



Australian Council of Social Service

11 March 2016
Committee Secretary
Senate Select Committee on School Funding Investment
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Re: Senate Select Committee on School Funding Investment

Thank you for the opportunity to participate in this inquiry. ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life. We are concerned that, on latest estimates, there are 603,000 children living in poverty in Australia and we advocate action to reduce child poverty and improve life chances, including through access to quality education for all children.¹

The Committee is inquiring into ‘the effect of reduced Commonwealth funding for state and territory provided schools, with a particular focus on the impacts on schools and students in regional, rural and remote areas’; and on the capacity of students to acquire skills likely to be relevant to securing employment in future jobs markets.

ACOSS is deeply concerned about the impacts of poor educational outcomes on poverty, inequality, employment outcomes, and on the ability of individuals to participate in social and economic life. We consider that the best way to address educational disadvantage is to ensure that all school age children have access to adequate schooling regardless of income or location. For this reason, ACOSS has consistently supported a needs-based funding model for school education that provides adequate funding to all schools and targets additional resources to addressing educational inequality and disadvantage.

There is a clear need for ongoing delivery of needs based school funding that addresses disadvantage, as reflected in several recent reviews and research papers including:

- The 2011 Australian Government’s *Review of School Funding*, which identified an unacceptable link between low educational achievement and educational disadvantage, particularly amongst students from low socioeconomic and Aboriginal and Torres Strait Islander backgrounds. It also identified that the significant gap in Australia between high and low performing students was

¹ ACOSS, *Poverty in Australia*, 2014.



greater than in many other OECD countries, and that a concerning number of low performing students were not meeting minimum standards of achievement.²

- A recent report by the OECD, which found that Australia has the fifth most inequitable distribution of school education resources, and that a significant proportion of low performing students are from low Socioeconomic Status (SES) backgrounds (for example, 73% of all students classified as low performing came from low SES backgrounds).³ It also found the proportion of low performing students increased significantly over the decade to 2012: by 52% in maths, 19% in reading and 5% in science.
- The Australian Child Wellbeing Project, which has identified that students from more marginalised backgrounds are more likely to report missing school frequently and going to bed hungry, and that those that went to bed hungry were less likely to report that they were satisfied at school, had a supportive relationship with their teacher, or that their performance at school (compared with their peers) was 'good'.⁴

Education is also critical to improving national level employment outcomes, productivity and economic growth. This was explicitly recognised at the 2015 National Reform Summit which brought business, union and community groups together with the aim of reaching consensus on reform challenges facing our nation including productivity growth, fiscal policy, tax reform, and retirement incomes. The final Summit communique recognised that access to quality early childhood education, adequate funding for schools (particularly in disadvantaged communities) and youth services, and effective school to work transition programs are essential to removing barriers to workforce participation. It recommended that governments should ensure schools are operating at a resources standard that meets the needs of all students and explicitly endorsed the principle of needs-based funding.⁵

In 2013, the Federal Government announced it would develop 6 year funding agreements with State and Territory Governments to enable them to transition to needs-based resourcing of schools. Five state and territory governments signed the agreements, with funding due to commence in the calendar year 2014. The agreements were based on the funding model proposed in the 2011 Review of School Funding, and progressively increased funding across the school system each year, so that by the end of 2019 all schools would be funded to 95% of their 'Schooling Resource Standard'. This Standard took into account the specific circumstances of students, individual schools, and systems and aimed to minimise disadvantage and facilitate high quality education for every student.⁶

² David Gonski AC et al, *Review of Funding for Schooling: Final Report*, December 2011.

³ OECD (2016), *Low-Performing Students: Why They Fall Behind and How to Help Them Succeed*, PISA, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264250246-en>

⁴ Redmond, Gerry, et al (2016) *Are the kids alright? Young Australians in their middle years Final summary report of the Australian Child Wellbeing Project*

⁵ Available: <http://www.acoss.org.au/wp-content/uploads/2015/08/National-Reform-Statement-full.pdf>

⁶ Parliament of Australia (2013) *Funding the National Plan for School Improvement: An explanation*. http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/NPSI#_Toc360004793



However, in the subsequent 2014-15 Federal Budget the newly elected Commonwealth government announced it would commit to only the first four years of the six year funding agreements, with funding for the final two years to be based on the amount of funding provided in the fourth year, indexed by CPI. As funding under the previous agreements was expected to increase in real terms across these final two years, this represented a cut to expected funding of around \$4 billion per year. As a result many schools will not reach the 'Schooling Resource Standard' by 2019. This will undermine the capacity of schools to assist students to reach educational benchmarks, particularly in situations where the additional funding provided was designed to overcome existing disadvantage, for example, where a high proportion of students have a disability or are from low SES backgrounds.

ACOSS considers that given the evidence about the current service gaps in the school system, and broad cross-sectoral support for needs based funding, the Government should commit to funding the final two years of the 'Gonski agreements' according to the original agreements, as an immediate priority. Beyond the final years of the Gonski agreement there is a need for Governments to reform State and Territory financial arrangements to ensure sustainable ongoing funding of essential services, including health, education and community services. ACOSS, with State and Territory Councils of Social Service, has released a framework for reform of the federation to secure adequate revenue for services and to ensure they are available equitably across the country.⁷ The Statement is attached for the Committee's consideration, and summarised below.

ACOSS and State and Territory Councils of Social Service consider that:

- Rather than seeking the restoration of budget sustainability by cutting funding to essential services such as school education, State and Territory Governments need to work together to develop a tax reform package that increases revenue to a level that enables adequate and sustainable service funding into the future. The Statement provides further detail on options for tax reforms necessary to achieve this outcome, and some of these proposals are developed in further detail in ACOSS' recently released Budget Priorities Statement.⁸
- The Commonwealth and State and Territory Governments should guarantee a minimum level of service access, quality and affordability regardless of income or location, including both universal services (those services made available to all at an adequate level, including schooling) and targeted services, required by a minority of people with specific need (e.g. disability services).
- In a federation, there will always be a need to share responsibilities for services between governments. The statement argues that universal and equitable access to services across the country cannot be guaranteed in a system where responsibilities sit solely with States and Territories. State and territory governments currently lack robust revenue bases to fund large and growing areas of expenditure (e.g. health) and state and territory tax bases are vulnerable to being eroded by competition between states.

⁷ Councils of Social Service, 'Fit for purpose: a federation that guarantees the services people need', 2015, available at: http://www.acoss.org.au/wp-content/uploads/2015/10/COSS-federation-framework_FINAL.pdf.

⁸ ACOSS, Budget Priorities Statement 2016-17, published February 2016 and available at: <http://www.acoss.org.au/acoss-budget-priorities-statement-2016-17/>.



The statement also proposes that in areas of shared responsibility a core governing principle in the delivery of services should be for both levels of government to commit to 'Community Service Guarantees' (CSGs) to ensure universal access to services. CSGs would be jointly legislated by Commonwealth and State/Territory Governments and would apply to major programs, providing essential community services in areas of shared responsibility. They would include minimum standards for service provision or 'service entitlements' and agreed service outcomes where appropriate. Further work is needed to define the roles and responsibilities of different levels of government and the content of service entitlements but in general terms, the Commonwealth would have responsibility for administering and guaranteeing service entitlements, while States and Territory Governments would ensure funding and delivery of services in accordance with the guarantees. We propose that a schools education service guarantee should be developed to provide long-term certainty for the community beyond the final two years of the current school funding package, and should align with the needs based funding model proposed in the *2011 Review of School Funding*.

Yours faithfully,

Dr Cassandra Goldie
CEO