# Australian Education Union

# Pre-Budget submission to the Department of Treasury on priorities for the 2014-15 Budget

**January 2014**

**Angelo Gavrielatos**
Federal President

**Susan Hopgood**
Federal Secretary

**Australian Education Union**
Ground Floor
120 Clarendon Street
Southbank VIC 3006

Telephone: +61 (0)3 9693 1800
Facsimile: +61 (0)3 9693 1805
Web: www.aeufederal.org.au
E-mail: aeu@aeufederal.org.au

# Australian Education Union

**Federal Office**

***Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006***
***PO Box 1158, South Melbourne, Victoria, 3205***
***Federal Secretary :*** *Susan Hopgood*
***Federal President :*** *Angelo Gavrielatos*

***Phone :*** *+61 (0)3 9693 1800*
***Fax :*** *+61 (0)3 9693 1805*
***Email :*** *aeu@aeufederal.org.au*
***Web :*** *www.aeufederal.org.au*

31 January 2014

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Email to: prebudgetsubs@treasury.gov.au
Contact officer: Mr Stephen Hally-Burton

Dear Sir/Madam

I write on behalf of the Australian Education Union in response to the Treasurer's invitation to provide a pre-Budget submission on our priorities for the 2014-15 Budget.

Please find attached a January 2014 report, *What the Mid-Year Economic and Fiscal Outlook statement means for schools*, by Dr Jim McMorrow, a leading authority on schools funding. The report examines recent information on Commonwealth funding for schools and reveals the full picture of education funding under the Abbott Government.

Prime Minister Abbott promised to honour the Gonski agreements but has so far only committed one third of the funding in the agreements. The Report clearly identifies just what this means for public schools across the country.

It finds that the increases promised by the Abbott Government are insufficient to address the serious funding deficiencies and inequities established by the Gonski Review; specifically that:

- The Abbott Government's $1.2 billion promise to WA, QLD and NT over 4 years has been significantly funded through its cuts to trade training centre funding and before and after school care (worth $1.5 billion over 6 years).

- The real increases (after inflation) in funding over the forward estimates period 2013/14 to 2016/17 are 16 per cent or $790m for public schools and 10 per cent or $845m for private schools.

- If funding is not continued beyond 2017, up to 20 per cent of public schools will be operating below the Schooling Resources Standard (SRS) and without the necessary resources to give every child a high quality education.

- Funding for public schools in 2016/17 is $90 million lower than projected in the May 2013 budget while private school funding is $34 million higher.

We submit that the 2014-15 Budget must show an ongoing commitment to long term resourcing and delivering the full amount of funding over six years to bring all schools to the Schooling Resources Standard, in order that all schools receive the additional resources needed by their students. Failure to do so will leave a significant number of public schools across the country without an adequate level of resources, which is an unacceptable outcome for students, families and the future of the nation.

Yours sincerely



Angelo Gavrielatos
Federal President

# What the Mid-Year Economic and Fiscal Outlook statement means for schools

**J F McMorrow**

**January 2014**

Dr Jim McMorrow was formerly a senior official and policy adviser at Commonwealth and State levels, including Deputy Director-General, NSW Department of Education and Training and First Assistant Commissioner, Commonwealth Schools Commission.

This paper examines the most recent information on Commonwealth funding for schools, as outlined in the Abbott Government's Mid-Year Economic and Fiscal Outlook (MYEFO) statement.

As recognised by the Gonski review of schools funding, it is also necessary to consider funding by State and Territory governments to obtain a comprehensive picture of public responsibility for government and non-government schools across Australia. Under the Gonski approach, however, the Commonwealth Government is required to take the lead in the reform of schools funding and provide the bulk of the funding needed to give effect to that reform.

The Abbott Government's position on the Gonski review of schools funding has ranged from opposition through indifference to deciding reluctantly to honour its pre-election commitment to fund at least the financial allocations for government and non-government schools over the four-year period set out in Labor's May 2013 Budget[1].

The Government's position has moved from '…keeping the promises it made, not the promises people may have thought it had made' to its current undertaking to honour both the 'spirit and the letter' of its assurances [2].

