

SAVE OUR SCHOOLS

The Unwinding of Gonski Part 1: Abbott to Turnbull

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Preface

This working paper attempts to provide a comprehensive review of the sabotage of the Gonski school funding model by the Abbott and Turnbull Governments. A second paper is planned on the completion of the sabotage under new funding arrangements introduced by the Turnbull and Morrison Governments. Another paper will review the funding model recommended by the Gonski report and its implementation under the Gillard and Rudd Labor Governments.

Comments on this paper are invited. Notification of issues not covered and mistakes of fact, analysis and interpretation will be appreciated. Please excuse any remaining typos and repetitions. Comments can be sent to the Save Our Schools email address: saveourschools690@gmail.com .

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1. Main features of the Labor Government's school funding plan

The Gonski funding model as implemented by the Labor Government represented a marked change of direction in school funding in Australia. Instead of a primary focus on funding for school choice as in the Howard Government's Socio-Economic Status (SES) funding model, the new model gave priority to reducing the effects of disadvantage on education outcomes. It guaranteed a minimum resource standard for every school and provided additional funding loadings for various forms of disadvantaged students.

The main features of the model were:

- Needs-based funding directed at under-resourced public and private schools and disadvantaged students in both sectors;
- A revised system of funding private schools;
- A large increase in funding that included indexation of the existing funding effort by governments and additional (Gonski) funding of \$15 billion over six years to ensure that all schools are funded to at least 95% of a new national resource standard by 2019;
- No school would lose a dollar of funding;
- A national approach that integrated Commonwealth and states/territory funding of public and private schools.

The new funding model was based on the recommendations of the Gonski Report.¹ It was developed in consultation with state and territory governments and various private school organisations. The general principles and arrangements for the new model were set out in the National Education Reform Agreement (NERA).² At the Commonwealth level, it was given legislative effect by the Australian Education Act 2013 and associated regulations. The new model came into effect on 1 January 2014, that is, after the election of the Abbott Government in September 2013.

Under the model, base resource standards were set for primary and secondary schools and funding loadings for several categories of disadvantaged students (low SES, Indigenous, remote area, language background other than English and students with disabilities), school location and school size. Private schools received a per student amount adjusted for parent capacity to contribute plus the disadvantage loadings.

A Schooling Resource Standard (SRS) per student was estimated for each school combining a base resource standard and funding loadings for disadvantage, location and size. The SRS differed between schools according to their enrolments of various categories of disadvantage students, location and size. It was planned that the additional funding would ensure that all schools would be funded to at least 95% of their SRS by 2019.³

Private schools were funded at varying proportions of the base SRS plus the same disadvantage loadings as public schools. A major change was that the link between private school funding and Average Government School Recurrent Costs (AGSRC) in the Howard Government's SES funding model was replaced by a funding schedule determined as a proportion of the base SRS according to their assessed socio-economic status, represented by a SES score. As under the SES funding model, the SES score for private schools was calculated by linking student addresses to an ABS area-based measure of socio-economic advantage/disadvantage based on census data.

¹ Review of Funding for Schooling, Final Report, December 2011. The model developed by the Labor Government differed from that recommended by the Gonski report in several ways.

² Council of Australian Governments (COAG), National Education Reform Agreement, 2013.

³ Peter Garrett, Australian Education Bill 2012, Second Reading Speech, House of Representatives, 4 June 2013, Hansard, p. 5111.

The NERA provided for an increase in Commonwealth and state/territory funding over six years comprising additional funding, maintenance of the existing funding effort through indexation and funding for enrolment increases. Governments also agreed to put in place a needs-based funding formula that was consistent, but not necessarily the same, with the Commonwealth base plus loadings model. The NERA also included a series of education policy measures by signatories to improve education outcomes across five areas: quality teaching; quality learning; meeting student need; empowered school leadership; and transparency and accountability.

The Education Act imposed several conditions on the grants of financial assistance to states and Territories (the “states”). These included the requirement for the states to implement agreed national policy initiatives relating to school education in accordance with regulations. The Act also included broad national policy requirements to be met by all schools and systems in order to receive funding and for systems to have an implementation plan. It included requirements relating to a school improvement framework and school improvement plans. Further detail was provided in the regulations under the Act.

The total amount of additional funding over the six-year transition period was originally planned at \$14.5 billion, on the basis that all governments agreed to the plan.⁴ This was increased to \$15.1 billion during negotiations with governments.⁵ The Commonwealth contribution was \$9.8 billion (65%) and \$5.3 billion (35%) was to be provided by state and territory governments.⁶ The Commonwealth contribution for the first four years was estimated at \$2.96 billion leaving \$6.84 billion to be provided in the final two years.⁷ On the basis of the original proposed increase of \$14.5 billion, public schools would receive \$12.1 billion (83% of the total increase) compared to \$1.4 billion for Catholic schools and \$1 billion for Independent schools.⁸

Governments also agreed to maintain their current funding levels (‘baseline’ funding) through indexation to ensure a consistent baseline for calculating their shares of the additional funding and to ensure that funding from one government level was not substituted for funding from another in the transition to the full funding levels by 2019. The agreements also included additional funding for enrolment growth and changes in demographic composition.

The Government promised that no school will lose a dollar of funding under the new model. The then Minister for Education, Julia Gillard assured private schools that “no school will lose a dollar of funding” as a result of the new review of school funding.⁹ On the day the Gonski report was published she re-iterated that “no school will lose a dollar”.¹⁰

The focus on improving equity in education in the Gonski model was diluted by special deals for private schools. The “no losers” guarantee protected the special deal of the Howard Government’s socio-economic status (SES) funding model whereby many private schools were allowed to keep funding they would have otherwise lost if the SES model had been strictly applied. According to the

⁴ Julia Gillard and Peter Garrett, Resourcing all our kids, classrooms and teachers for the future, Media Release, 14 April 2013.

⁵ Senate Select Committee on School Funding, Public hearing (13 March 2014), Question on Notice No. 1.

⁶ Commonwealth of Australia, Budget Measures, Budget Paper No. 1, 2013-14, p. 6-24; Commonwealth of Australia, Budget Measures, Budget Paper No. 2, 2013-14, p.120.

⁷ Australian Government, Budget Measures: Budget Paper No. 2, 2013-14, pp. 117, 118, 120. See also Senate Finance and Public Administration Legislation Committee, Budget Estimates 2013-14, Hansard, 29 May, pp. 91-94.

⁸ Australian Government. National Plan for School Improvement. Powerpoint slides, 2013.

⁹ Julia Gillard, A future fair for all, Speech to the Sydney Institute, 15 April 2011.

¹⁰ Prime Minister, Joint Press Conference Transcript, 20 February 2012.

Gonski report, 1075 private schools were over-funded in 2011, including 890 Catholic systemic schools, 37 non-systemic Catholic schools and 148 Independent schools. These schools received \$615 million in over-funding in 2010, with \$492 million paid to Catholic schools and \$123 million to Independent schools.¹¹ A lower indexation rate was applied to these over-funded schools.

Under another special arrangement, Catholic schools in each state and territory Catholic education system, except the ACT, were funded according to the average SES score of all schools in their system – the so-called “system weighted average” – rather than on the basis of the assessed SES of each individual school as applied to Independent schools. The SES score for ACT Catholic systemic schools was the average SES score for all Catholic systemic schools across Australia. The system weighted average arrangements also applied to 13 Independent school systems.¹²

The Government guaranteed that the share of school funding currently received by Catholic schools would be maintained in the long term.¹³ The deal was then extended to Independent schools. This effectively restored the link between private school funding and government school costs under the SES model which was heavily criticised by the Gonski report as contrary to the principle of needs-based funding. Instead of adopting the Gonski recommendation to dispense with the direct link, it was replaced by a hidden indirect link. As a result, part of any increase in funding for under-resourced public schools continued to flow through to private schools.

The NERA was established to provide a nationally co-ordinated approach to school funding across all school sectors through a common funding framework. In order to be considered as participating in the new arrangements, state governments had to sign the NERA and bilateral agreements with the Commonwealth Government that include a funding schedule and an implementation plan. However, not all governments agreed to the new model.

The NERA was only formally agreed by the Commonwealth, New South Wales, South Australian and ACT governments. The Queensland, Western Australian and Northern Territory governments refused to sign the national agreement. The Victorian and Tasmanian Governments signed the national agreement but did not sign bilateral agreements before the 2013 Commonwealth election was called because their implementation plans were not completed.

As a result, there were to be two broad systems of funding schools in Australia from 2014 – one operating under the Gonski needs-based model and the other operating under a modified version of pre-existing arrangements. Under the NERA, the Commonwealth Government committed to fund schools and systems in the “participating states” according to the needs-based funding model consisting of the base per student amounts (adjusted for private schools) and disadvantage loadings. For their part, the participating states agreed to ensure their funding arrangements are aligned with the agreed needs-based model. Governments agreed to make their school funding formula publicly available, to maintain their current funding effort adjusted for indexation, and to implement agreed national policy initiatives relating to school education.

¹¹ Review of Funding for Schooling, Final Report, December 2011, pp. 73-74.

¹² Australian Government, Australian Education (SES Scores) Determination 2013, Compilation No. 4, 19 August 2017.

¹³ Senator Jacinta Collins, Senate Standing Committee on Education and Employment, Budget Estimates 2013-2014, Hansard, 5 June 2013, p.127. See also Senate Standing Committee on Education and Employment, Budget Estimates 2013-2014, Hansard, 5 June 2013, p. 100.

All private schools were considered to be participating authorities under the Australian Education Act.¹⁴ Each state Catholic system, as well as system authorities in the independent sector, signed an approved system arrangement with the Commonwealth Government.¹⁵ These agreements were not public and the conditions under which Commonwealth funding was provided were unknown; for example, whether their private funding effort was to be maintained. State government funding of private schools continued to be subject to separate agreements with private school organisations. Each private school system authority was permitted to distribute its government funding according to its own distribution model.

Schools in states not parties to the NERA (“non-participating states”) were to be funded by the Commonwealth Government under a modified version of the then existing funding system. The non-participating states would operate their own funding systems as well. The amount of financial assistance payable to the non-participating states or territories was worked out by reference to the amount those states received for 2013. The financial assistance was to be provided through a national specific purpose payment for schools located in those states and territories.

2. Coalition position before the 2013 election

The Coalition opposed the Gonski funding plan as soon as the report was released.¹⁶ Pyne said that Coalition would repeal any legislation passed to introduce the Gonski reforms to the school funding system if it was elected to government.¹⁷ Thereafter, it ran a campaign of sabotage in Opposition and in Government. As the Editor-at-large of The Australian, Paul Kelly, stated:

Abbott and Pyne refused to endorse Gonski the way they endorsed the National Disability Insurance Scheme. They tried to suffocate the policy at birth. They pressured the states not to sign.¹⁸

Abbott and Pyne were wedded to the iniquitous SES model introduced by the Howard Government which focussed on choice in schooling rather than improving equity in education and which provided much larger funding increases to private schools than to public schools. The Coalition’s submission to the Gonski review rejected abandoning the SES model.¹⁹ Pyne told the Parliament at the time that it is “the Coalition’s policy to maintain the existing SES funding model”.²⁰ He later said that the Coalition fully supports the funding maintained schools (that is, over-funding for private schools) as part of the SES funding model.²¹ He said that “It is as much a part of the current funding of non-government schools as any other part”.

Abbott repeatedly said that there was no reason to change the current funding model. He said that the existing system was “not broken”²² and that “we are better fine-tuning the existing system

¹⁴ Commonwealth Department of Education, Submission to Senate Select Committee on School Funding, March 2014, p. 8.

¹⁵ Senate Select Committee on School Funding, Private briefing with the Department of Education, Answer to Question on Notice No. 9, 18 February 2014.

¹⁶ Laura Tingle, Pip Freebairn and Joanna Mather, Coalition Rejects Gonski School Funding Plan, Australian Financial Review, 20 February 2012.

¹⁷ Jewel Topsfield, Coalition to dump Gonski reforms: Pyne, The Age, 26 July 2012.

¹⁸ Paul Kelly, The real story behind the Gonski train wreck, The Australian, 4 December 2013.

¹⁹ Federal Coalition, Submission to the Review of Funding for Schooling, March 2011, p. 2.

²⁰ Christopher Pyne, Speech on Second Reading of the Schools Assistance Amendment Bill, Hansard, House of Representatives, 3 March 2011, p. 2229

²¹ Christopher Pyne, Speech on Education Funding, Hansard, House of Representatives, 4 July 2011, p. 7280.

²² ABC 7.30 Report, Tony Abbott outlines 'specific policy commitments', 24 April 2013.

rather than trying to turn the whole thing on its head”²³. He said the new model was not an improvement on the Howard model:

I've got to say that so far there is nothing substantial, nothing concrete, that we have seen that we are confident would be an improvement on the SES funding model that the Howard Government put in place.²⁴

Pyne also said that the then current system is not broken: “The current funding model does work, it’s not a broken model” and that “the status quo is a better model than what the Government is offering”.²⁵ Pyne claimed that private schools “would be worse off” as a result of the Gonski review, that “school fees will have to rise” and “some schools will have to close”.²⁶

Abbott was quite adamant about what he saw as the threat to Independent schools from the Gonski report. He said that “there are some recommendations in the Gonski report that pose a real threat to independent schools if implemented” and that Independent schools would lose out.²⁷ He told the national forum of Independent schools:

The risk from the Gonski process is that greater Commonwealth funding for public schools might mean less Commonwealth funding for independent schools.²⁸

He claimed that private schools were being treated unfairly because they received a smaller proportion of government funding than public schools: “...there is no question of injustice to public schools here. If anything, the injustice is the other way”.

This bizarre view of equity reflected widespread complaints by private school organisations and advocates of private schools that they receive less government funding per student than public schools, the implication being that should have the same funding entitlement as public schools.²⁹ This is a brazen case for even more government funding of private schools which would ensure much higher resource levels for private schools than for public schools. Equal government funding for both sectors would result in all private schools having more income per student than public schools because of their income from fees and other charges. This argument also ignored the fact that disadvantaged students comprise a much higher proportion of enrolments in public schools than in private schools.³⁰

Abbott and Pyne were maintaining the tradition of the special relationship between the Liberal Party and private schools which had long received favourable treatment by successive Coalition governments.³¹ Abbott said that it is a priority of the Liberal Party to fund Independent and Catholic

²³ Stephanie Peatling, Abbott says 'no' to Gonski, promises to scrap changes, Sydney Morning Herald, 22 April 2013.

²⁴ Tony Abbott, Address to the Association of Heads of Independent Schools of Australia and Independent Schools Council of Australia National Forum, Canberra, 20 August 2012.

²⁵ Christopher Pyne, Interview with Fran Kelly, ABC 27 February 2013; Christopher Pyne, Interview with Graham Richardson, Sky News, 22 May 2012.

²⁶ Christopher Pyne, Interview on Sky News, 16 July 2012.

²⁷ Tony Abbott, Doorstop Interview, 7 March 2012.

²⁸ Tony Abbott, Address to the Association of Heads of Independent Schools of Australia and Independent Schools Council of Australia National Forum, Canberra, 20 August 2012.

²⁹ Independent Schools Victoria regularly complained that Independent schools receive less funding than public schools. For example, see Independent Schools Victoria, Review of Funding for Schooling Response,

³⁰ Trevor Cobbold, The Real Class War on Display, Save Our Schools, 24 August 2012.

³¹ Tony Taylor, Class Wars, Monash University Publishing, Clayton, pp 204-206, 289-292;

schools. “It’s in our DNA” and “we want to protect them” and see them “continue to flourish”.³² He proudly told a national forum of Independent schools that “we increased school funding by almost 80 per cent in real terms over the life of the Howard Government”. He cited his credentials as a patron of Independent schools:

I stand before you as a proud Australian, as a product of the independent school system, as someone who believes that I can say with deep conviction that I am a friend of the independent schools of Australia. I know them intimately. I am a friend of the independent schools of Australia and I think that you can judge me by my deeds and not simply by my words.³³

Their opposition to the Gonski funding model reflected the reservations of key private school organisations about its introduction.³⁴ There was widespread concern that a needs-based model would disadvantage private schools and they raised the spectre that many would lose funding under the model.³⁵ The Independent Schools Council of Australia (ISCA) had expressed its concern that the model would see a significant movement in funds away from private schools.³⁶ The National Catholic Education Commission (NCEC) was concerned at what it saw as an increased regulatory burden created by a “multiplicity of stringent transparency and accountability requirements”.³⁷ In a memo sent to all NSW Catholic school principals and church area leaders, Bishop Anthony Fisher, the NSW head of the Catholic Education Commission, criticised the process and calculations for private school funding for 2014 and beyond as uncertain, imprecise, extremely complex and annually variable.³⁸

The Opposition was also highly critical of the extent of the planned funding increase. Abbott said that it was unaffordable and too costly, that many things could be done to improve education without spending “vast dollops of new money”.³⁹ Pyne said that the Gonski model was “unworkable” and “grotesquely expensive”.⁴⁰ He indicated that the Coalition would not commit to funding increases beyond the forward estimates.⁴¹ A key factor behind this was the Coalition’s commitment to achieve a Budget surplus by 2016-17.⁴²

While the Labor Government was negotiating with the states and territories, the Coalition pressured state Coalition governments not to sign up, not that some needed much convincing. The Queensland Premier, Campbell Newman, had described the plan as a “bucket of custard” and the WA Premier,

³² Sean Nicholl & Phillip Coorey, Dump plans to cut school funding, Abbott tells NSW, Sydney Morning Herald, 11 September 2012; Tony Abbott, Doorstop Interview, 7 March 2012.

³³ Tony Abbott, Address to the Association of Heads of Independent Schools of Australia and Independent Schools Council of Australia National Forum. Canberra, 20 August 2012.

³⁴ Bill Daniels, The Gonski Report, Independence, Vol 37, No. 1, May 2012.

³⁵ Jewel Topsfield, Schools jittery as Gillard delays education reforms, The Age, 18 August 2012; Samantha Maiden, 3000 schools face funding cuts, but Prime Minister Julia Gillard stands firm on pledge, Sunday Herald Sun, 19 August 2012.

³⁶ Independent Schools Council of Australia, Submission to Inquiry into the Provisions of the Australian Education Bill 2012, Senate Standing Committee on Education, Employment and Workplace Relations Legislation Committee, February 2013.

³⁷ National Catholic Education Commission, Submission to Inquiry into the Provisions of the Australian Education Bill 2012, Senate Standing Committee on Education, Employment and Workplace Relations Legislation Committee, February 2013.

³⁸ Denis Shanahan, Catholic ire over ‘poor’ Gonski forecasts, The Australian, 23 May 2013.

³⁹ Jewel Topsfield, Abbott says Gonski reforms unaffordable, The Age, 20 August 2012; Stephanie Peatling, Abbott says ‘no’ to Gonski, promises to scrap changes, Sydney Morning Herald, 22 April 2013.

⁴⁰ Joanna Mather, Gonski fails the test, says Pyne. Australian Financial Review, 21 August 2012.

⁴¹ Christopher Pyne, Interview, Sky News Richo, 22 May 2013.

⁴² Emma Griffiths, Abbott shifts timeline on Coalition’s budget surplus pledge, ABC News, 26 August 2013.

Colin Barnett, was totally opposed to the national funding model.⁴³ This was the first stage in its active sabotage of the Gonski plan. In his Budget reply speech in May 2013, Abbott said: “We won’t back a so-called national education system that some states don’t support...”⁴⁴ In letters to Coalition premiers and chief ministers, Pyne set out the Coalition’s position and encouraged them not to conclude negotiations about the funding model “in a rushed, pressured and politicised environment” of the pre-election period.⁴⁵ He said that the Federal Coalition would extend the existing SES funding model while negotiating future arrangements with the states. At the same time, he re-iterated his leader’s announcement that the Opposition would not support the Gonski model unless a majority of states and territories signed up:

If there is not a national agreement we will not honour any agreement with individual states. There has to be a national agreement or we will not honour an individual states agreement. Now if there is an overwhelming number of States, we’ll look at it, but if New South Wales and the three Labor States are the only ones that have signed on to it, we will certainly will not be having a SRS model – a Student Resources Standard model – for four States and Socio Economic Status for the other four States.⁴⁶

In the event, Coalition governments in Queensland, Western Australia and the Northern Territory refused to participate in the NERA.

