

Updating the evidence: the Rudd Government's intentions for schools

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About the author:

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This paper augments the analysis of funding trends and projections in Dr McMorrow's previous report, *Reviewing the evidence: Issues in Commonwealth funding of government and non-government schools in the Howard and Rudd years*, Australian Education Union, August 2008.

This paper examines the Rudd Government's funding decisions for schools since the May 2008 Budget and the analysis in my earlier report *Reviewing the evidence: Issues in Commonwealth funding of government and non-government schools in the Howard and Rudd years (August, 2008)*. It does so by examining the funding allocations for schools made through the two significant events that have occurred since the Budget: the *Mid-Year Economic and Fiscal Outlook (MYEFO)* and, more significantly, the package of additional funding agreed with the States and Territories through the Council of Australia Governments (COAG)¹.

These decisions provide a clearer picture of the Rudd Government's funding intentions for schools, at least for the next five years.

First, some context.

Reviewing the evidence examined the funding record of the Howard Government, which by 2007-08 provided \$1.4 billion more in real terms, or 68%, for government schools than it allocated at the outset of its administration in 1995-96. Over the same period, the Howard Government funded non-government schools in real terms by more than \$3.8 billion, or 137%, than in 1995-96.

These decisions underpinned the slide in the proportion of total Commonwealth schools funding allocated to government schools from 43.1% in 1995-96 to 34.9% in 2007-08².

Just over one-third of the funding increase for non-government schools was due to enrolment growth of some 200,000 additional students in that sector by 2006. The remaining increases arose from 'policy' decisions such as the introduction of the Socio-Economic Status (SES) funding scheme in 2001, at least three separate arrangements for providing funding increases for Catholic systems over the period and, finally, the indexation of Commonwealth grants for schools by a measure of Average Government Schools Recurrent Cost (AGSRC)³.

The Howard Government's policy decisions for schools lacked integrity and were deeply flawed: they provided the biggest increases in funding for independent schools with the highest resources; they lacked an explicit rationale for determining funding needs; and around 60% of non-government schools have had to be funded outside the SES criteria, under 'funding maintained' and 'funding guaranteed' arrangements⁴.

¹ Technical note: for comparative purposes, the assumptions and data sources in this paper are consistent with those used in *Reviewing the evidence*. See that report for a discussion and explanation of the key technical issues underpinning the tables, including cash and accrual accounting, the construction of a 'schools price index' for deflation purposes and the range of official papers and reports on Commonwealth and State funding of government and non-government schools.

² See *Reviewing the evidence* Table 2, p11.

³ See *Reviewing the evidence* Table 7, p20.

⁴ See the discussion in *Reviewing the evidence*, pp27-30.

Despite these flaws, the Howard Government's funding scheme for non-government schools was a bi-partisan policy commitment at the 2007 federal election. The Howard Government had costed its schools funding policy commitments for government and non-government schools for the 2009-2012 quadrennium at \$42 billion. This estimate was provided by officials as part of Senate Estimates processes as early as May 2007⁵.

The \$42 billion figure was taken up by the Australian Labor Party in its November 2007 election package for schools⁶. Labor also promised additional funding for its priorities for schools, including trades training centres, school computers and an education tax refund.

The Rudd Government duly delivered on its election commitments in its first budget. *Reviewing the evidence* presented the 2008 Budget figures, which are set out below in Table 1 of this paper.

Note the four-year aggregate of some \$45 billion for schools shown in Table 1. This is consistent with the official \$42 billion costings of the schools funding package, which comprises the bulk of the Budget allocations for schools. The Government's (and the former Howard Government's) commitment to at least a \$42 billion package for schools was incorporated in the analysis set out in *Reviewing the evidence*, drawing on official Budget sources, contrary to some comments by the Minister and government members.

Note also the increase in government schools' share of total schools funding in the first two years of the Budget cycle, 2008-09 and 2009-10. This arises from the Government's election commitments for its priorities for schools, especially its *Digital Education Revolution* and *Trades Training Centres in Schools*.⁷ But these programs were not projected to be sustained over the full cycle, resulting in government schools' share of Budget allocations to schools falling to an all-time low of 33.8% by 2011-12.

Reviewing the evidence then adjusted the Budget figures as presented in Table 1 below to take account of expected inflation, based on long-term historical trends in the key influences on schools prices, such as teachers' salaries. These are re-presented in this paper, in estimated 2007-08 prices, in Table 2 below.

This table shows the same broad trends, with funding for government schools rising at a higher rate than for non-government schools in the early years of the Rudd Budget cycle, but falling in the final years. A comparison of the final year of the cycle, 2011-12, with the final budget figures for the Howard years indicated a cut in Commonwealth funding in real terms of some \$65 million, or 1.8%.

