From opportunity to outcomes. The changing role of public schooling in Australia and national funding arrangements.

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Preface

The research report, *From opportunity to outcomes. The changing role of public schooling in Australia and national funding arrangements,* was commissioned by the government departments responsible for school education in all states and territories, with the exception of NSW. Its purpose is to understand the role of public education in Australia and to provide advice on possible future directions. It has been undertaken in the context of the Australian Government Review of Funding for Schooling and the commitment under the National Education Agreement to review schooling funding across the government and non-government sectors. However, it is not a formal part of either of those reviews. The observations and any opinions contained in the report are the professional views of the author and do not represent the views of government departments.

About the Author

Richard Teese is professor and director of the Centre for Research on Education Systems in the University of Melbourne. His research is concerned with how well education systems work, for whom and why. He works closely with state governments in Australia on system improvement and equity, including resource allocation and budget models, student achievement differences, destinations monitoring, and curriculum provision and participation in schools. In 2003-4, he worked on the new Student Resource Package (SRP) which funds government schools in Victoria, and again in 2007 on rolling benchmarks for the SRP. In 2008-9 he led a study commissioned by the Catholic Education Commission of Victoria into funding patterns and student outcomes, and 2009-10 he undertook an analysis of resource outcomes for government schools in Western Australia. With Stephen Lamb, he is currently reviewing the resource allocation mechanism in Western Australia. A comparativist, he has published widely on Catholic education in France, and prepared monographs on the French and Belgian education systems for Australian government authorities. Teese's publications include *International Studies in Educational Inequality, Theory and Policy* (2007), *Undemocratic Schooling* (2003), and *Academic Success and Social Power* (2000). Richard Teese was rapporteur for the OECD review of equity in Spanish education in 2005 and for the OECD review of *Quality and Equity of Schooling in Scotland* (2007). In 2010, he led the OECD team investigating equity in Ontario.

Executive Summary

1. This paper examines the changing role of public schooling in Australia. It describes a fundamental change in emphasis from creating a framework of universal provision ("opportunity") to achieving quality outcomes for all students. Funding arrangements, the paper argues, should support this change.

2. Chapter One gives an overview of the paper, including the scope of each chapter, and introduces the central argument: current funding arrangements do not support the change required in public schooling from offering opportunities to achieving outcomes.

3. Chapter Two investigates how well public systems perform in the context of today's emphasis on achievement. Using NAPLAN data, the paper shows that public schools work as well or better than private schools (including Catholic schools). This finding echoes the results of PISA 2009 that, after adjustment for intakes, public schools are as successful as private schools.

4. However, there are wide variations within public systems. Schools that enrol mainly children from well-educated homes are highly successful in both relative (intake-adjusted) and absolute terms. They represent a very effective and economical investment.

5. Schools that enrol mainly children from low income and poorly educated families record reading scores that place the average child at about two years behind the average child in a school with mainly high SES students. This gap tends to grow over stages of schooling.

6. From a historical perspective, public schools serving socially advantaged families have clearly achieved the national emphasis on outcomes. But public schools serving mainly socially disadvantaged families struggle to convert opportunity to outcomes, and remain within the older framework of expectation and performance. Australia does not fund them as if the intention were to enable them to produce results that are not simply "good, for who students are", but good in comparison with the performance expected of schools serving socially advantaged families.

7. From a values perspective, the paper argues that a public system cannot be decidedly more successful for well-educated and prosperous families than for poorer families and still be described as "public". The point of public funding is to ensure an equitable performance, at least in national minimum standards, but arguably well beyond this: all families today depend on educational success, not just in minimal levels of literacy and numeracy, but in higher order skills and academic progress.

8. How much depends on getting funding arrangements right with respect to public schooling is highlighted by the finding in Chapter Two that almost all schools that serve predominantly poor families in Australia are public schools. This finding relates to metropolitan and provincial schools, not only schools in remote or very remote communities.

9. Despite decades of funding and enrolment growth, there are very few private or Catholic schools across Australia that enrol predominantly children from lowest SES backgrounds. Our funding arrangements need to be seen in this context.

10. Equally we should stress that public schools educate 80% of all students with disabilities and 80% of all indigenous students (for a full discussion, see Rorris, Weldon, Beavis, *et al*. 2011).

11. Policies of parental choice have created opportunities for families to enrol children in private schools. But which families do so, and does this matter? Chapter Three examines the overall level of sector drift that has occurred over the last sixty years. This is done separately for primary and secondary education. The paper concludes that aggregate drift over the long term has been relatively modest (around 8%).

12. The extent of drift is larger when viewed in the shorter term from around the mid-1970s. There are both demographic and demand factors underlying the overall trend. To interpret demand factors, we need to know how strong the trend to private schooling has been amongst different populations in Australian society.

13. Findings are presented of a social analysis of change in public and private enrolment shares over the two decades, 1986-2006. The analysis demonstrates that the greatest increase in the proportion of students attending private (including Catholic) schools has occurred in high SES localities, while no increase at all has been registered in low SES localities.

14. This finding is true for both primary and secondary schooling. However, the private sector share of secondary school students at the start of the period 1986-2006 was significantly higher than the share of primary school students. At both levels of schooling, drift has increased as a function of the social complexion of an area—the higher the level of SES of an area, the greater the drift, and vice versa.

15. One result has been that, today, proportionately as many children in poor communities attend public schools as they did two decades ago—around 4 out of 5 (both primary and secondary). There has been no change in the "exposure" of public schools to the needs of the poorest families, 80% of whose children continue to rely on public schools.

16. At the same time, need has intensified. Poverty and income inequality have made increasing inroads in Australian society. Many employed workers—not only unemployed workers—now live in poverty (Borland, Gregory and Sheehan 2001). Their children, while most vulnerable to economic and social forces, need to do better at school today than was once the case. They are under pressure to complete school rather than leave early, to achieve good rather than poor exam results, and to go to university or TAFE rather than risk unemployment. The quality of public education has grown in importance, not only for young people who once exited early from school but for those who are aiming higher – or should aim higher – and need the challenge of innovative and demanding programs and the support to manage these successfully.

17. Why have richer rather than poorer families migrated to private schooling? The paper argues that this is primarily a response to mounting competitive pressures on educational performance. School completion rates have more than doubled since the 'seventies, much of this increase has translated into demand for university, and access to high-demand courses imposes high selection standards. More and more middle-class parents have sought to give their children a head start in private primary schools, others have switched from Catholic to private non-Catholic establishments to gain competitive advantage. While public schools represent a very effective and low-cost alternative as evident in NAPLAN and PISA results, the world of institutional values is different: it is centred on exam results and prestige university courses.

18. In a market-driven world, the greater the level of success of children from the socially most advantaged homes, the more uncertainty and insecurity is created amongst parents who are not so advantaged, but are "aspirational". They are vulnerable to the market power of better-off families who enrol their children in high-performing and selective schools, whether private or public. But they are also unnerved by media stories of low standards in public schools. Thus they, too, migrate, even though not to the same extent as more prosperous and highly educated parents.

19. Chapter Four investigates the effects of enrolment drift at a local level. While private schools are frequently claimed to enrol a large social range of children, this is not borne out either from a study of the composition of enrolment trends (Chapter Three) or from an analysis of intakes to schools serving local communities (Chapter Four).

20. In poor urban areas, public schools "over-reflect" the social profile of the area. They have a disproportionate share of the poorest families, but also of children who are most educationally disadvantaged (not necessarily by socio-economic status). Local community after local community displays a characteristic pattern in which non-government schools—whether Catholic or private non-Catholic—"under-reflect" the social profile of the area, though not invariably. They recruit a disproportionate share of socially and also academically advantaged children.

21. The result is a pattern of residualization in poorer communities, and an intensification of the stress experienced in public schools in more socially mixed areas. The division of labour between schools works in such a way as to create more socially blended environments in the private sector and more complex and manifold disadvantage in the public sector.

22. Data for Victoria and Western Australia are used to investigate and document these patterns. The New South Wales Department of Education and Training has modelled the impact of differential social mix on children's NAPLAN scores, and this is replicated for Victoria in Chapter Four. In brief, the average child from a poor background increases his or her score with every increase in the social mix of the school attended. This is true of all other children as well. This multiplier effect points to the risk of selective schooling as aggravating underlying patterns of residential segregation. Policies of parental choice enable geography to be by-passed. But this happens with respect to only a very small number of low SES children.

23. Basically there is no escaping the imperative of making strong public schooling available to every community. Children should not have to move to access quality. Many simply cannot move. Instead of spending on moving students, public authorities should spend on improving schools.

24. In Chapter Five, the implications of this study for school funding policy are developed. The emphasis in the recommended approach is on ensuring that high quality public education is available to every local community, and that funding operates to assure the highest possible standards of achievement for children from all social backgrounds.

25. There should be an integrated approach to policy across levels of government as compared to the current fragmentary approach which divides responsibility for public and private schooling between the Commonwealth and State and Territory governments. Within each jurisdiction, one public authority should be responsible for delivering State and Territory and Commonwealth support to schools within a framework of national accountability arrangements. These arrangements should enable more effective targeting of resources as well as greater flexibility and certainty for schools.

26. Funding should be according to a standard price per student, adjusted for relative need as measured by student and school characteristics and means-tested against fees and other revenue. Core funding should be supplemented to compensate for disadvantage.

27. Choice should be managed so as to ensure that segregation does not occur and that public schools are fully supported as regards their viability and their vitality as community assets.

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Sources

Throughout this paper, charts reporting NAPLAN results are derived from *MySchool* (see http://www.myschool.edu.au/), except in respect of a number of charts on Victoria in Chapter Four, which are based on data supplied by DEECD (non-government schools are not identified in these charts). The analysis of long-term enrolment trends is based on the annual school census. The main source for this is the Australian Bureau of Statistics annual school census reports (*Schools Australia*), but for the early post-war years, statistical reports prepared by the Commonwealth Office of Education are used. For Schools Australia, consult http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/05ADAC0812C70C9DCA25775700218CA4/$File/42210_2009.pdf and publications for successive years. The data behind the analysis of social trends in enrolment drift are from the population census (1986 to 2006). Figure 1.1 is derived from ABS, *Historical Statistics of Victoria* (Catalogue no. 1309.2, 1986), Figures 3.7 and 3.8 are based on the reports of the Schools Board of the University of Melbourne and its successors over the post-war period. Figure 3.8 is from DEETYA (1996) (see under References in this paper).

Disclaimer

This research report represents the view of the author and does not necessarily reflect the views of the State and Territory departments responsible for school education that commissioned this work.

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"worthy of all praise as have been Australia's efforts to secure primary education for her far-scattered children, she has now to face the harder task of rendering that education efficient, not here and there in favoured districts, but throughout the Commonwealth"

Alfred Williams

Presidential Address to the South Australian Teachers' Union Ninth Annual Conference

Education Gazette (SA), August 1904 (in Austin and Selleck 1975: 108)

Chapter One

Introduction

This is a study of the changing role of public education in Australian society. The funding of both public and private schools is currently under national review. So it is timely to examine how the work of public education has changed over the long term. It is also important to look at this role as it is exercised today in different communities in our society. We need both history and geography to create a perspective within which to judge the importance of our public schools - whom they serve, how well they serve, but also who uses private schools, and how over time this, too, has changed.

Even a cursory glance at enrolment trends tells us that profound changes have occurred in schooling since colonial times, and more particularly since the end of the Second World War.

Figure 1.1 The long-term trend in enrolments in public and private schools, Victoria, 1852-1984

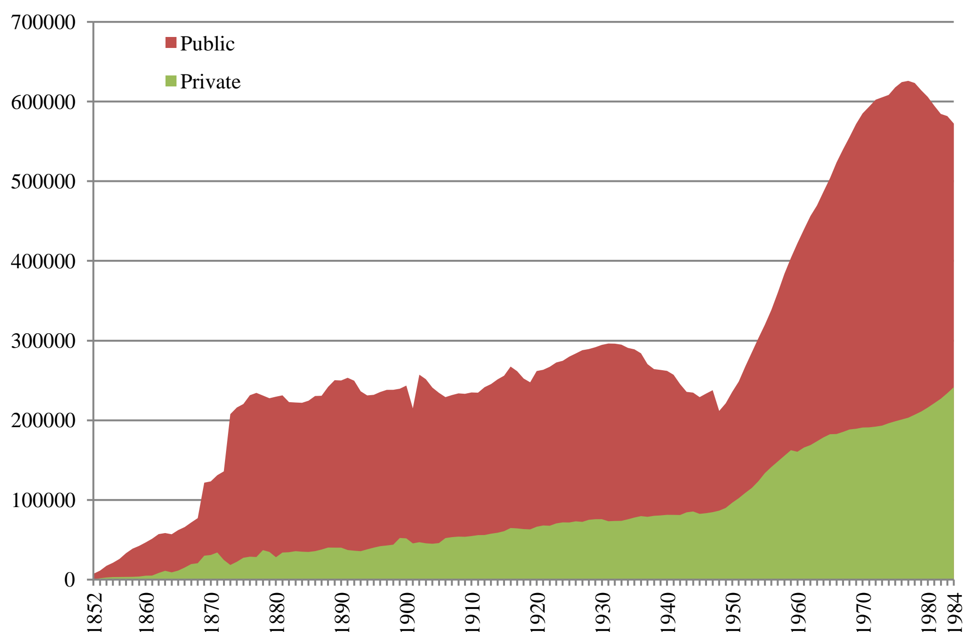


Figure 1.1 captures the history of schooling in Victoria from 1852 to 1984. It shows a development phase (1850s-1860s), a long period of relative stagnation (slow population growth, wars, economic distress), and then a period of truly spectacular growth.

We are going to focus on this great period of expansion. We will look at the pressures that have been placed on public systems, the segments of the population who have depended most on public provision, the segments who have benefitted most. We will also examine migration from the public to the private sector from around the mid-1970s to the present day. Who left public schools, who stayed?

Looking closely at the situation today, what is the social geography of public and private schooling? How does this appear in different local areas, different communities? Does this matter, and if so, why?

Behind the long term trends, we see two phases of more fundamental change. In the first transformation, public school systems across Australia were set up, with an emphasis on opportunity for all. The legal framework of public systems was established in the six Australian colonies in the last quarter of the nineteenth-century. But much remained to be done to improve standards of teaching and quality of programs. A second phase of change began a century later in the 1970s. Outcomes were wanted, not only opportunities, success for all, not just for some. As we shall see, this second major transformation of Australian schooling is now already well advanced in socially more advantaged urban communities across the country. But in poorer and more socially-mixed communities as well as in many remote settings, public schools face major challenges.

If we think simply of opportunity or indeed choice, we will position ourselves backwards in time before the great shift that has occurred in community expectations. Today almost all families depend on successful use of school for the economic future and the social well-being

of their children. Parents are not content with their sons and daughters having a *chance* to succeed, as if failure should be an equal possibility. They want their children to do well. They want success based on effort, not chance. The role of public schools is to remove chance by work—the chance of being born to one set of parents rather than another; the chance of being indigenous rather than non-indigenous; the chance of speaking English or not speaking English; the chance of being loved, ignored or abused.

We can no longer think of public schooling as an opportunity structure that might or might not work well, depending on who a child is in social terms. We have to adjust to a new perspective, summed up by the OECD in the words, "no more failures" (OECD 2007). This has far-reaching implications for public schools and how they are funded. For they are the main vehicle for converting opportunities into outcomes. The work of public education is to end failure—to disconnect success from social origins. If this may seem utopian, it is nevertheless what every good parent and every good teacher wants—the removal of chance from the equation "work=success".

We will show in Chapter Two that public schools already meet this expectation, if they are located where only the productivity of the teacher matters. But if a public school system works well for middle-class parents, it can scarcely work less well for working-class parents and still be "public". We examine the evidence of success in the public system. Public schools work as well or better than private schools, after adjusting for intakes. But public schools need to work still better if, in terms of minimum national standards, there is still a long way to go before the poorest children catch up. The point of having a public system is not that it should only work as well as its students let it—given who they are—but that it should work equally well, regardless of who its students happen to be.

In Chapter Two, we demonstrate a very telling fact—the schools that enrol mainly children from the poorest families in Australia are almost uniquely public schools. Despite decades of funding, very few non-government schools have such an equity profile. This means that the hardest work is performed by the public system. Do our funding arrangements recognize this

or are they set back in the age of "opportunity", when creating chances rather than outcomes was the goal?

We examine change over the last sixty years in the relative growth of public and private schooling (Chapter Three). Within that time frame, the drift of enrolments has not been great, but the social patterns of who has stayed in the public system and who has moved are very significant. Basically we have funded parents from socially-advantaged backgrounds to withdraw their children from public schools. The further up the social scale, the greater the drift. The further down the scale, the less the drift. Private non-Catholic schools are found in low social status areas, but their intakes vary in different ways from the complexion of the area. This is also true of Catholic schools. Funding has enabled more educated or more prosperous parents to escape the chance of bad geography by enrolling their children in schools that do not respect geography (conform to it). Private—including Catholic—schooling enables the link between social area and schooling to be cut. This may be experienced by parents as a benefit. But withdrawing the cultural resources represented by parental education, values, know-how and social capital from local public schools weakens the all-important link between public school and local community. We have set this relationship at risk through our funding regime rather than strengthening it. As noted in a later chapter, we try to compensate for this by spending on equity. But this is to pit funds against funds or to pay twice for weakening our public schools.

Why have well-educated and prosperous parents increasingly shifted out of the public system? And why have aspiring, if not so advantaged lower middle class parents followed them? We argue that as more and more families keep their children at school, as completion rates rise and translate into mounting demand for university, so competitive pressures have accumulated in the school system. Generalized economic dependence on successful schooling—and increasingly on higher education—fuels competition. Well-placed parents respond to this by extending their use of private schooling from secondary to primary (and pre-primary). More and more they also look for chances of academic selection and streaming within public schools. Uncertainty regarding quality in the public system is fuelled by adverse media coverage, now in its fortieth year. Private schooling presents itself as a highly-resourced and academically-focussed alternative. Funding arrangements make it

accessible—when in the '50s and '60s it was a small and largely inaccessible sector. Fee barriers work to the advantage of parents by filtering out children whose parents lack cultural, not just economic capital. On the other hand, the "creaming" of academically able children from poorer backgrounds through scholarships and fee remission enriches the private school environment (as indeed there are channels of selectivity in public systems).

How parents respond to competitive pressures has flow-on effects for public schools that are not located in socially advantaged areas. They lose their "pilot" students and see the cultural and academic mix of their students diminished. But they also find themselves in an increasingly uncompetitive position. They do not have the resources—staffing and cultural—to compete successfully, and this weakness exposes them to further erosion of enrolments. The funding regime finances this increasing segmentation of the school system. More and more, public authorities are called on to compensate for the adverse effects of "choice"—public schools become smaller, more expensive, more "residual"—while at the same time there is unrelenting pressure to expand choice.

The breaking of links between public school and local community can be seen at work in many different geographical settings across Australia. Chapter Four examines in detail the "division of labour" which is installed in local communities through the opening or expansion of non-government schools. While across the diverse non-government sector schools enrol a wide range of children from richest to poorest, when we study the enrolment patterns in public and private schools, we find sharp contrasts between public and private.

Public schools enrol the great majority of children from poorer families. They have a much narrower social profile. In poor communities, the benefits of social mix are in the main found in the private sector. Our funding arrangements create socially blended settings in that sector, when they are most needed in public schools. Children from poorer backgrounds are represented in non-government settings only to the extent that they are selected either by fees, religious test or family values and attitudes. In many local communities, especially those with a mixed or relatively modest profile, children from the higher bands of SES congregate

in private and Catholic schools. The pooling of advantages which they enjoy as individuals multiplies their effect (as Chapter Four discusses).

