

Making the Grade: Autonomy and Accountability in Victorian Schools

**Inquiry into School Devolution
and Accountability**

Final Report July 2013



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ISBN 978-1-922222-08-4 (print)

ISBN 978-1-922222-09-1 (pdf)

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An appropriate citation for this publication is:

Victorian Competition and Efficiency Commission 2013, *Making the Grade: Autonomy and Accountability in Victorian Schools, Inquiry into School Devolution and Accountability*, final report, July.

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VCEC has three core functions:

- reviewing regulatory impact statements, measuring the administrative burden of regulation and business impact assessments of significant new legislation
- undertaking inquiries referred to it by the Treasurer, and
- operating Victoria's Competitive Neutrality Unit.

For more information on the Victorian Competition and Efficiency Commission, visit our website at: www.vcec.vic.gov.au

Disclosure of interest

The Commissioners have declared to the Victorian Government all personal interests that could have a bearing on current and future work. The Commissioners confirm their belief that they have no personal conflicts of interest in regard to this inquiry.



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Dear Treasurer

VCEC Inquiry into School Devolution and Accountability

In accordance with the terms of reference received by the Commission on 17 September 2012, we have pleasure in submitting the Commission's final report *Making the grade: autonomy and accountability in Victorian schools*.

Yours sincerely

Dr Matthew Butlin
Chair

Deborah Cope
Commissioner

Bill Mountford
Commissioner

Terms of reference

Inquiry into School Devolution and Accountability

I, Kim Wells MP, Treasurer of Victoria, pursuant to section 4 of the State Owned Enterprises (*State Body - Victorian Competition and Efficiency Commission*) Order ('the Order') hereby direct the Victorian Competition and Efficiency Commission ('the Commission') to conduct an inquiry into School Devolution and Accountability.

Background

A key direction in schools over the past two decades has been increased devolution of decision-making to the school level. During the 1990s, for example, this policy provided Victorian government school principals with more scope to make educational, financial and management decisions. There may be more opportunities to empower school leaders and teachers, drawing on experience from other jurisdictions, to work with their communities and use local approaches to achieve better outcomes for students.

When principals have greater flexibility to make decisions that affect their students, it becomes even more important to have the right mechanisms to hold principals accountable for how much and how fast their students learn, and to have the right governance and administration arrangements in place to support more autonomous schools.

Scope of the inquiry

The Commission is to inquire into and report on how much autonomy schools in Victoria have, and how this affects students, teachers and schools. The Commission is to identify whether there are areas and circumstances where more autonomy could improve how much and how fast students learn at school, or improve the efficiency of schools.

In particular, the Commission is to:

- a) examine the current split of responsibilities in Victoria between the central education bureaucracy including its regional offices, and government schools across all areas, including governance, funding, infrastructure, workforce, operational model, curriculum and assessment;
- b) identify principles of good governance in a highly autonomous government school system, including the role and accountability of school councils;
- c) investigate and draw lessons from the experience of other systems that have significantly increased school autonomy, including the examples of WA independent public schools, UK academies and free schools and US charter schools;
- d) examine real-world examples of the effect on students and schools of greater autonomy (and limited autonomy), particularly for disadvantaged students;
- e) develop options for different levels of autonomy across schools in different circumstances if that is appropriate, including by identifying areas where schools could opt out of services provided centrally and use a budget to choose their own provider;
- f) identify the areas and circumstances where greater devolution to schools may have a positive impact and those in which the cost may outweigh any benefits;
- g) assess the costs and benefits of current legislation, regulation, guidelines, funding arrangements, common practices and other processes that may limit school, principal and teacher autonomy, including employment engagement and pay

arrangements and any centralised administrative mechanisms, drawing on lessons from other jurisdictions;

- h) identify cultural and other factors which inhibit schools from maximising the potential benefits from existing levels of autonomy and devolution;
- i) examine the current arrangements for oversight of government schools, by assessing the clarity and effectiveness of existing governance structures within the Department of Education and Early Childhood Development including the Regional Directorate model;
- j) identify principles to guide school and principal accountability arrangements;
- k) develop options to improve the accountability regime in line with the principles in (b), including any additional public information that would enable greater accountability to parents and carers;
- l) identify the capabilities required of the central education bureaucracy, its regional offices, school councils and principals in a highly autonomous school system and gaps with current capabilities;
- m) examine the current arrangements for regulatory oversight of government schools by the Victorian Registration and Qualifications Authority and identify any changes that would be needed if schools were more autonomous;
- n) identify existing barriers to choice within the public school system for parents and children and identify complementary policies to school devolution which can promote greater choice; and
- o) examine any institutional, cultural or funding barriers to high-performing public schools expanding under the current system.