With the approach of the Commonwealth election, the Opposition stated that if elected it would only keep Labor’s model in place for 2014 while it developed a new model for 2015.⁴⁷ However, the strength of community support for the Gonski model was such that within a fortnight Abbott announced that the Opposition was on a “unity ticket” with Labor on school funding:

As far as school funding is concerned, Kevin Rudd and I are on a unity ticket. There is no difference between Kevin Rudd and myself when it comes to school funding.⁴⁸

He said that if the Coalition won the election, it would honour Labor’s funding commitments across the four years of the budget forward estimates and that the deals signed by the governments in NSW, South Australia, Tasmania and the ACT would be honoured by a Coalition government, and it would match the offers made to the remaining states.⁴⁹ He said that “We will end the uncertainty by guaranteeing no school will be worse off.... We will make sure no school is worse off”.⁵⁰ The Coalition’s schools election policy stated:

Our approach will provide schools and parents with the funding certainty they deserve. It means that the Coalition will match Labor dollar-for-dollar over the next four years.⁵¹

⁴³ Tony Taylor, *Class Wars*, Monash University Publishing, Clayton, p. 246.

⁴⁴ Tony Abbott, Budget Reply Speech, House of Representatives, 16 May 2013, Hansard, p. 3574.

⁴⁵ See for example, Christopher Pyne, Letter to Barry O’Farrell, 21 May 2013; Christopher Pyne, Letter to Colin Barnett, 21 May 2013.

⁴⁶ Christopher Pyne, Interview with Graham Richardson, Sky News, 22 May 2013.

⁴⁷ Tony Abbott & Christopher Pyne, Letter to school principals, 17 July 2013; Susan McDonald, Coalition to keep Better Schools in place for a year if elected, ABC News, 26 July 2013; Justine Ferrari, Tony Abbott abandons plan to dump Gonski, for now, *The Australian*, 26 July 2013.

⁴⁸ Emma Griffiths, Tony Abbott says Coalition will honour Gonski school funding plan for four years, ABC News, 2 August 2013; Justine Ferrari, Coalition joins Labor’s Gonski ‘unity ticket’, *The Australian*, 3 August 2013. e

⁴⁹ Justine Ferrari, Coalition joins Labor’s Gonski ‘unity ticket’, *The Australian*, 3 August 2013.

⁵⁰ Tom Allard, Surprise! Coalition backflip infuriates, *The Age*, 29 November 2013. See also Jane Norman, Coalition backflips on school funding, ABC PM, 2 August 2013; Michael Kolziol and Peter Martin, Wiggle Room for Abbott on Schools, *Sydney Morning Herald*, 13 August 2013.

⁵¹ The Coalition’s Policy for Schools: Students First, 29 August 2013, p. 5.

In a joint press conference with Abbott and the NSW Premier announcing the Coalition's election policy, Pyne said that: "...you can vote Liberal or Labor and you'll get exactly the same amount of funding for your school".⁵²

As the President of the Australian Education Union, Angelo Gavrielatos, said of the policy reversal:

This is more about election policy than education policy. Today's statement by Tony Abbott is an attempt to neutralise the pressure ... brought to bear on the Coalition due to its opposition to school funding reform.⁵³

However, the unity ticket was only ever a partial one – it was limited to four years of funding. The Coalition's election policy statement said that it would match the Commonwealth funding for schools committed by Labor over the forward estimates and that the funding committed to 2014 would flow to the states irrespective of whether they signed the NERA or not.⁵⁴ The additional funding over the four years of the Budget forward estimates amounted to \$2.8 billion and much of this was not new funding, but funding re-directed from the termination of existing national partnership programs.⁵⁵ The Coalition refused to commit to Labor's planned funding increase of \$10.3 billion over six years. Its election policy statement indicated that it would negotiate a new funding model with state governments.

In its election policy statement, the Coalition said that any new funding for state governments and private schools would not be conditional upon a deal which reduced their authority over schools or created unnecessary red tape.⁵⁶ It also promised to amend the Australian Education Act 2013 "to remove any parts that allow the Commonwealth Government to dictate what states and territories must do in their schools". Abbott stated that "Under the Coalition, you'll get the funding but you won't get the strings attached."⁵⁷ Pyne said that a Coalition Government would:

...dismantle all the central command and control features of the model from Canberra. So we will dismantle the red tape, and the bureaucracy, and we will give them the same money...⁵⁸

While it was unclear as to what Commonwealth policy and regulatory requirements the Coalition opposed, Pyne made it very clear that state governments would not be held to their agreement to increase funding:

It will be up to the States to decide whether they spend their money or not because they are sovereign Governments and should be treated like adults....
The Commonwealth will pay its share and it will be up to the States and Territories whether they pay their shares....⁵⁹

⁵² Christopher Pyne, Joint Press Conference with Tony Abbott, Barry O'Farrell and Christopher Pyne, 29 August 2013.

⁵³ Justine Ferrari, Coalition joins Labor's Gonski 'unity ticket', The Australian, 3 August 2013.

⁵⁴ The Coalition's Policy for Schools: Students First, 29 August 2013, p. 5.

⁵⁵ The additional expenditure over that already planned over the forward estimates was \$871 million. See Australian Government, Budget Measures: Budget Paper No. 2, 2013–14; Senate Standing Committee on Education Employment and Workplace Relations, Budget Estimates 2013-2014, Answer to Questions on Notice Nos. EW0075_14 & EW0234_14.

⁵⁶ Ibid, p. 6.

⁵⁷ ABC PM, Coalition Backflips on School Funding, 2 August 2013.

⁵⁸ Christopher Pyne, Interview on Sky News View Point, 5 August 2013.

⁵⁹ Christopher Pyne, Interview with Fran Kelly, ABC Radio National, 30 August 2013.

In summary, the Coalition was intent on stopping full implementation of the Gonski plan. It was only the risk of losing the election because of widespread community support for the plan that caused the Coalition to give assurances it was on a unity ticket with Labor. It did the job, but it proved to be a massive deception. Sabotage of Gonski was still on the agenda when the Coalition took over the reins of government.

3. Abbott Government changes to Gonski

Soon after it was elected, the Abbott Government attempted to reduce the level of Commonwealth funding over the next four years. It also attempted to limit the operation of the new funding model to 2014 and replace it with another model from 2015. However, it backed down on these proposals after a public outcry. Despite this, it did succeed in undermining the new national funding model in several ways:

- It restricted the additional funding to four years instead of six and proposed to introduce new funding arrangements to apply from 2018;
- It released state governments that signed up to the agreement from their commitments to maintain their current funding effort and to provide additional funding;
- It refused to give an opportunity for non-signatory governments to join the national funding agreement;
- It reduced priority to improving equity in education.

3.1 The Abbott Government reneged on its unity ticket

In November 2013, Pyne confirmed the commitment to maintain Labor's funding model and the planned funding increase over the four years, but would get rid of the conditions attached to the funding:

Over the next four years, we will maintain the new school funding model and the budget that went with that in the forward estimates...

So we will dismantle, over the next twelve months, the extra command and control features that Labor worked into the system.⁶⁰

However, within days of this statement, Pyne made an audacious attempt to demolish the new funding model and resurrect the SES model so favoured by the Coalition. He told Sky News that Labor's funding model was a "shambles" and that "I have to go back to the drawing board essentially and try and create a funding model that can be implemented".⁶¹ The following day he told The Australian that:

Everything needs to be examined fresh, because the model that Labor came up with is a shambles and quite unimplementable.... We are going back to the drawing board because we don't have any choice.⁶²

He elaborated that "I will renegotiate all funding agreements with the signatory and non-signatory jurisdictions, as well as the Catholics and the independents".⁶³ He said that it was too late to change the model for 2014 and a new funding model would be implemented in 2015. He indicated that the Howard Government's SES funding model, so heavily criticised by the Gonski report, was a good place to start in developing the new model:

⁶⁰ Christopher Pyne, Interview with Peter Van Onselen and Paul Kelly on Sky News, 17 November 2013.

⁶¹ Christopher Pyne, Interview with Chris Kenny – Sky News Viewpoint, 24 November 2013.

⁶² Lauren Wilson, Back to drawing board for Gonski, says Christopher Pyne, The Australian, 25 November 2013.

⁶³ Lexi Metherall, Pyne confirms funding deals to be renegotiated, ABC PM, 25 November 2013.

I believe that the school funding model that was implemented by the Howard Government, which was based on the socioeconomic status and qualifications of parents and went to the schools that were most in need is a good starting point for a school funding model.⁶⁴

The Minister's announcement of a new funding model was welcomed by ISCA. Its Executive Director, Bill Daniels, said that the Gonski model "lacks transparency, is too complicated and is based on data that is unreliable and of poor quality".⁶⁵

Pyne then announced that the funding increase for the next four years would now be \$1.6 billion instead of the \$2.8 billion provided in Labor's 2013-14 Budget: "the funding envelope is now \$1.6 billion as opposed to the \$2.8 billion that Labor promised in the budget last year".⁶⁶ He said that Labor had "ripped \$1.2 billion out of the forward estimates".⁶⁷ This referred to funding that the Labor Government had initially planned for Queensland, Western Australia and the Northern Territory but was returned to consolidated revenue because they did not sign up to the Gonski agreement. Far from being "ripped out", the funding would have been returned to the Budget had Labor won the election and concluded an agreement with the governments that refused to sign up before the election. The next day Pyne announced that the Government would allocate an extra \$230 million to Queensland, the Northern Territory and Western Australia for 2014.⁶⁸

This step should not have been the surprise it was to many. Pyne clearly stated just before the election that the Coalition's commitment had been reduced following the Budget update released at the end of August.⁶⁹

Pyne also sprang another surprise in revealing that that schools would only get the same amount of funding as promised by Labor and the Coalition in 2014, but "not over four years" as promised in before the election.⁷⁰ He refused to guarantee that no school would be worse off over the next four years.⁷¹ In an interview with Andrew Bolt, Abbott also insisted that the pre-election promise to match Labor's funding did not apply to each individual school but to schools "plural".

Well I think Christopher said schools would get the same amount of money and schools - plural - will get the same amount of money. The quantum will be the same.⁷²

Even Bolt was flabbergasted at the deceit as he replayed Abbott's pre-election promise:

ANDREW BOLT:

I hear that schools, plural – people just saw the grab. They heard "school," your "school" singular and I don't understand why that promise was made. I would go a billion dollars into debt just to keep your promise. I don't know why you don't commit to it.

PRIME MINISTER:

⁶⁴ Christopher Pyne, Press Conference - Parliament House, 26 November 2013.

⁶⁵ Bill Daniels, Independent Schools Support School Funding Improvements, Media Release, Independent Schools Council of Australia, 25 November 2013.

⁶⁶ Christopher Pyne, Press Conference - Parliament House, 26 November 2013.

⁶⁷ Christopher Pyne, Coalition wants a better model of school funding, ABC Lateline, 26 November 2013.

⁶⁸ Christopher Pyne, Coalition to Put More Funding into Schools, Media Release, 27 November 2013.

⁶⁹ Justine Ferrari and Sid Maher, Schools to lose in hold-out states, The Australian, 30 August 2013.

⁷⁰ Christopher Pyne, Interview with Rafael Epstein on ABC 774, ABC Radio, 26 November 2013.

⁷¹ Christopher Pyne, Interview with Ben Fordham 2GB, 26 November 2013.

⁷² Tony Abbott, Interview with Andrew Bolt, The Bolt Report, The Ten Network, 1 December 2013.

But Andrew, we are going to keep our promise. We are going to keep the promise that we actually made, not the promise that some people thought that we made or the promise that some people might have liked us to make.

The turnaround was a consequence of the decision to introduce a new funding model in 2015 which would affect the amounts received by schools.

Pyne's announcements set off a furore. Coalition and Labor state premiers condemned the policy reversal as did the Labor Opposition, Kathryn Greiner (a member of the Gonski review panel), the Australian Education Union and others.⁷³ One commentator said it was "an open-and-shut case of political deception".⁷⁴

Within a week, the Government was forced to back down. Abbott and Pyne announced that the Commonwealth Government had reached an agreement with the Queensland, Western Australia and the Northern Territory governments to join the national school funding arrangements and that the \$1.2 billion would be re-allocated to those jurisdictions over four years.⁷⁵ They also stated that the Government would increase its funding for schools by the \$2.8 billion over the next four years. Pyne said that "every school will get exactly the same amount of money" from the Commonwealth Government over the four years as it would have under Labor.⁷⁶ Pyne ruled out reviving the SES model and there was no further mention of implementing a different funding model in 2015.⁷⁷ The attempted demolition had failed; the Government found that it could not scrap Gonski and substitute a different model immediately.

3.2 The funding increase was limited to four years

The next stage in the sabotage of the Gonski model was to squash the funding increases planned for the last two years of the transition. As it indicated in the lead-up to the election, the Government abandoned Labor's planned funding increase for 2017 and 2018 which would have amounted to about \$7 billion plus indexation of the pre-Gonski Commonwealth funding. The 2014-15 Budget Papers showed that school expenditure in 2024-25 would be approximately \$6 billion less than projected under the Gonski plan.⁷⁸ The Government estimated a cumulative reduction in school expenditure of about \$30 million over the ten years to 2024-25.⁷⁹

The abandonment of the final two years of funding increases was widely condemned. State coalition premiers and education ministers, state Labor leaders and shadow education ministers, public

⁷³ John Ferguson and Lauren Wilson, Christopher Pyne sparks states' revolt on Gonski reversal, *The Australian*, 26 November 2013; Tom Allard, Surprise! Coalition backflip infuriates, *The Age*, 29 November 2013; Amy McNeilage and Anna Patty, Gonski funding: Christopher Pyne tells education ministers only public schools face cuts, *Sydney Morning Herald*, 30 November 2013.

⁷⁴ Mark Kenny, Abbott's Gonski backflip shows honesty in short supply, *The Age*, 3 December 2013.

⁷⁵ Tony Abbott and Christopher Pyne, A fairer funding agreement for schools, Joint Media Release, 2 December 2013.

⁷⁶ Christopher Pyne, Interview with David Speers, *Sky News*, 2 December 2013.

⁷⁷ Daniel Hurst and Lenore Taylor, Christopher Pyne rules out return to Howard-era school funding, *The Guardian*, 28 November 2013.

⁷⁸ Australian Government, Budget 2014-15, Budget Overview, p. 7; Marilyn Harrington, School Education, Budget Review 2014-15, Parliamentary Library, May 2014.

⁷⁹ Justine Ferrari, \$30bn curtain on Gonski's grand vision, *The Australian*, 14 May 2014; Senate Economics Committee, Budget Estimates 2014-15, 4 June 2014, p. 160; Senate Selection Committee on School Funding, Equity and excellence in Australian schools, July 2014, p. xii.

school principals' associations, the Australian Education Union and Save Our Schools were united in criticising the loss of funding.⁸⁰

A majority report by the Senate Select Committee on School Funding criticised the decision of the Abbott Government not to fund the last two years of the transition period and recommended that the provisions of the NERA be maintained.

As a result of its inquiry, the committee believes that the Abbott Government's changes to school funding arrangements will be detrimental to Australian schools, students, and to the broader Australian community. In particular, the changes will put at risk adequate funding for those students most at need, for example, students with disability.⁸¹

The Government rejected the recommendations. It said that the post-2018 funding increases and the indexation arrangements of the NERA were "unsustainable" and that the Government's approach to school funding would remain "fiscally responsible".⁸²

In order to discredit the Gonski funding model and justify the Government's decision to abandon the increase planned for the last two years, Pyne repeatedly claimed that school funding had increased by 40 or 44 per cent over ten years to 2012 but school results had declined.⁸³ He never sourced his figure but under questioning in Senate Estimates, a Department of Education official said that the source was the Report on Government Services (ROGS) published by the Productivity Commission.⁸⁴ However, the table referred to showed an increase of aggregate real funding (that is, adjusted for inflation) of 21.7 per cent between 2003-4 and 2012-13, about half the figure claimed by Pyne.⁸⁵ In further clarification, the Department stated that the increase referred to Commonwealth funding.⁸⁶

Pyne's claimed funding increase was deceptive for several reasons.⁸⁷ First, it referred only to Commonwealth Government funding and not total government funding which includes state government funding. Second, it was an aggregate figure and did not take account of increasing enrolments or changes in the composition of enrolments such as the increasing proportion of Indigenous, disability and senior secondary students which attract higher funding per student than average. Third, it included book-entry items for public schools (user cost of capital and depreciation) and other items (payroll tax and school transport) that had increased significantly but which have no impact on school outcomes. These items alone accounted for 32% of the nominal increase in public

⁸⁰ Benjamin Preiss and Henrietta Cook, Schools fear for future as Gonski axed, 15 May 2014; Justine Ferrari, States to lose billions in schools funding, The Australian, 15 May 2014; Joanne Mather and Tim Dodd, Schools face funding crunch after indexation change, Australian Financial Review, 15 May 2014; Fleta Page, Disadvantaged children 'the biggest losers', Canberra Times, 14 May 2014.

⁸¹ Senate Selection Committee on School Funding, Equity and excellence in Australian schools, July 2014, p. xiii.

⁸² Australian Government, Australian Government response to the Senate Select Committee on School Funding Report, October 2014, pp. 6, 10, 11.

⁸³ For example, see Christopher Pyne, Interview, ABC Lateline, 3 September 2012; Rachel Brown, Pyne denies public schools will suffer, ABC AM, 30 November 2013; Christopher Pyne, Interview, ABC Lateline, 19 February 2014; Christopher Pyne, Keeping our commitments: Record funding for schools. Media Release, 13 May 2014.

⁸⁴ Senate Education and Employment Committee, 2015-1016 Budget Estimates, Hansard, 4 June 2015, pp. 136-7.

⁸⁵ Productivity Commission, Report on Government Services 2015, Table 4A.7. Table 4A.17 showed an increase of 12.7% in real funding per student which was between three and four times less than claimed by Pyne.

⁸⁶ Senate Education and Employment Committee, 2015-1016 Budget Estimates, Answer to Question on Notice No. SQ15-000435.

⁸⁷ Trevor Cobbold, School Money Wars, Save Our Schools, 10 June 2014; Trevor Cobbold, Top Public Service Mandarin Badly Bungled School Funding Figures, Save Our Schools, 25 November 2015.

school funding since 2003-04. Fourth, it was not clear whether the claim referred to a current dollar increase or a real increase.

The actual increase in total government funding per student, adjusted for inflation, was some eight times less than that claimed by Pyne. It increased by only 5.3% between 2003-04 and 2012-13.⁸⁸ This was an increase of only 0.57% a year which amounted to an average increase of \$59 per student per year.

Pyne's claims were bolstered by the National Commission of Audit which criticised the increase in funding proposed under NERA because "there is no clear, consistent correlation in the academic literature between increased funding (including through reducing class sizes) and school outcomes".⁸⁹ However, this statement was based on a highly selective reading of the evidence.

The Commission relied heavily on a paper by Eric Hanushek of Stanford University.⁹⁰ The analysis cited in this paper in turn was based on a widely cited review of research studies by Hanushek published in 1986 and updated in 1997.⁹¹ What was ignored by the Commission, however, is that Hanushek's finding was refuted by two re-analyses of his original review. One re-analysis by academics from the University of Chicago criticised the methodology he used to synthesize results across studies as having "low statistical power" which made his conclusion "particularly suspect". This re-analysis adopted a more powerful analytic method and found that the vast majority of studies with statistically significant effects show a robust positive relationship between expenditure per student and student achievement. It concluded: "...we find that money does matter after all".⁹² In a later synthesis of some 60 studies, the Chicago University researchers confirmed their previous finding that increases in expenditure has a significant positive impact on student achievement.⁹³

Another re-analysis by Alan Krueger, Professor of Economics at Princeton University and later Chairman of President Obama's Council of Economic Advisers, criticised Hanushek's methodology as placing a disproportionate weight on a small number of studies that used small samples and mis-specified statistical models. He also concluded that money matters.⁹⁴

Other extensive reviews of the academic literature had also found a positive relationship between funding and school outcomes which were ignored by the Commission of Audit reaching the same conclusion. These included studies of several US states, including repeated studies of school finance reform in Michigan and Massachusetts, and several UK studies.⁹⁵ For example, one of the most

⁸⁸ Trevor Cobbold, Top Public Service Mandarin Badly Bungled School Funding Figures, Save Our Schools, 25 November 2015.

