



Australian Government

Quality Schools, Quality Outcomes

May 2016



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Introduction

A strong and sustainable schooling system that ensures all children receive an excellent education matters for Australia's future.

Strong education outcomes result in better work and life opportunities for us all as individuals and benefit Australia more broadly through improvements to national productivity, workforce participation, stronger communities and economic prosperity.

The Australian economy has experienced over two decades of continuous economic growth, and as a result, Australians have enjoyed some of the highest living standards in the world. However, our economy is in a state of transition.

According to the Productivity Commission, 'Australia's future depends on how well it develops the 'human capital' of its population, and that a well-performing schooling system will benefit all individuals and drive economic growth and prosperity'.¹

Education is the foundation of a skilled workforce and a creative community. The better literacy and numeracy skills a young person has, the more likely they are to continue at school, undertake tertiary study, and go on to highly skilled and paid work. Furthermore, the jobs of the future are likely to be more complex than jobs of today and will require higher levels of education.² Students will need to be more innovative and creative and be able to work collaboratively with others to be successful in their future jobs.

The importance of education to Australia's economic performance will continue to grow. Our capacity to innovate, to embrace change and to drive growth will depend more and more on the education and skills of our community. That's why the Australian Government plays an important role in schooling and is delivering a credible school funding plan that is affordable and deliverable.

We should strive for a high quality school system that assists each and every Australian child to reach their full potential, so they can fully participate in the economic and social life of the community.

Australian schools generally achieve good outcomes, with more than 92 per cent of Australian children achieving at or above the national minimum standard across both literacy and numeracy. Internationally, in the most recent Programme for International Student Assessment (PISA), our education system was classified as high-quality and high-equity.

However, our performance both relative to other countries and in real terms has declined over time and there is a significant gap between our highest and lowest performing students. PISA results indicate there has also been a decline in the number of high performing students in mathematics and reading. This is despite significant increases in real terms in total government funding over the last decade. As a country we can and must do better and need to focus on what is needed to improve.

1. The Productivity Commission, *Schools Workforce*, 2013

2. Australian Workforce and Productivity Agency, *Australia's skills and workforce development needs*, 2012

While we all know money is needed to support our schools, studies of student achievement demonstrate that there is no strong or consistent relationship between higher student achievement and just providing additional school funding. The OECD has found that how money is allocated across the system matters more in education spending than the amount of money that is spent.³

While acknowledging there have been innovations and some improvements in education outcomes across the different education systems in Australia, it is essential that these are not limited to particular jurisdictions or sectors but are applied to all schools so all students benefit.

3. OECD, *Does money buy strong performance in PISA?*, 2012

Building on our Schooling Successes

Since 2013, through the Students First pillars of teacher quality, school autonomy, engaging parents in education and strengthening the curriculum, the Australian Government has worked to improve outcomes for all Australian students. The evidence is clear that these areas are vital to improving outcomes and ensuring Australia's future prosperity.

Quality teaching

Research evidence recognises the importance of quality teaching in the achievement of student outcomes.⁴ Teachers need to be able to understand what each of their students can do and what they need to be able to do next. Students need constructive feedback on the things that they are doing well and where further attention or improvement is required.

That's why the Government is committed to improving the quality of the teaching workforce in Australia, from initial teachers to experienced teachers and school leaders. The Australian Government has committed to implementing recommendations from the Teacher Education Ministerial Advisory Group report - Action Now: Classroom Ready Teachers. The recommendations are grouped into five themes:

- stronger quality assurance of teacher education courses;
- rigorous selection for entry to teacher education;
- improved and structured practical experience for teaching students;
- robust assessment of graduates to ensure classroom readiness; and
- improved national research and workforce planning.

The Australian Institute for Teaching and School Leadership is now leading the implementation of the recommendations in collaboration with states and territories, higher education providers, teacher regulators, relevant experts and the non-government sector.

While these reforms will inevitably take time to reach classrooms, Education Ministers have already agreed to higher standards for beginning teachers, including a new test starting in July 2016 for all applicants to initial teacher education courses to ensure new teachers have the literacy and numeracy skills they need for the classroom.

