

A Parents' Guide to Understanding Gonski 2.0

There has been so much confusion and contrary arguments surrounding the recent Gonski 2.0 school funding changes that it is not surprising parents don't know what to think. Australian Association of Christian Schools (AACs), to which your school belongs, is a representative organisation which advocates for Christian schools to governments and in the public sphere. This Q&A document has been prepared by AACs to assist parents in understanding this issue.

I'm confused about Gonski 2.0. What do I need to know?

To the casual observer Gonski and the school funding model can be very confusing. Are schools winning or losing? Will it address needs? Cost billions of dollars? Who gets what? Claims of deals and counter deals? Acronyms? How do we understand it all?

In a one sentence summary, Gonski 2.0 provides a long term, stable and predictable, fair and transparent, 'needs-based' model for school funding, which will support most Christian schools very well. Funding for most of our schools will keep ahead of inflationary rises over the next 10 years and our schools can plan with reasonable certainty about that. Therefore, AACs, representing our Christian school group, has come out in strong support of this legislation.

Why all the recent focus on funding?

School funding has been a hot topic in the press because of what the government proposed and then successfully passed (Gonski 2.0). It involved some fairly radical changes to funding arrangements. For some time Christian schools have been asking the Coalition government to provide us with a long term funding policy that is fair, predictable and affordable for government and parents.

On May 2nd, we were surprised and pleased when the Education Minister, Simon Birmingham, announced a policy that was basically what we had asked for. The Minister had quietly developed a sound policy and then pulled out 'all the stops' to get it through parliament. 'Hats off' to this Minister.

How does Australia compare with other similar countries?

We have a lot to be grateful for, as Australia funds non-government schools well. Compared with other OECD nations, Australia funds its non-government sector (NGS) at the gener-

ous end of the spectrum. We are the envy of many other Christian school providers in other countries where the percentage load on parents is much greater and where teachers' wages are much lower than their counterparts in secular schools. On average, governments in Australia meet around 60% of the cost of running our Christian schools. That keeps fees affordable for our parents.

Most other countries have very different systems. In Canada, some provinces fund NGS at a flat rate and others not at all. However, as in the US, parents can claim a proportion of 'non-religious education fees' as a tax deduction. Charter schools in NZ and the UK, and Christian and church-based schools in the Netherlands and Germany are fully funded but there are fairly strong guidelines around school 'charter' or stringent guidelines that restrict school independence.

What led to Australia's funding system?

In the 1960's, after decades of fierce debate about the question of 'state aid', the Coalition federal government under Menzies (followed by the states) decided to assist NGS, first in respect of limited capital projects, and then in the late 1960's with a contribution to recurrent expenditure of NGS.

The Whitlam ALP government introduced ongoing yearly funding for both government and non-government schools. Federal governments have been involved ever since. In the decades that have followed there have been significant increases in the federal contribution, particularly to the non-government sector. There has been a general acceptance that parental choice and diversity are good things as well an understanding that parental contributions to NGS actually save governments billions of dollars.

Various models have been used to determine how much should be allocated and every ten or so years a new government has



sought to review this and change the allocation mechanisms. This occurred when the Gillard ALP government implemented a national funding system based around greatest need (Gonski 1.0). Unfortunately, so many 'political' deals were done to get the different states and school systems to agree to the legislation that a whole lot of inequalities were established. Gonski 1.0 was thoroughly compromised.

Why is the Gonski 2.0 reform worthwhile? For many reasons:

1. It provides a long term stable funding model. Schools can plan ahead and focus on educational issues.
2. It is basically what we have been advocating for - a needs-based, sector-blind, fair and predictable system of school funding.
3. A model that provides the greatest funding to the greatest need ('needs-based') is consistent with the Christian principle of 'according to need' and looking after the disadvantaged.
4. It seeks to correct the compromises that marred the original Gonski 1.0. Basically it is a 'purer' model. The deals and inconsistencies have been 'cleaned up'.
5. There is transparency and fairness. The same formulas apply to all and everyone can see 'who gets what'.
6. States will be required to 'fall in line' with a simpler and more understandable system.
7. There is an intention to increase accountability and tie funding to educational improvement. How this will occur is still being developed.
8. It provides an opportunity to put an end to the ridiculous and toxic school funding wars, what has been called Australia's "oldest and most poisonous debate."
9. Overall, the Australian Education Amendment Act 2017 (Gonski 2.0) is good policy and will hopefully stay in place for the next 10 years.

But aren't there Christian Schools that lose out, as do some of the Catholic schools?

We have two schools (Emmaus Christian School—ACT and

Covenant Christian School—NSW) in the group of schools that will receive significantly less funding and then a group of 13 other schools who will all receive less than what they expected to receive under the old model.

