

The 2014 Commonwealth Budget: Ending the schools funding 'unity ticket'

J F McMorrow
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Dr Jim McMorrow was formerly a senior official and policy adviser at both Commonwealth and State levels.

In relation to schools funding, the central messages of the Abbott Government's first Budget are these:

- It has confirmed that the Government's pre-election commitment to a 'unity ticket' on the 'Gonski' schools funding reforms applied only to the first four years of Labor's six-year transition to its full 'Gonski' schools funding model.
- Commonwealth funding for 2018 and beyond will be increased in response to growth in student numbers as well as in line with general inflation, as measured by the Consumer Price Index (CPI)¹, as the Abbott Government's contribution to what it calls a 'functioning federation'².

In sum, this means that the longer-term allocation of Commonwealth funding for schools will not be consistent with the principles and reforms recommended by the Gonski panel.

The 2014 Budget's overall allocations for education are first set out in the 'expenses' section of Budget Paper No. 1, as outlined in Table 1 below.

Table 1

Commonwealth Budget for Education 2014

	Estimates			Projections	
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$m	\$m	\$m	\$m	\$m
government schools	4,803	5,114	5,689	6,348	6,872
non-government schools	8,764	9,260	9,957	10,685	11,277
Schools: specific funding	1,151	734	282	194	163
Higher Education	8,970	9,223	9,274	9,282	9,465
Vocational and other education	1,766	1,824	1,837	2,003	1,515
Student Assistance	3,998	3,338	3,110	3,264	3,431
General administration	255	61	56	67	65
Total	29,707	29,554	30,205	31,843	32,788

Source:

Commonwealth Budget 2014, Budget Paper No. 1, Table 7, page 6-19

¹ Budget 2014, Paper No. 1, page 6-20

² Budget Overview 2014, page 7

Note that the 'schools' section of this table is in three parts: government schools; non-government schools; and 'school education – specific funding'. The last refers to a range of programs, including National Partnership Payments for schools in both sectors, as well as funding for early childhood education and for programs such as youth transition that are administered outside the education portfolio.

Note also, in passing, that Commonwealth funding for non-government schools will exceed that for higher education over the Budget forward estimates. Funding for higher education, for which the Commonwealth has sole public funding responsibility, is budgeted to decrease in real terms over the period, due to the Government's policy to reduce subsidies under the Commonwealth Grants scheme and to allow higher education providers to set their own course fees³. Funding for non-government schools will increase over the Budget estimates in line with the Budget allocations set out in this paper.

Because of the complexity around funding under the 'school education - specific funding' element of the allocations from Budget Paper No.1 as outlined in Table 1, a better picture of the Budget's implications for schools funding in the wake of the Gonski report is contained in the payments for government and non-government schools set out in Budget Paper No. 3 and the Department of Education's portfolio statements.

These payments are provided to school authorities through four funding sources:

1. *Baseline funding*: the bulk of Commonwealth funding for schools – around \$13 billion in 2013-14 - is provided from this source, which extends previous long-standing programs, especially general recurrent per capita grants for government and non-government schools. Under current arrangements, funding for this element will increase over the four years 2014 to 2017 in line with growth in student numbers and by indexation of 4.7 per cent per annum for schools below the schooling resource standard (see below) and 3 per cent for the small number of schools above that standard⁴.
2. *'Gonski' funding*: based on the recommendations of the Gonski panel to introduce a schooling resource standard for all schools supplemented by loadings for schools characterised by various forms of disadvantage, such as low socio-economic status, language difficulties, disability, school size and remoteness. Funding for all schools under this element is estimated to increase from around \$350 million in 2014 to over \$1.6 billion in 2017⁵. As

³ Budget 2014, Paper No. 1, page 6-19 to 6-20

⁴ *Australian Education Act 2013, Sections 60(2) and 61(3)*.

⁵ Senate Standing Committee on Education and Employment, additional estimates 2013-14, answer to question on notice no. ED0264_14

noted above, the Abbott Government has now confirmed that the increased funding under this element after 2017, as foreshadowed by the previous Government, will not proceed. Instead, 'Gonski' funding after 2017 will be indexed annually for CPI changes.