Ministers have also agreed to higher standards for teacher training, new guidelines for the selection of entrants and robust assessments of graduates. The revised standards will improve the quality of initial teacher education programs and enhance the capabilities of program graduates. Having a rigorous selection processes will ensure that teachers at the beginning of their career have the academic and non-academic skills to enable them to be effective teachers when they enter the classroom.

4. Hattie, J., 2003, 'Teachers make a difference: What is the research evidence?' ACER Research Conference, Melbourne 19-21 October

These national efforts complement progress in states. The New South Wales Government, for example, has made teaching a priority area with the *Great Teaching, Inspired Learning* policy that includes actions from how students are selected into initial teacher education, through to improving the quality of in-school teaching and school leadership.

School leadership and autonomy

Alongside quality teaching sits effective school leadership. Research has shown that principals have the second biggest in-school impact on student outcomes after classroom teaching.⁵ Our school leaders set the tone and expectations of our schools. They establish a strong teaching and learning culture within the school and encourage teachers to work together and continue to develop, supported by good professional learning and development opportunities.

The Australian Government is supporting the implementation of the Australian Professional Standard for Principals, which sets out what principals are expected to know, understand and do to achieve in their work. This will help all principals to understand what is expected of them, and to develop as strong and effective leaders of their school communities.

A characteristic of effective international education systems is school autonomy and decision-making coupled with transparency and accountability.⁶ School leaders and communities are best-placed to know and understand the needs of their schools and make informed decisions about how to operate their school effectively. That's why the Government supports a greater say for teachers, principals and the community about how their school is run.

The Government is supporting greater school autonomy and decision-making with a \$70 million Independent Public Schools initiative. The initiative aims to give participating government schools more control of local decision-making and to help encourage stronger links between schools, parents and the local community.

The national Independent Public Schools initiative was based on the Western Australian initiative that was announced in 2009. The Western Australian initiative has supported the development of the capacity of public schools to exercise independence at the local level. It has created strong foundations for empowered school communities, innovation in schools, and future improvement in student achievement. Because of the successful outcomes this initiative achieved in Western Australia, the Australian Government took the opportunity to provide financial support to state governments to progress similar reforms in all states and territories.

5. Centre for Education Statistics & Evaluation, 2015, "Effective Leadership", *Learning Curve*, Issue 10

6. OECD PISA in Focus 9, 2011. *School autonomy and accountability: Are they related to student performance?*

Engaging parents in education

Parents have a significant impact on their child's learning and the Australian Government is committed to supporting parents to be positively and actively involved.

Last year, the Government launched the free *Learning Potential* app which provides useful tips for parents about how to get involved, with information tailored to the age of their child. With over 700,000 views, the app is proving to be a valuable resource for parents, from birth through to post school. Further work is now underway to develop free online resources that are linked to the school curriculum to help parents reinforce what their children are learning at school, with a focus on literacy and numeracy.

Helping parents to understand what their child is learning at school will enable them to better support their child. Communication with parents and carers is important to working in true partnership with home and school.

Following an Australian Government review of the *My School* website, state governments have agreed to a series of enhancements to make the website more accessible and easier to understand and to add more information about schools. This will provide parents and the broader community with the best possible information about their local school. Such actions also support the Council of Australian Governments' (COAG) agreement by all Governments to increase access to information on Government services.

Strengthening the Curriculum

Literacy and numeracy are the basic building blocks for learning. Our teachers need to ensure that every child has mastered these foundation skills so that they are able to grow and learn across all learning areas of the curriculum.

The Australian Government has worked to restore the focus on a back to basics approach through our Review of the Australian Curriculum, which was completed in 2014. The changes made to the curriculum addressed the issues of overcrowding in the primary curriculum, boosted the teaching of phonics, improved accessibility for students with a disability, and provided an increased focus on learning problem solving and technical skills. The amended Foundation to Year 10 Australian Curriculum was endorsed by Education Ministers in 2015. A quality and nationally consistent curriculum should ensure young people leave school with the literacy and numeracy skills that will support them to be successful in the education, training or employment pathways they choose.

