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SPEECH

*****CHECK AGAINST DELIVERY*****

Address to Sydney Institute

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A future fair for all

School funding in Australia

Thank you for that introduction and to Gerard and Anne Henderson for welcoming me back to the Sydney Institute.

Tonight I want to address a subject that excites interest and passion in Australia and in many other countries – the funding of our schools.

It ignites such passion because how we resource schools goes directly to the aspirations that Australians have for the future – for their children, for their communities, for their sense of potential and fairness in Australian society.

In the past, the question of school funding has been used to divide the Australian community, to pit school against school and school system against school system.

My intention is not to follow this path, but to seek a constructive and open approach to the questions of school funding.

Since I became Education Minister two and half years ago, I have argued that Australia's educational future is too important to allow it to be dominated by ideological questions that exercise only a small minority, or to use it instrumentally as a vehicle for a broader political agenda.

Instead, we should be building community consensus around the educational needs of our community – of today's school students and tomorrow's.

Why it matters: the need to review school funding

At the end of the current funding quadrennium, at the end of 2012, the current Commonwealth funding arrangements for schools will have been in place for 12 years.

The SES system uses a particular statistical method to determine funding entitlements for non-government schools that reflects a number of aspects of the communities from which students come.

It provides funding to non-government schools as a percentage of the average cost of educating a child in a government school.

Many critics have attacked this policy decision and criticised the distributional effects.

The most persistent and deeply felt criticism of the system has arisen not because of the way the SES formula distributes funds between non-government schools but because of its perceived injustice to government schools.

In particular, public education advocates believe that because the system uses the average costs of public education as its base, every win for public education flows to non-government schools and public education can never make up ground.

They have also attacked the Rudd Government for sticking with a funding arrangement that they regard as flawed.

In 2007, the ALP gave a commitment in opposition that we would maintain the existing funding system for the current quadrennium.

I do not apologise for sticking to our election commitment.

It was the right thing to do.

We simply did not believe it would be fair to change funding arrangements on short notice.

But more fundamentally we gave it because we did not believe any one at that stage had the right answer for the future and that the right answer could only be developed through a collaborative, thorough, open review.

Now the time for that thorough review has arrived.

The new politics of education

I believe that, in the short two and a half years since we took office, the Australian community is able to approach the question of school funding with

a degree of confidence and ambition that was not there at the end of almost 12 years of Coalition Government.

Because in those short two and a half years, it is beyond doubt that we have changed the politics of education by delivering unprecedented change and unprecedented investment.

We have established a platform on which it is truly possible to build a lasting, world class schooling system for the 21st century.

My goal in those two and a half years has been to make high expectations the central feature of education policy in this country – high expectations for every student, regardless of their background, the type of school they go to or the barriers that they might face to educational achievement.

My determination has been to reject the orthodoxies that say that it is too hard to educate some children effectively and which allowed differences over structure or sector or teaching philosophy to get in the way of whatever work needs to be done to lift learning outcomes.

So we have set about putting in place the reforms, the architecture and the investment that provides that platform.

A national curriculum, to be implemented in the nation's schools starting from next year.

A new era of transparency – My School – has put information in the hands of parents and created a new national conversation about what we should expect from our schools and about what it takes to deliver great results.

Funding agreements that apply the same requirements of transparency and accountability to all schools, regardless of where they are, what sector they are part of and who runs them.

Historic investment in Trade Training Centres, Computers in Schools and the largest modernisation program in this nation's history.

National Partnerships for Smarter Schools to confront disadvantage in school communities, boost literacy and numeracy and raise teacher quality for the future.

And these reforms have come with unprecedented investment. We are delivering almost double the funding for Australian schools over the current quadrennium, compared to the last quadrennium – in total \$63.7 billion.

Not only is each of our reforms a major change in its own right.

Each of them and all of them together have been delivered in a way that treats schools consistently across sectors and focuses on what they need to

deliver good educational outcomes, rather than privileging them or punishing them according to their sectoral status.

I intend to bring this approach to the review of school funding. We promised this review to guide the making of funding decisions in the quadrennium starting in 2013. We have the time and we will create the opportunity for every one to participate.