⁸⁹ National Commission of Audit, Towards Responsible Government: Appendix to the Report of the National Commission of Audit Volume 1, February 2014, p. 265.

⁹⁰ Eric A. Hanushek, School Resources, in Eric A. Hanushek and F. Welch (eds.), Handbook of the Economics of Education, Vol. 2, Elsevier, Amsterdam, 2006, pp. 865-908.

⁹¹ Eric A. Hanushek, The Economics of Schooling: Production and Efficiency in Public Schools. *Journal of Economic Literature* 24(3), 1986, pp. 1141-1177; Eric A. Hanushek, Assessing the Effects of School Resources on Student Performance: An Update. *Educational Evaluation and Policy Analysis*, 19(2) 1997, pp. 141-164.

⁹² Larry V. Hedges; Richard D. Laine and Rob Greenwald, An exchange: Part 1: Does Money Matter? A Meta-analysis of Studies of the Effects of Differential School Inputs on Student Achievement. *Educational Researcher*, 23(5), 1994, pp. 5-14.

⁹³ Rob Greenwald, Larry V. Hedges and Richard D. Laine, Richard D., The Effect of School Resources on Student Achievement, *Review of Educational Research*, 66(3), 1996, pp. 361-396.

⁹⁴ Alan B. Krueger, Economic Considerations and Class Size. *The Economic Journal*, 113, 2003, pp. F34-F63.

⁹⁵ For a summary of these studies, see Trevor Cobbold, Money Matters in Education, Save Our Schools, July 2014.

comprehensive recent analyses at the time of the relationship between school resources and outcomes concluded:

...the conclusion that 'school resources do not make a difference' is quite wrong, then, and has been the result of studies that are weakly conceptualized and dependent on impoverished data.

The conclusion that money doesn't matter is not correct, and fiscal conservatives and opponents of fiscal equalization should not take comfort from the complexities of an improved approach to school resources.⁹⁶

There was even more evidence that money matters in reducing education disadvantage. Many studies in the UK, the US and Europe had found that increased school funding for disadvantaged students leads to better school results. Even studies that found a weak impact of funding increases on general student outcomes have found much larger effects on the outcomes of disadvantaged students.⁹⁷ Some showed that the effect for disadvantaged students is two to four times that for other students. All these studies were ignored by the Commission of Audit.⁹⁸

There could be little wonder why Australia's national and international test results failed to improve. The real funding increase was miniscule and was not targeted to need. The largest increase went to private schools who enrol only a small proportion of disadvantaged students. The increase for private schools was double that for public schools, despite the fact that public schools enrolled over 80% of disadvantaged students. Funding per private school student increased by 9.8% compared to 4.7% in public schools over the period.

The fact was that needs-based funding in Australia, especially for low SES students, had only ever been a very small proportion of total school funding as demonstrated by a research report prepared for the Gonski review in 2011.⁹⁹ This was the whole point of the Gonski reforms – to better target future increases in school funding. As David Gonski himself stated in response to the criticism of his plan by the National Commission of Audit that increased funding had failed to improve outcomes:

...the essence of what we contended, and still do, was that the way monies are applied is the important driver. Increasing money where it counts is vital. The monies distributed over the 12-year period to which the commission refers were not applied on a needs based aspirational system.¹⁰⁰

The criticism that student outcomes had not improved with the increased funding also failed to acknowledge that there had been some significant improvements in school outcomes over the period that school funding marginally increased. Year 12 results improved significantly since 2003. Average retention rates from Year 7/8 to Year 12 for all schools increased from 75 to 82% and

⁹⁶ W. Norton Grubb, *The Money Myth: School Resources, Outcomes and Equity*, New York, Russell Sage Foundation, 2011, pp. 8-9, 88.

⁹⁷ Trevor Cobbold, *Money Matters in Education*, Save Our Schools, July 2014.

⁹⁸ Hanushek later conceded that none of the discussion over school funding "suggests that money never matters. Or that money cannot matter." See Eric Hanushek, *Money Matters After All?* Education Next, 17 July 2015.

⁹⁹ Adam Rorris; Paul Weldon; Adrian Beavis, Phillip McKenzie; Meredith Bramich & Alana Deery, *Assessment of Current Process for Targeting of Schools Funding to Disadvantaged Students*. Camberwell: Australian Council for Educational Research, 2011.

¹⁰⁰ David Gonski, *Inaugural Jean Blackburn Oration*, Australian College of Educators, University of Melbourne, 21 May 2014.

increased for Indigenous students from 39 to 55%.¹⁰¹ Average Year 12 completion rates increased from 69 to 74% and for low SES students increased from 64 to 68%.¹⁰² The proportion of Year 12 students achieving an ATAR score of 50+ increased from 25 to 43% between 2006 and 2013.¹⁰³ There were also significant improvements in some primary school results in international and national tests.¹⁰⁴

The improvements in Year 12 results likely accounted for much of the small real increase in funding because class sizes are generally significantly lower in Years 11 and 12 than in earlier years. This requires the employment of more teachers. The higher proportion of students at these year levels therefore meant increased average funding per student.

Another success of the school system that stemmed from the increase in funding was the incorporation of more disability students. Over the ten years from 2003 to 2013, the number of disability students increased by 54% and increased as a proportion of all students from 3.7 to 5.3%.¹⁰⁵ These students are much higher cost than the average. For example, a submission by the NSW Government to a NSW parliamentary inquiry indicated that the average funding for disability students was about double that of other students.¹⁰⁶ The increased proportion of these students in schools therefore contributed to increased average funding per student.

Similarly, the increase in Indigenous students as a proportion of total enrolments was also a factor contributing to the small increase in real funding. The proportion of Indigenous students increased from 3.9% of all students in 2003 to 5% in 2013. Indigenous students are funded significantly more than other students. For example, in 2010-11 Indigenous primary students were funded at 53% higher than Non-Indigenous students and Indigenous secondary students were funded at 44% higher.¹⁰⁷ As a result, the increased proportion of Indigenous students also contributed to the increase in real funding per student.

Despite Pyne's assertions then, the relatively small increase in school funding over the previous decade was used to good effect in some key areas. Improved Year 12 results for all students and Indigenous students and increasing enrolments of Indigenous and disability students all indicated an improving education system.

In the 2014-15 Budget, the Government also announced changes to the funding arrangements that would apply from 2018. It said that funding would increase in line with student numbers and CPI indexation.¹⁰⁸ This meant no increase in real funding as planned under the Gonski model. The Government's decision followed the recommendation by the National Commission of Audit that per-

¹⁰¹ Productivity Commission, Report on Government Services 2014, Table 4A.123; Report on Government Services 2015, Table 4A.188.

¹⁰² Productivity Commission, Report on Government Services 2009, Table 4A.128; Report on Government Services 2015, Table 4A.191,

¹⁰³ Productivity Commission, Overcoming Indigenous Disadvantage: Key Indicators 2016, Table 4A.6.11.

¹⁰⁴ Trevor Cobbold, School Money Wars, Save Our Schools, June 2014.

¹⁰⁵ Productivity Commission, Report on Government Services 2005, Table 3A17; and Report on Government Services 2015, Table 4A.31.

¹⁰⁶ New South Wales Government, NSW Government Submission to Inquiry into the Provision of Students with a Disability or Special Needs, Sydney, 2010.

¹⁰⁷ Productivity Commission, 2012 Indigenous Expenditure Report, p. 109.

¹⁰⁸ Australian Government, Budget 2014-15, Budget Paper No. 1: Budget Strategy and Outlook 2014-15, p. 6-20; Budget Paper No. 2: Budget Measures, p. 91.

student funding in 2017 should be maintained and indexed by a weighted average of the CPI and the relevant Wage Price Index and adjusted for changes in student enrolments.¹⁰⁹

The implementation of the proposed indexation arrangements would require amendment of the legislation. The Education Act specified that the SRS be indexed at 3.6% a year, funding for under-resourced schools at 4.7% and funding for over-resourced schools at 3% a year. All these rates were substantially higher than the projected CPI rate of 2.5% over the ten years to 2024-25.¹¹⁰ The Government's proposal would result in a reduction of real funding in schools because school costs increase faster than the CPI.

Private school organisations immediately criticised the proposal. The NCEC executive director Ross Fox said a school funding increase tied to the CPI would not keep pace with rising costs and could force schools to raise fees.¹¹¹ The acting executive director of ISCA said that it would result in a reduction of real funding.¹¹²

In the event, these indexation rates were not amended by the Abbott Government. The indexation applied from 2018 under the new model introduced by the Turnbull Government followed the recommendation of the Commission of Audit which was higher than proposed by the Abbott Government.

The 2014-15 Budget Papers also stated that the Government would provide equal per student base funding, as well as an even proportion of existing loadings to address disadvantage.¹¹³ This was not explained in the Budget Papers. However, one well-placed journalist cited a spokesman for Pyne as saying that Commonwealth funding for public schools in all states from 2018 would be an equal proportion of each state's assessed funding needs.¹¹⁴ He said that the Government would pay 19.1 per cent of each state's notional allocation from 2018. This indicated another break with the NERA. It was a forerunner of the 20 per cent cap placed on Commonwealth funding of public schools in each state under the new funding model introduced by the Turnbull Government in 2018.

3.3 Release of states from financial conditions attached to Commonwealth funding

The Abbott Government acted quickly to release the signatories to the NERA from their financial obligations under the Agreement. It also refused to place conditions on funding for the non-signatory governments. This was another stage in the sabotage of Gonski. It effectively abandoned developing the national approach to school funding envisaged by the Gonski report.

Pyne derided the conditions attached to Commonwealth funding under the plan as Canberra 'command and control' measures. He said that "it would be up to the states to decide whether they spend their money or not because they are sovereign Governments and should be treated like adults"¹¹⁵ He elaborated:

...as we said before the election we would have a no strings attached school funding model in time. The Commonwealth would put the money that it wanted to put in. And whether the states and territories put the money they wanted to put in would be a matter for them. I

¹⁰⁹ National Commission of Audit, The Report of the National Commission of Audit Phase One – February 2014, p. 127.

¹¹⁰ Justine Ferrari, \$30bn curtain on Gonski's grand vision, The Australian, 14 May 2014.

¹¹¹ Joanne Mather and Tim Dodd, Schools face funding crunch after indexation change, Australian Financial Review, 15 May 2014.

¹¹² Justine Ferrari, \$30bn curtain on Gonski's grand vision, The Australian, 14 May 2014.

¹¹³ Australian Government, Budget 2014-15, Budget Paper No. 3: Federal Financial Relations, p. 37.

¹¹⁴ Justine Ferrari, States to lose billions in schools funding, The Australian, 15 May 2014.

¹¹⁵ Christopher Pyne, Press Conference – Adelaide, 28 November 2013.

never supported - and said so many times - I never supported the Labor Party's attempt to essentially insert the Commonwealth in state and territory schools in their responsibilities by saying, well give you X amount of money as long as you put in Y amount of money. I don't think that is any way to have negotiations between states and territories and the Commonwealth. And we don't own and operate any schools. So we will say to the states and territories, this is the contribution that we're making. If the Northern Territory or Victoria wants to put in more money that'll be a matter for them...
I don't think it's right for us to tell the states and territories how to run their budgets.¹¹⁶

Pyne remained adamant that the Government would not impose financial conditions on the states to require them to maintain or increase funding for schools. He clearly stated that the Government would not be requiring the signatory or non-signatory governments to make financial contributions.¹¹⁷ It was a position he refused to back down on as exemplified in a later interview on the ABC's Lateline:

EMMA ALBERICI: ... but part of the funding model under Gonski required states to guarantee not to cut school funding in return for that federal money that was allocated by Labor. Will you therefore not be enforcing that part of the agreement?

CHRISTOPHER PYNE: Correct.

EMMA ALBERICI: Why not?

CHRISTOPHER PYNE: Because we're not going to infantilise the states and the territories. The states and territories can make their own decisions about their funding.

EMMA ALBERICI: But isn't it fair enough for the Commonwealth to say, "If I'm going to give you a dollar, I want to make sure you're not going to take a dollar out of your education system"? Wasn't that a sensible thing for the Federal Government to be saying to the states, that if they're going to contribute, that the states should agree not to take money out of education?

CHRISTOPHER PYNE: No, I don't think so.

EMMA ALBERICI: Otherwise its counter-productive, isn't it?

CHRISTOPHER PYNE: Well how long is this question going for? If you want an answer, the answer is: no, I don't think that that was sensible because the Commonwealth doesn't own or operate any schools. Only the states and territories do. It's not the Commonwealth's job to tell state and territory governments how to spend their money. On the other hand, if a state and territory takes money out of school education, I would expect a decent Opposition in whatever state or territory that was to point out to the voter that they were reducing their spending in Education and to vote against them accordingly at the next election, if that was the voter's priority. But that is not the Commonwealth's job to be the policeman for how the states and territories divide up their budgets. That's the states' and territories' job.¹¹⁸

As a result, the states were free to do what they liked with Commonwealth funding and there was no requirement for them to increase their own funding. They were free to substitute Commonwealth funding for their own funding and to reduce their own funding effort. As the

¹¹⁶ Christopher Pyne, Press Conference – Parliament House, 26 November 2013.

¹¹⁷ Christopher Pyne, Doorstop Interview – Parliament House, 4 December 2013.

¹¹⁸ Emma Alberici, Christopher Pyne discusses proposed changes to education funding, ABC Lateline, 20 May 2014. See also, Sarah Ferguson, Christopher Pyne says budget concerns 'entirely a matter for the States', ABC 7.30 Report, 14 May 2014.

Government's Audit Commission report later observed, "...there is no obligation for the States to increase, or even maintain, their own funding levels".¹¹⁹

A further implication was that there was no longer any obligation on governments to distribute Commonwealth funding according to a Gonski-type funding formula. Under sustained questioning over two days in the Parliament after the furore about reneging on their pre-election unity ticket, Abbott and Pyne conspicuously avoided guaranteeing that the disadvantage funding loadings would be actually delivered to schools, saying that was a state government responsibility. The Prime Minister told the Parliament that "We are delivering the money that will enable the loading to be delivered".¹²⁰ Outside the Parliament, Pyne said that "the loadings and the base funding will be delivered from the Commonwealth's perspective".¹²¹

It was apparent that the Government would only commit to Commonwealth funding to the states according to the Gonski formula and that it would be up to state governments to determine how it is spent. The only requirement the Government appeared to have made was a general one that state governments have their own needs-based model:

I can say that every State and Territory is applying a needs-based funding model. They've all agreed to that... They will all agree, as they have, to a needs-based funding model with loadings.¹²²

It did not specify that state models be the same as, or similar to, the base plus loadings model used by the Commonwealth to allocate funds to the states. As a Crikey journalist commented:

States can direct the additional funding (for four years) wherever they like.... there's no requirement on the states to adhere to the needs-based funding model developed by the Gonski panel -- a state could direct all the additional funding to wealthy private schools if it so desired.

Indeed, startlingly, there's no need even for the states to provide the additional funding to which they themselves committed as part of their agreements with the Gillard and Rudd governments, or for the non-Gonski signatories not to cut their own schools funding to offset the additional funding announced yesterday.¹²³

And, as Barry Cassidy said: "...there is nothing to stop the states ignoring altogether needs-based funding, or even worse, re-directing education funding to other areas".¹²⁴ All Pyne would say was that the Government expected the original signatory states to keep to the conditions of their agreement "but at the end of the day, that is a matter for those sovereign jurisdictions".¹²⁵

Despite the reluctance of the Abbott Government to require the states to implement a Gonski-type formula, most governments gradually adopted such a model in their own funding of public and private schools.

¹¹⁹ National Commission of Audit, *Towards Responsible Government*, Appendix Volume 1, February 2014, p. 261.

¹²⁰ Tony Abbott, Answer to Question Without Notice, Hansard, House of Representatives, 3 December 2013, p. 1413.

¹²¹ Christopher Pyne, Doorstop Interview – Parliament House, 4 December 2013.

¹²² *Ibid.*

¹²³ Bernard Keane, *Pyne blows himself, and the Gonski reforms, to pieces*, Crikey, 3 December 2013.

¹²⁴ Barry Cassidy, *Money for nothing in Gonski backflip*, The Drum, ABC, 6 December 2013.

¹²⁵ Tony Abbott & Christopher Pyne, Transcript of Joint Press Conference, Parliament House, 2 December 2013.

The Government's refusal to place financial conditions on its school funding grants to the states was in sharp contrast with its approach to funding in other areas such as health, workforce training, disability services and housing. These were subject to Commonwealth-state agreements that define objectives, outcomes, outputs and performance indicators, other accountability requirements and specify the roles and responsibilities of the Commonwealth and the States in the delivery of services. For example, the Government continued the National Health Reform Agreement negotiated with the states by the Labor Government. The agreement included clauses determining state government financial contributions and ensuring maintenance of their spending effort on health.¹²⁶ Commonwealth grants under the National Skills and Workforce Development and the National Disability Services Specific Purpose Payments were required to be spent in the relevant sector.¹²⁷

The extension of the National Partnership Agreement on Homelessness in 2014 provided a sharp contrast with the approach to school funding. The Agreement required the states to make a matching financial contribution with the Commonwealth's and to show how the funding was allocated.¹²⁸ The Minister for Social Services, Kevin Andrews, said it was imperative that the Government know how the funding was used:

I believe the states will sign up but, from the Commonwealth's perspective, we want to know that the funding that we are providing is actually leading to services on the ground...
... rather than just counting what amount of money for example or funds that you provide to a particular service, we want to see what we're actually getting as a result of that.
We want to make sure that the funds are being spent on the services, are being spent on the way in which we can be assured that taxpayers' money are going towards actually trying to reduce homelessness.¹²⁹

This approach conformed with previous Coalition policy under the Howard Government of using tied grants for various programs. For example, in the 2004 election campaign Howard said he would not accept handing Commonwealth funding over to the states without conditions:

We don't want this money disappearing into state bureaucracies and redirected. It's not good enough just for the states to say give us more money and we'll decide how to spend it...the idea that we should just hand more money over to the States for them to decide how it's going to be spent – we're not just going to accept that.¹³⁰

Clearly, the Government's new-found advocacy of states' rights was highly selective and opportunistic. It was a convenient way to subvert the national Gonski funding model – a model the Government never really agreed to. It was a way to undermine the key feature of the Gonski approach – specific funding directed at disadvantaged students, which would deliver much larger funding increases to public schools than private schools.

The Abbott Government's approach had significant implications for the funding of public schools because over 80 per cent of their funding was from state/territory governments in 2013 and Commonwealth funding is delivered via the states. It meant that there was no guarantee that the states would increase their funding as previously agreed and it raised the possibility that the states could even cut their funding.

¹²⁶ Council of Australian Governments, National Health Reform Agreement,

¹²⁷ Australian Government, 2014-15 Budget, Budget Paper No. 3, p. 7.

¹²⁸ Council of Australian Governments, National Partnership Agreement on Homelessness 2014-2015, 2014.

¹²⁹ Louise Yaxley, Housing and homelessness policy shakeup planned, ABC World Today, 10 June 2014.

¹³⁰ ABC AM, John Howard promises to spend another \$6 billion, 27 September 2004.

This is exactly what happened. State governments took advantage of the absence of conditions attached to Commonwealth funding to reduce their real funding of public schools. While Commonwealth funding for public schools, adjusted for inflation, increased by \$449 per student (or 26.2%) in the four years of the Gonski plan (2013-2017), all states except Victoria and Tasmania cut funding of public schools.¹³¹ The average state funding cut was \$233 (-2.7%) per student. As a result, total government funding for public schools increased by only \$216 per student (2.1%). State governments increased their current dollar funding of public schools, but failed match rising costs let alone to put in significant additional funding as envisaged under the NERA.