⁵ Senate Education, Science and Training committee, 2007-08 Budget Estimates, Question No. E087_08.

⁶ Kevin Rudd and Stephen Smith, *Federal Labor's \$42 billion minimum schools funding commitment....*, Media statement, 9th October 2007.

⁷ See *Reviewing the evidence*, Table 11, p31.

Table 1**Commonwealth Budget for Schools: Rudd**

\$ million: current year prices as reported in 2008 Budget

Notional projections to 2011-12 by sector:

	Rudd Government Projections						4 years: 2008-09 to 2011-12 \$m	Increase in 2011-12 over 2007-08	
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	\$m		%	
government schools	3,541	3,832	3,932	3,917	4,067	15,749	526	14.8%	
non-government schools	6,597	6,748	7,112	7,521	7,980	29,360	1,383	21.0%	
all schools	10,138	10,580	11,044	11,438	12,047	45,109	1,909	18.8%	
% government schools	34.9%	36.2%	35.6%	34.2%	33.8%				

Note: 'specific funding' line in Table 7 of Budget Paper No. 1, 2008-09 pro-rated across sectors.

Sources:

Parliamentary Library Research Note No 48, June 2002

Budget Paper No. 1 2008-09, Statement 6, Table 7

Table 2

**Commonwealth Budget for Schools:
\$ million: estimated constant 2007-08 prices
Notional projections to 2011-12 by sector:**

	Howard				Rudd				Increase over	
	1995-96	2007-08	Increase over		2008-09	2009-10	2010-11	2011-12	2007-08	
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m	\$m	%
government schools	2,104	3,541	1,437	68.3%	3,685	3,636	3,482	3,477	-65	-1.8%
non-government schools	2,778	6,597	3,819	137.5%	6,488	6,575	6,686	6,821	225	3.4%
all schools	4,882	10,138	5,256	107.7%	10,173	10,211	10,168	10,298	160	1.6%
% government schools	43.1%	34.9%			36.2%	35.6%	34.2%	33.8%		

Note: 'specific funding' line in Table 7 of Budget Paper No. 1, 2008-09 pro-rated across sectors.

The reductions to government schools from 2007-08 due mainly to discontinuation of the *Investing in our Schools* program

Sources:

Parliamentary Library Research Note No 48, June 2002

Source: Australian Government, Budget Paper No. 1 2008-09, Statement 6, Table 7

Reviewing the evidence made the point that the projected allocations to 2011-12 should be treated with caution, and were subject to clarification of the Government's intentions for schools when its final decisions for the next funding quadrennium, 2009 to 2012, were made later in 2008. But it sounded a warning that without significant increases in Commonwealth funding for government schools, the Rudd Government's commitment to sustaining the Howard Government's SES funding formula for non-government schools would further entrench this imbalance in Commonwealth funding for schools to the relative disadvantage of government schools.

Reviewing the evidence pointed out that judgment about the intentions of the Rudd Government should be suspended, pending further announcements on schools funding during 2008, particularly in the context of its reforms of federal-state relations more generally.

As noted above, the Rudd Government has now adjusted its schools funding commitments through the Mid-Year Economic and Financial Outlook statement, the new Schools Assistance legislation and the funding package agreed at the recent Council of Australian Governments meeting. These are now considered in turn.

Mid-Year Economic and Financial Outlook (MYEFO) statement.

MYEFO is now a regular event in the Budget cycle. It is required under the *Charter of Budget Honesty Act* to provide updated information on the Government's Budget performance.

The 2008-09 MYEFO statement, not surprisingly, centres on the challenges arising from the global financial crisis and its implications for the Australian economy more broadly. But it also includes a section on *policy decisions taken since the 2008-09 Budget*, which includes a number of school-related initiatives. These can be summarised as follows⁸:

Indigenous non-government schools education programs: application of indexation.

A change in indexation arrangements for non-government school programs for Indigenous students (such as for tutorial assistance, homework centres and English as a second language programs) will provide an additional \$24.5 million over five years to 2012-13, or just under \$20 million to 2011-12. These programs will henceforth be supplemented by the Average Government Schools Recurrent Cost (AGSRC) index as for other schools recurrent programs, rather than the range of indexes currently used that deliver lesser rates of increase.

⁸ Mid-Year Economic and Financial Outlook 2008-09, Statement by the hon Wayne Swan MP, Treasurer and the hon Lindsay Tanner MP, Minister for Finance and Deregulation, Appendix A, pp153-5.

Indigenous secondary scholarships corporate partnership.

The Government will contribute \$20 million over three years from 2009-10 towards new scholarships for selected Indigenous students to attend boarding schools. These funds are expected to be augmented by contributions from corporate, philanthropic and private sources. This program appears to be intended to apply to scholarships for Indigenous students to attend high-fee independent boarding schools.

