

Education Policy Brief

Morrison Puts More Nails in the Coffin of Gonski

Trevor Cobbold

Save Our Schools

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<http://www.saveourschools.com.au>

<https://twitter.com/SOSAust>

saveourschools690@gmail.com

Introduction

The Gonski funding model was systematically dismantled by the Abbott and Turnbull Governments and it was almost dead and buried by the end of Turnbull's reign. The Morrison Government immediately put more nails in the Gonski coffin with a new special \$4.6 billion funding deal for private schools that is not based on need.

The new special deal has two main components –an additional \$3.2 billion over 10 years from 2020 to 2029 to implement a new method of assessing capacity to pay in private schools and an additional \$1.2 billion over the same period to support parent choice. The large bulk of the increase will go to Catholic schools.

The deal is the result of a ruthless campaign by the Catholic church and its school organisations that divided the private school sector and the Coalition Government. It was given unprincipled and opportunistic support by Labor which forced the Turnbull Government into an electoral corner. Morrison bought peace with the Catholic and Independent sectors with more money. As the former NSW Minister for Education and now Director of the Gonski Institute, [Adrian Piccoli, said](#): “This is purely a political fix to shut down a powerful lobby group”. [Bill Shorten proudly took credit](#) for the increase: “We've won the money for the Catholic sector... “.

The deal further undermines the principle of needs-based funding in several ways:

- The \$3.2 billion increase is supposedly to implement a new direct household income measure of parent capacity to pay in private schools, but there are no details available to show it is based on measured need. It is a negotiated settlement. The details of the new measure of assessing capacity to pay have not been decided and therefore it is impossible to judge whether the increase is fully based on need;
- The \$1.2 billion increase selectively favours private schools in rural areas over public schools and enables Catholic schools to maintain low fees in well-off inner-city areas. As many commentators have observed, it is simply a “slush fund” for private schools;
- It involves a new “no school will lose a dollar” guarantee for Catholic and Independent schools. The slush fund appears to be designed to compensate the Catholic sector for the loss of its generous system-weighted average funding arrangements and to compensate Independent schools for a reduction in funding resulting from the shift to a direct income measure of capacity to pay;
- It gives preference to supporting parent choice of school over improving equity; and
- There is no funding increase for public schools, which enrol over 80% of disadvantaged students.

The new deal should not be supported by the Labor Opposition or the cross-benches. More details are needed to assess whether the \$3.2 billion increase is warranted. The \$1.2 billion slush fund should be completely rejected.

Change in the measure of parent capacity to pay in private schools

The \$3.2 billion component of the funding increase is supposedly to implement a new measure of parent capacity to pay in private schools. [It was reported](#) that Catholic schools will receive more than this, but it will be slightly offset by a reduction in funding for Independent schools. However, the increase was decided before the actual measure to assess capacity to pay has been determined. The Government has effectively admitted it has not decided on the measure to be used by establishing a working group to do just that. If the measure of capacity to pay has not been decided it is impossible to determine whether it will result in an increase in funding or the extent of the increase.

The current Commonwealth Government funding model consists of a base resource standard for schools and funding loadings for several categories of disadvantaged students, school location and school size. Private schools receive the base amount adjusted for parent capacity to contribute plus the relevant loadings. The capacity of parents to contribute is measured by a socio-economic status (SES) score. At present, the SES score is determined according to an area-based measure rather than a direct measure of family resources.

Last year, the Government commissioned a review of the methodology used to determine the SES score by the [National School Resourcing Board \(NSRB\)](#). Its report recommended changing the assessment of capacity to contribute to household income. The report showed that the area-based measure significantly overstates the SES score and the capacity to contribute of some schools and understates that of others. As a result, some schools receive less funding than they would using a direct measure of household income and other schools receive more funding.

The report analysed alternatives to the current area-based measure but did not report the comparative impact of changes on the actual total funding entitlements of Catholic and Independent schools. It found that if a refined area-based SES measure using total household income (from Census data) or median household income (from tax data) were used as the measure of capacity to pay, Catholic schools are more likely to receive a lower score and therefore an increase in funding while Independent schools are more likely to have an increased score and therefore less funding. However, a significant percentage of schools in each sector would also display the opposite trend. Overall, it said, there would be a relatively small percentage reduction in funding for the Independent sector compared to the current funding model and a comparable increase for the Catholic sector under both measures of capacity to contribute.