In contrast, private schools were guaranteed funding increases because around 75% of their government funding was provided by the Commonwealth. The Commonwealth funding increase for private schools was much larger than for public schools - \$749 per student in Catholic schools and \$737 per student in Independent schools. The states also increased their funding for private schools slightly despite cutting their funding of public schools - \$24 per student in Catholic schools and \$62 per student in Independent schools.

As a result, total real government funding per student in Catholic and Independent schools increased by over three times that in public schools - \$216 (2.1%) in public schools compared to \$773 (9.2%) in Catholic schools and \$799 (11.7%) in Independent schools

3.4 Removal of other conditions attached to Commonwealth funding

The Government's pre- and post-election statements on removing the so-called 'command and control' features of Labor's funding model also implied opposition to a significant education role for the Commonwealth. As the newly elected Prime Minister, Abbott said:

What we don't want is to try to run public schools out of Canberra and that was the problem with the original deal that the former government did. There were these management plans which the Minister in Canberra could put in place, there were inspectors from Canberra, there was a whole lot of extra data gathering from Canberra, we're going to dispense with all of that....¹³²

Abbott was clearly following the lead of ISCA and the NCEC which had expressed strong concerns about the burden of additional accountability requirements for private schools.¹³³

A particular target was the requirements in the Act (Part 7) and associated Regulations (Sections 44 & 45) relating to school improvement plans.¹³⁴ Each school system or organisation consisting of more than one school was required to have a school improvement framework and develop, implement, publish and review a school improvement plan. At the press conference with the Prime Minister in December 2013, Pyne said:

... we wouldn't keep the implementation plans of the Federal Minister over individual schools. We also said that we would dismantle the regulations and red tape that made the

¹³¹ Trevor Cobbold, *The State of School Funding in Australia*, Education Research Paper, Save Our Schools, June 2019.

¹³² Tony Abbott & Christopher Pyne, Transcript of Joint Press Conference, Parliament House, 2 December 2013.

¹³³ Independent Schools Council of Australia, Submission to Inquiry into the Provisions of the Australian Education Bill 2012, Senate Standing Committee on Education, Employment and Workplace Relations Legislation Committee, February 2013; National Catholic Education Commission, Submission to Inquiry into the Australian Education Bill 2012, Senate Standing Committee on Education, Employment and Workplace Relations Legislation Committee, February 2013.

¹³⁴ Tony Cook, Associate Secretary, Early Childhood, Schools and Youth, Department of Education, Senate Select Committee on School Funding, Hansard, 13 March 2014, p. 18

model virtually incapable of being implemented and next year we will amend the Australian Education Act to do just that.

In January 2014, Pyne initiated a consultation on “removing command and control features” of the Act and invited submissions from state education ministers, private school organisations, peak parent bodies, principals’ organisations and education unions.¹³⁵ The Department of Education reported to Senate Estimates that it received 24 submissions, but they were not made public.¹³⁶ It was later reported that feedback from public and private schools indicated that the implementation plans were a significant burden on schools.¹³⁷

The Government’s approach reversed a long history of the Coalition using tied grants to pursue education policy objectives. The Howard Government, in which both Abbott and Pyne were ministers, presided over a huge expansion in the role of the Commonwealth government in school education covering curriculum, teaching, vocational education and training, assessment and certification, performance measurement and reporting, and specifying particular school structures, activities, and how schools should operate.¹³⁸ It attached many conditions to Commonwealth funding for education programs. Some of the conditions went into the minutiae of things. For example, as a condition of receiving Commonwealth funding for flagpoles, schools were required to invite a Coalition MP to a flag-unveiling ceremony, publish a picture of the MP in the school newsletter, and erect a plaque acknowledging that it was a gift from the Commonwealth Government.¹³⁹ As one prominent journalist noted:

It ends a practice pursued by the Howard government that made federal funding conditional on implementing many of its programs, including A to E report cards, flagpoles in schools and spearheading the national approach on curriculum and testing.¹⁴⁰

The proposal to remove the conditions attached to the Gonski funding was confined to this program. The Government did not announce that conditions attached to other education funding programs would be removed. Several national partnership agreements on education were maintained by the Abbott Government, all of which had conditions attached and which were not removed. For example, the National Chaplaincy Program had conditions attached for governments to follow and these were largely continued by the Abbott Government.¹⁴¹ At about the same time that he was releasing states from any obligations under the Gonski funding plan, Pyne announced an increase of \$58 million in funding for the More Support for Students with Disabilities program.¹⁴² Funding for

¹³⁵ Senate Select Committee on School Funding, Answer to Question on Notice No. 5, 13 March 2014.

¹³⁶ Senate Standing Committee on Education and Employment, Supplementary Budget Estimates 2014-2015, Answer to Question on Notice No. ED0553_15.

¹³⁷ Commonwealth Department of Education and Training, Supplementary Submission, Australian Government Funding: Schools and Indigenous Health - Inquiry based on Auditor-General's reports 18 and 50 (2017-18), Joint Committee of Public Accounts and Audit, Commonwealth Parliament, 3 September 2018.

¹³⁸ Trevor Cobbold, *The Great School Fraud: Howard Government School Education Policy 1996-2006*, Save Our Schools, April 2007.

¹³⁹ Australian Government, Department of Education, Science and Training, *Flagpole funding initiative – programme guidelines for schools 2006*, Canberra, 2005.

¹⁴⁰ Justine Ferrari, *\$30bn curtain on Gonski’s grand vision*, *The Australian*, 14 May 2014.

¹⁴¹ Australian Government, Department of Education and Training, *National School Chaplaincy and Student Welfare Program Guidelines*, September 2012.

¹⁴² Christopher Pyne, *Government boosts support for students with disabilities*, Media Release, 23 November 2013.

this program was subject to a number of detailed performance and accountability conditions.¹⁴³ Yet, these conditions were not removed.

In the event, no major changes were made to the Education Act by the Abbott Government. The clauses relating to school improvement plans and implementation plans were not amended. A number of minor changes were made in November 2014 with the passing of the Australian Education Amendment Act.¹⁴⁴ The changes mostly involved the correction of drafting errors and omissions in the Act that affected intended operation of the new school funding system. It provided for additional funding in 2014 to schools with large numbers of Indigenous boarding students from remote areas to meet an identified resourcing shortfall and ensuring transitional recurrent funding arrangements for some private special schools and special assistance schools.

The substance of clauses relating to school frameworks and improvement plans remained unchanged until 2017 although the implementation date was deferred, first from 1 January 2015 to 1 January 2016 through the Education Amendment Act and then to 1 January 2017.¹⁴⁵ The clauses relating to school improvement frameworks and plans were finally removed by the Australian Education Amendment Act passed in June 2017.

3.5 No option for non-participating states to join agreement

Another step in the sabotage of Gonski was to ensure that it was not implemented as a national model for the funding of public schools. The Government did not want a national school funding model.

Under the Australian Education Act 2013, the Minister for Education could determine that a state or territory government is a “participating” government. A participating government was one that signed the NERA and a separate bilateral agreement with the Commonwealth. The bilateral agreements consist of three parts – a heads of agreement, a funding schedule and an implementation plan.¹⁴⁶ A “non-participating” government was one that did not sign the NERA and did not have a separate bilateral agreement with the Commonwealth. This distinction had implications for how public schools were funded as all private schools and systems were treated as participating authorities.

The category of non-participating governments had particular implications for public schools because these governments were not required to increase their funding for public schools or to implement a Gonski-type funding formula.¹⁴⁷ Recurrent funding for public schools under non-participating governments continued to be provided through a national specific purpose payment (SPP) with the amount received in 2013 to be indexed each year by the Minister. Non-participating governments were also not bound by other conditions of the NERA and specific conditions relating to the participating states in the Education Act. However, they were bound by the broad policy conditions of the Act and conditions relating to the collection of information.

As noted above, Queensland, Western Australia and the Northern Territory did not sign the NERA. Victoria and Tasmania signed the NERA but did not sign a bilateral agreement with the Commonwealth before the caretaker period for the September 2013 election. The Tasmanian

¹⁴³ Council of Australian Governments (COAG), National Partnership Agreement for More Support for Students with Disabilities, 2012.

¹⁴⁴ Australian Parliament, Australian Education Amendment Bill, Explanatory Memorandum, September 2014.

¹⁴⁵ Australian Education (Consequential and Transitional Provisions) Act 2013; Christopher Pyne, Australian Education (Consequential and Transitional Provisions) (School Improvement Framework and Plans) Specification 2015, 19 August 2015.

¹⁴⁶ Tony Cook, Senate Select Committee on School Funding, Hansard, 18 February 2014, p. 4.

¹⁴⁷ All private schools were regarded as participating authorities under the Education Act.

Government submitted an incomplete draft bilateral agreement at the commencement of the caretaker period which was not progressed.¹⁴⁸ A Commonwealth Education Department official stated before the Senate School Funding Select Committee that Tasmania's draft plan was not submitted within 14 days of the signing of the Heads of Agreement as specified in the latter, the implication being that it was therefore not operative even though no allowance was made for the fact that the 14 days fell within the caretaker period of government and the new government did not follow up after the election.¹⁴⁹ There was no time restriction in the Heads of Agreement with the Victorian Government for the submission of its bilateral agreement.

The Abbott Government clearly chose not to encourage the non-signatories to agree to the NERA or to finalise bilateral agreements with the Victorian and Tasmanian governments. It effectively excluded the Victorian and Tasmanian governments from the plan, despite their clear intent to participate. They were excluded by a Government-imposed technicality that could easily have been fixed by allowing the Victorian and Tasmanian to complete their implementation plans. Governments had up to the end of 2013 to become a participating state because the Education Act did not come into force until 1 January 2014. There was over three months between when the Abbott Government was sworn in and the end of the year, but the Government did not give any opportunity for the excluded governments to become participating states. As the chair of the Senate School Funding Select Committee said, the non-submission of a draft bilateral agreement before the caretaker period was "a fig leaf" to preclude a state from becoming a participating state and reflected an inflexible approach.¹⁵⁰ As an official of the Department of Education indicated, it was a decision made by the Government.¹⁵¹

Pyne wrote to the non-signatory governments before the year was up to inform them of their funding arrangements.¹⁵² He signed a formal Determination in January 2014 naming New South Wales, South Australia and the ACT as the only participating governments.¹⁵³

In the event, whether governments signed up to the NERA or not made no practical difference to Commonwealth funding. The amount of funding offered by the new government was the same as they would have received if they had signed the NERA.¹⁵⁴ This followed from the Government's pre-election commitment that it would match the funding that was offered over the forward estimates by the previous government. The non-participating states were funded by the Commonwealth on the same basis as the participating states – base funding plus loadings. They were funded as if they were participating states.¹⁵⁵ There were no conditions attached to their funding. In his letters to the non-signatory governments, the Minister expressed his expectation that they would continue their funding effort across the forward estimates but there was no requirement that they should do so.

3.6 Equity dismissed

Nor did the Government want a funding model focused on equity. It wanted to revert to giving priority to school choice as under the Howard Government approach. This completely undermined the whole rationale of the Gonski model.

¹⁴⁸ Senate Select Committee on School Funding, Answer to Question on Notice No.1, 18 February 2014.

¹⁴⁹ Tony Cook, Senate School Funding Select Committee, Hansard, 13 March 2014, p. 3.

¹⁵⁰ Senator Jacinta Collins, Senate School Funding Select Committee, Hansard, 13 March 2014, p. 4.

¹⁵¹ Tony Cook, Senate School Funding Select Committee, Hansard, 18 February 2014, p. 4.

¹⁵² Christopher Pyne, Letters to Non-Participating Governments, 10 December 2013. See Senate Standing Committee on Education and Employment, Additional Budget Estimates 2013-2014, Answer to Question on Notice No. ED0242_14.

¹⁵³ Australian Education (Participating States and Territories) Determination 2014, 29 January 2014.

¹⁵⁴ Senate Standing Committee on Education and Employment, Supplementary Budget Estimates 2013-2014, Answer to Question on Notice No. ED0202_14.

¹⁵⁵ Tony Cook, Senate School Funding Select Committee, Hansard, 18 February 2014, p. 3.

Gonski had shelved choice as a priority in school funding and put equity front and centre. It switched the focus of education funding to increasing equity in education: "Achieving greater equity in Australia's schooling system is central to the panel's remit..."¹⁵⁶ As David Gonski said of the panel's deliberations:

We felt strongly and unanimously that a funding system must ensure that differences in educational outcomes are not the result of differences in wealth, income, power or possessions.¹⁵⁷

As the most ambitious attempt to deal with the major inequalities in educational outcomes in Australia in 40 years, the Gonski report represented a watershed change in school funding in Australia. It created the framework for a new national school funding system to reduce inequity in education outcomes. The biggest increase in funding was directed at public schools where the large majority of disadvantaged students were enrolled.

This was anathema to the Coalition. Pyne made it clear that the Coalition's priority was funding choice: "Choice is very much at the heart of the Coalition's approach to school-based education".¹⁵⁸ This meant continued preferential support for private schools.

The Gonski equity goal was simply dismissed by Pyne. He claimed that Australia did not have an equity problem despite national and international test results that show huge gaps of two to five years of learning between advantaged students and various categories of disadvantaged students. For example, he told Steve Cannane on ABC Lateline in July 2012 that "...there isn't actually an issue in Australian schools that revolves around equity" and he denied that socio-economic background is a major factor contributing to poor school outcomes.¹⁵⁹ In another Lateline interview in November 2013 with Cannane he said: "I don't believe there is an equity problem in Australia".¹⁶⁰ He even denied that the Gonski report was about achieving greater equity in education:

Steve, you're the first person who has described the Gonski report as being all about equity. The Gonski report was about a new school funding model. It was supposed to be about high-quality outcomes for our students. If it was all about equity then that is news to most people.

This was in line with influential voices in the private school sector and amongst their advocates. For example, the influential Independent Schools Victoria had long argued that low SES students should not receive extra funding because it claimed that the relationship between low SES and education outcomes is "weak" and "inconclusive" and that "low SES has a minor influence on student performance".¹⁶¹ The Minister's senior advisor, Scott Prasser, claimed that "the correlation between education spending and qualitative outcomes is weak, including for disadvantaged students" and that the Gonski Review ignored evidence that "more resources are not the answer to raising school

¹⁵⁶ Review of Funding for Schooling, Final Report, December 2011, p. 105.

¹⁵⁷ David Gonski, Inaugural Jean Blackburn Oration, Australian College of Educators, University of Melbourne, 21 May 2014, p. 19. See also Review of Funding for Schooling, Final Report, December 2011, p. 105.

¹⁵⁸ ABC Q&A, Education debate, 11 March 2013.

¹⁵⁹ Christopher Pyne, Interview on ABC Lateline, 16 July 2012.

¹⁶⁰ Christopher Pyne, Interview on ABC Lateline, 26 November 2013.

¹⁶¹ Independent Schools Victoria, Submission to Gonski Review on Commissioned Research Studies, p. 9.

achievement, even for the most disadvantaged students”.¹⁶² Prasser was a strong critic of the Gonski review and argued that education policies should focus on quality rather than socio-economic status or disadvantage.¹⁶³ Another prominent government advisor, Kevin Donnelly, regularly argued that the link between student performance and SES “is far from proven”.¹⁶⁴

These claims ignored comprehensive research evidence of the strong relationship between SES background and student achievement.¹⁶⁵ It also ignored extensive international and Australian research evidence available at the time that increased spending on disadvantaged students improves outcomes.¹⁶⁶ The evidence was, and remains, compelling.¹⁶⁷

Pyne attempted to weaken the commitment to equity funding by taking the opportunity of a planned review of the SES loadings to question whether they should continue. The NERA provided for a review of the SES loading by 2015. Consultation on the review began in August 2014 and the terms of reference, consultation paper and submission template were circulated to invited participants. The terms of reference requested the review to consider the intent of the low SES loading.¹⁶⁸ The consultation paper opened the issue of whether there should be any low SES funding loadings with the first question in a list of discussion issues for the consultation saying: “Is there a need for a low SES loading?”¹⁶⁹ This question was repeated in a template for submissions circulated to participants.¹⁷⁰

There was no public announcement that the consultation had begun and only select organisations were told of it and invited to participate. The invited organisations were heavily biased towards private school organisations, some of whom had questioned the need for the SES loading in the past. Private school organisations comprised the large majority of invitees and were vastly over-represented compared to public schools. Of 47 organisations invited to the consultation, 29 were private school organisations. Only three directly represented public school organisations. Eight state

¹⁶² House of Representatives, Standing Committee on Education and Employment, Australian Education Bill 2013, Hansard, p. 15; Scott Prasser, Submission to House of Representatives Education Committee inquiry into the Australian Education Bill 2012, 9 February 2013, pp. 2, 5.

¹⁶³ For example, see Scott Prasser and Helen Tracey, *Beyond Gonski: Reviewing the Evidence on Quality Schooling*, Public Policy Institute, Australian Catholic University, 2013; Public Policy Institute, *The Gonski Review: A Questionable Basis for School Funding Reform*, Policy Update, Australian Catholic University, 24 April 2012. It is also significant that the Public Policy Institute at the Australian Catholic University, of which Prasser was Executive Director before becoming senior advisor to Christopher Pyne, prepared a series of papers on the Gonski review for the Independent Schools Council of Australia and a paper for Independent Schools Queensland.

¹⁶⁴ Kevin Donnelly, All students are equal, why fund them differently? *The Drum*, ABC, 23 May 2013.

¹⁶⁵ For example, see: Robert Haveman and Barbara Wolfe, *The Determinants of Children's Attainments: A Review of Methods and Findings*, *Journal of Economic Literature* 33(4), 1995, pp. 1829-1878; Selcuk Sirin, *Socioeconomic Status and Student Achievement: A Meta-analytic Review of Research*, *Review of Educational Research* 75 (3), 2005, pp. 417-45; John Hattie, *Visible Learnings*, Routledge, London, 2009; Sean Reardon, *The Widening Achievement Gap Between the Rich and Poor: New Evidence and Possible Explanations*, in Duncan, J and Murnane, R. (eds.) *Whither Opportunity? Rising Inequality, Schools and Children's Life Chances*, Russell Sage, New York, 2009, pp. 91-116.

¹⁶⁶ For example, Bruce Baker, *Does Money Matter in Education?* Albert Shanker Institute, 2012; Trevor Cobbold, *Money Matters in Education*, Education Research Brief, Save Our Schools, July 2014.

¹⁶⁷ Trevor Cobbold, *Studies Since 2015 Showing that Money Matters in Education*, Save Our Schools, 13 June 2019.

¹⁶⁸ Australian Government, *Terms of Reference – review of the loading for Low Socio-economic Status*, 1 August 2014.

¹⁶⁹ Australian Department of Education and Training, *Discussion Paper: Review of the Low Socio-Economic Status Loading*, 13 August 2014, p. 5.

¹⁷⁰ Australian Government, *Submission to the Review of the Low Socio-Economic Status Loading*, (no date).

and territory government education departments were represented, but their responsibilities included both public and private schools.

There was no process for public submissions and submissions by the participants were not made public. The Department of Education told Save Our Schools that the review “is not a public review” and the submission by SOS would not be considered.¹⁷¹ It suggested that SOS share any relevant information with any of the relevant education authority/ies and/or national peak bodies participating in the process.

As a result, several public school organisations considered that the consultation was rigged against public schools.¹⁷² For example, the President of the Australian Education Union condemned the “biased secretive process”¹⁷³:

The only logical construction that can be put on this biased secretive process is that it is intended to advance the Abbott Government’s agenda of dismantling the Gonski funding reforms in the interests of the private school lobby which is actively seeking to maintain the relative resource advantage of private schools in comparison to the government schooling sector.