Selection operates not only on social lines, but on academic lines as well. In poor communities—where the greatest need for improvement exists—the strongest students are enrolled in non-government schools, leaving the public schools to manage many, if not most of the weakest. The exercise of choice by some parents erodes quality for others. The concentration of advantage in some schools concentrates disadvantage in others. Funds for equity fight funds for choice.

Public schools in Australia are entering a second major transformation in their history. Today they must work well for all children. They must succeed. They cannot choose which students succeed. Viewed from the perspective of who uses non-government schools on the other hand, our funding arrangements could be said to work in the opposite direction. They satisfy the need for academic certainty or security amongst parents who are most attuned to the value of education and have the means to exploit choice. An outcomes logic dominates the funding of private schools, while an opportunities logic continues to govern the performance and funding of many public schools. While Australia funds outcomes in the private sector, it funds opportunity in the public system. It is not simply a balance that needs to be restored between public and private, but a national focus on what our schools must achieve, beginning with the systems that enrol the great majority of the school population and those who are most dependent on how well our schools work.

In Chapter Five, we set out a broad approach to funding reform, based on the overarching goal of "success for all" and the centrality of public education to this goal.

Chapter Two

Public schooling in historical perspective: achievements and challenges

Australian schools are today undergoing a transformation as great in its amplitude and significance as the creation of free, compulsory and secular schooling in the nineteenth-century. We owe our public education systems to the laws of 1872-1895. But implementing the ideal of quality elementary schooling for all extended well into the next century. The task of establishing public secondary education and making it widely available—crucial for teacher training, university and technical education (Austin 1977: 245-6)—did not begin effectively till 1905, and was not completed until well after the Second World War. With this, the first transformation of Australian schooling came to a close. The framework of opportunity had been set in place. Schooling was no longer segmented into mass-elementary and elite-preparatory. Children and young people from all social backgrounds and in all locations had access to schools and teachers of a high standard.

A second transformation is now in train. It is the shift from opportunity to outcomes. It is the shift from success for some to success for all. If, in the first great period of change, structures of selection were dismantled and the school leaving age progressively raised, today there are targets for near-universal completion. But even before state and (later) COAG targets were set, the emphasis in policy thinking had begun to shift from participation—keeping young people at school—to achievement. Testing at a national level goes back to the mid-1970s, and within a decade most states and territories had established their own testing regimes. Making outcomes visible and comparing outcomes for different groups ushered in the second transformation of Australian schooling with its simple, but severe test—every child matters.

This profound change in thinking about what Australian schools should do and could be expected to do stands in marked contrast to the much more qualified, if not pessimistic view of national school reform expressed in May 1973 in the Karmel report. There the authors counsel against an expectation that children from all family backgrounds should achieve

equally well on average. That view, favoured by James Coleman in the US "war on poverty" was rejected by the Karmel committee as unrealistic or at any rate prohibitively expensive. Decades later, confidence in the power of schools had grown, supported by school effectiveness research. Value-add studies were used to show that there were considerable margins of action for schools serving disadvantaged communities. Much more could be done.

In the most recent years, the view has gained ground that substantial progress can be made in compressing the big differences in average achievement as between different social groups. Concerted efforts involving Commonwealth and State and Territory governments have been made to break down barriers to achievement so that there should not be one set of standards for the poor or the indigenous and a higher set for more advantaged families. Not only minimum national standards, but the visibility of the achievement levels of children from well-educated families are raising the bar. The limits to what children can achieve do not lie in who they are, but in the capacity of schools to ignore who they are.

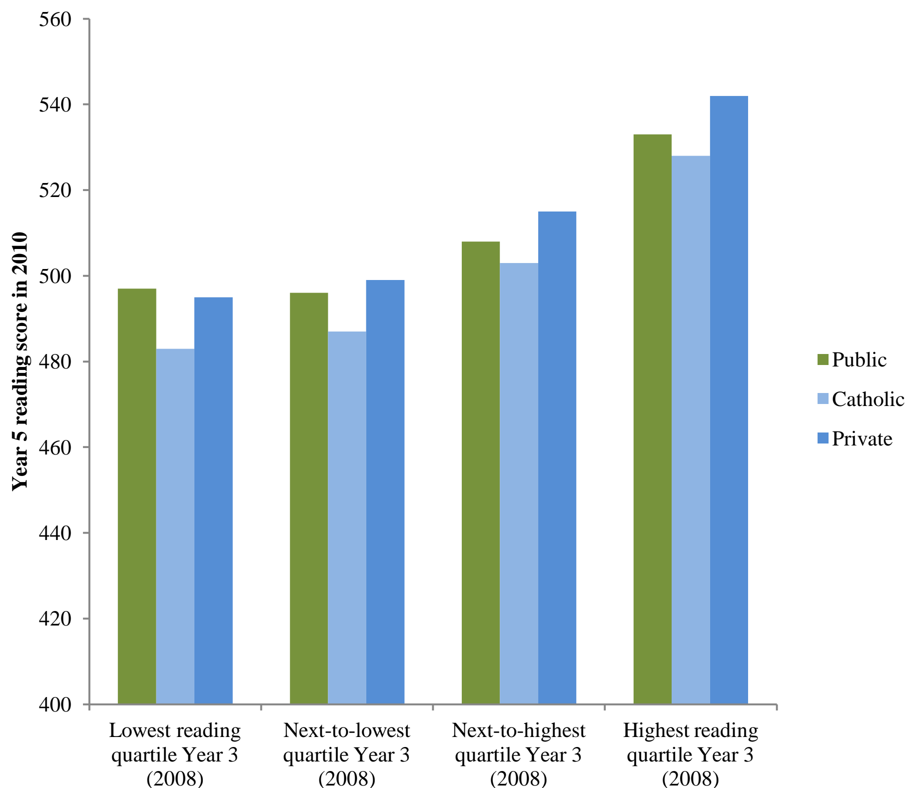
The shift from opportunities to outcomes and from selective success to global success is a real shift, not simply a change in language or in philosophy. We know this because of what schools serving advantaged families achieve today. They have practically eliminated failure. We can test this by looking at the record of achievement of public primary schools enrolling mainly children from well-educated homes. These schools are typically located in the upmarket suburbs of Australia's major cities. But within these areas, public primary schools cannot pick and choose, their fees and charges are minimal, they are open to all children, regardless of learning difficulties, cognitive level, behavioural disorders, language development, or special needs. Moreover they are exposed to high expectations from generally demanding parents who want very good outcomes—whatever the starting point of their children—not just good opportunities. Public primary schools cannot protect themselves, even from unrealistic expectations, by throwing up fee walls or imposing religious tests to choose parents on moral or attitudinal criteria. Parents are free to choose them and they have an obligation to respect the choice that parents make. Public schools serving socially advantaged communities compete against non-government schools on an unequal footing as regards revenue and intakes. If they perform as well or even better than

their more advantaged competitors, this goes a long way to showing that they are blind to background. They rely entirely on the productivity of their staff to compensate for any weaknesses in the presenting characteristics of their students. NAPLAN results show that they succeed.

Children in public primary schools serving socially advantaged families in Australia have already reached an elevated platform of achievement by Year 3. Over 90% of their schools record average reading scores that place them in the highest or next-to-highest quartile of achievement. The question is whether public primary schools take their students as far in cognitive terms as other schools serving the same catchments. Analysis of NAPLAN data shows that, regardless of the reading level reached by children in Year 3, public primary schools serving socially advantaged families take their students as far or even further than selective schools in the two years to Year 5.

The few socially-advantaged public primary schools whose average reading scores placed them in the lowest quartile of schools in Year 3 in 2008 outperformed the still fewer non-government schools in this quartile in Year 5. Public primary schools in the next-to-lowest quartile outperformed Catholic schools and came within a whisker of the mean Year 5 result for private non-Catholic schools. The same pattern is found in the next-to-highest and also the highest quartiles of achievement—public schools either exceed or come very close to the Year 5 performance of non-government schools (see Figure 2.1, data relate to metropolitan and provincial schools only, as there are practically no high-SES schools in remote or very remote areas in Australia).

Figure 2.1 Average reading scores in Year 5 (2010) for schools in the top fifth band of SES (ICSEA) by Year 3 performance band (2008) by sector



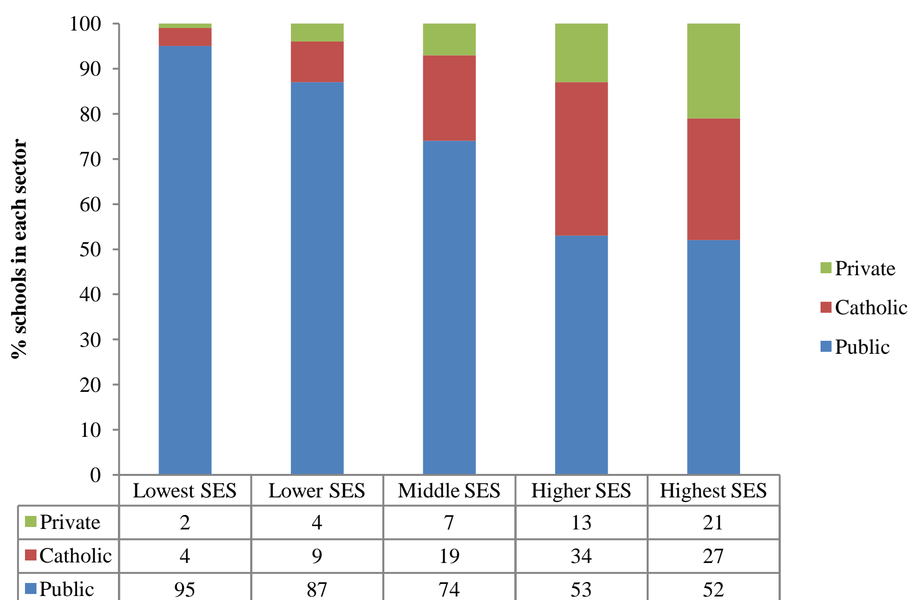
The most well-educated parents have clearly made a good choice. Nearly three-quarters of the public primary schools serving them perform in the highest band of Year 3 reading and over 20% in the next-to-highest band. The average student attending these schools outperforms or very nearly equals the performance of children in selective schools in Year 5. The public primary schools which recorded weaker results in Year 3—around 6% in high SES areas—outperformed or very nearly equalled the Year 5 results of other schools.

These results show that in advantageous environments, public primary schools represent a good investment. Few of their students fail. The schools generally do not have selective intakes and they overcome individual problems. They are well advanced in the second transformation of Australian schooling—outcomes, not merely opportunities, success for all, not merely for some.

But what of public primary schools serving less advantaged communities? How well these schools work is of great and growing importance. For the poorest families rely more on what schools than the richest, who can move readily and fully compensate for weaknesses and are more able and willing to communicate with their schools.

NAPLAN data enable a critical assessment to be made of the performance of schools serving very different segments of the Australian population. Some schools enrol mainly children from well-educated and prosperous homes. These are ranked high on socio-economic status as measured by the Index of Community Socio-Educational Advantage (ICSEA). Other schools enrol mainly children from poorly-educated and low-income families. These schools are ranked low on ICSEA. If we divide schools into equal fifth bands based on their ICSEA score, we can examine the proportion of schools in each band which are public, Catholic or private non-Catholic. Looking only at schools located in metropolitan and provincial areas ("urban areas")—where more viable student numbers are found—only 6 in 100 primary schools ranked in the lowest SES quintile are non-government (see Figure 2.2).

Figure 2.2 Sector profile of primary schools in metropolitan and provincial areas by quintile of SES (ICSEA), 2010



	Lowest SES	Lower SES	Middle SES	Higher SES	Highest SES
Private	2	4	7	13	21
Catholic	4	9	19	34	27
Public	95	87	74	53	52

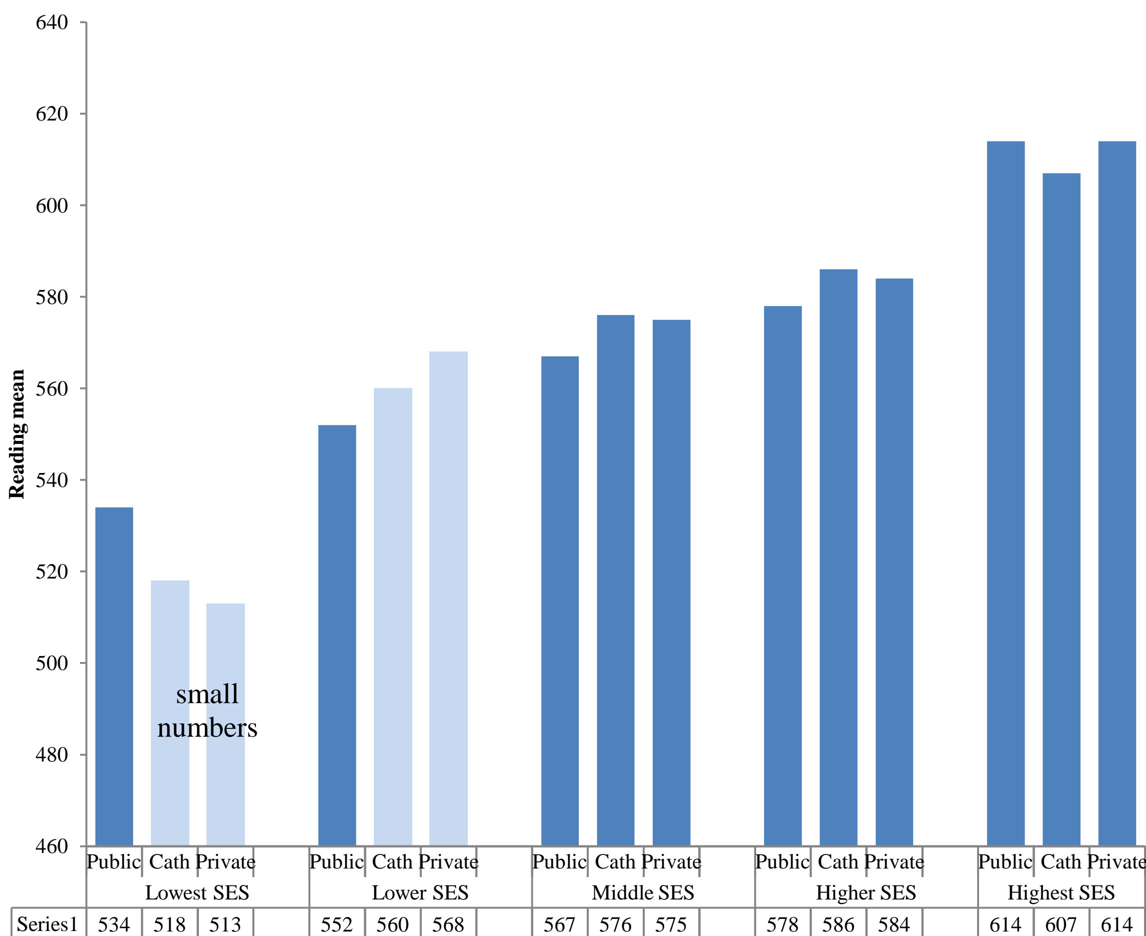
Primary schools with the lowest socio-economic profile in Australia are almost exclusively public. While there has been considerable growth in the numbers of non-government schools over the last two decades—and substantial growth in public and private expenditure in this sector—this has had virtually no impact on which schools exercise responsibility for the poorest children in the Australian community. The task of educating these children falls almost entirely to public schools.

The magnitude of this task and the risks of residualization associated with this can be judged by the performance difference between the average public primary school with the lowest social profile and the average public primary school with the highest social profile. For metropolitan and provincial schools - where alone this comparison is meaningful - the gap is of the order of 80 score points in Year 3 reading. This is just short of the difference between the mean reading score in Year 3 in 2008 and the mean reading score in Year 5 in 2010. In other words, in the average urban school serving the poorest families in Australia, children are about two years behind their peers in public schools serving the most advantaged families.

The transformation of Australian schooling from opportunity to outcomes and success for some to success for all—here in basic terms of literacy—has a long way to go in schools serving the socially most vulnerable populations. National funding arrangements are not closing the gap. Instead resources have been directed into the growth of choice. As we shall see later on, this has worked to the advantage of some families, but mainly those who were already advantaged through quality of educational provision.

If the size of the achievement gap in primary schools shows that the second transformation of Australian schooling is only beginning in poor urban communities, the same observation applies to the secondary schools which serve these communities. The mean reading score for these secondary schools places them about two years behind the position of secondary schools which serve the socially most advantaged families (see Figure 2.3).

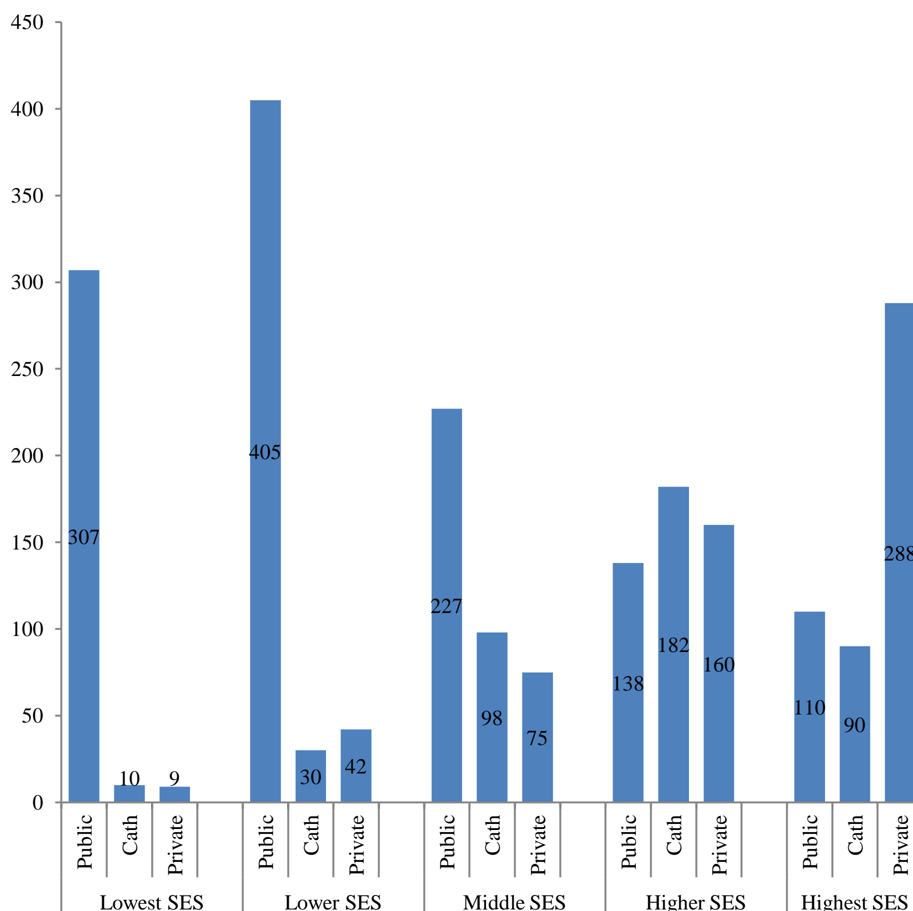
Figure 2.3 Year 9 reading means by sector and SES band, 2010



Secondary schools whose communities comprise mainly low-income and poorly-educated families face a similar challenge to their feeder primaries. They have to create a strong platform of achievement in the early years. Children are often far behind minimum standards, they present a range of different cognitive, emotional and health challenges, and are exposed to potentially adverse peer effects. These children have to "catch up" if a curriculum of an increasingly academic and specialized nature is to be mastered and if targets of school completion are to be met in a meaningful way.

By and large this task of great national importance falls to public secondary schools. They represent 95% of the urban schools serving the poorest families in Australia (see Figure 2.4).

Figure 2.4 Secondary schools in metropolitan and provincial centres by sector and socio-economic status band, 2010



Here, too, as with primary schools, funding arrangements with their emphasis on choice have left poor families and their needs in a historical shadow. The schools on which they rely are only beginning a transformation already largely complete in schools with children from mainly well-educated and economically-secure families.