Maximum socio-economic funding entitlement for non-government schools with a high proportion of Indigenous students.

Non-government schools with 80 per cent or more Indigenous enrolments, or schools in very remote areas with 50 per cent or more Indigenous enrolments, will henceforth attract funding at the highest rate under the Commonwealth's SES funding scale. This is estimated to cost an additional \$5.5 million over five years to 2012-13, or \$4.6 million to 2011-12. These increases will be offset by savings from other indigenous programs, for establishment assistance and literacy and numeracy.

The MYEFO initiatives are summarised in Table 3 below.

Table 3

Mid-Year Economic and Fiscal Outlook (MYEFO) 2008-09
Policy decisions taken since the 2008-09 Budget: schools
\$ million: current year prices

	Non-government schools				
	2008-09	2009-10	2010-11	2011-12	Total
	\$m	\$m	\$m	\$m	\$m
Indigenous non-government school programs:					
AGSRC indexation	1.4	3.9	6.0	8.4	19.7
Indigenous secondary scholarships	0.0	12.5	2.5	5.0	20.0
Indigenous non-government schools: maximum SES funding	0.5	1.2	1.4	1.5	4.6
Non-government schools establishment assistance offset	-0.5	-1.2	-1.4	-1.4	-4.5
National indigenous literacy and numeracy strategy offset				-0.1	-0.1
Total	1.4	16.4	8.5	13.4	39.7

The benefits of this additional \$39.7 million in the Commonwealth's schools budget from the MYEFO statement appears intended to apply to students only through schools within the non-government sector⁹.

⁹ Subject to final guidelines for the secondary boarding schools scholarships program, which commences in 2009-10.

Schools Assistance legislation

The Rudd Government has made a significant change to the legislative basis for its funding for schools. Since 1974, Commonwealth funding for government and non-government schools has been approved through legislation that was inclusive of both sectors. This year, the *Schools Assistance Act*, which has now been passed by the Parliament, will allocate funding across the 2009-2012 quadrennium for non-government schools only¹⁰.

From 2009, Commonwealth funding for government schools will be provided separately through a new National Education Agreement (NEA), negotiated with the States and Territories within COAG.

The Schools Assistance Act appropriates \$28 billion in 2008 prices. This funding will be adjusted each year over 2009-2012 for price increases, mainly by the AGSRC index. This means that the Act could provide more than \$32 billion in current year prices for the 2009-2012 quadrennium, if AGSRC increases at the average rate of increase over the past decade.

The Commonwealth's funding commitments for government schools over 2009-2012 will be authorised through State Finances legislation, consistent with the NEA discussed in the next section.

At one level, the building of more mature relationships with the States and Territories on total public funding of government schools is a welcome development, in sharp contrast with the attitude towards government schools shown by the previous Commonwealth government.

At the same time, however, the splitting of schools legislation has the potential to obfuscate funding comparisons between the sectors and over time. There are already differences in assumptions and presentations: calendar and financial years; constant and current prices; and opaqueness around assumptions for student enrolments, participation and AGSRC trends, and the like.

The Schools Assistance Act extended the previous government's funding and accountability provisions. All non-government schools in receipt of Commonwealth grants must now meet the following provisions:

- implementation of the national curriculum
- participation in national student assessments
- 'plain language' student reports to parents, benchmarked to national standards and taking into account the school's student population

¹⁰ Parliamentary Library, *Bills Digest: Schools Assistance Bill*, Canberra, October 2008.

- school performance reports and participation in national reports on the outcomes of schooling
- publicly available information about a school's performance
- empowering the Minister to make public reports about a school's financial information¹¹.

It is intended that the NEA provide the same accountability provisions for government schools as have been approved for non-government schools through the Schools Assistance Act.

The new provisions for curriculum, assessment and reporting, and the related programs for recognising and rewarding teacher quality, have potentially significant implications for schools. Although deserving of further consideration and analyses, these are outside the scope of this paper.

NATIONAL EDUCATION AGREEMENT: COAG

Following extensive, and intensive, negotiations over most of the past year, Commonwealth funding of government schools was ratified at the Council of Australian Governments (COAG) meeting on 29 November 2008¹². That meeting confirmed an intergovernmental agreement of federal financial relations incorporating increased investment in key areas of public policy, including health, housing, disability and education.

The COAG agreement endorsed financial packages under two broad frameworks: Specific Purpose Payments (SPPs) and National Partnerships (NPs).

The National Education Agreement included existing Commonwealth programs for government schools and the further increases outlined below. COAG noted that the funding conditions and accountability framework in its Agreement was consistent with those required for non-government schools under the Schools Assistance Act 2008, as discussed above. This means that government school authorities will be subject to the transparency and accountability provisions set by the Rudd Government, including national and school-specific reporting on school performance and 'plain language' reports to parents and to each school's community on the school's achievements and related contextual information.