We could have joined the line of critics because these schools would receive less. However, because Gonski 2.0 is a just and fair approach 'for the whole', we chose to loudly applaud what is good for all. It has been most helpful that the particular Christian schools that are losing out to some extent have also supported this overall approach to funding, even though they will have some adjustments to make.

But aren't our low-fee schools similar to Catholic ones? Won't our fees have to rise also?

For the vast majority of Christian schools, funding from government will increase in real terms from its present levels. Outside of local contextual issues, the new model provides for a very stable fee situation.

It is true that the great majority of our Christian schools are similar to Catholic parish schools, with modest fees and a relatively low SES. In Gonski 1.0, however, the Catholic system was funded as a whole and in a way that advantaged their schools over other NGS. Gonski 2.0 brings everyone back to the same level playing field with no special deals for any groups of schools. A change in the allocative mechanism in Gonski 2.0 means that the Christian school sector will average 4.1% funding growth, whilst for the Catholic school sector this is 3.1%. You can see from this that all NGS will be receiving an increase. There is no reason to suggest that schools will have to endure significant fee rises because of Gonski 2.0.

Can you explain the Gonski funding model in simple, clear terms?

School funding can be complex. The Gonski Review was primarily focussed on changing the way all Australian schools were funded and it sought to include the proportion that both the federal and state governments contributed to establish a national 'needs-based' approach.

The Gonski model has two parts: (1) Base and (2) Loadings. For the 'Base' Gonski established an 'evidence-based' benchmark for the cost of providing an 'excellent' education for every primary and secondary student. This is the 'Base per student amount' and in 2018 it is \$10,953 (Primary) and \$13,764 (Secondary).

The model proposed that government school students would get the full amount whilst non-government students could access between 20–90% of the Base based on the parent's 'Capacity to Contribute' (CTC). CTC uses a Socio-Economic Status (SES) figure drawing on ABS census data (based on locational income and wealth) utilising the smallest ABS statistical area (SA1s), about 400 households. By using the SES and CTC

formulas, smaller amounts go to wealthy areas and larger amounts go to poorer areas.

Then on top of the 'Base' amount, 'Loadings' are added to arrive at a school's School Resource Standard (SRS). Loadings are designed to address specific areas of educational disadvantage such as size, location, socio-economic disadvantage, English as a second language, Indigenous and student with disabilities (SWD). The 'Base' contributes 74.5 % to total funding and 'Loadings', 25.5 %. Because of the way in which 'Base' and 'Loadings' address 'highest need,' the model has been quite rightly labelled 'needs based'.

After many years of advocating for a fair allocation of SWD funding, we finally (beginning 2018) have an equitable system from the Commonwealth and we applaud this. Funding is determined according to the measure of individual student need using set definitions. The funded levels are labelled: supplementary, substantial or extensive. The school decides on its best allocation. We are hoping that State governments (for their 15-20% share) will follow in using the same allocative mechanism.

The model can be applied to every school in every sector in Australia in a way that is fairly simple to understand and consistent in its application. The federal government will provide a consistent Commonwealth share of SRS funding of 20 % for all government schools and 80 % for all non-government schools by the end of the ten-year transition period. States are expected to cover the balance to a minimum total (Cth and State) of 95% of SRS by 2027. Some States are presently over that amount and some are under. The new arrangements allow the federal government to financially penalise state governments if they don't meet these minimum arrangements. Therefore, it is reasonable to expect that they will make incremental adjustments over the next six year period.

Why was the Catholic sector so against it?

The application of a system that would apply a 'needs-based' funding formula consistently across all students, schools and sectors, whilst using a 10 year transition to get everyone to align, was going to create some big winners, many general winners and a small number of losers. The 'over-funded' Catholic system was either 'general winners' or 'losers' depending on your perspective. Their general funding will increase by a minimum of 3.1% annually over the coming 10 years. However, this wasn't as much as they were expecting or hoping for. It was a change they thought no government would have the courage to implement, and therefore they weren't prepared for it.

Under the old system, the Catholic education system had negotiated an arrangement that was very favourable to their sector. It was called 'weighted average' where an average of all your schools SES scores was determined (Socio-economic status = a measure of a student's postcode wealth) and then allocated for every school in that particular state. The payment of the aver-

aged SES score was then paid as one payment to the sector's head office. From there it was re-distributed to their schools. This resulted in a payment that was a lot more generous than if each school had received their own individual SES entitlement. This more generous payment could then keep fees low across all Catholic schools. In the new system (Gonski 2.0) each Catholic school can see (through the funding estimator) what it would be entitled to if it received its funding directly from the government. This is quite a change to the transparency arrangements for everyone.