Schools that have the highest SES mix of students are in 8 out 10 cases non-government (6 private, 2 Catholic). Together private non-Catholic and Catholic school represent nearly 80% of all secondary schools serving the socially most advantaged families. There are relatively few public secondary schools in this “market”, but they achieve a very high and competitive

standards (see Figure 2.3 above). In some cases, these schools have selective intakes. But the great majority are comprehensive establishments which profit from social geography rather than fees or other restrictions on admission. They demonstrate the effectiveness of public schools when socio-cultural conditions are favourable. They have advanced far along the path from making opportunities available to achieving success for all.

The ability of public secondary schools to perform as well as private schools, after taking into account student and school SES characteristics, is borne out by findings from PISA (Thompson, De Bortoli, Nicholas *et al.* 2011: 62). Differences in mean reading literacy scores between government, Catholic and independent schools are statistically insignificant, after adjustment for the socio-economic status of individual students and the social mix of students in a school.

However, while this finding does confirm the effectiveness of public secondary schools as a sector—'working well with what they have got'—it should not be read as implying that the achievement gaps *within the sector* (or indeed between sectors) are all that can be expected, given who schools do have. Australian governments are committed to a target of 90% school completion or equivalent. They have not committed to an achievement gap between low SES and high SES students amounting to two years of education. Narrowing this gap is the core business of public schooling. Are funding arrangements helping or hindering this, the second transformation of Australian schooling?

Chapter Three

Public and private schooling: changes in community reach and responsibility

Introduction

Over the last sixty years, Australia has undergone major changes in economic and social life. The population has trebled from 7.5 million people to 22.7 million. Nearly 1 in 4 Australians are foreign-born (Tiffen and Gittins 2009: 12). Early in the post-war period, about 18% of the workforce was engaged in agriculture (Boehm 1979: 74), but this has fallen to fewer than 4 in 100 jobs today (Meredith and Dyster 1999: 329; Tiffen and Gittins 2009: 58). The services sector generates about four-fifths of real GDP and as high a proportion of total employment. The continual drift from rural areas and rural occupations has placed Australia amongst the countries with the highest concentrations of people living in urban areas (88%), and the highest proportion living in big cities (Tiffen and Gittins 2009: 21).

These changes have made schooling more central to the lives of Australians than in the decades before the Second World War, when relatively few young people completed school. Expectations for a high standard of material well-being, good health, income and employment security, shorter working hours, paid long-service leave and other employment benefits are in stark contrast to the situation in the inter-war years, let alone colonial times when the framework of public schooling was laid down. Educational success is seen as essential to fulfilling these expectations, if not by all families, then at any rate by most.

That Australians should put such store by education is not new. The reports of George William Rusden from the mid nineteenth-century reveal a keen interest in establishing public schools, including amongst poorer working-class families in rural communities (Austin 1977: 51-57). Public elementary schooling grew not simply from the laws of 1872-1895, but from

a groundswell of popular interest and recognition of the importance of having children schooled, regardless of their circumstances. But over the century and a half since those laws, expectations about education have both widened and deepened. Most parents today want their children to complete secondary school, they want them to do well at school, and they want them to enjoy a breadth of educational experience amongst good friends and caring teachers.

Family size and fertility have fallen over the long term as Australians have put increasing emphasis on how well their children are educated and on maximizing the economic credentials of fewer offspring. But the changing economic and social context has also increased uncertainty. For the greater the importance of education to life-chances, the more pressure is placed on children to reach high standards and the higher the level of anxiety experienced by parents regarding educational opportunities and educational quality.

Rising expectations and growing anxiety have the potential to fracture the relationship between school and community that has evolved since late colonial times and that everywhere needs to work well. This potential has increased because governments have provided substantial funding support to private schools since the 1960s to enlarge choice. The facility has been created to quit the relationship between community and public school.

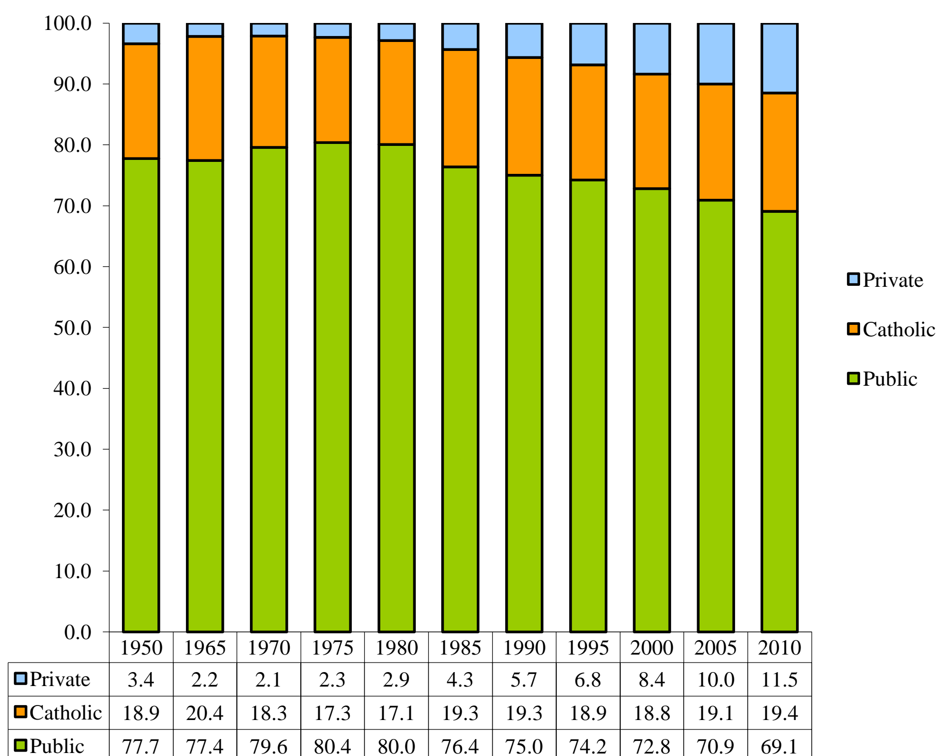
But to what extent has this happened, and to the extent that it has happened, amongst which families has the movement from public to private been greatest?

We will look firstly at primary schooling. Public secondary education has a younger history which we will examine separately.

The changing public-private balance in primary schooling

Public schools enrolled 77.7% of primary school students in 1950. Sixty years later they enrolled 69.1%. Seen over this long post-war period, the public sector share fell by 8.6 percentage points (see Figure 3.1).

Figure 3.1 Sector enrolment shares: primary school students, Australia 1950-2010



	1950	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Private	3.4	2.2	2.1	2.3	2.9	4.3	5.7	6.8	8.4	10.0	11.5
Catholic	18.9	20.4	18.3	17.3	17.1	19.3	19.3	18.9	18.8	19.1	19.4
Public	77.7	77.4	79.6	80.4	80.0	76.4	75.0	74.2	72.8	70.9	69.1

Within this period, there were two distinct phases. In the early post-war decades, public primary schools enrolled an increasing proportion of children. Only the public system could respond effectively to the baby boom, even if that meant bigger and bigger classes and bigger and bigger education budgets that imposed harsh choices on cash-strapped State governments.

Within the non-government sector, the limits of Catholic parochial organization were reached by the mid-sixties, while private non-Catholic schools played only a very small role through their junior departments and had no capacity to expand. Public systems, though poorly funded, passed their biggest historical test since federation. They worked in the way their founders had intended, serving all communities and districts, and open to all families.

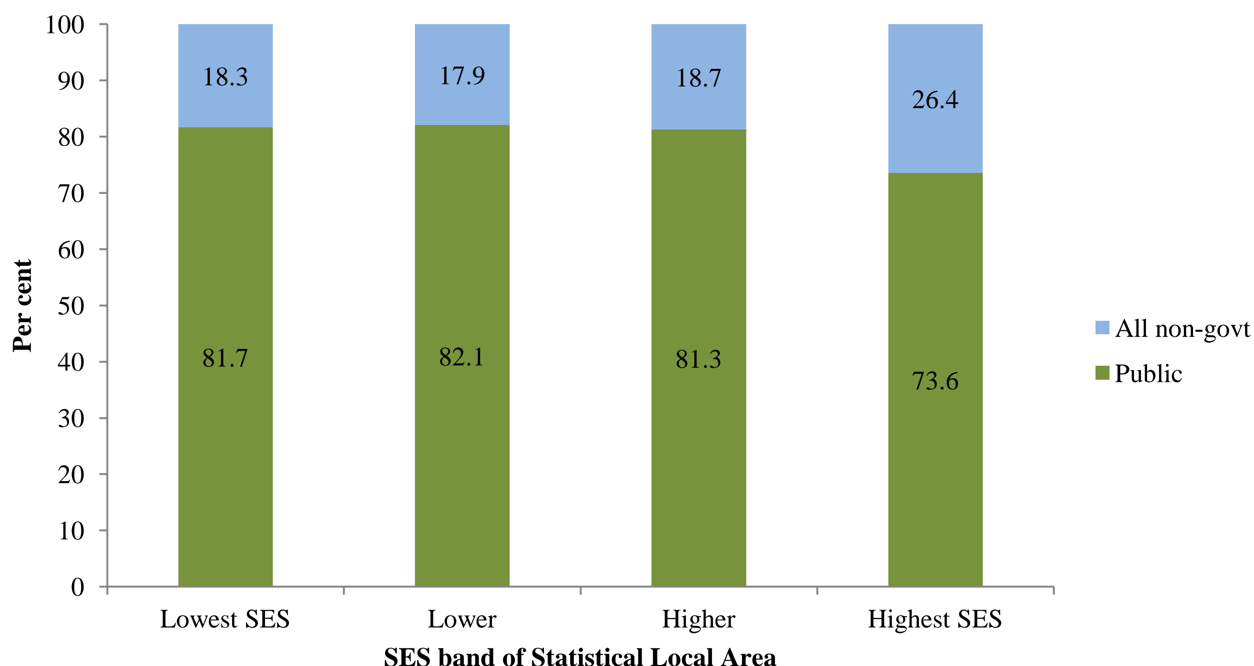
The later post-war decades display a different trend. From the late seventies, private schools begin to enlarge their share of enrolments. With the help of state and federal funding (beginning in the early sixties, depending on jurisdiction), the proportion of children attending private non-Catholic schools rises from a low point of 2.1% in 1970 to 11.5% in 2010. All of this growth is matched by a decline in the proportion of children attending public schools. The question is, which children and why?

Social changes in primary school sectors

To map changes in social composition, we have classified enrolment counts in statistical local areas by the ABS Index of Relative Socio-Economic Disadvantage for successive census years, 1986 to 2006. We have done this separately for primary and secondary school students, and for each jurisdiction separately. This has enabled us to map changes in each State and Territory over the twenty-year period. In this discussion, our attention is on primary schools at a national level.

Figure 3.2 examines differences in SES intakes as between public primary schools and all non-government primary schools (the ABS declined to distinguish between Catholic and private non-Catholic schools at the 1986 census, so it is not possible to separately report shares for these sub-sectors).

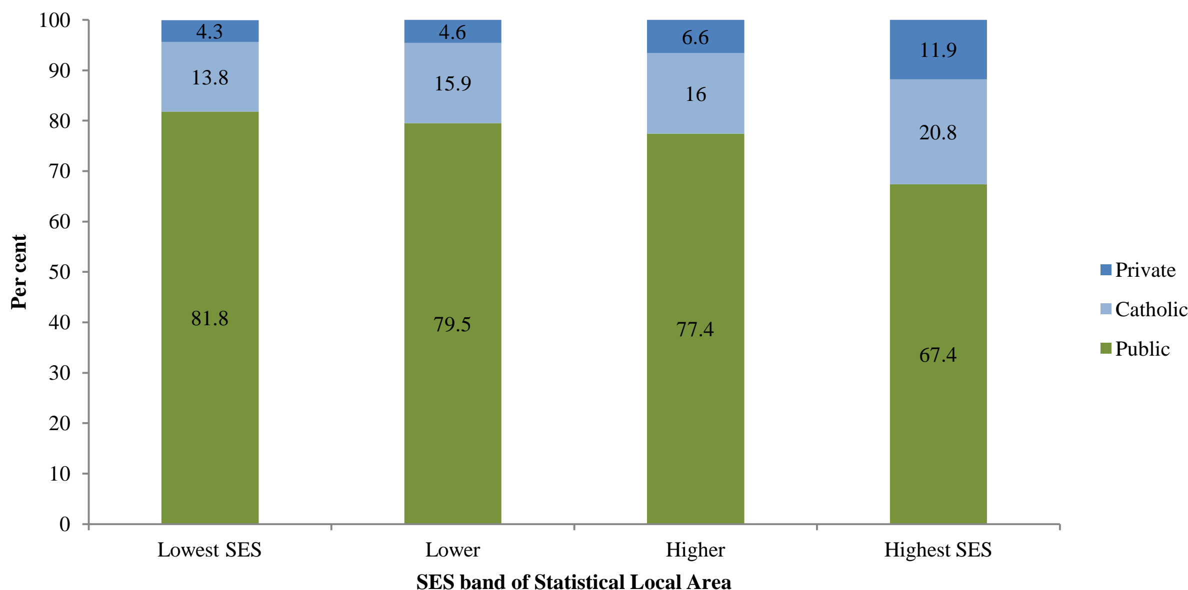
Figure 3.2 Sector shares of students from different SES bands: primary school students, 1986



In 1986, public primary schools educated about 82% of all children from the lowest fourth band of SES. Their shares for the intermediate bands of SES were about the same (81-82%), but fell sharply in the case of children in the highest band of SES (73.6%). Given that overall shares changed over the next two decades, to what extent did the distribution of SES shares change as well?

The 1996 analysis reveals that public primary schools retained their share of the lowest SES students (about 82%). Some loss occurred with respect to students in the next-to-lowest band of SES (about 80%), while still more loss occurred in the next-to-highest band (77%). However, the greatest change occurred with the highest SES band. In 1986 non-government schools as a broad category educated 26.4% of children from the highest SES quartile: within a decade this had risen to 32.7%, a rise of 6 percentage points.

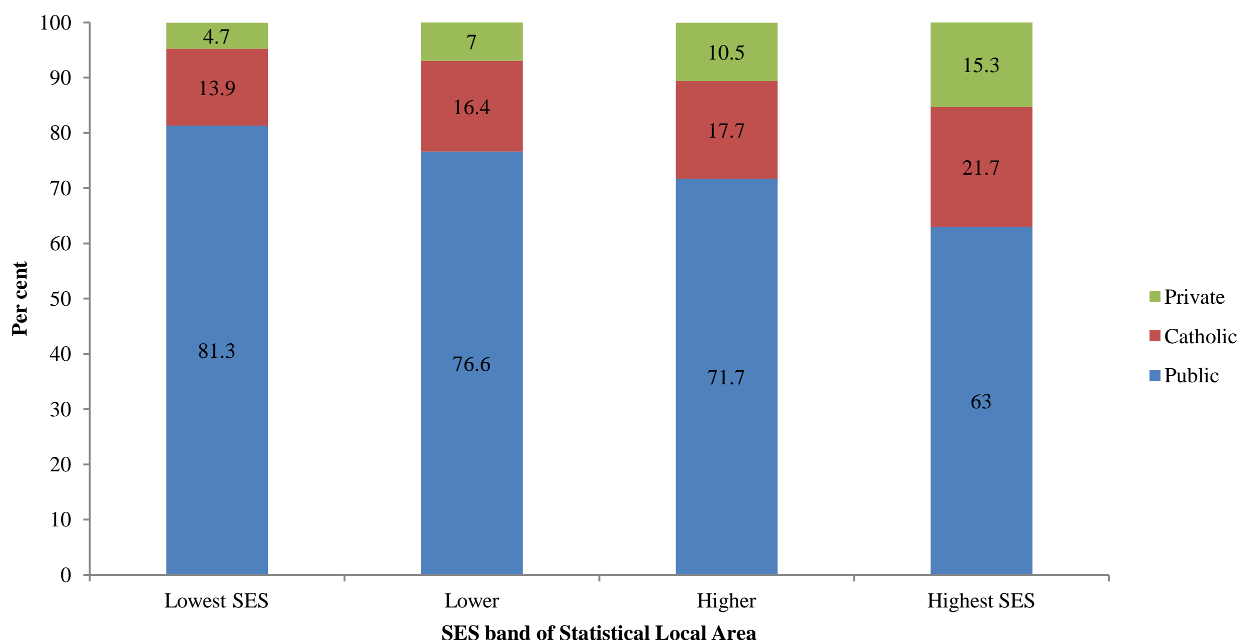
Figure 3.3 Sector shares of students from different SES bands: primary school students, 1996



For 1996, we are able to split out shares within the non-government sector by Catholic and private non-Catholic. This shows that while the non-government sector share rose as socio-economic status rose, so also did the role of private non-Catholic schools—from educating 4 in 100 children from the poorest backgrounds, this sector educated proportionately three times as many children from the socially most advantaged backgrounds (i.e., 12 in 100).

In the decade to 2006, the public sector continued to lose enrolment share, though differently according to the socio-economic status of the students. Figure 3.4 shows that the biggest changes occurred at the high end of the SES spectrum.

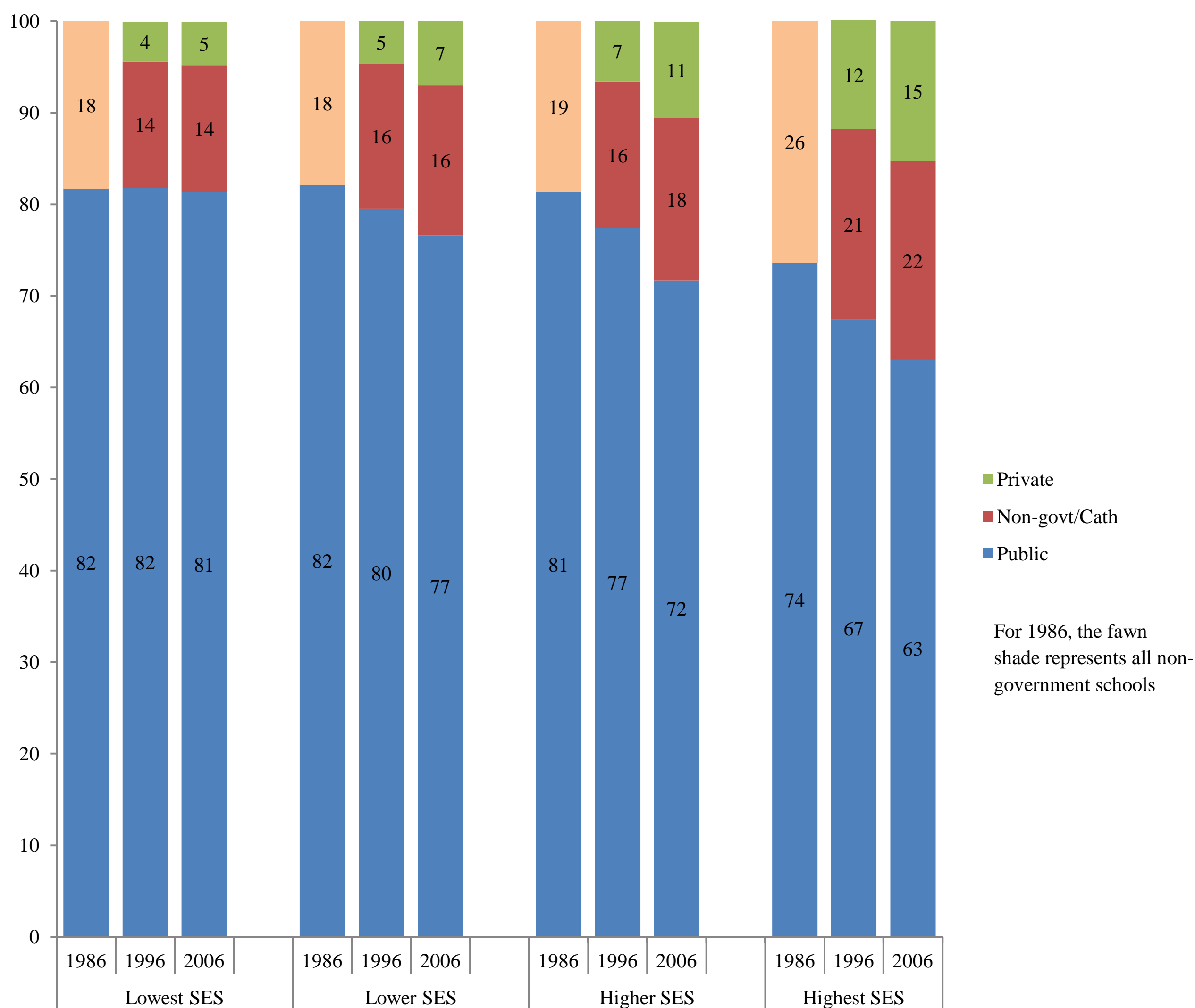
Figure 3.4 Sector shares of students from different SES bands: primary school students, 2006



The public sector share of highest SES students declined from 67.4% in 1996 to 63% in 2006, and from 77.4% of next-to-highest SES students in 1996 to 71.7% in 2006. There was comparatively little change in the public sector share of children in the next-to-lowest and lowest SES bands. Regarding the lowest SES group, the public primary school share fell 0.5 percentage points over the decade. In short, the migration away from public primary schools was mainly amongst higher SES families, with public primary schools still carrying roughly the same share of the least socially advantaged families.

