



Funding, Equity and Achievement in Australian Schools

A report on a national symposium

Barbara Preston

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The symposium was hosted by the Faculty of Education, University of Melbourne, and facilitated by Emeritus Professors Jane Kenway and Fazal Rizvi.

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ISBN 978-0-6482623-6-7

Preface

The Australian schooling system is in decline. Incontrovertible evidence shows that underachievement and inequality are amongst its characteristic features. This Report explains why, and what must change to rectify the situation.

It shows how, since the 1970s, key national education policies set in train systemic changes that have had increasingly negative consequences for the whole system, especially for the public sector of schooling, that now educates 64% of students, and for our most vulnerable young people.

Such systemic changes have led to distorted enrolment shares, socio-economic mixes and achievement patterns between the public, independent and Catholic sectors. Indeed, these changes have led to Australia's schooling system being amongst one of the most privatised in the world. This global outlier status has caused justifiable reputational damage.

There has been a comprehensive transfer of overall funding from the public to the private sector without a concomitant lift in achievement. There are thus no educational grounds that justify this pattern of funding handover. Nor has this funding transfer meant a concomitant lift in equity. There are thus no equity grounds that justify it.

In other words, underwriting the private sector with public money has not been a fruitful educational or ethical investment. It is an education policy without an educational or ethical dividend.

And yet there is a reluctance in policy circles to see the causal link between school funding policies and the system's decline. Market rationality and ideologies of choice and entitlement, and the claim-making of powerful lobby groups feed this reluctance.

All this has led to an elaborate and opaque federal funding architecture. This architecture penalises public schools, and the states and territories – as this report makes clear.

Despite the fiscal imbalance between the federal government and the states, the latter carry the heaviest costs of supporting public schools and the heaviest burden of administering all schools. As a result, the states do not always meet their SRS funding obligations to public schools. In contrast the federal government mainly funds private schools— only giving 20% of the Schooling Resource Standard per student to public schools, and 80% to private schools. In so doing it not only diverts scarce resources into the private school sector it often outsources the actual distribution of such funding to this sector.

Policy makers try to overcome the deficiencies of its funding architecture by making it ever-more elaborate and complex, but in so doing they tend to increase its dysfunction.

As is noted in the pages to follow, neither the independent nor the Catholic sectors of schooling accept any broader responsibilities beyond their own survival, reputation and expansion. Further, they are largely sectarian and do not operate in the national interest — segmentation and segregation are their modus operandi. Even so, they have captured the state and the public's educational imagination.

The evidence provided here shows that federal and state/territory educational decisions have often been made on political grounds, that vested interests and ideologies have often triumphed over learning and learners, and that our most vulnerable children have been sacrificed accordingly. Arguably, the charity laws that allow generous tax breaks to private schools are profoundly uncharitable.

But it must be acknowledged that the current situation is not set in stone — it can and must change. Based on this report the following matters are amongst those should be considered.

The National School Resourcing Board should, for example, stop outsourcing funding decisions to private school systems, end the unjustifiable 20% rule that limits the amount of federal funding to public schools, ensure that the states immediately meet their full SRS obligations to public schools, and amend criteria for funding private schools as suggested in this report.

Charity law as it applies to schools, should be reconsidered. At the symposium the detrimental effects of the current structure of schooling were documented – something inimical to charitable status. In the first instance, tax expenditures, directly or indirectly available to private schools through tax deductions and tax exemptions arising from charitable status, should be made transparent and accountable on the My Schools website. In addition, these amounts should be included in the estimation of private schools' public funding allocations, and consequently such amounts deducted from their direct public money allocations. Importantly, the charitable status of private schools should be reconsidered, taking account of the evidence in this report and elsewhere of the private sectors' overall detrimental effect on the quality of education of the most disadvantaged students and their communities and on the Australian society as a whole.

Private schools' unfettered growth should be stopped via public policy. The Education Council of the COAG should implement the 2011 Gonski report recommendation for 'new, cross-sectoral School Planning Authorities in each jurisdiction' to better ensure a more coordinated approach to planning for new and expanded private and public schools. Further such schools should be required to operate openly and inclusively. To encourage this governments could make private school funding conditional upon them reducing or ending their fees, accepting all comers and democratising their governance practices.

For such things to occur school funding must be uncoupled from the market principles that drive it. Governments, at federal and state levels, must fully fund public schools to ensure not only they recover lost ground but are the very best they can be. This revitalisation would involve deliberately reclaiming the educational and equity high ground for public schools and for their currently demoralised teaching workforce. A reputational turn around is required. In turn this could lead to the retention of those families who would otherwise 'go private'.

These are but some of the ways to arrest the current momentum of decline and rebuild a flourishing schooling sector for all. The rationale for such a policy preference can be found in the pages of this report.

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1 Introduction

This report provides an overview of a policy symposium held at the Faculty of Education, University of Melbourne on Monday 17 April 2023. The symposium was funded by Faculty of Education, supported by Faculty staff and convened by Emeritus Professors Jane Kenway and Fazal Rizvi. The symposium brought together key stakeholders and leading educational researchers and policy analysts from around Australia. They reviewed the directions of education policy and outcomes, discussed the current architecture of school funding, governance and organisation, and considered future policy options. The symposium program is provided in Appendix 1.

The symposium consisted of three panels with a total of ten presentations. Panellists covered the historical background to current Australian schooling and the debates surrounding schools policy, beginning half a century ago with the report of the Interim Committee of the Schools Commission (the Karmel Report) (1973), and focussing on the more recent report of the expert panel that carried out the Review of Funding for Schooling (the Gonski Report) (2011) and its aftermath. They identified the ways the current funding architecture has failed to realise the goals of equity and achievement, and considered possible policies with the greatest potential to realise these goals. After each panel session there were roundtable discussions that were reported on in writing. In addition to the speakers listed on the program, those attending the symposium included more than sixty experienced education policy analysts, representatives and members of key stakeholders, and people from Commonwealth and state governments and education agencies. In the evening, a public forum heard from Professor Barry McGaw, the Hon Dr Carmen Lawrence AO and The Hon Verity Firth AM. The forum attracted over 250 participants in person and online. Melbourne University's Twitter feed on the symposium had over 3000 views.

The symposium conveners recognised that the event was being held at a critical time. New opportunities for equitable, achievement-oriented change have arisen, with governments sensitive to equity and evidence-based policy, and preparation underway for the renegotiation of the National School Reform Agreement (NSRA) (Council of Australian Governments, 2021). Education ministers established an expert panel to carry out a Review to Inform a Better and Fairer Education System (Australian Government Department of Education, 2023c). Concern was expressed about the restricted terms of reference for this Review and its exclusion of funding issues. Before the finalisation of the next NSRA, serious debates about the future of school education in Australia must occur. With its focus on funding, equity and achievement, the symposium sought to contribute to these debates, and the purpose of this report is to inform changes to the NSRA, and longer-term policies for schools by all governments, school authorities and others. This includes ongoing policy work by the Hon. Jason Clare, MP, Commonwealth Minister for Education and the Education Council of the Council of Australian Governments (COAG) who, individually and collectively, have responsibilities beyond the NSRA and the immediate future. The report is also relevant to the work of direct stakeholders in schooling and to the wider Australian community.

The current period is also critical because achieving the Australian education ministers' goals expressed in the Alice Springs (Mparntwe) Education Declaration¹ is becoming more distant. Symposium participants recognised that there has been a decline in equity and achievement in

¹ According to the Declaration, the education ministers are committed to ensuring that the Australian education system promotes excellence and equity, and that all young Australians become confident and creative individuals, successful lifelong learners, and active and informed members of the community (Council of Australian Governments Education Council, 2020, p. 6).

Australian schooling. They argued that this is largely an unintended, if anticipated, consequence of the internationally unique levels and conditions of public funding of private and public schools since the 1970s, which has resulted in particular structures of schooling and relationships between schools and systems. They reflected on the Gonski Report (2011) – its strengths and limitations, and the outcomes over the past decade which have seen no apparent slowing in the declines in equity and achievement.

Symposium participants considered possible ways to arrest these declines in equity and achievement – difficult as that will be. The sense of urgency was palpable. There was a strong consensus that the fundamental problems of Australian schooling can no longer be ignored or wished away. Tinkering is no longer an option. However, it became clear at the symposium that there is no clear policy path. This is because the drivers of this dynamic are rooted in the unintended consequences of decisions half a century ago to create a structure of schools funding that is now entrenched, which has been supported and exacerbated by subsequent policy decisions, by Australia's federal structure (especially vertical fiscal imbalance and split responsibilities), by social and cultural assumptions, and by powerful political forces.