A statement released by Save Our Schools said:

Re-opening this issue can only be perceived as a threat to the future of the loadings given the biased representation in the consultation and statements by the Federal Minister for Education, his advisors and private school organisations denying the need for the loadings.¹⁷⁴

Save Our Schools said there was widespread concern that a secret deal was being hatched between the Federal Government and private school associations to dismantle funding for low SES students and schools.¹⁷⁵ The Shadow Minister for Education, Kate Ellis, accused the Government of “white-anting” a core component of the Gonski funding model and called on it to continue providing extra school funding for disadvantaged students.¹⁷⁶

The Government backed down in the face of the public criticisms and removed the question from the discussion paper. A revised discussion paper published on the Department’s website removed the question: “Is there a need for a low SES loading?”¹⁷⁷

A briefing on the review and its findings was provided to a meeting of the Education Council in December 2014, but there is no indication of any decision taken by the meeting as a communique on the meeting outcomes was not published. The brief noted that the current measure of the SES

¹⁷¹ Deb Efthymiades (Group Manager, Schooling Group, Department of Education), Email to Trevor Cobbold, September 2014. See also Save Our Schools, Public is Not Invited to Low SES Funding Loadings Review, 16 September 2014; Uninvited Submission Calls for Gonski Plus Funding Loadings for Disadvantaged Students, 1 October 2014.

¹⁷² Justine Ferrari, Review of extra funding for low-SES students ‘rigged’, The Australian, 9 September 2014.

¹⁷³ Angelo Gavrielatos, Letter to the Minister for Education, 8 September 2014.

¹⁷⁴ Save Our Schools, Funding for Low SES Students is Under Threat by Secret and Biased Consultation, Media Release, 9 September 2014.

¹⁷⁵ *ibid.*

¹⁷⁶ Kate Ellis, Abbott Must Keep Promise for Disadvantaged Students, Media Release, 9 September 2014.

¹⁷⁷ Matthew Knott, Government bows to concerns over school funding review, The Age, 10 September 2014.

loading would be maintained until 2017 and that work would be undertaken to improve the measure.¹⁷⁸

In contrast to Pyne's undermining of equity as a policy goal and a key part of the Gonski funding model, the Government re-iterated its fundamental commitment to private schools. The Coalition's priority for funding private schools was made very clear in a speech by Pyne to national policy forum of Christian Schools Australia in 2014. He said that the Abbott government has an "emotional commitment" to private schools and it was the Prime Minister's view that "we have a particular responsibility for non-government schooling that we don't have for [state] government schooling".¹⁷⁹ He added: "I can't see those circumstances changing. You can rest easy on that".¹⁸⁰ This allegiance clearly showed in the Government's approach to the Gonski funding model – guaranteed future funding of private schools and no guarantees for public schools.

The NERA also provided for reviews of the indexation arrangements and the finalisation of the loadings for students with disabilities (SWD) and English language proficiency (ELP). The indexation review was to be completed by March 2015. The SWD and ELP loadings were to be finalised by 1 January 2015.¹⁸¹ No announcements were made about whether these reviews were conducted or on their findings.

3.7 Senate inquiry on school funding

In December 2013, the Senate requested the Select Committee on School Funding to inquire into and report on the development and implementation of national school funding arrangements and school reform. The Committee's report was tabled in the Parliament in July 2014 and the Government's response was tabled in October 2014.

The inquiry was significant in that it confirmed private school opposition to several aspects of the Gonski model. In particular, the Independent Schools Council of Australia (ISCA) wanted to return to the Howard Government's SES model that was so heavily criticised by the Gonski report. As Abbott's DNA comment indicated, ISCA has long been a major influence in the Liberal Party's school funding policies.

ISCA criticised the Gonski model as involving at least twenty-seven different funding models in operation as a result of each state and territory government and the Commonwealth Government operating different funding arrangements across the three school sectors.¹⁸² This was both a misleading and disingenuous criticism, but it had a long life as it was later taken up by the Minister for Education in the Turnbull Government, Simon Birmingham, in his campaign to ditch the Gonski model.

It was a misleading criticism because it also largely applied to the previous funding model introduced by the Howard Government. The Commonwealth negotiated different funding arrangements with each school sector. Indeed, the introduction of the Howard Government's SES funding model initially only applied to the Independent school sector as the Catholic sector refused to sign up to the new arrangements and continued to be funded according to the previous Education Resources Index model. Each state and territory government had its own funding arrangements with each sector as

¹⁷⁸ Australian Government, Review of the Low Socio-economic Status Loading and Finalisation of the English Language Proficiency Loading, Briefing Paper to Education Council Meeting, 14 December 2014.

¹⁷⁹ Alexandra Smith, Christopher Pyne's pledge sparks fears public schools will be ignored, Sydney Morning Herald, 31 May 2014.

¹⁸⁰ Christian Schools Australia, Pyne Commits to Ongoing Direct Federal Funding for NG Schools, 27 May 2014.

¹⁸¹ Senate Select Committee on School Funding, Answer to Question on Notice No. 5, 13 March 2014.

¹⁸² Independent Schools Council of Australia (ISCA), ISCA Submission to the Senate Select Committee on School Funding, 21 March 2014.

well. The funding formulae and procedures varied greatly.¹⁸³ A key source of evidence submitted by ISCA was that indexation arrangements varied significantly across the states, but this had always been the case as the states instituted their own funding arrangements for each sector. Similarly, the criticism that government and Catholic school systems were able to redistribute their schools' funding entitlements across schools within their systems according to their own methodologies was simply the continuation of a long-standing capacity that applied in previous funding approaches.

ISCA's criticism of the lack of a national model was disingenuous because the Council did not support a national model. Its Executive Director, Bill Daniels, told the 2014 Senate Select Committee Inquiry on School Funding that "the vision of a national funding model was always going to be a chimera, a commendable but unachievable vision".¹⁸⁴ Its criticism was an opportunist attempt to undermine the credibility of a funding model that it was not committed to. Daniels said: "We remain agnostic about whether it is a good idea or not to have a national funding model..."¹⁸⁵

ISCA revealed that it was opposed to the new model: "...the funding arrangements to apply from 2014 are not structurally suited to the independent sector" and it called on the Abbott Government to "...urgently re-examine its current school funding arrangements".¹⁸⁶ In essence, ISCA advocated a return to the SES funding model. In its submission, it set up criteria for an effective funding model and said that the SES model "...largely meets the independent sector criteria for an effective government funding model".¹⁸⁷ As one journalist noted:

Independent schools have urged governments to abandon the centrepiece of the Gonski school reforms - a national, needs-based model for school funding - and reinstate different models for the state, Catholic and independent sectors.¹⁸⁸

Catholic school organisations did not oppose the funding model and were more concerned to ensure continued funding certainty, autonomy in the distribution of Commonwealth funding and reduced accountability and reporting requirements.¹⁸⁹ The NCEC also wanted to ensure that the disadvantage loadings were effectively targeting disadvantage but it also considered that the proportion of funding accounted for by the base SRS was set too low and the loadings relatively too high.

The Select Committee reported in July 2014.¹⁹⁰ It divided along party lines, with a dissenting report by Government Senators on the Committee. The majority report criticised the Government's refusal to fund the final two years of the original plan and the proposed reduction in indexation rates. It recommended that the Government should maintain the commitments made under the NERA.

Government Senators presented a wide-ranging critique of the Gonski funding model which reflected Government criticisms of the model and amounted to its complete rejection. The

¹⁸³ Jack Keating, Peter Annett, Gerald Burke and Clare O'Hanlon, *Mapping Funding and Regulatory Arrangements Across The Commonwealth and States and Territories*, Melbourne Graduate School of Education, University of Melbourne, June 2011.

¹⁸⁴ Bill Daniels, Opening Statement, Transcript of Public Hearing, Senate Select Committee on School Funding, 13 March 2014, p. 34.

¹⁸⁵ *Ibid*, p. 39.

¹⁸⁶ Independent Schools Council of Australia (ISCA), ISCA Submission to the Senate Select Committee on School Funding, 21 March 2014, pp. 20, 30.

¹⁸⁷ *Ibid*, p. 22.

¹⁸⁸ Matthew Knott, Key Gonski funding model 'unachievable' says independent schools sector, *The Age*, 14 March 2014.

¹⁸⁹ National Catholic Education Commission, Submission to the Senate Select Committee on School Funding, 21 March 2014, p. 13.

¹⁹⁰ Select Committee on School Funding, *Equity and Excellence in Australian Schools*, July 2014.

dissenting report said that the basic concept of the SRS was flawed, increased funding does not lead to better school outcomes, the disadvantage loadings were not based on any research evidence, there was no national model, expanded Commonwealth power over school education, created further confusion between the Commonwealth and state responsibilities and involved excessive regulation.

The Government's response to Select Committee's report provided a re-statement of Government policy that would continue until a new funding model was introduced by the Turnbull Government.¹⁹¹ It said that the majority report was flawed, biased and developed with an overriding political agenda and that the Government Senators' Dissenting Report provided a much clearer perspective in that it was informed by the best available evidence and that reflected the realities of how school funding fits in the context of the Commonwealth's role in school education. Accordingly, it rejected the key recommendations of the majority report.

4. The Turnbull Government approach

As the new Prime Minister, Turnbull initially raised expectations that the Government might fully fund the last two years of the Gonski funding plan. He refused to rule out increasing school funding and said: "What David (Gonski) was saying is we need more resources into education and it needs to be needs-based. Everybody agrees on that".¹⁹² His opening to further consideration of funding increases was rebutted in a remarkable intervention within days by the head of his own Prime Minister's Department, Michael Thawley, who criticised increased funding for schools and cited the same discredited funding figures used by Pyne as education minister.¹⁹³

Weeks later the Government confirmed that it would not fund the final two years and that a new funding model would be introduced in 2018. It said that the funding arrangements would be a matter for discussion between the Commonwealth Government and the States.¹⁹⁴ The new education minister, Simon Birmingham, said "nothing has changed in relation to the Turnbull Government's policy on schools funding".¹⁹⁵

This was certainly the case, as the Minister continued to use the same arguments as his predecessor against fully funding the Gonski program. He said that the existing model was too complicated and lacked fairness and transparency, a criticism that had been voiced by ISCA from the beginning of the model. He said his focus would be on creating a simpler funding system that holds state governments accountable for how they spend federal money.¹⁹⁶ Birmingham also continued to press Pyne's claim that funding increases in the past had failed to improve education outcomes. For example, in his response to Labor's announcement that it would fully fund the last two years of the Gonski plan, he said:

¹⁹¹ Australian Government, Australian Government response to the Senate Select Committee on School Funding Report Equity and excellence in Australian schools, October 2014.

¹⁹² Anna Henderson, Government considers final two years of Gonski funding for schools as Turnbull continues tour of Tasmania, ABC News, 30 October 2015; Eryk Bagshaw, Prime Minister Malcolm Turnbull considering funding the final two years of Gonski, Sydney Morning Herald, 30 October 2015.

¹⁹³ Rachel Baxendale, Australia's education policies 'biggest scandal of all', The Australian, 6 November 2015.

¹⁹⁴ Matthew Knott, Simon Birmingham: Don't expect schools election cash splash, Sydney Morning Herald, 29 December 2015.

¹⁹⁵ Simon Birmingham, Turnbull Government committed to schools funding, Media Release, 29 December 2015.

¹⁹⁶ Matthew Knott, Simon Birmingham: Don't expect schools election cash splash, Sydney Morning Herald, 29 December 2015.

Labor continued to make the same kinds of mistakes in relation to education policy that they've made in the past. A belief that just spending more automatically improves educational outcomes and student outcomes. We know for a fact that that is not the case. Since 1987-1988, we've seen across Australia real growth in total Government spending on education in the order of more than 100 per cent. And yet, in that time, our results in international rankings on literacy and numeracy have gone back in both real and relative terms. So what we can see is that over the last few decades we've consistently, as a country, state and Commonwealth Governments, spent ever more on school education, and yet have been getting poorer results.¹⁹⁷

However, the Government was forced to change its position following the announcement by the Leader of the Opposition, Bill Shorten, that a Labor Government would fund the last two years of Gonski to the tune of an extra \$4.5 billion.¹⁹⁸ It presented a stark contrast to the Government's plan to ditch Gonski funding after 2017 and cut school funding in real terms by reducing the indexation rate below the rate of cost increase.

However, Labor's commitment was noticeably much less than its original planned funding increase for 2017 and 2018 which was \$5.9 billion, and which was additional to indexation of the pre-Gonski Commonwealth funding level and funding for enrolment growth. The question was how \$5.9 billion in additional funding become \$4.5 billion. This was never explained by Labor. Shorten said that the Parliamentary Budget Office has costed the impact of funding years five and six of Gonski at \$4.5 billion but the details of this costing were never released. It appeared that Labor was short-changing schools on its original commitment.

Nevertheless, Labor's announcement that it would substantially increase school funding beyond 2017 dramatically upped the ante on the Prime Minister. In May 2016, with an election looming and the need to counter Labor's commitment to fully funding Gonski, the Government announced a \$1.2 billion increase in school funding over three years from 2018 to 2020.¹⁹⁹ However, the increase was not real. It was simply the result of a higher indexation rate for school funding than projected by the Abbott Government – 3.56% compared to 2.5%. The new indexation rate was based on an average of the education component of both the wage price index and the consumer price index of the past four years and two years and was similar to the indexation rate for the SRS of 3.6%.²⁰⁰

In another policy back-flip, it said that new conditions would be attached to the funding increase.²⁰¹ They included minimum proportions of trainee teachers specialised in literacy and numeracy, using explicit literacy and numeracy instruction in all schools, standardised literacy and numeracy testing for students in Year One, a minimum standard of literacy and numeracy skills for Year 12 school leavers, linking the salaries of teachers to the national teaching standards, and many others.

This represented a reversion to the Howard Government approach that conditions should be attached for Commonwealth funding grants to the states - 'command and control' measures were

¹⁹⁷ Simon Birmingham, Interview - Press Conference - Labor's education announcement, 28 January 2016.

¹⁹⁸ Bill Shorten, Every school, every child better off WITH Labor's Your Child. our Future Plan for Australian Education, 28 January 2016; Australian Labor Party, Labor's Positive Plan for Schools, 28 January 2016..

¹⁹⁹ Malcolm Turnbull & Simon Birmingham, The quality reforms needed to get all Australian students ahead, Joint Media Release, 1 May 2016; Australian Government, Quality Schools, Quality Outcomes, May 2016; Australian Government, Budget 2016-2017, Budget Paper No. 2.

²⁰⁰ Senate Standing Committee on Education and Employment, Supplementary Budget Estimates 2016-2017, Hansard, 20 October 2016, p.53.

²⁰¹ Malcolm Turnbull & Simon Birmingham, The quality reforms needed to get all Australian students ahead, Joint Media Release, 1 May 2016.

not an anathema to the new education minister. As he told a forum of Independent school organisations:

The states cannot and should not be let off the hook for what is ultimately their prime responsibility to how much they spend and how they allocate their spending. This is especially the case for those states who scream the loudest for more money, yet seem to invest the least themselves.²⁰²

As one commentator observed: “Gone is Pyne’s states’ rights shtick: “Canberra command and control” is back — big time.”²⁰³

The Government also foreshadowed changes to the existing funding arrangements:

There are 27 different funding arrangements. There is not a national system in place; there are various transitions for different states; there are different deals that have damaged the integrity of the needs-based funding model, even if it were to be actually applied to delivery funding right through the schools. And there is overfunding for some schools with excessively long periods, and just to name but one of the problems. So funding arrangements in the act must be cleaned up...²⁰⁴

After the July 2016 election, the Government pursued its campaign to change the funding model, limit future funding increases and ensure the states fulfil their funding responsibilities. Birmingham claimed that the existing funding model created major inequities in funding for similar schools in different states. He continued to claim that past funding increases had failed to deliver better education outcomes and criticised the states for failing to maintain their real level of per-student funding and engaging in cost-shifting to the Commonwealth. He also conceded that many private schools were over-funded and would have their funding cut under a revised funding model.

4.1 Gonski funding increase was affordable

The Government continued to cite the Budget deficit as the reason not to implement the funding increase originally planned for the final two years of the NERA. Birmingham said that Labor’s planned funding increase was unsustainable and would drive the Budget into deficit.²⁰⁵ In a major policy statement before the election, the Prime Minister reaffirmed the priority of getting the Budget into surplus.²⁰⁶ He accused Labor of spending “more money we don’t have” and “piling more and more debt on our children and grandchildren to pay off”.

However, this was a policy choice of the Government. It had spending priorities other than improving equity in education. For example, it gave priority to a huge increase in defence expenditure of \$30 billion over the period to 2025-26 which included funding for a massive new, but controversial submarine project which would ultimately cost \$225 billion, including \$80 million to build.²⁰⁷ It also chose to reduce individual and business taxation while continuing tax concessions for

²⁰² Simon Birmingham, Address to the Independent Schools Council of Australia (ISCA) & Assoc of Heads of Independent Schools of Australia (AHISA) National Education Forum, 15 March 2016.

²⁰³ Bernard Keane, Coalition living on a prayer with yet another Gonski backflip, Crikey, 2 May 2016.

²⁰⁴ Simon Birmingham, Address to the Independent Schools Council of Australia (ISCA) & Assoc of Heads of Independent Schools of Australia (AHISA) National Education Forum, 15 March 2016.

²⁰⁵ Simon Birmingham, Interview - Press Conference - Labor's education announcement, 28 January 2016; Simon Birmingham, Interview - Sky News - Graham Richardson, 11 February 2016.

²⁰⁶ Malcolm Turnbull, A Stronger New Economy to Secure Our Future, Address to the 2016 Federal Campaign Rally, 10 June 2016.

²⁰⁷ Australian Government, Budget 2016-17 Overview, p. 13; Finhar O’Mallon, New sub fleet blows out to \$225 billion, Canberra Times, 29 November 2019.

high income and wealthy families that depleted the revenue base. The reduction in corporate taxes alone was expected to cost \$48 billion over ten years to 2026-27.²⁰⁸

The Treasurer, Scott Morrison, claimed that Australia had an expenditure problem and the Government's priority was to reduce expenditure to get the Budget into surplus.²⁰⁹ The reality was it had a revenue problem.²¹⁰ It was possible to fully fund the Gonski plan, but the Government chose not to.

First, Australia was a low tax country and the Government had a massive potential revenue pool from which to fund Gonski by reducing tax expenditures and clamping down on the use of overseas tax havens by wealthy individuals and corporations.

Taxation statistics published by the OECD at the time showed that Australia was ranked 29th out of 34 OECD countries in terms of the tax to GDP ratio in 2013. Australia had a tax to GDP ratio of 27.5% compared with the OECD average of 34.2%.²¹¹ Even the Government's own Tax White Paper discussion paper conceded that Australia was a low tax country.²¹²

Second, Australia made heavy use of tax expenditures to provide concessions to individuals and businesses which depleted the revenue base to provide essential services such as education. They included a multitude of tax exemptions, tax deductions, tax offsets, concessional tax rates and deferrals of tax liability. According to research published by the International Monetary Fund at the time, Australia had one of the highest tax expenditures in the world. It topped the list of 16 OECD countries with tax expenditures amounting to 8.5% of GDP.²¹³

High income earners particularly benefitted from many of the more costly tax expenditures including superannuation, capital gains, negative gearing and family trusts. On the basis of research available at the time, it was estimated that the benefits accruing to the top 20% of income earners amounted to about \$25 billion a year.²¹⁴

Third, tax avoidance by wealthy individuals and large corporations was rampant and costing the taxpayer billions of dollars annually. The first tax transparency report published by the Australian Taxation Office in December 2015 showed that 38% of the largest Australian and foreign-owned corporate entities did not pay any tax in 2013-14.²¹⁵ A report published by the Tax Justice Network found that the 200 largest publicly listed companies in Australia avoid up to \$8.4 billion a year in corporate tax.²¹⁶ The companies have hundreds of subsidiaries in tax havens such as Singapore, Hong Kong, British Virgin Islands, Cayman Islands, Mauritius, Luxembourg, Switzerland and the Channel Islands of Jersey and Guernsey. The report showed that 113 of the top 200 companies have over 1000 subsidiaries in tax havens.

²⁰⁸ Parliamentary Library, Budget Review 2016-17, 4 May 2016.

