Australian Education Union

Submission

to the

COAG Review of the

Report on Government Services

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Introduction

The *Report on Government Services*, which is produced annually by the Productivity Commission under the direction of the Steering Committee for the Review of Government Service Provision (SCRGSP), contains a large amount of information and data about early childhood, school education and vocational education and training in Australia. It presents a range of 'performance' results across a range of 'performance indicators', as defined by the SCRGSP, for children's services, education and training. The Australian Education Union represents 180,000 teachers and educators employed in these sectors and so has an interest in this timely review of the ROGS.

Productivity Commission Chairman and Chair of the SCRGSP, Gary Banks, summarises the role of the Productivity Commission as being "to help governments make better policies in the long-term interests of the Australian community by providing independent, evidence-based advice and information to government, and the wider community".[1] The ROGS is a central element of this function.

In his role as Productivity Commission Chairman and Chair of the SCRGSP Banks sees opportunities in new processes and structures within the Commonwealth and COAG, under what he calls the 'New Federalism banner', for the evidence-base needed to drive reform through 'comparing policy performances across Australia' and 'devising better national policies where national approaches are called for'[2].

The education sector, from early childhood through to higher education, is a key area of reform, and much has been made of the need for a rigorous evidence base to underpin this reform.

The Government's Case for Education Reform

In an early 2007 speech to the Melbourne Education Research Institute launching the ALP's New Directions Paper on the critical link between long term prosperity, productivity growth and human capital investment, *The Australian economy needs an education revolution*[3], Kevin Rudd outlined what he called the economic case for boosting the national education investment effort. He made a commitment that under Labor education would be "the first priority for investment and reform".[4]

The central argument of the paper is that education is synonymous with investment in human capital and the platform on which our future economic prosperity will rest. The paper stresses

[1] Gary Banks, *Public inquiries in policy formulation: Australia's Productivity Commission Chairman's Speech* to the International Workshop: Australia's Public Inquiry Experience and Economic System Reform in China, hosted by the China-Australia Governance Program in Beijing, China, on 3 September 2007.
[2] Gary Banks AO, *Challenges of Evidence-based Policy-Making*, Commonwealth of Australia 2009. Published version of speech delivered at the Australian and New Zealand School of Government (ANZSOG)/Australian National University (ANU) Lecture Series on 4 February 2009. p12
[3] Kevin Rudd and Stephen Smith, *The Australian economy needs an education revolution*. New Directions Paper on the critical link between long term prosperity, productivity growth and human capital investment. ALP January 2007 http://www.alp.org.au/download/now/education_revolution_r1.pdf accessed July 7, 2009
[4] op. cit. p27

the fact that Australia’s investment in education is inadequate with the consequence that we rank well behind many other developed countries on a number of significant measures of education investment and outcomes, and that there is a pressing need for an increase in the quantum of national investment in education in order to lift educational attainment and produce better education outcomes and dividends.[5]

New Directions in Australian Education

It is worth quoting at some length from the paper’s executive summary because it clearly outlines the centrality of education and education reform to the current government and the foundation for Labor’s education policy initiatives. The paper argues that human capital investment is ‘at the heart of a third wave of economic reform that will position Australia as a competitive, innovative, knowledge-based economy able to compete and win in global markets’.

> *We need to set for ourselves a new national vision – for Australia to become the most educated country, the most skilled economy and the best trained workforce in the world.*
>
> *The argument advanced in this policy paper is twofold:*
> - *First, Australia’s long term prosperity can only be guaranteed by long term productivity growth.*
> - *Second, this productivity growth is best underpinned (consistent with the OECD consensus) by a large scale, sustained investment across the human capital spectrum.*
>
> *This paper further argues that Australia faces a mounting crisis:*
> - *Productivity growth has been falling. Benchmarked against the United States economy, Australia’s labour productivity fell back from a peak of 85 per cent to just 79 per cent between 1998 and 2005, almost completely losing the relative productivity gains of the 1990s.*
> - *National investment in education in Australia has not been keeping up with the rest of the world. Since 1995, Australia’s public investment in tertiary education has gone backwards by 7 per cent, compared with an average increase by other OECD countries of 48 per cent. Australia is the only nation that has cut its public investment in tertiary education.*
>
> *On these two measures, the data is unequivocal, disturbing, and demands an urgent policy response.*
>
> *Finally, this paper argues that, if Australia is to turn its productivity performance around as well as enhance workforce participation, the Australian economy now needs an education revolution – across early childhood education, schools, TAFE colleges, universities and research as well as programs for mature age workers:*
> - *A revolution in the quantity of our investment in human capital.*

[5] ibid pp4-5; p17

- *A revolution in the quality of the outcomes that the education system delivers.* [6]

Of particular note is the paper's quotation from of Gary Banks' observation in the section on the economic imperative of investing inhuman capital:

> … [The] demands of the 'information age' will put a particular premium on post-school training, to acquire necessary high-level generic and specific skills (Banks 1998; see also West 1998). **However, primary and secondary education is clearly the bedrock on which any subsequent learning is based. It is difficult to overstate the economic importance of quality school education** (our emphasis)**.**[7]

Throughout the 2007 election campaign Labor reiterated these central messages: education is "the engine room of the economy", "the engine room of equity", "the pathway to prosperity" and at the core of our long-term strategy for national security, national prosperity and national survival.