Symposium participants argued that, even though there is no clear policy path forward, it is important that the magnitude of the problem is recognised and that steps are taken, however small. As far as possible, those steps should be part of a program of structural reform. Fairer funding is absolutely necessary, so too is a new NSRA, but they are not sufficient.

The time is thus ripe to reconsider and reconfigure the interrelationships between school funding, regulation, organisation and administration on the one hand, and equity and achievement (broadly defined) on the other. This requires a critical examination of the relationships between sectors and schools, and the roles of governments and school authorities among others.

This rest of this report has several major sections. After the introduction, section 2 sets out the evidence and analysis presented and discussed at the symposium. This includes, first, the origins of the current system and developments over half a century in funding, enrolment shares, socio-economic mixes and achievement in the three sectors. The limitations and consequences of the Gonski report are then covered, followed by an investigation into the drivers of increasing inequity, including funding patterns, vertical fiscal imbalance, and the implications of the unique responsibilities of and limitations on the public sector and the concomitant freedoms of the private sectors. Attempts at ameliorating negative developments are then examined. Section 3 sets out principles arising from the symposium, and section 4 covers options for governments and others arising from symposium discussion.

To support the analysis and argument presented at the symposium, where appropriate additional information is provided and reference is made to accessible documents.

2 Evidence and analyses presented and discussed at the symposium

2.1 Origins of the current system in the 1973 Karmel report

It is now fifty years since the report of the Interim Committee of the Schools Commission (the Karmel Committee), *Schools in Australia* (1973), set out what became the fundamental structure and conditions of the funding by governments of Australian public, Catholic and independent schools. The Whitlam Labor government implemented the recommendations, amended by a Coalition-dominated Senate. Commonwealth funding very substantially increased, and private schools were to receive funds according to 'need', with higher levels of per capita (per student) funding going to schools with less resources, in contrast to the then existing scheme of much smaller equal per capita grants, irrespective of student or school disadvantage. The conditions for funding private schools were limited to little more than a requirement that the school have registration in its state or territory, financial

accounting for funds, and the provision of data on matters such as enrolments and resource levels to assist the administration of the funding regime.

Dean Ashenden reported that almost two decades after its report, in 1991, Interim Committee member, Jean Blackburn, wrote:

We created a situation unique in the democratic world. It is very important to realise this. There were no rules about student selection and exclusion, no fee limitations, no shared governance, no public accountability.... We have now become a kind of wonder at which people [in other countries] gape. (also quoted in Ashenden, 2012, 13 June)

In other words, as Tom Greenwell among others pointed out at the symposium, through the twentieth century other countries responded differently to the financial needs of religious and other private schools. For example, following the Netherlands in 1917 and England in 1944, integration in New Zealand in the late 1970s allowed the Catholic (and other) private schools to maintain their 'special character' with conditions for full public funding covering matters such as location of schools, enrolment numbers, selection and exclusion of students, and fees (Greenwell & Bonner, 2022, pp. 286-287; Sweetman, 2002). Once the regime had been established, the Schools Commission itself recognised that it was an outlier: 'Australia is unique in the ways in which it finances non-government schools and in the levels of support and the conditions which it attaches to them' (1978, p. 14).

2.2 Post-Karmel developments

Over the past half century, there have been changes in funding mechanisms, conditions and real and relative funding levels for the different sectors. The direction and rates of change have varied over the decades as governments have shifted their political and social values and operated in varying economic and social or ideological environments. Dean Ashenden, Jane Kenway and Carmen Lawrence, among others, commented on how these environments changed over the half century, and the consequences for schools funding, regulation and the general shape of Australian schooling.

2.2.1 Changing values and environments

The Karmel Committee and the Whitlam government valued *equality* in the sense that 'the standard of schooling should not depend on what [students'] parents are able or willing to contribute directly to it, or whether enrolled in a government or non-government school' and that 'there are good reasons for attempting to compensate to some extent through schooling for unequal out-of-school situations' (Interim Committee for the Australian Schools Commission, 1973, par. 2.7). This resulted in funding according to *need*. Also highly valued were *devolution of responsibility* rather than centralised control by the Commonwealth government in Canberra (par. 2.4); *diversity* between and within schools in means, not outcomes (par. 2.10); and *community involvement* in schooling (par. 2.15). *Choice* of school was not expressed as a priority value in itself, but accepted. The Karmel Committee commented that fees for private schools could be seen as a 'price of choice' (par. 6.56), a position contrary to the integration model in other countries.

The Coalition-dominated Senate at the time of the Whitlam government (and the subsequent Fraser and other Coalition governments) gave priority to an *entitlement* of all private schools to receive substantial grants, and at least no reduction from the previous level of equal per capita grants for all private schools. The Coalition gave lesser priority to equality and meeting the needs of the disadvantaged. They emphasised the value of *choice* of school, which supported increased funding to all private schools on the assumption that this would limit fees and allow more free places. Devolution, diversity and community involvement became subsumed under choice as part of the operation of a *competitive market* in schooling. Chris Bonner argued that

In the Australian context, school choice has long been something enjoyed by those families with financial resources. And competition, on such an uneven playing field, even today is substantially about schools competing, actively or passively, for preferred enrolments.

Similarly, Jane Caro and others pointed out that real choice diminished as local public schools weakened and private schools increasingly did the choosing, rather than students and families.

These different values and priorities were reflected in subsequent Labor (1983-1996, 2007-2013 and 2022 to present) and Coalition (1996-2007 and 2013-2022) governments' decisions. Governments also responded to varying fiscal circumstances and budgetary priorities, and to changing ideological climates, political pressures and campaigns led by mass media. Families made choices that were facilitated or constrained by the consequent funding and provision of schooling, the policy choices of schools and their selection of clientele, and, like governments, by the economic and ideological environment.

The government-initiated changes in funding mechanisms, levels and conditions in combination with the social environment and the choices of families in a position to choose, contributed to changes in enrolment shares held by the different school sectors, in the relative socio-economic profiles of students in the different sectors, and, consequently, in achievement levels and patterns. These trends were commented on in the symposium and are outlined in turn.

2.2.2 Developments in funding

Funding standards and measures

Since the Karmel report, the Commonwealth has developed two separate types of measures to determine Commonwealth (and sometimes state and territory) recurrent funding for schools. The first are *resource standards* or measures of the needs of schools for certain levels of recurrent funding from all sources, public and private. They were and are intended to indicate the funding necessary for basic quality schooling, and apply to both public and private schools. The standards for primary and secondary schools are derived largely from what are considered adequate teacher to student ratios (or equivalent) and school enrolments, augmented by school size (recognising that small schools are more expensive per students) and other characteristics. Second, the Commonwealth has developed methods for determining levels of public funding for private schools based explicitly or implicitly on private schools' private sources of recurrent funding – effectively an estimate of the capacity of families to pay fees – *capacity to contribute*. Thus private schools have received Commonwealth recurrent funding according to their needs, based on their resource standard minus their capacity to pay. The major measures of the two types that have been used over the decades are summarised in turn in this section.

Resource standards The Karmel Report recommended schools' needs for total recurrent funding from both private and public sources be based on an index 'expressed relative to a base of 100, which represents the national quantum of recurrent resources used in government schools' (primary and secondary separately) (Interim Committee for the Australian Schools Commission, 1973, par 6.7). This standard was adjusted over subsequent years by the 'schools price index' and as educational expectations and funding increased. Then the idea of such resource standards fell by the wayside as principles of entitlement and choice dominated over needs. The 2011 Gonski review resurrected the principle, and recommended that the Commonwealth and states and territories, in consultation with private school authorities, 'develop and implement a schooling resource standard as the basis for general recurrent funding of government and non-government schools', the Schooling Resource Standard (SRS) (Gonski, 2011, pp. xxi - xxviii, Recommendations). For the past decade funding has been allocated based on the SRS, an estimate of how much recurrent funding a school needs to meet its students' educational needs. Currently it is made up of a base amount and up to six needs-based

loadings for students with disability; for Aboriginal and Torres Strait Islander students; for socio-educational disadvantage; for students who have low English proficiency; for schools that are not in major cities; and for schools that are not large schools (Australian Government, 2020. Part 3). The problems with this 'sector-blind' approach for funding both public and private schools were discussed at the symposium and are reported below.

