

Business
Council of
Australia



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**Submission to the
Review of Funding for Schooling**

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PROMOTING HIGH-QUALITY OUTCOMES FOR SCHOOLING

The Business Council of Australian (BCA) welcomes the opportunity to make this submission to the Review of Funding for Schooling.

The BCA is an association of the CEOs of more than 100 of Australia's leading corporations with a combined workforce of more than 1.2 million people. The BCA provides a forum for Australian business leaders to contribute directly to public policy debates. The BCA's goal is for Australia to be the best place in the world in which to live, learn, work and do business. Through research, communication and advocacy, BCA members pursue economic, social and environmental policy outcomes for the benefit of all Australians.

A high-performing education system underpins productivity and prosperity. Schooling provides Australians with the skills they need to effectively participate in the workforce, and as such will be crucial in building the skilled workforce required to drive productivity growth into the future. It is therefore necessary that school education in Australia provide high standards of teaching and the best possible learning environments so that all students, no matter what their background, are able to finish school with appropriate skills and knowledge. In essence, funding arrangements must provide incentive structures and rewards that support and drive high-performing teachers, high-performing schools, real choices for parents and methods for tackling disadvantage.

This is particularly important given the challenges being faced by the school education sector. Too many students are falling behind at an early age and becoming disengaged. These students often never catch up, or drop out of school all together. In 2009, approximately 16 per cent of 20 to 24 year olds had not attained a Year 12 or equivalent qualification.

Not completing Year 12 or the training equivalent reduces the likelihood of an individual entering into continuous and well paid employment. Australian Bureau of Statistics figures show that the unemployment rate for Australians of working age who have attained only Year 11 or below, is double the unemployment rate for people who have a vocational education and training qualification or a higher education qualification. Those who do not complete Year 12 or its equivalent are also more likely to be unemployed for long periods, experience economic hardship and poor health, and leave the labour force altogether.

There is also a considerable shortage of young people with the knowledge and skills required for many areas of demand in the workforce, including literacy and numeracy skills and a broader range of skills and knowledge such as language skills, negotiation skills, teamwork and cross-cultural capabilities.

Industry would also like to see a national effort in increasing the number of students who obtain both Year 12 and a vocational or apprenticeship qualification through more structured pathways to vocational education and training.

The Review of Funding for Schooling provides a timely opportunity to consider the funding arrangements needed to address these challenges and drive improved workforce participation, productivity growth and opportunities for individual Australians. This submission outlines a number of priorities that will help achieve this, including:

- developing funding models where funding follows the student
- providing more autonomy for principals
- improving teacher quality
- addressing disadvantage through additional targeted funding
- improving transitions to post-compulsory education.

GREATER FOCUS ON EDUCATIONAL OUTCOMES

Better educational outcomes will be a key factor in driving improved productivity growth and prosperity into the future. Funding and governance models should therefore focus on achieving the following outcomes:

- A substantial improvement in the number of Australian students successfully completing Year 12 or equivalent training.
- Improving the successful transition of students, who are not going directly into higher education, into vocational education and training pathways.
- Ensuring that students gain appropriate knowledge and generic skills, including improved literacy and numeracy, communication, learning and technology skills.
- Ensuring students have the capacity to apply these skills in their working lives.
- Enabling greater levels of economic and social mobility for Australians.

A national curriculum that provides the basis for more consistent national and international learning outcomes must also be supported by funding and governance arrangements across all states and territories. A national curriculum together with the education outcomes described above would provide the basis for greater workforce mobility.

While we note the different models for the funding of government and non-government schools, we believe they should aim to achieve a shared goal – producing the best possible outcomes for all Australian students.

FUNDING THAT FOLLOWS THE STUDENT

Increased levels of funding do not necessarily result in improved educational outcomes. Instead, educational outcomes are more likely to be dependent on the modes of distributing funding and the effectiveness with which resources are used.

We believe that better outcomes can be best supported by a public sector funding model where funding follows the student. Many states and territories currently use formulas based on staffing needs and other operational costs to determine the level of funding each government school will receive. It is our view that these mechanisms should be replaced by a model that is more closely linked to the number of students enrolled in the school.

This funding should be provided directly to the school on a per capita basis that is linked to actual enrolments and weighted for disadvantage and locational issues. This type of funding model, while not being a voucher system per se, does link funding more closely to demand by being based on student numbers and the needs of students, particularly those who are from disadvantaged backgrounds. This provides greater incentives for schools to focus on achieving better educational outcomes as well as providing greater certainty, transparency and flexibility for schools in terms of funding.

Funding systems should also be designed to ensure the highest possible proportion of funding actually goes to the delivery of education.

MORE AUTONOMY FOR PRINCIPALS

While identifying an appropriate model for Australia's school funding system will be important for supporting better outcomes, it needs to be complemented with improved governance structures, in particular greater autonomy for principals. Funding models that provide greater flexibility will be limited in their effectiveness if principals are not given the ability to make appropriate decisions regarding the direction of funding.

One of the key differences between the non-government and government school sectors is the greater level of autonomy and discretion that is available to principals in non-government schools. Principals in non-government schools have the capacity to make decisions that promote the best possible outcomes for the school. This is often not the case in government schools, where lack of autonomy often leaves principals with little ability to address inefficiencies.

Greater levels of autonomy and discretion must become a key feature of the government school system as well as the non-government system. This is particularly important in terms of giving school principals the capacity to hire, retain and encourage quality teachers. The head of the school is in the best position to know the needs of the school and to match those needs with the skills of potential teachers. This can make an important contribution to better teaching and learning.