A greater emphasis is also needed on science, technology, engineering and mathematics (STEM) skills to ensure that Australian students are equipped with the knowledge they need to thrive in a globalised, interconnected world. PricewaterhouseCoopers has identified research that shows 75 per cent of the fastest growing occupations now require STEM skills.⁷

7. PricewaterhouseCoopers, *A smart move: future proofing Australia's workforce by growing skills in science, technology, engineering and maths (STEM)*, 2015

The Australian Government has committed to improving STEM education in schools with the aim of ensuring that young Australians are prepared for the jobs for the future. Education Ministers have together endorsed the National STEM School Education Strategy 2016–2026 which provides a platform for moving forward with current and future STEM initiatives.

In addition, the Australian Government's National Innovation and Science Agenda (NISA) is delivering a range of initiatives that will improve the information and communications technology (ICT) literacy and STEM skills of Australian students. This includes programs aimed at young children to inspire curiosity and develop science and maths knowledge in early childhood, online computing challenges for Year 5 and 7 students, and ICT summer schools for students in Year 9 and 10. To increase student participation in coding, 'Cracking the Code' activities will be held as part of National Literacy and Numeracy Week each August to engage children in developing digital literacy through fun 'real world' activities.

The Government is also supporting the development of new languages curricula, extending the Early Learning Languages Australia programme and continuing support for Flexible Literacy for remote primary schools.

These national reforms complement state initiatives. The Queensland *Curriculum into the Classroom* resource supports state school teachers to implement the Australian Curriculum. It is an innovative, digital resource that can be tailored to individual students and schools. The materials in this resource are regularly updated to ensure it is consistent with the Australian Curriculum and in response to school communities.

Funding

Funding is necessary for providing a strong education system, but securing the best results will depend on how the money is spent.

Between 2004–05 and 2013–14 Commonwealth per student funding has grown by 36.7 per cent in real terms (66.1 per cent for government schools and 18.0 per cent for non-government schools).⁸

Research shows there is no automatic link between high per student funding and student outcomes, but that improved outcomes are driven by policies and reforms both in the school and in the wider education system.⁹ Countries such as Korea and Poland spend less per student on school education than Australia yet perform better than us in international assessments while countries like Norway, the United States and Sweden spend more per student and perform worse.

8. The Productivity Commission, *Report on Government Services, 2016*

9. Recent examples include: (1) Mourshed, M., Chijoke, C., and Barber, M. (2010) *How the world's most improved school systems keep getting better*, McKinsey & Company (2) Jensen, B. and Sonnemann, J. (2014) *Turning around schools: it can be done*, Grattan Institute, Melbourne (3) OECD (2013), *PISA 2012 Results: What Makes Schools Successful? Resources, Policies and Practices (Volume 14)*, PISA, OECD Publishing

The Productivity Commission suggests simply adding more resources to policy areas of interest will not result in performance gains among students. Improvements in student achievement will require more than just spending more money.¹⁰ Identifying the policies and practices that result in better student achievement requires examining the evidence about what works and implementing targeted interventions.

Investment in strengthening the evidence base available to policy makers is therefore critical to making a difference for all Australian students. Identifying the gaps and putting in place strategies to fill them through data collection, analysis and research will help form a sound evidence base that can be used to target and formulate more effective education policy.

We need an affordable, transparent and easy to understand way of funding to make sure that all children have the support they need to succeed, no matter what school they go to or where it is located. The government supports a needs based approach to funding that ensures that funding goes to where it is needed most.

However, the current school funding arrangements introduced by the former government are complex and inconsistent across states and sectors. There are 27 different funding arrangements that determine the level of funding provided to schools in different states and systems. These different agreements mean that some schools will not reach their theoretical funding allocation this century. Deals and special arrangements have damaged the integrity of the needs-based funding model.

Also, Commonwealth funding only has a secondary role in what most schools actually receive. On receipt of Commonwealth funding, state and territory governments, and non-government education systems, distribute funding to schools through their own systemic funding models. The only schools that receive Commonwealth funding exactly as calculated through the *Australian Education Act 2013* are Independent schools which are not part of any school system.