Emphasis should be placed on clearly identifying specific, concrete actions which can be taken to improve school governance and performance. This should include options for immediate action as well as specific strategies for the medium term.

Inquiry process

In undertaking this inquiry, the Commission is to have regard to its objectives and operating principles as set out in section 3 of the Order. The Commission must also conduct the inquiry in accordance with section 4 of the Order.

The Commission is to consult with the education sector, academic institutions, business and relevant Victorian, Commonwealth and other jurisdictions government departments and agencies.

The Commission should draw on the knowledge and expertise of relevant Victorian Government departments and agencies, and may conduct special surveys or hold public hearings at its discretion.

The Commission is expected to produce the following documents:

- an issues paper at the beginning of the inquiry process;
- a draft report containing analysis and initial findings for public comment; and
- a final report after the receipt of public submissions to be provided to me as soon as possible, but not later than 9 months after receipt of these terms of reference.

KIM WELLS MP
Treasurer

Received: 17 September 2012

Contents

Terms of reference	VII
Contents	IX
Abbreviations	XIII
Glossary	XV
Key messages	XIX
Summary report	XXI
Recommendations	LI
1 About the inquiry	1
1.1 The task	1
1.2 The Commission's approach	2
1.2.1 Some overarching considerations	2
1.2.2 A targeted set of proposals ...	3
1.3 Stakeholder engagement	5
2 Performance and characteristics of Victoria's school system	7
2.1 Introduction	7
2.2 The Victorian school system performs well	7
2.2.1 Student learning	8
2.2.2 Equity	12
2.2.3 Retention	13
2.3 There is significant performance variation within the system	14
2.3.1 Performance variation across sectors and schools	15
2.3.2 Performance variation in schools	24
2.4 There is a significant gap between the Victorian system and the world's best school systems	24
2.4.1 Defining the 'top tier'	24
2.4.2 Improvement required to reach the top tier	25
2.4.3 Timeframe	29
2.5 Some current trends may challenge Victoria's goal to reach the global top tier	30
2.5.1 Student population	30
2.5.2 Workforce trends	31
2.5.3 School size	33
2.6 Past attempts to improve performance have had limited success	35
2.6.1 Expenditure	35
2.6.2 Performance	38
2.7 Conclusions	40
3 The role of school autonomy in improving performance	43
3.1 Key drivers of student outcomes	43
3.1.1 Student and family background is important in explaining student achievement	44
3.1.2 The quality of teaching and leadership also influence student achievement	46
3.1.3 Other influences	47
3.2 Unpacking the contribution of school autonomy	47
3.2.1 Evidence on the impact of autonomy reforms	48
3.2.2 Some cautions about the evidence base	53
3.2.3 What to draw from the evidence?	54

