

Funding State Schools

**Queensland Teachers' Union
State Budget Submission
2010/2011**



March 2010

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2010 QTU Budget Priorities – Key Recommended Budget Initiatives*Capital Works and Maintenance*

THAT the State Government develop an ongoing program to address capital works and maintenance in state schools to commence in the 2011-2012 financial year.

THAT the State Government develop an ongoing program, commencing in the 2010-2011 financial year, to increase and improve teacher housing.

THAT the State Government commit to a minimum expenditure on school capital works and maintenance of \$760m per year over the period of 2010-2020.

THAT the State Government commit to a minimum expenditure on increasing and improving teacher housing of \$70m per year over the period 2010-2020.

Reducing Class Sizes, Years P-3 and 11-12

THAT the State Government commit to a phased class size reduction program to achieve class size maximums of 20 in Years P-3 and 23 in Years 11-12 by the year 2015.

THAT the State Government allocate an additional \$29.1m per year over the 2010-2014 State Budgets for additional teacher numbers to achieve the above class size maximum targets.

Needs-Based Resourcing

THAT the State Government commit to developing, in cooperation with the QTU, a needs-based resourcing model for schools.

THAT the State Government commit to increasing the numbers of specialist and support staff for students with additional educational needs arising from disadvantage by 300 (in addition to numbers to meet enrolment increases) over the next five years.

THAT, in the 2010-11 State Budget, as the first step in creating 300 additional positions, the State Government provide \$5.6m in additional expenditure to increase specialist and support staffing including additional guidance officers, and behaviour management, learning support, special education, and ESL teachers.

State Government Green Paper – A Flying Start for Queensland Children

THAT the State Government commit to carefully assessing and fully funding any reforms arising from the Green Paper, *A Flying Start for Queensland Children, Education*.

2010 QTU Budget Priorities

Capital Works and Maintenance

A research study by education economist Adam Rorris in 2008¹ noted that:

- School facilities have significant impact on student performance;
- Appropriate school buildings allow extended school hours and community use;
- The ageing of existing stock means an increasing share of expenditure on new buildings;
- Environmental sustainability can improve school performance.

Rorris examined levels of investment in school infrastructure and found:

- Investment in capital infrastructure in Australian public schools is significantly below that for schools in the private sector creating “an immense gap in the resources available to public schools compared to the private sector”.
- Most states and territories need to at least double their current level of capital expenditure on public schools to catch up with the private sector.
- In Queensland the capital investment “gap” between public and private sector schooling was in excess of \$1,000 per student per year.
- Queensland would need to find an additional \$3.4b over current levels of capital expenditure on public schooling over the period 2009-2020 in order to “catch up” with the private sector.

Rorris’s general conclusion is that the case for substantial additional capital investment in Australian public schools is “very strong”.

Queensland state schools have been the beneficiaries of significant recent injections of capital and maintenance funding through the State Schools of Tomorrow program which provided \$850m over five years and the Commonwealth Building the Education Revolution (BER) program which provided \$2.1b over four years. The majority of funding from both of these programs has already been provided. The 2010-11 State Budget will provide the final instalment of State Schools of Tomorrow funding; BER funding runs out in 2011-12.

Rorris’s 2008 analysis would have taken into account the State Schools of Tomorrow funding but not the BER funding. In a subsequent analysis in 2009², Rorris acknowledged that in terms of its size, BER funding was an important and welcome step forward in addressing the capital needs of public schools (particularly primary schools). He noted, however, that there were some significant areas of capital need that were not picked up under the three BER programs (Primary Schools for the 21st Century, Secondary Science and Language Centres, and National School Pride). Furthermore, BER funding does not redress the imbalance in capital infrastructure between the public and private schooling sectors.

¹ Rorris, A. Rebuilding Public Schools: 2020 Investment Targets, research paper commissioned by the Australian Education Union, 2008. <http://www.aeufederal.org.au/Publications/Rebpuclschls.pdf>

² Rorris, A. Rebuilding Australian Schools: Possibilities and Implications, presentation to Australian Education Union, March, 2009. <http://www.aeufederal.org.au/Publications/2009/NPEF/ARorris.pdf>

It is important, therefore, for the Queensland Government to take steps now to ensure that the positive impetus created, after many years of neglect, to address public school capital works needs through the State Schools of Tomorrow and BER programs is sustained.

Using Rorris's target of a required *additional* \$3.4b in capital works expenditure to 2020 and adjusting for the \$2.1b in BER funding, the QTU estimates that Queensland must ensure that it maintains on average capital works expenditure on public schooling of a minimum of \$760m per year over the period 2010-2020. This figure should be easily exceeded in the 2010-11 State Budget due to the next instalment of BER funds. However, without a significant State Government commitment to ongoing capital works expenditure in subsequent years, the target will not be met.

Teacher Housing

Recent years have seen disputes over the quality and availability of teacher accommodation in a number of rural and remote settings.

In order to provide schooling to all students in the state, over 1200 Queensland state schools operate across a range of urban, rural and remote settings. The QTU believes that there should be accommodation of an acceptable standard for teachers who require it in centres where there is no private rental market or where the cost of private rental accommodation is consistently and abnormally high. The QTU believes that funding for teacher housing has been sadly neglected over many years so that there now exists the need for a significant funding injection to:

- provide the necessary additional housing;
- upgrade current housing stock to an acceptable standard;
- replace current housing stock which is no longer suitable;
- put in place an adequate maintenance program.

Additionally, specific co-ordinated programs need to be established to provide adequate climate control in teacher housing.

For many years, funding allocations for teacher accommodation in State Budgets have been marked by nominal increases which have not kept pace with needs. In 2008, the State Auditor-General³ reported a *maintenance backlog* for teacher housing of \$37.2m. The amount allocated for teacher housing maintenance in 2008-09 was \$10m and in 2009-10 was \$22.4m. While the increase in maintenance funding over these two years was welcome, it was not enough even to clear the backlog of maintenance needs identified by the State Auditor-General.

In addition to maintenance issues, there is a clear need to increase the availability of teacher housing in a significant number of rural and remote communities. The 2009-10 State Budget allocated only \$11m for teacher housing capital works. There is a need for a substantial increase in expenditure in this area.

³ Auditor-General of Queensland, Report to Parliament No. 4 for 2008, Results of Audits of 31 May 2008.