3. *National Partnership Payments*: including payments made under national agreements for programs for meeting the needs of schools with concentrations of disadvantaged students; for supporting improvements in the quality of teaching; and for trade training centres in secondary schools. An outline of funding trends in National Partnership Payments since 2011-12 is provided in Table S1 of the supplementary tables to this paper.
4. *School Support programs*: administered directly by the Departments of Education and the Treasury. They include funding for such Government priorities as the extension of the Schools Chaplaincy program by almost \$60 million annually from 2013-14. Supplementary Table S2 outlines the current Budget allocations for these programs.

Leaving aside the school support programs, which tend to vary over time according to ministerial and prime ministerial proclivities, a picture of funding trends in the remaining elements over the Budget's financial years is presented in Table 2 below.

Table 2

Budget 2014: Commonwealth Funding for Schools

	Final		Budget 2014 estimates					Change from 2011-12	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	\$m	%
	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
government schools									
Baseline funding (a)	3,776	3,945	4,354	4,684	4,960	5,260	5,545	1,770	
"Gonski" increases			134	430	729	1,088	1,326	1,326	
s/t Students First funding	3,776	3,945	4,488	5,114	5,689	6,347	6,872	3,096	
National Partnerships	1,162	801	486	173	109	54	33	-1,129	
Total	4,938	4,746	4,973	5,286	5,798	6,401	6,904	1,967	40%
non-government schools									
Baseline funding (a)	7,579	7,965	8,693	9,138	9,765	10,415	10,957	3,378	
"Gonski" increases			43	123	192	270	320	320	
s/t Students First funding	7,579	7,965	8,736	9,260	9,957	10,685	11,277	3,698	
National Partnerships	380	282	175	79	21	20	14	-366	
Total	7,959	8,247	8,910	9,339	9,978	10,704	11,291	3,332	42%
All schools									
Baseline funding	11,355	11,910	13,047	13,822	14,726	15,675	16,503	5,147	
"Gonski" increases			177	553	921	1,358	1,646	1,646	
s/t Students First funding	11,355	11,910	13,223	14,374	15,646	17,032	18,149	6,794	
National Partnerships	1,542	1,082	661	251	130	73	47	-1,495	
Total	12,897	12,992	13,884	14,625	15,776	17,105	18,196	5,299	41%
% government schools	38%	37%	36%	36%	37%	37%	38%		

Sources: Budget 2014 Paper No. 3 Table 2.5;

Senate Standing Committee on Education and Employment, Response to Question no. ED0264_14

(a) assumes baseline funding increases annually for growth in indexation and enrolments, see Australian Education Act 2013 Sections 34, 60 and 61.

The data from Table 2 indicate that Commonwealth funding is budgeted to increase in money terms by almost \$2 billion for government schools and \$3.3 billion for non-government schools over the period from 2011-12 to 2017-18. Using the financial years 2011-12 as a base enables the trends in the current Budget estimates to be assessed against the date of the tabling of the Gonski report in December 2011 and the financial commitments made by the previous Government at that time.

These data can also be expressed in real terms, by adjusting the figures in Table 2 for actual and estimated changes in the price of schooling over the funding period, weighted in particular by movements in education salaries and wages. This approach to the indexation of schools funding is consistent with that recommended by the March 2014 report of the Commission of Audit⁶.

Table 3 outlines these estimates of funding changes in real terms, using financial year 2013-14 as the benchmark for comparing changes in the price of schooling over the budget years.