The 'new' money from the Commonwealth – that is, funding over and above the allocations and projections in the 2008 Budget – will be allocated through the new SPPs and NPs for schools.

¹¹ Parliamentary Library, *Bills Digest: Schools Assistance Bill*, Canberra, October 2008, pp4-6.

¹² COAG, 29 November 2008 Communiqué, Attachment A, Productivity Agenda

Schools SPPs

Government Schools general recurrent grants

The Commonwealth currently provides around \$2 billion annually in general recurrent grants for government schools. These funds are generated by a formula linking enrolments to 8.9% of Average Government Schools Recurrent Cost (AGSRC) in the case of primary schools and 10% of AGSRC for secondary schools. The Rudd Government has sensibly decided to end this arbitrary difference between primary and secondary proportions that it inherited from the Howard Government, by increasing the primary school grant to 10% of the primary school AGSRC.

This decision will end a long-standing anomaly. However, it falls short of the minimum general recurrent rate of 13.7% AGSRC for non-government schools with the highest socio-economic status score.

This measure will provide \$635 million for government schools over five years, from 2008-09 to 2012-13.

Additional indexation

The Commonwealth has agreed to fund changes in additional indexation arrangements for its schools programs. This follows negotiations around the base, such as the above adjustment to the general recurrent program, and the application of the AGSRC index to a number of targeted programs, such as the Indigenous education programs included in the additional indexation for to non-government schools in the MYEFO statement as noted above.

This decision is estimated to result in an additional \$412 million for government schools over five years.

Digital Education Revolution: additional payment

The 2008 Budget included \$1.2 billion over five years to 2011-12 for the provision of computers for senior students, as acknowledged in *Reviewing the evidence*. These funds are designed to provide all students in years 9 to 12 with access to a computer for their school work.

Following intensive negotiations with the States and Territories, the Commonwealth has agreed to provide a further \$807 million in 2008-09, bringing the total investment over to more than \$2 billion. This new money will help fund on-costs, such as support services, software development and teachers' professional learning, in the first year of operation.

School authorities are expected to continue with at least their current level of support for schools and students.

The additional \$807 million will be allocated across the sectors according to relative enrolments in Years 9 to 12. Government schools, with 64.6% of Year 9-12 enrolments, will receive around \$522 million in 2008-09; Catholic schools \$165 million (20.4%) and independent schools, which have a higher proportion of senior students, \$121 million (15%)¹³.

The aim of providing all senior students with access to a computer, whether lap-top or desk-top, will provide some schools with interesting pedagogical challenges, which the additional funding for support should address. There may also be implications for primary and junior secondary programs that should be considered over the longer term.

The additional funding will be provided immediately, including for those schools that already provide considerable computer access and support. A number of these latter schools are from the independent schools sector, which as noted above is receiving a higher proportion of funding than their overall enrolments (K-12) would attract.

Productivity Agenda National Partnerships: education

Education and training is considered by governments to be crucial to driving future productivity and social inclusion. In the words of the Communiqué, the new National Education Agreements will enable ‘... the Commonwealth and the States to work in partnership to lift the quality of education and training and target resources to where they are most needed’¹⁴.

COAG agreed to pursue strategies to develop ‘smarter schools’ through three key areas: quality teaching; literacy and numeracy; and schools with concentrations of students from low socio-economic status communities:

Quality teaching

The National Partnership rightly targets quality teaching in its search for improved educational outcomes. It will augment its current Quality Teaching program, which in 2007-08 amounted to \$35 million, with additional funding of \$550 million over five years for strategies aimed at attracting, training, developing and retaining quality teachers and leaders in schools.

Some of the proposed strategies will be controversial, such as programs to attract high achieving graduates outside of education and fast-tracking them into new pathways to teaching, along the lines of the *Teach for America* and *Teach First* (UK) programs. Others should build on current strategies, such as the development of national teaching

¹³ Julia Gillard, “Extra \$807m for Computers in Schools”, *Media Release*, 30 November 2008.

¹⁴ COAG, Communiqué 29 November 2008, Attachment B

standards by both national and State accreditation agencies. The strategies would also include funding for professional development and support for school leaders.

The increased funding will be used to develop improved performance management in schools, as well as providing incentives for the recognition and reward of quality teaching against the proposed national standards. It is also intended that States be rewarded for meeting the terms of their implementation plans for reforms to teacher remuneration structures, school-based decision-making and support for teachers in ‘hard-to-staff’ schools.

These strategies will need to be managed carefully to avoid unintended effects such as increasing inequities between schools and sectors in the remuneration and support of teachers and leaders with otherwise comparable responsibilities.