The ALP's election platform stressed that a central ALP commitment was for equity principles to guide Labor's priorities for the funding, planning and delivery of education for all our children and young people. Central to this commitment on equity was the notion that governments are responsible for ensuring fairness in the allocation of education resources by monitoring educational outcomes; that a central purpose of monitoring is to 'identify action needed to improve opportunities for particular student populations and to guard against unjustifiable forms of inequality and discrimination'.[8]

The Role of Evidence in Underpinning Reform

Another key theme of the Government is the need for evidence-based policy making. In his April 2008 address to senior public servants, Prime Minister Rudd stressed that policy innovation and a robust, evidence-based policy making process are at the heart of being a reformist government and would be key elements of his Government's agenda. "Policy design and policy evaluation," he said, "should be driven by analysis of all the available options, and not by ideology … t]he Government will not adopt overseas models uncritically. We're interested in facts, not fads." [9]

In his speech the Prime Minister also emphasised the Government's 'contemporary view of the role of the state in service delivery', a view which clearly implies stringent government accountability mechanisms:

> I do not have an ideological preference for the public sector, nor for the private sector. The question of how services are best delivered has not been resolved conclusively in

[6] ibid p3
[7] ibid p25. Quotation from Gary Banks paper, *Comparing School Systems Across Australia*, 28 September 2005
[8] http://www.alp.org.au/platform/chapter_04.php accessed December 1, 2007 Platform Principle 3
[9] Kevin Rudd, Address to Heads of Agencies and Members of Senior Executive Service, Great Hall, Parliament House, Canberra 30 April 2008 http://www.pm.gov.au/media/Speech/2008/speech_0226.cfm accessed July 2 2009

> favour of either the market or the state. In some instances, the public sector may provide services that are of better quality, are more accessible, or that come at a lower cost. In other instances, private or community sector provision may reflect a better use of limited public resources. Service delivery should be contestable, and decisions about the mix of the public and private sectors should be based on the available evidence on how to deliver services efficiently and effectively. This means that we will sometimes support services being delivered by those outside of the public sector, but with the proviso that we examine all of the costs and benefits of service delivery options.[10]

While the use of evidence to inform policy is hardly a new idea, the concept that making well informed decisions about policies, programs and projects requires putting the best available evidence from research at the heart of policy development and implementation is commendable.

In its advocacy of evidence-based policy a leading British think-tank argues that better governance and better use of evidence in policy and practice requires that is "informed by a wide breadth of evidence, not just empirical data. Key issues include the quality, credibility, relevance and cost of the policy. [11]

It cites recent influential work on the issues governments should consider when identifying what evidence is useful:

- *Accuracy: Is the evidence correctly describing what it purports to do?*
- *Objectivity: The quality of the approach taken to generate evidence and the objectiveness of the source, as well as the extent of contestation regarding evidence.*
- *Credibility: This relates to the reliability of the evidence and therefore whether we can depend on it for monitoring, evaluation or impact assessments.*
- *Generalisability: Is there extensive information or are there just selective cases or pilots?*
- *Relevance: Whether evidence is timely, topical and has policy implications.*
- *Availability: The existence of (good) evidence.*
- *Rootedness: Is evidence grounded in reality?*
- *Practicalities: Whether policymakers have access to the evidence in a useful form and whether the policy implications of the research are feasible and affordable.*[12]

This is highly relevant to the approach advocated by Gary Banks who has written and spoken extensively on evidence-based policy-making.[13] The Productivity Commission (and its predecessors), he says, 'have been at the heart of evidence-based policy-making in Australia for over three decades'[14].

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[10] ibid.
[11] ODI, Research and Policy in Development Programme, *Evidence-based Policy: Importance and Issues* http://www.odi.org.uk/RAPID/Tools/Toolkits/EBP/Index.html. Accessed June 30, 2009
[12] ibid. References include Court, Hovland, and Young, 2005; Shaxson, 2005
[13] Gary Banks AO, *Challenges of Evidence-based Policy-Making,* Commonwealth of Australia 2009. Published version of speech delivered at the Australian and New Zealand School of Government (ANZSOG)/Australian National University (ANU) Lecture Series on 4 February 2009. Earlier versions of the paper were presented to an Australian Public Service Commission 'Leader-to-Leader' seminar in October 2008 and as a keynote address to the Annual Conference of the Economics Society in August 2008.
[14] Gary Banks , *Public inquiries in policy formulation: Australia's Productivity Commission*

While Banks might quote John Maynard Keynes' wry observation that "[t]here is nothing a Government hates more than to be well-informed; for it makes the process of arriving at decisions much more complicated and difficult" [15], he vigorously advocates the role of rigorous evidence in good governance:

> Evidence-based policy is hard. The art is long, but everything else—personnel, time, independent analysis, the funds to find, and the will to act on, evidence—is short. Politicians, itching to *do something* often seek 'policy-based evidence' for some unique *'solution'*. But policies based on hunches, sentiment or dogma can lead to costly errors that are difficult to recover.