The review panel chaired by David Gonski concluded that the existing funding arrangements - essentially put in place by the Howard Government but extended subject to review by the Rudd and Gillard governments - lack a "…*logical, consistent and publicly transparent approach and represent an imbalance in the responsibilities of Commonwealth and State and Territory governments for government and non-government schools*"[3]. To meet the challenges of the years and decades ahead, the review proposed major reforms based on a new and comprehensive

[1] Tony Abbott and Christopher Pyne joint media release, *A Fairer Funding Agreement for Schools,* 2 December 2013.
[2] Tony Abbott, *We will honour funding deals*, SBS online, 2 December 2013
[3] David Gonski (chair), *Review of Funding for Schooling*, December 2011, page xxix

funding model where all schools would operate with the resources they needed for their students. The panel's advice was centred on an explicit standard of resources for schools, the Schooling Resource Standard (SRS), which included loadings for schools taking into account such characteristics as socioeconomic status, indigeneity, English language proficiency, disability[4] and school size and remoteness[5].

This advice was broadly accepted by the former Government. For government schools, increased funding was made conditional on States and Territories reaching agreement on funding commitments. The legislative consequence of this condition was the classification of schools and systems as either 'participating' or 'non-participating' in the funding reforms within the enabling legislation - the Australian Education Act. Increased Commonwealth funding for government schools was subject to States and Territories agreeing to meet the conditions for 'participating' systems through national agreements. A key requirement was that States and Territories financed their share of the Gonski funding increases for government and non-government schools within their jurisdictions.

For *'participating'* systems, funding was differentiated between existing, or 'baseline', funding and the additional 'Gonski' funding needed to implement the panel's recommendations for achieving greater equity in schooling.

The Commonwealth proposed to index 'baseline' funding for 'participating' schools and systems by 4.7 per cent per annum after 2014[6]. Schools and systems already operating above their SRS would be

[4] Interim loading for students with a disability included in regulations subject to review of student numbers and funding model: Australian Education Act 2013, Section 36.
[5] Ibid, page xxxi.
[6] Ibid, Section 60 (2).

indexed at 3 per cent per annum[7], effectively maintaining current effort in real terms based on prevailing trends in the costs of schooling.

States and Territories agreeing to participate would also index their own funding by 3 per cent per annum[8]. Unfortunately, however, most of the jurisdictions that secured agreements with the Commonwealth by September 2013 negotiated indexation rates of around 1.5 per cent in 2014 and 2.5 per cent in 2015, before settling on 3 per cent in 2016 and 2017[9]. The final agreement with Victoria settled on indexation by that State of 1.35 per cent in 2014 and in 2015[10]. These rates are lower than the inflation pressures likely to be felt by schools in those years[11].

In addition, both levels of government would contribute extra funding to enable schools to reach the Schooling Resources Standard (SRS) as recommended by the Gonski panel. Commonwealth funding was to be provided for 65 per cent of the "Gonski" increases, with States and Territories to fund the remaining 35 per cent.

This additional funding was intended to be phased in over six years, from 2014 to 2019, subject to national agreements. The aggregate cost of the 'Gonski' increases over the six years was estimated at around $15 billion, with the Commonwealth to provide its share of around $10 billion.

The May 2013 federal Budget allocated funding for the first four years of the proposed transition arrangements, the normal period for budget estimates. That Budget provided less than $3 billion of the $10 billion aggregate increase required to meet the Commonwealth's share of the 'Gonski' resources target. Most of this increase, however, was offset by

[7] Ibid, Section 61 (3).
[8] J Gillard and P Garrett, media release, 14 April 2013
[9] Senate Budget Estimates 2013-14, DEEWR answer to Question No. EW0002_14.
[10] Ibid.
[11] See forecast of major economic parameters in MYEFO, table 1.2, page 2.

cuts or 'discontinuations' of other schools programs totalling $2.1 billion[12].

Under these transition arrangements over six years, the monetary value of the SRS would be indexed at the rate of 3.6 per cent per annum for schools operating below the SRS.

As noted above, indexation of 3 per cent per annum was to apply to schools currently operating above the SRS[13].

The range of indexation rates applying to different categories of schools and systems provided for under the Australian Education Act adds complexity and creates uncertainty around the proposed funding arrangements.

For *'non-participating'* schools, Commonwealth funding would continue to be provided through specific purpose programs based on current agreements, plus annual indexation. The Act, however, does not specify the level of indexation but leaves this to the Minister's discretion[14].

Under the legislation, 'non-participating' schools are defined as government schools in the States and Territories that have refused to be a party to a national education reform agreement and have failed to secure a bilateral agreement with the Commonwealth[15]. Only government schools can be 'non-participating' schools[16]

Labor's failure to reach agreement with Queensland, Western Australia and the Northern Territory resulted in a total of $1.2 billion being removed from the 'schools' line in the September Economic statement[17] and, consequently, the Pre-Election Fiscal Outlook statement.