The QTU recommends that the State Government develop an ongoing program, commencing in the 2010-2011 financial year, to increase and improve teaching housing. The State Government should commit to a minimum expenditure of \$70m per year over the period 2010-2020.

Recommended Budget Initiatives

THAT the State Government develop an ongoing program to address capital works and maintenance in state schools to commence in the 2011-2012 financial year.

THAT the State Government develop an ongoing program, commencing in the 2010-2011 financial year, to increase and improve teacher housing.

THAT the State Government commit to a minimum expenditure on school capital works and maintenance of \$760m per year over the period of 2010-2020.

THAT the State Government commit to a minimum expenditure on increasing and improving teacher housing of \$70m per year over the period 2010-2020.

Reducing Class Sizes, Years P-3 and 11-12

Despite some prominent critics who deny the educational efficacy of reducing class sizes,⁴ the conclusion drawn by a review of the class size research in 2006 by the Centre for Public Education, run on behalf of the American National School Boards Association, was that “the preponderance of the evidence supports positive effects and academic gains when class size reduction programs in primary schools are well-designed and properly implemented”.⁵

Other writers, while admitting that smaller class sizes may have positive effects on student behaviour and achievement, have criticised class size reduction programs as too costly.⁶ However, researchers associated with the Project Star class size reduction program, in the American state of Tennessee have argued that the costs of reducing class sizes are often overstated in the literature.⁷ Furthermore, American research reported in 2007 found significant economic benefits from smaller class sizes in the early years of schooling as a result of higher graduation rates, increased tax revenue from higher levels of employment, reduced welfare payments, lower imprisonment rates and better health. The “net cost savings to society” were estimated at \$168,000 per student (rising to \$196,000 per student for students from low income families).⁸

Much has been made of the need for Queensland to improve literacy and numeracy outcomes of its students.⁹ The recent State Government Green Paper, *A Flying Start for Queensland Children*, notes that Queensland’s NAPLAN results rank below those for other states and territories and commits the Government to “lifting the performance of Queensland schools and schools in national and international tests and ensuring that Queensland is among the top-performing states”. Unfortunately, the chief measures foreshadowed to achieve this in the Green Paper are an advertising campaign to encourage parents to read to their children and encouraging the use of parent volunteers in schools. Neither of these is likely to provide much impetus to achieving the Government’s expressed goal of making Queensland a top-performing state in terms of student literacy and numeracy outcomes.

If the Government is really serious about improving literacy and numeracy outcomes, it should commit to a program of class size reduction in Years P-3. Qualified teachers working with smaller classes are far more likely to achieve better student outcomes than an “army” of unqualified, unpaid volunteers. There is good research evidence to

⁴ See, for example, Hanushek, E. *The evidence on class size*, Occasional paper 98-1, W. Allen Wallis Institute of Political Economy, University of Rochester, 1998.

⁵ National Center for Public Education, *Class size and student achievement*, National School Boards Association and National School Boards Foundation, 2006. There is little research evidence (positive or negative) relating to the effects of class size reductions in secondary schooling.

⁶ See, for example, Hoxby, C. “The cost of accountability” in Evers & Walberg, *School accountability*, Hoover Institute Press, Stanford, CA, 2002.

⁷ Achilles, C and Finn, J “The strange gloom and doom scenario of class size implementation”, paper presented to the At Constructing Common Sense from Class Size Research Symposium, Chattanooga TN, 2002.

⁸ Muennig, P & Woolf, S. “Health and economic benefits of reducing the number of students per classroom in US primary schools”, *American Journal of Public Health*, 97 (11), 2007.

⁹ See, for example, Masters, G. *A Shared Challenge: Improving Literacy, Numeracy and Science Learning in Queensland Primary Schools*, Australian Council for Educational Research, Camberwell, VIC, April, 2009.

this effect arising from Project Star, the class size reduction program run in the American state of Tennessee.¹⁰

The QTU successfully negotiated a reduction in maximum class sizes from 30 to 28 in Years 4-10 in 2006. Class maximums of 25 in Years P-3 and 11-12, on the other hand, have not changed since these maximums were implemented in the early 1980s following the recommendations in the 1979 Ahern Report into education in Queensland. It is time to reduce class sizes in these years. The QTU is seeking a phased class size reduction program to achieve maximum class targets of 20 for Years P-3 and 23 for Years 11-12.

The QTU estimates that an increase in teacher numbers (above those needed for any enrolment increases) over five years of 250 teachers per year for Years P-3 (1250 teachers in total) and of 60 teachers per year for Years 11-12 (300 teachers in total) would achieve the desired class size maximums of 20 for Years P-3 and 23 for Years 11-12. This would require additional funding of \$29.1m per year for five years.

Recommended Budget Initiatives

THAT the State Government commit to a phased class size reduction program to achieve class size maximums of 20 in Years P-3 and 23 in Years 11-12 by the year 2015.

THAT the State Government allocate an additional \$29.1m per year over the 2010-2014 State Budgets for additional teacher numbers to achieve the above class size maximum targets.

¹⁰ See National Center for Public Education, *Class size and student achievement*, op.cit.

Needs-Based Resourcing

The effects of poverty on education have long been recognised. In 1988, Connell and White developed the following table as part of a research project on “disadvantaged schools”:

Dimensions of the relation between Poverty and Education	
(We emphasise that the ‘effects’ listed are examples only; many more items could be included here.)	
ASPECT OF POVERTY	EXAMPLES OF EFFECTS IN EDUCATION
Inadequate income (family and community)	<ol style="list-style-type: none"> 1. schools short of equipment and voluntary labour. 2. families cannot afford educational support expenses.
Labour market vulnerability and economic dependence	<ol style="list-style-type: none"> 1. kids focus on immediate employment. 2. parents’ unemployment disrupts kids’ schooling and educational plans.
Lack of organisational power, exclusion from collective resources	<ol style="list-style-type: none"> 1. subjection to testing and streaming. 2. remoteness from resources such as libraries, pools, public transport.
Damaging environments (physical and social)	<ol style="list-style-type: none"> 1. physical effects of pollution. 2. racial tension in classroom and playgrounds.
Cultural marginalisation	<ol style="list-style-type: none"> 1. social distance between teachers and parents. 2. inappropriate content and teaching methods.

Source: Connell, R.W and White, V. (1988) “Child Poverty and Educational Action”, based on paper presented to Child Poverty Conference, Report 2, Poverty, Education and the Disadvantaged Schools Program, Macquarie University, p. 5.