Table 3

Budget 2014: Commonwealth Funding for Schools to 2017-18

Estimated constant Year 2013-14 prices

	Budget Outcomes and Estimates								
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Change on 2011-12	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
government schools									
Baseline funding	3,992	4,058	4,354	4,556	4,690	4,835	4,937	945	24%
"Gonski" increases			134	418	689	1,000	1,181	1,181	na
s/t Students First funding	3,992	4,058	4,488	4,974	5,380	5,834	6,118	2,126	53%
National Partnerships	1,228	824	486	168	103	49	29	-1,199	-98%
Total	5,220	4,882	4,973	5,142	5,483	5,883	6,147	927	18%
non-government schools									
Baseline funding	8,014	8,194	8,693	8,889	9,234	9,573	9,755	1,742	22%
"Gonski" increases			43	119	181	248	285	285	na
s/t Students First funding	8,014	8,194	8,736	9,008	9,415	9,821	10,040	2,027	25%
National Partnerships	402	290	175	76	20	18	12	-389	-97%
Total	8,415	8,484	8,910	9,084	9,435	9,839	10,053	1,637	19%
All schools									
Baseline funding	12,006	12,253	13,047	13,444	13,924	14,408	14,692	2,687	22%
"Gonski" increases	0	0	177	537	870	1,248	1,466	1,466	na
s/t Students First funding	12,006	12,253	13,223	13,982	14,794	15,655	16,158	4,152	35%
National Partnerships	1,630	1,114	661	245	123	67	41	-1,589	-97%
Total	13,636	13,367	13,884	14,226	14,918	15,723	16,200	2,564	19%
% government schools	38%	37%	36%	36%	37%	37%	38%		

Sources :See Table 2

estimated schools price index 2013-14 = 100 94.58 97.20 100.00 102.81 105.76 108.79 112.32

⁶ Commission of Audit, *Towards Responsible Government*, March 2014, Section 9.7

Government schools will benefit from the phase-in of the Gonski funding model over the period. But as Table 3 demonstrates, the \$1.18 billion real increase arising from the 'Gonski' source from 2011-12 will be completely negated by the \$1.2 billion winding-down of National Partnership Payments over that period.

Funding provided through National Partnerships from 2011-12 is indicative of the financial commitments deemed appropriate by government at that time and provides a defensible reference point for funding trends and comparisons⁷.

This stalling in the net benefits of the Gonski reforms, through a 'folding in' of the National Partnership Payments, was intended by the previous Government to be redeemed by escalating funding increases over the fifth and sixth years of the transition period, namely 2018 and 2019. But the current Government has now formally ended the funding reform process from 2017 and returned the relative shares of the Commonwealth's responsibilities for government and non-government schools to that of the past.

Government schools will have most to lose from the subsuming of National Partnership Payments into the 'Gonski' increases. Non-government schools, on the other hand, will continue to receive the bulk of their increases from 'baseline' funding.

Government schools' share of Commonwealth funding is budgeted to remain steady at around 38 per cent over the period. In other words, the phase-in of the Gonski reforms over the Budget period will have no effect on the Commonwealth's relative contribution to government schools over the period covered by Table 3.

What this means is that the funding reforms put forward by the previous Government have been neutered over the Budget period, with no hope from the current Government for a more comprehensive and enlightened approach to schools funding, such as that put forward by the Gonski panel.

⁷ Some of the moneys for National Partnerships were provided in infrastructure, such as trades training centres in schools, while the essence of the 'Gonski' reforms was directed in the first instance at improvements in recurrent resource standards in schools. The Gonski panel also pointed to the need for enhanced capital investment by governments in schools, *Review of Funding for Schooling*, 2011, section 2.4

Funding projections to 2019-20

Based on the Government's decision to adjust schools funding from 2018 by movements in the CPI plus allowances for changes in school enrolments, allocations for the following two financial years are projected in Table 4.1:

Table 4.1

Budget 2014: projected Commonwealth Funding for Schools to 2019-20

\$m assuming partial 'Gonski' funding model to 2017 only, as announced by the Abbott Government in its 2014 Budget