Banks argues that in the context of policy reform, success in overcoming the difficulties governments face such as incomplete knowledge and data, changing policy contexts, complex inter-relationships between different issues, and political constraints and pressures from interest groups, depends in large part on the processes and institutions through which policy is developed and implemented. His key arguments are that the choice of methodologies is crucial, that good data is a prerequisite, that real evidence is open to scrutiny, that independence can be crucial and that the most important element is a receptive policy-making environment:

> Even the best evidence is of little value if it's ignored or not available when it is needed. An evidence-based approach requires a policy-making process that is receptive to evidence; a process that begins with a question rather than an answer, and that has institutions to support such inquiry.[16]

Banks' rightly observes that policies are not made in a vacuum, but that in *realpolitik*, "evidence and analysis that is robust and publicly available can serve as an important counterweight to the influence of sectional interests, enabling the wider community to be better informed about what is at stake in interest groups' proposals, and enfranchising those who would bear the costs of implementing them."[17]

Banks argues that the global financial crisis provides an added imperative for more effective evidence-based evaluation and review in policy-making, and he cites the recent observation by Finance and Deregulation Minister, the Hon. Lindsay Tanner, that:

> Every government dollar wasted on a poor programme is a dollar that a working person doesn't have to spend on groceries, health care and education. It is also a dollar that the Government does not have available to spend on its policy priorities.[18]

Chairman's Speech. Address to the International Workshop: Australia's Public Inquiry Experience and Economic System Reform in China, hosted by the China-Australia Governance Program in Beijing, China, on 3 September 2007.

[15] Gary Banks AO, *Challenges of Evidence-based Policy-Making,* p16

[16] ibid.

[17] Gary Banks AO, *Challenges of Evidence-based Policy-Making,* p5. In an earlier version of this paper, Banks commented: Evidence that is directed at supporting narrow objectives — a particular group or sector, or fostering use of a particular product or technology — will generally look quite different to that which has as its objective the best interests of the general community. Of course, this depends on having the analytical tools to enable such a broad assessment to be undertaken.

[18] op.cit. p18

In his discussion of evidence-based policy-making Banks makes several observations on education, which he says is ‘rightly at centre stage in COAG’s National Reform Agenda’. [19] While the AEU takes issue with aspects of the new performance reporting framework for schools which Banks endorses, and his implicit enthusiasm for school learning outcomes data which enables comparisons at the level of individual schools, we support his contention that good data is necessary to underpin greater effort and investment by governments.

The extent to which genuine and meaningful education reform is successful will depend on making the right choices among various specific policy and program alternatives, although as Banks himself acknowledges:

> This is a tougher call than under earlier waves of reform. For example, in the human capital sphere, there is less settled evidence about what policy measures work best and there can be long lead times before results are fully evident. This puts a premium on ensuring rigorous assessment of policy choices and evaluation of existing programs. These involve a range of technical and procedural requirements that will place considerable demands on public sector leaders.[20]

In her foreword to Banks’ *Challenges of Evidence-Based Policy-Making* Australia’s Public Service Commissioner Lynelle Briggs makes the following pertinent observation:

> Making policy that is based on evidence seems obvious. Putting the principle into practice, however, is another matter. If we are to successfully integrate evidence into the policy-making process, we must have good evidence to begin with. This means not only collecting data and investing in research, but ensuring that policy makers have the right skills to discriminate between evidence which is reliable and useful, and that which is not.
>
> Evidence should also be open to rigorous public and professional debate. As well as validating evidence, transparency can help governments to gauge community reaction to ideas before they are fully formed and so better anticipate the politics of pursuing different courses of action. However, this does add to the challenge for policy makers, as transparency takes time and effort, and governments often have a need for speed.

It is within this general context that the AEU submits the following in response to the COAG Review into the relevance and usefulness of the *Report on Government Services* and the extent to which it complements the performance reporting arrangements under the new federal financial relations framework outlined in the *Intergovernmental Agreement on Federal Financial Relations*.

[19] op.cit. p4
[20] Gary Banks, *Challenges of evidence-based policy making*, Leader to Leader Series http://www.apsc.gov.au/seslearn/leader2leader161008.pdf accessed June 27, 2009

ROGS on Education

The *Report on Government Services* contains a large amount of information and data about early childhood, education and training. It presents profiles of children's services, school education, and vocational education and training, and a range of 'performance' results across of range of 'performance indicators'.

As noted by the COAG discussion paper for the Review of the *Report On Government Services* [ROGS] the key elements of the 1993 ROGS Terms of Reference for its annual report were that it:

- does not make policy findings or recommendations;
- considers the performance of government funded services, rather than outcomes in particular sectors; and
- focuses on efficiency and effectiveness of services.

The fundamental purpose of the Review was to establish the collection and publication of data to enable ongoing comparisons of the efficiency and effectiveness of Commonwealth and State Government services.

This required:

- establishing performance indicators for different services focussing on the cost effectiveness of service delivery, as distinct from policy considerations that determine the quality and level of services;
- analysis of service provision reforms, including those involving the separation of policy development from service provision, that have been implemented or are under consideration by Commonwealth and State Governments; and
- addressing the procedures for the ongoing collection and publication of benchmark data.

The ROGS' Approach to Performance Measurement

The outline of the ROGS' approach to performance measurement in the *2009 Report on Government Services* reiterates that the fundamental purpose of the ROGS is to provide ongoing comparisons of the performance of government services and report on service provision reforms.