Even though we understand the concerns of our Catholic colleagues because of the adjustments they will need to make—to their central offices, their distribution formulas and their transparency arrangements—it should be noted that over many years, it was in effect, everyone else who was subsidising these additional amounts going to the Catholic sector. In a fair and transparent system, we would say, "what's good for the goose is good for the gander". Where a parent chooses a non-government school option, the government should not be favouring one NGS group over another.

Was this change fair?

Not only is it fair, but it should have been anticipated. Back in 2011-12, when the Gonski discussion started, the Catholic sector was told that their 'favoured' arrangement wouldn't last forever. Other NGS schools that had been advantaged by the Howard government's 'funding maintained' arrangements, or what became the Gilliard government's 'No school will lose a dollar', should have seen the Gonski 'writing on the wall'. They have known for many years that a 'fairer' reality in funding was just a matter of time.

Catholic and other Independent schools who were over funded should have been prepared. Within our own sector some individual schools saw and prepared whilst others have been caught out. While 'over-funded' Christian schools will no longer enjoy this additional funding, all of them appreciate and acknowledge that the new arrangements represent good policy – incorporating justice and fairness and care for the disadvantaged.

In our reactions, it is tempting to focus on what we might lose and to react with a 'don't touch what is mine' response. When



we do this, however, we lose sight of what is valuable for us all, for all sectors, for all Australian schools. We would appeal to our Catholic colleagues to see the bigger picture here. The Gonski 2.0 legislation has provided a massive break-through in the unstable and divisive approach to funding that we have had for so long.

If Gonski was the ALP's policy why aren't they happy with 2.0?

This happens in politics. For a long time the Coalition had not embraced Gonski (it wasn't their idea), but when they did, the ALP decided, for political reasons, that it wasn't good enough. Gonski was an ALP initiative and they felt it was 'pinched' and re-packaged.

It was disappointing when the ALP chose to vote against Gonski 2.0. With the large education union (AEU) on-side, they indicated that their point of difference was going to be putting in an extra \$22b to fund Gonski 'properly'. There seemed to be no reason, other than perceived political advantage and wanting to preserve the support of the Catholic system, why they could not have voted for Gonski 2.0 – while at the same time promising to put more money into the model when they came into government.

The proposed Bill was on a knife-edge. How did it get through?

Gonski 2.0 only just made it through the Parliament. The Catholics had mounted a strident campaign. They educate 1 in 5 Australian students and their voice is a strong one. The Greens, with only one additional crossbencher, could have ensured the successful passage of the legislation. They had consistently supported Gonski, had negotiated their desired amendments, but couldn't agree amongst themselves. Therefore, the Government went about trying to convince 10 of the 12 cross benchers. With Senators Bernardi and Leyonhjelm committed against (because it was too expensive) the government needed all the other 10 cross benchers to vote in support. It was a close thing as opponents pulled out all stops to get any one vote to change. To top off the difficulty, one WA Catholic and retiring Coalition Senator, Chris Back, insisted on greater transitional assistance for the Catholics, or he would cross the floor. Brinkmanship? Threats? Negotiation? Agreement? Holding the line? Then finally on Friday June 23rd, success! This is a date that should be celebrated!

In this process, a number of the amendments were successfully incorporated into the legislation – a \$5bn increase so that the most needy schools received their transition to full funding in 6 years rather than 10 years; the establishment of an independent funding watchdog that included a review of the SES; and a requirement that the states and territories would meet their proportional part. The upshot was a better policy (though more

expensive) and one that continued to be consistent with the Gonski framework.

All this focus on funding. Aren't there other important educational issues?

Most definitely. We hope that this system of funding remains settled for the next 10 years and that we can focus on the most important issues. It is a concern that the ALP has stated they wish to re-establish the 'weighted average' system for the Catholic sector.

The Gonski 2.0 'Review to Achieve Educational Excellence in Australian Schools' will report back in March 2018. The Review has an explicit focus on reviewing evidence about the kinds of initiatives that impact most positively on student outcomes. It has been charged with asking questions such as - How can funding be used to improve educational standards?

This is a most difficult question, as it is quite true that the vast increases in funding over the past decade have not seen any quantifiable improvement in test results. At the same time, questions should be asked about how improvement can and should be measured.

Christian schools are also concerned about issues of religious freedom, anti-discrimination and equal opportunity law, requirements for registration, and the burden of bureaucratic compliance.

Will the system last?

Our hope is that all sectors (Public, Catholic and Independent) will accept the new model and make the necessary adjustments over the reasonable period of time that has been given. We now have a fairer, sector-blind, needs-based model. If it doesn't get changed along the way, by 2027, we will have a level playing field. Our hope is that this courageous and necessary policy change will bring about stability, predictability, peace and the quick provision of the most resources to the most needy.

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