Significantly, the report found that there would be no or little change in the SES score of the large majority of private schools. A refined area-based measure using household income would result in only 15% of private schools (about 420 schools) having a changed score of four to five SES score points and, therefore, a significant decrease or increase in funding. Only 17% (about 475 schools) would have a similar score change using median household income derived from tax data.

The NSRB indicated its preference for using median household income from tax data linked to student addresses to assess the capacity to contribute of schools. However, it did not publish estimates of the impact on government funding of private schools or estimates of the impact on Catholic and Independent schools. It said that using a direct measure of household income will result in changes in SES scores and funding but that additional work is required to develop the new approach:

This will impact the overall cost to government and the potential impact on individual schools and systems. [p. 38]

Further modelling and analysis will be needed to define and determine precisely how a direct measure will operate in practice and how it will impact individual schools. [p. 48]

The Government has even admitted that it has not yet decided on the measure of the capacity to pay or its details. [In its response to the NSRB report](#), the Government said that a direct income measure will be used in the future. However, it could not say what the actual measure is and announced it would establish a working group to develop the new approach and how it will be implemented. It said the matters to be considered by the working group include whether to use taxable income or gross income, how family size can be taken into account, how to overcome missing income tax data, whether there should be separate calculations for primary and secondary school parents within combined schools, and whether to use a rolling average of parental income

which would involve annual collection of residential addresses or put a cap on the annual change in funding.

The key point that follows from all this is that it is impossible to tell at this stage how the funding entitlements of Catholic and Independent schools will be affected by a revised approach. The Government has not released any details of the funding changes because they have not been finalised. It announced a funding increase of \$3.2 billion for private schools before it devised the new approach or fully worked out its funding implications. It is therefore not clear whether the increase is fully based on need or reflects the negotiating power of the Catholic church.

Choice and affordability fund

The Government also announced a \$1.2 billion Choice and Affordability Fund to support school choice in inner-city, rural, remote and drought-affected areas. The Minister for Education, Dan Tehan, told the Parliament that the fund is to:

...ensure, right across Australia, that parents have the ability to have choice, and affordable choice. Whether they're in an inner-city area or whether they're in a rural or remote area, we want to ensure that that choice is there. [House of Representatives, Hansard, 20 September 2018, p. 65]

[According to *The Guardian*](#), Catholic schools will receive \$718m over a decade while Independent schools will get \$485m. Many commentators, including [Peter Goss from the Grattan Institute](#) and [Adrian Piccoli](#) have called it a “slush fund”. [The Minister for Education, Dan Tehan](#), said that the funding will be paid to the peak bodies in each state, and distribution “will be choices that each of the sectors will make” based on their own priorities. It incorporates the \$40m National Adjustment Assistance Fund for private schools announced last year by the Turnbull Government as part of its new Gonski 2.0 funding arrangements.

This fund undermines the Gonski funding model by selectively making additional funding available for private schools in rural and remote areas, but not for public schools. Under the Australian Education Act, both public and private schools in regional and remote locations receive additional funding in recognition that it generally costs more to educate students going to school in regional and remote areas than it does for students in city-based schools. The additional funding ranges from 10% of the SRS for schools in inner regional areas to 80% for very remote schools.

[One of the justifications the Prime Minister gave](#) for the Fund was to ensure that Catholic schools in less fortunate areas continued to get support. However, this is just what the loadings in the Gonski model are designed for. If it were considered that schools in regional and remote areas warrant further support, the appropriate option would have been to provide it to all schools, not just private schools. The Prime Minister is effectively saying that Catholic schools in less fortunate areas deserve more funding than public schools. The likely consequence of this additional funding for private schools is to increase their resource advantage over public schools and increase social segregation and social division in regional towns and cities by encouraging more families who can afford to pay fees to select private schools.

Another justification of the Fund is to support low-fee Catholic schools in inner-city areas. For example, [the Minister for Education said](#) that Catholic education authorities “put a very strong argument that in some cases they do need to be able to offer low-fee offerings because otherwise choice will be taken away from parents.”