As the table below (drawn from 2006 Census data) shows, the task of educating students from low-income families (who are far more likely to have greater educational needs) falls disproportionately on government schools (GS). The same is true in relation to other groups with greater educational needs such as Indigenous students and students with disabilities.

Social Composition of Queensland Schools – Percentage of Students from “low”, “medium” and “high” income families, 2006			
	Low (< \$800 p/w)	Medium (\$800 - \$1499 p/w)	High (> \$1500 p/w)
GS	40	36	24
Catholic	21	33	45
Independent	22	29	49
All	34	35	31

Source: Preston, B. (2007) “The Social Make-Up of Schools – Family Income, Religion, Indigenous Status, and Family Type in Government, Catholic and Other Non-Government Schools” an information paper prepared for the Australian Education Union.

Some Queensland state schools offer particularly difficult challenges, often due to socio-economic complexity. With the notable exception of the recent Low SES National Partnership Agreement (Commonwealth) funding, national and state funding policies have generally failed to recognise this and, in the case of funding for non-

government schools, actually exacerbate educational inequality. A commitment to quality educational outcomes for *all students* has long been a prime objective of the public education system in Queensland. The QTU fully supports this objective and has a history of advocating for resources and practices to enhance equitable outcomes.

Socio-economically complex schools face particular challenges in relation to matters such as:

- High levels of poverty and unemployment in the school community;
- Lack of social and economic infrastructure in the community;
- Relatively high levels of social dislocation and crime in the local community;
- Cultural diversity including high numbers of students from non-English speaking background;
- Relatively high numbers of students with special educational needs and students not achieving at recognised “benchmarks” for their age cohort;
- “cream skimming” of high achieving students by other schools;
- Relatively high rates of student absenteeism;
- Significant behaviour management issues, often relating to factors outside of the school;
- Inadequate, poorly maintained and/or outdated facilities and equipment;
- Lack of access due to costs to co- and extra-curricular opportunities;
- A higher than average rate of annual staff turnover;
- A greater proportion of inexperienced staff.

The QTU strategy for socio-economically complex schools entails identification of the state’s most complex schools and the development of a range of initiatives including:

- Treasury-funded additional resourcing;
- Better recruitment and retention strategies for teachers and administrators in complex schools;
- Measures to support teachers working in the most complex schools; including
 - improved behaviour management support; and
 - improvements to teaching and learning conditions.

The QTU calls on the State Government to develop, in cooperation with the QTU, a needs-based resourcing model for schools.

Provision of specialist and support staff to address the additional educational needs of disadvantaged students is woefully inadequate. Staffing models for these staff (e.g. guidance, learning support, behaviour management, special education and ESL staff) have remained at levels set many years ago and, in some cases, staffing levels have not even been adjusted for the dramatic increases in student enrolments over the years since the allocation was determined. The State Government should commit in the 2010 State Budget to increasing the numbers of these staff by at least 300 over the next five years with funding for at least an additional 60 in 2011.

Recommended Budget Initiatives

THAT the State Government commit to developing, in cooperation with the QTU, a needs-based resourcing model for schools.

THAT the State Government commit to increasing the numbers of specialist and support staff for students with additional educational needs arising from disadvantage by 300 (in addition to numbers to meet enrolment increases) over the next five years.

THAT, in the 2010-11 State Budget, as the first step in creating 300 additional positions, the State Government provide \$5.6m in additional expenditure to increase specialist and support staffing including additional guidance officers, and behaviour management, learning support, special education, and ESL teachers.

State Government Green Paper – A Flying Start for Queensland Children

The Queensland Government has released a “Green Paper”, *A Flying Start for Queensland Children, Education Green Paper*, which proposes some significant changes in the organisation of education in Queensland.¹¹ Consultation regarding the Green Paper will close in late June after the State Budget is brought down. It is important, however, that the State Government consider the potential implications of the Green Paper’s proposed reforms in formulating the 2010 State Budget.

A Flying Start organises its proposed changes to education around three objectives:

- Improving Children’s development, wellbeing and school readiness
- Improving transitions from primary to secondary school and supporting adolescent development
- Improving school discipline and the quality of teaching and setting high performance standards for all schools.

Proposals under the first objective include introduction of a kindy year for all children; creating an “army” of volunteers to assist schools with reading programs and encouraging parents to read to their children. The QTU supports universal access to a kindy year, which is already being rolled out in cooperation with the Commonwealth Government. There are issues of quality assurance with some private providers and the QTU urges the Government to consider co-location of kindies with state schools where possible.

As noted elsewhere in this submission, the recommendations relating to improving literacy and numeracy, which are put forward in relation to Objective One are not likely to contribute significantly to making Queensland a top-performing state in terms of student literacy and numeracy outcomes. Far more likely to be productive of this outcome is implementation of the recommendations in this Budget Submission relating to the reduction of class sizes.

A key proposal relating to the second objective of the Green Paper is to move Year 7 from primary schooling to secondary schooling in line with most other Australian states and territories. The QTU has noted in its response to the Green Paper that there are solid arguments for and against such a proposal, but that it has enormous resourcing implications for primary and secondary schools across Queensland. The State Government must ensure that implementation of this proposal, if undertaken follows a rigorous evaluation of its resourcing requirements and is fully funded.

In relation to the third objective identified in the Green Paper, key proposals with resourcing implications include creation of five Teaching Centres of Excellence, based in key schools across the state and the establishment of an independent education standards authority amalgamating the Queensland College of Teachers, the Queensland Studies Authority and the Non-State Schools Accreditation Board.

The QTU is extremely concerned about the proposed amalgamation of teacher registration functions and curriculum and assessment oversight in one authority – an

¹¹ The Green Paper can be accessed at: <http://deta.qld.gov.au/aflyingstart/>. The draft QTU response is available at <http://www.qtu.asn.au>.

arrangement that does not exist in any other state or territory. The QCT is currently entirely funded by the fees paid by teachers and they have a legitimate claim to a significant role in its operation. There is also a clear danger that in an amalgamated authority there would be a substantial increase in registration fees as this funding is directed to broader purposes in surreptitious cost-shifting from the State Government to teachers.