Estimated constant Year 2013-14 prices

	Budget Outcomes and Estimates							Projections		Change on 2011-12	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	\$m	%
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
government schools											
Baseline funding	3,992	4,058	4,354	4,556	4,690	4,835	4,937	5,130	5,330	1,338	34%
"Gonski" increases			134	418	689	1,000	1,181	1,210	1,241	1,241	na
s/t Students First funding	3,992	4,058	4,488	4,974	5,380	5,834	6,118	6,340	6,570	2,578	65%
National Partnerships	1,228	824	486	168	103	49	29	30	31	-1,198	-98%
Total	5,220	4,882	4,973	5,142	5,483	5,883	6,147	6,370	6,601	1,380	26%
non-government schools											
Baseline funding	8,014	8,194	8,693	8,889	9,234	9,573	9,755	10,194	10,653	2,639	33%
"Gonski" increases			43	119	181	248	285	292	299	299	na
s/t Students First funding	8,014	8,194	8,736	9,008	9,415	9,821	10,040	10,486	10,952	2,939	37%
National Partnerships	402	290	175	76	20	18	12	13	13	-389	-97%
Total	8,415	8,484	8,910	9,084	9,435	9,839	10,053	10,499	10,965	2,550	30%
All schools											
Baseline funding	12,006	12,253	13,047	13,444	13,924	14,408	14,692	15,324	15,983	3,977	33%
"Gonski" increases			177	537	870	1,248	1,466	1,502	1,540	1,540	na
s/t Students First funding	12,006	12,253	13,223	13,982	14,794	15,655	16,158	16,826	17,523	5,517	46%
National Partnerships	1,630	1,114	661	245	123	67	41	43	44	-1,586	-97%
Total	13,636	13,367	13,884	14,226	14,918	15,723	16,200	16,869	17,566	3,930	29%
% government schools	38%	37%	36%	37%	37%	37%	38%	38%	38%		

Sources: see Table 2; Budget Overview 2014, page 7; MYEFO 2013, Attachment E, Annex A, Table A.2

MYEFO 2013 Chart 3.1, page 21; Budget 2013 Paper 2 page 120

Budget 2013 supplement, 'Fully funded reform', National Plan for School Improvement

Sources: Budget Overview 2014, page 7; MYEFO 2013, Attachment E, Annex A, Table A.2

MYEFO 2013 Chart 3.1, page 21; Budget 2013 Paper 2 page 120; Final Outcomes 2011-12 and 2012-13

Budget 2013 supplement, 'Fully funded reform', National Plan for School Improvement

estimated schools price index 94.58 97.20 100.00 102.81 105.76 108.79 112.32 115.97 119.73

The assumptions used in Table 4.1 to estimate future funding in real terms are based on domestic economic forecasts outlined in the Budget papers⁸. The forecasts in this table indicate that Commonwealth funding for government schools would increase in real terms by a further \$0.45 billion to a total of \$6.6 billion by 2019-20; while funding for non-government schools would increase by \$0.9 billion, to a total of just under \$11 billion, over the same period.

⁸ Budget 2014 Paper No. 1, Table 1 page 2-5

From Table 4.1 it is estimated that the real increase in Commonwealth schools funding in 2019-20 compared with 2011-12 would be around \$1.4 billion for government schools and \$2.5 billion for non-government schools. Almost all of this growth arises from increases in baseline funding, reflecting projected enrolment growth and arbitrary decisions about indexation. The 'Gonski' increases have been nullified by the winding down of National Partnership Payments, affecting funding for government schools in particular.

Table 4.2 below outlines projections of Commonwealth funding based on decisions announced by the former Government in its 2013 Budget:

Table 4.2

Budget 2014: projected Commonwealth Funding for Schools to 2019-20											
\$m assuming full 'Gonski' funding model as announced by the former Labor Government in its 2013 Budget											
Estimated constant Year 2013-14 prices											
	Budget Outcomes and Estimates							Projections		Change on 2011-12	
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	\$m	%
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
government schools											
Baseline funding	3,992	4,058	4,354	4,556	4,690	4,835	4,937	5,233	5,547	1,555	39%
"Gonski" increases	0	0	134	418	689	1,000	1,181	1,600	3,200	3,200	na
s/t Students First funding	3,992	4,058	4,488	4,974	5,380	5,834	6,118	6,833	8,747	4,755	119%
National Partnerships	1,228	824	486	168	103	49	29	30	31	-1,198	-98%
Total	5,220	4,882	4,973	5,142	5,483	5,883	6,147	6,863	8,778	3,557	68%
non-government schools											
Baseline funding	8,014	8,194	8,693	8,889	9,234	9,573	9,755	10,389	11,065	3,051	38%
"Gonski" increases			43	119	181	248	285	400	800	800	na
s/t Students First funding	8,014	8,194	8,736	9,008	9,415	9,821	10,040	10,789	11,865	3,851	48%
National Partnerships	402	290	175	76	20	18	12	13	13	-389	-97%
Total	8,415	8,484	8,910	9,084	9,435	9,839	10,053	10,802	11,878	3,462	41%
All schools											
Baseline funding	12,006	12,253	13,047	13,444	13,924	14,408	14,692	15,623	16,612	4,606	38%
"Gonski" increases			177	537	870	1,248	1,466	2,000	4,000	4,000	na
s/t Students First funding	12,006	12,253	13,223	13,982	14,794	15,655	16,158	17,623	20,612	8,606	72%
National Partnerships	1,630	1,114	661	245	123	67	41	43	44	-1,586	-97%
Total	13,636	13,367	13,884	14,226	14,918	15,723	16,200	17,665	20,656	7,020	51%
% government schools	38%	37%	36%	36%	37%	37%	38%	39%	42%		
Sources: see Table 2; Budget Overview 2014, page 7; MYEFO 2013, Attachment E, Annex A, Table A.2											
MYEFO 2013 Chart 3.1, page 21; Budget 2013 Paper 2 page 120											
Budget 2013 supplement, 'Fully funded reform', National Plan for School Improvement											
Sources: Budget Overview 2014, page 7; MYEFO 2013, Attachment E, Annex A, Table A.2											
MYEFO 2013 Chart 3.1, page 21; Budget 2013 Paper 2 page 120; Final Outcomes 2011-12 and 2012-13											
Budget 2013 supplement, 'Fully funded reform', National Plan for School Improvement											
estimated schools price index 2013-14 = 100	94.58	97.20	100.00	102.81	105.76	108.79	112.32	115.97	120		