It is, the report makes clear, "a tool for government"[21] and it has been used for:

- strategic budget and policy planning;
- policy evaluation; and
- assessing the resource needs and resource performance of departments.

[21] SCRGSP (Steering Committee for the Review of Government Service Provision) 2009, *Report on Government Services 2009*, Productivity Commission, Canberra p1.1

The data can also 'provide an incentive to improve the performance of government services' by:

- enhancing measurement approaches and techniques in relation to aspects of performance, such as unit costs and service quality;
- helping jurisdictions identify where there is scope for improvement; and
- promoting greater transparency and informed debate about comparative performance.

COAG and the National Education Agreement

The November 2008 COAG reforms provide an added imperative of concern to the AEU. The COAG Reform Council will use the ROGS performance information provided by the SCRGSP to assess the performance of governments in achieving the outcomes of the new National Education Agreement [NEA] which contains the objectives, outcomes, outputs and performance indicators for school education. The Productivity Commission has charged the Steering Committee and the School Education Working Group with ensuring that reporting in the School Education chapter of ROGS reflects the COAG priorities identified in the National Education Agreement, the Specific Purpose Payment for schooling and National Partnerships for schooling.

The NEA performance framework has been "designed to measure achievement of objectives and outcomes" in order to enable governments and sectors to "assess student outcomes and ensure that schools are addressing the needs of students ...[including] better targeting resources towards the needs of Indigenous students, students with disability and students who are not meeting national standards in key areas such as literacy and numeracy".[22]

COAG says this reflects a movement away from the 'input controls' which characterised previous funding agreements towards an emphasis on delivering high-quality outcomes, and that the greater focus on accountability and reporting is significant for three key reasons:

- to increase accountability to students, parents, carers and the community;
- to provide public accountability in support of COAG outcomes; and
- to improve the evidence base to support future policy reforms and system improvements including the aim of better directed resources.

The reporting agreed by all governments includes:

- streamlined and consistent reports on national progress, including an annual national report on the outcomes of schooling in Australia;
- national reporting on performance of individual schools to inform parents and carers and for evaluation by governments of school performance; and
- provision by schools of plain language student reports to parents and carers and an annual report made publicly available to their school community on the schools' achievements and other contextual information.

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[22] COAG National Education Agreement Fact Sheet www.coag.gov.au/.../2008-11-29/docs/20081129_national_education_agreement_factsheet.rtf Accessed June 29, 2009

This is consistent with statements by the Government and the Productivity Commission about a rigorous evidence-base for policy reform and program design and delivery. The question is how effectively and efficiently the ROGS delivers.

The Adequacy of the ROGS Terms of Reference

The Discussion Paper invites comments on the extent to which the *Report on Government Services* and the SCRGSP's analysis of service provision reforms adequately address the existing terms of reference, whether these terms of reference remain valid in light of the new performance reporting framework agreed by COAG, and whether the information published in the Report led to changes in the delivery of services by government. It also invites consideration of the performance indicators included in the Report and whether they are appropriate and useful in assessing and comparing the effectiveness and efficiency of government services.

While there is much useful information in the Education section of the ROGS, the AEU contends that there are inherent flaws in the existing ROGS terms of reference, which if anything, have been heightened by the passage of time.

The Complexity of 'Measuring' Educational Provision

In the complex area of educational provision, there are fundamental difficulties in making a distinction between 'performance' and 'outcomes', as there are with an economistic focus on 'efficiency' and 'effectiveness'. Gary Banks himself argues that:

> Although the personal and social benefits of education are intuitively obvious, measuring the returns to education in quantitative terms is a very difficult business.[23]

The introduction to the most recent ROGS, released on 30 January 2009, explicitly states in its *Guiding Principles on the Provision of Objective Performance Information to Facilitate Informed Policy Judgements* that performance indictors should focus on outcomes from the provision of government services, reflecting whether service objectives have been met.

The Report states that its general performance indicator framework depicts the ROGS' focus on outcomes, "consistent with demand by governments for outcome oriented performance information ... supplemented by information on outputs", with output indicators grouped under 'equity', 'effectiveness', and 'efficiency' headings. 'Equity indicators' measure how special needs groups compare in terms of participation and retention rates; 'effectiveness' is measured in terms of learning outcomes; and 'efficiency' is considered in terms of measures such as government expenditure per student, staff expenditure per students and student to staff ratios.

[23] Banks, *Comparing schools systems across Australia* p2

‘Technical Efficiency’

The ROGS concept of ‘technical efficiency’ is fundamental to any discussion of the Report from an education perspective. In the framework used by ROGS, service providers ‘transform’ resources (inputs) into services (outputs). The rate at which resources are used to make this transformation is known as ‘technical efficiency’. Technical efficiency indicators measure how well services use their resources (inputs) to produce outputs for the purpose of achieving desired outcomes. Where efficiency is concerned the report focuses on technical efficiency, which requires that goods and services be produced at the lowest possible cost. [24]

The report itself concedes that “while the aim of the Review is to focus on outcomes, they are often difficult to measure”[25], but that in general, “where efficiency is concerned the report focuses on technical efficiency, which requires that goods and services be produced at the lowest possible cost”[26] ; based on ‘technical efficiency’ indicators measuring how well services use their resources (inputs) to produce outputs for the purpose of achieving desired outcomes.