Capacity to contribute The capacity to contribute method used in the initial post-Karmel period was the Schools Recurrent Resources Index (SRRI), based on schools' recurrent expenditure, which was assumed to reflect the existing levels of private income from all sources, but primarily fees. The SRRI was replaced in the 1980s by a method that was explicitly based on total private income, the Education Resources Index (ERI). Both these methods were open to manipulation and clever accounting by private schools and their authorities to maximise public funding. A method was sought that was more 'objective' and not open to manipulation. In 2002 the ERI was replaced with a scheme based on the socio-economic level of the neighbourhood in which students lived, as indicated by an index similar to the ABS Socio-Economic Indexes for Areas (SEIFA) score of the Census Collection District of students' home addresses (the SES method). It was a flawed scheme that involved the ecological fallacy (assuming private school students generally have the same socio-economic status as their neighbours) and an inherent incentive for schools to recruit higher socio-economic status students from lower socio-economic status neighbourhoods. The Direct Measure of Income (DMI) is the current method for determining capacity to contribute (CTC). It is based on the median adjusted taxable income of students' families through data linkage to ATO data on personal taxable incomes of students' parents and guardians. This is a flawed measure of capacity to pay because of what is not included in parents' taxable incomes, and private schools' other sources of income. Trevor Cobbold pointed out that the DMI excludes from calculations major sources of income outside parents' taxable incomes such as grandparents (one financial services company cited by Trevor Cobbold estimates that 60% of private school students have their fees at least partly paid by their grandparents), the magnitude by which high wealth and high income individuals can reduce their personal taxable income (such as fee payment from untaxed offshore accounts). The Commonwealth established a Direct Measure of Income Refinement of Income Working Group that met during 2020-2021. Some of its work has been incorporated in the amended criteria on which schools can seek a review of their capacity to contribute. A school will seek a review only if it expects an outcome that would increase funding. There is no review process if a school's capacity to contribute was possibly understated and a review might result in reduced funding. Like the many other review processes over the past half century, this ratchets up funding. (For information about the Working Group and reviews of CTC, with downloadable documents, see Australian Government Department of Education (2023b).)

Distribution of funding

Funding for private schools is distributed via 'authorities' that are responsible for the administration and operation of schools. There are two types of authorities, and each utilises different approaches to the allocation of funding.

The 'approved authorities' (either one school or a non-systemic set of schools) are responsible for distributing recurrent funding to their member schools in accordance with the SRS formula set out in law. They cannot retain funding for themselves for administrative purposes. In contrast, the 'approved system authorities', which include state/territory governments, Catholic systems and independent systems, distribute the funding from government between members schools according to their own needs-based criteria. Unlike approved authorities, system authorities can retain part of the funding to cover their own administrative costs (Australian National Audit Office, 2021). In effect this method of distributing funding outsources funding decisions to 'approved system authorities'.

Some symposium participants expressed disquiet about such outsourcing and pointed to the associated risks such as not following the spirit of the SRS's needs-based funding and instead distributing funding according to other authority priorities and values. Examples, such as funding some schools apparently to enhance their competitive advantage relative to other schools in a locality, were cited at the symposium.

Drivers of funding – fee increases and vertical fiscal imbalance

The Karmel Committee's terms of reference specified that the grants it recommended should be directed 'towards increased expenditure on schools and not in substitution for continuing efforts by the States and non-government school authorities' (1973, par. 1.20). However, there have been very different drivers and constraints for funding public and private schools.

Private school authorities have incentives for real increases in funding. The Commonwealth has always expected private schools to 'maintain effort', that is, not to reduce fees as funding from governments increases. Fees in both Catholic and independent schools have substantially increased in real terms since the mid 1980s. This has been the case even though the major growth in the independent sector has been in low fee Christian and other religious schools (Ryan & Sibieta, 2010). For most private schools there is a strong incentive to increase fees to increase resources, and for many as a method of generally selecting students from educationally aspiring and supportive families. In addition, the Commonwealth, the major public government funder of private schools, has little constraint within its budget when it comes to funding schools, and private school authorities are politically powerful constituents with singular responsibility for their schools.

For public schools, the incentives have been the opposite. The States and territories, the primary funders of public schools, experience 'vertical fiscal imbalance' – limitations on their revenue-raising powers relative to the Commonwealth, and thus their capacity to fund public schools is constrained. In addition, they have many responsibilities other than public schools (such as health and welfare), and, as governments, are responsible to all constituents, not just those with a direct stake in public schooling.

Funding levels

Commonwealth real per capita (per student) levels of funding for Catholic and independent schools rose rapidly for a decade from 1974, stabilised for around a decade, before rising sharply after the mid-1990s. Over the initial quarter century average recurrent grants to Catholic secondary schools increased eight-fold, and to independent secondary schools four-fold (Ryan & Watson, 2004, p. 9). As new funding regimes were implemented, no private school lost funding even when warranted by the new criteria.

Trevor Cobbold reported that in 2020 the total average income from all sources per student for independent schools was \$24,338, for Catholic schools \$17,821, and for public schools just \$16,030. Between 2009 and 2020, per student funding increased in real terms for independent schools by \$2,963, for Catholic schools by \$2,731, and for public schools by just \$558. The most important contributor to these changes was the Commonwealth government (original source the ACARA National Report on Schooling data portal, adjustment for inflation by Trevor Cobbold). Trevor Cobbold estimated that by 2023 the Commonwealth and state/territory government funding share of the Schooling Resource Standard for the different sectors Australia-wide was just 87.3% for public schools, but 105.5% for private schools. The differences in actual funding received by schools and the real effect on the quality of education received by students is substantially greater. There are many reasons for this, including what is included in and excluded from in the SRS, how the capacity of private schools' private sources to contribute (the DMI) is assessed (see above), direct and indirect private funding

outside fees (see below), and the particular costly responsibilities and constraints on most public schools, and the concomitant freedoms of private (and some public) schools.

In addition to fees and direct public recurrent funding, Trevor Cobbold and others pointed out at the symposium that schools receive income from investments and donations – including substantial additional public funding through tax expenditures and other taxes forgone. Many private schools, or their associated foundations, receive annual income in the order of several million dollars from investments, bequests and donations. Because the schools and foundations are registered charities, those sources involve substantial tax deductibility, or the income is not taxed the way income of non-charitable entities (such as companies, partnerships or individuals) is taxed. For many high fee schools, the total of these Commonwealth tax expenditures and tax revenue forgone would be an amount equivalent to more than 10% of the publicly reported Commonwealth and state or territory recurrent funding². In addition to these Commonwealth measures, in general private schools are exempt from payroll tax and other levies that are paid by public schools. These can amount to an equivalent of around \$1,000 per student (Prezel & Grace, 2023, 29 June). Schools are also exempt from local government rates, and the income forgone is greater for schools with large grounds in valuable locations. These tax deductions and exemptions are usually because of the charitable status of private schools. Trevor Cobbold and others argued that this revenue forgone should be accounted for, and, as far as possible, recognised and reported as public funding. At a more fundamental level, the charitable status of most private schools was questioned, given their social role in relationship to public schools that educate the most disadvantaged students, how they select and exclude students, and the overall impact of this on Australian education and community. During 2023, the Productivity Commission is undertaking an inquiry into philanthropy (Productivity Commission, 2023), and during a round-table discussion participants suggested that these issues should be taken up by the Commission in its inquiry. In addition to Australian sources of income, some private schools receive donations from overseas - for example, Trevor Cobbold reported that the Australian Independent Schools USA Foundation raised over \$10 million for Australian private schools in 2018-2020.

The high levels of recurrent funding from all sources have allowed many private schools to allocate a substantial proportion of recurrent income to ‘current capital projects’ and to ‘future capital projects and diocesan capital funds’ – in many cases the amount of recurrent income allocated to capital is close to the amount of government recurrent grants – an example was reported by Barry McGaw at the symposium, other examples are on the MySchool website.

In contrast, under pressure from vertical fiscal imbalance, states and territories have looked for ways to reduce their expenditure on public schools. As Adam Rorris pointed out at the symposium, they negotiated measurement of the SRS applicable to public schools to include 4% depreciation and other measures that effectively reduce the standard of resources applied to student learning for public schools relative to private schools.

The schools funding and regulatory decisions of the Commonwealth and the states and territories have had a profound effect on enrolment shares and on the socio-economic profiles of school sectors and individual schools, as well as resources for student learning. Consequently, they have had an effect on achievement as well as equity. These effects have been damaging for Australian schooling and society as a whole, and though they resulted from deliberate government policies, there was usually no

² Estimated from data for one typical high fee private school on the My School Website (Australian Curriculum Assessment and Reporting Authority, 2023a) and the Australian Charities and Not-for-profits Commission (2023), and discounted likely tax rates if there was not tax deductibility or tax exemption.

'nefarious intent', as Kevin Bates pointed out. These issues of enrolment shares, socio-economic profiles and achievement and equity are discussed in the following sections.

