

Review of the National School Reform Agreement (NSRA)
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This submission reflects our perspective as participants over decades in the development and analysis of schools funding policies. In 2015, for example, we were commissioned to write a report on schools funding by the Australian Council for Education Research (<https://research.acer.edu.au/aer/14/>).

The significance of funding

We welcome the Productivity Commission's review of the NSRA. We have prepared this submission because of the need, in our view, for a stronger recognition of the importance of both the level and the distribution of public funding for schools in the achievement of national goals and priorities. Governments have a responsibility for ensuring that all schools can provide the conditions most conducive to effective teaching; and adequate and appropriate funding is essential to achieving such conditions.

The document *Call for Submissions* prepared by the PC itself conveys an impression of complacency at a time when there is much evidence that Australian schooling is failing to make progress against the objective of providing "a high quality and equitable education for all students". By way of example, we were surprised by the following claim in the Background section of this document:

Although primary responsibility for school education lies with States and Territories – and each has its own local priorities, policies and regulatory frameworks – Australia has a longstanding practice of collaboration between all governments to deliver school education reform (COAG 2018).

Although it is true in a formal constitutional sense that primary responsibility for school education lies with States and Territories, this ignores the fact that, over time, policy and budgetary decisions by successive Commonwealth governments have been made without genuine collaboration with State and Territory governments. The public funding of private schools has by default become the Commonwealth's major financial contribution to education to the point where this commitment now exceeds the Commonwealth's investment in higher education — a function for which the Commonwealth does have the formal obligation.

To claim that "Australia has a longstanding practice of collaboration between all governments to deliver school education reform" is simplistic. This ignores the dysfunctional and asymmetrical relationship between the Commonwealth and States in the funding of public and private schools especially in the context of the problem of vertical fiscal imbalance in the Australian federal system.

States and Territories must maintain a balance between the demand for and supply of school places in order to guarantee access to universal schooling. This requires planning which takes account of growth, shift and decline in the school population, both overall and local. The point has been reached where, in many instances, States' planning for the provision of school places in the public sector is now reactive because there is little or no obligation for overall population planning by the private school sector, where decisions about the size and location of schools are made by independent and Catholic school authorities largely in their own best interests.

The Productivity Commission, in the context either of this review of the NSRA or of the broader inquiry into Australia's productivity performance, should consider the diseconomies arising from

the uncoordinated planning of public and private schools; and should put forward principles which would improve the productivity of the school system as a whole.

To a large extent, the distribution of teachers among schools within and between the public and private systems is now driven by market forces. This has led to Australia having one of the most socio-economically stratified school systems in the OECD and has created inequities which are hard to mitigate through compensatory funding alone.

Under the heading *Drivers of student outcomes*, the document calling for submissions states that “the nationally agreed reforms set out in the NSRA were, in part a response to evidence that simply providing more funding does not in itself improve student outcomes”; and that the OECD has found that ... “it matters more how money is spent, than how much is spent”. These kinds of platitude are often used for political purposes to quell legitimate concerns about the adequacy of public funding of schools, both in terms of the level and the equity of distribution. We trust that the Productivity Commission itself is not relying on these platitudes.

The primacy of teaching in school reform

When it comes to the achievement of optimal outcomes from schooling, the heart of that narrative is the centrality of teaching to student achievement. The quality of the curriculum is vital, but it is teachers who provide students with access to that curriculum. There is a case for the development of diagrams of objectives, targets and outcomes (as in Figure 1) and of a national measurement framework for schooling setting out key performance measures (as in Figure 2) to be embedded in a policy narrative. Reading the document calling for submissions from our perspective as grandparents, we found both the NSRA objectives, targets and outcomes and the national measurement framework to be rather sterile, technocratic and managerial in tone.

In making the following comments about this document itself, as well as about the effectiveness and appropriateness of the NPIs and of the Measurement Framework in measuring progressing towards specified outcomes, we wish to make clear that we accept that the process of setting goals and priorities for our school system must include structures and processes for measuring progress towards those goals and priorities. At the same time, there is a need to deal with the realities of a process that is subtle and complex. The outcomes of schooling are difficult to isolate from so many factors outside the control or influence of schools; and the impact of particular policies or of changes to curriculum and pedagogy may not be evident in the short term. The outcomes of schooling are also affected by the political and cultural context in which schools operate. These complexities create a risk of undue priority being given to initiatives that are most readily able to be measured over the short term.

Teachers’ salaries are the most significant cost of schooling, comprising around 58 per cent of all recurrent expenditure on public schools; and 48 per cent of total recurrent spending on non-government schools; a total of 54 per cent of recurrent expenditure on all schools. A further amount of recurrent funding goes to support for teaching, including for support staff as well as administrative and other non-teaching staff, technology and materials.

For some time, governments, Commonwealth and state combined, have provided recurrent funding at a level that covers the cost of teaching staff salaries across both the public and non-government sectors. In the public sector, teachers have always been employed and paid directly by state governments. For non-government schools, by 2020, expenditure on teaching staff salaries of around \$12 billion was exceeded by funding of around \$14 billion provided by the Commonwealth alone. States and territories provided further funding to those schools of some \$4 billion.

It is now incumbent, in our view, upon both levels of government to take an overview of the whole system, public and private, in order to develop a rational basis for sharing responsibility for the planning and funding of this national publicly funded asset – the teaching force.

In July 2020, we put forward a submission to the independent inquiry in NSW headed by Professor Emeritus Dr Geoffrey Gallop, *Valuing the Teaching Profession*. In this submission we proposed the development of a formula for the recurrent funding of schools based on the principle that the critical factor in students' successful engagement with schooling is time spent with effective teachers. This formula would build on the current concept of the Schools Resourcing Standard (SRS) and on the kind of staffing formula generally used by state education authorities for public school systems. We proposed the introduction of a Schools Teaching Staff Entitlement Standard (STSES). This would consist in a school's teacher staffing entitlement complemented by the related resources needed to support teachers in their work. The objective would be to ensure that all schools have the resources needed to provide the conditions that are most favourable to high quality teaching, taking account of the differing student communities schools serve and the range of circumstances in which they operate. This funding mechanism we proposed could be described as a more comprehensive, complex and sophisticated form of staffing formula, with the addition of the range of resources required to support the work of teachers.

Our submission to the Gallop Inquiry had a focus on the public school system in NSW. We have included it as an attachment to our submission to the Productivity Commission on the grounds that the principles it puts forward are, in our view, relevant both to this review into the NSRA and to the Productivity Commission's concurrent inquiry into Australia's productivity performance more broadly, given the critical contribution of schools to the formation of human capital in Australia.

The adoption of a Schools Teaching Staff Entitlement Standard (STSES) would provide a rational basis for both levels of government to share responsibility for the planning and funding of the teaching force as a vital national asset; as well as for the reform of national schools funding policy to overcome current and well-documented diseconomies and inequities.

In conclusion, we propose that there is also a need for a deeper structural relationship between teacher education in universities and schools throughout all stages of a teacher's career, from pre-service onwards to ensure that teachers remain abreast of the implications of research for their own practice.