The Australian Government needs to ensure that its future spending is affordable and focused on delivering quality services for all Australians, without passing on higher levels of debt to the next generation.

10. The Productivity Commission, *Schools Workforce Research Report*, 2012

Areas for Future Focus

Future policies need to ensure strong learning outcomes for all Australian students, regardless of their school or family background. Consultation with states and territories, the non-government school sector, teachers, school leaders and the community will be central to the development of future schooling directions.

Future efforts should be underpinned by the following principles:

- focus on what makes the difference – ensure future funding investments are targeted to the things that evidence shows make the most difference for students;
- support those who need it most – ensure that students who need it are able to access the support they need to succeed and that teachers are equipped to tailor their teaching practice to individual student need;
- ensure students are equipped for a globalised world – ensure that young people are leaving school with the skills they need to succeed in the workplace, further education and as active and involved citizens; and
- increase accountability through transparency – ensure that students, teachers, parents and the community are able to access information about how students and schools are performing, what funding is being spent on and support the sharing of information about what works to improve outcomes.

Boosting literacy, numeracy and STEM performance

Our education system should deliver a basic learning entitlement for all children to leave school with the skills they need to live and work in a globalised world. Good literacy and numeracy skills are the foundations for successful progress in school and into the broader world of work and/or study and there is increasing demand for strong skills in science and technology.

Teaching quality accounts for 30 per cent of the variance in student performance,¹¹ therefore focusing on reforms such as **mandating literacy/numeracy as a specialisation for primary teacher training and requiring teachers to use explicit literacy and numeracy instruction in schools** will help reverse Australia's current decline in international assessments. Research¹² has shown that more explicit teaching of literacy and numeracy will result in improved student outcomes. This includes a greater focus on ensuring students achieve mastery of skills. Some researchers claim reading is not being taught effectively in Australian schools and as a result there are one million Australian children at risk of reading failure, which is five times higher than the number estimated to have serious learning difficulties.¹³

11. Hattie, J., 2003, 'Teachers make a difference: What is the research evidence?' ACER Research Conference, Melbourne 19-21 October

12. Hattie, J., 2009, *Visible learning: a synthesis of over 800 meta-analyses relating to achievement*, Routledge, London and New York

13. Hempenstall, K., ed J Buckingham, *Read about it: scientific evidence for effective teaching of reading*, Centre for Independent Studies, March 2016

The gap between high achievers and students at the bottom widens as students move through schooling. By Year 9, the spread of achievement spans eight years. Students in disadvantaged schools make around two years less progress.¹⁴

Reforms such as assessing children in reading, phonics and numeracy during Year 1 and reporting annually to parents against agreed national literacy and numeracy standards for every year of schooling, will ensure students who are behind are identified early and can be targeted with interventions before the achievement gap grows. This also includes better use of student performance data by teachers to inform their teaching, which has been shown to make a significant positive impact on classroom practice.¹⁵

To improve the Science, Technology, Engineering and Mathematics (STEM) performance and participation of students in schools we will require within five years a minimum standard of literacy and numeracy from all students to complete Year 12 and require successful completion of an English or humanities subject and a maths or science subject as a prerequisite for acquisition of an Australian Tertiary Admission Rank (ATAR). This will address a number of factors that have been attributed to the decline in STEM performance and participation such as an increased range of senior secondary course offerings, the perceived value of STEM subjects and changes to prerequisite requirements at tertiary institutions.¹⁶

Jobs of the future will require a high level of technological literacy from all workers. Increasing the uptake of STEM subjects by students at school and improving achievement in this important area will ensure that all young people are prepared for jobs of the future.

Some states already set minimum literacy and numeracy standards in secondary school. For example, the Western Australian Certificate of Education contains a literacy and numeracy minimum standard which students can meet either through participating in the Online Literacy and Numeracy Assessment (OLNA) or by achieving Band 8 or above in reading, writing or numeracy in the Year 9 National Assessment Program – Literacy and Numeracy (NAPLAN) tests.