It is another subsidy for the Catholic Church's policy to provide low-fee schools in all areas, including well-off areas where parents can afford to pay higher fees. It is contrary to the principle of needs-based funding incorporated in the Australian Education Act. As the NSRB report stated:

Such an outcome would, however, not be consistent with the fundamental Commonwealth principle of distributing funds to schools and school systems on a needs basis. [p. 44]

[As the Grattan Institute's Peter Goss says:](#)

Affordable choice is not the same thing as low-fee. What's affordable to a family on \$300,000 is very different to what a family on \$60,000 can afford.

The slush fund amounts to a new "no school will lose a dollar" guarantee for Catholic and Independent schools.

The new subsidy for Catholic schools appears to be designed as compensation for the abolition of the system-weighted average SES score applied to Catholic systemic schools that was negotiated as a special deal with the Gillard Labor Government. Under this deal, Catholic school systems were funded according to a negotiated state-wide average SES score instead of the SES score of individual schools as applied to Independent schools. As a result, they got more funding than if the needs-based formula had been strictly implemented. In particular, it proved very beneficial to the ACT Catholic school system where the SES score of every Catholic school was well above the negotiated system average.

The Turnbull Government's Gonski 2.0 funding arrangements abolished this special deal and assessed the capacity to pay of Catholic systemic schools according to their individual SES score. It means that Catholic schools would receive less funding in the future than if the special deal continued to apply. This was at the heart of the Catholic school campaign against the Turnbull Government's Gonski 2.0 funding model. Morrison has simply bought them off with a slush fund of just over \$0.7 billion over the next decade.

The Independent sector's share of the slush fund appears to be designed to compensate them for a reduction in funding resulting from the shift to a direct income measure of capacity to pay. The Government has effectively guaranteed that the funding of Independent schools will not be reduced despite the judgement of the NSRB that Independent schools are likely to have a small percentage reduction in funding by the change to a direct measure of income. It appears that the "no school will lose a dollar" guarantee is alive and well with the Coalition.

In kowtowing to Catholic school demands and compensating Independent schools, the Morrison Government has jettisoned the principle of needs-based funding. Its only justification for the slush fund was to revert to school choice. The heading of the Prime Minister's media release announcing the funding increase said it all: "[More choice for Australian families](#)". For years, the Coalition has been on the back foot after the Gonski report made equity the national policy priority in education. The Morrison Government has unashamedly re-affirmed the Howard-era mantra of school choice which was always just a cover for more support of private schools.

School choice is a policy that promotes social segregation in schools and exacerbates inequity in education as many research studies around the world and in Australia have shown. For example, a new study published by the [US National Bureau of Economic Research](#) shows that school choice exacerbates inequality without improving opportunities for the most disadvantaged students.

Australia already has one of the most socially segregated school systems in the OECD courtesy of its generous funding of private schools. Social segregation in schools reduces results of students from disadvantaged families, increases the achievement gap between students from rich and poor families and undermines the potential for different social groups in Australia to learn, work and live together with tolerance and mutual understanding. We can expect more of this under the Morrison Government's new slush fund for private schools.

No additional funding for public schools

In announcing the funding increases, [the Prime Minister said](#) that "the new method for calculating school funding will make the education system fairer and more equitable". It is incomprehensible how he can consider a \$4.6 billion increase for private schools and no increase for public schools will make the education system fairer. As [Adrian Piccoli, said](#):

There is nothing equitable or fair about that at all and is contrary to the very concept of needs-based funding. This does nothing for the kids who need the funding the most. Morrison's argument that the new funding will make the system fairer has Orwellian overtones. As [Peter Goss commented](#): "...all schools are equal but some are more equal than others".

Public schools enrol over 80% of low SES, Indigenous and remote area students. There are large achievement gaps of 2-4 years of learning between these students and high SES students at age 15. Funding increases per student have massively favoured Catholic and Independent schools over public schools for the past decade and more. This misallocation of funds has effectively precluded reducing the achievement gaps. The new increase for private schools is likely to compound the situation. As [Peter Goss also observed](#):

Every government dollar should be spent where it will make most difference. The Coalition's school funding fix is a good deal for Catholic and independent schools. It's a bad deal for the rest of us.

[Morrison dismissed the needs of public schools](#) as a matter for state governments saying that the federal government "has always been the principal funder of non-government schools". It continues the Coalition's long tradition of guaranteed funding of private schools and no guarantees for public schools.