Figure 3.5 summarizes the trends for each SES band of enrolment in primary school over the twenty-year period.

Figure 3.5 Shares of SES bands of primary students by sector, 1986-2006 (%)



This chart shows that none of the load represented by lowest SES students was transferred into the non-government sector over the two decades to 2006. In other words, while both public and private investment in non-government schooling rose substantially over the period, this supported a transfer of students largely from the upper end of the socio-economic status spectrum, leaving the public sector to manage with over four-fifths of all children from the poorest backgrounds.

How do we explain the social pattern in migration to the private sector? Our argument is that growing competitive pressures experienced by families at the level of secondary and higher education have led to a growing interest in a head-start in primary (and pre-primary)

schooling in the private sector. Many families experience this tension, but income-rich families are more able to manage an investment which today comprehends 13 or more years of schooling (as compared to the six years of secondary education more typical in decades past).

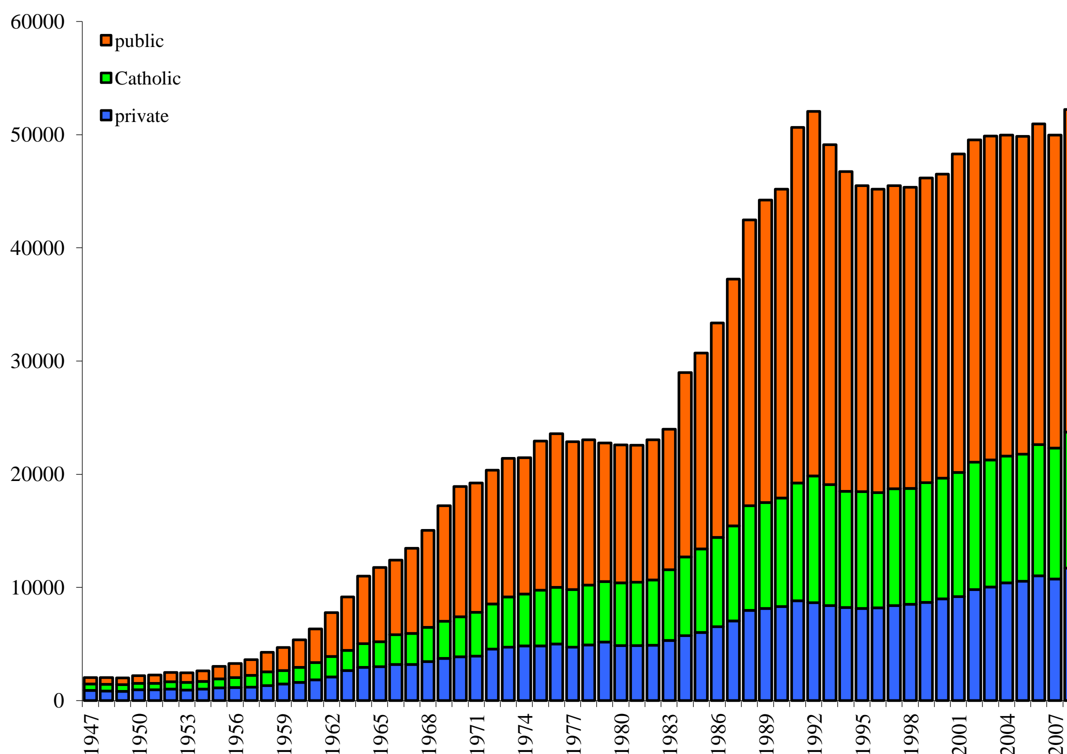
To ground this argument, we will offer a brief overview of the history of public secondary education—without which the growth in competitive pressures is incomprehensible—and then turn to examine the manifestations of these pressures themselves.

The growth of public secondary education

Public secondary schools have a much shorter history in Australia than primary schools. While attempts were made in the late nineteenth-century to open public high schools (notably in New South Wales), it was not until around 1905 that definitive steps were taken. There was a short period of growth before the First World War and some growth in the 1920s. But generally speaking the inter-war years, especially following the Great Depression, were "years of neglect", as Goodman (1968) says of Queensland. In some jurisdictions, senior classes were capped or closed by legislating fees to depress demand or limit provision to a few establishments beyond which there was to be no competition with private schools (see Cleverley and Lawry 1972). The real period of growth—especially in urban areas—occurred only after the Second World War. There has thus been only a comparatively small window of opportunity during which public high school systems in Australia have had to build strong relationships with local communities.

During this narrow interval, the growth of public systems has been striking. The openness of the sector to economic and social change and family expectations linked to this can be seen in the rising number of Year 12 students over the last six decades. Figure 3.6 presents data for Victoria.

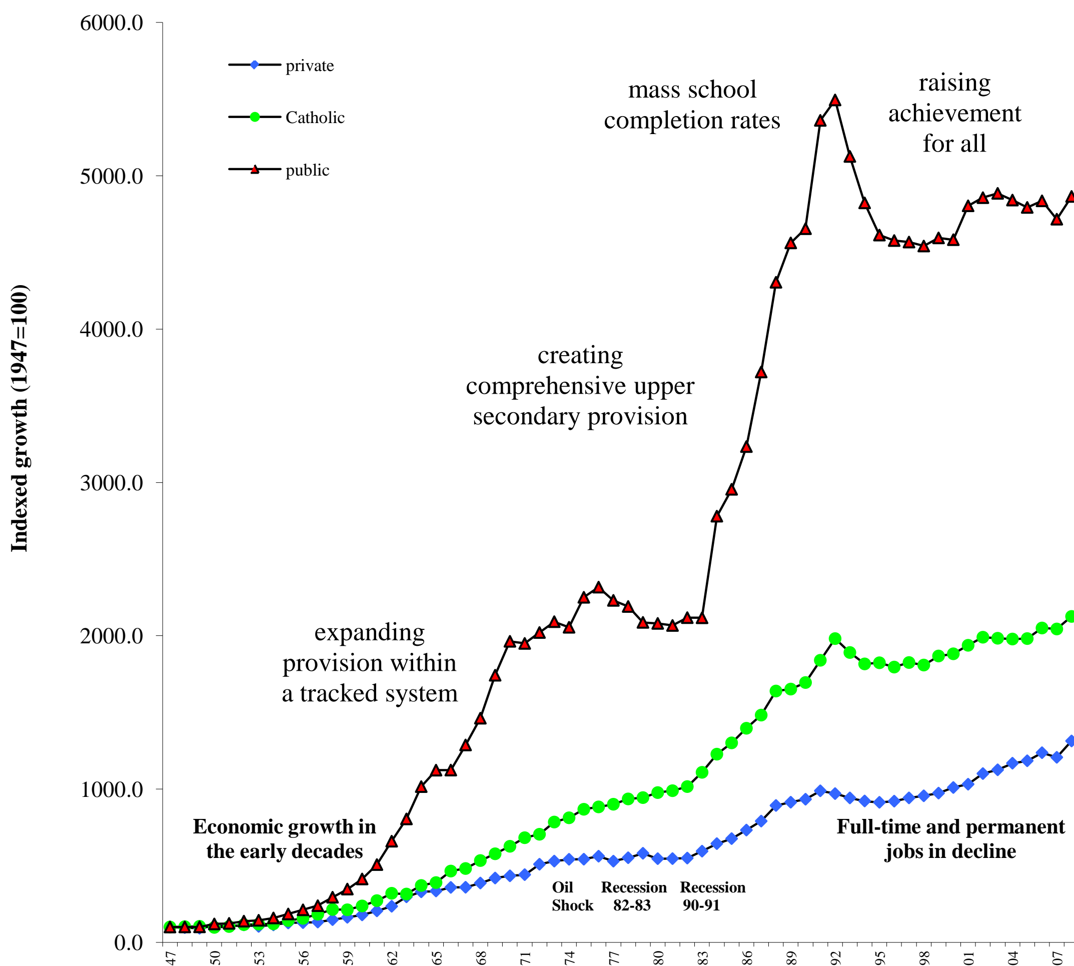
Figure 3.6 Growth in Year 12 numbers, Victoria, by sector 1947-2008



The significance of the growth in public secondary education

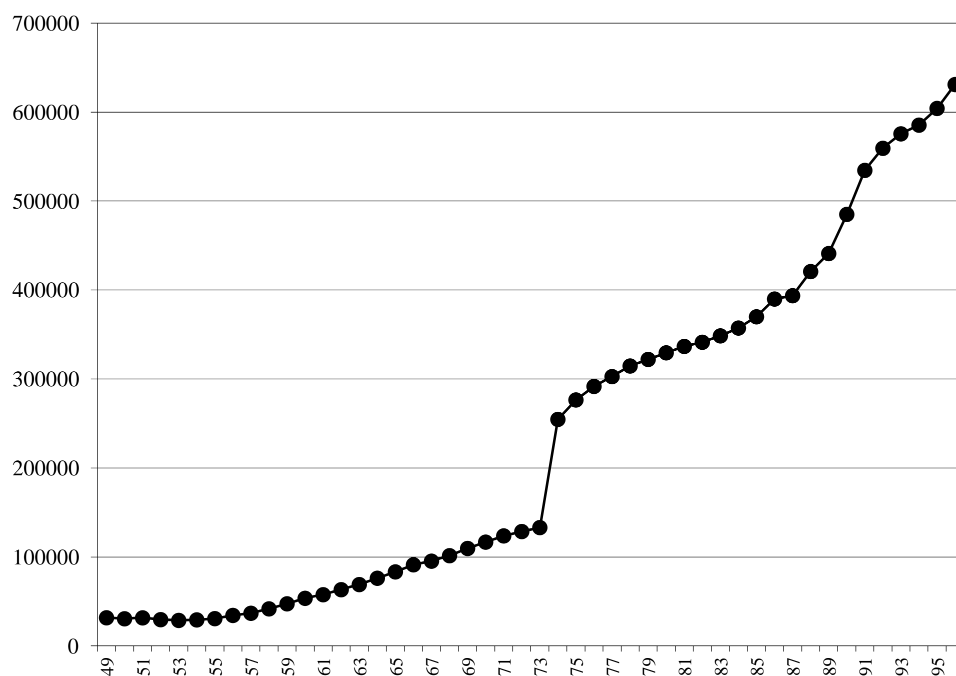
The creation of mass public high school systems in the decades after the Second World War had very important consequences for the Australian population. First, by enabling young people from all social backgrounds to complete school, the basis was laid for the transformation of the structure of Australian industry. The expansion of the services sector in particular required a more highly-educated population as did changes in manufacturing industry, transport, energy and communications. Financial services and community services grew rapidly as major areas of employment, and entry-levels to technical, managerial and professional work rose. These far-reaching changes in the nature of the Australian economy and in the prosperity of the population would not have been possible without the community infrastructure created by State and Territory governments in the form of universally accessible schooling.

Figure 3.7 Upper secondary enrolments in Victoria, 1947-2008: the economic background and education policy emphasis



The vulnerability of the population to global economic trends and the need for protection through access to extended secondary schooling was underlined by the first oil shock in December 1973. Figure 3.7 maps key phases in economic change and in education policy emphasis onto the enrolment curves in upper secondary education. From that year—the last post-war year of labour shortages—unemployment amongst young people rose very rapidly and drove home the lesson that most young people needed school for an economic future. Rising school completion did not end youth unemployment, but rather prevented it from reaching even higher levels. The weakening labour market, which entered severe recessions in 1982-83 and 1990-91, underwent major changes during this period, with a marked shift for young people from full-time to part-time work. Adaptation to this new environment has depended on the openness of secondary schools to the whole range of the population, including those who previously would not have finished school and those making poor progress at school.

Figure 3.8 All higher education students, Australia, 1949-1996

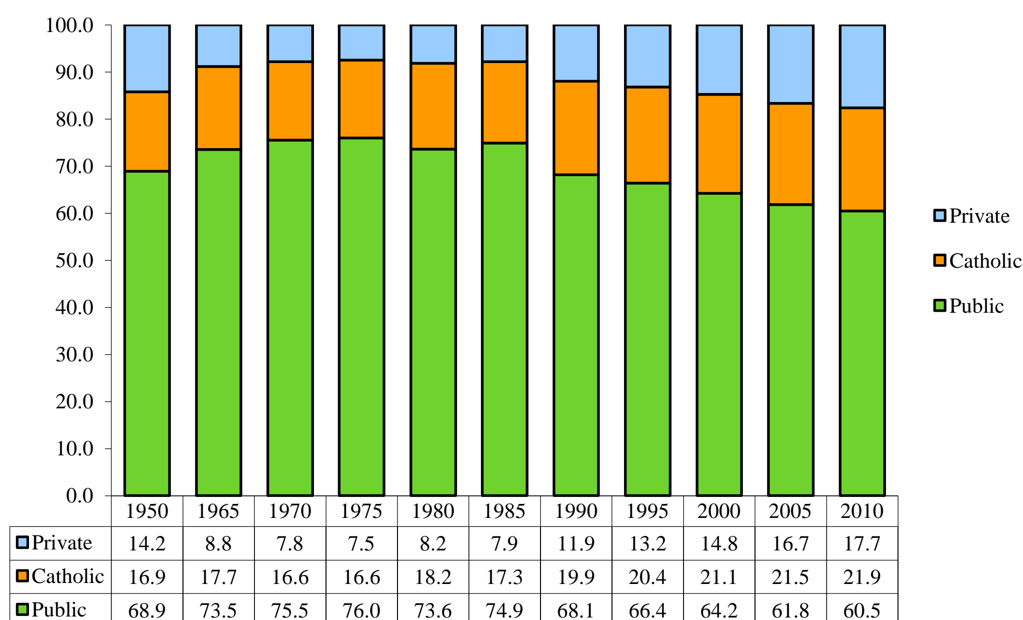


One of the most important signs of adaptation to economic and social change has been the growth in Australian higher education (see Figure 3.8 based on DEETYA 1996: 1). Without the construction of mass public high school systems, participation in higher education by young people from middle or lower SES backgrounds would have been much weaker than it has been, even though much progress remains to be made.

The changing public-private balance in secondary schooling

In the very early years following World War II, nearly 1 in 3 students in secondary education attended non-government schools. This reflected the limited provision of state high schools, the tracking of many children into terminal junior technical schools (involving fewer years of study than high school and high dropout rates), and low rates of school completion amongst students who did enter high school. However, public systems grew rapidly after the war, provision was dramatically increased during the years of the baby boom, tracking and technical schools were phased out (except in Victoria), and school completion rates rose.

Figure 3.9 Sector enrolment shares: secondary school students, Australia 1950-2010



	1950	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
Private	14.2	8.8	7.8	7.5	8.2	7.9	11.9	13.2	14.8	16.7	17.7
Catholic	16.9	17.7	16.6	16.6	18.2	17.3	19.9	20.4	21.1	21.5	21.9
Public	68.9	73.5	75.5	76.0	73.6	74.9	68.1	66.4	64.2	61.8	60.5

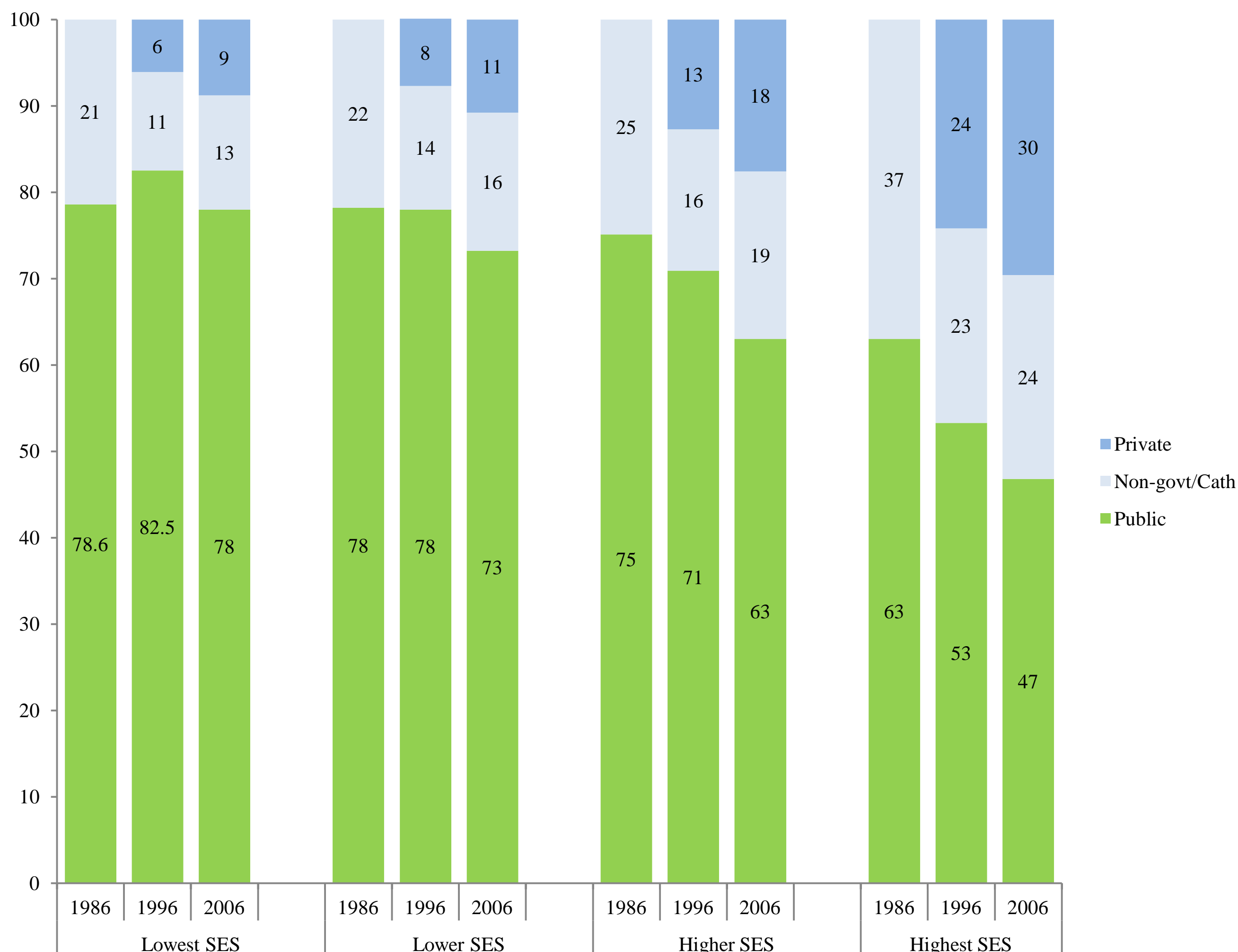
The major building programs of state governments saw the opening of many new secondary schools with the aim of creating opportunities for children in all communities to undertake extended secondary schooling, including university-preparatory studies in high school. Thanks to the expansion of provision and the ending of streaming and tracking, the proportion of young people completing school rose throughout most of the post-war period (though slowing during the mid to late 1970s).