2.2.3 Developments in enrolment shares

The public sector's enrolment share had been increasing from 76% in the late 1950s to 78% in 1972. The Karmel Committee took the view 'that it would be reasonable to make funds available to enable the non-government school sector to maintain its share of school enrolments at the level existing in 1972' (1973, par. 7.14). However, to reverse the then trend of increased enrolment shares in the public sector would be a significant development, and there were no recommendations to control such a reversal – there was no constraint on the number of per capita grants, and there were generous criteria for new private schools (par. 7.17).

The public sector share tended to follow (with a lag) the increases in funding to private schools (Williams, 1985). The public sector share peaked in 1977 at 79%, and then, as the Karmel Committee intended, declined to 1972 levels by 1979. It continued to decline – initially steeply over the decade to 1990 when it was 72%³, then more gradually over subsequent decades to 64% in 2022, a fall of 15 percentage points since the late 1970s. Over that period the Catholic sector's share has increased by 3 percentage points to 20%, and the independent sector's share has increased by 12 percentage points to 16%. Since the mid-1980s the increase in private sector enrolments has largely occurred in low fee independent schools (Gorgens, Ryan, & Zhao, 2018). (Enrolment data in this section is from Australian Bureau of Statistics, 2023b.)

Australia has the largest proportion of students in largely unregulated private schools among OECD countries after Chile, where extensive school privatisation occurred during the Pinochet regime in the 1980s (OECD, 2012)⁴.

2.2.4 Developments in socio-economic profiles

Symposium participants noted that disadvantaged students are increasingly concentrated in public schools and advantaged students in private schools. As Verity Firth argued, 'One of the big issues of the Australian education system is ... the increasing segregation of its schooling, largely along the lines of class, academic capability, race and religion.... [This] impacts negatively on Australia's education performance.'

In the mid-1970s, Australian Bureau of Statistics Census data on students' family incomes indicated that the socio-economic (SES) profile of public school students was broadly representative of all Australian school students. The small independent sector was high SES, while the Catholic sector was a just a little higher SES than the public sector. Chris Bonner referred to Census data on secondary students' family incomes by sector from 1986 to 2016. The pattern changed substantially, especially through the last two decades of the twentieth century. By 2016 there were twice as many public school secondary students in the bottom third as in the top third of family incomes, while in private schools

³ This was a period of overall enrolment decline. In such periods, the private sector can more easily maintain optimal enrolments in particular schools, and public schools bear a disproportionate share of the loss of enrolments. This is discussed in Section 2.4.3.

⁴ The OECD classifies both the UK and the Netherlands as having larger private school sectors than Australia. However, schools in the large 'government-dependent' private school sectors in these countries are integrated into the public school systems, with regulation of enrolments, locations and fees similar to that of integrated schools in New Zealand, which are classified by the OECD as public schools (OECD, 2020, Chapter 7 and Figure V.7.2).

there were more than twice as many secondary students in the top third as the bottom third of family incomes.

Students in the top 12% family income range tend to come from the most influential and powerful families and are commonly the future leaders in society. In 1976 64% of students in that family income range attended public schools, 20% attended Catholic schools and 16% attended independent schools. In 2021 only 43% of all students in the top 12% family income range (\$260,000 and above) attended public schools, while 26% attended Catholic schools and 31% attended independent schools. The difference was more marked at the secondary level in 2021: only 31% attended public schools, 29% attended Catholic schools and 40% attended independent schools. These data indicate where students in the top family income range go to school. The following indicates what proportion of secondary students in each sector are from families in very high family income ranges and are part of the social mix in the sector: 7% of public school secondary students, 15% of Catholic school secondary students and 26% of independent school secondary students had very high family incomes of \$260,000 or above (the concentration in high fee independent schools would be much higher than 26%).

At the very low income range (\$15,000 - \$41,599 annual family income⁵) in 2021 the opposite pattern occurs: 11% of all public school students were in this range, while less than half that percentage - only 5% - of both Catholic and independent school students were in families in this very low income range. Of all school students in this very low income range, 79% attended public schools, 12% attended Catholic schools, and only 9% attended independent schools. Similarly over-represented in the public sector are students with disadvantages or needing additional resources, including students with disabilities, students who are not proficient in English, who live in over-crowded or insecure housing, who come from one parent or grand-parent families, and who live in remote or very low SES communities. (School student socio-economic data referred to in this section is from Australian Bureau of Statistics, 2005-2011; 2023a.)

The Commonwealth Schools Commission warned of the consequences of such changes in socio-economic profiles and enrolment shares of the different sectors almost forty years ago:

The cumulative effect of these financial, educational and social consequences could, in the long term, threaten the role and standing of the public school as a central institution in Australian society. Such a development would be unwelcome to most citizens and is inconsistent with the stated policies of governments, as well as the major school interest groups, government and nongovernment. (1985, par. 20)

Governments must recognise that such developments are unwelcome to most citizens, whatever personal choices they make for themselves and their families.

2.2.5 Trends in achievement and equity

Measurements of achievement in schooling are usually based on the standardised tests of the Australian National Assessment Program for Literacy and Numeracy (NAPLAN) and the OECD's Programme for International Student Assessment (PISA). However, these measures are not sufficient, as symposium participants recognised, and Carmen Lawrence discussed in detail. She spoke of

... the contribution of education to individual creativity, health and well-being ... to wider social objectives like reducing prejudice and improving our democracy... And ...the sheer glorious excitement of learning, the delight of mastery, of bright curiosity satisfied and of play.

The current Mparntwe Education Declaration commits Australian governments to goals broader than those measured on standardised tests. In addition to an education system that 'promotes excellence

⁵ Excluding the often inaccurately reported family incomes below minimum benefits levels.

and equity', 'all young Australians [should] become confident and creative individuals, successful lifelong learners, and active and informed members of the community' (Council of Australian Governments Education Council, 2020). The Mitchell Institute (Lamb, Huo, Walstab et al., 2020) sought to assess achievement of these objectives, finding large gaps in educational opportunity, gaps that too often grow as students get older. Carmen Lawrence summarised some key findings:

anywhere from one-fifth to one-third of children are lagging behind or missing out altogether: they 'are not acquiring the lifelong learning skills and not mastering the knowledge and skills needed to become creative and confident individuals and active and informed citizens'.

While standardised test results can indicate trends in achievement in particular domains, Carmen Lawrence pointed out that a narrow focus on them

undervalues those school experiences which are not obviously linked to performance on numeracy and literacy tests. It also means we are likely to be blind to the diverse needs and interests of children and to condemn many of them to a sense of frustration and failure.

National trends in achievement and equity

Symposium participants commented that NAPLAN scores have been declining for at least a decade for most categories of students, but especially for low SES and Indigenous students. The gap between low and high SES students is becoming wider at all year levels, and the gap increases as students progress through primary then secondary school from year three to year nine. These observations have been confirmed by data presented in the consultation paper of the Review to Inform a Better and Fairer Education System (Australian Government Department of Education, 2023c, p. 13), based on data from the National Report on Schooling Data Portal (Australian Curriculum Assessment and Reporting Authority, 2023b).

Chris Bonner reported that since the mid 2000s, high achieving year 12 students in both Victoria (VCE) and New South Wales (HSC) have become increasingly concentrated in higher SES schools – for example, 'in 2006 high achievers in NSW public schools were spread 55% in high and 45% in low ICSEA schools. The spread is now 72% to 28%'. In addition, 'Victorian schools in urban areas show a 9% reduction in high scores, but a 30% reduction in inner regional areas, and a 36% reduction in outer regional schools.'

International trends in achievement and equity

At the symposium the discussion about international indicators of achievement and equity focussed on PISA findings, and the changes in results for Australia over almost two decades from 2000 to 2018. Barry McGraw showed Australia's greater decline in reading means than the OECD average, while Poland, which had changed from a very segregated selective school system to a comprehensive system, substantially improved in reading scores.

The Australian decline in achievement has been consistent across the three domains of reading literacy (from 2000), mathematical literacy (from 2003) and scientific literacy (from 2006). The following data is from Thomson, De Bortoli, Underwood, & Schmid (2019), with page numbers indicated.

Between 2000 and 2018 mean scores for reading literacy for Australia declined by 26 (from 528 to 503), while for the OECD average the decline was just 4. (p. 40)

Between 2006 and 2018 mean scores for mathematical literacy for Australia declined by 33 (from 524 to 491), while for the OECD average the decline was just 5. (p. 120)

Between 2006 and 2018 mean scores for scientific literacy for Australia declined by 24 (from 527 to 503), while for the OECD average the decline was just 6. (p. 184)

Given the differences in socio-economic profiles noted above, it is unsurprising that the average scores have been higher in independent and Catholic schools than in public schools. However, the declines in performance between 2009 (the first time sectors were differentiated in PISA data) and 2018 were greater in Catholic and independent schools than in public schools. Between 2009 and 2018:

The mean reading literacy performance for students in public schools did not change, in Catholic schools it declined by 17 points, and in independent schools by 18 points. (p. 56)

The mean mathematical literacy performance for students in public schools declined by 22 points, in Catholic schools by 27 points, and in independent schools by 24 points (p. 136).

