responsibilities to deliver equity in education.
9. Public schools should be fully funded at 100% of their SRS within the life of the next NSRA:
 - Public schools with 50% or more of their students belonging to priority equity group should be funded at 100% of their SRS within two years. Schools with 25-49% of their students belonging to priority equity groups should be funded at 100% of their SRS within three years and all public schools should be funded at 100% within four years.
10. The integrity of the SRS must be maintained and not diluted. The next NSRA and the bilateral funding agreements must not permit the states to claim expenditures excluded from the SRS as part of their SRS funding shares.
11. The national annual report and the state progress reports on the NSRA should include data to enable an assessment of the success of the national policy initiatives in meeting the objectives of the Agreement. They should provide data on how funding is allocated to schools and how schools have used funding to support the education of priority equity groups. The reports should also provide sufficient data to assess progress in improving equity in education.

A comment on terminology

We note that the Indigenous Education Consultative Meeting has raised the issue of labelling groups as disadvantaged, and how this plays into a culture of deficit discourse and low expectations. We believe that concerns about “deficit discourse” often deflect from the importance of identifying what children are not receiving in communities where low educational outcomes is a systematic issue, compared to other communities, both Indigenous and more general in their composition. Low expectations, whether they are set by communities, or by teachers and peers, are more significant as an issue, and both need to be avoided. What is at issue in equity funding in terms of social groups is breaking cycles of poverty and low education, and associated problems, such as general health. In many cases what will be required are programs to engage the general community in education, as well as its children, and schools working in disadvantaged areas need to be funded to be able to work with communities to solve the problems.

We suggest that the terminology can be easily adjusted by using the term “equity target groups” and making it clear that these groups are identified on the basis of objectively determined lower educational outcomes, not on any assumption of disadvantage or deficit. In this submission, we have tried to use this terminology, where possible.

It should also be made clear that there is no implication that children in the equity target groups do not have other skills in other areas. If we were lost in outback Australia, we would rather have as companions Indigenous children with traditional education but little formal education, rather than a white university professor with a brief-case full of higher degrees. But school education is about giving children the basic skills for success in life in modern Australia as whole, not just to a very specific set of challenges.