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Gonski must be shown the door

HENRY ERGAS THE AUSTRALIAN FEBRUARY 24, 2014 12:00AM

AS Labor's grasp on power was slipping, Julia Gillard and Kevin Rudd entered into school funding agreements with the states that will entrench disadvantage and perpetuate poor performance. If the state premiers are genuinely committed to quality education, now is the time to scrap those agreements and start again.

At issue are the "loadings" that add to or detract from the School Resourcing Standard, which is the base funding per student provided to schools. Those loadings, which have entirely escaped public attention, provide "carrots" for state governments to concentrate low-SES students in schools that are little more than dumping grounds, while brandishing "sticks" against non-government schools that might offer poorer children an education worth having.

The loadings for socio-economic status, which provide greater amounts to schools whose students are drawn from low-income areas, are a dramatic case in point. Under the formula determining those loadings, a state system that concentrates low-SES students in a small number of schools gets some 7 per cent more funding than one which spreads them evenly among socially mixed schools, while the "dumping ground" schools receive a 35 per cent boost in income.

At the same time, the funding formula discourages non-government schools from seeking to attract students from poorer areas.

Consider a Catholic school drawing 21 per cent of its students from the bottom SES quartile - which corresponds to the average for the Catholic school sector - that successfully offers a scholarship to a low-SES student who is currently in a state school, 36 per cent of whose students come from the bottom SES quartile - again, the average for all state schools.

At most, the Catholic school system, which has a better track record than the state schools in educating poorer children, will receive 70 per cent of the "disadvantage" loading that a student would have brought his or her former state school. As for the typical independent school, it will gain barely half the funding the state school previously secured.

But it gets worse, because of the "capacity to contribute" formula, which applies only to the non-government sector. That formula reduces non-government schools' base funding as the socioeconomic composition of their students rises. And the withdrawal rate is steep indeed: for even the poorest non-government school, it taxes parents' imputed capacity to contribute by 10 per cent; for schools that enrol children of middle-income parents, the marginal tax rate rises to 40 per cent, four times the GST from which education is notionally exempt.

The interaction between these loadings is complex; but for a Catholic secondary school with a largely middle-income parent body, it can easily result in the disadvantaged student bringing only half the total revenue his or her state school got. And with the average independent school getting not even a quarter, the choices poor families face are drastically curtailed.

Those effects are hard to justify. After all, the Gonski report argued that family background significantly

affects performance, with the concentration of low-SES students making outcomes all the worse. If so, then it is illogical to discourage state governments from revisiting the location of schools and of school places so as to reduce low-SES concentration; and even more illogical to deter non-government schools from reaching out to the worst-off students.

As it happens, the Gonski report's analysis is seriously flawed, as a recent book by Melbourne University's Gary Marks shows. The link between SES, concentration and outcomes, that Gonski relies on, conflates the effects of disadvantage with those of school attributes (such as discipline and academic rigour) that are reflected in a school's prior achievement. Correcting those errors, SES likely accounts for no more than 5 per cent of the variance in performance, with school funding accounting for even less.

And Michael Hewitson's extraordinary memoir *How will our children learn?*, published last year, explains how the low-fee Christian school he established obtained stellar outcomes in some of South Australia's poorest areas. Its success came not through dollars but through the conviction that simply giving students credit for showing up cannot prepare children for a life that demands character, aspiration and perseverance.

But far from reducing the stakes, the fact that so much can be achieved, even by the poorest students, only makes it more important to remove the barriers that stand in the way. Unfortunately, Gillard's packages were hardly devised to rescue disadvantaged kids from dead-end state schools that time and again have let them down. On the contrary, her objective was to guarantee those schools the lion's share of Labor's funding increases, despite their woeful performance.

Little wonder the SES formula ensures government schools will obtain a materially higher share of the SES funding than their share of disadvantaged students; and little wonder too that while the state schools' commonwealth funding per student will rise by 50 per cent over the period to 2017, that for the non-government sector will increase by just 23 per cent.

All that gives the teachers' unions much to celebrate. They were quick to realise the Gonski process could unleash torrents of cash: putting two and two together, they got 22, keeping the added 18 for themselves. And educational apartheid, protected by walls segregating their homelands from competition, suits the unions just fine: as Hewitson, who battled unending union obstruction, shows, it allows them to excuse incompetence by blaming everyone but themselves.

As for Labor, with nearly a fifth of all union members now in the education sector, the \$4 billion in increased spending over the forward estimates will scarcely go unrewarded.

Yet there is no joy in this for parents, taxpayers and, least of all, students. Yes, the Abbott government has brought a breath of fresh air, but cleaning out this mess requires a gale, not a light squall. Until that storm hits, expect more failure.

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