The Adequacy of the ROGS Data

The Report claims to provide information about services vital to the community’s wellbeing which governments need to know in order to determine whether their policies are effective and being implemented efficiently, and whether services are reaching those people for whom they are intended.

The AEU considers this to be a worthwhile objective, but questions the adequacy of the data in ROGS to allow for such determinations.

The dimensions of “equity”, “effectiveness” and “efficiency” as purportedly measured by the methodology and indicators, are inadequate means of assessing the quality of educational provision. By nature they are simplistic and narrow and therefore fail to take into account the complexity of education as an activity. While the indicators could be made more comprehensive, they are inherently incapable of capturing this complexity. There are some things (and education is one example) that cannot be reduced to statistical data. Furthermore, the dimensions parade as being value-neutral, but clearly have a large normative component. The dimension of “efficiency” is particularly problematic in this regard.

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[24] SCRGSP (Steering Committee for the Review of Government Service Provision) 2009, *Report on Government Services 2009*, Productivity Commission, Canberra p1.18

[25] Because of this difficulty it says there is a reliance on the correlation between outputs and outcomes, and that measures of outputs are proxies for measures of outcomes.

[26] ROGS 2009 p1.18

Schools Funding

An area of particular interest to the AEU is the central area of schools funding. On the key question of funding ROGS makes the following statements:

> Some data are presented on government funding of non-government schools. Caution needs to be taken when comparing data on the relative efficiency of government and non-government schools, because governments provide only part of the funding for non-government schools. Governments provided 57.1 per cent of non-government school funding in 2007, with the remaining 42.9 per cent sourced from private fees and fundraising (DEEWR unpublished, preliminary data).[27]
>
> Governments own and operate government schools, and have a direct interest in the equity, efficiency and effectiveness of their operation. In addition, governments are committed to providing access to education for all students and contribute to the funding of non-government schools. However, this chapter does not report on non-government sources of funding, and so does not compare the efficiency of government and non-government schools.[28]

While the AEU is sceptical about the concept of an economistic approach to comparing the relative efficiency of government and non-government schools, we consider that there are serious issues with this statement, particularly in light of the stated objectives of the Government and the Productivity Commission concerning public accountability, transparency and comparative performance.

The funding of non-government schools represents a massive amount of government expenditure, $6.8 billion in 2008-2009[29], with almost 60% of the funding of their entire operations across the country being publicly provided. We question why there is not a comparable "direct interest in the equity, efficiency and effectiveness" of their operations by Governments, and by the Productivity Commission, given its interest in providing information which 'enables government to maximise the benefit to the community from the use of government funds'.[30]

Where is the scrutiny and public accountability for such a considerable amount of public money?

The failure to include indicators for the operation of non-government schools and schooling systems, reporting only on government activity in relation to these schools, severely undermines the credibility of the reported data as a basis for evaluation/assessment of performance or for comparison with government schooling.

[27] ROGS 2009 p 4.5
[28] ROGS 2009 p 4.14
[29] Auditor-General Audit Report No.45 2008–09 Performance Audit Funding for Non-government Schools [Department of Education, Employment and Workplace Relations]
[30] ROGS 2009 p 1.8

The Auditor-General's Report on Funding for Non-government Schools

Reference to the recent Auditor-General's Report on Funding for Non-government Schools is instructive in this regard. The audit's objective was to assess the effectiveness of the department's administration of general recurrent grants for non-government schools. The audit examined key processes in the department's administration of general recurrent grants for non-government schools for 2005–08 in accordance with the Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Act 2004.

To form its conclusion, the ANAO assessed whether the department:

- effectively manages the data used for the calculation of general recurrent grants for non government schools (including assuring the accuracy of non government schools' enrolment numbers);
- properly approves, pays and acquits the correct amounts of general recurrent grants; and
- monitors and reports on whether the funding model is achieving its objectives.[31]

One of the conclusions of the Auditor-General's review was that the department could improve its annual reporting of the program by including information on general recurrent grants paid to the non-government schools sector, the performance targets that were set for administering the $5.8 billion in grants and the results achieved against these targets.[32]

His report notes that a departmental review in January 2008 identified the following risks to the accuracy of data provided by non-government schools:

- 'that the data collection processes, underlying the payments to the States and non-government schools, do not provide reliable data in a timely manner';
- 'that incorrect census data or SES data leads to incorrect funding levels being calculated…such as by schools inaccurately entering student address data into the SES website or overseas full fee paying students into the census on the Internet';
- 'that the successful contractors for the Financial Questionnaire Verification exercise and the Census Post enumeration exercise lack relevant skills and experience, or a full understanding of departmental procedures and appropriate documentation which results in inaccurate and incorrect outcomes for these exercises'; and
- 'that the sampling methodology for the selection of schools participating in the Financial Questionnaire Verification and the Census Post enumeration exercises is not adequate to provide the desired outcomes for these processes'.[33]

Despite evidence from an internal departmental review into the effectiveness of the SES funding arrangements for non-government schools in 2006 which found these funding

[31] Auditor-General, *Audit Report No.45 2008–09 Performance Audit Funding for Non-government Schools* [Department of Education, Employment and Workplace Relations] p14 : <http://www.anao.gov.au> [accessed 4 June 2009]
[32] op.cit. p12
[33] op.cit. p53

arrangements to be flawed, highly inequitable and unsustainable[34], the current Government reaffirmed their continuance for the 2009-2012 funding quadrennium, but announced its commitment to an open, transparent review of whether the SES model is the best one to take us beyond the 2009–12 funding period.