²⁰⁹ Scott Morrison and Mathias Cormann, Joint Press Conference, 23 September 2015; Scott Morrison, Press Conference, 15 December 2015; Scott Morrison, Address to the National Press Club, 17 February 2016.

²¹⁰ Greg Jericho, It's the revenue, stupid (with no apologies to Scott Morrison), *The Guardian*, 16 December 2016.

²¹¹ OECD, Revenue Statistics 1965-2014, OECD Publishing, Paris, 2015.

²¹² Australian Government, Re:Think, Tax Discussion Paper, March, 2015, p. 16.

²¹³ Tyson, Justin, Reforming Tax Expenditures in Italy: What, Why, and How? IMF Working Paper 14/7, International Monetary Fund, 2014.

²¹⁴ Trevor Cobbold, Can We Afford Gonski? A Speech to a State-wide Meeting of the Victorian Association of State Secondary School Principals, March 2016.

²¹⁵ Nassam Khadem and Craig Butt, Which of Australia's biggest companies are not paying tax, *The Age*, 17 December 2015.

²¹⁶ Tax Justice Network, Who Pays For Our Commonwealth? Tax Practices of the ASX 200, Melbourne, 2015.

Many subsidiaries of large multinational corporations in Australia paid little tax on their operations by shifting profits offshore through inflated interest payments to head office and transfer pricing. A research study published by the International Centre for Tax and Development found that US corporations avoided an estimated \$2.1 billion of tax in Australia each year by shifting their profits to low or no tax countries.²¹⁷ An investigation by the Australian Financial Review found that Australian companies sent almost \$60 billion to tax havens in 2012.²¹⁸

Thus, the Government had a myriad of opportunities to fully fund the Gonski plan by clamping down on tax concessions and tax avoidance by the wealthy and large corporations. It chose not to.

4.2 Deceit over different funding levels for comparable schools

As part of his campaign for a new Commonwealth funding model, Birmingham vigorously took up ISCA's claim that it was not a true national model because it involved at least twenty-seven different funding models and that this resulted in vastly different funding levels for similar schools in different states.²¹⁹ In the lead-up to a meeting of the Education Council in late September, he released an analysis of the funding for a hypothetical school in different states that showed large variations in funding. For example, it showed that a hypothetical metropolitan public school in NSW of 700 students (half primary and half secondary) with 85% of students in the lowest SES quartile, 10% in the second SES, 25 Indigenous students, 40 students with a language background other than English and 20 students with a disability would receive \$3,236 in Commonwealth funding per student in 2017 while the same school in Western Australia would receive \$2,649 and \$4,224 in the Northern Territory.²²⁰

Birmingham said that the existing arrangements were a "corruption" of Gonski's original vision and must be replaced by a simpler, fairer model.²²¹ He attributed the differences in funding to special deals negotiated with the states by the Labor Government:

The Turnbull Government is determined to right this corruption of the Gonski report and replace the special deals that Bill Shorten cobbled together as he ran around the country wheeling and dealing with the highest bidder. We want to create a new, simpler distribution model where special deals don't distort a fair distribution of federal funds.²²²

Birmingham also claimed that the differences would widen by the final transition year of 2019. He said that inequality in funding "would only get worse" under Labor's Gonski model.²²³

²¹⁷ Alex Cobham and Petr Jansky, Petr, Measuring Misalignment: The Location of US Multinationals' Economic Activity Versus the Location of their Profits, ICTD Working Paper 42, International Centre for Tax and Development, Institute of Development Studies, Brighton UK, 2015.

²¹⁸ Neil Chenoweth, How Ireland got Apple's \$9bn profit, Australian Financial Review, 6 March 2014.

²¹⁹ Simon Birmingham, Press Conference Adelaide, 22 September 2016; Simon Birmingham, The Facts on School Funding, Media Release, 13 October 2016.

²²⁰ Senate Committee on Education and Employment, Answer to Question on Notice No. SQ16-000940, Supplementary Budget Estimates, 2016-17.

²²¹ Stephanie Balogh & Jared Owens, Gonski 'corruption' fix needed, The Australian, 22 September 2016; Matthew Knott, Welcome to the post-Gonski era: Turnbull government lays down challenge to states, The Age, 22 September 2016; Michelle Grattan, Birmingham prepares for fundamental changes to Labor's Gonski funding model, The Conversation, 22 September 2016.

²²² Matthew Knott, Welcome to the post-Gonski era: Turnbull government lays down challenge to states, The Age, 22 September 2016.

²²³ Gabrielle Chan, Gonski makes student funding inequality worse, says Coalition, The Guardian, 26 September 2016. Stefanie Balogh, Birmingham warns gaps in Gonski school funding will widen, The Australian, 26 September 2016.

However, these differences in funding for comparable schools ignored state government funding contributions to the SRS and the transition to a combined government funding target of 95% of the SRS over six years to 2019. As later revealed in Senate Estimates, the funding figures for the same school with the same characteristics in each state were estimated by applying the average Commonwealth percentage share of the SRS for public schools in each state to the SRS funding standard.²²⁴ Birmingham was applying the approach foreshadowed in the 2014-15 Budget whereby Commonwealth funding of public schools should be restricted to the same share of the SRS in each state.²²⁵

The differences cited by Birmingham also ignored the planned evolution of the Gonski model. At the time of the introduction of the Gonski funding model, the Commonwealth funding shares varied widely for historic reasons (as did state government funding). For example, Western Australian and ACT government funding was historically much higher than in other states and, consequently, the Commonwealth share was much lower. In 2012-13, Commonwealth funding per student was 13% of public school funding in Western Australia and 12% in the ACT compared to 17% in NSW and Victoria.

The Gonski plan was designed to overcome these differences through a national approach which would put all schools on the same funding basis by 2019. Under the model, there was no requirement or necessity for the Commonwealth share of the SRS to be the same in each state. The goal was to achieve combined Commonwealth and state government funding of 95% of the SRS of public schools in each state by 2019. This meant that there could be different combinations of Commonwealth and state shares as long as each public school was funded at 95% of its SRS by 2019. Comparable schools in each state would receive the same amount of combined government funding per student. Birmingham's comparisons were faulty because they ignored the state shares and assumed that the Commonwealth shares should be consistent between states.

The transition to a consistent national approach was sabotaged by Birmingham's own Government in renegeing on the last two years of the plan when some \$10 billion in Commonwealth and state/territory government funding was to flow to schools, and by inciting some state and territory governments not to participate in the plan from the start. Birmingham used his Government's sabotage of the plan to falsely discredit it. It was a case of rank hypocrisy.

Birmingham's claims were a media beat-up. They got a regular airing as part of the Government's preparation to abandon what remained of a national approach to school funding and establish a new Commonwealth funding model.²²⁶ At the same time, Birmingham completely ignored the real corruption at the heart of the system, namely, the special deals that provide massive over-funding of private schools, particularly elite private schools (see below).

4.3 False claims about funding increases and student achievement

In justification of the Government's refusal to fund the last two years of the Gonski plan, Birmingham repeated the mantra of the Government that past funding increases failed to improve education outcomes.

²²⁴ Senate Committee on Education and Employment, Answer to Question on Notice No. SQ16-000940, Supplementary Budget Estimates, 2016-17.

²²⁵ This approach became a central feature of the post-2017 funding model introduced by the Turnbull Government.

²²⁶ For example, Simon Birmingham, Let's all stick to the facts about education funding, *The Advertiser*, 13 October 2016; Stefanie Balogh & Sean Parnell, Wild inequality in Gonski school funds, *The Australian*, 22 November 2016.

...we're spending record sums in Australian schools, but we haven't been seeing the type of improvement Australians should expect from that record level of investment.²²⁷

He claimed that results had not improved after three years of Gonski funding and a 23% increase in Commonwealth funding of schools.

We've got three years now of funding under the new school funding models that were put in place and what we've seen is 23 per cent growth in funding and a plateauing of performance in terms of actually what's happening in our schools. So I think we can see that the evidence is there, that funding itself does not deliver improved outcomes.²²⁸

The Minister did not source the figures, but they were in sharp contrast to trends in figures published by ACARA and the Productivity Commission in its Report on Government Services (ROGS). Apparently, he was using more recent data because he referred to years since 2013, whereas the ACARA data at the time was only available to 2013 and the ROGS data to 2013-14. Birmingham also failed to indicate whether his figure referred to nominal funding or funding adjusted for inflation and whether they were aggregate funding or per student funding.

One possible source was the Budget Papers. Budget Paper No. 3 (Table 2.5, various issues) showed that total Commonwealth Government funding for schools (excluding early childhood education) increased by 21 per cent from 2012-13 to 2015-16, which was close to Birmingham's figure. However, this increase did not take account of increasing enrolments or cost increases. Enrolments increased by 4.4 per cent over the period and the Wage Price Index for Private and Public Education and Training (WPI) increased by 9 per cent. Adjusting the figures in the Budget Papers for increasing enrolments and rising costs as measured by the WPI showed that Commonwealth funding increased by only 6.7% over the three years, not the 23% claimed by Birmingham.²²⁹

Birmingham's claim was also highly misleading because it was restricted to Commonwealth funding and ignored school funding by state governments. Funding figures published at the time by ACARA and the Productivity Commission showed that state governments had reduced school funding, and this offset increases by the Commonwealth.

The ACARA figures showed that total government funding adjusted for inflation for all schools increased by only \$64 per student (or 0.6%) over four calendar years from 2009 to 2013.²³⁰ Commonwealth funding increased by \$302 per student (9.3%) while state funding fell by \$239 per student (-3.2%). The ROGS figures, adjusted for inflation and excluding book entry items, showed that total government funding increased by only \$47 per student (0.4%) over the four financial years from 2009-10 to 2013-14. Commonwealth funding increased by \$447 per student (13.5%) while state/territory funding fell by \$400 per student (-5.2%). Both sources showed that state governments substituted Commonwealth funding increases for their own over several years to 2013, with the effect that there was virtually no overall increase in school funding.

Birmingham's claim was yet another misleading and duplicitous statement by a Government education minister. It was a blatant misrepresentation. It referred to total funding and not per student funding, it referred to nominal funding and not inflation adjusted funding, and it ignored

²²⁷ Simon Birmingham, Interview on ABC Insiders with Barrie Cassidy, 25 September 2016.

²²⁸ Simon Birmingham, NAPLAN results doorstep interview, 3 August 2016.

²²⁹ Trevor Cobbold, Birmingham's Unscrupulous Duplicities on School Funding, Education Policy Brief, Save Our Schools, August 2016.

²³⁰ Ibid.

trends in state government funding. It was designed to justify the Government's decision not to fully implement the Gonski funding plan.

To the extent there was any truth in Birmingham's claim, it was a condemnation of private schools because their per student funding had increased in real terms while that for public schools was cut. The ROGS data showed that overall government funding for private schools increased by \$605 per student while funding for public schools was cut by \$423 per student. As Professor Richard Teese said, it was private schools who were leading the way on funding increases.²³¹

Birmingham was quick to pounce on the PISA 2015 results published in early December to put another knife in the Gonski funding plan. He claimed that Commonwealth funding has increased by 50 per cent since 2003 while school results have declined.²³² This was sheer duplicity. His figure failed to adjust for inflation and ignored state government funding. He also ignored conflicting evidence of improvements in school results.

The actual increase in total government funding (Commonwealth and state) per student, adjusted for inflation, for the nine years from 2004-05 to 2013-14 was only 4.5 per cent, some eleven times less than the Minister's claim.²³³ It amounted to a mere \$472 per student over the period, only \$52 per year. This was hardly likely to have a significant impact on school outcomes.

The large part of this small increase in total funding per student went to private schools. Total government funding per student in private schools increased by three times more than for public schools – 9.8% compared to only 3.3%. In dollar terms, funding for private schools increased by \$835 per student compared to \$385 per public school student. As the commentator, Ross Gittins, observed, "we've given more to advantaged schools than don't need it, at the expense of disadvantaged schools that do need it".²³⁴

In his haste to discredit Gonski funding, Birmingham also ignored improvements in school results that contrasted to the decline in PISA results. As noted above in relation to similar claims by Pyne, Year 12 results had improved significantly since 2003 and Indigenous and disability students comprised an increasing proportion of total enrolments. These improvements were major drivers behind the small increase in average real funding per student.

4.4 Exposure of cost shifting by the states

In another major policy change, the Turnbull Government highlighted the need to ensure that state governments contributed to increased funding of schools. Birmingham published funding figures showing much higher funding increases by the Commonwealth than by the states. He said that such cost-shifting would not be tolerated under future funding arrangements.

The Turnbull Government will not allow such cost shifting to continue. In the policy we took to the last election, outlining how we would continue to grow investment in schools, we made it clear that such trickery from the states would not be allowed under new funding arrangements, which will tie future Commonwealth funding increases to guaranteed funding

²³¹ Richard Teese, Gonski had it right, education reform is what's needed, not more discussion, *The Age*, 31 December 2015.

²³² Kelsey Munro and Eryk Bagshaw, Australian school students two years behind world's best performing systems, *Sydney Morning Herald*, 6 December 2016; Henry Belot, Education Minister responds to damning report, says he's open to importing specialist teachers, *ABC News*, 7 December 2016.

²³³ Trevor Cobbold, Birmingham is Wrong Again on School Funding and Outcomes, *Save Our Schools*, January 2017.

²³⁴ Ross Gittins, The sad truth about education: it's easier to blame someone else than fix the problem, *Sydney Morning Herald*, 28 February 2017.

increases from the states and territories and the implementation of reforms that national and international evidence shows will boost student outcomes.²³⁵

Funding figures available at the time showed that state governments had cut funding of public schools between 2004-05 and 2013-14 while increasing funding of private schools. State governments took the opportunity of an increase in Commonwealth funding for public schools of \$744 per student, adjusted for inflation, to cut their own funding of public schools by \$348 per student funding per student.²³⁶ In contrast, they increased private school funding by \$135 per student to supplement the Commonwealth increase of \$700 per student.

4.5 Over-funded private schools

4.5.1 *Birmingham's admission that many private schools are over-funded*

In September, Birmingham triggered a storm by admitting that some of the wealthiest private schools were over-funded and could have their funding reduced under new arrangements planned for 2018. On the ABC's Q&A he said that "...some schools that are notionally overfunded take more than 100 years to come into alignment with the current funding model".²³⁷ He pointed out that this overfunding was part of the deal done with private school organisations by the previous Labor Government. In contrast, he said, he had never promised that you can't take money away from wealthier schools and that he had been very cautious not to give this promise.

Figures released by the Department of Education showed that more than 150 private schools across Australia were over-funded by \$215.6 million in 2014.²³⁸ Later analysis using the same data sources estimated the over-funding at \$235 million and that over 70% went to schools with around 50% or more of their students from the highest SES quartile [Chart 1].²³⁹

Many high SES schools were shown to be massively over-funded with several being funded at around double or more of their entitlement. In NSW, they included Loreto Kirribilli at 283% of its SRS, Monte Sant' Angelo Mercy College at 277%. St Aloysius' College at 263%, Mount Benedict College and 215% and Northern Beaches Christian School at 183%. In Queensland, Hillbrook Anglican School was funded at 178% of its SRS. In Western Australia, Methodist Ladies College was funded at 176% of its SRS. In the ACT, Radford College and Daramalan were funded at 199% of their SRS and Marist College at 181%.

As one commentator said:

There appears to be no logical reason why some schools receive 280 per cent of their entitlements and others just 60 per cent. It's all about special deals, some going back decades.²⁴⁰

²³⁵ Simon Birmingham, Record funding from Feds for schools while states slash spending, Media Release, 3 February 2017.

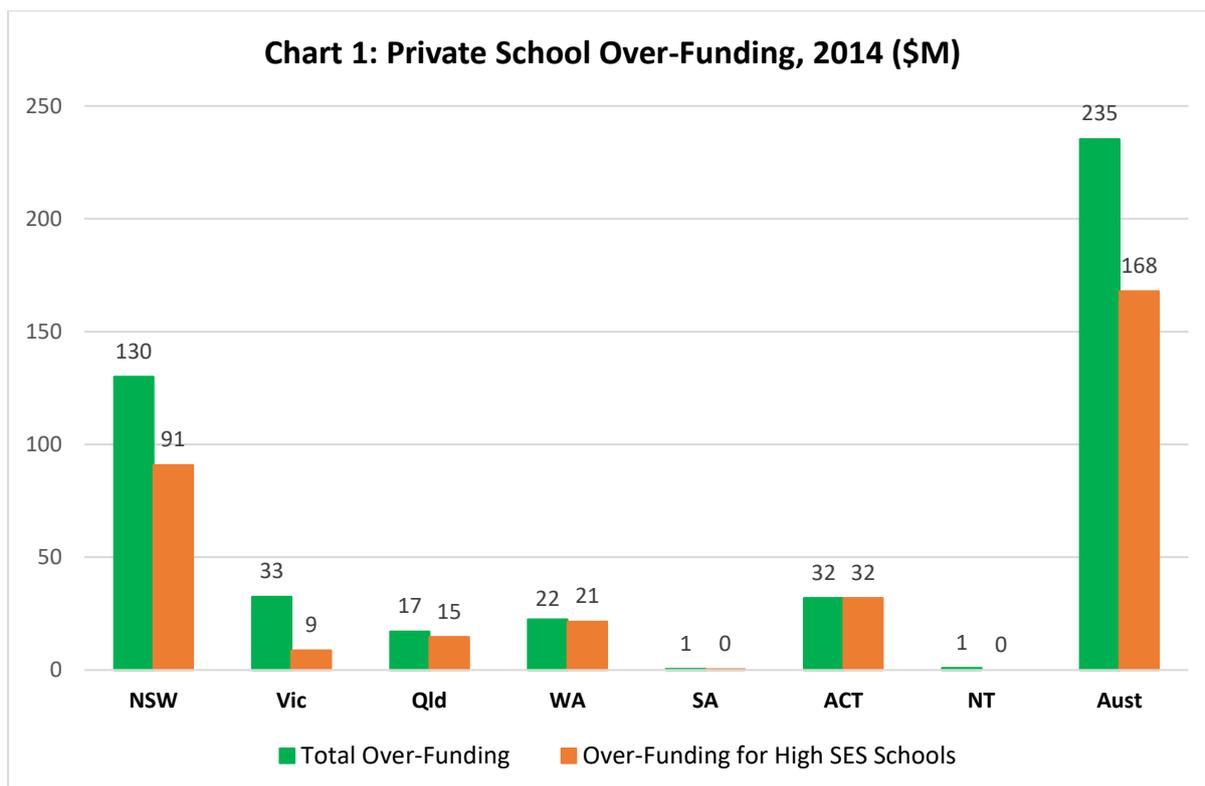
²³⁶ Trevor Cobbold, Birmingham is Wrong Again on School Funding and Outcomes, Save Our Schools, January 2017.

²³⁷ ABC, Q&A, Transcript, 26 September 2016.

²³⁸ Matthew Knott and Fergus Hunter, More than 150 private schools over-funded by hundreds of millions of dollars each year, The Age, 30 September 2016. The estimated over-funding was derived from figures supplied to Senate Estimates by the Department of Education and from the My School website. See also Matthew Knott, The nation's most 'over-funded' schools, The Age, 28 September 2016.

²³⁹ Trevor Cobbold, Private School Funding Is Corrupted by Special Deals: An Open Submission to the National Education Ministers' Council, Save Our Schools, November 2016.

²⁴⁰ Matthew Knott, How Simon Birmingham unleashed his inner Frank Underwood and turned school funding on its head, The Age, 1 October 2016.



Data source: Senate Standing Committee on Education and Employment, Supplementary Budget Estimates 2015-16, Answer to Question on Notice No. SQ15-000888.

This over-funding originated in the Howard Government’s guarantee that no school would be financially disadvantaged by the move to the new SES funding model (the “no losers” guarantee) introduced in 2001. The model created a new “funding maintained”(FM) category of schools that were allowed to keep funding they would have otherwise lost if the SES model had been strictly applied.

