



Better Fairer Schools (Funding and Reform) Bill 2024.

October 2024

1. Executive Summary

The Federation of Parents and Citizens Associations of New South Wales (P&C Federation) has two recommendations:

1. Amend s.35A to state that the Commonwealth share of education funding to government schools should not be less than 25%

- The figure “20%” in the proposed s.35A(2)(a)(ii) should be replaced with the figure “25%.”

2. Withdraw the proposed s.35A(3)

- This subsection amounts to a threat to states and by extension to students, and should be withdrawn entirely.

2. Introduction

The P&C Federation is thankful for this opportunity to contribute feedback to Better Fairer Schools (Funding and Reform) Bill 2024 (the Bill). The P&C Federation supports the position of individual educational and developmental needs met by a range of differential services expressed through appropriate and well-planned curricula, programs and environments conducted by sensitive and well-trained personnel in conjunction with parents¹ and families.

3. Statement of Issues

The inequities and insufficiency of the current model of public school funding are well-recognised: public schools are underfunded, this underfunding necessarily deprives public school students of resources and support that are key to allowing them to achieve their full potential, and the current system of school funding is neither equitable nor sector-blind. The Bill being considered does nothing to address any of these issues, and in fact will simply more deeply entrench the problem.

There have been a myriad of studies, panel reviews, and committee inquiries into the problem of public school funding.² All reach more or less the same conclusion: persistent underfunding of Australian and New South Wales public schools have a negative impact on student outcomes and, consequently, on Australian efforts to address inequity and increase social cohesion and productivity. The current government has an opportunity to substantially improve the conditions for public school funding. This Bill does not do that.

The Bill does not address any problem identified by the Better and Fairer Schools Agreement (BFSA) expert panel

At the beginning of the process of revising the National School Reform Agreement, the current government convened an expert panel to inform the negotiations between the Commonwealth and the States over reform priorities and funding. When the report was publicly released on December 11, 2023, it contained 248 pages of findings and recommendations supported by 92 school visits, 130 stakeholder meetings, 266 written submissions, 50 workshop participants, and 24,968 survey respondents.

¹ “Parent” refers to anyone with legal care of a child, such as a parent, carer or legal guardian

² See, e.g., <https://www.education.gov.au/download/1307/review-funding-schooling-final-report-december-2011/1280/document/pdf> (the “Gonski review”); <https://www.education.gov.au/review-inform-better-and-fairer-education-system/resources/expert-panels-report> (the “BFSA review”); <https://www.education.gov.au/review-inform-better-and-fairer-education-system/resources/expert-panels-report>; https://www.aph.gov.au/~media/wopapub/senate/committee/eet_ctte/completed_inquiries/2002_04/school_funding/report/report_pdf.ashx.

What it did **not** contain was a recommendation to amend s.35A of the Education Act to entrench the underfunding of public schools in Australia. In fact, it is possible to read the entire report and not find a single recommendation or reference to support the modifications to s.35A of the Act contained in the Bill.

The expert panel report did, however, make powerful and repeated calls for the underfunding of government schools to be addressed. For example, the authors said:

It is “critical ... for all governments, school systems, and approved authorities [] ensure all schools have access to 100 per cent of Schooling Resource Standard funding as soon as possible.”³

“Currently, government schools in all jurisdictions except the Australian Capital Territory (ACT) are, on average, yet to be funded to 100 per cent of the SRS. In contrast, non-government schools in all jurisdictions except the Northern Territory (NT) are, on average, funded at or above their full funding level.”⁴

“[T]he issue of gaps in resourcing between government and non-government schools, and the perception that resourcing is aligned to the quality of education...[i]ncentivises families with the means to do so to choose non-government schools. ... [T]his has led to a socio-economic divide across Australia’s schools which has many negative impacts on student outcomes.... The call to action around reaching full funding for government schools –across all jurisdictions—is all the more urgent because of the full funding arrangements that already exist in the non-government sector.”⁵

“Underfunding of schools, and government schools in particular, is undermining other reform efforts, with real implications for student educational and wellbeing outcomes, teacher attraction and retention, and ultimately confidence in the public education system.”⁶

“A precondition of ensuring equity in the Australian school system is full funding for all schools. Full funding will ensure schools can offer well-resourced and well-staffed learning environments, as envisaged in the original Gonski report. Funding schools in accordance with the proportional amounts estimated under the original SRS would inject more funds into government schools, particularly the government schools which have higher proportions of students from priority equity cohorts, and address inequities across jurisdictions.”⁷

“The fact that inequality in funding persists – and is predicted to persist in nearly every jurisdiction – is an issue that requires urgent action.”⁸

The P&C Federation finds it astonishing that in the face of this language, the government would put forth a bill that entrenches the status quo rather than address the “critical” and “urgent” underfunding of government schools across Australia.