4	Current level of autonomy	57
4.1	Decision making in Victorian government schools	57
4.1.1	Workforce management	58
4.1.2	Infrastructure	59
4.1.3	School funding	60
4.1.4	Operational issues	61
4.1.5	Curriculum, pedagogy and assessment	61
4.1.6	Conclusion	62
4.2	Comparisons with other school systems	63
4.2.1	Workforce management	63
4.2.2	Infrastructure	65
4.2.3	Funding	66
4.2.4	Curriculum, pedagogy and assessment	67
4.2.5	Other operational issues	68
4.2.6	Conclusion	68
4.3	Current and prospective reforms	68
4.3.1	Victoria's reform agenda	68
4.3.2	Growing involvement of the Commonwealth Government in school education	70
4.3.3	Implications for this inquiry	72
5	Broad approach to autonomy	75
5.1	The benefits of autonomous decision making	75
5.1.1	The implications of evidentiary uncertainty	75
5.1.2	Sources of benefit	75
5.1.3	The debate is about degree and means	76
5.2	The foundation for providing greater autonomy	76
5.2.1	The pros and cons of different approaches	78
5.2.2	The bottom line	80
5.3	Autonomy is not the be all and end all	81
6	The school principal	83
6.1	The principal's current role in Victoria	84
6.1.1	The leadership challenge in Victoria	85
6.2	Focus on improving educational gain	86
6.2.1	Focusing the principal's role in Victoria	89
6.3	Make time to do the things that matter	92
6.3.1	Reduce the burden of policies and plans	93
6.3.2	Revise the School Policy and Advisory Guide	95
6.3.3	Increase budget flexibility	95
6.3.4	Simplify and clarify records management	96
6.3.5	Streamline the school planning and review cycle	97
6.3.6	Identifying additional burden reduction opportunities	98
6.4	Use outcome and performance information to lead effectively	99
6.4.1	Measuring school performance	100
6.4.2	Availability and accessibility of information	106
6.5	Holding principals accountable	107
6.5.1	Current performance management and development for principals	108
6.5.2	Strengthening accountability for performance	109
6.6	Strengthening the leadership capacity of principals	111
6.6.1	Creating a talent pool of future principals	113
6.6.2	Leadership development — other possible directions?	117

6.6.3	Evaluation	118
7	Performance improvement in the school	119
7.1	Performance improvement in Victorian government schools	122
7.1.1	The current Victorian framework	122
7.1.2	The current practice	124
7.2	Performance improvement in Victorian government schools — directions for reform	129
7.2.1	Clarifying performance benchmarks and expectations	129
7.2.2	Collecting and using information in performance improvement	134
7.2.3	Strengthen the incentives for rigorous performance assessment and improvement	137
7.3	Flexible remuneration at the school level	141
7.3.1	Staff attraction and retention	142
7.3.2	Rewarding performance	143
7.3.3	Improving remuneration flexibility in practice	146
7.4	Upgrading the performance improvement system	150
7.4.1	Modifying and relaunching the system	150
7.4.2	Information and training	151
7.4.3	Ongoing system monitoring and improvement	151
8	Increased staffing flexibility at government schools	155
8.1	Staff selection issues	155
8.1.1	Priority status for excess staff	156
8.1.2	Fixed-term employment	158
8.2	Staff deployment issues	160
8.2.1	Allocation of working hours	161
8.2.2	Use of part-time employees	163
8.2.3	Class size provisions	164
8.2.4	Leave entitlements	169
8.2.5	Consultation provisions	172
8.3	Aggregate remuneration	173
8.4	Future workplace arrangements in an autonomous environment	174
8.5	Grievance and appeal procedures	175
8.5.1	Outcomes from these procedures	176
8.5.2	Opportunities for improvement	178
8.6	Conclusion	179
9	Improving governance and accountability in the school system	181
9.1	Governance principles	182
9.2	The current governance framework	183
9.2.1	How does it operate?	183
9.2.2	Effectiveness of the current governance framework	186
9.3	Lessons from other systems and sectors	190
9.4	Developing the middle level of the system	194
9.4.1	Are specific policy initiatives required?	196
9.4.2	Implications for governance arrangements	199
9.5	Holding principals to account	200
9.6	Specific governance options	202
9.6.1	The draft report assessment and proposals	203
9.6.2	Stakeholder responses	206
9.6.3	The Commission's assessment and recommendations	207
9.7	The Victorian Registration and Qualifications Authority	222