Recommended Budget Initiative

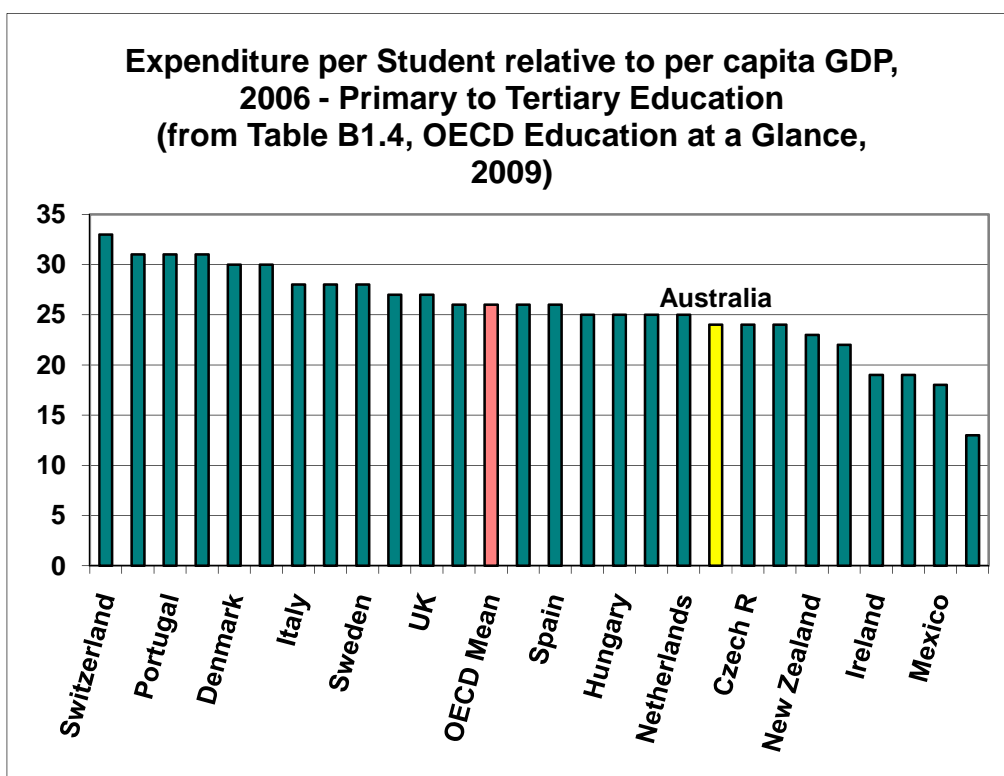
THAT the State Government commit to carefully assessing and fully funding any reforms arising from the Green Paper, *A Flying Start for Queensland Children, Education*.

Appendix – Understanding Federal and State Funding for Schools: Facts, Social and Policy Implications

The International Context

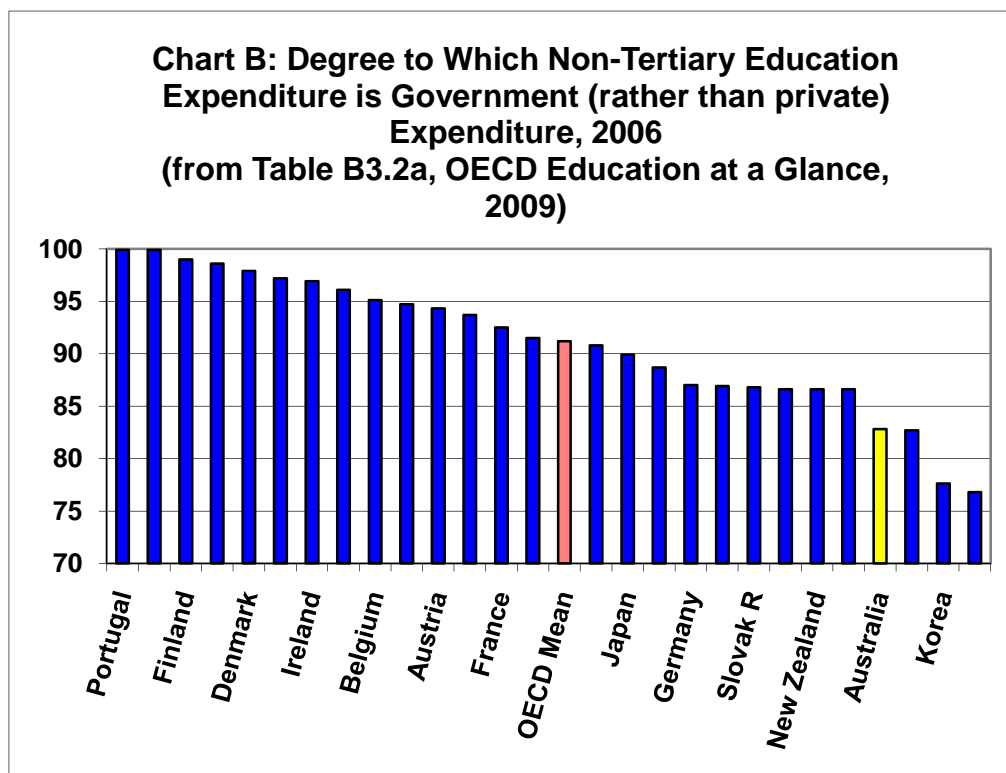
As a nation, Australia is a medium to low level spender on education. Chart A shows Australia’s ranking in terms of public expenditure on all levels of education. According to the Organisation for Economic Cooperation and Development (OECD), it ranks 19th of 27 countries reporting.

CHART A



A feature of Australian resourcing of education is the degree to which it is dependent on private (i.e. non-government) sources of revenue. In relation to tertiary education to a significant extent this is attributable to HECS and to a lesser extent to the expansion of full-fee courses. Australian students now bear an individual responsibility for the cost of their tertiary education which is high by international standards. What is perhaps more concerning is the degree to which Australian expenditure on *schooling* is dependent on private (i.e. non-government) sources of revenue (see Chart B below). This is an important indication of a growing policy orientation which sees all levels of education as an individual responsibility rather than a public good. Chart B shows that, even with tertiary education excluded, public expenditure levels as a proportion of all sources of funding for education are low in Australia by international standards. According to the OECD the proportion of public

expenditure on non-tertiary education in Australia decreased from 85.5 per cent in 1995 to 82.8 per cent in 2006.¹²



The National Context

The Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) comprises relevant state, territory and federal government ministers. The Council maintains a “taskforce” on schools resourcing. The taskforce undertook an analysis of the costs of public schooling in 2005 and reported that, nationally, public schools needed at least an additional \$2.4b in state/territory and federal funding per annum in order to be able to ensure delivery of the National Goals for Schooling endorsed in the Adelaide Declaration in 1999.¹³ The Australian Education Union estimated that the amount would be \$2.9b in 2006 prices.