[12] Senate Budget Estimates, 2013-14, DEEWR answer to Question No. EW0075_14.
[13] COAG, *National Education Reform Agreement,* April 2013, Sections 11 and 13, page 29.
[14] Australian Education Act, Section 54 (3).
[15] Ibid., Section 6, page 13
[16] Ibid,. Section 64.
[17] Commonwealth Government, *Economic Statement*, August 2013, page 57

The Abbott Government has restored this $1.2 billion in aggregate funding for Queensland, Western Australia and the Northern Territory, but has not insisted on completion of funding agreements. This effectively removes the need for any distinction between 'participating' and 'non-participating' schools.

The new Government has also signalled that it will amend the Australian Education Act to remove what it calls 'prescriptive and control' features for all States and Territories[18]. A major issue arising from this decision is the potential for States and Territories to refuse to provide their share of the proposed Gonski increases. Worse, it allows for the possibility of funding reductions in those States and Territories, which would in effect offset or neutralise any benefits arising from the Commonwealth's contribution.

## MYEFO

Uncertainties about the Abbott Government's immediate funding policy have to some extent been clarified by the release of the Mid-Year Economic and Fiscal Outlook (MYEFO) statement. This statement, released in December 2013, presents the new Government's budget commitments for the four-year budget period, in this case for the financial years from 2013-14 to 2016-17.

It should be noted, however, that the financial allocations in MYEFO and in this paper do not take into account the outcome of the review of student numbers and funding model for calculating loadings for students with a disability[19]. The advice from that review, due to be completed by June 2014, has been reported as estimating a shortfall of 120,000 students with a disability, a 67 per cent increase on the current

[18] Tony Abbott and Christopher Pyne, *op.cit.*
[19] *Better Schools: Students with a disability loading,* 2013.

numbers. This would add an additional $2 billion to the funding required for these students under the Gonski model[20].

Financial allocations for government and non-government schools that reflect the new Government's policy, as outlined above, are set out in Table 1 below.

These allocations are reported in financial years, as required for budget-related papers. Allocations to schools, however, are administered on a calendar-year basis, with the new funding arrangements beginning in 2014.

The figures for 2013-14 in Table 1 are presented in two parts. The first represents the final payments for the second half of 2013 under the current funding arrangements, paid through *National Schools Specific p*ayments, which ceased in December 2013; the second is the Government's initial payments under the new funding arrangements, which cover the first half of 2014. The Government has called these new arrangements *Students First – a fairer funding agreement for schools.*

Allocations beyond 2013-14 represent the full effect of the Abbott Government's funding decisions. The MYEFO tables, however, do not separate 'baseline' payments from the additional 'Gonski' increases described above. This important difference in funding sources is discussed later in this paper.

Note that the increase in Commonwealth funding for government schools for 2016-17 shown in Table 1, compared with that received in 2013-14, is almost $1.9 billion, an increase of 41 per cent. For non-government schools, the increase over the same period is $1.95 billion, or 23 per cent.

[20] 'School disability model opens a $2bn hole', *The Australian*, 23 January 2014.

## Table 1
## MYEFO 2013: Commonwealth Funding for Schools

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Increase 2013-14 to 2016-17 | | Total 2013-14 to 2016-17 |
|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | % | $m |
| **Government schools** | | | | | | | |
| National Schools Specific Funding | 2,114 | | | | | | |
| Students First - a fairer funding agreement | 2,431 | 5,168 | 5,758 | 6,423 | | | |
| **Total** | **4,545** | **5,168** | **5,758** | **6,423** | **1,879** | **41%** | **21,894** |
| **Non-government schools** | | | | | | | |
| National Schools Specific Funding | 4,272 | | | | | | |
| Students First - a fairer funding agreement | 4,396 | 9,163 | 9,876 | 10,620 | | | |
| **Total** | **8,668** | **9,163** | **9,876** | **10,620** | **1,952** | **23%** | **38,326** |
| **All schools** | | | | | | | |
| National Schools Specific Funding | 6,385 | | | | | | |
| Students First - a fairer funding agreement | 6,827 | 14,331 | 15,633 | 17,043 | | | |
| **Total** | **13,213** | **14,331** | **15,633** | **17,043** | **3,830** | **29%** | **60,220** |
| **annual increase:** | | | | | | | |
| **$m** | | **1,119** | **1,302** | **1,409** | | | |
| **%** | | **8.5%** | **9.1%** | **9.0%** | | | |

Source: MYEFO 2013, Attachment E, Annex A, Table A.2

The higher rate of growth in government schools reflects the application of the 'Gonski' model, taking into account the higher incidence of disadvantage in the government sector. The increase for government schools, however, is from a lower base, which explains the higher aggregate funding over the period of around $38 billion for non-government schools compared with almost $22 billion for government schools.