The projections to 2019-20 in Table 4.2 are based on the provisions in the Australian Education Act 2013 to index the School Resourcing Standard annually by 3.6 per cent, to adjust the Commonwealth's contribution to 'baseline' funding each year for enrolments and by annual indexation 4.7 per cent for schools operating below the Gonski resources standard and by 3 per cent for schools operating above that

standard⁹, compared with the Abbott Government's projected rate of around 2.5 per cent for annual movements in the Consumer Price Index¹⁰.

It can be seen from Table 4.2 that full implementation of the Gonski model over six years would more than compensate for the budgeted reductions in National Partnership Payments over the period since 2011-12.

For government schools, net Commonwealth funding from all sources would increase in real terms by around \$3.6 billion by 2019-20 compared with 2011-12. Ninety per cent of this increase would arise from the full implementation of the 'Gonski' model as defined in the Australian Education Act 2013.

This level of support would increase the Commonwealth's share of funding for government schools from 38 per cent in 2017-18 to 42 per cent in 2019-20.

By contrast, almost 90 per cent of the \$3.5 billion funding increase for non-government schools from 2011-12 to 2019-20 would be derived from the 'baseline' funding source.

The total real 'Gonski' increase in Commonwealth funding by 2019-20 for all schools is estimated in Table 4.2 at \$4 billion, in financial year 2013-14 prices. State and Territory contributions were intended to augment this amount, to a total of over \$6 billion. This amount is comparable in real terms to the Gonski report's costing of the proposed funding model, estimated at around \$5 billion in 2009 prices¹¹.

The significance of the shortfall in Commonwealth funding arising from the non-implementation of the final two years of the proposed transition to the full 'Gonski' model is evident from a comparison of the allocations in Tables 4.1 and 4.2 as outlined in Table 5 below.

⁹ *Australian Education Act 2013, Sections 34(3), 60(2) and 61(3).*

¹⁰ CPI trends based on domestic economy forecasts in Budget 2014, Paper No. 1, Statement 2, Table 1.

¹¹ Review of Funding for Schooling, David Gonski (chair), 2011, page 208.

Table 5

Budget 2014: projected Commonwealth Funding for Schools to 2019-20
Shortfall in Budget allocations compared with full 'Gonski' model
Estimated constant Year 2013-14 prices

	Projections		
	2018-19	2019-20	Total over two years
	\$m	\$m	\$m
government schools			
Baseline funding (a)	-104	-218	
"Gonski" increases	-390	-1,959	
Total	-493	-2,177	-2,670
non-government schools			
Baseline funding (a)	-195	-412	
"Gonski" increases	-108	-501	
Total	-303	-912	-1,216
All schools			
Baseline funding	-299	-629	
"Gonski" increases	-498	-2,460	
Total	-796	-3,089	-3,886
% government schools	62%	70%	69%

Sources: See Tables 3, 4.1 and 4.2

Table 5 projects that for government schools the shortfall between the part and full application of the Gonski reforms is almost \$2.7 billion over the two financial years 2018-19 and 2019-20. For non-government schools, the shortfall is \$1.2 billion. The higher shortfall for government schools arises from the much higher incidence of educational disadvantage in that sector, as recognised by the Gonski panel and from the 'Gonski' lines in Table 5.