4. Recommendations

1. Amend s.35A to state that the Commonwealth share of education funding to government schools should not be less than 25%

The P&C Federation suggests that the figure “20%” in the proposed s.35A(2)(a)(ii) should be replaced with the figure “25%.”

³BFSA review, accessed at <https://www.education.gov.au/review-inform-better-and-fairer-education-system/resources/expert-panels-report>, p. 6.

⁴ Id., at p. 75.

⁵ Id., at p. 77.

⁶ Id., at p. 35.

⁷ Id., at p. 73.

⁸ Id., at p. 75.

The current school sector funding model for the Commonwealth has the Australian government providing 80% of the needs-based funding to the private school sectors and only 20% of the needs-based funding to the government school sector. Members of Parliament often speak of this arbitrary funding divide as if it has deep historical roots. Simply put, it does not. The current 80/20 split was introduced in 2017 as a part of the Australian Education Amendment Bill 2017, and the Commonwealth government did not take any material role in school funding prior to the 1970s. Despite the relatively recent role of the Australian government in school funding, and the mere seven years since the advent of s.35A, members of Parliament routinely cite to s.35A to argue that the Commonwealth government is doing all that it should to fund government schools, and that there can be no solution to the persistent underfunding of government schools other than an increase in the contribution of the states. There is simply no support for this argument.

The gap between the Commonwealth Government's offer to states of 22.5% of the Schooling Resource to Standard (SRS) and the full 25% is worth an additional \$1000 per student. Yet, the Bill is proposing to lock in a floor of only 20%. In many schools, this shortfall will inevitably increase pressure on parent volunteers to fundraise for their school to pay for services that would be more appropriately funded by governments.

A succession of commentators and parliamentarians have noted that the 80/20 funding split between governments is also exceedingly arbitrary. For example, Professor Adrian Piccoli, a former NSW Minister for Education and former Director of the Gonski Institute, said

“There's no logic behind it... It advantages the sectors that have the funder with the greatest capacity to raise revenue.” Piccoli also said, “Just get rid of [the split], and have the Commonwealth fund a percentage of all schools, and the states fund the rest.”⁹

Likewise, in 2018, Tanya Plibersek, who was at the time the Shadow Minister for Education, said that Labor would scrap the 20 per cent cap on federal government funding for public schools if it won the 2019 election.¹⁰

Some context is useful. The Australian government collects 81% of all revenue in Australia.¹¹ While the states receive about 45% of their revenue through direct transfers from the Commonwealth, these transfers can be quite variable, as New South Wales has recently experienced.¹² As the funder with the greatest capacity to account for its overall revenue, the Australian government should be equally accountable for an equivalent share of school funding to all sectors.

With all this in mind, the P&C Federation would prefer the current bill should be modified to require a Commonwealth share of school funding of not less than 25%. Specifically, the P&C Federation believes that the figure “20%” in the proposed Section 35A(2)(a)(ii) should be replaced with the figure “25%.”

In New South Wales, the difference between the 20% figure set out in the Bill and a 25% contribution is estimated to be approximately \$2000 per student per year. In a hypothetical New South Wales high school with an enrolment of 1000 students, this would represent a funding boost of \$2,000,000 per year.

⁹ <https://www.smh.com.au/education/no-logic-calls-for-a-review-of-state-federal-school-funding-split-20190515-p51nmp.html>

¹⁰ <https://www.smh.com.au/education/no-logic-calls-for-a-review-of-state-federal-school-funding-split-20190515-p51nmp.html>

¹¹ <https://treasury.gov.au/review/tax-white-paper/at-a-glance>

¹² See, for example, <https://www.cgc.gov.au/sites/default/files/2024-03/Occasional%20Paper%2011.2%20-%20GST%20distribution%20to%20states%20and%20territories%20in%202024-25%20final%20version.pdf>.