After the mid-1980s, the proportions of students attending public secondary schools began to fall. This decline has been continuous. Looked at from the highpoint of 1975, the public sector share of enrolments has fallen by 15.5 percentage points. Looked at over the longer term, taking into account the demographically driven expansion of the early post-war decades, the fall in public sector shares has been much smaller—around 8.4% over 60 years.

Social changes in secondary school sectors

The trend in SES enrolment shares in secondary school is broadly similar to the trend in primary schools, except that the depth of change is greater. For example, public secondary schools educated 63% of highest SES students in 1986—the share in primary schools in 2006—and this fell to 46% by 2006. A steep fall also occurred with respect to students from the next-to-highest SES band (from 75% in 1986 to 63% in 2006). These large falls were not matched in the case of students from the next-to-lowest and the lowest SES bands—the former down by 5 percentage points, the latter showing no change over the two decades (though note the rise in 1996).

Figure 3.10 Shares of SES bands of secondary students by sector, 1986-2006



We conclude on the basis of this analysis that, as in primary schools, most of the transfer of students to the non-government sector took place at the higher end of the SES range, while public secondary schools saw little or no change in the proportion of the relatively disadvantaged students whom they were educating.

Why has the migration to private schooling been higher amongst higher SES groups?

Public schools serving socially-advantaged communities do as well as or even better than non-government schools (see Chapter Two). But success in basic literacy and numeracy as measured by NAPLAN is unlikely to be the main consideration in the thinking of middle-class parents, if we are to judge from the marketing language of private schools. Rather the issue is examination results and enrolment in high-end courses at university.

Well-educated parents generally also have high disposable income. They are able to take advantage of the facility of choice created by subsidizing private schools. Through this facility, parents gain access to fees. These act as a barrier against the dilution of academic and cultural resources represented by the mix of students in private schools. Fees are not simply a charge on revenue, but a market barrier of educational significance, in short a benefit or asset. They filter intakes in ways which conserve social advantages and assure relative cultural homogeneity, enabling the teaching effort to be concentrated to full effect on academic programs and global success.

The economic and social changes that we have noted previously underpin higher overall levels of participation in school and participation in higher education. But as such they also intensify competitive pressures. They stimulate strategies of relative advantage on the part of parents concerned about the "sorting" (selection) effects of academic examinations and university selection practice. Over the sixty years under review, school completion rates have risen nationally from about 10% to around 75%. This growth has been translated into higher aggregate demand for places in university. Total enrolments in Australian universities—including overseas students and post-graduates—increased by a factor of 20 over the fifty-year period to the mid-1990s (see Figure 3.8), and from early in that time, quotas were imposed on all university courses. Thus students from well-educated families have been placed under considerable academic stress. Selection to university is in the main based on score, and offers are rationed through the universal ranking of candidates on exam results (the Australian Tertiary Admissions Rank or ATAR).

Enrolment in private schools confers significant competitive advantages in examinations and tertiary admissions, even while having no significant effects on literacy scores or PISA competencies, after adjusting for student and school socio-economic characteristics. Access to Group of Eight (Go8) institutions is heavily weighted in favour of students from private schools. For example, around 62% of school leavers receiving or deferring an offer from the University of Melbourne in 2009 were from private and Catholic schools. Only a minority

(28%) came from urban or rural public high schools other than three selective-entry establishments (which between them accounted for 9% of all school-leaver offers).

The drift of enrolments to private schools contributes to a pattern of substantial social inequality in access to Australian higher education. Since the early 1990s there has been very little change in the share of undergraduate places enjoyed by low-SES groups—around 15% for the lower quartile. Reflecting this stability is the virtually unchanged odds ratio of access for high-SES students over a longer period. In 1980, school students with tertiary-educated parents had about 2.5 times the chance of going to university as young people from poorly-educated homes. This did not change over the next two decades (Griffith University 2008). In Go8 universities, high SES groups had a 54% enrolment share in 2002, while low SES groups had only about 10% of places (James, Baldwin, Coates *et al.* 2004: 15, 68). Stability in relative chances is not due to lack of aspirations amongst low-income groups, but rather the capacity of high-income groups to mobilize social and institutional resources for academic advantage.

In a context of increasing competitiveness, well-educated parents with high incomes respond to advertising in which small class sizes and individual care are key points. To take only a few examples, Caulfield Grammar School advertises "two teachers in all Year 7 and 8 classes" (*The Age* 8 March 2009), Haileybury College has class maxima of 18 in Years 7-9 and 15 in VCE, and Sacré Coeur 16 in VCE.

Academic competitiveness also appears to underlie the contrast within the private sector in which non-Catholic schools have increased their share of high SES children, while there has been virtually no growth in numbers of these students in the Catholic sector.

The uncertainty that has been created by economic and social change has encouraged some groups of parents to seek security in sectors of schooling which are highly-resourced and selective. Public schools have lost a proportion of children from well-educated homes, not only because they are open and non-selective, but because over many decades they have been

portrayed negatively in the media. A continual stream of adverse comments from journalists, academics and political figures has accompanied the modern history of Australian public schooling and cast a shadow over its work. This sustained attention has weakened confidence in the public system and encouraged parents to seek certainty elsewhere.

However, as observed in Chapter Two, the promotion of choice has not led to any increase in the number of non-government schools enrolling predominantly children from the lowest band of socio-economic status in Australia. Economic and social change has made the position of poor families more vulnerable over time. Income inequality in Australia is growing. Shifts in the labour market towards fewer full-time and permanent jobs and more part-time and casual work have increased poverty amongst the employed (not only the unemployed, as in the past) (Borland, Gregory and Sheehan 2001).

Choice has not enlarged the educational opportunities of the poor. Indeed the tendency for choice to segregate children in the lower bands of socio-economic status has created worsening conditions for the populations who most depend on the effectiveness of public schools. Growth in public and private spending in the non-government sector has operated to remove more culturally advantaged children and young people from the public systems, leaving these systems less supported culturally by a balanced mix of students from different family backgrounds.

In the next chapter, we will show how this process of cultural disinvestment works out at a local level in the form of narrowing social profiles in public schools.

Chapter Four

Public and private schooling in local communities

As Australian schools enter a new phase of their history in which they must deliver outcomes, not only provide opportunities, the responsibility for educating the poorest children in the country remains squarely and very largely with public schools. In 1986 they educated 4 out of 5 children in the lowest SES areas of urban and provincial Australia, and in 2006—after decades of funding and enrolment growth in the private sector—they continued to educate 4 out of 5 of these children. If private and Catholic schools between them enrol 1 in 5 children living in relatively disadvantaged metropolitan and provincial centres (5% and 14% respectively), the question is *which 1 in 5*?

Why is it important to raise this question? The challenge that Australian public policy makes to public schools is to extend to children from the least well-educated and advantaged families the benefits of at least minimum national standards which they demonstrably produce for children from the most well-educated and most well-off families.

To meet this requirement—and this distinguishes the mission of public education—public schools must create environments which raise expectations and challenge children who start at a disadvantage. Public schools must help them to go forward, both cognitively and socially, including by enabling stronger students to lead and assist weaker ones.

Funding arrangements should not support social segregation, but encourage the pooling of both financial and cultural resources. This is an argument, not from social cohesion, important as this is, but from pedagogical effectiveness, without which neither cognitive growth nor social cohesion can be produced.

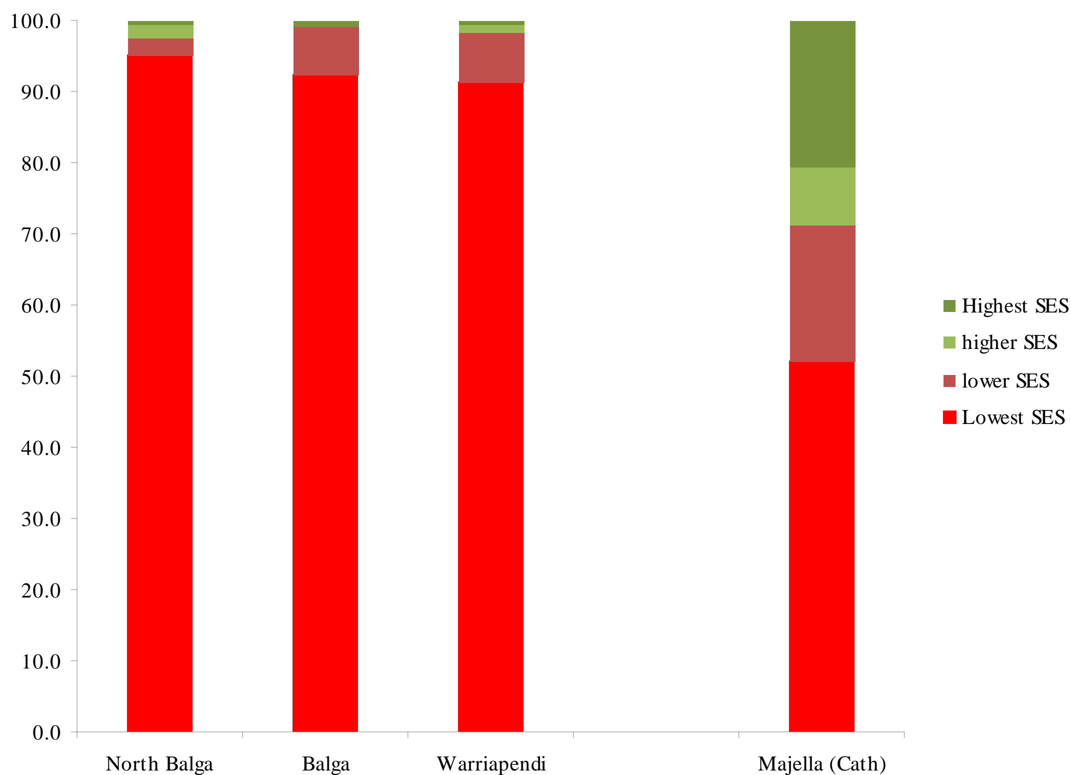
Through public funding arrangements, our aim should be to raise educational standards in all communities. We cannot do this by educating the poor apart and the rich elsewhere. Residential differentiation separates rich and poor, and remoteness even more. But how we fund schools must cut across these divisions rather than reinforcing or widening them.

That our funding machinery does not have a community perspective can be seen in the way in which public and private schools serve different segments of local communities. Even in the poorest urban areas, where there is least scope for selection, the "1 in 5" children who attend non-government schools are not a random sample of the local community.

Balga is a poor urban area, located about 10km. north-east of Perth. There are four primary schools serving the area—three public and one Catholic. The children attending these schools are mostly from lower working-class families (85%). However, neither this large majority nor the very small minority from relatively advantaged families is distributed equally between the public schools and the Catholic school.

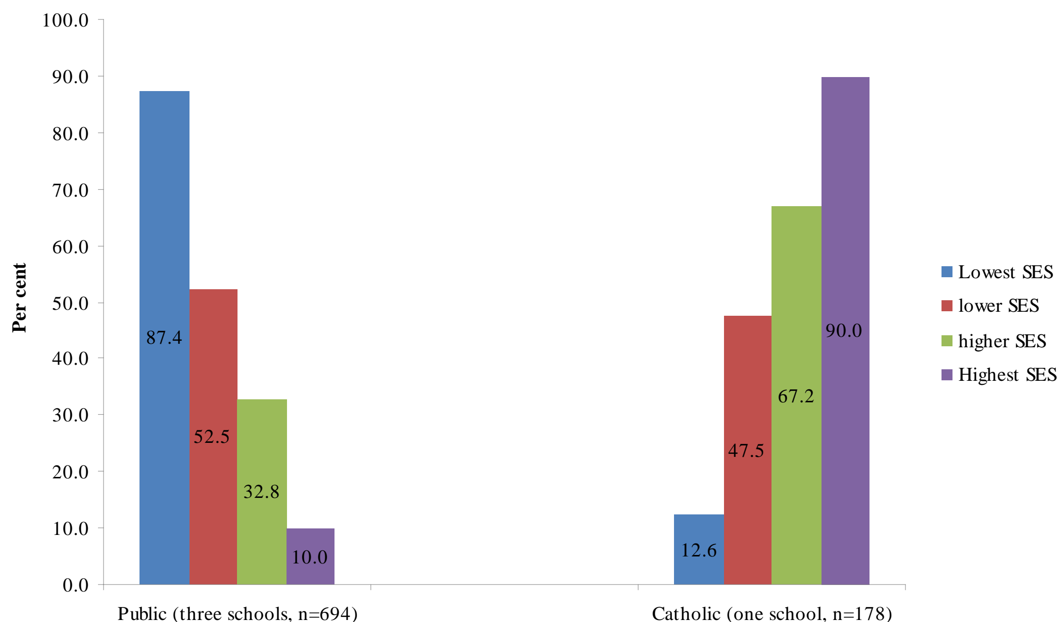
While the public schools enrol about 80% of all children from Balga and surroundings, their rolls account for 87% of children in the lowest quartile of SES. This exposure imparts to the public schools an almost exclusively low-SES character. By contrast, the Catholic school serving the area enrols about half of the next-to-lowest SES group, two-thirds of the next-to-highest group and 90% of the highest SES children. As a result, it displays a very different pattern or mix of students (Figure 4.1 from NAPLAN, 2010).

Figure 4.1 Balga (WA) primary schools: social profile



Most children from higher SES families attend the local Catholic school, while very few attend the public primary schools. As socio-economic status rises, an increasing share of enrolments is found in the Catholic school, and conversely as SES declines, an increasing share is found in the public schools. This symmetrical pattern is graphed in Figure 4.2 from NAPLAN, 2010.

Figure 4.2 Which students are educated where in Balga (WA) primary schools? Percentage distribution by SES

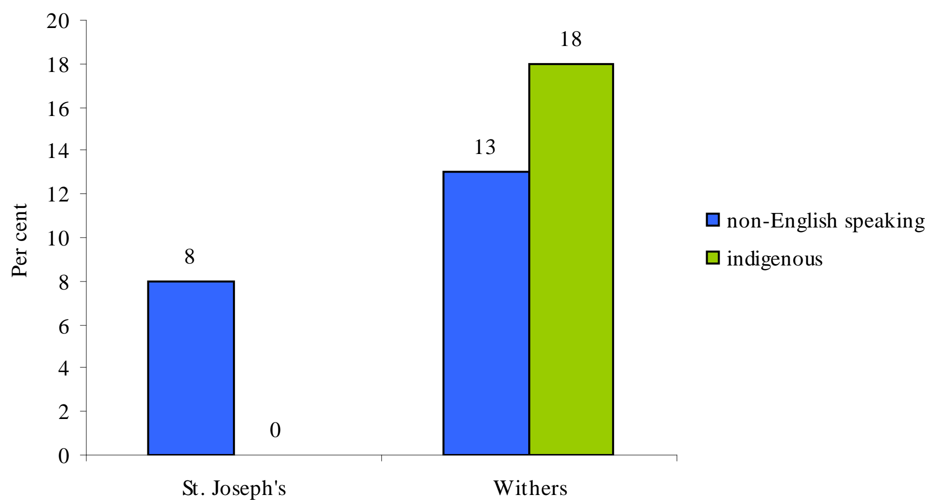


This divergent pattern of intakes brings out an important feature in the operation of a mixed school system that has both public and publicly-subsidized private schools. Nearly 9 in 10 students from the lowest SES band are enrolled in Balga's public primary schools, and each of the three schools has a high concentration of these students. The likelihood that they will under-achieve is very much higher than for other groups. On the other hand, 9 in 10 students from the highest SES band are enrolled in Balga's Catholic primary school together with two-thirds of the next-to-highest band. Students from these backgrounds congregate in the main in this school and broaden significantly the mix of students. The low SES students who do attend this school—and they make up half of the school's population—potentially gain from the infusion of cultural advantages which higher SES students contribute. An illustration of this cultural advantage is the fact that none of the Year 3 students in the Catholic school recorded a score in the lowest reading band in 2010 as compared to 14.5%, 21.7% and 45.5% respectively in the three public schools.

It is not only socio-economic status that divides schools serving the same local communities. South of Bunbury (WA), two schools lie within 1 km. of each other, but draw very differently from segments of the local population. Withers Primary School has a substantial minority of

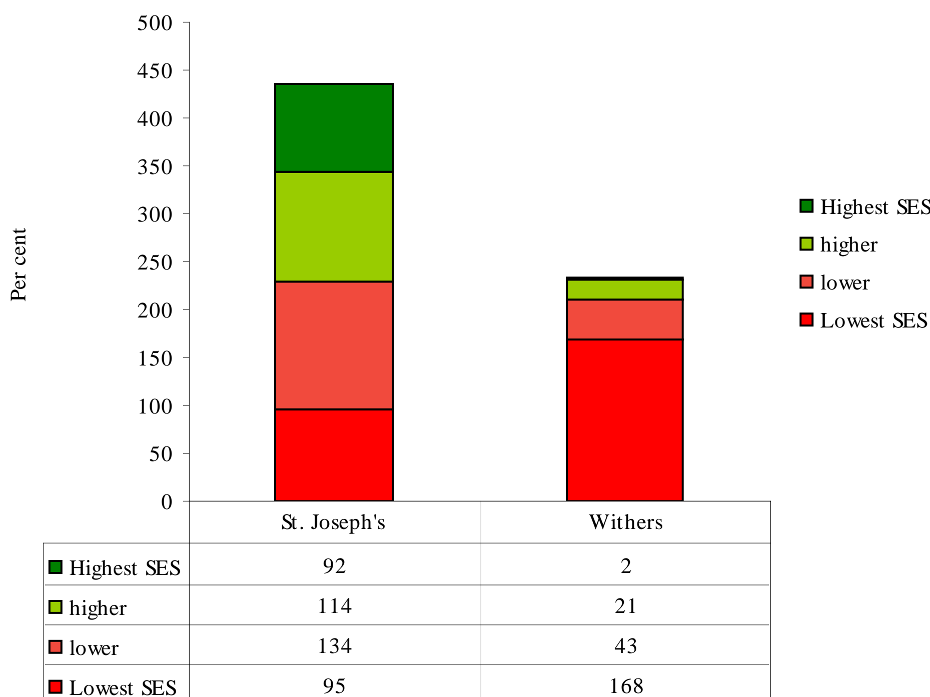
indigenous students (18%), while neighbouring St. Joseph's has none. Attending the public primary school, 13% of children are from non-English speaking backgrounds as compared to 8% in the Catholic school (Figure 4.3 from NAPLAN, 2010).

Figure 4.3 Indigenous students, and students speaking a language other than English: two neighbouring primary schools in Bunbury (WA)



Withers Primary School is a small, largely low-SES establishment in Bunbury, dwarfed by St. Joseph's, nearly half of whose students come from the top two bands of SES (Figure 4.4 from NAPLAN, 2010). from NAPLAN, 2010).

