



The Hon James Merlino MP

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Mr Jonathan Coppel
Presiding Commissioner
Australian Productivity Commission
Level 12, 530 Collins Street
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Dear Mr Coppel

On behalf of the Victorian Government, I welcome this opportunity to provide further information and feedback in relation to the Productivity Commission's draft report, *National Education Evidence Base*, released on 6 September 2016.

Victoria supports efforts to improve the national education evidence base for early childhood education and care (ECEC) and schools, and the development of national approaches to sourcing and reporting data in a way that will improve outcomes. Victoria would like to provide comment on three of the Commission's findings, as detailed below, in advance of the development of the final report of the inquiry.

Draft Finding 1.1: Notwithstanding substantial increases in expenditure on education over the past decade, national and international assessments of student achievement in Australia show little improvement and in some areas standards have dropped.

Victoria recognises that funding is a necessary but not sufficient requirement to improve educational outcomes. However, the international and local evidence is clear that when increased school funding is directed to the right things, it makes a real difference to improving student outcomes, particularly for disadvantaged students.

For example, when it comes to school funding in Australia, the national evaluation of the Low SES National Partnership found that participation in the program was associated with significant growth in literacy and numeracy achievement between years 7 and 9. Significantly, the 2014 evaluation of National Partnerships funding noted the targeted approach to the use of NP funding taken in Victorian schools, which was focused on addressing evidence-based needs.¹ This confirms that funding can be effective in improving student outcomes, when its use is guided by data at school and system level. The impact of additional funding when targeted to need has also been identified through several major international studies. For example, a longitudinal study of school finance reforms in the United States found that for children from low-income families, increasing per-pupil

¹ *National Evaluation for the Low SES National Partnership and the Literacy and Numeracy National Partnership - Impact Stage Final Report March 2014.*

spending yielded large improvements in educational attainment, wages, family income, and reductions in the annual incidence of adult poverty.²

For this reason, Victoria has welcomed the significant boost to school education funding under the Gonski Heads of Agreement. This includes \$566 million over four years in needs-based funding targeted to improve outcomes for children who need extra help at school, as part of Victoria's Education State reform agenda. This agenda includes ambitious targets based on evidence at a systemic level, as well as in schools. The Education State reforms are already making a difference in Victorian schools, and the Department is tracking its progress and learning from its performance. However, it takes time for increased school funding to translate into improved student outcomes. As this funding only made its way into school budgets in 2016, its full effect is unlikely to have been reflected in the 2016 NAPLAN results, as NAPLAN testing only occurred in May this year.

Notwithstanding this, the Commission's finding also does not fully capture the level and nature of increased school education expenditure over the past decade and its relationship to student achievement. The Commission claims that overall recurrent government expenditure on schools increased by 24 per cent between 2004-05 and 2013-14 (almost 14 per cent per student across government and non-government schools) (p. 30).

These figures do not take into account inflation, wages and student enrolment growth over this time. When these are considered, the effective increase in expenditure is closer to half the figure provided by the Commission, and so considerably less per student.³ The Commission also does not distinguish investment in infrastructure (which is not needs-based) from other forms of education expenditure, or different rates of education expenditure growth for government and non-government schools. As such, it is difficult to discern from the report the true relationship between increased student funding and student outcomes.

Victoria requests that the Commission includes in its final report:

- Australian and international evidence on the links between targeted funding and improved student outcomes
- further detail on the breakdown of the funding it references, and on the real increase in education funding over the last ten years (taking into consideration inflation, wages, and student enrolment).

Finding 2.1: National level data play a key role in top-down monitoring, benchmarking and accountability processes, but are insufficient to achieve improved outcomes. They need to be complemented by a bottom-up approach that evidence about what works best, for whom and in what circumstances.

² Jackson et al. (2015), *The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms* (NBER Working Paper No. 20847). National Bureau of Economic Research.

³ Grattan Institute: ['Fact Check: Has education spending gone up while student achievement has stalled or declined?'](#)

Finding 5.1: There is a considerable amount of education and other relevant data already collected, but there are impediments to its access and use.

Victoria agrees that there are significant gains to be made to improve accessibility to education data, and welcomes efforts to improve the national evidence base on education. While a significant body of evidence about what works in schools already exists, the challenge is how best to use this evidence to improve outcomes. This is why we committed to significantly increasing the transparency of school performance information, in our recent response to the Bracks Review of Government School Funding.

As part of Victorian efforts to build the evidence base about what works in school education, Victoria provided funding to the development of the Australian Teaching and Learning Toolkit by the Education Endowment Fund (EEF), as cited by the Commission's report. The Toolkit provides a plain-English summary of education research and the impact of a range of teaching and learning strategies to improve student outcomes. This year, Victoria provided further funding to the EEF to integrate early years research into the Toolkit, in order to provide a consolidated evidence-based resource for all school and early years educators to drive improved outcomes.

Access to, and use of data, are significant challenges in early childhood education and care. There are considerable gaps in early years data, owing in part to the complex and fragmented nature of the market for early childhood education and care. For example, access to unit-level (de-identified) child care data would significantly improve the capacity of states and territories to understand and analyse participation in ECEC prior to preschool. This would inform policy development in targeting support to vulnerable and disadvantaged children with limited access to high quality ECEC, and would enable more efficient and effective planning for and investment in preschool to lift development and education outcomes. Victoria does not have access to Commonwealth ECEC data, which constrains its oversight of, and support for, ECEC provision.

The Commonwealth Department of Education and Training and the Australian Bureau of Statistics are proactively working with States and Territories to establish an integrated data set that comprises the National Early Childhood Education and Care Collection (on preschool participation), Australian Early Development Census data, and the Australian Children's Education and Care Quality Authority data on service quality ratings. This is an important step forward, and should be supported as the basis for establishing a broader, longitudinal and higher quality data set that can be used at all levels of government and for research more generally, subject to appropriate privacy requirements.

In light of these significant developments, Victoria is concerned that the particular challenges and barriers to developing an ECEC evidence base have not been recognised by the Commission, nor has the Commission made specific recommendations about how they could be addressed.

Victoria requests that the Commission includes in its final report:

- recognition of the significant gaps in the quality of, and access to, early childhood education and care data
- explicit recommendations regarding national efforts to improve the quality of, and access to, early childhood education and care data

Victoria strongly supports the commitment to improving the national education evidence base for schools and early childhood education and care. These are of vital importance to ensuring that the education system works for all children and young people, including the most vulnerable.

Victoria welcomes this opportunity to provide this submission in advance of your final report and looks forward to further discussion about this matter.

If you would like further information, I encourage you to contact Gill Callister, Secretary, Department of Education and Training,

Yours sincerely

20.10.16

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