Most State and Territory governments have expressed their concern about the withdrawal of the Commonwealth's commitment to schools funding reform in the longer term. For example, the New South Wales Minister for Education has made clear the kind of support that would be threatened by the Commonwealth's withdrawal from the agreement previously reached between the two levels of government, including '*... initiatives to improve the quality of teaching; reforms to maths*

and science teaching and learning; literacy and numeracy reforms; targeted funding for students with high needs, such as those with a disability, refugees or from disadvantaged backgrounds; and expanded use of personalised learning for all students'¹².

A deficit of almost \$2.2 billion for government schools in the final year of the proposed transition period in 2019-20 translates to the equivalent of around 20,000 teachers across the nation that would otherwise have been available for schools and students with the greatest need.

Not all schools would benefit equally from the full implementation of the Gonski reforms. For example, the extension of those reforms over six years would enable schools in non-metropolitan areas with concentrations of students from low-socio economic and Aboriginal backgrounds or in outer metropolitan areas with students from refugee and migrant communities to respond to urgent needs, such as additional teaching and support staff, speech therapists, English as a Second Language specialists, student counsellors, Aboriginal Education officers and parent and community support. It would also enable schools to upgrade technology support for students and teachers; and provide teachers with professional development support in a range of areas, such as literacy and learning, reading, early numeracy and science and mathematics.

The loss of this kind of support for schools and students with the greatest need will have serious consequences for the achievement of both quality and equity in schooling across Australia.

¹² Adrian Piccoli, NSW Minister for Education, *Fairer schools for all remains a dream*, Australian Financial Review, 19 May 2014.

Conclusion

The review of schools funding chaired by David Gonski was commissioned by the former Government in April 2010 and completed by December 2011. Over that time the review panel received 7,000 formal submissions, commissioned research reports and consulted widely with professionals, schools and interest groups across all sectors.

The panel noted the decline in student performance as measured by international benchmarks and, in particular, the significant gap between the highest and lowest performing students in schools. The panel's report was highly critical of the funding arrangements that had evolved over time, concluding that those arrangements were complex, incoherent, uncoordinated and unbalanced¹³.

The panel's solution to these endemic problems in Australian schooling was to recommend a reformed national approach to schools funding that would enable all schools to operate at a standard of resources appropriate to the needs of the particular students they enrol.

By contrast, the Abbott Government's formal position on schools funding, as announced in the May 2014 Budget, was developed without widespread consultation and without a clear and consistent message about policy directions and priorities. From the Budget's decisions, the Government's position can now be characterised as follows:

- ❖ Partial commitment to the funding model developed by the Gonski review as modified by the former Labor Government, endorsed by Parliament in the *Australian Education Act 2013*, **only** over the calendar years 2014 to 2017 inclusive.
- ❖ Winding-down and terminating almost all *National Partnership Payments*, to the point that the funding reductions in these payments effectively nullify the 'Gonski' increases over the four years to 2017. Government schools were the principal beneficiaries of National Partnership Payments.
- ❖ Formally ending any commitment to the final two years of the previous Government's transition program to the full 'Gonski' model by 2019. Providing the additional funding in 2018 and 2019 would have ensured that

¹³ *Review of Funding for Schooling*, David Gonski (chair), 2011, page xi.

almost all schools would have been able to operate at the resourcing standards proposed by the Gonski review. Government schools would have benefited most from the full 'Gonski' model, as noted in the tables in this paper.

- ❖ Removing any conditionality on State or Territory governments to contribute to the 'Gonski' schooling resource standard for their schools; or even any formal 'maintenance of effort' requirement to ensure that increased Commonwealth funding is protected from the counteracting effects of any State or Territory funding cuts.