Another special deal for private schools

[The Prime Minister himself acknowledged](#) that the new funding package is a special deal. He told the ABC's AM program that his new announcements "sit outside" the current needs-based funding arrangements. Even the normally supportive [Centre for Independent Studies](#) described it as a "special deal" that undermines the Coalition's Gonski 2.0 funding model.

The new special deal continues the practice of successive Coalition and Labor Governments to provide special funding arrangements for private schools that contradict the principle of needs-based funding.

The Howard Government set the precedent with its SES funding model whereby no school would be financially disadvantaged by the move to the new funding system (the "no losers" provision). A special deal was also done to induce the Catholic system to join the model. Schools that would otherwise have had their funding reduced under the model were allowed to keep their funding.

According to the Gonski Report, 54% of all Catholic systemic schools (890 schools) in 2011, 62% of non-systemic Catholic schools (37 schools) and 14% of all Independent schools (148 schools) were

funding maintained [Review of Funding for Schooling, Final Report, December 2011, p. 74]. These 1075 schools received \$615 million in over-funding in 2010, with \$492 million paid to Catholic systems and \$123 million to Independent schools. All the over-funding went to medium and high SES schools.

The Gillard and Rudd Governments shackled the Gonski model with special deals from the outset. Apart from the system-weighted average SES score negotiated with the Catholic Church, Gillard assured private schools that “no school will lose a dollar of funding” under the new model. The edict meant there would be no reduction in funding for the wealthiest private schools whose resources, even without government funding, massively exceeded what was available to highly disadvantaged schools, public or private.

The edict also meant that the over-funding under Howard’s SES model had to be folded into the new Gonski model by manipulating its parameters. As a result, the number of over-funded schools was magically reduced and much of the over-funding simply disappeared. Figures released by the Education Department in 2016 showed that about 150 high SES Catholic and Independent schools were over-funded, far below the 1075 over-funded schools that were guaranteed to have their funding maintained in the new model.

The Turnbull government used the fig leaf of cleaning up Labor’s special deals in Gonski 1.0 to disguise a lavish special deal that favoured Independent schools. It reduced the most grotesque instances of over-funding of Independent schools and replaced the system-weighted average SES score for funding Catholic schools with system funding determined by the SES score of each individual school. These changes were softened by a special national adjustment assistance scheme of \$40 million and an adjustment assistance package for ACT private schools worth \$51 million. Over two-thirds of the adjustment funding was for Catholic schools, but it turned out to be not enough to appease them.

Despite these changes, Gonski 2.0 provides for a massive increase in the number of over-funded Independent schools because it promises to increase their Commonwealth funding to 80% of their SRS without regard to state government funding. Many high SES and other private schools will have their total government funding increased to over 100% of their SRS because their state funding already exceeds 20% of their SRS. The percentage of over-funded Independent schools will increase from 17% in 2017 to 66% by 2026-27 if state governments don’t reduce their funding. Despite losing their system-weighted average SES score, nearly all Catholic systems will be funded at over 100% of their SRS or very close to it.

In contrast, progress toward the SRS for public schools is largely left to the uncertainty of state government funding because the Commonwealth role is arbitrarily restricted to 20% of the SRS. While the Commonwealth will increase funding for public schools to 20% of their SRS, nearly all state governments currently fund public schools at significantly below 80% of their SRS. Unless, there is a major increase in funding by state governments, public schools are likely to remain under-resourced for the task they face in educating over 80% of disadvantaged students.

The Turnbull Government’s Gonski 2.0 plan was fiercely opposed by the Catholic church and its school organisations. They were helped along by the Labor Opposition which saw an electoral advantage in supporting Catholic claims. [Shorten told the Catholic bishops](#): “When it comes to school funding, my party stands shoulder to shoulder with the church”. Once again, Labor chose political opportunism and special deals over equity in funding.

The new special deal conjured up by the Morrison Government will maintain and possibly add to the over-funding of Catholic and Independent schools while ignoring the needs of public schools and the large majority of disadvantaged students. It compounds the inequity in funding between public and private schools. While the Labor Opposition was complicit in the new special deal, it has at least now promised a \$14 billion increase in funding for public schools over the next decade which will go a long way in reversing the cuts to the original Gonski model by the Coalition Government.