As noted above, these aggregate amounts would need to be set against allocations made by State and Territory governments for schools in both sectors, to obtain a comprehensive view of public funding commitments for all schools. But this comprehensive picture is unavailable for public discussion, given the Abbott Government's decision to remove the need for funding agreements across all States and Territories.

The funding amounts in Table 1 are broadly in line with those in the May 2013 Budget[21], as set out in Table S1 of the supplementary tables for this paper. The most significant difference occurs in 2013-14, where Commonwealth general recurrent grants for schools in 2013 are expected to be $125 million lower in that year[22]. This reduced amount results mainly from lower than previously forecasted levels of average government schools recurrent costs, the indexation measure that was the key driver of increases in Commonwealth general recurrent grants for schools.

MYEFO funding for government schools in 2016-17 is $90 million lower than projected in the May 2013 Budget; while that for non-government schools is around $34 million higher in that year. It would be helpful for the Government to explain these differences.

[21] MYEFO 2013, page 68.
[22] MYEFO, page 39.

As noted previously, the former Labor Government had offset most of the increases arising from its response to the Gonski review by cutting, 're-phasing' and discontinuing programs funded through national partnership payments. These programs covered a range of key strategies and objectives, including literacy and numeracy, students with disabilities, teacher quality, schools with concentrations of students from low socio-economic areas, trade training in schools and support for the supply and quality of teachers in the Northern Territory.

The Abbott Government's MYEFO statement confirmed these funding reductions in national partnership payments, as well as reflecting the Government's decision to phase out the funding of trades training centres in schools. Table S2 in the supplementary tables outlines funding trends in national partnership payments over the budget estimates period.

A further offset to its 'Gonski' funding commitments has been achieved through the reversal of the previous Government's funding for the *Building Stronger Communities* fund. This included funding of $450 million over four years promised by Labor for before and after school care[23].

Taken together, the savings achieved through the redirection of the *Trade Training Centres in Schools* program and the *Building Stronger Communities* fund, will total $841 million over four years or $1.5 billion over six years[24]. These savings are a significant offset to the $1.2 billion over four years reinstated to enable Queensland, Western Australia and the Northern Territory schools to participate in the new funding scheme.

[23] PEFO, Table B2, pp30 and 33; Australian Labor Party, Joint Press Conference: Kevin Rudd, Bill Shorten and Kate Ellis, 5 August 2013.
[24] MYEFO 2013, page 36.

As well, the Coalition Government introduced a number of small programs to fund some of its priorities, including $22 million over four years for *flexible literacy learning in remote primary schools*, $70 million for an *Independent Public Schools – establishment fund*, $2 million for *Agriculture in Education*, and support for the implementation of the 'Gonski' reforms in Catholic schools ($55 million) and independent schools ($110 million)[25]. These programs will be administered separately from national partnership payments.

Although the amounts provided through these separate programs are at this stage relatively small, their presence is inconsistent with the strong advice of the Gonski review to consolidate targeted programs within the general funding of schools so that they are consistent with the overall objectives of schools funding reform.

Table 2.1 below summarises the combined trends in Commonwealth funding for schools through both the new national funding arrangements and the phasing out of national partnership payments[26].

In comparison with Table 1, the trends shown in Table 2.1 illustrate the effect on overall funding levels and trends arising from the redirection of Commonwealth national partnership payments into the reform of schools funding more generally. The increase in Commonwealth funding for government schools by 2016-17 reduces from $1.9 billion (41 per cent) to around $1.4 billion (27 per cent), mainly due to the removal of direct funding for literacy and numeracy, teacher quality, schools in low socio-economic areas and trade training centres.

Funding of non-government schools over these years also changes, but at a lower level (from $1.95 billion to $1.8 billion) and rate (from 23 to 21 per cent).

[25] Ibid. page 130.

[26] Note that funding of $48 million in 2016-17 (and beyond) reflects ongoing Commonwealth support for the supply, quality and housing of teachers in the Northern Territory.