Based on his review, the Auditor-General made a number of recommendations directed at "improving the department's administration and its capacity to advise and inform this review"[35].

> The department's annual report for 2007–08 provided limited insights into its performance in administering general recurrent grants for non-government schools, including on the efficiency of its administration. The department can improve its annual reporting of the program by including information on general recurrent grants paid to the non-government schools sector, the performance targets that were set for administering the $5.8 billion in grants and the results achieved against these targets.
> ...
> An examination of publicly available documents and departmental records reveals that there is limited information available to the Parliament and to the Government on whether the purposes of the SES funding arrangements (including the funding maintained and funding guarantee provisions) and underpinning principles are being met. The department monitors and reports expenditure on non-government schools under the legislation. However, the department conducts little analysis of a range of data to assist in measuring and reporting on whether the purposes and principles of the funding arrangements are being met. Analysing such data would also assist the department to improve program performance and inform broader policy advice.[36]

We submit that the findings and recommendations of the Auditor-General's report into public funding of non-government schools are highly relevant to the review of ROGS, because of the 'performance and accountability' problems it highlights in such a major area of Government expenditure.

It is also useful to note the Auditor-General's comments on the ANAO's previous audit of general recurrent grants for government schools[37].

> The audit made three recommendations focussing on the department [DEEWR] consulting with the States and Territories on the completeness and accuracy of information in their certificates of compliance with the Australian Government's requirements, and the level of assurance provided by these certificates.
>
> In most cases, the States and Territories reported that they were compliant with the 'commitments', 'educational accountabilities' and 'further conditions' of the agreements. However, at the time of the audit, no State or Territory had complied with

[34] *Review of SES Funding Arrangements for Non-Government Schools. A report on an internal Departmental review into the effectiveness of the SES funding arrangements for non-government schools* December 2006
[35] *Audit Report No.45 2008–09 Performance Audit Funding for Non-government Schools* p42
[36] op.cit. pp43-45
[37] ANAO Audit Report No. 45 2007–08, Specific Purpose Payments: General Recurrent Grants for Government Schools

> all of the 'commitments', 'educational accountabilities' and 'further conditions' of the agreements monitored by compliance certificates in 2006. Consequently, under the agreements some jurisdictions had not fully met key obligations designed to achieve the national goals. At the time of the 2007–08 audit, the department had not followed up on these reported instances of non-compliance.[38]

Given that the rhetoric of accountability requirements, not dissimilar to that in the current discussion paper for the ROGS, has been with us for many years, these comments highlight the relative lack of scrutiny and accountability exhibited by governments despite all the rhetoric.

The ROGS framework of performance indicators

The 2009 ROGS key performance indicators for school education by which determinations about equity, effectiveness and efficiency are made are:

> Equity – [Outputs] access and equity measures for participation and retention - attendance, participation, VET in schools participation, retention.
>
> Effectiveness – student learning – [Outcomes] reading performance, writing performance, numeracy performance, science literacy performance, civics and citizenship performance, ICTs literacy performance, VET in schools attainment, completion, destination, other areas to be identified.
>
> Efficiency – [Outputs] inputs per output unit – recurrent expenditure per student, staff expenditure per student, user cost of capital per student, student-to-staff ratio.

The Report notes that a number of output and outcome indicators are comparable, subject to caveats for each, and that data for other output and outcome indicators is either not complete or not directly comparable. It also stresses that care should be taken in interpreting these performance indicators as there are a number of interrelated factors affecting these indicators including:

- aspects of schooling (for example, school climate, broader curricula);
- characteristics of students (for example, student engagement and connectedness);
- length of time spent in schooling, (for example, demographic characteristics); and
- broader education environment (for example, availability of employment and further educational alternatives, population movements). [39]

The data on a key access and equity measure - attendance, which the report acknowledges is fraught with complexities in a general sense – is said to be further complicated by the fact that the data is "transitional" and that different data collection methods are in use between the sectors – thus not directly comparable.

[38] Pp40-41
[39] ROGS 2009 4.19-20

On the retention measure, the Report notes that care needs be taken in interpretation because the apparent retention rate does not take account of factors such as:

- students repeating a year of education or returning to education after a period of absence;
- movement or migration of students between school sectors, between states/territories and between countries; and
- the impact of full fee paying overseas students.