Teaching and school leadership

Evidence shows that a focus on improving the quality of teachers and school leaders will improve student learning. The Grattan Institute has found that a lift in teacher effectiveness by 10 per cent will result in children learning 5 per cent more in each year of their schooling.

US research indicates that a student who has a high performing teacher for three years can amount to two years of additional student achievement compared to having a low performing teacher.¹⁷

14. Grattan Institute, *Widening gaps: what NAPLAN tells us about student progress*, 2016

15. Learning Curve 2 – What works? 2013 *First findings from the independent evaluation of the National Partnership on Literacy and Numeracy*, Centre for Education Statistics and Evaluation NSW

16. Marginson, S., Tytler, R., Freeman, B., and Roberts, K. 2013 *STEM: Country Comparisons*, Australian Council of Learned Academies

17. Sanders and Rivers 1996, Cumulative and Residual Effects of Teachers on Future Student Academic Achievement.

Changes to state industrial relations agreements to link pay progression for teachers to the nationally agreed Australian Professional Standards for Teachers are needed. Teachers ought not be able to automatically move from one pay increment to the next without demonstration of their teaching ability and effectiveness against these standards. Research has shown that teacher effectiveness can be increased by **recognising high performing teachers and rewarding them with increased pay** by linking their performance to higher bands of pay in industrial agreements.¹⁸ In addition, graduate teachers will be required to achieve registration at the Proficient Level within three years of full time equivalent teaching.

Systems and schools should set recruitment targets for STEM qualified teachers and Indigenous teachers. This should include publishing employment data such as the number of teachers in a school against each level (graduate, proficient, highly accomplished and lead) of the Australian Professional Standards for Teachers on the *My School* website.

Evidence shows that a highly effective principal raises achievement of a typical student by between two and seven months of learning in a school year.¹⁹

The right type of school leadership can have substantial impacts on student outcomes. The more leaders focus their influence, their learning, and their relationships with teachers on the core business of teaching and learning, the greater their positive influence on student outcomes.²⁰ More work needs to be done to assist aspiring school leaders to develop the skills and knowledge they need to become effective school leaders.

All new principals should be certified through a new national certification process before their appointment to ensure they have the skills and knowledge needed to be effective school leaders. To become a **Certified Practising Principal**, aspiring principals will need to provide a portfolio of evidence of their expertise (including relevant qualifications), leadership experience and demonstrated proficiency against the Australian Professional Standard for Principals. The evidence portfolio would be assessed by expert educators and educational leaders to assure impartiality and quality.

States and territories should establish incentives to attract and retain experienced school leaders in disadvantaged schools.

18. Grattan Institute November 2010. *Investing in Our Teachers - Investing in Our Economy*

19. Branch, G., Hanushek, E & Rivkin, 2 2013, 'School leaders matter', *Education Next*, vol 13, no. 1 pp. 62-69

20. ACER, *School Leadership and Learning: an Australian overview*, 2007

Preparing our students for a globalised world

More needs to be done to prepare Australian students for the globalised world. This includes increasing the number of students learning languages and providing better career advice for students in their final years of school.

OECD research into cognitive learning and brain science has found that the most effective time to start teaching students a second language is as young as possible.²¹ The younger the student, the easier it is for them to learn an additional language. Research also shows that learning a second language can have a range of cognitive and academic benefits.²²

We will expand the Early Learning Languages Australia programme into the early years of schooling and encourage states to free up their Permission to Teach requirements to allow fluent languages speakers to be employed in schools without the requirement of a four year degree.

The Government will work with states and territories, the non-government sector and higher education providers to develop innovative ways to improve the supply of competent language teachers.

Research shows that effective career and post school advice increases educational engagement and attainment by students in secondary school, increased self-awareness and self-confidence, the ability for students to more proactively manage their future and enhanced employment outcomes, such as higher wages and job satisfaction.²³

We will improve current career and post school advice by working with industry and states and territories and the non-government sector to develop a new and contemporary National Career Education Strategy. Providing meaningful career and post-school advice will ensure that young people have a greater understanding of what further education, training or work experience they will need to realise their career goals. Also, we should consider the experience in other countries where embedding conversations in Years 6 to 10 about career issues have led to better employment outcomes for participating students.