## Table 2.1

# MYEFO 2013:
# Commonwealth funding for schools

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Increase 2013-14 to 2016-7 | |
|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | % |
| **government schools** | | | | | | |
| National Schools Specific Programs | 2,114 | | | | | |
| Students First - a fairer funding agreement | 2,431 | 5,168 | 5,758 | 6,423 | | |
| National Partnerships | 542 | 167 | 105 | 48 | | |
| **Total** | **5,087** | **5,335** | **5,862** | **6,471** | **1,384** | **27%** |
| **non-government schools** | | | | | | |
| National Schools Specific Programs | 4,272 | | | | | |
| Students First - a fairer funding agreement | 4,396 | 9,163 | 9,876 | 10,620 | | |
| National Partnerships | 132 | 58 | 0 | 0 | | |
| **Total** | **8,800** | **9,221** | **9,876** | **10,620** | **1,820** | **21%** |
| **All schools** | | | | | | |
| National Schools Specific Programs | 6,385 | | | | | |
| Students First - a fairer funding agreement | 6,827 | 14,331 | 15,633 | 17,043 | | |
| National Partnerships | 674 | 225 | 105 | 48 | | |
| **Total** | **13,887** | **14,556** | **15,738** | **17,091** | **3,204** | **23%** |
| % government schools | **37%** | **37%** | **37%** | **38%** | **43%** | |

Sources: see Table 1 and supplementary Table S2

The financial allocations in Tables 1 and 2.1 above are expressed in *monetary* terms, namely the amount of dollars intended to be spent over the budget period. A better sense of the impact of the proposed expenditure on school resources can be obtained by expressing the allocations in *real* terms, by adjusting for the effects of inflation. For schools, the main inflationary influences are annual movements in the salaries of teachers and other non-teaching staff and, to a lesser extent, non-salary teaching and administrative costs[27].

The amounts in Table 2.2 below adjust the monetary figures for estimated changes in these school-based inflationary items, based on MYEFO projections of Australia's major economic parameters[28]. In this table, the rates of increase over the budget period are therefore lower than the monetary values, down to 16 per cent for government schools and 10 per cent for non-government schools. The real increase in funding for government schools is lower than that for non-government schools because of the greater impact within government schools of the re-direction of national partnership payments and the slightly higher rate of projected enrolment growth in non-governments schools[29].

[27] National Report on Schooling 2010, Table 49
[28] MYEFO 2013, Table 1.2, page 2.
[29] DEEWR Budget Statements 2013, Tables 2.2.1A and 2.2.2A

## Table 2.2

# MYEFO 2013:
# Commonwealth funding for schools

### Estimated year 2013-14 prices

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Increase 2013-14 to 2016-7 | |
|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | % |
| **government schools** | | | | | | |
| National Schools Specific Programs | 2,114 | | | | | |
| Students First - a fairer funding agreement | 2,431 | 5,040 | 5,418 | 5,834 | | |
| National Partnerships | 542 | 163 | 99 | 43 | | |
| **Total** | **5,087** | **5,202** | **5,517** | **5,877** | **790** | **16%** |
| **non-government schools** | | | | | | |
| National Schools Specific Programs | 4,272 | | | | | |
| Students First - a fairer funding agreement | 4,396 | 8,934 | 9,294 | 9,645 | | |
| National Partnerships | 132 | 56 | 0 | 0 | | |
| **Total** | **8,800** | **8,991** | **9,294** | **9,645** | **845** | **10%** |
| **All schools** | | | | | | |
| National Schools Specific Programs | 6,385 | | | | | |
| Students First - a fairer funding agreement | 6,827 | 13,974 | 14,712 | 15,479 | | |
| National Partnerships | 674 | 219 | 99 | 43 | | |
| **Total** | **13,887** | **14,193** | **14,811** | **15,522** | **1,635** | **12%** |
| Estimated schools Price index | **100.00** | **102.56** | **106.26** | **110.10** | | |

Sources: see previous tables

Forecast and projected economic parameters: MYEFO, Table 1.2, page 2.

Weightings for estimated SPI: National Report on Schooling 2010, Table 49

Expressing the financial allocations in per student terms takes into account the influence of the differences in enrolment growth across the sectors, as set out in Table 3 below.