The role of existing professional bodies, such as the Commonwealth’s *Teaching Australia* and the State and Territory teacher accreditation agencies, will also need to be considered carefully. The ambitious national agenda set by COAG could be undermined if there is conflict and confusion about relative roles and responsibilities.

Governments will also do well to think through the place of its quality teaching agenda in the related initiatives to develop national standards and processes for curriculum, assessment and reporting. In particular, the work of the newly-established *Australian Curriculum, Assessment and Reporting Authority (ACARA)* should be re-assessed so that a comprehensive and coordinated effort can be achieved across all the key areas of schooling.

It is likely that the additional \$550 million over five years will be distributed across the sectors according to relative numbers of full time teachers employed. Government schools should receive at least \$358 million (65%) and non-government schools \$192 million (35%). Note that this formula provides independent schools, which on average have more favourable student-teacher ratios, with higher levels of funding than government and Catholic schools compared with their overall student enrolment relativities.

Literacy and numeracy

The new National Partnership includes programs for sustaining improvements in literacy and numeracy. The Commonwealth will commit \$540 million over four years for this element of the NP, of which \$150 million will be allocated for ‘reform initiatives’, \$350 million to ‘reward measurable and ambitious improvement in literacy and numeracy for targeted schools and students and \$40 million for research and data collection¹⁵.

This commitment is short of the total funding of \$577 million earmarked for national literacy and numeracy strategy in the 2008 Budget. It is likely that the remaining \$37

¹⁵ *ibid.*

million will be allocated to the Commonwealth's own national initiatives for research and development.

Reviewing the evidence identified the \$577 million allocation in the 2008 Budget papers¹⁶, including the advice in those Budget papers that the funding will be financed from a redirection of moneys from former programs, such as the Howard Government's *literacy and numeracy vouchers*, the *rewarding schools for improving literacy and numeracy outcomes* and the *summer schools for teachers* programs. There is a lot to be said for focusing these programs into a more comprehensive and coordinated literacy and numeracy strategy with the States, but it does not in fact provide 'new' money for literacy and numeracy in general.

The COAG funding package notes that the Commonwealth's funding for literacy and numeracy was provided in its forward estimates, and is therefore not included in the additional funding columns released in the COAG Communiqué on 29 November 2008. This confirms the approach taken for these moneys in *Reviewing the evidence*.

Low socio-economic status (SES) schools

The largest tranche within the COAG package is the Commonwealth's contribution of \$1.1 billion over five years for schools with concentrations of students of low SES background, with a further 400 million to be provided over the following two years, a total of \$1.5 billion over seven years.

This funding will be subject to States developing implementation plans on reforms for identified schools, including non-government schools. These plans will include incentives to attract high-performing teachers and principals, 'best-practice performance management and staffing arrangements', innovation, strengthened accountability and building external partnerships¹⁷.

This is a substantial contribution from the Commonwealth, building on the commitment made by the Prime Minister at his National Press Club address in August 2008. In that speech, the Prime Minister announced that governments would need to commit to an additional \$500,000 per year for an average sized (disadvantaged) school¹⁸. This would be the equivalent of additional 5 to 6 staff members for such a school.

The COAG agreement states that the funding for this initiative would support reforms in some 1,500 schools in low SES communities across Australia, around 15% of all schools. This appears to be an appropriate reach, based on experience with disadvantaged schools programs since 1974, for the funds for each school to be large enough to sustain viable educational strategies.

¹⁶ *Reviewing the evidence...*, p32

¹⁷ COAG, Communiqué 29 November 2008, Attachment B

¹⁸ Kevin Rudd, 'Quality Education: The Case for an Education Revolution in Our Schools', address to the National Press Club, Canberra, 27 August 2008.

The Commonwealth's contribution peaks at \$375 million in 2011-12. If these funds were distributed over 1,500 low SES schools in that year, it would provide those schools, on average, with an additional \$250,000 for agreed initiatives. This would leave the States to fund the other half of the Prime Minister's commitment of \$500,000 for the average sized disadvantaged school.

The COAG agreement records that the States have agreed to match the Commonwealth's funding, but with the qualifier that this would be achieved '...including by using existing or redirected funding'¹⁹. If the States were unable to find 'new' money from their own budgets over the next five years, it would suggest that they will need to find savings or 'redirections' from existing commitments of \$1.1 billion over that period.

It would be wise for the implementation plans to be informed by previous experiences with Commonwealth and State initiatives for disadvantaged schools and related programs, such as literacy and numeracy, participation to Year 12 or its vocational equivalent, and indigenous education. It would also be helpful if the funding under this element was aligned with the other strategies being supported, especially those for supporting quality teaching in all schools.