The Government's justification for its position on stabilising rather than increasing schools funding beyond 2017 is essentially that of responding to a need to 'repair' the Commonwealth's budget situation¹⁴. This kind of rationale, which regards schools funding as a financial burden rather than an opportunity to invest in repairing schooling inequities and standards¹⁵, is contested¹⁶.

More than this, it overlooks the fact that the projected \$4 billion increase in 'Gonski' funding in 2019-20 compared in real terms with 2011-12 would amount to less than 1 per cent of total Commonwealth spending; and only around 0.3 per cent of Gross Domestic Product¹⁷.

Minister Pyne has argued that increased public funding over the past decade has not led to improved outcomes¹⁸. This argument has been taken up by a number of other critics of government spending, including the Commission of Audit¹⁹.

The key problem with this kind of crude approach is, as David Gonski recently noted, that it fails to take into account the way that the increased funding has been distributed between schools²⁰. Nor does it acknowledge that the largest increases in

¹⁴ Budget 2014, *Budget Overview: the case for Budget Repair*, page 3.

¹⁵ *Review of Funding for Schooling*, David Gonski (chair), 2011, Chapter 4.7: *Justification for additional investment in Australian Schooling*, pages 211-12.

¹⁶ E.g. Professor Phil Lewis, *Australia's economy is healthy, so how can there be a budget crisis*, The Conversation, 5 May 2014; Ross Gittins, *Less to the budget than meets the eye*, Sydney Morning Herald, 19 May 2014; Peter Fray, *Fiscal crisis? It really depends who you listen to*, The Australian, 2 May 2014; Jonathon Swan, *Economists sceptical of Abbott's 'budget emergency'*, Sydney Morning Herald, 30 April 2014.

¹⁷ Budget 2014, Paper no. 1, Statement 10, Table 1 page 10-7

¹⁸ Christopher Pyne media release, *PISA results show more work to be done*, 3 December 2013.

¹⁹ Commission of Audit, *Towards Responsible Government: link between funding and outcomes*, March 2014, Section 9.7

²⁰ David Gonski, *Jean Blackburn Oration*, Australian College of Educators, page 29, 21 May 2014

funding over the past decade and more have been for schools in the non-government sector²¹.

The Government's rhetoric promotes the view that any reform of funding responsibility for government schools henceforth rests with State and Territory governments alone. But this imbalance in federal and state responsibilities for government and non-government schools was condemned by the Gonski panel. It argued for a coherent national approach where the Commonwealth, in particular, would enhance its funding responsibility for government schools.

The Abbott Government has not clarified its position on future funding of non-government schools, although Minister Pyne has revealed that the Government will continue to fund non-government schools directly because of its '*emotional commitment*' to non-government schooling, which creates '*...a particular responsibility for Non-Government schooling that we don't have for [State] Government schooling*'²².

This view is consistent with a continuing bifurcation of underlying responsibilities for government and non-government schools between the two levels of government. This continues to place government schools in an invidious and vulnerable position because of the range and cost of services provided by State and Territory governments and the limitations on the sources of revenue available to those governments.

The end game of Minister Pyne's assurances to the non-government sector, however, would continue to place non-government schools and systems in the favourable position of receiving the bulk of their public moneys from the level of government with the greater access to the highest levels of taxation and other revenue.

Minister Pyne's statement in effect moves the focus of Commonwealth policies for schools from being 'sector neutral', as proposed by the Gonski report, to that of 'emotional support' for non-government schooling and, by inference, to indifference about the quality of public schooling.

²¹ Justine Ferrari, *Public schools fare worst in funding*, The Australian, 28 January 2014; Parliamentary Library, *Australian Government funding for schools explained*, , 31 January 2014

²² *Pyne Commits to Ongoing (sic) Direct Federal Funding for NG Schools*, speech to Christian Schools National Policy Forum 26 May 2014

Such a view effectively kyboshes²³ any hope for a public consensus about the principles and criteria for public funding of government and non-government schools.

Instead, we are left with a reversion to the policy contexts of fear and divisiveness, which have characterised public debate about schools funding for more than a century.

The Government has made a commitment to develop a White Paper on the reform of the Australian Federation²⁴. The early signs are that the Commonwealth will use this vehicle to promote its view on pushing funding reform for public schooling and other State services back to State and Territory governments. But if this were to happen, it would be a missed opportunity to move towards a more mature and comprehensive funding policy framework focussed on the responsibilities of all levels of government to meet the needs of all schools and all students.