While greater autonomy will result in improved outcomes for government schools, this would be even further enhanced by programs that support the capabilities of principals and schools leaders so that they are well equipped to make the best decisions for the school.

We believe that the review needs to consider these issues in some detail and develop recommendations for ways in which government schools can be given greater flexibility and autonomy.

IMPROVED TEACHER QUALITY

Research has consistently shown that improving the quality of teaching is the most effective way to achieve better educational outcomes for individual students. Excellent teaching is the key to increased student engagement and higher levels of achievement. Any review of funding mechanisms for schools must therefore consider ways in which excellent teaching can be rewarded and capable teachers can be attracted to and encouraged to remain in our schools.

In previous analysis undertaken by the BCA, a number of reforms were identified as being necessary for the improvement of teaching quality in our schools. These were: recruiting talented and capable people into teaching, recognition for excellence in teaching (including through appropriate performance assessment and remuneration), and supporting continual learning by teachers.

The federal government currently provides funding to the states and territories to support improvements in teacher quality through the Smarter Schools – Improving Teacher Quality National Partnership, and has also recently committed to providing bonus pay to high-performing teachers commencing in 2013-14. The federal government's priorities are the right ones and are very important for the outcomes of the school education sector. It will be crucial that these policies are effectively implemented and that there is a focus on working with teachers and education leaders throughout the development and implementation phase.

The BCA would like to see state and territory governments continue to develop frameworks for rewarding excellent teachers that will help attract and retain capable teachers, and provide incentives and recognition for those who strive to improve their teaching performance. The funding of initiatives to reward excellent teachers should be a shared responsibility between state and territory governments and the federal government.

ADDRESSING DISADVANTAGE

While funding that follows the student will be a more effective, outcomes-based means of distributing funding, it is recognised that many schools will have additional costs associated with the delivery of education for students from disadvantaged backgrounds that will require additional targeted funding.

Only by improving the quality of education provided to every young person can we effectively begin to give disadvantaged groups the foundations they need to participate fully in the workforce and in community life. This will produce social, health and economic benefits, not only for the individuals themselves, but for the nation. Significant barriers can be faced by people from disadvantaged backgrounds, and many of these students are at risk of becoming disengaged or dropping out of school.

The non-government school model has proven to be quite effective at providing funding for schools in areas of relative disadvantage. The area-specific funding combined with greater autonomy and discretion available to school principals in the sector mean that the schools are able to direct the additional funding to where it is needed. This has resulted in clear improvements for many schools.

Consistent with the non-government schools model of addressing disadvantage, government school funding models should also look to provide targeted funding for disadvantaged students based on 'per student' rates that reflect the socio-economic status of the school community.

This additional funding, however, only goes part of the way to addressing issues of disadvantage. Many government schools with high numbers of disadvantaged students perform very poorly in comparison to other schools and will require even more support to succeed. They need to have the capacity to attract an equal share of the most talented and capable teachers, and to develop innovative solutions to supporting the educational attainment of their students.

It is therefore worth considering how to boost funding to schools where there is a concentration of disadvantage, keeping in mind that the effectiveness of additional funding will also depend on greater autonomy for principals. In addition, greater incentives will be present if additional funding is also linked to measured outcomes and performance.

IMPROVING TRANSITIONS TO POST-COMPULSORY EDUCATION

Improving transitions to post-compulsory education can also help improve outcomes for students from disadvantaged backgrounds. Incorporating greater choice for students during their studies, including the opportunity to complete more applied courses, can increase the proportion of students that go on to complete further education and employment.

Vocational education and training (VET) in schools provide students with the option of completing vocational and technical subjects as well as more academic subjects. For example, the Victorian Certificate of Applied Learning (VCAL) program provides an applied learning option for students who are more likely to transition from school into the VET sector. The VCAL program allows students to do a combination of VCAL units and Victorian Certificate of Education (VCE) units. Students can also transfer between the VCAL and the VCE. More applied learning options provide students with a combination of experience and skills that make the transition between school and further study or work much easier to navigate.

Funding models should ensure that schools have the capacity to provide more flexible options to students, and should reflect any variation in costs for providing different types of courses. Again, a student-based funding model would be the most appropriate means of delivering such funding. It will also be important to work with industry to ensure that VET in school programs are of a high quality and relevant to industry needs.

A ROLE FOR BUSINESS

Business has an important role to play in supporting schools in the future and creating new opportunities for students, teachers and school communities. This can be achieved through partnerships and funding.

To assist disadvantaged schools and improve infrastructure, all schools should have access to additional sources of funds and support from businesses and philanthropic organisations. This is discouraged by the existing tax deductibility rules applied to schools.

Existing taxation laws and other regulations offer very limited incentives for businesses or individuals to provide funding or support for schools. This rules out a potential new funding source for schools and for various reasons, tends to disadvantage less fortunate schools the most.

Amending tax laws to allow businesses and philanthropic organisations to make tax deductible donations to schools, especially those with a high proportion of students from disadvantaged backgrounds would unlock a potential new funding source.

CONCLUSION

Given the important role that school education plays in supporting a skilled workforce, it is important to give consideration to the ways in which the funding system can support better outcomes within the sector. It is our view that any model should aim to do this by developing funding models where funding follows the student, providing greater autonomy for principals, improving teacher quality, supporting better outcomes for disadvantaged students, and promoting better transitions to post-compulsory education.