**Table 3**

## MYEFO 2013: Commonwealth funding per student

### Estimated year 2013-14 prices

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Increase 2013-14 to 2016-17 | |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | % |
| **government schools** | | | | | | |
| National Schools Specific Programs | 900 | | | | | |
| Students First - a fairer funding agreement | 1,035 | 2,109 | 2,232 | 2,365 | | |
| National Partnerships | 231 | 68 | 41 | 18 | | |
| **Total** | **2,166** | **2,177** | **2,272** | **2,382** | **217** | **10%** |
| **projected student numbers** | 2,349,000 | 2,390,000 | 2,428,000 | 2,467,000 | | |
| | | | | | | |
| **non-government schools** | | | | | | |
| National Schools Specific Programs | 3,404 | | | | | |
| Students First - a fairer funding agreement | 3,503 | 6,986 | 7,105 | 7,247 | | |
| National Partnerships | 105 | 44 | 0 | 0 | | |
| **Total** | **7,012** | **7,030** | **7,105** | **7,247** | **235** | **3%** |
| **projected student numbers** | 1,255,000 | 1,279,000 | 1,308,000 | 1,331,000 | | |
| | | | | | | |
| **All schools** | | | | | | |
| National Schools Specific Programs | 1,772 | | | | | |
| Students First - a fairer funding agreement | 1,894 | 3,809 | 3,938 | 4,076 | | |
| National Partnerships | 187 | 60 | 26 | 11 | | |
| **Total** | **3,853** | **3,868** | **3,964** | **4,087** | **234** | **6%** |
| **projected student numbers** | 3,604,000 | 3,669,000 | 3,736,000 | 3,798,000 | | |

Sources: DEEWR Budget Statements 2013,
Tables 2.2.1A and 2.2.2A

The projected real increase over the budget period of $217 per government schools student and $235 for each non-government school student, on average, reveals that the schools funding decisions made by the Abbott Government, based largely on those made by its predecessor, are relatively modest. Real increases of just over $200 per student will not be capable of addressing the serious funding deficiencies and inequities presented by the Gonski panel.

## Projections beyond 2016-17

The amounts outlined in the previous tables demonstrate that the Government's commitments for schools, as put forward in MYEFO, fall well short of both the 'spirit' and the 'letter' of the Gonski review.

The Government's public statements on the important next steps are at best equivocal or at worst disheartening, such as the Prime Minister's statement that:

> *We've never committed to years five and six. There's $10 billion which the former government promised in years five and six. I don't believe that any of the states thought that they would ever get that money from the Rudd-Gillard Government. I think they all thought that that money was essentially pie in the sky. We will deliver four year funding certainty – funding agreements in education have traditionally been four year agreements. So, we've now got a four year funding agreement in-principle in place and obviously there are reviews built into the system, those reviews will take place and we'll negotiate a new agreement at the appropriate time.*[30].

The MYEFO document provides some indication of the extent of the investment needed to underpin the Gonski reforms[31]. Although presented for a different purpose, namely to signal future pressures on the overall budget, the MYEFO information provides the financial detail needed to project the required increases in schools funding beyond 2016-17. In most respects, this information is consistent with that released by the former Government in the context of the May 2013 Budget[32].

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[30] Tony Abbott and Christopher Pyne, *Joint Press Conference* , 2 December 2013
[31] MYEFO 2013, Chart 3.1, page 21.
[32] Budget 2013 supplementary papers, National *Plan for School Improvement, May 2013,* page 15.

These data, however, refer only to the additional moneys required to achieve the 'Gonski' Schooling Resources Standard, including loadings. As noted above, the amounts in MYEFO also include estimates of annual increases in current, or 'baseline', funding levels.

Projections for both 'baseline' and 'Gonski' funding are outlined in Table 4 below. The 'baseline' projections take into account indexation rates set out in the Australian Education Act and the expected higher rate of enrolments in the non-government sector. The 'Gonski' projections are drawn from information in MYEFO and Budget papers, as noted above.

Table 4 projects that by 2019-20 Commonwealth funding for all schools would total just over $23 billion. This would be an increase in money terms of almost $9.2 billion, or 66 per cent, compared with 2013-14. Government schools would receive just over half of this increase bringing Commonwealth funding for government schools to just under $9.9 billion, almost doubling the current budget of $5.1 billion.

It is also clear from Table 4 that government schools would receive most of their increased funding from the 'Gonski' reforms: some $3 billion, or 60 per cent of the overall increase for government schools of $4.8 billion; while non-government schools would receive the bulk of their funding increases from 'baseline' payments, an extra $4 billion, or 92 per cent of the projected overall increase for non-government schools of $4.4 billion.