This is a conservative estimate as some key schooling costs such as capital costs, costs associated with supporting students with disabilities and school administration costs were not included in the analysis.

A key feature of Commonwealth funding has been the unequal treatment of the government and non-government schooling sectors. A key issue is not just the increases in funding to non-government schools, it is the way in which funding is distributed amongst schools in the sector. From 2001, the Commonwealth no longer

¹² OECD, *Education at a Glance 2007, OECD Indicators*, Table, B3.2a, p. 220 & OECD, *Education at a Glance 2009, OECD Indicators*, Table, B3.2a, p. 232.

¹³ Ministerial Council for Education, Employment Training and Youth Affairs (MCEETYA) (2005) *Resourcing the National Goals for Schooling Stage 2 Report*
http://www.mceetya.edu.au/verve/resources/Resourcing_the_National_Goals_May_05.pdf

took into account a non-government school’s capacity to access private sources of income. Among the biggest winners in the change to the “SES funding model”¹⁴ in 2001 were the schools that were deemed under the previous funding scheme to have the greatest access to private sources of resourcing. Much of the increases in funding went to wealthy schools.¹⁵

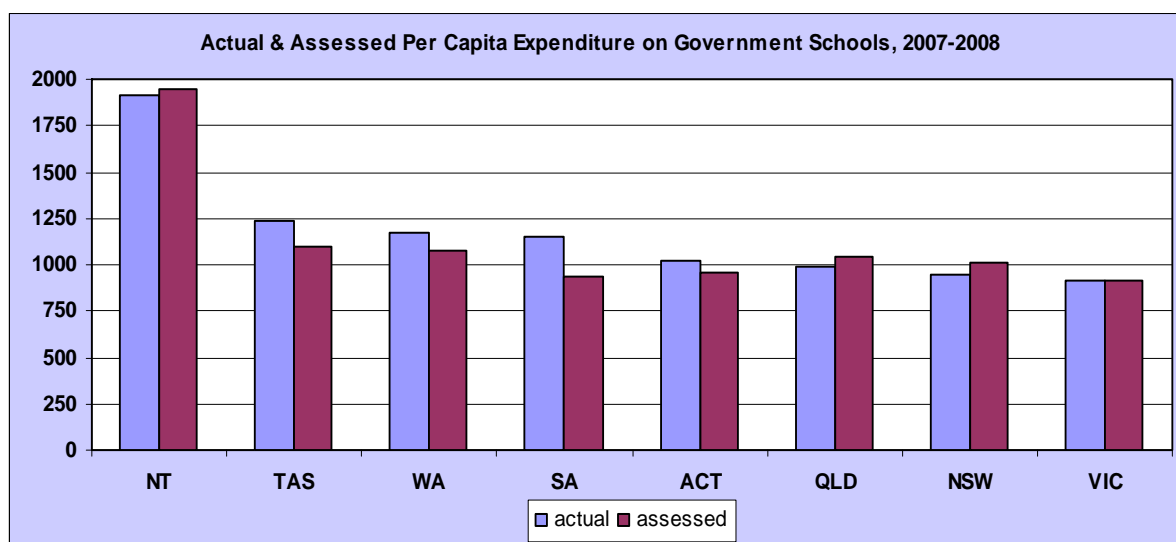
The Rudd Government has not to date addressed the issue of Commonwealth funding for schools, but has promised to review it if re-elected for a second term.

Queensland Schools Funding

The Commonwealth Grants Commission (CGC) assesses schools funding by reporting on both actual state/territory expenditure (the maroon columns in Chart C below), but also assesses what each state and territory would need to have spent, taking into account the particular advantages (e.g. economies of scale) or disadvantages (e.g. geographical dispersion) it faces, to have provided services at the average or standard level of all the other states and territories (the blue columns). Thus actual state expenditure on schools can be compared to that of other states/territories but also with the amount assessed as required to provide a standard level of service provision.

According to the Commonwealth Grants Commission, in the 2007-2008 financial year, Queensland was sixth in per capita funding for government schools among Australian states and territories. It also shows that Queensland’s actual expenditure was less than the amount assessed by the Grants Commission that would be necessary to provide a level of services at the Australian standard. Chart C depicts this visually.

Chart C



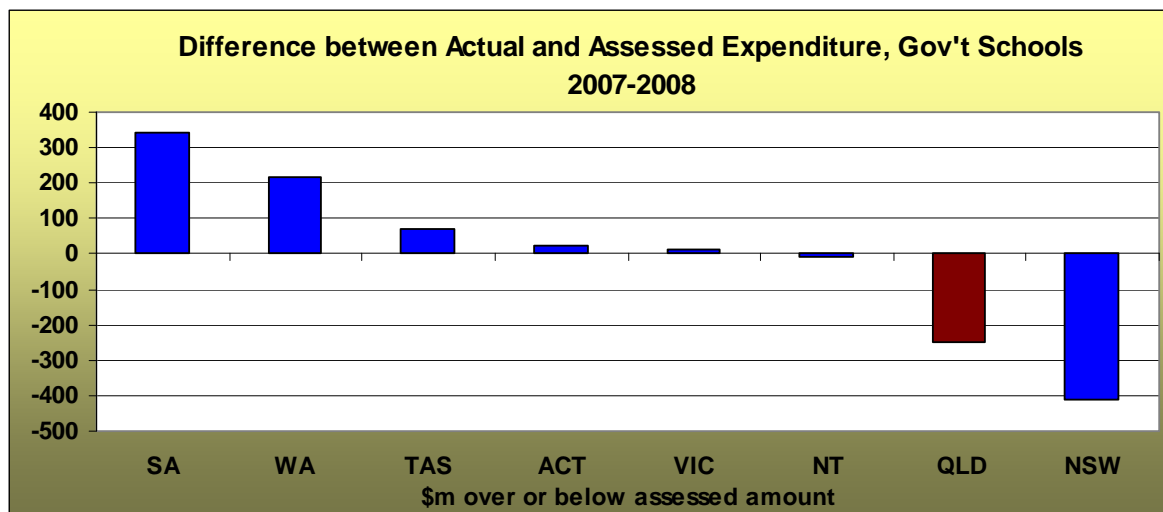
Source: Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-60.