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.²⁴¹ 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. It was highly critical of this over-funding. It said:

The panel was also concerned about the extent of the exceptions to the SES model under the Funding Maintenance arrangements. In the panel’s view, it is critical that funding for all non-government systems and schools is based on a single measure of need to ensure the integrity and fairness of new funding arrangements. The extent of exceptions in the current arrangements calls into question the integrity of the overall model for funding non-government schools. The panel considers that governments have an important role to play in funding non-government schools and that this needs to occur within a coherent and principled framework that is applied consistently to all non-government schools.²⁴²

However, the review was shackled by Julia Gillard’s edict that “no school will lose a dollar of funding” under the new model. One of the Gonski Panel members, Ken Boston, said that this edict

²⁴¹ Review of Funding for Schooling, Final Report, December 2011, p. 74.

²⁴² Review of Funding for Schooling, Final Report, December 2011, p. 85.

was “the albatross around the neck of the Gonski Panel”.²⁴³ It meant that the over-funding had to be folded into the model. This involved reconciling irreconcilable principles as the Gonski report recognised:

It would be difficult to completely address the funding anomalies associated with Funding Maintenance by recalibrating the existing funding model in a way that did not disadvantage any school and also retained a reasonable degree of targeting of assistance to schools in need.²⁴⁴

A new funding schedule had to be designed to reduce the incoherence of the SES model but ensure that FM schools continued to receive their overfunding. The report stated:

The precise school SES scores and the shape of the anticipated private contribution between these two points [minimum and maximum private contribution] should be set in a way that balances:

- minimising the extent and incidence of any differences between the school resource standard required by each non-government school system and school and the resources currently available to it from all sources...²⁴⁵

The Labor Government managed the conflicting goals of needs-based funding and maintaining over-funding of private schools by manipulating the ‘capacity to pay’ funding schedules so that much of the over-funding simply disappeared from view.²⁴⁶ This involved introducing separate schedules for primary and secondary schools with the primary school rates significantly exceeding the secondary rates over the core range of SES scores. The result was that the number of over-funded schools was magically reduced from 1075 to about 150.

All this was ignored in the response to Birmingham’s admission of over-funding.

In a classic piece of political opportunism, Labor spokesperson on education, Tanya Plibersek, accused Birmingham of having a “secret hit list” of private schools and robbing private schools of funding. She called on the Minister to reveal “which kids will be robbed” of their funding.²⁴⁷ Opposition Leader, Bill Shorten, accused the Turnbull Government of “going after non-government schools” and called on the Government “... to reassure non-government schools they are not about to get hit in the back of the head with a funding cut”.²⁴⁸ An editorial in *The Age* rightly said that “Labor’s approach has been contemptible”.²⁴⁹ Another commentator later observed that Labor had “politicked itself into paralysis” because it was terrified of how private school parents might vote.²⁵⁰

²⁴³ Ken Boston, Gonski school funding, Address to the NSW Teachers’ Federation Annual Conference, 29 June 2014.

²⁴⁴ Review of Funding for Schooling, Final Report, December 2011, p. 82.

²⁴⁵ Ibid, Recommendation 21, p. 179.

²⁴⁶ The Executive Director of the Independent Schools Council of Australia, who was extensively involved in the negotiations over implementation of the Gonski funding model, told the 2014 Senate Select Committee Inquiry into School Funding that “there was absolutely no research base” for changing the capacity to contribute schedule and that it “was purely a political negotiation”, Senate Select Committee on School Funding, Transcript of Public Hearing, 13 March 2014, p. 39.

²⁴⁷ Primrose Riordan, Labor hits out at Coalition for suggesting some private schools are over-funded, *Australian Financial Review*, 27 September 2016; Jared Owens, Private school funding: Labor says Simon Birmingham’s admission means some will be worse off, *The Australian*, 27 September 2016.

²⁴⁸ Bill Shorten, Doorstop – The Hunter, 28 September 2016.

²⁴⁹ Editorial, Defend the Right to Free Education, *The Age*, 8 October 2016.

²⁵⁰ Eric Bagshaw, The upside-down school funding debate is hurting students, *Sydney Morning Herald*, 23 April 2017.

Labor persisted in defending the indefensible and attacking Birmingham's plan to reduce over-funding of these 150 or so schools. Plibersek said that Gillard's edict was "absolutely the right decision" and that there was no compelling case to cut funding to "over-funded" private schools and redistribute the money to disadvantaged schools: "I think it was 100 per cent the right decision for us to say no school will lose a dollar."²⁵¹ She also dismissed the over-funding of highly wealthy schools by millions as a "drop in the bucket" and involving only a small number of schools. Private school overfunding was as much a protected species for Labor as it was for Howard and Abbott.

Private school organisations immediately criticised the suggestion that some could have their funding reduced.²⁵² The Independent Schools Council of Australia (ISCA) said that it would provoke anxiety and uncertainty among parents, lead to fee increases, involved unhelpful pitting of school sectors against each other and only amounted to a small savings.²⁵³ The National Catholic Education Commission said springing funding cuts on schools was unfair and the government should focus on lifting standards for all students rather than moving funding between schools.

ISCA also responded by saying it was unfair to target Independent schools because they are not part of a system as are public and Catholic schools.²⁵⁴ It said that Independent schools as a system were under-funded. This was a diversion because all systems were technically under-funded according to the parameters of the model as they transitioned to full implementation. More importantly, the claim ignored the full extent of over-funding of private schools as discussed below.

ISCA also defended the over-funding by saying that the current funding model already provided for over-funded schools to transition back to their correct funding level.²⁵⁵ However, this was completely disingenuous. The National Commission of Audit found that it would take over one hundred years for the most over-funded schools to have their funding adjusted to their SRS.²⁵⁶ Information later provided to Senate Estimates by the Department of Education showed that it would take 100 years or more to remove the over-funding for 12 schools and schools in two Catholic orders.²⁵⁷ For another 33 schools and schools in two other Catholic orders, it would take between 50 and 100 years for their over-funding to cease.

²⁵¹ Matthew Knott, Tanya Plibersek says no case for cuts to 'over-funded' private schools, *The Age*, 5 December 2016. Plibersek later shifted position saying that Labor supported cuts to over-funded schools. See Matthew Knott, Turnbull government shifts focus to school funding after childcare reforms pass Parliament, *Sydney Morning Herald*, 24 March 2017; Paul Karp, Gonski 2.0: Labor confirms it supports cut to 'overfunded' private schools, *The Guardian*, 4 May 2017. Much later she also admitted that the Labor Government would have been better off cutting funding for over-funded private schools rather than guaranteeing no school would be worse off. See Fergus Hunter, Tanya Plibersek says former Labor government should have cut support for over-funded private schools, *Sydney Morning Herald*, 25 February 2019.

²⁵² Stephanie Balogh, Liberals trigger storm over private school funding, *The Australian*, 28 September 2016; Stephanie Balogh, Parents are the main funders of elite schools. *The Australian*, 30 September 2016; Stephanie Balogh, Private schools hit back: 'We're actually underfunded', *The Australian*, 17 October 2016.

²⁵³ Matthew Knott, Don't treat us as an easy target: Private schools issue warning over funding, *The Age*, 27 September 2016.

²⁵⁴ Stefanie Balogh, Private schools hit back: 'We're actually underfunded', *The Australian*, 17 October 2016. See also Michelle Green, Debate over private-school funding clouded by ideology, *The Age*, 12 October 2016.

²⁵⁵ Independent Schools Council of Australia, Divisive commentary on school funding unhelpful, Media Release, 28 November 2016.

²⁵⁶ National Commission of Audit, Appendix to the Report of the National Commission of Audit, Volume 1, February 2014, p. 266.

²⁵⁷ Senate Committee on Education and Employment, Answer to Question on Notice No. SQ17-000516, Additional Estimates, 2016-17.

4.5.2 Birmingham ignored the main source of private school over-funding

While Birmingham's admission highlighted a particularly iniquitous form of over-funding that mainly benefited wealthy private schools it ignored the full extent of over-funding that delivered billions of dollars to private schools.

The main source of over-funding is that many private schools are funded to a much higher level than needed. A clear case is where the per student income from fees and donations of wealthy private schools exceeds a standard of financial need such as the base SRS, the base SRS being the amount of income required to deliver a high standard of student achievement in a school with no disadvantage, or, say, average public school funding.

In these cases, government funding serves no purpose other than to extend their resource advantage. It is icing on the cake for those least in need. For example, the income of Sydney Grammar School from fees and donations in 2015 was \$32,362 per student which was nearly three times that of average public school funding of \$12,442 per student. Yet, Sydney Grammar received government funding of \$3,394 per student that it didn't need. This amounted to \$6.3 million in over-funding. Even this is a significant under-estimate because Sydney Grammar had no disadvantaged students while the average funding of public schools included additional funding directed at disadvantaged students, over 80% of whom were enrolled in public schools.

In 2015, there were 226 private metropolitan and provincial schools (excluding special schools) with fees and other private income per student that exceeded average public school funding. Total government funding for these schools was \$1.3 billion - \$969 million in Commonwealth funding and \$329 million in state government funding.²⁵⁸ Thus, just 262 private schools were over-funded by at least \$1.3 billion, which is about \$5 million per school on average. The actual total over-funding is likely much more because public schools serve over 80 per cent of disadvantaged students which leads to higher funding whereas wealthy private schools have very few. In addition, the figure for average public school funding also includes remote area and special schools which are excluded from the above funding figures for private schools.

Another case of over-funding is where government funding enables other private schools whose income from fees and donations are less than government funding of public schools to have a higher level of resourcing than public schools. That is, government funding pushes their total income per student above that of public schools. This is the far more common form of over-funding and it enables hundreds of private schools to have a higher per student income than public schools.

In 2015, there were 1,518 private schools whose private income per student from fees and donations was below that of the average income per student in public schools, but whose government funding provided them with a higher average income per student than public schools. The over-funding was estimated at \$2.85 billion a year.

Thus, private schools were over-funded by at least \$4.15 billion in 2015. While Birmingham admitted to the most blatant form of over-funding, it served as a fig leaf to cover up the actual extent of over-funding. Labor's position on over-funding was exposed as morally bankrupt, cynical and at complete odds with its supposed support for the principle of needs-based school funding.

5. Attempts to change Commonwealth/State responsibilities in education

Both the Abbott and Turnbull Governments embarked on wholesale reform of Commonwealth/state responsibilities in school funding which involved winding back the Commonwealth role in funding

²⁵⁸ These estimates and those below are based on data derived from My School by the late Bernie Shepherd.

public schools. It would have over-turned the historical bi-partisan approach to school funding and ended the Gonski funding model entirely had they been successful. A key feature of the Gonski model was the integration of Commonwealth and state funding of schools.

5.1 Report of the National Commission of Audit

Soon after it was elected, the Government announced a National Commission of Audit to review and report on the performance, functions and roles of the Commonwealth government.²⁵⁹ It included consideration of the role of the Commonwealth in funding schools.

The Commission recommended a major change in the roles and responsibilities for school education between the Commonwealth and the states.²⁶⁰ It proposed that the states should fund all schools, including private schools. In order to allay the fears of private school organisations that it said that Commonwealth funding for school education be provided to each state in three pools – one for government schools, one for Catholic systemic schools and one for independent schools. there would be no capacity for the States to reallocate funding between the pools.

In its response to the report, the Government said that school funding arrangements would be further considered in a Federation White Paper.²⁶¹

5.2 White Paper on the Reform of the Federation

In June 2014, Abbott announced a timetable for the development of a White Paper on the Reform of the Federation “to clarify roles and responsibilities to ensure that, as far as possible, the States and Territories are sovereign in their own sphere”.²⁶² It included consideration of roles and responsibilities in relation to in the areas of health, education, housing and homelessness and indicated that issues papers on each of these areas would be produced in the future. A key issue raised in the terms of reference with implications for the future funding of schools was how to address the issue of state governments raising insufficient revenues from their own sources to finance their spending responsibilities. It was indicated that issues papers would be released in the second half of 2014, followed by a Green Paper for public consultation in the first half of 2015 and the White Paper by the end of 2015.

An issues paper on education was published in December 2014.²⁶³ Key issues raised included:

- the benefits and costs from assigning full responsibility for school education to the states;
- whether there is a national interest for Commonwealth involvement in school education;
- which level of government is best placed to address equity issues;
- what roles should be assigned to which level of government if responsibility for school education continues to be shared;
- responsibilities for families in contributing to the costs of their child’s schooling in addition to contributions made through the tax system.

The program had clear implications for future funding arrangements for education and the Gonski funding model in particular, especially in the context of the 2014-15 Budget which cut projected funding increases. One journalist observed that Abbott's proposal to reform the federation “is a recipe for smaller government” and that “the result of the Abbott reforms is likely to mean hospital

²⁵⁹ Joe Hockey and Mathias Cormann, Coalition commences National Commission of Audit, Joint Media Release, 22 October 2013.

²⁶⁰ National Commission of Audit, The Report of the National Commission of Audit, Phase One – February 2014, pp. 125-127.

²⁶¹ Joe Hockey and Mathias Cormann, Our response to the National Commission of Audit report, Joint Media Release, 13 May 2014.

²⁶² Tony Abbott, White Paper on the Reform of the Federation, Media Release, 28 June 2014.

²⁶³ Australian Government, Roles and Responsibilities in Education, Issues Paper 4, December 2014.

and school funding being squeezed even harder than they are today”.²⁶⁴ A visiting Canadian academic said that the core idea of the issues paper was clear: “The Commonwealth should reduce its role in the education game and leave schooling in the hands of the states and territories”.²⁶⁵ Another academic said that it was clear that the preferred approach of the paper was a partial or complete Commonwealth withdrawal from education.²⁶⁶

Both the National Catholic Education Commission (NCEC) and the Independent Schools Council of Australia (ISCA) opposed devolving full responsibility for schooling to the states.²⁶⁷ Both organisations wanted to maintain the Commonwealth’s role in funding private schools. The NCEC said:

...it is not desirable for state and territory governments to be the sole funders of school education and particularly of non-government schools. State and territory governments face an inherent conflict of interest towards the non-government sector arising from their status as funders, regulators and government school operators. Moreover, if states and territories were solely responsible for education, the inevitable reduction in government funding for non-government schools, for a variety of reasons, would put the viability of the Catholic education sector at risk.

The ISCA said:

For Independent schools, having government funding from two different sources, spreads the risk of governments making changes to their school funding arrangements, with one level of government providing a funding buffer against dramatic funding policy changes at the other level of government. This is particularly important for stand-alone Independent schools which cannot rely on systemic support.

A draft of the Green Paper circulated to state governments for comment proposed four reform options:

- States and territories fully responsible for all schools;
- States and Territories responsible for funding government schools and the Commonwealth responsible for funding non-government schools;
- Reduced Commonwealth involvement in school programmes;
- The Commonwealth is the dominant public funder of all students.²⁶⁸

Under the fourth option, the system of Commonwealth funding of private schools based on family’s capacity to contribute would be extended to public schools. It would be left to the states to decide whether to provide 'top-up' funding to public schools to ensure that all students, regardless of the ability of families to make a contribution, were able to attend for free. This option opened up the possibility of means-tested fees in public schools.

²⁶⁴ Mike Steketee, Fixing the federation: a tale of two Tonys, The Drum, ABC, 18 July 2014.

²⁶⁵ Jennifer Wallner, Casting a look at a ‘federal’ schooling system, Australian Centre for Federalism, Australian National University, 2015.

²⁶⁶ Bronwyn Hinz, Federal government to take a back seat in education? The Conversation, 8 January 2015.

²⁶⁷ National Catholic Education Commission, NCEC Position Paper: Reform of the Federation White Paper Education Issues Paper, 16 July 2015; Independent Schools Council of Australia, Submission on Reform of the Federation White Paper, Issues Paper 4, April 2015.

²⁶⁸ Australian Government, Reform of the Federation: Discussion Paper (Draft), 2015.

Immediately after the draft paper was leaked to Fairfax media, Abbott and Pyne said that the Government was opposed to fees in public schools.²⁶⁹ Abbott told the Parliament that the Government “does not and will not support a means test for public education....Charging wealthy parents for their children to attend public schools is not this government’s policy”.²⁷⁰ He added, that if state governments wanted to charge fees for wealthy parents it was a matter for them. Pyne also said that he did not support means-testing for public schools.²⁷¹

Nothing further was heard of changes to Commonwealth and state responsibilities in education until it was raised again by the Turnbull Government.

5.3 Turnbull proposal to withdraw from funding public education

An initial foray of the Turnbull Government in education was to re-open the issue of reform of the federation. The Prime Minister floated the idea that the Commonwealth Government withdraw from funding public education as part of a proposal to allow the states to set their own income taxes to fund schools and hospitals.²⁷² The next day the Minister for Education, Simon Birmingham, made the case for the states having full responsibility for public schools to ensure clear lines of responsibility.²⁷³

The Prime Minister said that the Coalition Federal Government would not retreat from funding private schools because of concerns that they would not get a fair go from state governments.

No Coalition Federal Government I suspect no, Federal Government, would retreat or from funding and continuing to support the non-government school sector because there would be a concern that they would not get a fair go from state governments who obviously would have a competing interest with their schools...²⁷⁴

The fact that state governments had demonstrably failed to provide adequate funding increases for public schools was not a concern for the Government. The Prime Minister wanted to retain responsibility for supporting the privileges of private schools, but not responsibility for reducing inequity in education.

The proposal was a drastic change of direction in education funding which completely rejected the Gonski model of a fully integrated national funding system. It was heavily criticised by advocates of the Gonski model, most notably by Ken Boston, a member of the Gonski review panel, and the NSW Coalition Minister for Education, Adrian Piccoli who said it “would be the biggest mistake in education policy - probably forever. It would entrench a two-tiered education system”.²⁷⁵ Australian Education Union deputy president Maurie Mulheron said it was a “betrayal” of state school students.²⁷⁶

²⁶⁹ Shalailah Medhora, Tony Abbott rules out rich paying fees for public schooling, *The Guardian*, 22 June 2015.

²⁷⁰ Tony Abbott, Answer to Question Without Notice, Hansard, 22 June 2015.

²⁷¹ Matthew Knott, Gonski architect Ken Boston slams proposal for Commonwealth to abandon public schools, *The Age*, 23 June 2015.

²⁷² Malcolm Turnbull, Interview with Fran Kelly, ABC Radio National, Breakfast, 31 March 2016.

²⁷³ Kim Landers, Plan to withdraw federal funding from schools will create better outcomes, ABC AM, 1 April 2016.

²⁷⁴ Malcolm Turnbull, Interview with Fran Kelly, ABC Radio National, Breakfast, 31 March 2016.

²⁷⁵ Steve Canane, Malcolm Turnbull's proposal undermines Gonski reform, ABC News, 1 April 2016; Matthew Knott, 'The worst idea ever': Adrian Piccoli blasts Malcolm Turnbull on schools, *Sydney Morning Herald*, 4 April 2016.

²⁷⁶ Chris Chang, The pros and cons of withdrawing federal funding from state schools, *News.com*, 1 April 2016.

The change would exacerbate the lack of co-ordination and inconsistencies in school funding associated with the longstanding division of roles between the Commonwealth and the States for private and public schools that failed to adequately support disadvantaged schools and students. The original Gonski report was scathing about the incoherence of school funding in Australia. It criticised the imbalance between the funding responsibilities of the Commonwealth and the States.

There is a distinct lack of coordination in the way governments fund schooling, particularly in relation to directing funding to schools based on student need across jurisdictions and sectors.

Funding arrangements for government and non-government schools must be better balanced to reflect the joint contribution of both levels of government in funding all schooling sectors. They must also be better co-ordinated so that funding effort can be maximised, particularly effort to improve the educational outcomes of disadvantaged students.²⁷⁷

The Government's proposal would have made public school funding even more uncertain. The states would have complete flexibility in how to allocate their revenue from income taxation in the absence of tied grants from the Commonwealth. Public education would face more intense competition for funding from a variety of other priorities and social needs that would lose their tied grants. There would be no guarantee that public education's current share of funding would be even maintained in the future, let alone increase to meet student needs.