Figure 4.4 Two Bunbury (WA) primary schools near to each other: social differences in intake

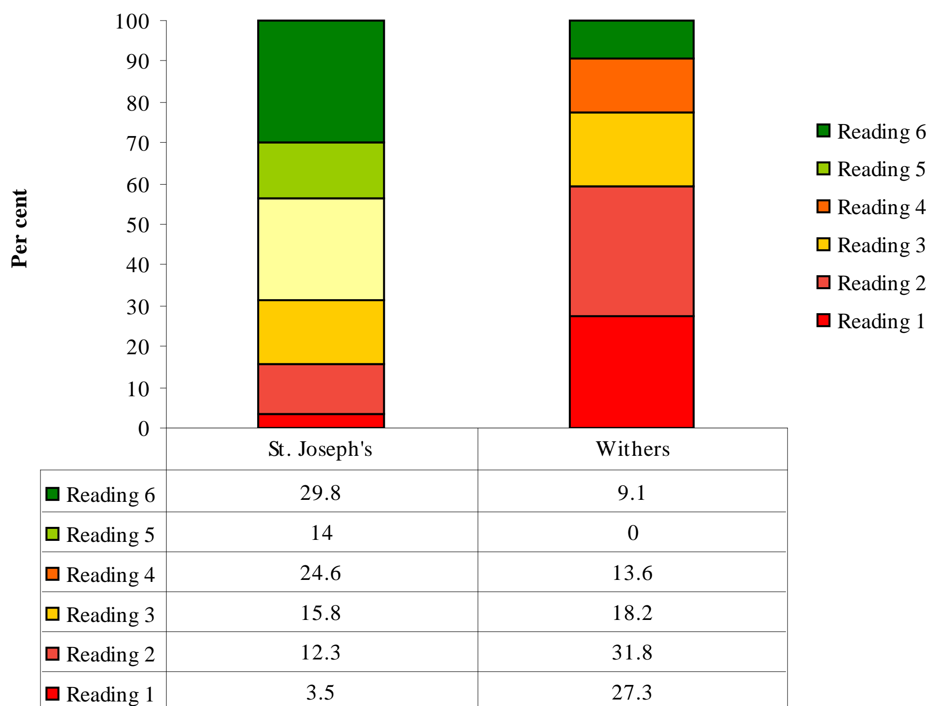


	St. Joseph's	Withers
Highest SES	92	2
higher	114	21
lower	134	43
Lowest SES	95	168

At Withers, only two children are from the highest SES band, while 21 are from the next-to-highest band. St. Joseph's, by contrast, enrols 92 students from the highest band and 114 from the next-to-highest band. The school attracts these students in part through the fees it charges (about $989). These act as a cultural filter, not only a material barrier: they do not exclude the poor, but they require the poor to have an educational commitment represented by fees (paid or remitted). The relatively few lower working-class children who attend St. Joseph's gain access to an environment which is socially mixed and offers significant potential cultural advantages in the form of family aspirations, values and know-how, and higher initial cognitive, linguistic and social levels amongst children.

In Withers, which enjoys strong support from parents, the educational task is much more complex and demanding. We can see this from the performance profile in NAPLAN. In Year 3, Withers has about 8 times the proportion of children in the lowest band of reading (27% as compared to 3.5%), and 2.5 times the proportion in the next-to-lowest band (32% and 12% respectively). St. Joseph's, by contrast, has two-thirds of its children reading in bands 4-6—three times the proportion in Withers (68% and 23% respectively) (Figure 4.5).

Figure 4.5 Reading differences in Year 3 in two neighbouring Bunbury primary schools



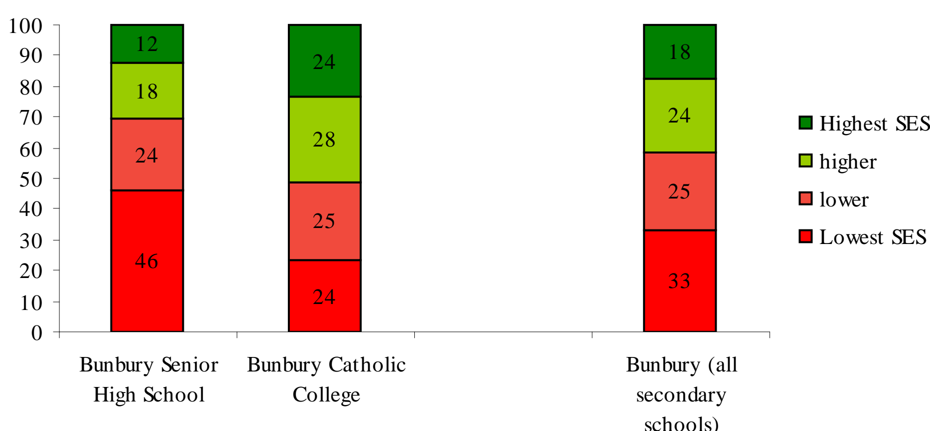
	St. Joseph's	Withers
Reading 6	29.8	9.1
Reading 5	14	0
Reading 4	24.6	13.6
Reading 3	15.8	18.2
Reading 2	12.3	31.8
Reading 1	3.5	27.3

The greater population exposure of public primary schools means that they enrol higher proportions of children whose cognitive, language and social development is less advanced than many children entering private schools. Whilst almost all children make progress, those from poorer homes make less progress, and if they are falling behind in the early years of primary school, they have great difficulty catching up. Their most likely destination will be the local public high school (which can expect to see a large range of children from its feeder primaries).

The pattern of social selection in primary school is re-created in secondary school. This is partly because children attending private primary schools are likely to transfer to private secondary schools (or remain in a mixed-level establishment), but it is also because some parents whose children attended public primary schools see private schools as either the best choice for high achievers or indeed the best choice for children who are struggling (Cf. Langouët and Léger 1994).

Figure 4.6 compares enrolment profiles in the two Bunbury secondary schools that offer classes from Years 8 to 12. In this provincial city, which is also served by a senior college (Years 11-12), nearly half of all students attending Bunbury Senior High School are drawn from the lowest quartile of SES (nearly double the national level). The school enrols less than half the proportion of highest SES students that would be expected nationally (i.e., 12.2% compared to 25%).

Figure 4.6 Social selection in Bunbury 8-12 secondary schools

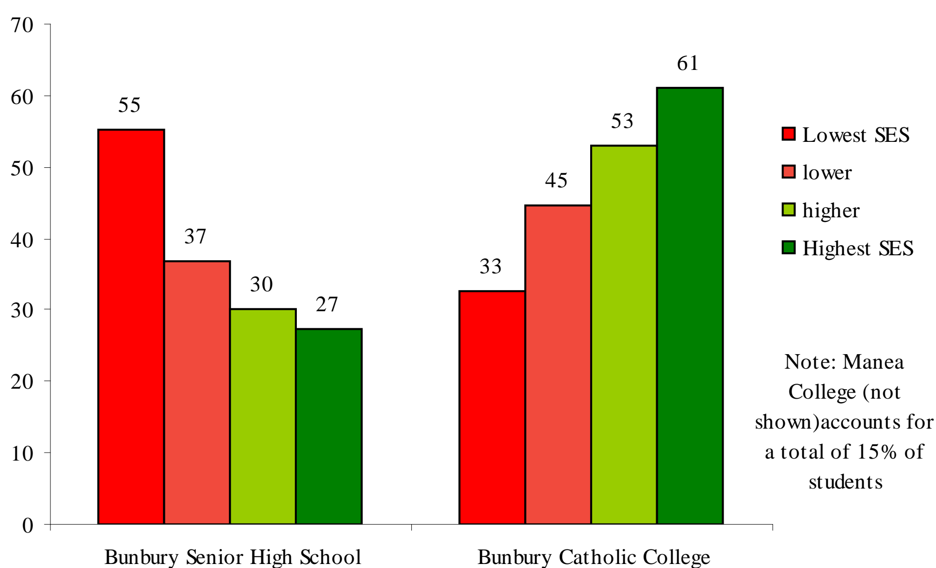


Bunbury Catholic College, by contrast, displays a social pattern of enrolments which closely matches the national pattern of nearly equal fourths. But the social composition of Bunbury secondary school students differs from the national picture. The Bunbury pattern is shown on the chart as "all secondary schools" and includes Manea College (11-12). Bunbury Catholic College under-recruits from the poorest families (24% as against 33%) and over-recruits from the higher two quartiles (respectively 28% as against 24%, and 24% as against 18%).

Part of the reason for this selection pattern lies in the fees charged by the college ($2675-$2775 including compulsory subject levies and other charges). These fees, while considered by the college to be manageable by most families "without suffering undue hardship", enable better-off parents to pool their financial and cultural resources in the school and, in effect, to limit the range of children from poor families who will be companions to their own.

Bunbury Senior High School, for its part, under-recruits from the higher SES bands and over-recruits from the lowest band (46% as against 33%), It is selective in the reverse sense to its Catholic school neighbour. This is reflected in the percentage distribution of students from different SES bands across the two schools. Figure 4.7 shows a symmetrical pattern or division of labour in which 55% of the lowest SES students in Bunbury are educated at the senior high school, while 61% of the highest SES students are educated at the Catholic college (Manea College accounts for a total of 15% of all students).

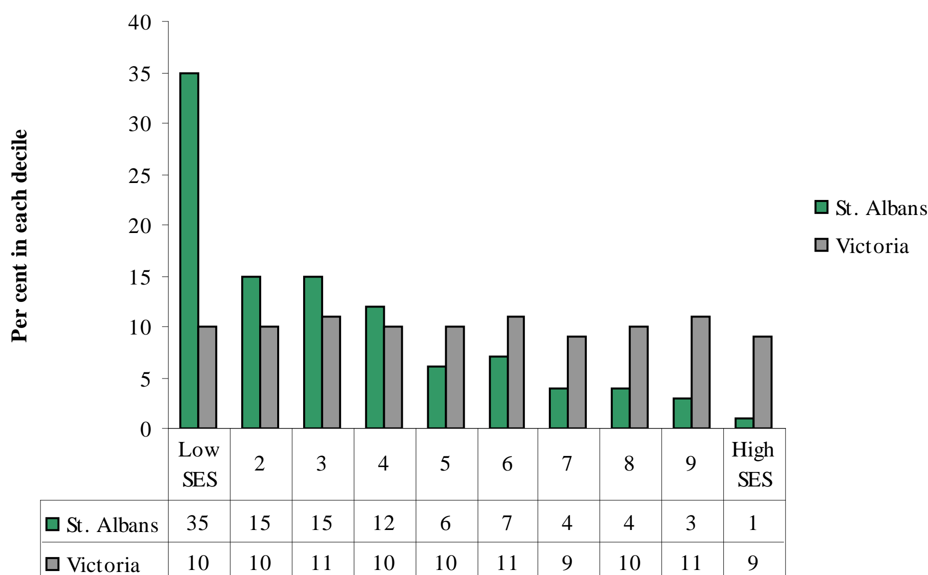
Figure 4.7 Distribution of students from different SES bands amongst the two 8-12 secondary schools in Bunbury (WA) (%)



The patterns of social selection that we have observed in Western Australia are found in other jurisdictions as well. We will illustrate this with data drawn from Victorian schools.

St. Albans is located in the western suburbs of Melbourne. Every second child attending school in the area comes from a low SES background (lowest fifth band). Few come from higher SES homes—1 in 11 (top fifth band) (see Figure 4.8).

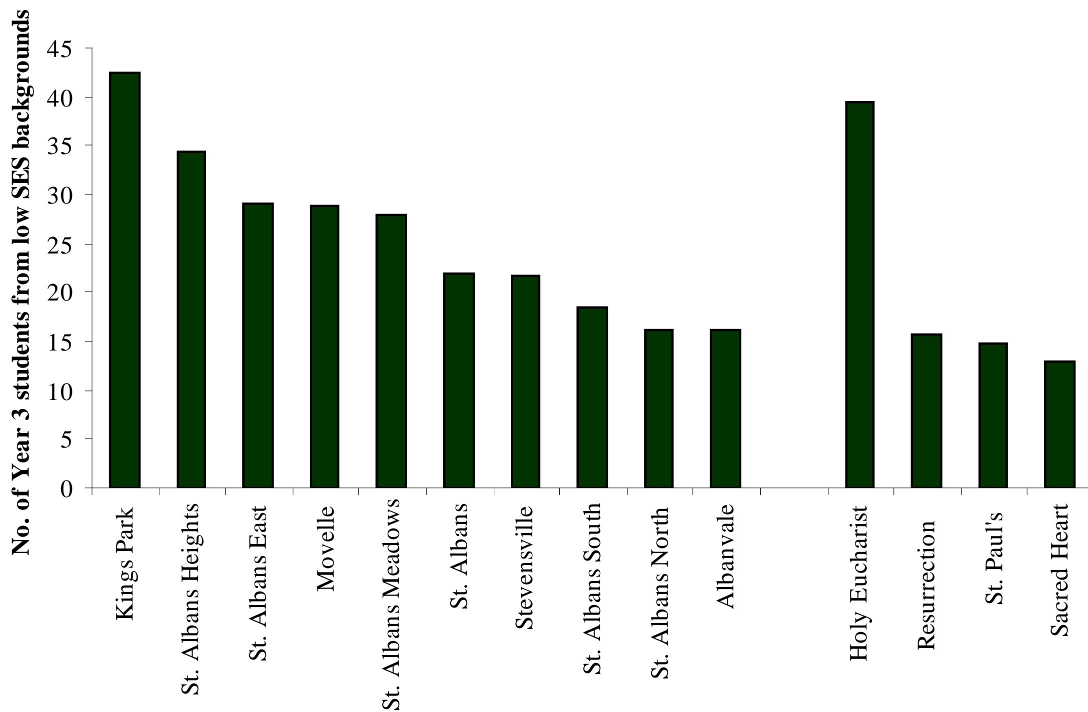
Figure 4.8 Social profile of St. Albans (Vic): Year 3 students by decile of SES



	Low SES	2	3	4	5	6	7	8	9	High SES
St. Albans	35	15	15	12	6	7	4	4	3	1
Victoria	10	10	11	10	10	11	9	10	11	9

The distribution of children from poor backgrounds across all schools located in the area is shown in Figure 4.9.

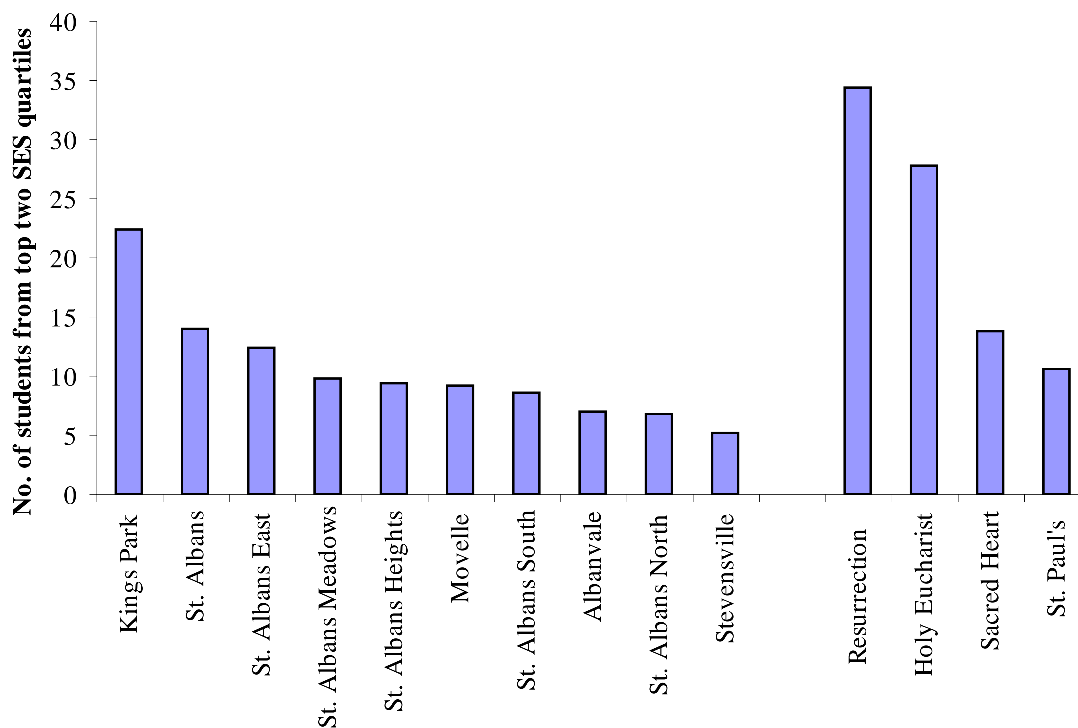
Figure 4.9 Distribution of children from the lowest SES band by school and sector, St. Albans, Vic.



With the notable exception of the Holy Eucharist school, non-government schools generally enrol small numbers of children from the lowest band of SES. This is not to say that the non-government schools located in the area do not play an important role for children from the poorest backgrounds. Rather as a group they play a more limited role. For each child from a lower working-class background enrolled in a Catholic school in St. Albans, public primary schools enrol three children. On average 60% of children in St. Albans public primary schools are from the lowest SES band compared to 40% in local Catholic schools. Moreover these differences in social composition mask large differences in cognitive level. In some public primary schools as many as 1 in 4 or 1 in 3 Year 3 students are reading either below national minimum standards or only at these standards compared to at most 11 in 100 children in local Catholic schools.

On the other hand, the non-government schools in the St. Albans area enrol a large proportion of all children in the top 50% of SES (see Figure 4.10).

Figure 4.10 Distribution of children from the top 50% of SES by school and sector, St. Albans, Vic.



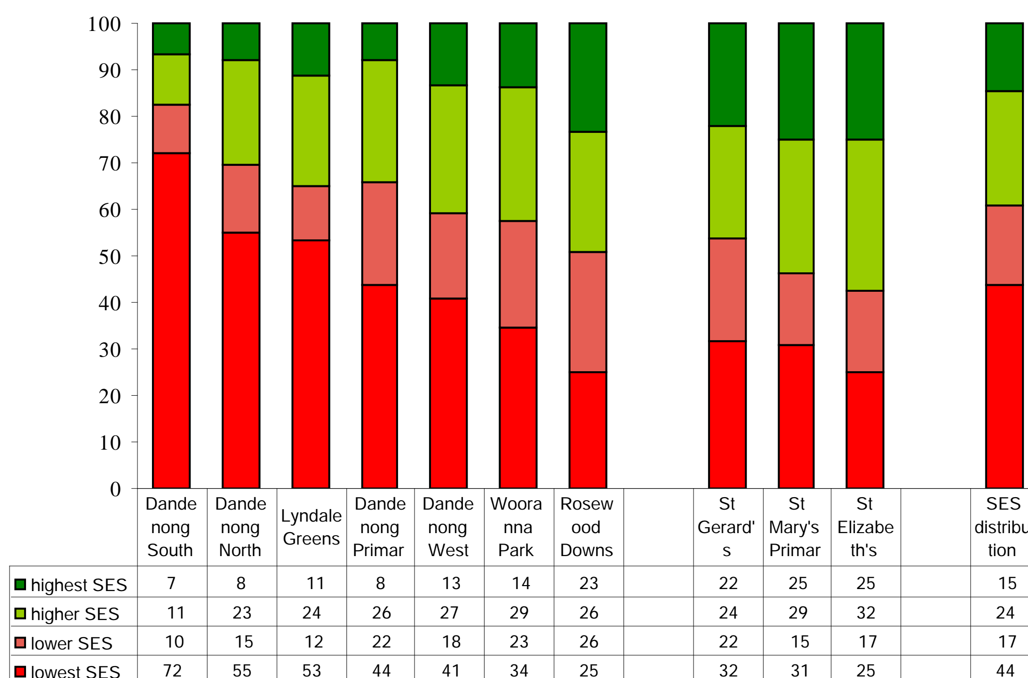
They enrol between 11 and 34 such children compared to an average of 10 in public schools (and a maximum of 22). Across St. Albans as a whole, public primary schools enrol somewhat more relatively high SES children as non-government schools, but they are thinly dispersed across many schools and with significant numbers only in one school. By contrast, higher SES children represent between 1 in 3 and 1 in 2 enrolments in the Catholic schools. This is much higher than the density found in public schools (i.e., 41% compared to 24%).