The mean scientific literacy performance for students in public schools declined by 22 points, in Catholic schools by 28 points, and in independent schools by 30 points (p. 199).

There is greater social segregation across Australian schools than the OECD average. This occurs between public and private schools and across the private and public sectors (OECD, 2019, Figure 11.4.7).

Social segregation as driver of falls in achievement

Increasing social segregation appears to be a driver of falls in overall achievement. Chris Bonnor cited a number of studies that found that similar students in schools with high concentrations of disadvantaged and low achieving students and few if any high-achieving students achieve less than those in socially and academically comprehensive schools (Bonnor, Kidson, Piccoli et al., 2021; Chesters, 2018; Larsen, Forbes, Little et al., 2023; Nghiem, Nguyen, Khanam et al., 2015). Disadvantaged, low achieving peers compound disadvantages of individual students.

In addition to its impact on academic achievement, symposium participants in the roundtable discussions pointed out that social segregation in schooling lessens the development of 'bridging social capital' (Herreros, 2016) among students. It undermines the goals of Mparntwe Education Declaration that students 'have empathy for the circumstances of others and appreciate and respect Australia's rich social, cultural, religious and linguistic diversity and embrace opportunities to communicate and share knowledge and experiences' (Council of Australian Governments Education Council, 2020, p. 8). As the OECD points out:

A high degree of social segregation across schools means that children are less likely to communicate with peers from diverse backgrounds, and this may undermine future social cohesion.... Students, especially those from disadvantaged families, may be harmed by a lack of social and academic diversity in schools, which, in turn, renders equity in education elusive. When disadvantaged students are clustered in a limited number of schools, these students tend to be exposed to less-favourable learning conditions. (OECD, 2019, Chapter 4)

Symposium participants also pointed to the sectarianism associated with the growth of the private school sector. Worrying implications of this for social cohesion were identified.

2.3 Limitations and consequences of the Gonski report

Many of the limitations of the Gonski report (2011) and subsequent developments that were discussed at the symposium have already been considered in this report. They are augmented and summarised here.

The Gonski panel's terms of reference prevented any substantial regulatory reform and any real reductions in per capita recurrent funding to any private schools. This left little room for substantial change.

The Gonski panel's analysis led to conclusions for funding improvements for public schools – greater in some states and territories than others. The Commonwealth would take responsibility for most of the additional funding required, but the states and territories would be required to generally at least maintain their levels of funding of public schools, while increasing their share of funding private schools. This proposed substantial increase in the states' and territories' school funding responsibilities took no account of vertical fiscal imbalance – the Commonwealth's much greater fiscal capacity, and the states and territories limited and unreliable fiscal capacity. In addition, it took no account of the imbalance in political power: the private sectors' singular focus on their schools and their electoral clout, compared with the states' and territories' multiple responsibilities, including to private schools and their communities. While the private sectors have had their guaranteed, reliable funding from both levels of government, public schools have been left to the vagaries of state and territory budgetary capacities and priorities. The current situation of the private sector substantially funded above, and the public sector below, the Schooling Resource Standard, is unsurprising, and should have been anticipated.

Gonski's understanding of 'need' was limited. Gonski asserted that differences in educational outcomes should not be the result of differences in 'wealth, income, power or possessions'. Yet recommendations of the report took not account of cultural capital and other intangible resources, as Dean Ashenden pointed out, and focussed on educational poverty (the 'long tail'). The functioning of schooling as a 'positional good' was ignored, or as Dean Ashenden put it: 'Almost all educational work is organised to deliver a rank order.'

In line with Gonski's focus on 'the 'long tail'', the definition of need involves discrete disadvantaged groups and some school characteristics – 'socioeconomic background, disability, English language proficiency, the particular needs of Indigenous students, school size, and school location'(p. xvi). The definition and application of equity groups failed to take account of the competitive relationships between sectors and schools and the impact of selection and exclusion by the private sector (and some public schools) as they relate to students from individual dis/advantaged groups. Examples include selection and scholarships for bright low SES and Indigenous students, and the exclusion (expulsion) of disruptive higher SES students. While the numbers might be relatively small, the impact can be great on the learning experiences of other students in the depleted school or in the receiving school (respectively) – and may be damaging to many Indigenous or other students selected by high fee private schools, as found in a major study reported in *The Age*, though improvements are being made (Carey, 2022, 4 October).

Importantly, Gonski failed to understand the financial and other costs involved in the particular responsibilities and constraints of the public school sector in the principle that funding should 'recognise that schools with similar student populations require the same level of resources regardless of whether they are located in the government, Catholic or independent school sectors' (p. xvi). (The problems with this 'sector blind' approach are discussed in Section 2.4.3.)

Tom Greenwell noted that even if the Gonski recommendations were fully realised

the unlevel playing field on which Australian schools currently operate would remain intact and mostly unchanged. Largely publicly funded non-government schools would continue to be allowed and encouraged to charge fees as high as the market will bear. Non-government schools would continue to be allowed to pick and choose the students they enrol and expel. The leaders of public systems would continue to be tempted to respond to the market power of the non-government sectors by promoting selective schools - actual or de facto.... Non-government schools would still enjoy significant total resource advantages derived from the combination of taxpayer funding and income from fees and other sources. These resource advantages [would] still be employed to pull in advantaged and high-achieving students, just as fees and enrolment discriminators continue to push the disadvantaged and

underachieving away. In other words, all the drivers of segregation would remain in place, largely unaltered...

Concentrations of social disadvantage in schools and classrooms across Australia [would] continue to dramatically diminish academic achievement and contribute significantly to inequality in educational opportunities and outcomes.

Competition between Australian schools [would] continue to be based on their capacity to cherry pick the most able and affluent rather than their ability to enhance the learning of the most disadvantaged.

The hidden curriculum [would] continue to be one of exclusion and domination. The basic structures of our school system will continue to replicate and exacerbate broader social hierarchies and divisions.

2.4 The drivers of increasing inequity and falls in achievement

The drivers of inequity, inequality and falls in achievement are many and complex. The most important discussed at the symposium are reported here.

2.4.1 Funding and regulation of schools

The most important drivers of inequity, inequality and falls in achievement have been increasing public funding of private schools with few conditions, and the related decisions by some public school authorities to create and expand selective schools. These result in disadvantaged students (low SES and other students who are more expensive and difficult to teach) becoming more and more concentrated in local, comprehensive public primary and secondary schools, while higher SES and educationally aspiring and supported students are more concentrated in private and public selective schools.

The inequalities in schools funding and non-financial resources (such as schools' SES profiles, physical facilities and environments, and the esteem in which they are held) create inequality in schooling that compounds the inequalities students bring from the wider environment. Carmen Lawrence, drawing from the Mitchell Institute report (Lamb et al., 2020), argued that:

Large gaps based on socio-economic status are evident across nearly all the indicators from the earliest years into adulthood and appear to increase over the schooling journey. As the [Mitchell Institute report] authors put it, 'the education system is mired in inequality' - still.

Such gaps compound pre-existing inequalities. My own review of the literature on the effects of physical and social environments on children's wellbeing shows that many children live in impoverished environments with poor quality housing, greater noise and air pollution; higher crime rates; poorer cultural and community facilities; inadequate public transport, less green space etc. Most of children who fail to thrive during their schooling come from these places. (p. 5)

These dynamics indicate the inappropriateness and inadequacy of the current model for schools funding and regulation. If it was appropriate and adequate, families in a position to choose would not have the strong incentive many feel to enrol their children in schools that exclude disadvantaged and difficulty to teach students. The loadings in Schooling Resource Standard and the discrete treatment of 'priority equity cohorts' do not capture the complex characteristics of the students who are becoming more and more concentrated in many public schools, nor do they capture the impact of compounding and concentrating disadvantage and the concomitant concentrations of advantage.

2.4.2 Vertical fiscal imbalance and split responsibilities

The split responsibility between the Commonwealth and the states and territories for schools funding was described at the symposium by Carmen Lawrence as 'one of the major contributors to ... inequality and a fundamental flaw in our education policy framework.' The consequences for public schools are

profound in terms of levels and security of funding, advocacy and support, and understandings of the issues and dealing with them, rather than cost-shifting and buck-passing between levels of government. Details of these issues are discussed elsewhere in this report.