Over the full period of the projected reforms, from 2013-14 to 2019-20, government schools would receive around $52 billion, or 40 per cent of the aggregate for all schools of $132 billion. Although government schools are projected to receive up to 85 per cent of the 'Gonski' increases, their share of the much larger 'baseline' funding is lower at 34 per cent.

## Table 4: Projected schools funding

| | 2013-14 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | Increase 2013-14 to 2019-20 | |
|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | % |
| **government schools** | | | | | | | |
| Baseline funding | 4,166 | 5,512 | 5,800 | 6,200 | 6,500 | | |
| "Gonski" increases | 379 | 911 | 1,100 | 1,700 | 3,320 | | |
| NPPs | 542 | 48 | 50 | 50 | 50 | | |
| **Total** | **5,087** | **6,471** | **6,950** | **7,950** | **9,870** | **4,783** | **94%** |
| **non-government schools** | | | | | | | |
| Baseline funding | 8,573 | 10,420 | 11,100 | 11,820 | 12,600 | | |
| "Gonski" increases | 95 | 200 | 220 | 320 | 580 | | |
| NPPs | 132 | 0 | 0 | 0 | 0 | | |
| **Total** | **8,800** | **10,620** | **11,330** | **12,140** | **13,160** | **4,380** | **50%** |
| **All schools** | | | | | | | |
| Baseline funding | 12,739 | 15,932 | 16,940 | 18,020 | 19,100 | | |
| "Gonski" increases | 473 | 1,111 | 1,300 | 2,000 | 3,900 | | |
| NPPs | 674 | 48 | 50 | 50 | 50 | | |
| **Total** | **13,887** | **17,091** | **18,288** | **20,060** | **23,050** | **9,163** | **66%** |
| % government schools | 37% | 38% | 38% | 40% | 43% | 52% | |

MYEFO 2013 Chart 3.1, page 21; Budget 2013 Paper 2 page 120 ;
Budget 2013, *National Plan for School Improvement*, page 15

## Conclusion

The level of funding required to implement the full 'Gonski' reform package taken by Labor to the September 2013 election, as indicated in Table 4, is substantial. Following the cautious expenditures approved for the early years in the current Budget estimates and projections, it then starts to rise sharply.

The Government will no doubt be pressed by some, especially within its economic and financial portfolios, to draw back from the vision for schools reform imagined by the Gonski panel, which achieved wide-ranging support within and beyond the schooling sector.

Failure to implement the comprehensive reforms put forward by the Gonski panel and embedded in the architecture of the Australian Education Act will more than disappoint the large numbers of teachers, parents and students in our schools. It will also mean missing the once in a generation opportunity provided by the Gonski review to settle one of the country's most intractable and divisive areas of public policy.

An important feature of the projections in Table 4 is that of the just over $9 billion increase in Commonwealth funding for schools by 2019-20, around $6.4 billion, or 70 per cent, would be for increases in 'baseline' funding. This is funding for government and, especially, non-government schools that would be in the pipeline anyway, largely maintaining the status quo.

If the 'Gonski' increases stall after 2016-17, Commonwealth funding for schools will fail to target the quality and equity standards identified by the review process.

This is especially the case for parents and students who rely on governments to provide high quality public education. It can be seen from Table 4 that the full implementation of the Gonski reforms would

increase public schools' share of Commonwealth funding from 37 per cent to 43 per cent by the end of the six year transition period in 2019-20. This would return the proportion of Commonwealth funding of government schools to that arising from the policies of the Hawke and Keating governments.

Rather than generating further uncertainty about the long-term future of schools funding, the more responsible approach would be for the Government to confirm its support for the Gonski reforms beyond the current Budget period. This would enable schools and systems to plan for the introduction of the extra resources they need, including mentoring of teachers and professional support staff, customising professional development in partnership with universities, responding strategically to demographic changes affecting teaching staff and student numbers, and the like. It would also enable the Government to make the necessary adjustments to its overall Budget strategy in preparation for future expenditure commitments in all areas of public policy.

For the Abbott Government to honour the 'spirit' of the reforms of schools funding proposed by the Gonski panel, it must put aside its confused rhetoric and publicly confirm its support for the schools funding principles set out in the preamble of the Australian Education Act, including the central propositions that:

> *All students in all schools are entitled to an excellent education* and
>
> *The quality of a student's education should not be limited by where the student lives, the income of his or her family, the school he or she attends, or his or her personal circumstances*[33].

[33] Australian Education Act, page 1.