However it argues that bearing these factors in mind, the data could be said to be comparable, despite the fact that the fine print in the accompanying charts notes that apparent retention rates are 'affected by factors that vary across jurisdictions. For this reason, variations in apparent retention rates over time within jurisdictions may be more useful than comparisons across jurisdictions'. [40]

This myriad of caveats, cautionary notes and 'factors which must be borne in mind', becomes even more pertinent when it comes to the 'Efficiency' section, given the importance of 'technical efficiency' to the SCRGSP in its considerations of performance outcome information and comparative assessments of how well governments deliver services. [41]

In the key data area of 'Recurrent Expenditure per Student', the Report notes that "[h]olding other factors constant, a low or decreasing government recurrent expenditure per FTE student may represent better or improved efficiency". However, it says:

> A number of factors may influence government recurrent expenditure per student ... This Report does not, however, make any cost adjustments based on these or any of the following factors. Care needs to be taken in interpretation of efficiency data because differences in the costs of educating students can be driven by:
>
> - influences beyond the control of governments, such as a high proportion of geographically remote students and/or a dispersed population, as well as migration between states and territories; and
> - economies of scale.
>
> These factors may need to be considered when examining each jurisdiction's expenditure per student.
>
> *Efficiency data are difficult to interpret.* While high or increasing government recurrent expenditure per student may reflect deteriorating efficiency, it may also reflect changes in aspects of schooling (increasing school leaving age, improving outcomes for Indigenous students and students from low socioeconomic backgrounds, broader curricula or enhancing teacher quality), or the characteristics of the education environment (such as population dispersion). Similarly, low or decreasing expenditure per student may reflect improving efficiency or lower quality (less effective education) or more narrowly defined curricula. *Efficiency data need to be interpreted within the*

[40] ROGS 2009 pp4.25-4.29

[41] "*Technical efficiency indicators measure how well services use their resources (inputs) to produce outputs for the purpose of achieving desired outcomes. Where efficiency is concerned the report focuses on technical efficiency, which requires that goods and services be produced at the lowest possible cost.*" See page 12

> *context of the effectiveness and equity indicators to derive an holistic view of performance.*[42]

Nevertheless, it concludes, data for this indicator are comparable.

Similarly, given that expenditure on staff is the largest component of education budget, the Report notes difficulties regarding ‘Staff expenditure per Student’ data, although again it notes that the data are comparable:

> Efficiency data are difficult to interpret and this indicator in particular is partial in nature as it does not reflect the full cost per student. While high or increasing government expenditure on staff per student may reflect deteriorating efficiency, it may also reflect improvements in schooling (through higher quality teachers), or the characteristics of the education environment (smaller class sizes, broader curricula such as information technology and the need for teachers with new skills, population dispersion and more geographically remote students). Similarly, a low or decreasing expenditure on staff per student may reflect improving efficiency or lower quality (less effective education) or more narrowly defined curricula. Efficiency data need to be interpreted within the context of the effectiveness and equity indicators to derive an holistic view of performance.[43]

We find it difficult to accept the disregard for statements made by the AEU about the complexities of making comparative quantitative judgments concerning educational provision in a general sense, when the Productivity Commission, which has the specific responsibility for providing the information and evidence on which the Government says it will make critical resourcing decisions including judgements about the comparative performance of jurisdictions, can make such seemingly authoritative statements.

The report then proceeds to provide figures for government expenditure per FTE student in government and non-government schools, accompanied by numerous caveats, including that data on state and territory government payments to non-government schools are not fully comparable across jurisdictions.

Further, as referred to earlier, given Australia’s complex schools funding arrangements, whereby governments provide phenomenally high levels of funding to non-government schools by international standards, it is difficult to see how any meaningful comparisons could be made about relative ‘efficiency’ given that the indicator only gives a partial per student expenditure figure for non-government schools.

In the area of ‘User Cost of Capital per Student’, the Report notes that the same cautions apply about the difficulty of interpreting the data and the inconsistency of the data, but concludes in this case that the data for this indicator is not directly comparable. It does however make the claim that “using an imperfect costing of government capital is preferable to not costing it all, and also provides an incentive to improve data over time.”[44]

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[42] *ROGS 2009 4.30*
[43] ROGS 2009 p 4.33
[44] ROGS 2009 p 4.34

Similar caveats and cautions about the complex relationship between educational ‘efficiency’, as defined by the SCRGSP, and ‘quality’ apply to STR data[45].

‘Learning Outcomes’ Data

In the crucial area ‘learning outcomes’ data is derived from ‘student performance measurement’ in national tests and from Australia’s participation in two international tests; the OECD Programme for International Student Assessment (PISA) and the Trends in International Mathematics and Science Study (TIMSS).

Before turning to the information presented in the Report itself on national testing, the AEU wishes to reiterate its concerns, which has been extensively canvassed elsewhere[46], regarding:

- the fundamental incompatibility between reporting individual school results and improving equity; and
- the educationally detrimental effects of full-cohort testing and the public reporting of school disaggregated data implicit in the new COAG performance reporting requirements.

These concerns are widely shared as evidenced by, among other things, a recent Queensland Studies Authority paper *Student Assessment Regimes:*

> It is well established that assessment and reporting have immense backwash effects on curriculum, influencing what is taught to students and how it is taught, and that these effects are particularly pronounced when teachers and schools operate in a regime of public accountability for students’ results. The intentions of assessment and reporting regimes are to ensure improved learning outcomes for students and provide valid and reliable data for policymakers.
>
> There is compelling evidence from other countries, however, that when accountability for educational outcomes is measured solely by results in national full-cohort tests, the negative effects on teaching and student learning outweigh the positive intentions, and furthermore, that the data from such tests cannot be used by policymakers in meaningful ways.[47]

The likely effect of publication of data disaggregated by sector and system is to increase misunderstanding of a range of complex educational issues, both across sectors and within systems themselves, as the ROGS itself acknowledges.