Education systems and schools also need to better support students in learning skills such as collaboration, problem solving, critical thinking, creativity and innovation. These so called '21st century skills' will be essential for students entering a workforce that is undergoing massive rapid technological change. We need to be able to measure these and to track how students progress.

21. OECD Centre for Educational Research and Innovation, 2008, *Understanding the Brain: the birth of learning a science; new insights on learning through cognitive and brain science*

22. Marian, V & Shook, A 2012, *The Cognitive Benefits of Being Bilingual* http://dana.org/Cerebrum/2012/The_Cognitive_Benefits_of_Being_Bilingual/#

23. The National Career Development Strategy Research Project 2010, Miles Morgan Australia

Focusing on what matters most and those who need it most

International research has shown that students from disadvantaged backgrounds are more likely to be low-performing, drop out of school and less likely to attain a better-paying job.²⁴

Across a range of areas the Australian Government is providing extra support to disadvantaged students to ensure they have the assistance they need to succeed. This includes additional funding for students from low socioeconomic status (SES) backgrounds, Indigenous students, students with low English proficiency and students with disability. Extra funding is also provided for regional, remote and small schools to acknowledge their higher cost to deliver quality education.

We will continue to focus on reforms that support students who need it most. **Systems that receive additional funding for disadvantage in areas such as Indigenous, low English proficiency, disability and low SES** will be **required** to show how this money will be used to improve outcomes for the targeted group of students.

We will encourage states and territories to incentivise high-performing teachers to work in disadvantaged schools. Research shows that disadvantaged schools particularly benefit from the provision of high-quality teachers.²⁵

The Australian Government will continue to provide additional funding and support for students with disability to access and participate in education on the same basis as other students. Through the students with disability loading, the Australian Government is providing \$5.3 billion for students with disability over the period 2014 to 2017. This is more funding for students with disability than ever before and includes almost \$1.4 billion in 2016 and over \$1.5 billion in 2017.

In the 2016 Budget, the Australian Government is providing an additional \$118.2 million for schools to support students with disability for the 2016 and 2017 calendar years. We will continue to work with states and territories and the non-government sector to ensure that the Nationally Consistent Collection of Data on School Students with Disability is as robust as possible to inform decision makers on how best to target funding to those most in need.

Significant evidence also points to ongoing school attendance being a significant factor in student outcomes.²⁶ The Australian Government has implemented the Remote School Attendance Strategy to lift school attendance levels in selected remote communities through employment of local School Attendance Supervisors (SAS) and School Attendance Officers (SAO) who work with schools, families, and children to ensure they go to school every possible day. Ensuring children attend school should be a priority for all families because going to school and being at school every day gives every child the best chance for a good start in life.

We will require states and territories to meet attendance targets, including specific targets for Indigenous students to ensure students attend school to benefit from teaching and learning.

24. OECD, *Low-Performing Students: Why They Fall Behind and How To Help Them Succeed- Australia Country Note*, 2016

25. ACER 2013, *PISA 2012: How Australia measures up*, Australian Council for Educational Research

26. Qld Department of Education, Training and Employment 2013, *Performance Insights: School Attendance*

Accountability through transparency

Transparency is an important element in maintaining public confidence in the education system. It is important to ensure there is public accountability for the way in which funding is distributed, how that funding is used behind the school gate and achievement of outcomes. This is critical in understanding what works and what interventions deliver value-for-money.

There is substantial evidence that shows that clear accountability for school results helps create a learning environment that encourages innovation and excellence from school leaders, teachers and students.²⁷ Publishing school information also means that students, parents and teachers have the evidence they need to make informed decisions about student learning.

At the same time the Australian Government recognises that **increased accountability requirements should be efficient and not adversely impinge on teachers' time or impose additional costs**. It should also be linked to providing teachers and school systems with the information they need to assess the performance of their students and, more importantly, about where to intervene and change policy to make their teaching more effective.