10	Facilitating choice	225
10.1	Some high-level considerations	225
10.1.1	Arguments for choice in school education	225
10.1.2	The impacts of choice on access and equity	226
10.1.3	The evidence on school choice	226
10.1.4	The Commission's view	227
10.2	Choice between systems	228
10.3	Barriers to greater and/or more effective choice in government schools	229
10.4	Information issues	229
10.5	Barriers to high-performing government schools expanding	230
10.5.1	Improving how caps and zones are implemented	231
10.5.2	Increasing use of multi-campus schools and underused assets	232
10.5.3	Infrastructure investment	233
10.6	Conclusion	234
11	Disadvantaged students	237
11.1	The broad policy overlay	237
11.2	Victoria's system for supporting disadvantaged students	240
11.2.1	Policies and programs to support disadvantaged students	240
11.2.2	Measures of socioeconomic disadvantage in Victoria	242
11.3	The implications of autonomy and choice for disadvantaged students	244
11.3.1	What are the concerns?	244
11.3.2	What does the evidence indicate?	245
11.3.3	The upshot	246
11.4	Some priorities for policy attention	247
11.4.1	Funding levels	248
11.4.2	Governance and accountability	250
12	Other matters	255
12.1	Extending private sector involvement in the delivery of public school services	255
12.1.1	Potential opportunities to further enhance private involvement	256
12.1.2	Barriers to private sector involvement	258
12.2	Robust policy evaluation	260
	Appendix A: Consultation	263
A.1	Introduction	263
A.2	Submissions and social media	263
A.3	Stakeholder consultations	264
A.4	Stakeholder workshops and roundtables	266
	References	269

Abbreviations

ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACER	Australian Council for Educational Research
ACT	Australian Capital Territory
ACOSS	Australian Council of Social Service
AEDI	Australian Early Development Index
AEU	Australian Education Union — Victorian Branch
AITSL	Australian Institute for Teaching and School Leadership
APF	Australian Principals Federation
ASCIV	Association of School Councils in Victoria
AusVELS	Australian Curriculum Victorian Essential Learning Standards
CBD	Central business district
CEOM	Catholic Education Office Melbourne
CMPS	Charlotte-Mecklenburg Public Schools
COAG	Council of Australian Governments
CVA	Contextualised value-added
DEECD	Department of Education and Early Childhood Development
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
ECD	Early childhood development
ESCS	Economic, Social and Cultural Status
ETR Act	<i>Education and Training Reform Act 2006 (Vic)</i>
GDP	Gross domestic product
GSP	Gross state product
GST	Goods and services tax
ICSEA	Index of Community Socio-Educational Advantage
ICT	Information and communications technology
IEA	International Association for the Evaluation of Educational Achievement
IPS	Independent Public Schools
LSE	London School of Economics
MGSE	Melbourne Graduate School of Education
MPB	Merit Protection Boards
NAPLAN	National Assessment Program — Literacy and Numeracy
NSW	New South Wales
NZ	New Zealand
OECD	Organisation for Economic Co-operation and Development

PC	Productivity Commission
PDP	Performance and Development Plan
PIRLS	Progress in International Reading literacy Study
PISA	Programme for International Student Assessment (of the OECD)
Prep	Preparatory year
PROS	Public Records Office Standard
PROV	Public Records Office of Victoria
RIS	Regulatory Impact Statement
RTOs	Registered training organisations
SA	South Australia
SES	Socioeconomic status
SLR	School Level Report
SRP	Student Resource Package
SAGE	Student Achievement Guarantee in Education
SGS	Self-Governing Schools
STAR	Student-Teacher Achievement Ratio
TAFE	Technical and Further Education institute
TALIS	Teaching and Learning International Survey
TIMSS	Trends in International Mathematics and Science Study
UK	United Kingdom
VAGO	Victorian Auditor-General's Office
VASSP	Victorian Association of State Secondary Principals
VCAA	Victorian Curriculum and Assessment Authority
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VCEC	Victorian Competition and Efficiency Commission
VCEMEA	<i>Victorian Catholic Education Multi Employer Agreement 2008</i>
VCOSS	Victorian Council of Social Service
VECCI	Victorian Employers' Chamber of Commerce and Industry
VELS	Victorian Essential Learning Standards
VEOHRC	Victorian Equal Opportunity and Human Rights Commission
VET	Vocational education and training
VIT	Victorian Institute of Teaching
VGR	Victorian Guide to Regulation
VGSA	Victorian Government Schools Agreement
VPA	Victorian Principals Association
VRQA	Victorian Registration and Qualifications Authority
VSC	Victorian Skills Commission