The 2009 report refers readers to the 2004 report for an exposition on the limitations of national learning outcomes data. The discussion includes the possible reasons for apparent differences between States and Territories in relation to the proportion of students achieving the benchmarks being reported, including such factors as major differences across

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[45]ROGS 2009 p 4.36
[46] See for example the AEU’s response to the MCEETA Principles and Protocols for Reporting on Schooling in Australia June 2009
[47] Queensland Studies Authority, *Student Assessment regimes. Getting the balance right for Australia*, June 2009 p1

jurisdictions in school starting arrangements that result in variations in the time students would have spent in schooling before the testing.

Critically the 2004 Report, drawing on unpublished MCEETYA material, notes:

> Differences across States and Territories also relate to a number of factors known to influence measured literacy and numeracy achievement. Achievement in literacy and numeracy, for example, is strongly correlated to the socioeconomic circumstances of students being assessed (Lokan, Greenwood and Cresswell 2001). As well, students who do not usually speak English, or who have just begun to speak English, would be expected to be at some disadvantage during assessment of aspects of English literacy. Not only are there jurisdictional variations in the proportion of such students, but there are also variations in the policies regarding their inclusion in the testing programs.[48]

Variations also exist in the proportion of government school students and non-government school students included in the results, and differences in students [s] achievement resulting from sampling or measurement errors.

Data in the 2009 Report is then presented in charts which do not distinguish between performance in government and non-government schools, with caveats along the lines above.

Other 'outcomes' data for VET in schools is presented but it is made clear that the number of factors which make direct comparisons between jurisdictions and locations difficult - such as different definition of VET in schools, senior secondary certificate requirements, access to VET prior to Year 11 and different access to options and pathways in different geographical locations - is such that no direct comparisons can be made.

Similarly, no direct comparisons can be made for school completion and destination data.

The new SCRGSP *Overcoming Indigenous Disadvantage: Key Indicators 2009* [July 2009] report is the fourth in a series (2003, 2005, 2007 and 2009) commissioned by heads of Australian government in 2002 to provide regular reporting against key indicators of Indigenous disadvantage. In his foreword Gary Banks writes that "the utility of the OID report depends on access to good data. As the Prime Minister observed, 'without high quality data, it is impossible to understand where we are headed. All governments have been committed to ensuring data are available for reporting ... [b]ut more is needed. For example, life expectancy is a key COAG target, with a commitment to closing the unacceptable gap between Indigenous and other Australians within a generation. But estimating life expectancy is a complex undertaking, and requires robust data about death rates. Changes in methodology mean that the more accurate estimates in this report are significantly lower than estimates included in previous reports. But it not possible to say that there has been any actual improvement over time."[49]

This statement almost seems to be implying that the only thing standing in the way of overcoming Indigenous disadvantage is the lack of the right data, despite the fact that, as Banks himself acknowledged in a speech to an OECD forum on 'Statistics, Knowledge and

[48] ROGS 2004 ''School Education' Box 3.3
[49] SCRGSP, *Overcoming Indigenous Disadvantage: Key Indicators* 2009, July 2009

Policy' (Istanbul, Turkey, 27-30 June 2007), there are volumes of statistics on Indigenous disadvantage, and that "[o]n some counts, Australia's Indigenous people are the most researched in the world.' [50]

This highlights the problems associated with an over-emphasis on data without the sort of focus referred to in the foreword to the 2005 *Overcoming Indigenous Disadvantage: Key Indicators* report which explicitly acknowledges the need for outcomes and indicators that are linked to a vision within a framework:

> A key function of this report, which distinguishes it from other compilations, is to document outcomes for Indigenous people within a framework that has both a vision of what life should be for Indigenous people and a strategic focus on areas that need to be targeted if that longer-term vision is to be realised. It can therefore provide governments with information needed to assess whether their policy interventions are having the intended impacts.[51]

Conclusion

All these difficulties with the collection and quality of effective data to inform policy-making and resourcing decisions are compounded by problems associated with the timeliness of data. In a speech to an OECD forum on 'Statistics, Knowledge and Policy' in 2007 concerning the SCRGSP's *Overcoming Indigenous Disadvantage: Key Indicators* data series, Gary Banks observed that "delays in data collection and publication meant that the 2007 report was largely restricted to data for 2005 and earlier, giving little scope to observe policy impacts from approaches implemented since 2003."[52] This observation could equally apply to much of the data presented in the ROGS reports.

We would contend that all these factors make the degree to which the ROGS delivers on its original terms of reference highly problematic. Its new role in providing performance information to COAG on the objectives, outcomes, outputs and performance indicators for school education - by which COAG will assess the performance of governments in achieving these mutually agreed outcomes - is even more problematic.

[50] Gary Banks, *Overcoming Indigenous Disadvantage in Australia*, address to the Second OECD Forum on 'Statistics, Knowledge and Policy', Istanbul, Turkey, 27-30 June 2007, p11
[51] *Overcoming Indigenous Disadvantage: Key Indicators 2005* pi
[52] ibid p15