While additional funding would allow public schools to increase student supports, it is also true that insufficient funding imposes unnecessary costs. For example, the Australian government has supported numerous efforts at school reform in not only the proposed Better Fairer Schools Agreement, but also in the areas of disability reform (under both the Disability Royal Commission and the NDIS review), student wellbeing, post-school pathways, and other areas. Where underfunding persists, none of these reforms are likely to succeed. As the BSRA expert panel noted, “Underfunding of schools, and government schools in particular, is undermining other reform efforts, with real implications for student educational and wellbeing outcomes, teacher attraction and retention, and ultimately confidence in the public education system.”¹³

The P&C Federation also notes that the continuing failure of government to fully fund public education as a matter of priority and without the need for a divisive public debate has the effect of dramatically reducing confidence in the public education system. This leaves the impression among both parents and students that public education cannot deliver the same outcomes as the private sector.

Unsurprisingly, in a recent survey to members and parents, nearly all respondents [91%] believed that New South Wales public schools should be funded to 100% of their SRS needs-based funding, and an overwhelming majority [84%] believed that the Australian government should fund the public and private education sectors equally.

Amending the proposed s.35A(3) along the lines of this recommendation (together with any necessary technical amendments) would commit the Australian government to an outcome that should not seem novel – namely, full needs-based funding for all Australian government schools.

2. Withdraw the proposed s.35A(3)

The changes to the Act embodied in this bill would allow the Commonwealth to provide different levels of funding to the various states and territories so long as the Commonwealth contribution does not drop below 20% of the SRS needs-based funding amount. This provision seems anachronistic given that the Minister for Education, Jason Clare, has agreed to provide at least 22.5% of needs-based funding to any state or territory that signs on to the new Better Fairer Schools Agreement. If the Commonwealth is willing to provide 22.5% of needs-based funding to any state, why would the current bill set a funding floor at only 20%?

The answer is that the proposed provision allows the Commonwealth to hold states hostage in BFSA negotiations. If a state refuses to accept the Commonwealth’s offer of 22.5% funding, then that state puts the additional 2.5% of funding on offer from the Commonwealth at risk.

This is unconscionable, and the P&C Federation objects to this provision in the strongest terms. Essentially, the government is proposing to hold billions of dollars in funding for public school students hostage over a political funding argument. There is no set of circumstances under which school funding for Australian students should be withheld to advance a political negotiation.

If the government is actually committed to fully funding public schools, the P&C Federation suggests that it could insert in place of this provision a new Section 35A(3) that states:

“Without limiting the regulations that may be made for the purposes of subsection (1), those regulations may prescribe different Commonwealth shares (or different methods of working out Commonwealth shares) for government schools located in different States or Territories, *so long as the*

¹³ Id., at p. 35.

end result is that the combined Commonwealth share and any state minimum funding contribution agreed in a bilateral agreement are not below 100%.

Conclusion

In conclusion, the P&C Federation calls the committee's attention to two comments made in the Gonski report in 2011 that are as true today as they were then. First, Gonski noted that the Australian government had a larger role to play in school funding than it currently does. It said:

“It is clear that the Australian Government could play a greater role in funding government schools. Greater support for government schools is particularly important given the need to lift the outcomes of a greater number of students, the comparatively poor state of government school infrastructure, and the higher concentrations of disadvantaged students in government schools. It also aligns with the responsibility of the Australian Government under the National Education Agreement to support students with particular needs, and the shared responsibility of governments to support improved outcomes of indigenous students.”¹⁴

It is remarkable that thirteen years later, this statement remains 100% true. This bill does nothing to alter that.

Gonski also clarified why funding for schools must not be thought of as merely a budget exercise. Gonski said:

“Funding for schooling must not be seen simply as a financial matter. Rather, it is about investing to strengthen and secure Australia's future. Investment and high expectations must go hand in hand. Every school must be appropriately resourced to support every child and every teacher must expect the most from every child.”¹⁵

The P&C Federation does not support the Bill currently being considered by the committee in its current form. Amending the Bill along the lines of the P&C Federation's recommendations would be far more consistent with the goal of an equitable needs-based funding arrangement.

¹⁴“Review of Funding for Schooling” (the Gonski report), accessed at <https://www.education.gov.au/school-funding/resources/review-funding-schooling-final-report-december-2011>, p. 51.

¹⁵ Id., at p. xiii.