¹⁴ The model is so called as it is based on an assessment the socio-economic status (SES) of the community or communities from which schools draw students.

¹⁵ Australian Education Union, “The SES Model – Biggest Increases to Wealthiest Schools”, AEU Fact Sheet No. 8, April, 2004, <http://www.aeufederal.org.au/Debates/factsheet8.pdf>.

Chart D shows that Queensland would need to have spent an additional \$251 million in 2007-2008 to have achieved this standard.

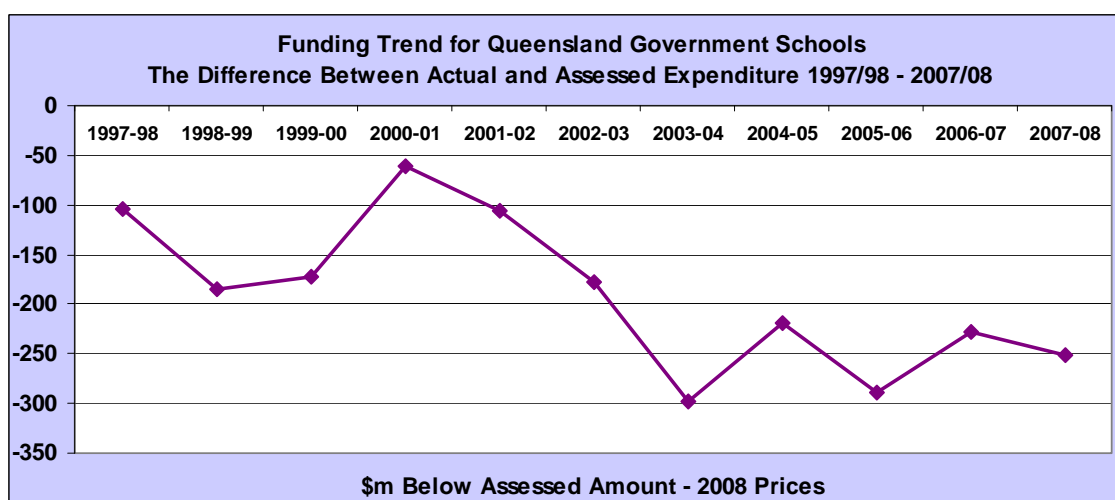
Chart D



Source: Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-60.

As shown in Chart E Queensland’s failure to provide adequate funding for government schools is not a new occurrence. At no time in the past 10 years has Queensland’s actual expenditure on government schools met or exceeded assessed expenditure. *Queensland is the only state or territory for which this is the case. If Queensland had spent just at the level deemed necessary by the Commonwealth Grants Commission to provide the average level of service provided by other states and territories over the period 1997-08 to 2007-08, an additional \$2.1b would have been invested in Queensland Government schools.*

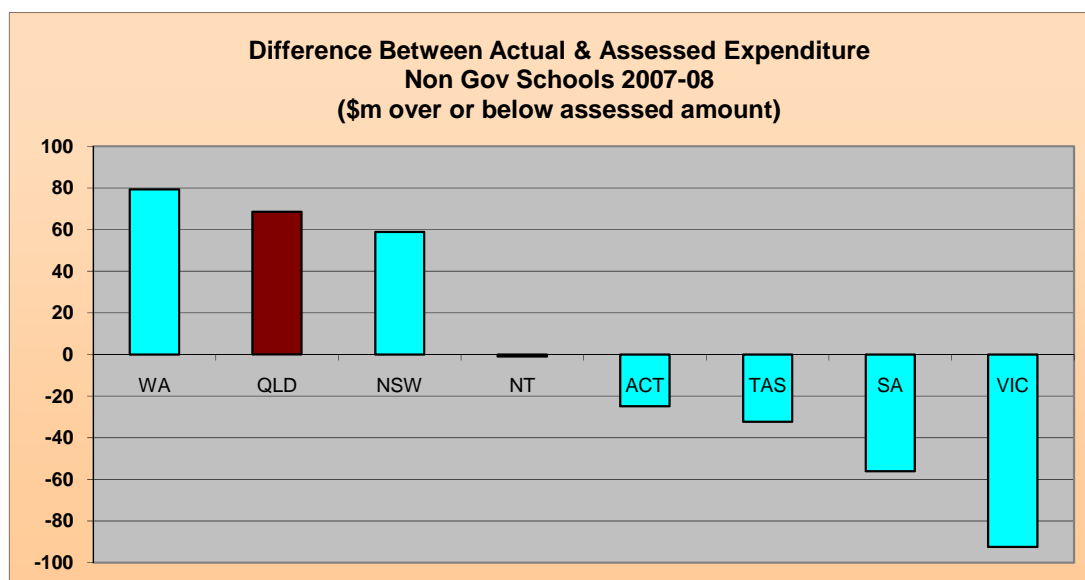
Chart E



Source: Commonwealth Grants Commission, State Finances Inquiries, Relative Fiscal Capabilities of the States, Attachment D – Assessed Revenue and Expenses, Table D-60 for 2009 (07-08); equivalent tables from earlier reports, prices adjusted using Reserve Bank of Australia Inflation Calculator.

The Grants Commission also shows that Queensland treats its non-government schooling sector rather well in comparison to other states. As shown in Chart F, if Queensland had funded non-government schools at the standard of other states and territories, there would have been an additional \$68m available for the funding of state schools.

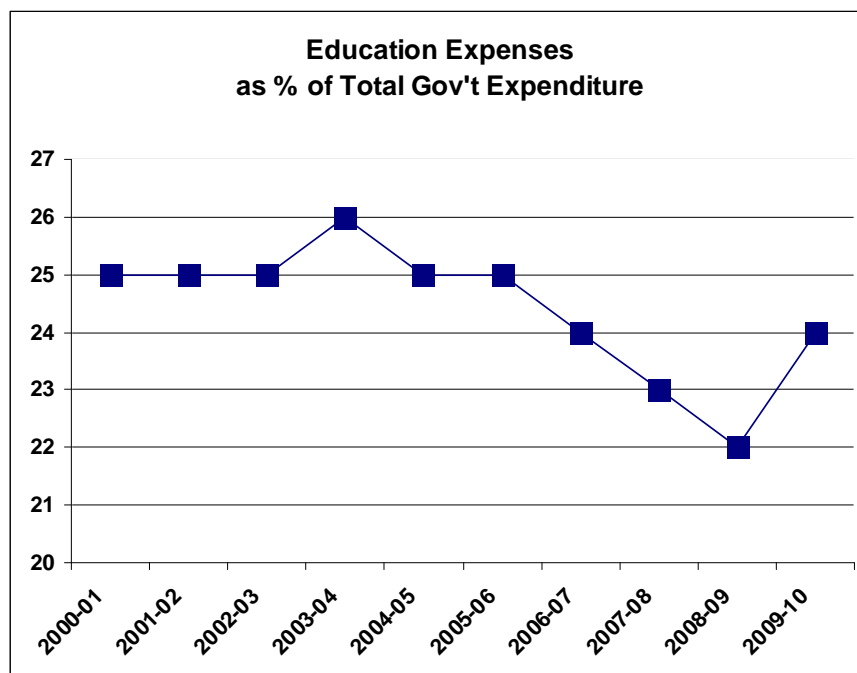
Chart F



Source: Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-61.