Attending a school with a broad mix of children—including children from well-educated homes—favours higher achievement amongst low SES children. Residential segregation works against this possibility. But so does the operation of "choice" policies. In St. Albans,

children from relatively high SES backgrounds are thinly dispersed across government schools, but on the other hand more heavily concentrated in non-government schools. The sector divide works as a cultural division, while the structure of provision in the public sector further weakens the access of low SES children to peers who are typically more successful at school and more highly aspiring.

St. Albans is not an isolated example of the way "choice" operates to differentially distribute high and low SES students across sectors. Dandenong is located in the south-east of Melbourne and is ranked in the lowest tenth of local government areas within Victoria. This is reflected in the high proportion of children in primary schools in the area from low SES backgrounds—44% compared to a national proportion fixed at 25%. Most of the public primary schools reflect this pattern or significantly exceed it. For they enrol between 41% and 72% of children from the lowest quartile of SES. By contrast, none of the non-government schools in the area reflects this pattern. Between 25% and 32% of their students are drawn from the lowest SES quartile (see Figure 4.11).

Figure 4.11 SES profile of Dandenong primary schools and across all Dandenong schools (%)



	Dandenong South	Dandenong North	Lyndale Greens	Dandenong Primar	Dandenong West	Wooranna Park	Rosewood Downs		St Gerard's	St Mary's Primar	St Elizabeth's		SES distribution
highest SES	7	8	11	8	13	14	23		22	25	25		15
higher SES	11	23	24	26	27	29	26		24	29	32		24
lower SES	10	15	12	22	18	23	26		22	15	17		17
lowest SES	72	55	53	44	41	34	25		32	31	25		44

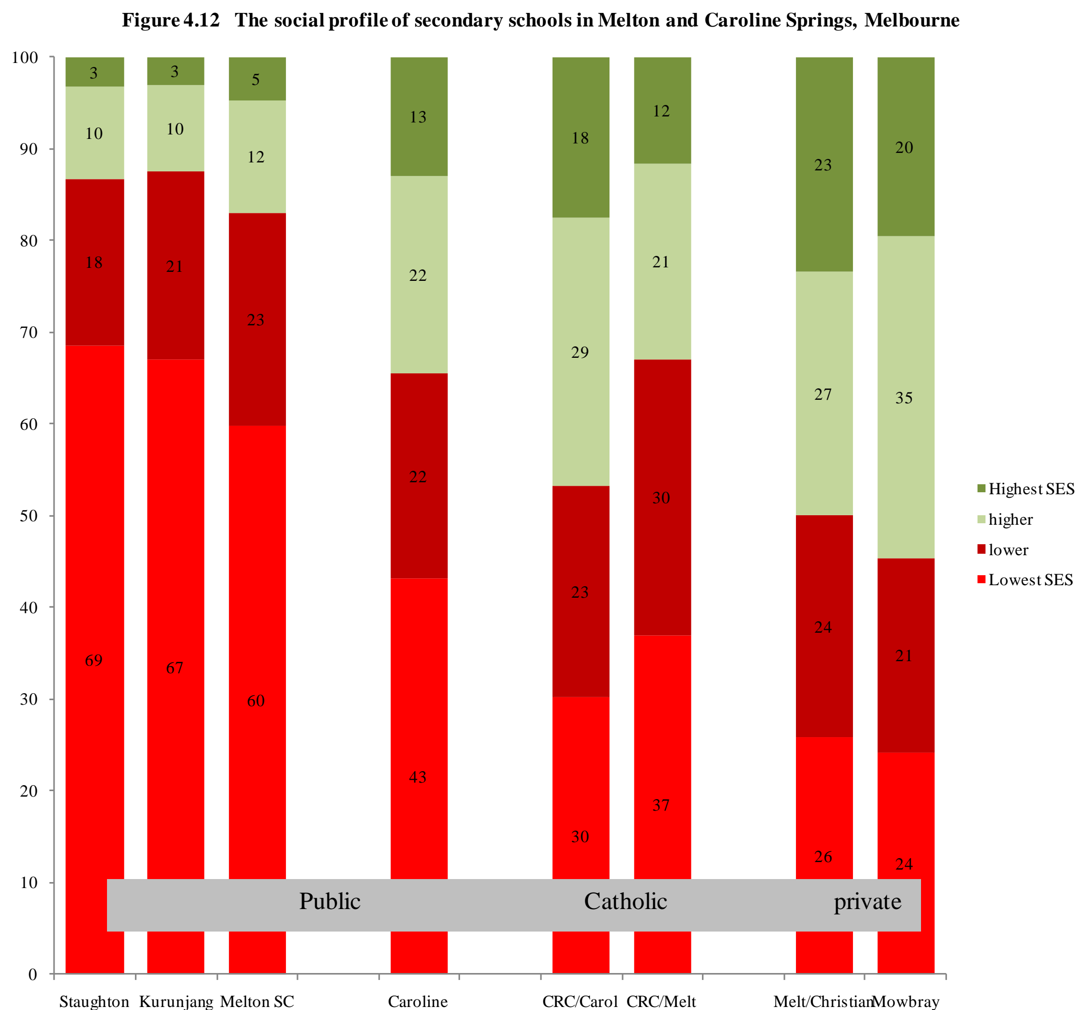
Children from families at the high end of the SES scale represent 15% of all primary school students in the Dandenong area (compared to a national figure of 25%). A number of public primary schools reflect the 15% area pattern, while some fall well short of it. Against this, the three Catholic schools over-reflect the pattern, that is, they enrol a much higher proportion of children from high SES backgrounds than would be expected from the area pattern (between 22% and 25%). Only one public primary school reaches this level.

The result is that children attending the non-government primary schools in Dandenong have access to a wider social mix of peers than is true in public primary schools as a group. There are public schools which have almost the same complexion, but most either reflect the area pattern or over-reflect it in the proportions of low SES whom they enrol.

Social divisions of labour at a local level can also be observed in the intake patterns of secondary schools. If we draw our examples from low social status areas, it is because these areas are disadvantaged through processes of residential differentiation (e.g., property values, rents, local industry). Dividing students between schools in an uneven way as regards their backgrounds aggravates the underlying pattern of residential differentiation by concentrating the most vulnerable populations in some schools, while creating more balanced and more favourable mixes in other schools.

We see this pattern in the area of Melton and Caroline Springs in Melbourne's west (Figure 4.12).

Figure 4.12 The social profile of secondary schools in Melton and Caroline Springs, Melbourne



In the Melton-Caroline Springs area in Melbourne's west, the public secondary schools enrol children predominantly from the lowest two bands of SES. Staughton, Kurunjang and Melton Secondary College have between 60% and 70% of students from the lowest band, and very small numbers of students from higher bands.

Caroline Springs is a newer, upmarket urban area, and this shows in its enrolment pattern. About 1 in 3 students come from the higher bands of SES. This higher social intake is even more pronounced in the Catholic school located in Caroline Springs. For nearly half of its students are from more educated homes. Similarly, the two private non-Catholic schools located in Melton have advantageous mixes of students.

It is not only social, but academic selection that occurs in local enrolment patterns in government and non-government schools. The public-private division splits up local populations, channelling weaker learners completing primary school into public secondary schools, and stronger ones into private schools, both non-Catholic and Catholic.

Figure 4.13 The achievement profile of children starting secondary school in Melton and Caroline Springs (Vic): per cent in the lower two reading bands in Year 7

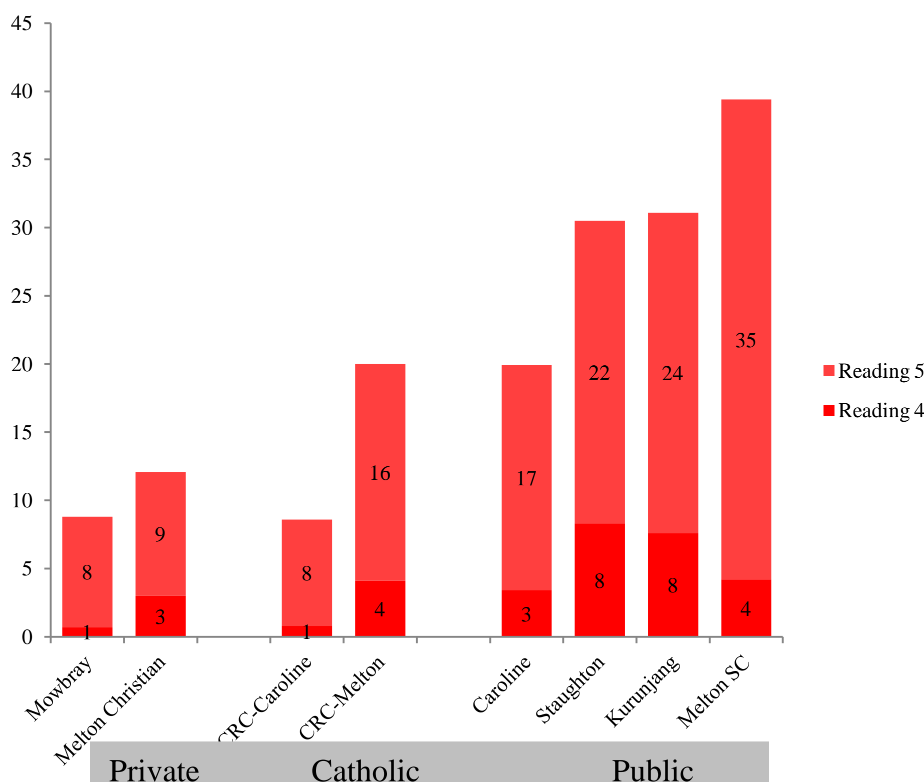
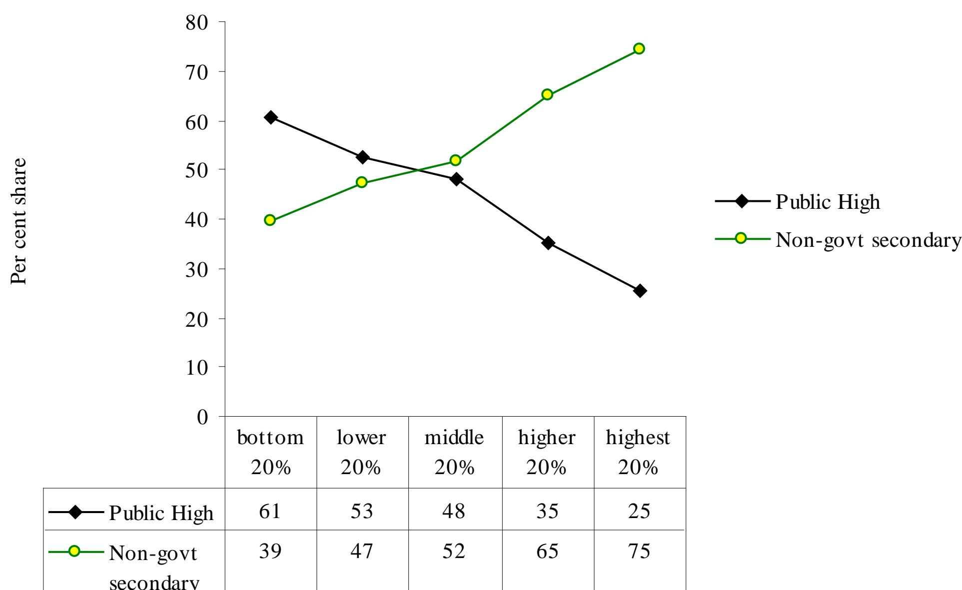


Figure 4.13 shows that only 9 in 100 children in Mowbray's Year 7 classes are reading in bands 4-5, as is also true of the Catholic school in Caroline Springs. There are more students in these reading bands in Melton Christian College and the Catholic Regional College in Melton (12% and 20% respectively). But—with the exception of the advantageously located Caroline Springs College—public secondary schools enrol much higher proportions of weaker learners (between 30% and 40%).

The tendency for public high schools to enrol children from lower in the achievement spectrum and for non-government schools to enrol from the higher end is found in many different local settings. It is a common pattern which underlines the different roles played by schools in the different sectors. Public high schools enrol not only higher proportions of children from socio-economically disadvantaged backgrounds, but also higher proportions of children commencing secondary school as low achievers.

Figure 4.14 examines shares of Year 7 children at different reading levels enrolled by the public high school and by the non-government school in Bairnsdale in Gippsland (the analysis is based on unit-level data from NAPLAN 2009; schools are shown simply as "public" or "non-government"). The chart shows a divergent pattern in which the public high school loses share as achievement level rises, while the non-government school increases share as achievement rises.

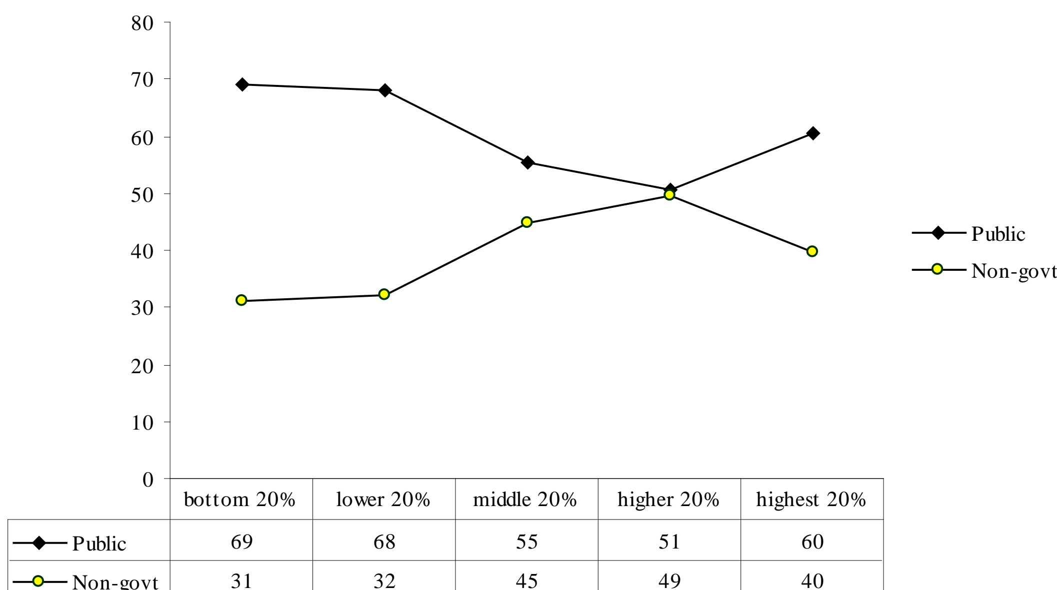
Figure 4.14 Share of Year 7 students by reading level and sector: Bairnsdale



	bottom 20%	lower 20%	middle 20%	higher 20%	highest 20%
Public High	61	53	48	35	25
Non-govt secondary	39	47	52	65	75

A similar analysis is presented in Figure 4.15 for Warrnambool in the west of Victoria. In this analysis, the two public high schools are combined as are the two non-government schools. The same divergent pattern in relation to achievement is found as in the case of Bairnsdale. The public high schools draw from the lower end of the achievement spectrum, while the non-government schools draw from the higher end.

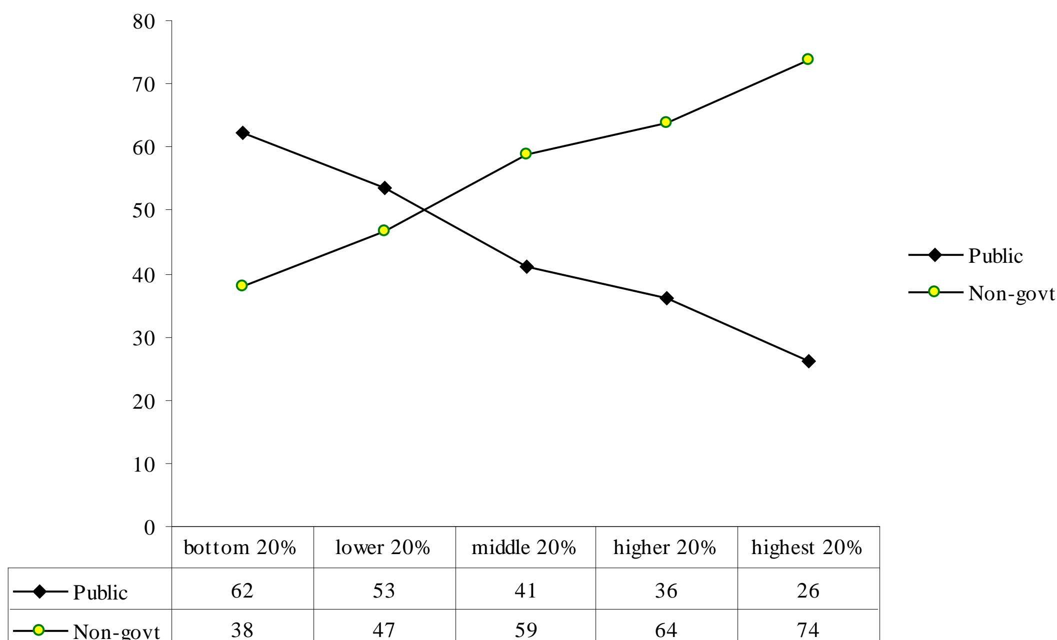
Figure 4.15 Share of Year 7 students by reading level and sector: Warrnambool



	bottom 20%	lower 20%	middle 20%	higher 20%	highest 20%
Public	69	68	55	51	60
Non-govt	31	32	45	49	40

Looking at a larger provincial city, Figure 4.16 displays the sector pattern for schools grouped by sector in Ballarat. The public high schools in the city enrol 62% of all poor readers in Year 7, but only 26% of all advanced readers. By contrast, schools in the non-government sector enrol 38% of all poor readers attending school in the city, but 74% of all advanced readers.

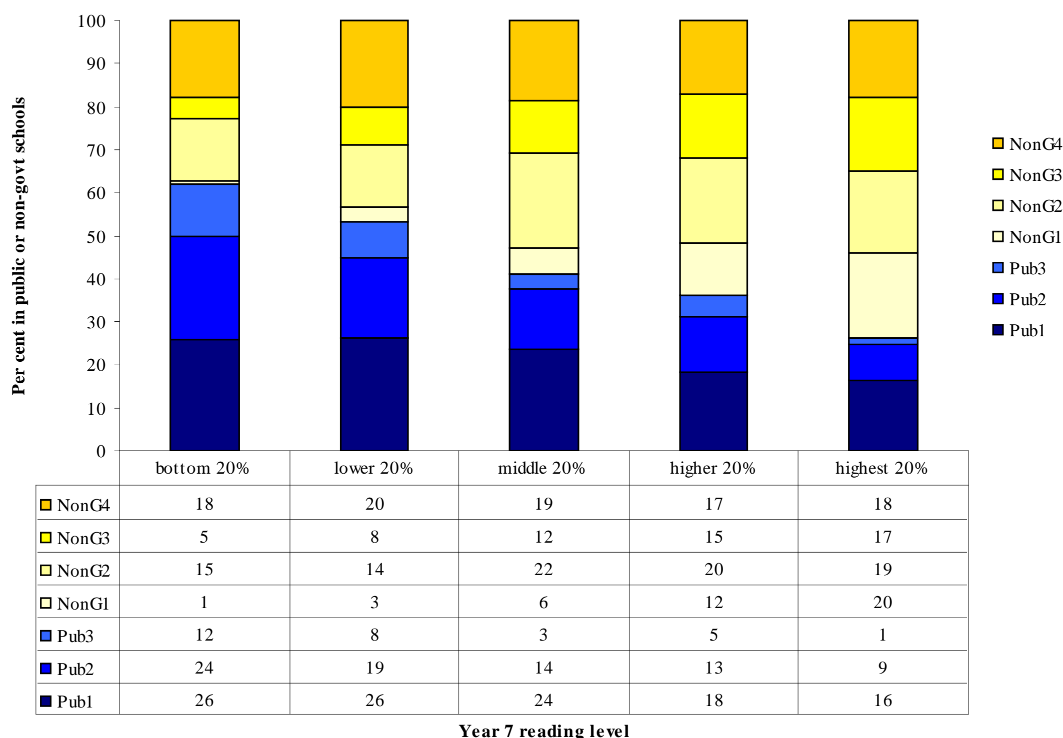
Figure 4.16 Share of Year 7 students by reading level and sector: Ballarat



	bottom 20%	lower 20%	middle 20%	higher 20%	highest 20%
Public	62	53	41	36	26
Non-govt	38	47	59	64	74

There are differences within each sector. Some non-government schools display a steady increase in enrolment share, rising from relatively few poor readers to a much greater share of advanced readers. On the other hand, some non-government schools in larger urban centres (such as Ballarat) display a pattern of enrolment which is neutral or uniform with respect to student achievement level. These differences are reflected in Figure 4.17 which presents a school-by-school picture (see the schools labelled NG4 and NG3).