As noted above, it is also intended that the funding be available to disadvantaged schools in the non-government school sector. It will not be possible to provide final figures on the share of funding across the government, Catholic and independent school sectors however, until the implementation plans are completed. Based on the allocations made under the former Commonwealth Disadvantaged Schools Program, government schools across Australia should receive at least 80% of total funding for low SES schools, although this will be higher in some States with even larger concentrations of students with low SES characteristics.

On this assumption, government schools should receive at least an additional \$886 million, and non-government schools an additional \$221 million, over five years to 2012-13; a total injection of \$1.107 billion over that period.

Trade Training Centres for Schools.

The final element included in the COAG funding package under the productivity agenda NPs was that for the Commonwealth's election commitment to provide facilities for vocational training for students in years 9 to 12, at a cost of \$2.5 billion over ten years. The 2008 Budget papers included funding of \$993 million over the four years to 2011-12 for this commitment, as recorded in *Reviewing the evidence*²⁰.

The COAG papers note that funding for trade training centres in schools was included in the Commonwealth's forward estimates, and therefore does not incorporate it in its table of 'new' money. This is consistent with the approach taken in *Reviewing the evidence*.

¹⁹ *ibid.*

²⁰ *Reviewing the evidence...*, Table 11,p31

Summary: COAG funding package

Total additional Commonwealth funding for schools over each year of the COAG agreement is summarised in Table 4 below.

Table 4						
COAG Schools package: 29 November 2008						
\$ million: current year prices						
	all schools					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Schools SPPs						
10% AGSRC primary	61.1	130.5	139.3	147.6	156.6	635.1
Additional indexation	-	40.9	73.8	120.5	177.2	412.4
Computers in schools (a)	807.0	-	-	-	-	807.0
Productivity Agenda NPs						
Quality Teaching	22.0	40.0	60.0	243.0	185.0	550.0
Smarter schools-literacy and numeracy (b)	-	-	-	-	-	-
Smarter schools - low SES schools	11.3	151.9	205.0	375.0	363.8	1,107.0
Trade training centres (b)	-	-	-	-	-	-
Total	901.4	363.3	478.1	886.1	882.6	3,511.5

(a) Funding for 2009-10 to 2012-13 in Commonwealth forward estimates.
(b) Funding for all years in Commonwealth forward estimates.

The estimated allocations across the government and non-government schools sectors are set out in Table 5.

Table 5**COAG Schools package: 29 November 2008***\$ million: current year prices*

	<i>government schools</i>						<i>non-government schools</i>					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Schools SPPs												
10% AGSRC primary	61.1	130.5	139.3	147.6	156.6	635.1	-	-	-	-	-	-
Additional indexation	-	40.9	73.8	120.5	177.2	412.4	-	-	-	-	-	-
Computers in schools (a)	521.5	-	-	-	-	521.5	285.5	-	-	-	-	285.5
Productivity Agenda NPs												
Quality Teaching	14.3	26.0	39.0	158.0	120.3	357.5	7.7	14.0	21.0	85.1	64.8	192.5
Smarter schools-literacy and numeracy (b)	-	-	-	-	-	-	-	-	-	-	-	-
Smarter schools - low SES schools	9.0	121.5	164.0	300.0	291.0	885.6	2.3	30.4	41.0	75.0	72.8	221.4
Trade training centres (b)	-	-	-	-	-	-	-	-	-	-	-	-
Total	606.0	318.9	416.1	726.1	745.1	2,812.1	295.4	44.4	62.0	160.1	137.5	699.4

(a) Funding for 2009-10 to 2012-13 in Commonwealth forward estimates.

(b) Funding for all years in Commonwealth forward estimates.

The above tables reveal that the COAG funding package will provide an additional \$3.5 billion in Commonwealth funding over the next five financial years, over and above the funding budgeted for in May 2008. Government schools should receive an additional \$2.8 billion over that period, some 80 per cent of the total new moneys, subject to final program guidelines and negotiations.

This welcome injection of Commonwealth funding can now be added to previous allocations to provide an assessment of its impact on the total Commonwealth budget for schools.

Updating the Commonwealth's Budget for schools

The combined effects of the May 2008 Budget and the additional moneys arising from the MYEFO and COAG allocations for schools are summarised in Table 6 below.

This table shows that by the end of the current Budget period, 2011-12, the share of total Commonwealth schools funding projected for government schools increases when the MYEFO and COAG funding packages are included. Whereas the Budget figures were indicating a fall in government schools' share, from 34.9% in 2007-08 to 33.8% in 2011-12, the share is now projected to increase to 37.1%.

This is a welcome development, which should be acknowledged. It would be even more helpful if the States were able to match the increased funding as indicated in the COAG agreement, without using up too much of their qualified agreement that their funds could be redirected from other State programs.