Education as a policy area has fallen as a funding priority of this state government. Prior to last year’s state budget, education was always the largest expenditure area of the budget. For the second year in a row, education ranks second to health in terms of its proportion of overall expenditure. Though education improved its share of overall budget expenditure from last year, it is still below the proportion of overall expenditure traditionally made on this policy area.

Chart G



Source: Chart 7.3, “General Expenses By Purpose, 2009-10”, State Budget Paper No. 2, “Budget Strategy and Outlook”, comparable charts, previous years’ Budget Papers.

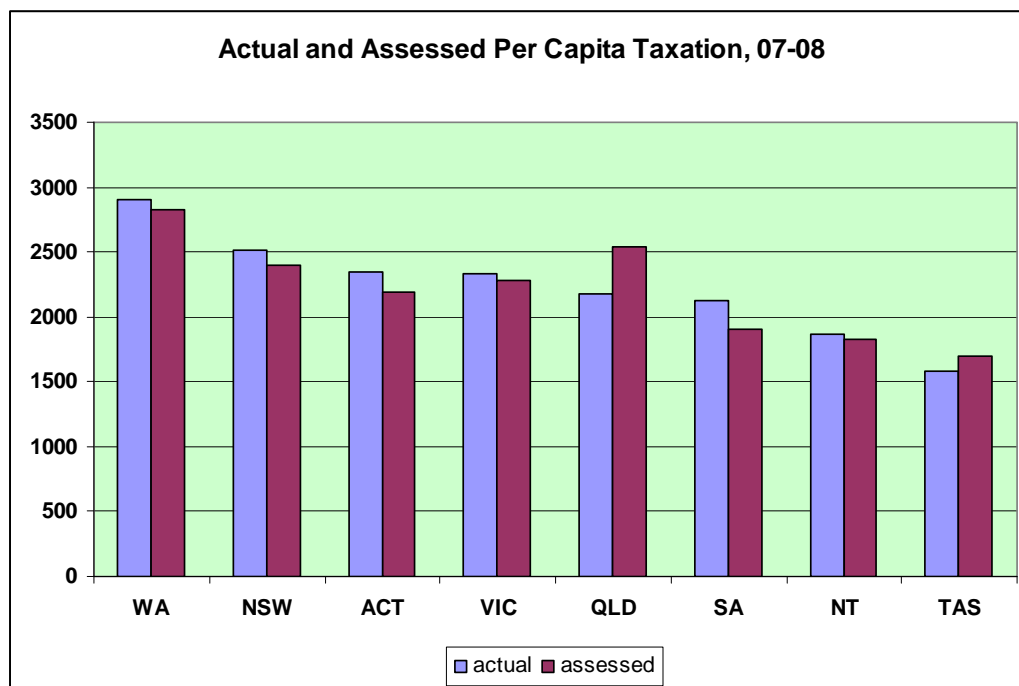
Had education expenditure been sustained at 25% of overall budget expenditure over the 2006-07 to 2009-10 state budgets, an additional \$2.5b (in 2009 prices) would have been allocated for education over the period.

One reason for Queensland’s long record of underfunding for schools has been the adherence by successive governments to the notion of Queensland as the “low-tax state”. The 2009-10 State Budget Papers show that the government persists in making a virtue of this policy, lauding Queensland’s “competitive tax status”. State Budget Paper No. 2 includes a table that shows on various measures that “the Queensland tax system remains among the most competitive in Australia”.¹⁶

One of the measures of taxation effort cited in the State Budget Papers is that employed by the Commonwealth Grants Commission. As with its expenditure figures, the Commission provides both “actual” and “assessed” levels for taxation for each state and territory. Assessed taxation is the level of tax deemed by the commission to be necessary to provide services at the average standard of all states and territories. As shown in Chart H Queensland ranks 5th out of 8 states and territories in the level of actual per capita taxation. More significantly, it shows that Queensland is one of only two states/territories where actual taxation did not meet the level assessed as at the Australian standard. Chart I shows that Queensland would have had additional revenue of over \$1.546b in 2007-08 had it taxed at the assessed level as determined by the Commonwealth Grants Commission.

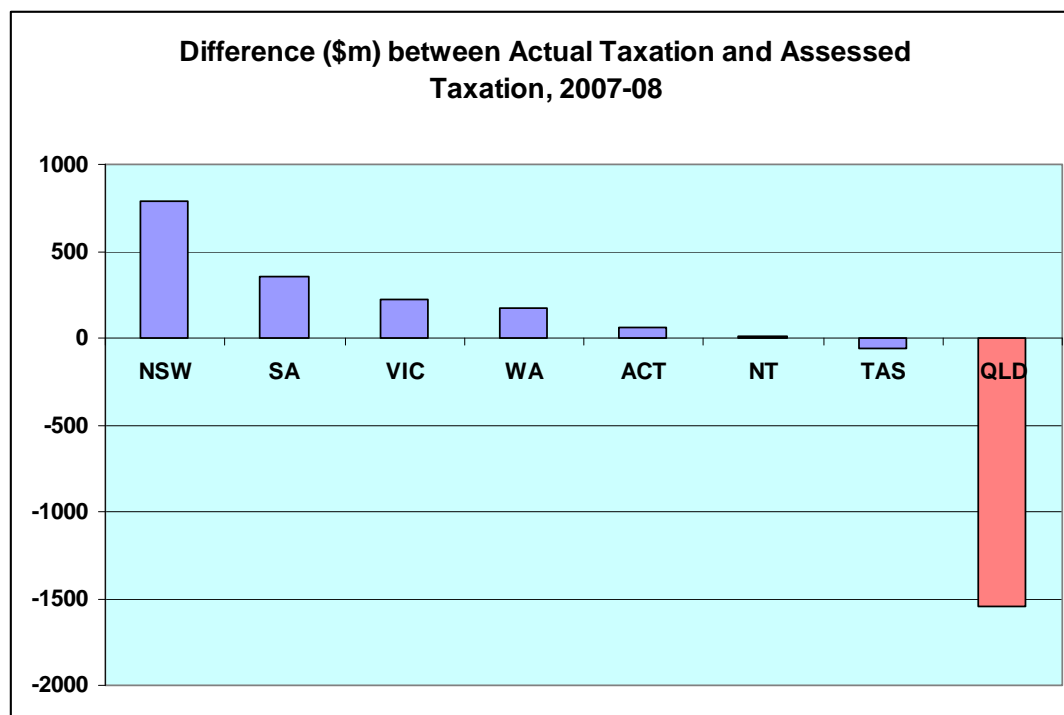
¹⁶ State Budget Paper No. 2, Budget Strategy and Outlook., “Queensland’s Competitive Tax Status”, pp. 104-105, Queensland State Budget Papers 2009-2010.