Further, the states would continue to make different decisions about how much to fund public education and disadvantaged students. Some governments may choose to put more into public education, and others less. Different funding decisions could well compound existing differences in school outcomes between regions for students in public schools, and especially for disadvantaged students, that the Gonski plan was designed to overcome. The highly variable school performance between the states is unlikely to change in the absence of a nationally consistent school funding plan that is focussed on reducing disadvantage in education.

Handing over all funding responsibilities to the states would have abandoned the bi-partisan approach of the last 40 years whereby successive Commonwealth governments provided additional funding support specifically directed to disadvantaged students, including low income, Indigenous, remote area and disability students, the large majority of whom attend public schools. While this funding had never been adequate, as demonstrated by the Gonski report, it was an important source of additional resources for disadvantaged schools and students. Under the new proposal, there was no guarantee that the states would provide this additional funding for disadvantaged students in the future. It meant abandonment of the national effort to improve results for disadvantaged students and reduce the large achievement gaps between rich and poor which was at the centre of the Gonski plan.

The Prime Minister's proposal presented a major policy contradiction in relation to closing the gap in education outcomes between Indigenous and non-Indigenous students. By making the states fully responsible for funding public education, it appeared to abandon the Commonwealth Government's constitutional responsibilities for Indigenous Australians and the long-standing national goal of improving educational outcomes for Indigenous students, over 80% of whom attend public schools. Yet only weeks earlier, the Prime Minister had re-committed the Government to working to close the large education gap between Indigenous and non-Indigenous students.²⁷⁸

²⁷⁷ Review of Funding for Schooling, Final Report, December 2011, p. xv.

²⁷⁸ Malcolm Turnbull, Closing the Gap statement, 10 February 2016.

In contrast to the funding uncertainty facing public schools, private schools would be assured of continued large funding increases as they had in the past. As Abbott's draft Green Paper stated:

This option could, however, lead to very different funding models being applied across the States and Territories and between the government and non-government sectors, leading to differences in the level of public funding for schools with similar population characteristics. This is likely to give rise to concerns about fairness, as well as introduce perverse incentives for governments to shift costs within the system.²⁷⁹

Figures published by Save Our Schools show that between 1999-2000 and 2013-14, Commonwealth Government funding per student in private schools, adjusted for inflation, increased by 37% while state government funding per public school student increased by only 9%. The Commonwealth had far greater means of raising revenue than state governments, so private schools would be assured of continuing funding increases while public schools would have to compete for resources with other social needs. Thus, Turnbull's proposal would very likely have exacerbated disparities in resources between public and private schools which, in turn, was likely to worsen the achievement gaps between advantaged and disadvantaged students because private schools enrol only a small percentage of disadvantaged students.

The Turnbull proposal also created the likelihood of a major contradiction in national education policy between continuation of national education standards without a national funding program to support them. Australian governments developed a national approach to school education over the past 15 to 20 years, most notably, through national standards in literacy and numeracy, national student performance assessment, a national curriculum, national teaching standards, and a national information base on school resources and performance. The Prime Minister and the Minister for Education said that these national approaches would be maintained.²⁸⁰ The Minister for Education emphasised that the Federal Government would continue to provide leadership in terms of areas such as NAPLAN, national assessment reporting on literacy and numeracy skills, and My School. The Government wanted national consistency in education standards, but not national consistency in funding public education.

In summary, the Turnbull proposal was likely to reduce the prospects for disadvantaged students and exacerbate inequity in education. It would most likely have led to an increase in resource disparities between public and private schools and compounded the inconsistency and incoherence of school funding in Australia so heavily criticised by the Gonski report. It would have dramatically reversed the bi-partisan and nationally co-operative approach that has existed for over 40 years, whereby the Commonwealth provided important funding support for disadvantaged and Indigenous students, the large majority of whom attend public schools. As the NSW Minister for Education, Adrian Piccoli, said of Turnbull's proposal:

That would be the biggest mistake in education policy - probably forever. It would entrench a two-tiered education system. The non-government [system] would be funded by the federal government with plenty of revenue raising ability, while public schools would be fighting for funding against hospitals and policing.²⁸¹

²⁷⁹ Australian Government, *Reform of the Federation: Discussion Paper (Draft)*, 2015, p. 62.

²⁸⁰ Malcolm Turnbull, Interview with Fran Kelly, ABC Radio National, *Breakfast*, 31 March 2016; Kim Landers, *Plan to withdraw federal funding from schools will create better outcomes*, ABC AM, 1 April 2016; Simon Birmingham, Interview, Sky News, 4 April 2016.

²⁸¹ Matthew Knott, 'The worst idea ever': Adrian Piccoli blasts Malcolm Turnbull on schools, *Sydney Morning Herald*, 5 April 2016.

Turnbull's proposal had a short life. At a meeting of the Council of Australian Governments (COAG) on the same day that Birmingham made his case, state income taxes were rejected by all states except Western Australia. A few days later, the Prime Minister said that he is "totally committed" to funding public schools while the Minister for Education, Simon Birmingham, said that the "Turnbull Government is not abandoning schools or public education and has never proposed doing so".²⁸²

However, these assurances were disingenuous. COAG agreed to consider an alternative proposal that would have the same effect of ending targeted Commonwealth funding of public education. COAG agreed to consider a proposal that the Commonwealth share personal income tax revenue with the states in return for reducing the number of tied federal grants to the states.²⁸³ Under this proposal, the states would continue to receive Commonwealth funding but would not be required to spend it on specific purposes such as education. It would be up to the states to decide how to spend their share of personal income taxation. In the extreme case, they could decide not to spend any of it on public schools.

Turnbull said it was an historic reform.²⁸⁴ He specifically referred to schools and hospitals as candidates for reducing tied grants to the states in return for a share of personal income tax revenue. The Western Australian, South Australian, Tasmanian and Northern Territory governments all publicly endorsed the proposal. In the post COAG wash-up, the Assistant Treasurer, Kelly O'Dwyer, said: "It seems to make a lot of sense that the States should be fully accountable and responsible for education".²⁸⁵

A few weeks later the whole project of reform of the federation was abandoned and it was not considered again by COAG.²⁸⁶

5.4 The case for a strong Commonwealth role in funding public education

The Coalition's proposals to reduce the Commonwealth Government role in funding public education was always an unrealistic attempt to turn back the clock. It ignored the central role that the Commonwealth has in supporting public education and the manifold benefits it brings to society.

Australians believe in a 'fair go' for all. This egalitarian ethos is a distinguishing feature of Australian culture. As Turnbull once acknowledged, Australia's national identity is defined, in part, by "a deep intuitive sense of a fair go".²⁸⁷ A 'fair go' for all does not naturally occur in a market-based economy. Governments have an essential role in ensuring a fair society and alleviating the impact of poverty, especially for children. This involves providing income support for individuals and funding for a range of critical needs (such as health, housing, transport, water, electricity, etc.) to enable everyone in society to have sufficient resources on which to live.

Public education for all, without regard to family background and income, is fundamental to achieving a 'fair go' for all. It should ensure that all children receive an adequate education to support a successful adult life and that children from different social groups are not discriminated against in access to education because of their family income and background. This is the essence of a 'fair go' in education. Without public education, there would be very unequal access to education

²⁸² David Crowe, Malcolm Turnbull fights back on public school funding, *The Australian*, 7 April 2016; Simon Birmingham, Labor lies on schools #3, Media Release, 6 April 2016.

²⁸³ COAG, Communique, 1 April 2016.

²⁸⁴ Malcolm Turnbull, COAG Joint Press Conference, Transcript, 1 April 2016.

²⁸⁵ Kelly O'Dwyer, Interview with Patricia Karvelas, *Sky News*, 3 April 2016.

²⁸⁶ Elizabeth Borrello, Malcolm Turnbull scraps federation white paper after \$5 million work, *ABC News*, 28 April 2016; David Donaldson, Why we gave up on federalism reform (this time), *The Mandarin*, 5 May 2016.

²⁸⁷ Malcolm Turnbull, *My Australia - How it Has Changed*, *Australian Financial Review*, 25 January 2013.

because of the very unequal distribution of income that inevitably occurs in market-based economies.

In Australia's federal system, the states have primary constitutional responsibility for education. However, a national government has a responsibility to ensure that the rights of all citizens to a quality education are upheld. It has a responsibility to ensure that all children, whatever their background and wherever they live, receive at least an adequate education to prepare them for full participation in the community as citizens. As a report by the Commonwealth Schools Commission in 1985 stated:

The rights and obligations of all Australian citizens to participate in the national democracy, whatever their background or circumstances, confers an obligation on the Commonwealth to ensure that all students are receiving, through their schools, effective preparation to take their place as citizens of Australia.

...it must ensure that every child is prepared for full participation in the community, to the benefit of both the individual and of Australian society.²⁸⁸

In upholding the democratic rights of all citizens, the national government has a special responsibility to ensure that children who endure hardship due to poverty, location or cultural background have access to the benefits and privileges enjoyed by the rest of society, especially in relation to access to a quality education.

The national government cannot allow such a diversity of state government provision of public education that results in children in some regions being denied an adequate education. If a state government decides by reason of insufficient revenue, ideology, or other reasons that some children cannot be supported to achieve the minimum level of education expected by society, then the national government has a responsibility to intervene. As the Schools Commission report said:

Children's opportunities in adult life must not be constrained by the limits to parents' capacity to provide their education, or the disparities in what parents can provide. The same argument applies, in turn, to what systems can or do provide. The Commonwealth is the guardian of equity across the nation, and should ensure that the quality of a child's schooling is not dependent upon living in a particular State or Territory and that all systems and schools share the responsibility for contributing to the quality of education for all children.²⁸⁹

Similarly, children from different family backgrounds should be expected to achieve similar levels of education whatever the state or territory in which they live. For example, Indigenous children living in the Northern Territory should be expected to achieve the same level of education as Indigenous children living in the ACT or Victoria. If a state government is discriminating against Indigenous children by not providing an adequate education, the national government has a responsibility to intervene. The same case applies to other disadvantaged students such as those from low socio-economic status (SES) families and those living in remote areas.

Equally, however, the education provided for children should not be defined by their particular background. There is no reason why the average level of education achieved by Indigenous children should be any less than that achieved by children from high SES backgrounds. There is no reason why children from low SES families or children living in remote areas should achieve a lesser level of education than those from high SES families.

²⁸⁸ Commonwealth Schools Commission, *Quality and Equality*, 1985, p. 15.

²⁸⁹ *Ibid*, p. 12.

It is the responsibility of the national government to intervene in all circumstances where students are not achieving an adequate education and where there are large differences in the results of children from different social groups. In a federal system, the national government is the essential monitor and backstop to ensure that all children receive a quality education to prepare them for adult life.

It is the duty of the Commonwealth to express, *for the nation as a whole*, a commitment to, and support for, all young people and their education. As the national government, it must ensure that every child is prepared for full participation in the community, to the benefit of both the individual and of Australian society.²⁹⁰

This was the central rationale for the expansion of Commonwealth involvement in education initiated by the Whitlam Government. It recognised that the revenue base of state governments was insufficient to meet rising community expectations and demands for increased education amongst all sections of the community. Following the recommendations of the Karmel Report²⁹¹ and the establishment of the Commonwealth Schools Commission, successive Labor and Coalition governments accepted their national responsibility in education and provided recurrent and capital funding to public and private schools to reduce deficiencies in resources, support the needs of disadvantaged students and fund specific programs to improve education.

The joint role of the Commonwealth and state/territory governments in school education was later formalised in statements of national goals of schooling and various related implementation agreements, strategies and programs. Three inter-governmental declarations of national goals of schooling have been issued since the first in 1989 (the so-called Hobart Declaration, followed by the Adelaide and Melbourne Declarations in 1999 and 2008 and now the Alice Springs (Mparntwe) Declaration issued in December 2019). They established a national framework for schooling and fostered a co-operative effort to improve school outcomes. Equity goals are a key component of each declaration.

The Gonski report built on these national declarations and, as noted above, set the national equity goal to ensure that differences in education outcomes are not the result of differences in wealth, income, power or possessions. It said that this goal is based on the belief that the underlying talents and abilities of students are not distributed differently among children from different socio-economic status, ethnic or language backgrounds, or according to where they live or go to school.

National goals for schooling imply a role for the national government. Successive Commonwealth Governments have intervened in school education to achieve these goals in a variety of ways, including funding support, developing national standards, national student performance assessment and providing national information about resourcing and student performance. For example, they initiated the development of a national curriculum which, whatever the debate over the detail, provides a guarantee as to what every child can expect to learn at school wherever they live. They played a central role in the development of national school outcome standards, teaching standards and national assessment of student performance. They supported the development of a national information base of school results and resources through the National Report on Schooling in Australia and, more recently, the My School website.

National goals for schooling also imply a funding role for the national government. Federal governments have provided critical funding support for under-resourced schools and disadvantaged students over many years, as exemplified in various disadvantaged schools programs and national

²⁹⁰ Ibid, p. 15.

²⁹¹ Interim Committee for the Australian Schools Commission, *Schools in Australia*, May 1973.

partnership programs. Transfer of responsibilities for funding of public schools to the states would abrogate the national responsibility of the Commonwealth Government to ensure that all children, whatever their background or where they live, have access to a quality education and that disparities in education according to background and location are reduced.

In particular, it would abrogate its specific constitutional responsibilities for Indigenous Australians and migrants, the large majority of whom also attend public schools. The Commonwealth has concurrent powers with the states to make laws relating to Indigenous Australians. It has long been a national goal to improve education outcomes for Indigenous students. Eighty-four per cent of Indigenous students attend public schools. If the Commonwealth Government were to stop funding public schools, it would be abandoning its constitutional responsibility for Indigenous children and its commitment to reducing the achievement gap between Indigenous and non-Indigenous students.

The Commonwealth Government also has exclusive constitutional powers over immigration. It has responsibility for providing assistance to migrants in a range of social issues, including education, to support their integration in Australian society and ensure social cohesion. The large majority of children of immigrant families also attend public schools and Commonwealth Government funding has played a critical role in Australia's success as a multicultural society. Ending Federal funding would threaten continuing success.

The Commonwealth also has a role in education because of its responsibility for national economic policy. It has the leading role in strengthening Australia's economy and increasing economic prosperity and this is highly dependent on the quality of its education system. The level and quality of education contributes to higher workforce skills, the capacity for innovation and improvements in productivity.

Making state governments solely responsible for funding public schools would have put an end to national leadership on equity funding. In leaving the funding of public education to state governments, the Commonwealth would have abandoned the long-held and bi-partisan agreement about the role of the national government in improving equity in education. It would have completed the sabotage of the Gonski funding model. It would have likely resulted in greater inequity in education between advantaged and disadvantaged students and have detrimental effects on Indigenous and students from migrant families.

What is needed is a national policy and plan for school education based on a collaborative partnership between the different levels of government. A national policy necessarily involves both levels of government.

This is what the Gonski report tried to do as David Gonski later explained in criticising the recommendation of the Audit Commission to devolve responsibility for school funding to the states:

Leaving the entirety of a state's education to a state could lead to a situation of difference educational systems (with different aspirations and attributions etc) in different parts of a Australia. We felt this was undesirable and indeed if one wanted to see complexity, it was the multiplicity of funding systems that existed in Australia at the time we did our review – all resulted from different parts of Australia doing different things based on different formulae. We believed as a country we needed some uniformity and that policy should be aimed at such.²⁹²

²⁹² David Gonski, Inaugural Jean Blackburn Oration, Australian College of Educators, University of Melbourne, 21 May 2014, pp. 32-33.

The report recommended a national approach to school funding which integrated Commonwealth and state funding for public and private schools and gave priority to increasing funding for disadvantaged students in both sectors. It also recommended a mechanism to implement the plan in the form of an independent national schools resourcing body to advise governments. One of the more disastrous decisions of the Gillard Government was to reject this recommendation outright, apparently because state governments feared the body would take control of their education budgets.²⁹³ The creation of an independent national schools resourcing body offers the most practical way to resolve the interminable and moribund debate about whether school education should be the responsibility of either the Commonwealth or state governments.

6. The Coalition Government sabotaged the Gonski funding model

The Coalition Government set out to sabotage the Gonski funding model right from the start. It was always opposed to the new approach and as soon as it took office in 2013, it proposed to reduce the level of Commonwealth funding over the next four years and introduce a new funding model from 2015. However, it was forced to back down. Nevertheless, it succeeded in removing two key foundation features of the Gonski model among other changes and attempted to undermine equity funding.

First, it refused to commit to the full Commonwealth funding increase of \$10.3 billion over the next six years promised under Labor's plan. It only committed to Labor's increase of \$2.8 billion over four years. This left a funding shortfall of \$7.5 billion, the major share of which would have gone to public schools.

Second, it stopped the implementation of a national funding model. This was reflected in several decisions. On taking office, the Abbott Government immediately released state governments from their obligation to increase their own funding as a condition of Commonwealth funding. They were free to decide whether to increase their funding, substitute Commonwealth funding for their own funding or cut their funding. This threatened the further loss of \$5.6 billion in state funding over the next six years, the very large part of which also would have gone to public schools. The states took the opportunity to continue to cut their funding (adjusted for inflation) to public schools.

The Coalition's abandonment of a national approach to school funding was also reflected in its refusal to give an opportunity for non-signatory governments to join the national funding agreement. It demonstrated that the Coalition did not want a national funding model. It had particular implications for public schools because non-participating governments were not required to increase their funding for public schools or to implement a Gonski-type funding formula.

The Government also dismissed the equity rationale behind the Gonski model and attempted to reduce the focus on equity by a secret review on whether the SES funding loading was needed. Removal of the loadings would have further undermined the resourcing of public schools because over 80 per cent of low SES students attended public schools and over 90 per cent of disadvantaged schools were public schools. The attempt failed after it was exposed by public school organisations and the loading remained intact.

The Turnbull Government continued undermining the Gonski model with false claims about its unfairness, the extent of past funding increases and its likely impact on education outcomes. It said that it would introduce a simpler model to apply from 2018. It conceded that a small number of wealthy private schools were over-funded and could have their funding reduced under new

²⁹³ Justine Ferrari and Nicolas Perpitch, Labor rejects Gonski's 'red tape', The Australian, 5 September 2012.

arrangements. However, this concession ignored the vast over-funding of over 1,700 private schools under special deals instituted by the Howard Government and the previous Labor Government.

Both the Abbott and Turnbull governments floated the idea of transferring responsibility for school education to the states and territories. In reality, this was confined to public schools. The Coalition was not prepared to leave private school funding to the states because private school organisations were totally opposed. This was another indication of the Coalition's priority to funding private schools.

The Government's priority was to guarantee continuing funding increases for private schools. Equity in education and ensuring adequate funding for public schools were a low priority.

The Government maintained the Coalition's long-standing commitment to serving the interests of private schools. Both ISCA and the NCEC were concerned to maintain the Commonwealth role in funding private schools and to ensure that funding increases into the future. They differed in their approach. ISCA preferred to go back to the SES model but came to accept this was impossible in the circumstances. The NCEC broadly accepted the funding model but wanted adjustments to the funding loadings as a way of increasing funding, reduced regulatory compliance and continued autonomy in how Commonwealth funding was distributed to schools.

The other major factor behind the Government's approach was to restrict the impact of school funding increases on the Budget. It claimed that the Gonski funding increase over the six years was unaffordable because Australia had an expenditure problem. This was a government policy choice. It chose a massive increase in defence expenditure over improving equity in education. It chose to reduce individual and business taxation while continuing tax concessions for high income and wealthy families that depleted the revenue base.

It was possible to fully fund the Gonski plan. There were several revenue sources to draw on which would have involved ensuring that high income earners and large corporations met their tax obligations to society. The fact that it chose not to do so showed that the Government was more concerned to protect the interests of the privileged in society than to improve equity in education. The outcome of the Coalition's sabotage of Gonski was clear: guaranteed funding increases for private schools but not for public schools. The Coalition was fully committed to fulfilling its traditional role of serving private schools with continued funding increases. Public schools were largely left to the states and they chose to cut real funding. There was no longer any guarantee that funding for disadvantaged public schools would be increased to any substantial extent.