In Australia's federal context it is necessary to examine the public funding of government and non-government schools by States and Territories, as well as the Commonwealth, for a full understanding of funding policies and effects. This paper analyses the Commonwealth's contribution, as a contribution to that understanding, and hopefully as a precursor to a more comprehensive exploration of schools funding issues than is evident from the 2014 federal Budget.

²³ In the sense of the gaelic *cie báis*, meaning 'cap of death', said to have been worn by executioners and by judges when pronouncing sentence of death.

²⁴ Budget Paper No. 1, Statement 1, page 1-10

Supplementary Tables

Table S1

Commonwealth Budget for schools 2014: National Partnership Payments

Programs (a)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Improving literacy and numeracy	147.3	161.2	80.0				
Independent public schools			10.0	20.0	20.0	20.0	
MoneySmart Teaching	0.7	0.7	1.1	1.0	1.1	1.3	
More support for students with disabilities	78.7	78.7	81.5	57.7			
National solar schools programme	41.0	20.9	18.0				
School pathways programme	1.9	1.7	1.7	1.3			
Schools security programme	5.5	5.0	5.0	5.7	5.7	5.7	
Smarter schools: teacher quality (b)	231.0	18.0	173.8				
Smarter schools - low SES communities	371.0	362.9	140.9				
Smarter schools: Stronger futures in NT schools (b):							
Additional teachers	32.3	23.5	26.3	27.6	28.1	21.6	22.1
Quality teaching	12.3	12.6	14.5	14.8	14.8	14.8	14.8
Teacher Housing	0.7	1.8	5.1	5.4	6.1	7.4	7.6
School enrolment/attendance		1.9	2.3	2.3	2.2	2.3	2.1
Trade Training Centres in Schools	270.4	181.9	100.3	115.6	52.2		
East Kimberley development package	16.8	4.2					
Rewards for great teachers	31.5	7.6					
Digital education revolution	200.0	200.0					
Empowering local schools	57.2						
Fort Street High noise insulation	3.4						
Investing in focus schools	40.0						
Total	1,541.7	1,082.5	660.5	251.4	130.2	73.1	46.6
government schools	1,161.8	800.7	485.7	172.8	109.1	53.6	32.6
non-government schools	379.9	281.8	174.8	78.6	21.1	19.5	14.0
% government schools	75%	74%	74%	69%	84%	73%	70%

Source: Budget 2014, Paper no. 3, Table 2.5

Notes:

(a) Excludes early childhood education funding and DEEWR administered programs

(b) includes government and non-government schools, not separated in Budget papers. sector share estimated in this table.

Programs (a)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	\$m						
Grants and Awards	4.0	3.8	3.4	4.0	4.0	4.0	4.1
Quality Outcomes	50.5	50.6	59.1	57.0	50.8	51.3	50.9
Helping Children with Autism	5.4	5.4	4.2	5.6	5.7	5.8	5.9
Broadbanded Enabled Education/online tools	14.9	7.9	6.4	3.2			
National School Chaplaincy Programme	74.0	74.0	70.8	58.8	58.8	58.8	58.8
Maths and Science Participation	0.0	3.1	1.5	5.7	5.3	2.0	1.0
Teach for Australia/teach next	4.3	0.9	5.6	7.3	7.5	3.2	0.9
Flexible Literacy Learning for remote primary schools			4.0	6.0	6.0	6.0	
Improving teaching of foreign languages/asian languages	4.6	0.5	0.0	1.2	0.6		
Endeavour language teaching fellowships		1.4					
One Laptop per child	11.7						
Framework for open learning	2.9	2.6					
ABC digital education		1.3					
National Plan for School Improvement	17.7						
National trade cadetships		3.6					
Indigenous Ranger cadetships	0.9	1.3					
Creative young stars							
Total	190.8	156.4	154.9	148.8	138.7	131.1	121.5

Source: Budget 2014, Department of Education Portfolio Budget Statements. Page 54

Notes:

(a) Programs administered directly by Department of Education and, for the Quality Outcomes programs, by the Department of Prime Minister and Cabinet from December 2013