The adjusted share of Commonwealth schools funding being allocated to government schools is still lower than the level that applied when the Howard Government took office. As reported in *Reviewing the evidence* and in Table 2 above, Commonwealth funding of government schools in 1995-96 was just over 43% of total Commonwealth funding for schools. It would require a further investment for government schools of \$1.4 billion above the COAG package in 2011-12 to return government schools' share of the Commonwealth Budget to the 43% that applied in 1995-96.

Note that the COAG agreement extends to 2012-13, which is beyond the current Budget estimates period. Table 6 also shows the allocations that have been agreed for 2012-13: a total of \$883 million. This would indicate that total Commonwealth funding for 2012-13 would exceed \$14 billion; and when aggregated over the five years 2008-09 to 2011-12 would total around \$60 billion²¹.

²¹ Note that these and other figures in this report are based on Budget estimates, and are therefore subject to any changes in the assumptions over time, e.g. indexation, that were built in to those estimates in May 2008.

Table 6

Adjusted Commonwealth Budget for Schools:

\$ million: Current year prices

	Rudd Government Projections						Increase 2011-12 over 2007-08		<i>Beyond Budget period</i>
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	\$m	%	2012-13 \$m	
government schools									
Budget 2008	3,541	3,832	3,932	3,917	4,067	526	14.8%	<i>n/a</i>	
MYEFO		-	-	-	-	-	<i>n/a</i>	<i>n/a</i>	
COAG		606	319	416	726	726	<i>n/a</i>	745	
Total	3,541	4,438	4,251	4,333	4,793	1,252	35.4%	<i>n/a</i>	
non-government schools									
Budget 2008	6,597	6,748	7,112	7,521	7,980	1,383	21.0%	<i>n/a</i>	
MYEFO		1	16	9	13	13	<i>n/a</i>	<i>n/a</i>	
COAG		295	44	62	160	160	<i>n/a</i>	138	
Total	6,597	7,043	7,156	7,583	8,140	1,543	23.4%	<i>n/a</i>	
all schools									
Budget 2008	10,138	10,580	11,044	11,438	12,047	1,909	18.8%	<i>n/a</i>	
MYEFO		1	16	9	13	13	<i>n/a</i>	<i>n/a</i>	
COAG		901	363	478	886	886	<i>n/a</i>	883	
Total	10,138	11,481	11,407	11,916	12,933	2,795	27.6%	<i>n/a</i>	
% government schools									
Budget 2008	34.9%	36.2%	35.6%	34.2%	33.8%				
MYEFO		0.0%	0.0%	0.0%	0.0%				
COAG	<i>n/a</i>	67.2%	87.8%	87.0%	81.9%				
Total	34.9%	38.7%	37.3%	36.4%	37.1%				

Reviewing the evidence also calculated the projections for government and non-government schools in real terms, after allowing for the estimated effects of inflation on schools based on historical trends in teachers' salaries and other price influences on schools.

Table 7 below sets out the adjusted funding packages for schools in estimated constant year 2007-08 prices, including a comparison with the 1995-96 figures as was made in *Reviewing the evidence* and in Table 2 above²².

This table reveals that, in constant year 2007-08 prices, Commonwealth funding of government schools in 2011-12 is projected to be around \$556 million higher than the Howard Government's last Budget for schools in 2007-08, an increase in real terms of 15.7%. This turns around the estimated projection of a cut in real terms of \$65 million, or 1.8%, as set out in *Reviewing the evidence*.

Over the same period, Commonwealth funding for non-government schools is now projected to increase in real terms by some \$361 million, or 5.5%; compared with the projected real increases of \$225 million (3.4%) in the May 2008 Budget.

²² See 'sources' in Table 2 above, MYEFO 2008-09, Appendix A, Table A2 and pages 152-6, and COAG, Communiqué 29 November 2008, Attachment B

Table 7

Commonwealth Budget for Schools:

Estimated constant 2007-08 prices

	Howard				Rudd				Increase 2011-12 over 2007-08		Beyond Budget period 2012-13
	1996-97	2007-08	Increase 2007-08 over 1995-96		2008-09	2009-10	2010-11	2011-12	\$m	%	
	\$m	\$m	\$m	%	\$m	\$m	\$m	\$m			
government schools											
Budget	2,104	3,541	1,437	68.3%	3,685	3,636	3,482	3,477	-65	-1.8%	n/a
MYEFO					-	-	-	-	-	n/a	n/a
COAG					583	295	370	621	621	n/a	611
Total	2,104	3,541	1,437	68.3%	4,267	3,931	3,852	4,097	556	15.7%	n/a
non-government schools											
Budget	2,778	6,597	3,819	137.5%	6,488	6,575	6,686	6,821	225	3.4%	n/a
MYEFO					1	15	8	11	11	n/a	n/a
COAG					284	41	55	137	137	n/a	113
Total	2,778	6,597	3,819	137.5%	6,772	6,616	6,741	6,958	361	5.5%	n/a
all schools											
Budget	4,882	10,138	5,256	107.7%	10,173	10,211	10,168	10,298	160	1.6%	n/a
MYEFO					1	15	8	11	11	n/a	n/a
COAG					867	336	425	757	757	n/a	724
Total	4,882	10,138	5,256	107.7%	11,040	10,547	10,593	11,055	917	9.0%	n/a
% government schools											
Budget	43.1%	34.9%			36.2%	35.6%	34.2%	33.8%			
MYEFO					0.0%	0.0%	0.0%	0.0%			
COAG					67.2%	87.8%	87.0%	81.9%			
Total	43.1%	34.9%			38.7%	37.3%	36.4%	37.1%			

Conclusion

The COAG funding package is the Commonwealth's first serious investment in public schooling over more than a decade and should be welcomed as such.

But it is also responsible to keep these increases in perspective.

State and Territory governments still provide the bulk of total funding for government schools, to the tune of more than \$100 billion for their schools over the five-year period of the COAG agreement. Their fiscal situation within the Australian federation and the range of urgent competing demands on their budgets, however, will make it difficult for them to provide adequate and appropriate resources for the responsibilities they bear, and the range of students they serve.

These circumstances will also make it difficult for them to match the increased Commonwealth funding foreshadowed in the COAG agreement. This is a problem in particular for the new disadvantaged schools program. If the States are unable to match the Commonwealth's investment in this program, the identified schools will receive only half of the additional \$500,000 promised by the Prime Minister for each average-sized disadvantaged school.

The extra \$2.8 billion for government schools arising from the COAG agreement is less than the funding the Commonwealth is providing simply to guarantee continuing above-formula recurrent grants to non-government schools. As noted in *Reviewing the evidence*, the cost of the 'funding maintained' and 'funding guaranteed' grants to schools with higher SES scores than their previous funding would warrant was estimated by officials at \$2.7 billion over 4 years. The 5-year cost would now be over \$3.5 billion²³.

By 2011-12, the Commonwealth budget for government schools is projected to provide an estimated \$556 million more for government schools, in real terms, than it expended in 2007-08. This equates to just under \$300 per student or about one additional staffing position in each government school across the nation. Some of the funding, especially for disadvantaged schools, will be much more targeted than this, as is appropriate. Most government schools may not notice the increase at all, even if they notice the changes in school reporting and performance management now being required by the Commonwealth for all schools.

As noted above, even with the increased COAG funding, government schools' share of the Commonwealth schools budget in 2011-12, at 37.1%, will still be lower than the 43.1% that applied when the Howard Government took office in the mid-1990s. It would require an additional \$1.4 billion a year, or more than \$7 billion over 5 years, for the 1995-96 share to be recovered.

²³ *Reviewing the evidence...*p39. and Department of Education, Science and Training, *Review of SES Funding Arrangements for Schools*, December 2006.

This is a clear demonstration of the ongoing effects of successive and cumulative changes in Commonwealth policy for non-government schools and their related formulae and other commitments, which have been locked in for the longer term.

The schools funding juggernaut has evolved from forty years of policy accretion. It cannot be turned around without a fundamental re-consideration of policy goals, priorities and responsibilities. Schools funding reform cannot come about where Commonwealth and State governments develop and apply educational and funding policies in isolation from each other and, in the case of non-government schools, without a formal agreement with school authorities on their roles and responsibilities relative to the level of public funding they now receive.

If the promised education revolution in Australian schools is to take root, it must be based on a fundamental and comprehensive policy review. The extension of the current Commonwealth funding period to 2012 provides an opportunity to do this, despite the inequities it will continue to nurture. Such a review would adopt a national, rather than simply a Commonwealth, view of the connections between policies for curriculum, assessment, reporting, infrastructure and resources within Australia's evolving federal system of government. Providing the resources needed to attract, develop and retain quality teachers for all schools and their students lies at the heart of creating a school system of which we can be proud.

The Rudd Government has responded to pressures and evidence pointing to the benefits of investing public moneys in quality teaching and in schools serving students from low socio-economic status backgrounds. Government schools are set to receive a high proportion of the increased funding for disadvantaged schools. This is a sign that the Government has recognised the disproportionate responsibility borne by schools in the public sector for providing quality schooling for those students who are the most reliant on government intervention for success in their education.

What is now needed is a further sign, both in word and deed, that the Rudd Government understands fully the broader fundamental role of public schools in safeguarding and advancing the national interest through providing a framework of universal opportunity for all to gain the benefits of education.