Needs are changing

The face of Australian schooling has changed a lot since 2001 when the current funding system was introduced and it will keep changing.

The latest Intergenerational Report tells us that by 2050, the number of children aged 0-14 is expected to double.

The number of students with special needs attending school grew from around 40 000 in 1981 to 95,000 in 1998 and to more than 150,000 by 2008.

This is around 4.6 per cent of all school students and increasingly there students are attending mainstream schools rather than special schools.

Speaking to principals and educators in government and non-government schools across the country, adequate support for these students is raised again and again as one of their biggest issues and they anticipate numbers will continue to grow.

Around the country, we are seeing new patterns of settlement in different regions, suburbs, parts of the country.

Our capital cities and coastal areas are expanding faster than the rest of the country, with the difference in growth at a 10 year high.

At the same time, more than 2 per cent of students are in remote or very remote areas.

Technology and innovation are transforming the way education is being delivered in our schools.

In classrooms everywhere, the use of interactive whiteboards has become widespread and the importance of having access to technology in schools is growing.

These trends mean the Australian school population is growing, becoming ever more diverse and teaching practice is constantly evolving. .

Asking the right questions

In this dynamic environment, there is no simple, fixed relationship between inputs and learning outcomes – so it follows that simple, linear measures of

resourcing such as class sizes or space ratios do not provide an easy definition of what resources are needed in all circumstances.

But resourcing, teachers and facilities do matter.

In considering a review of funding we must be prepared to ask ourselves some fundamental questions.

We must ask what does it cost to educate a young person in this country to a standard where each young person can contribute and develop their full potential for the future?

What does it cost to educate to a world class standard of educational performance?

We should be able to answer this question in relation to the best international evidence and evidence of best practice in this country.

My view is that we should *not* be answering it just by referring to how certain types of school have historically been funded.

Even more fundamental, if we accept that educational potential is possessed by students, not schools or sectors, and if we accept that background and type of school should not determine whether a student achieves their full potential, *then we must be prepared to examine the funding of all schools from all sources.*

In other words, we cannot do justice to this question unless we are prepared to look at the full range of student needs and the full range of ways in which schools are resourced, across *all* schools.

By this measure, the funding system as it stands in Australia can hardly be described as a system in any coherent sense.

The Productivity Commission's Report on Government Services 2010 reports that total Australian, state and territory government recurrent expenditure on school education in 2007/08 was \$36.4 billion. 79 per cent of this total, or \$28.8 billion, was provided to government schools.

Nationally, state and territory governments provide 91.4 per cent of funding to government schools and the Australian Government contributes 8.6 per cent.

Conversely, the Australian Government provides 72.1 per cent of total government funding to non-government schools, with the states and territories contributing 27.9 per cent.

Of course, state and territory funding arrangements, including the methodology for allocating funding, differ markedly between jurisdictions.

In my view, the funding review can only do the full job properly if it examines how we fund every school, government and non-government.

And it must examine the factors that increase costs.

This includes remoteness of location.

They include disabilities and special needs among students.

They include indigeneity.

And they include a range of other socio-economic and cultural factors which we know impact negatively on student outcomes, just as we know that they do not have to.

I have argued, since I became Education Minister, that demography is not destiny.

The best performing schools show that the effects of disadvantage on student achievement can be overcome.

But overcoming disadvantage successfully does require investment.

So a future funding system should reflect these factors and the extra cost of making sure that they do not prevent any student from achieving their full potential.

How should school funding respond to these factors?

And in undertaking a process to examine the possibilities, we must make use of every possible tool to achieve better educational outcomes.

Of course, one of the most powerful of those tools is transparency.

Through the My School website we have for the first time developed a national index of socio-educational advantage for every school in the country that allows us to compare apples with apples when we are talking about education.

We asked experts to come up with a robust measure of the things that make a difference to how educationally advantaged or disadvantaged a student is likely to be based on what they bring to the classroom.

The result is the ICSEA – it uses 16 variables across things like household income, education and employment levels, whether the household has an internet connection and indigeneity.