2.4.3 Unique responsibilities of the public sector

The Karmel Committee, like the 2011 Gonski Expert Panel, believed that school sector should make no difference to the standards for levels of recurrent funding once account is taken of specified needs (or disadvantages) – see (1973, par. 2.13) and (2011, p. xvi) respectively. This position has been dubbed ‘sector blind’. It was discussed in the round-tables, and it was pointed out that the concept of ‘sector-blind’ has parallels with the concept of ‘colour-blind’ racism in respect to the treatment of those from different races or ethnic groups where there is no overt or legal discrimination against individuals. Being ‘colour-blind’ ignores unconscious bias and the cultural, structural and historical bases of racism and its enduring social effects (Burke, 2017).

Being ‘sector-blind’ ignores the reality that the public sector has unique responsibilities and obligations, and the private sector has concomitant freedoms, a cultural and ideological bias in favour, and historical privileges that are enhanced by high levels of public and private funding. Jane Kenway succinctly described the relationship between the sectors: ‘Public schools become pools from which private schools drain the “best” teachers, students and families’.

It is important that the costly consequences of these responsibilities and obligations of public schools are not understood as a consequence of the operation of a free market where a better product is ‘chosen’ by families or teachers. Rather, they should be understood as a consequence of private (and some public) schools freedom to choose against the constraints and obligations of (most) public schools.

Funding and regulation need to take account of the public sector’s responsibilities and obligations to the whole community, and the private sectors’ freedoms to choose, and their narrow responsibility to their chosen clientele. These obligations and freedoms cannot be adequately measured by the sector-agnostic loadings of the SRS.

The following subsections reflect views expressed by Jane Kenway and others at the symposium regarding enrolments and the teaching workforce, and provide supporting evidence.

Student enrolments and school locations

It is widely recognised that private schools are generally free to select and exclude students, while the public sector is obligated to take all comers, including those excluded from private schools because they are disruptive, difficult to teach, or will not reach an achievement standard desired by the private school. Public schools⁶ must be accessible to all potential students, including through the provision of small schools in remote locations or through distance education catering for all ages and abilities. In contrast, private schools are free to choose locations, communities and individual students.

On a broader scale, private schools can plan and maintain enrolment levels to optimise student numbers according to staff numbers, physical facilities, school climate and mission. In contrast, public schools must take all comers and are limited in capacity to recruit additional students. The differences between sectors are very apparent in enrolment data when there are significant fluctuations in enrolments in a locality or state or territory. Both Catholic and independent schools tend to maintain optimal enrolment numbers, while the public sector bears the brunt of overcrowding or under-enrolment. The larger the private sector share of enrolments in a locality, the greater the impact on

⁶ Selective and other specialist public schools generally operate similarly to private schools (though not requiring fees), increasing the responsibilities of comprehensive and inclusive public schools.

public schools. Both over-crowding and under-enrolment lead to diminished quality of education for students, financial inefficiencies for school authorities, difficulties for teachers and school administrators, and, to some degree, loss of reputation.

Substantial enrolment fluctuations occur when a state changes school starting age and a small or large cohort moves progressively through primary then secondary levels. The substantial differential impacts on sectors of such starting age changes are documented in ABS *Schools* (2023b) data – for example, for Tasmania from the early 1990s and Western Australia a decade later. Fluctuations also occur around the country as new suburbs are opened up (or major high-density developments occur in established suburbs) and then mature. Primary then secondary level enrolments expand, then contract. Examples include the changes in primary school enrolments (documented in ACT government statistics) between 2003 and 2011 for the ACT regions of Gungahlin (new suburbs then experiencing overall enrolment increase) and Tuggeranong South (established in the 1970s and by the 2000s experiencing overall enrolment decline). In the former, public school enrolments increased by 103% while Catholic school enrolments increased by a more manageable 58%, while in Tuggeranong South, public school enrolments declined by 25% while Catholic school enrolments declined by only 5%. It is much more expensive, both financially and educationally, for a school to operate at enrolment levels that are not optimal. Yet this differential impact in overall enrolment fluctuations is not taken into account in schools funding.

The private sectors can also choose the location of schools to suit their individual missions rather than the needs of wider communities. This is especially the case for secondary schools. There are other sources of data, but ABS 2021 Census data provides evidence: 78% of secondary students who lived in the lowest SES decile⁷ attended public schools (13% attended Catholic schools; 9% attended independent schools), while only 37% of secondary students who lived in the highest SES decile attended public schools (26% attended Catholic schools; 37% attended independent schools). The pattern for primary school students was similar, but the magnitude of the differences not as great. (Australian Bureau of Statistics, 2023a)

Teaching workforce

Symposium participants at the roundtables spoke of the competitive advantage that private schools have in the teaching labour market. This notably applies to recent graduates, to teachers with shortage specialisations, and to all teachers in times of overall teacher shortage. The larger the private sector relative to the public sector, the greater the damage inflicted on the public sector by the private sectors' competitive advantages in the teaching labour market.

In his 2000 review of teacher education and the teaching profession for the NSW government, Gregor Ramsey investigated these issues and expressed his concerns throughout the report (2000, pp. 90, 122, 123, 166, 182, 203). He wrote:

A key issue affecting the supply of teachers in government schools is the high level of transfer of teachers from government to non-government schools. The nongovernment school system is able to recruit teachers after they have had a few years of experience in the government system or can take their pick of the very best young graduates. Practices which allow only what is essentially a one-way flow of teachers between systems should be questioned. The government school system is, in a very real sense, the 'well' from which teachers for all schools are drawn. The [public sector], therefore, bears the major costs of new teacher induction and is responsible for delivering the bulk of on-the-job learning that new teachers require during their early years. The important issue is that the training ground obligations of the [public] sector should be acknowledged and funded from [non-public school] sources.

⁷ The measure is the ABS Socio-Economic Indexes for Areas (SEIFA) Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), at the SA1 geographic level (Australian Bureau of Statistics, 2023c).

There is a strong case for an employer who engages a teacher from a [public] school to pay a ‘training fee’ or at least for the Commonwealth to do so on their behalf....

The difficult-to-staff schools are overwhelmingly in the government system, the Commonwealth government should acknowledge the effect of movement of teachers between the sectors. Nongovernment schools are free to operate in the most desirable locations and generally do not serve low socioeconomic communities or where they do their populations are not representative of all sectors of the community. These ‘free-rider’ schools therefore benefit disproportionately from teachers who have been inducted by the government school system. Again, there is a strong case for the [public school authorities] to receive some recompense. (p. 182)

Recent data indicates that the problems raised by Gregor Ramsey remain. Around 82% of primary graduates and 74% of secondary graduates were working in the public sector as they began their teaching career (Australian Institute for Teaching and School Leadership, 2019). These figures indicate that the public sector undertakes a very disproportionate share of supporting early career teachers. In 2021 the public sector share of the teaching workforce was 63%, the private sector 37%, and the private sector teaching workforce has been increasing at a greater rate than the public sector (Australian Bureau of Statistics, 2023b). If supporting beginning teachers was shared equitably between the sectors, around twice as many graduates would be recruited to the private sector.

It is very clear that the public sector overwhelmingly bears the burden of supporting recent graduates: carrying the obvious costs of reduced teaching loads and time of supervisors and mentors and the costs of professional development for beginning teachers. But in addition, public school students bear the costs of being taught by less experienced teachers, including those who find after some weeks or months that they are unsuited to teaching. Many of those early career teachers who have been successful in achieving proficiency and building expertise are then recruited into the private sector by targeted attractive salaries and conditions.

It is not only excellent early career teachers with proficiency and experience who are targeted by the private sector. Where there are general teacher shortages the private sector can use its higher levels of funding and administrative freedom to recruit from the public sector, ensuring optimal staffing while leaving the public sector to bear the full burden of the shortage, not just its proportionate share. This has been the recent experience in many regional centres (Marchant, 2023, 5 February).

2.5 Attempts at ameliorating the negative impact of schools policies

Over the decades there have been some attempts to ameliorate the negative impacts, inefficiencies and inequities of Commonwealth schools policies - some of which were referred to by symposium participants and are outlined here. The negative impacts, inefficiencies and inequities were often seen by governments and commentators as a price for the provision of school choice to families, and, by some, to be balanced by the purported benefits brought by competition between schools and diversity among schools. The conflict between choice (of school) and equity (access to quality schooling for all) has resonance with the 1938 comment by R. H. Tawney that ‘freedom for the pike is death for the minnows’. As many symposium participants pointed out, Commonwealth schools policies have led to reduced overall achievement and growing divides between sectors, schools and students.