Chart H



Source: Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-54.

Chart I



Source: Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-54.

Queensland’s taxation effort has been significantly below the level assessed as standard by the Commonwealth Grants Commission for many years. For the most recent five-year period dealt with by the Grants Commission (2003-04 to 2007-08), the cumulative revenue foregone by the Queensland Government by not taxing at the

standard “assessed” level determined by the Grants Commission was in excess of \$6.6 billion in 2008 prices.¹⁷ This suggests that the Queensland Government has considerable capacity to fund increased expenditure through bringing its taxation policies more into line with the standard of other states and territories.

Schools Funding – Social and Policy Implications

There are a number of conclusions that can be directly drawn from schools funding data. It is clear that governments at both state and federal levels do not invest sufficiently in schooling by international standards. Based on estimates by the relevant Australian government ministers’ own taskforce, an investment of an additional \$2.9b was needed in 2006 to ensure that Australian public schools could deliver on the National Goals for Schooling.

Australia relies to a much greater degree than most other developed countries on private sources of funding to support schooling (and education generally). At the Commonwealth level the Howard Government pursued a policy of subsidising “choice” of private schools. Table 2 draws on ABS data and shows that some parents are willing to spend a significant amount of money to supplement the resourcing of their children’s education in the hope of securing perceived individual educational advantage. Research by Louise Watson at the University of Canberra has shown that the enrolment drift from public to non-government schools is a drift that is very heavily occurring amongst middle and upper income families.¹⁸ Government schools funding policies are now in effect subsidising education provision for the relatively advantaged at the expense of relatively disadvantaged. While the Commonwealth Government has been the chief driver of this policy approach, Queensland State Government schools funding policy does little to ameliorate the effects – and arguably exacerbates them.

	Primary (\$)	Secondary (\$)	Total (\$)
GS	190	390	330
NGS	2490	5680	4720
• Catholic	1400	3600	2870
• Independent	4380	8690	7260
All	1020	2490	2040

Source: Australian Bureau of Statistics (ABS) (2006) *4102.0 - Australian Social Trends*. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/A710D1074FB9C136CA2568A90013938B?opendocument>

Government funding policies seeking to promote choice do so in a way that makes it much easier for the well-off to exercise choice than it is for the less well-off and that encourage the continued substitution of private expenditure for public expenditure. Inevitably, this will lead to greater disadvantage on economic class lines and greater discrepancies in educational outcomes.

¹⁷ Commonwealth Grants Commission (2009) *State Finances – Report on State Revenue Sharing Relativities*. <http://www.cgc.gov.au/>, Table D-54. (Figures for years prior to 2007-2008 have been adjusted using the RBS inflation calculator).

¹⁸ Watson, L. (2005) “The Total Operating Resources of Private Schools in 2004”, Lifelong Learning Network Discussion Paper No. 4, University of Canberra.

Elsewhere in this Submission it is noted that while all school sectors to various extents have students from across the range of socio-economic backgrounds, it is clear that the social composition of the sectors is quite different in terms of the numbers of poor or wealthy students they serve. In the state schooling sector the largest number of students comes from low income families, whereas in the Catholic and independent sectors the largest number of students comes from high income families.¹⁹

Commonwealth schools funding policy under the Howard Government exacerbated and promoted a high degree of separation by socio-economic status in schooling by subsidising middle class parents to choose non-government schooling rather than funding public schooling to the highest international standards. This is bad policy. By international standards Australia has high rates of early school leaving, high labour market disadvantage for early leavers, and relatively high teenage unemployment. These are problems that disproportionately affect students from low socio-economic backgrounds, largely served by public schools. Government schools funding policies, which actually further advantage the already advantaged, work against schools contributing the solution to these problems.

Although Australian students perform well on international literacy and numeracy tests such as the PISA (Program of International Student Assessment) – with the results of the best Australian students are up with the best of other nations – a feature of the Australian results, is that unlike some other countries that had good overall results, there was a much wider spread between high achievers and those not doing so well and this was strongly related to socio-economic status. Professor Barry McGaw, current Chair of the Australian Curriculum, Assessment and Reporting Authority, formerly the Director of Education at the OECD, has characterised the Australian schooling system as “high quality, low equity”, that is, while overall student results are good, there are significant numbers of students from lower socio-economic backgrounds who are performing as well. Other nations had much less variation of results attributable to socio-economic factors.²⁰

There are important educational and social policy issues that need to be appropriately considered in education funding. In reviewing Australian data and policy settings, the OECD commented that, “in Australia ... policy makers need to address the fact that school resources appear to reinforce, rather than moderate, socio-economic difference.”²¹

¹⁹ Preston, B. (2007) “The Social Make-Up of Schools – Family Income, Religion, Indigenous Status, and Family Type in Government, Catholic and Other Non-Government Schools” an information paper prepared for the Australian Education Union.

²⁰ See McGaw, B. (2007) “Achieving Economic and Social Objectives”, *Queensland Teachers’ Union Professional Magazine*, vol. 22, November, pp. 11-17.

²¹ OECD (2004) *Learning for Tomorrow’s World: First results from PISA 2003*, Organisation for Economic Cooperation and Development, Paris, p. 255.