We will require all schools to provide parents with a literacy and numeracy report every year that shows the achievement and progress of their child in reading, writing and maths, so that parents can have a full understanding of their child's progress through schooling and where they may need more assistance and support.

Collecting data and information about student and school progress enables governments to assess how schools are performing and where improvements need to be made, allowing for targeted programs for the schools and students who need them most. Being able to link different data and share information between systems allows us to better evaluate policies and understand what makes a difference. Publishing student achievement data and other information on *My School* is important as it allows parents and the community to be engaged in their child's achievement, and informs policy makers about where resourcing can be targeted to those most in need.

We will also improve the national availability of data on students, schools and teachers by encouraging improved information sharing arrangements between states and the non-government sector. This will better allow the sharing of performance information and the strategies which high-performing schools use to get great results. Research indicates that top performing school systems have established mechanisms to share successful strategies and innovation across schools.²⁸

27. OECD 2012, *Delivering School Transparency in Australia: National Reporting through My School*

28. McKinsey and Company 2010, *How the world's most improved school systems keep getting better*

Funding

Commonwealth school funding has continued to grow over the last decade at a much faster rate than state funding. On a per student basis over the period 2004–05 to 2013–14, Commonwealth funding for government schools has increased in real terms by 66.1 per cent and for non-government schools has increased by 18.0 per cent. Over the same period, state and territory funding has grown by only 6.7 per cent and 12.3 per cent respectively. In some cases, state funding to schools has actually declined by cost-shifting to the Commonwealth.

For the 2018 to 2020 school years, recurrent school funding will be indexed by an education specific indexation rate of 3.56 per cent, with an allowance for changes in enrolments. This measure reflects more accurately the growth in education costs by focusing on factors specifically related to the education sector. Consequently, as a result of using this index, the Australian Government will provide an additional \$1.2 billion over four years from 2017–18.

This additional investment in schooling will bring the Australian Government's total funding commitment for school education to a record \$73.6 billion over the Budget and Forward Estimates period. This represents a growth of \$4.1 billion, a 26.5 per cent increase between 2015–16 and 2019–20, with funding for government schools increasing by 33.0 per cent and non-government school funding rising by 22.7 per cent.

From 2018, we will require states and territories to at least maintain the real level of their per student funding effort and growth, with a focus on improved student outcomes.

In addition, indexation of Commonwealth funding will be contingent on states and territories and the non-government sector meeting the outlined reform commitments.

Research has shown that for high-income countries like Australia, building an excellent education system requires more than just money – it matters more how resources are spent rather than how much is spent.²⁹ It is therefore important that systems and schools are accountable for expenditure of Commonwealth funding and being able to demonstrate improved student outcomes.

First Ministers agreed at the recent COAG meeting that consultation with states and territories and the non-government school sector on the details of the funding distribution model from 2018 will be resolved by early 2017.

All schools need to have certainty in their funding arrangements to ensure effective planning and support for students.

Future school funding arrangements should be underpinned by the following principles:

- affordable – the funding model must be affordable, based on a realistic appraisal of the current budget situation and not commit future governments to unaffordable arrangements;
- a contribution for every student – the Australian Government recognises the importance of a diverse schooling sector and providing a funding contribution for every student to support education and parental choice;

29. OECD 2012, *PISA in Focus 13: Does money buy strong performance in PISA?*

- needs based – funding should be directed where it is needed most, recognising the different costs of educating particular groups of children (e.g. students with disabilities, Indigenous students, students from low socioeconomic areas, students with low English proficiency and students from regional and remote areas and small schools);
- stable – the funding model needs to be stable and should not change significantly from year to year and funding needs to be indexed at a rate that will keep pace with the real costs of schooling
- simple, fair and transparent – the funding model needs to be easy to understand and nationally consistent in funding states and territories and non-government schools, and
- increases in school funding is a means not an end – Commonwealth increased contributions to school education will in future be used to drive real reforms to lift school and student outcomes.