2.5.1 Needs-based and sector-blind funding – Karmel to Gonski

Basing funding on ‘needs’ has been a fundamental principle of Commonwealth schools funding since the Whitlam government ended the scheme of equal per capita recurrent grants to all private schools and ‘matched’ capital funding (which favoured schools with high levels of private funds that could be matched by higher levels of Commonwealth funding). But ‘needs’ has limitations. An element of needs that has been proposed on several occasions but never implemented is a reduction in Commonwealth funding for very high fee and well-endowed private schools, as proposed in the Karmel report and by

several later Labor governments. It is noted elsewhere in this report that often the definitions of needs on which funding has been based have had weak validity, or been open to manipulation or difficult to implement - hence the changes in the definition and measures of needs since the 1970s. In addition, funding principles have been flawed in being 'sector-blind' - taking no account of the different constraints and responsibilities of local (zoned) comprehensive public schools that must accept all comers and exclude none (with minor exceptions). Since the 1970s problematic measures have been used to assess private schools' private capacity to contribute to base levels of funding. Recently different, but also problematic, measures have been used to determine loadings in the SRS. In the end, all these measures have not prevented that current situation of substantially over-funded higher SES private schools and under-funded lower SES public schools.

2.5.2 Managing school locations and enrolment shares

The ability of private school authorities to establish schools and expand enrolments in existing schools with little restraint and with government funds following enrolments has been controversial. During the period of national enrolment stabilisation and decline from the early 1980s the detrimental impact of new and expanding private schools on existing public and private schools was a matter of particular concern. The Labor government implemented the 'New Schools Policy' that placed some restrictions on the funding of new and expanding private schools, commencing in 1986 (Browning, 1998). The policy appeared to successfully reduce the net growth in private school numbers. However, it was a period of overall enrolment decline, and there were many closures and amalgamations of that balanced the many new private schools. Overall, the private sector substantially increased its share of enrolments - something that is not surprising in a period of overall enrolment decline. The New Schools Policy might have prevented in some particular localities the damaging impacts of new private schools on existing public and private schools, though its overall impact is hard to measure. It was abolished by the new Coalition government in 1996.

The 2011 Gonski report included a recommendation for 'new, cross-sectoral School Planning Authorities in each jurisdiction' (Gonski, 2011, p. xvii) to better ensure a more coordinated approach to planning for new and expanded public as well as private schools. Capital funding, from a School Growth Fund, would depend on an assessment of demand and need in each state and territory. Carmen Lawrence described the sort of situation that would be addressed by this proposal:

In one regional town in Western Australia, the local government high school lost ground dramatically after four private schools were opened; the most disadvantaged children were left behind but with fewer teachers per student than in the new private schools. The total cost of education in the community sky-rocketed, without any aggregate improvement in children's scores on routine tests. Because of the split Commonwealth-State responsibilities, such decisions are often made without reference to the cumulative impact on all schools.

The recommendation for School Planning Authorities has not been taken up. It is left to the states and territories and their registration criteria (and local governments) to manage new private schools. Little effective constraint occurs.

In her address to the symposium, Verity Firth summed up the current situation:

Australian governments fund non-government schools to set up in local areas in direct competition with government schools. They fund multiple schools in a geographic location, all of whom are competing with each other for students, leaving some students with no choice but the school with the fewest students and the least resources. Is there any other area of public policy where the government funds its competitor and in so doing, reduces its own institutions' capacity to perform and makes the task of performance more expensive?

The Gonski Review sought to solve this problem through the establishment of a School Growth Fund that would only fund schools where they were needed, but it was never implemented.

Government investment in Australia comes with far fewer strings than government school funding in other countries. There is no international equivalent to the situation in Australia where non-government schools are provided with both public funding and uncapped fees. There is no requirement on non-government schools in Australia to increase access or admit local students as a basis of receiving government funding. Nowhere in the world does public funding come with so few public obligations.

2.5.3 Structural reforms of the schooling system

There have been some minor structural reforms to schools funding and regulation over the past half century since the implementation of the Karmel report. But none have been fundamental, nor done more than a partial amelioration of the problems. The Gonski panel accepted that:

... resources alone will not be sufficient to fully address Australia's schooling challenges and achieve a high-quality, internationally respected schooling system. The new funding arrangements must be accompanied by continued and renewed efforts to strengthen and reform Australia's schooling system. (Gonski, 2011, p. xix)

However, as Dean Ashenden pointed out,

Gonski tried to make it better for losers, leaving the system as a whole untouched Funding cannot be fixed while the system remains untouched.... Governance, organisation and daily lives of students must change.'

Similarly, Chris Bonner argued that,

enrolment segregation, achievement gaps and overall decline all point to the need for wider structural changes.... the evidence suggests that peer effects almost certainly underpin declining achievement and help explain why other reforms don't seem to deliver...

The National School Reform Agreement does not live up to its name. As Glenn Savage pointed out,

What's 'in' or 'out' of the agreement makes a powerful statement about what our governments value in education and deem necessary to pursue ... at the national level.

Yet the agreement is narrowly focussed – largely on what occurs inside public school gates. Its parties are the Commonwealth and state and territory governments. The private sectors are only to be *encouraged* to participate (section 64 of the NSRA) - though they are *required* to participate in aspects of curriculum, assessment, teacher standards, data provision, reporting, and accountability for some financial matters. The NSRA is silent on fundamental matters of national schooling structures, social roles, and relationships between schools and sectors. These imply 'bigger guiding purposes', which Glenn Savage notes that Minister Clare has flagged.

3 Principles arising from the symposium

There were many principles, implicit as well as explicit, in the presentations and discussion at the symposium, implicitly or explicitly covered in earlier sections of this report. They are included the following:

- The structures of schooling as a whole and relationships between schools and sectors must be considered when governments formulate, implement and evaluate policies. Governments need to take account of how these structures and relationships have developed historically and the likely future trends. Not doing so in the past has led to flawed policies and unintended detrimental consequences.

- The unique roles and responsibilities of and constraints on local comprehensive public schools should be recognised in funding and regulation.
- Disadvantage and needs should be recognised in a wholistic and relational way. They are complex phenomena, and some significant aspects include:
 - The relationships between disadvantage and advantage, and the way schooling is, in part, a positional good – the advantage of one is at the expense of another (such as entry into highly competitive programs)
 - Concentrations of disadvantage and advantage come at great cost. The concentration of disadvantaged, low-achieving students in particular schools disadvantages all the students in those schools. The concentration of advantaged students in particular schools generally leads to less development of bridging social capital (genuine, informed empathy) and, for many, more stress and lesser academic achievement than might have been achieved in a more mixed school.
- The design of programs and their evaluation (and data collection for other purposes) should support equity and commonality of purpose, but, as Glenn Savage argued, must allow for diversity and ‘give educators space to innovate and exercise professional agency and expertise.’ Educators should not be burdened by additional administration, and students’ learning should not be distorted by a narrow focus on what can be tested and easily measured.
- Purposes and outcomes beyond academic test results and simple participation metrics need to be recognised and valued.

4 Options for governments and stakeholders

The principles set out in the previous section have implications for action by governments and others. In addition, some clear recommendations follow. Symposium participants recommended that these options be considered (as appropriate) by:

- the expert panel carrying out the Review to Inform a Better and Fairer Education System
- all education ministers in the renegotiation of the National School Reform Agreement (NSRA)
- the Productivity Commission in its Philanthropy Inquiry
- future amendments to the Australian Education Act 2013
- all education ministers to inform their on-going work on education policy and its implementation
- school authorities and other stakeholders (including school communities, teachers and parents; the media and commentators) to inform their understandings and decisions, policies and practices.

4.1 The National School Reform Agreement - shaping how schooling works in the nation

The current NSRA is narrowly conceived. Its practical focus is narrow and short term. While the *Objectives, Outcomes, Targets and National Measures* are reasonable for a national reform agreement, the *Reform directions* are narrow and quite inadequate. They ignore the most significant driving forces shaping schooling in the country, responses to which are crucial for the achievement of objectives.

- As a *national reform* agreement, the next NSRA must focus on fundamental matters of national schooling structures, social roles, and relationships between schools and sectors. And it must focus on the long term. Some issues are taken up in 4.3 below.

4.2 Funding of public schools – achieving a properly calculated SRS

Public schools are, on average, currently funded below the Schools Resourcing Standard (and private schools above). The inadequate funding of public schools is driven by vertical fiscal imbalance (Section 2.4.1). This should be recognised and the following measures taken:

- States and territories should remove depreciation and other charges from calculation of the SRS
- All states and territories should fully meet the minimum level of 75% of the SRS
- The Commonwealth should increase its share of recurrent funding of public schools to ensure all public schools receive at least 100% of the SRS. Recognising vertical fiscal imbalance and public schoolings' greater financial costs, the Commonwealth should expeditiously take a much greater share of funding public schools.
- Philanthropic funding for public schools should not be at the expense of government funding.