It is important to note that the index is based on the student population, that is, it looks at the characteristics students bring into the classroom, not at the size or type of school.

The index was developed with input from school sectors and while it might throw up some results that challenge our expectations, only 26 schools out of 10,000 (or one quarter of one per cent) across the country have asked for their score to be reviewed.

So now, instead of talking about public or private schools in the abstract with all of the assumptions and ideology that come to bear on that, we are now able to compare actual schools based on real data.

As well as ICSEA, as well as the school by school results in literacy and numeracy, from this year we will for the first time have consistent, detailed, accurate data about income and expenditure for schools across Australia.

The experts at the Australian Curriculum Assessment and Reporting Authority have been working hard with school systems to develop a nationally consistent measure of the resources available to a school.

Later this year when the My School website is updated with the results of the 2010 NAPLAN assessments, you will see a breakdown of each school's income and the sources of that income.

That means any and every Australian will be able to see for any and every school how they are performing, with what sorts of students and with what level of resourcing.

What is truly important about this data is that it allows us, as a community, to debate what schools need in a way that is fully informed by the facts and the evidence.

This will be a crucial step in the funding review.

How the Review will work

The school funding review will be open and transparent. We will, of course, seek submissions but we will also be proactively going out to the community to engage with its views.

It will be carried out by eminent Australians with a range of expertise and capacity.

It will be thorough and wide-ranging.

It will be informed by data and evidence.

The review will be carried out in an inclusive way that allows all of those involved in schooling to put forward their views from the outset.

As a first step, I intend to consult with stakeholders about the terms of reference for the review.

The terms of reference should go to the most fundamental questions.

What is the fundamental entitlement needed to provide a child with a high quality education?

How do we best cater for the needs of and support students with disability, indigenous students and students at risk to ensure all students have access to a high quality education?

What are the different funding models used overseas and how do these link to outcomes and quality in their respective education systems?

What does the My School website tell us about the relationship between resources and outcomes for similar students?

By the end of this month I will release a discussion paper on school funding building on these fundamental questions.

At the same time I will release draft terms of reference for the funding review for consultation.

I anticipate that these consultations will conclude in May and the details of the terms of reference of the review itself will be announced based on this feedback.

Our assurance to schools today

I also believe this review should be conducted in an atmosphere without fear.

So I say today, this is not about taking money away from schools.

While enrolments will always change and students will move in and out of schools, no school will lose a dollar of funding in the sense that their school budget per student will not reduce in dollar terms.

Under the current system, any school whose SES score changes from one quadrennium to the next receives a Funding Guarantee, if the result of their changed score is that they would receive less recurrent funding under their new score.

Today I make a commitment that, following the conclusions of this Funding Review, the same Funding Guarantee will apply to any school. It will continue to receive the same funding as before until its new funding allocation reaches that level and begins to overtake it.

And we will also ask the review to examine what forms of any additional transitional assistance might be appropriate and legitimate to help schools move easily and fairly to a new funding regime.

We are committing to announce any new funding arrangements in 2011, well before the beginning of the 2013-16 funding agreement.

We understand that schools have budgets and need to plan for the future. We believe that every Australian child deserves to be supported in their education, regardless of where they go to school. We will ensure an easy and fair transition.

Confronting vested interests

There will be those who seek to misrepresent what I have set out today, to distort the implications of my argument, and to seek premature restriction and closure of this review's conclusions.

I fully expect the Opposition led by Mr Abbott to start an irresponsible untruthful fear campaign trying to scare schools by saying they will lose money.

To this expected fear campaign I simply say, who do you trust to provide resources to schools?

The Rudd Government which has almost doubled the amount of money going to school education or the Opposition which neglected schools in office, tried to stop the legislation for National Curriculum and My School and opposed the Building the Education Revolution injection of cash into schools.

I recognise that the debate about different options should be spirited – I welcome that.

But spirited and open exchange and consideration is not the same as seeking to close off debate.

We will not allow our opponents to misrepresent the nature of this review, and we will seek community support for a process which is open, thorough and balanced.

I urge Australians not to see threats from this review but opportunities.

And I ask the whole Australian community to participate in this most important debate about our nation's future.