Acknowledging and respecting the 'letter' of the Gonski reforms would require the Government to take the steps necessary to ensure that all schools operate at the proposed Schooling Resources Standard.

By 2016-17, among the jurisdictions that have signed agreements, only ACT government schools and 98 per cent of independent schools will have reached the SRS target[34]. The remaining States will have up to 20 per cent of their schools operating below the SRS by 2016-17, despite the funding foreshadowed by MYEFO.

To achieve the resources goal recommended by the Gonski review, the Government will need to commit to the full six-year funding program taken to the 2013 election by the former Labor Government.

The forthcoming Commonwealth Budget should provide evidence of this commitment, through funding allocations for 2017-18 that are comparable with those projected in Table 4 and through clarification within the Budget papers of the Government's commitment to the funding proposed for the final two years of the 'Gonski' transition, thereby delivering on the promised resourcing standards for schools.

[34] Senate Estimates 2013-14, DEEWR answer to Question No. EW007_14.

## SUPPLEMENTARY TABLES

### Table S1

# Budget 2013: Commonwealth Funding for Schools

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Increase 2013-14 to 2016-17 | | 2013-14 to 2016-17 |
|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | % | $m |
| **government schools** | | | | | | | |
| National Schools Specific Funding | 2,112 | | | | | | |
| National Education Reform Funding | 2,433 | 5,164 | 5,778 | 6,513 | | | |
| **Total** | **4,545** | **5,164** | **5,778** | **6,513** | **1,968** | **43%** | **22,000** |
| **non-government schools** | | | | | | | |
| National Schools Specific Funding | 4,378 | | | | | | |
| National Education Reform Funding | 4,391 | 9,150 | 9,852 | 10,586 | | | |
| **Total** | **8,769** | **9,150** | **9,852** | **10,586** | **1,817** | **21%** | **38,357** |
| **All schools** | | | | | | | |
| National Schools Specific Funding | 6,491 | | | | | | |
| National Education Reform Funding | 6,824 | 14,314 | 15,630 | 17,099 | | | |
| **Total** | **13,314** | **14,314** | **15,630** | **17,099** | **3,784** | **28%** | **60,357** |

Source: Budget Paper No. 3 2013, Table 2.5

## Table S2

### Commonwealth Budget for schools 2013: National Partnership Payments

| Programs (a) | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Change 2013-14 to 2016-17 | |
|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | % |
| Improving literacy and numeracy | 80.8 | 0.0 | 0.0 | 0.0 | *-80.8* | *-100.0%* |
| MoneySmart Teaching | 1.3 | 1.2 | 1.3 | 1.5 | *0.3* | *20.5%* |
| More support for students with disabilities | 81.5 | 57.7 | 0.0 | 0.0 | *-81.5* | *-100.0%* |
| National solar schools programme | 18.0 | 0.0 | 0.0 | 0.0 | *-18.0* | *-100.0%* |
| School pathways programme | 1.3 | 0.0 | 0.0 | 0.0 | *-1.3* | *-100.0%* |
| Secure schools programme | 15.0 | 0.0 | 0.0 | 0.0 | *-15.0* | *-100.0%* |
| Smarter schools: teacher quality (b) | 175.0 | 0.0 | 0.0 | 0.0 | *-175.0* | *-100.0%* |
| Smarter schools - low SES communities (b) | 151.4 | 0.0 | 0.0 | 0.0 | *-151.4* | *-100.0%* |
| Smarter schools: Stronger futures in NT: | | | | | | |
| Additional teachers | 28.0 | 27.6 | 28.1 | 21.6 | *-6.4* | *-22.8%* |
| Quality teaching | 14.8 | 14.8 | 14.8 | 14.8 | *0.0* | *0.0%* |
| Teacher Housing | 4.8 | 5.4 | 6.1 | 7.4 | *2.7* | *55.6%* |
| School enrolment/attendance | 2.3 | 2.3 | 2.2 | 2.3 | *-0.1* | *-3.7%* |
| Trade Training Centres in Schools | 100.3 | 115.6 | 52.2 | 0.0 | *-100.3* | *-100.0%* |
| **Total** | **674.3** | **224.6** | **104.8** | **47.6** | *-626.7* | *-92.9%* |
| % government schools | 80% | 74% | 100% | 100% | | |

Source: MYEFO 2013, Attachment E, Annex A, Table A.2

(a) Excludes early childhood education funding and DEEWR administered programs

(b) includes government and non-government schools, not separated in MYEFO