4.3 Implications of the unique role of public schools for schools funding and regulation

- Commonwealth and state and territory schools funding should recognise that the public sector has unique responsibilities and obligations, and the private sector has concomitant freedoms. Some of the differences between the sectors, such as those discussed in Section 2.4.2, involve significant costs and thus have clear funding and regulatory implications:
 - Schools that experience greater enrolment fluctuations (increases or decreases) than the total change in a locality should receive additional public funding, and schools that experience lesser fluctuations than the total in the locality (that maintain closer to optimal enrolment levels) should receive concomitant reduced funding.
 - Schools that enrol students that have been excluded from other schools because they are disruptive, difficult to teach, or simply not sufficiently high academic achievers should receive additional public funding, and the excluding schools concomitant reduced funding.
 - The Commonwealth should fund schools that employ recent graduates (or other teachers granted provisional registration) to fully cover reduced teaching loads, supervision and mentorship, professional development and other measures to support the teacher reaching *Proficient* career stage of the Australian Professional Standards for Teachers and obtaining full registration and to ensure all students at the schools receive quality teaching. Schools with a high proportion of early career teachers (fewer than five years of experience) should receive additional funding for professional development and support to ensure all students receive quality teaching. It is important that the Commonwealth provides the funds, not the school authorities, because it is an area of substantial difference between the public and private sectors – see Section 2.4.3.

4.4 Regulation of new and expanding schools

- The Education Council of the Council of Australian Governments should implement the 2011 Gonski report recommendation for 'new, cross-sectoral School Planning Authorities in each jurisdiction' (Gonski, 2011, p. xvii) to better ensure a more coordinated approach to planning for new and expanded private and public schools.
- Public financial contributions for capital funding for new and expanded schools should be from a Commonwealth-funded School Growth Fund, and be based on recommendations of the School Planning Authorities. They should take into account the public sector's responsibilities

and constraints, and the private sectors' concomitant freedoms, and ensure that the quality of education in public schools and other existing schools in a locality is not undermined.

4.5 Transparency and fairness of tax expenditures and revenue foregone – reconsideration of charitable status

- ACARA should estimate and publicly report on the MySchool Website the indirect
 - Commonwealth funding of private schools through tax deductibility of donations and the tax free status of bequests and investment income
 - State and territory government funding of private schools by their exemption from payroll tax, land tax, and stamp duties (and note that public schools are liable for payroll tax)
 - Local government funding of both private and public schools through rate revenue foregone.
- The Commonwealth should investigate the inclusion of indirect funding through tax exemptions and tax expenditures in future measures of school revenue for the purposes of reporting and the development of an amended model for allocating per student recurrent funding.
- The Productivity Commission should investigate and reconsider the charity status of private schools in its Philanthropy Inquiry (Productivity Commission, 2023), covering tax deductibility of donations and bequests; exemption from taxes, levies and rates by Commonwealth, state and territory, and local governments; and related matters.
- State and territory governments should not advantage private schools in state government taxes.
- Local governments should charge private schools rates, as argued by the NSW and Victorian municipal associations and many individual councils. Private schools often have extensive grounds, and other ratepayers fund their uses of roads, footpaths, drains, traffic measures, carparking works and school crossing supervision.

4.6 Private school funding, integrity and accountability

Symposium participants expressed concerns about the high levels of public funding of private schools, taking the resource levels of most well above those of comparable public schools. The situation now is very different to that existing half a century ago when the Karmel Committee reported. Suggestions were made to limit funding, especially to those operating well above the SRS. The political difficulties of such action were recognised but not seen as insurmountable. In addition to the measures in the previous section, some specific measures regarding funding, integrity and accountability include:

- The Commonwealth should very significantly strengthen the Department of Education's regulatory assurance and compliance activities to prevent, detect and respond to non-compliance and fraud in the non-government school sector. The measures proposed in the 2023 Budget are only expected to save \$1.1 million a year ongoing, the equivalent of 0.007% of the total recurrent funding of private schools (Australian Government Department of Education, 2023a). In light of the many issues raised at the symposium, the measures appear to be derisory, and must become substantial.
- Private schools and authorities can seek a review of their DMI. They will do so if they believe that their existing DMI overstates their real capacity to pay, and they hope to increase their levels of public funding. DMIs are probably just as likely to understate as to overstate real capacity to pay. The Commonwealth must ensure that there are rigorous methods to uncover

and assess any understatements of DMIs, and to reduce funding in line with any understatement.

- On the school financing pages of individual schools' entries, ACARA should report the school's DMI and SRS. This is especially important for the accountability of Approved System Authorities that deal with funding for Catholic and independent systemic schools.
- In recognition of their funding by the Australian community, to maintain integrity and in line with the values of charitable purposes, all private schools should be required to not discriminate on grounds of sexuality or gender identity.

4.7 Research

Symposium participants recognised that AERO is relatively newly established and is to provide evidence-based research to support school practice. Bob Lingard argued that AERO should also commission (or recognise) research of and for policy, especially research into structural and systemic aspects of schooling. But it should also draw on the rich peer reviewed bodies of relevant research conducted in universities by experienced and reputable researchers.

5 Conclusion

Barry McGaw concluded that 'We are not well served by our school education: quality is declining; inequity is high and generally remaining so; funding levels vary greatly.' He also noted that 'Schooling in Australia is resistant to reform [especially] resistance to reform that puts advantage at risk.'

An equitable schooling system, with genuine needs-based funding, will only exist when families have no reason for not choosing their local public school except a genuine religious or similar reason (and that often has risks of exacerbating sectarianism and social tensions). As long as families tend to choose private schools for educational or social reasons, government policies have failed.

Australian governments, both Commonwealth and state and territory, must take responsibility for the quality and social role of the Australian school system as a whole. Without decisive action, quality, equity and achievement will continue to decline, to the detriment of the country and its future. Governments must make decisions based on what is best for the country as a whole and all school students, and not just respond to the most politically powerful.

Appendix: Symposium program

National symposium - *Funding, Equity and Achievement in Australian Schools*

Faculty of Education, University of Melbourne 17 April 2023

Opening – Jim Watterston, Dean, Faculty of Education, University of Melbourne

Overview of the issues

Barry McGaw – Emeritus Professor, Faculty of Education, University of Melbourne, former Director of the OECD Directorate of Education, and former CEO of ACER

Session one: Gonski Interrupted

Jane Caro – co-author of *What Makes a Good School?* and commentator on public schooling debates

Dean Ashenden – Honorary Senior Fellow, Faculty of Education, University of Melbourne, commentator on school education policy, previous consultant and school systems adviser

Kevin Bates – Federal Secretary Australian Education Union and former President of the Queensland Teachers Union

Roundtable discussions and reports #1

Is a sector-blind and needs-based approach to school funding desirable and possible?

Morning Break and Refreshments

Session two: The Current Funding Architecture and its Discontents

Chris Bonnor – co-author of *Waiting for Gonski*, regular public commentator on school policy, previous President of the NSW Secondary Principals' Council, 2001-2005

Trevor Cobbold – National Convenor of *Save Our Schools*, and previous economist for the Productivity Commission

Jane Kenway – Emeritus Professor Monash University and Professorial Fellow Melbourne University with expertise in policy sociology and public/private school debates

Roundtable discussions and reports #2

How do current approaches to school funding make it difficult to realise the goals of equity and achievement across all Australian schools?

Lunch

Session three: Future Funding Options

Adam Rorris – Former manager of the Schools Resourcing Taskforce, advised Commonwealth and state ministers of education on resourcing needs and policies for public and private schools

Glenn Savage – Associate Professor, Faculty of Education, University of Melbourne with expertise in educational policy studies and recent developments in Australian education

Bob Lingard – Professorial Fellow, Australian Catholic University, Emeritus Professor, The University of Queensland with expertise in education policy

Tom Greenwell – co-author of *Waiting for Gonski* and regular public commentator on school policy

Roundtable discussions and reports #3

What funding options have the greatest potential to overcome the hurdles that stood in the way of the Gonski reforms?

Afternoon Tea and Reception

Public Forum

Barry McGaw – Emeritus Professor, Faculty of Education, University of Melbourne, former Director of Education at the OECD and former CEO of ACER

Verity Firth – Pro Vice-Chancellor at the University of Technology Sydney, former Minister of Women in NSW and former chief executive officer of the Public Education Foundation in Australia

Carmen Lawrence – former Premier, Western Australia, former Minister in the Keating Labor Government, member of the Expert Panel for the Review of Funding for Schooling, 2011 (chaired by David Gonski)

Questions from the audience (present and online), responses from the panel and discussion

Closing remarks and thank you

Jim Watterston, Dean, Faculty of Education, University of Melbourne

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