Figure 4.17 School and sector profile of Year 7 at different reading levels: Ballarat



	bottom 20%	lower 20%	middle 20%	higher 20%	highest 20%
NonG4	18	20	19	17	18
NonG3	5	8	12	15	17
NonG2	15	14	22	20	19
NonG1	1	3	6	12	20
Pub3	12	8	3	5	1
Pub2	24	19	14	13	9
Pub1	26	26	24	18	16

While this chart shows important differences between schools in the non-government sector, it also demonstrates a very strong and consistent pattern amongst public high schools: they have the largest share of low achievers starting secondary school, and the smallest share of children starting secondary school at a relatively high level of achievement.

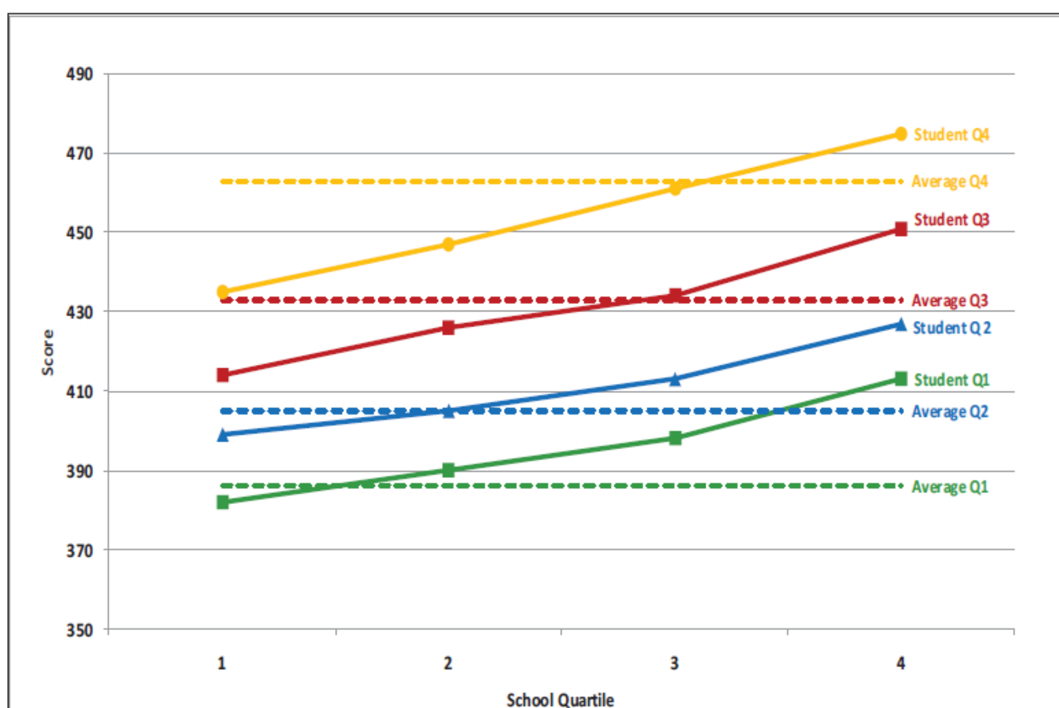
Access to socially-mixed schools and the effects on achievement

In Chapter Three, we examined trends in enrolment shares at an aggregate level and also for different bands of SES. We showed that the drift to non-government schools has mainly involved a transfer of higher SES students, particularly into the private non-Catholic sector, while public schools continue to be responsible for the great majority of children and young people from lower socio-economic backgrounds. In this chapter, we have seen how this process of sector transfer operates at a local level, creating more homogeneously lower SES schools and more homogeneously higher SES schools in the same communities. We have

also argued that access of low SES students to environments in which there is a pooling of cultural advantages is being diminished, while these cultural advantages are being concentrated in other environments to which children from poorer backgrounds do not have access and whose lack of access is not an accidental outcome.

The impact of pupil mix on educational achievement has been noted in many international studies, but little research has been done in Australia. Recently the New South Wales Department of Education and Training published a study of great relevance to this issue. We reproduce a chart from that study (Figure 4.18) which demonstrates that the performance of students increases, the socially-richer the environment (NSW DET 2011). Low SES students increase their performance as they access schools in higher and higher bands of SES.

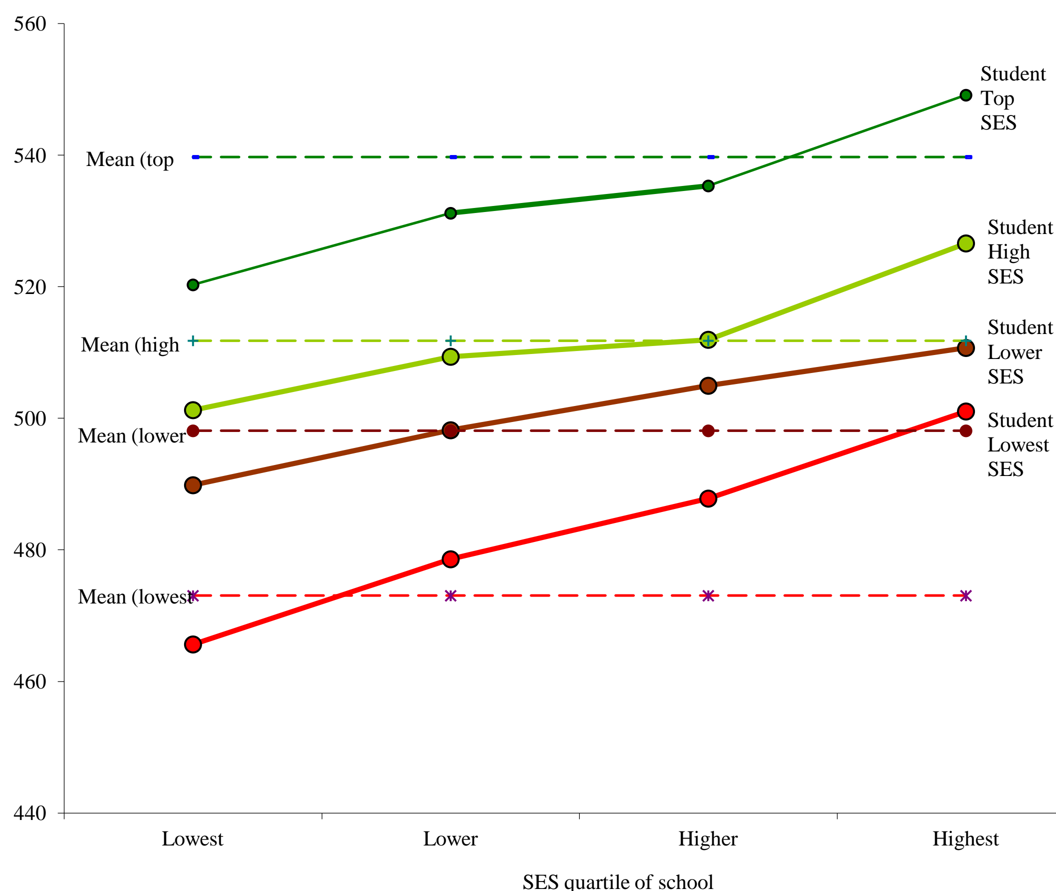
Figure 4.18 Student performance by SES band of student and by SES band of school (NSW)



Source: Internal NSW DET data

We have replicated this analysis with Victorian data relating to children in all schools, both government and non-government (the NSW study related to government school students only) (see Figure 4.19).

Figure 4.19 Year 5 students: average performance in reading by student SES and school SES, Victoria 2009

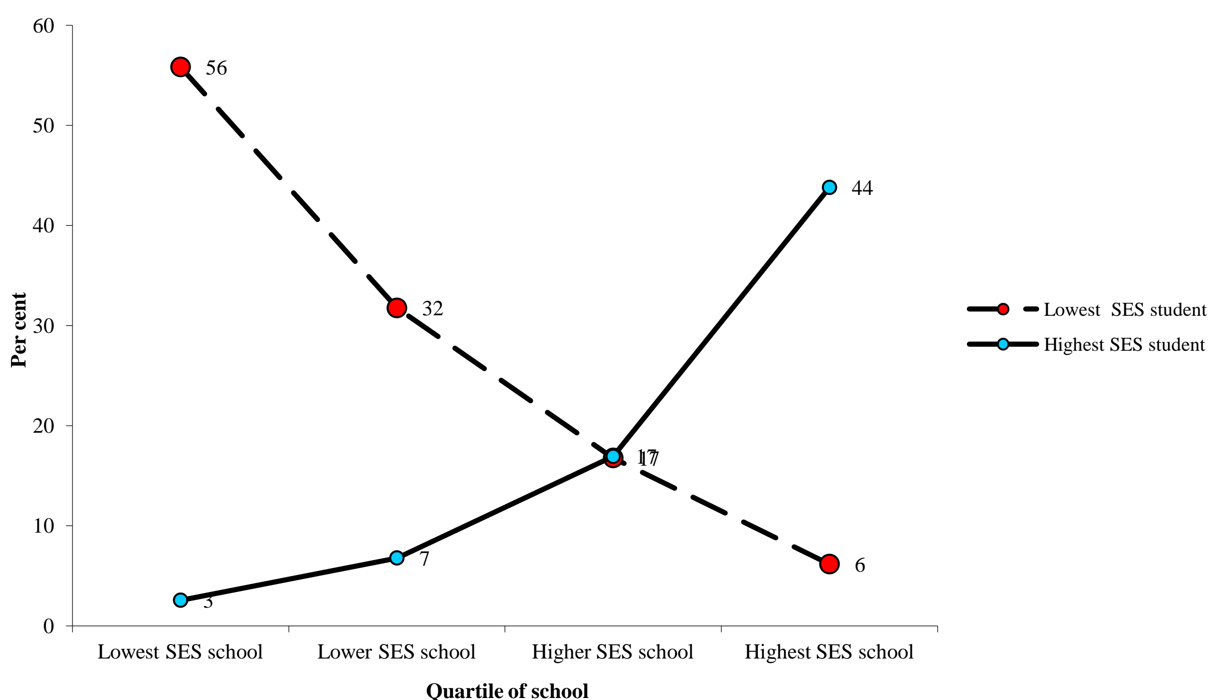


As in New South Wales, so in Victoria, the higher the social mix of students, the better the performance of a student—from all social backgrounds.

This raises the question as to the level of access to socially richer environments. If it is true that performance rises, just how many students from a given background have access to

environments at progressively richer levels? Figure 4.20 shows that only 6% of students attending schools of the highest social mix come from poor backgrounds. Conversely only 3% of students from the highest SES backgrounds attend schools in the lowest SES band of schools. In other words, while performance increases with every increase in pupil mix, the access of students from poor backgrounds falls.

Figure 4.20 Per cent of Year 5 students from different SES bands attending schools of different SES levels, Victoria 2009



Amongst the implications from this pattern, one is very clear. Achievement is lowest for all groups in the most segregated low-SES settings. Policies which intensify segregation weaken educational chances and lower overall performance levels. But they also drain public finances in two ways, pitting funds against funds. Firstly, there is the cost of migrating students out of local catchments (financing choice). Secondly, there is the cost of seeking to compensate children who are “left behind” (financing equity).

The costs extend beyond this because the economic viability of public schools is weakened as rolls shrink and per student costs rise. Equity funding cannot correct this, even if it can and does make a difference to the children left behind by the migration of others. But equity funding has historically been low and also has an uncertain future. Above all, it does not go to the roots of under-achievement in settings which have become socially and academically residualized.

Policies of choice enable some students to surmount the effects of geography, but the great majority of students living in the poorest communities of Australia attend public schools, and the exposure of these schools to geography is intensified by policies of choice. If the ideal of public education is that it should be blind to geography, our complex and contradictory funding arrangements have given full sway to it and indeed deepened its influence.

Chapter Five

Outline of an approach to school funding

Introduction

When the Australian colonies created public school systems in the late nineteenth-century, their aim was to put opportunity within reach of every child. They recognized that achieving this goal could not depend on the unsupported action of local communities. Nor could the State support local communities if they themselves were divided by religious creeds whose leaders demanded separate provision. The "free, compulsory and secular" laws of 1872-1895 brought into being public education authorities charged with serving every local community, and the schools of each community became a charge upon the State.

As an institutional framework, this first transformation is complete. Every community is served by a public school under a public authority. Each school is staffed according to a defined entitlement. There are high certification standards for the teaching force, and high standards of achievement are laid down in the curriculum of every State and Territory. The creation of public school systems in Australia is a major historical achievement.

And yet the institutional framework on which it rests has been weakened over recent decades, while at the same time expectations on the performance of public schools have risen. Our schools are entering a second transformation. But institutional arrangements have shifted in ways which put at risk the emphasis on outcomes over opportunities, and on success for all.

Lack of policy integration across levels of government has weakened the links between public schools and local communities. A growing proportion of children from better educated and more economically secure families is leaving the public system. One level of government has increased resources to support choice, while another level of government struggles to reverse the deleterious effects of choice. There is no policy framework for managing choice. Continual expansion of private schooling is segmenting schools at a local level. This is creating poorer conditions of learning for the most vulnerable children in the school system. It is eroding the viability of public schools, and driving up the costs of maintaining them.

What has slipped from view is what a good public school should look like and what every local community can rightly expect to have in the way of quality educational provision. Without a unifying concept of public schooling, shared across levels of government, the way is open for competing political agendas to fragment the efforts of government itself and dissipate funds in the pursuit of conflicting purposes.

Before the Second World War, the Commonwealth rejected overtures to help with educational issues (e.g., technical education), all of which it deemed to be beyond its competence (Spaull 1987). The States themselves were equivocal and divided. They resisted any notion of co-responsibility for education that might erode their rights. The great period of expansion following the war (and indeed the war itself) eventually moderated these views. The Commonwealth's role in school financing began with tax deductions in the 1950s, grants to schools for laboratories and libraries in the 'sixties, and non-indexed grants for recurrent costs by the end of the decade. If a machinery of co-ordination was established in the early 1970s in the form of the Australian Schools Commission, this did not survive the tensions of competing political agendas. By the time the enrolment effects of Commonwealth policies had become evident, no framework existed for either managing choice or integrating the efforts of federal and State and Territory governments around agreed national priorities. Nor was there any clear view of the respective roles of Commonwealth and State/Territory governments in the funding of schools and the framing of educational policy.

Today that situation persists. While the National Education Agreement, which commenced on 1 January 2009, goes some way to articulating the shared responsibilities and the distinct roles of the Commonwealth and States and Territories in respect to education, the shared responsibility that both parties have for funding school education and developing policy and reform directions can blur the lines of accountability and who is responsible for particular aspects of funding and policy development. As Australian schools undergo a major change in community expectations, the institutional framework for setting policy priorities and delivering resources to schools is disjointed and ineffectual. The national review of school funding creates an opportunity to reform this framework. Arrangements are required which will answer community expectations for high quality and equitable public schooling across Australia.

Below an outline of a unified approach to funding is offered. This addresses the issues of equity raised in earlier chapters and establishes a broad regulatory framework to ensure that all communities are served by well-resourced, efficient and effective education systems. It aims at an integrated policy framework in which levels of government work together rather than exercising responsibility for different sectors of schooling and, in effect, pitting funds against funds.

An outline

1. Public education authorities have system-wide obligations which must be recognized in national funding arrangements

2. These obligations include:
   - making universal provision of opportunities (all communities, all groups)
   - ensuring equity and quality of provision throughout a system
   - securing consistently high standards of achievement

3. Meeting these obligations should be the first priority of the national funding effort

4. Public education authorities are responsible for ensuring that schools enjoy the confidence of their local communities

5. Every local community has an entitlement to access public education of the highest quality

6. Children in all communities should have effective access to high quality virtual as well as real learning environments

7. It is the responsibility of public authorities to maintain the viability and the vitality of public schooling in all communities

8. The vitality of a school refers to its responsiveness to community need as expressed in the range of programs it offers, the suitability and effectiveness of its staff, its facilities, and its relationship with its community

9. Given the dependence of the most vulnerable populations on the quality and effectiveness of public schools, funding should provide support for continuing innovation and enable in particular those schools exposed to the most complex of demands to become laboratories of professional learning and effective teaching practice

10. Funding arrangements should give schools both an adequate level of resources (quantum) and a suitable mix of staff

11. All schools should be able to release staff for professional learning and capacity-building, innovation in teaching practice, collaboration with other schools, student support and development of community relations

12. Funding from different levels of government should be packaged to give the greatest flexibility to schools in the internal allocation of resources and at the same time an important measure of certainty

13. The packaging of funds should be through a single authority in each jurisdiction rather than involving multiple sources and complex accountability and reporting lines.

14. The public authority in each jurisdiction responsible for delivering resources to schools should be accountable to the Commonwealth for the distribution of Commonwealth funds within the framework of agreed objectives, priorities and outcomes

15. Funding for schools should be packaged in a standard price per student (student-centred funding)

16. The standard price per student represents the core operating grant, supported where necessary by a base to cover fixed costs (minimum running costs). The price should be adjusted to reflect relative need

17. Schools serving disadvantaged communities have additional needs and very limited locally-raised funds: separate lines of funding are required, and these should be packaged to give flexibility

18. Funding should promote a culture of self-evaluation, testing of programs and initiatives, and knowledge sharing

19. Access to supplementary funding should be restricted so as to ensure that resources are concentrated in schools where they are most needed

20. Student-centred funding does not reduce the obligation on public authorities to manage systems fairly and effectively, nor the requirement on government to meet system obligations and service the needs of school communities in widely varying contexts

21. Policies of school choice must be well managed to ensure that different segments of a local community have equal access to high quality schooling, funded in proportion to need

22. It is the role of public authorities to manage choice. Support for non-government schools—including growth in provision—should not come at the cost of declining quality of opportunity and outcomes in public schooling

23. Funding support for non-government schools should be based on a suitable standard or benchmark of costs. The Australian Government School Recurrent Cost Index (AGSRC) is unsuitable as it reflects costs which are not incurred by non-government schools. The use of the AGSRC to allocate funds to non-government schools significantly reduces the capacity of public authorities to target support to high-need schools and high-need groups

24. Government and non-government schools should be funded on a consistent and transparent basis. A standard price per student, based on expenditure levels in public schools, adjusted for relative need, provides this basis

25. Access of non-government schools to the standard price per student should increase as the capacity to generate income from fees and other revenue declines

26. Non-government schools that are funded from public sources are accountable to the public authority in each jurisdiction responsible for the allocation of funds

27. The same standards of reporting of student intake, income, expenditure outputs, and student outcomes should apply to all schools receiving public funds

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