Glossary

Absolute performance	A student's, school's or system's results based on academic testing. Absolute performance is not adjusted for student characteristics, and will reflect differences in students' aptitudes and backgrounds, as well as school and system effects.
Academies (England)	Publicly funded independent schools in England have greater freedoms than other types of state schools in areas such as operational settings, delivery of curriculum, and staff pay and conditions.
Act	A Bill that has been passed by Parliament, received Royal Assent and become law.
AusVELS	Incorporates the Australian Curriculum F-10 for English, Mathematics, History and Science within the curriculum framework first developed for the Victorian Essential Learning Standards (VELS).
Benchmarking	The systematic collection and comparison of data across regions in order to develop competitive advantages through the identification and adaptation of best practices.
Charter schools (US)	Independent public schools in the United States that generally have more flexibility than traditional public schools in areas such as curriculum, pedagogy, operational settings, and workforce management.
Competitiveness	The ability of a location to attract and retain mobile inputs of production such as investment and human capital, and use these resources effectively to maintain high levels of economic and social prosperity.
Core skills	See Foundation skills.
Early childhood	Often defined as the period in a child's life from zero to 6–8 years of age.
Early childhood services	Education, childcare, health and family support services for young children.
Educational value-add	The difference between a student's, or cohort's, academic performance at two points in time. Used as a proxy for school or teacher quality.
Equity	The impact of a student's background, on his or her academic performance.
Foundation skills	The core skills of reading, writing, oral communication, numeracy and learning and employability skills, such as problem solving. Also referred to as Core or General skills.
General skills	See Foundation skills.
GSP per capita	A state's output divided by its population. Used as a proxy for living standards.

Human capital	The stock of knowledge, skills and expertise acquired by workers — through education and training and on-the-job experience — which contributes to their productivity and market-based earnings.
Intake-adjusted performance	A school-level measure of performance adjusted for the social and academic backgrounds of the school's students.
Labour force participation	That part of the population actively working or seeking work.
Labour productivity growth	The change in the value of output divided by the change in the quantity of labour inputs (such as hours worked).
NAPLAN	The National Assessment Program – Literacy and Numeracy (NAPLAN) is an annual assessment for all Australian students in Years 3, 5, 7 and 9. NAPLAN tests cover four areas — reading, writing, language conventions (spelling, grammar and punctuation), and numeracy — developed through the school curriculum.
P-12, P-6, etc.	School with classes from Prep to Year 12, Prep to Year 6, etc.
PIRLS	The Progress in International Reading Literacy Study (PIRLS) tests Year 4 students' reading ability and trends in home and school contexts for learning to read. PIRLS assessment is conducted every five years in over 50 countries.
PISA	The Programme for International Student Assessment (PISA) is an international assessment of 15 year-old students in over 70 OECD countries. PISA assesses students' abilities to apply reading mathematical and scientific literacy to real life-challenges, rather than curriculum knowledge.
Prep	Preparatory year, prior to Year 1.
Regulation	The rules made by Parliament and government, and their administration and enforcement by government authority, to influence behaviour and achieve identified outcomes and objectives.
Relative gain	A student's academic improvement between NAPLAN test cycles (that is, two years) relative to all other Victorian students with the same starting test scores.
Risk	The possibility that some hazard will cause harm; that is, that an undesirable event will occur.
School system	Victoria's school education system includes government, Catholic and independent primary and secondary schools.
Student achievement	Level of academic achievement or performance as measured by standard metrics (grades, ratings, test scores) based on one or more forms of assessment such as class work, assignments, projects, tests and examinations.
Student outcomes	Often refers to student achievement but also encompasses attendance, retention and completion rates, and student engagement and wellbeing.

Student or youth disengagement

The academic, cognitive, behavioural and/or physical detachment from school of those children or young people aged 6–17 for whom school attendance is compulsory.

TIMSS

The Trends in International Mathematics and Science Study (TIMSS) is an international assessment of Year 4 and Year 8 students in over 60 countries. TIMSS assesses mathematics and science knowledge with a curriculum focus.

Top tier

Considered the five top performing PISA economies on each domain.

Key messages

Victoria's school system delivers generally good results for students, but its performance falls short of the world's best systems. To lift the Victorian system into the top global tier in the next decade, the Government has signalled a further wave of school reforms focused on improving the quality of teaching and school leadership, and extending previous school autonomy initiatives.

The Commission was asked to inquire into the issues that arise in giving effect to a more autonomous and accountable school system and to analyse governance and accountability options. It found that increasing school autonomy and accountability could contribute to realising the top-tier performance goal — as long as it focuses on improving school leadership and teaching, and provides schools with more flexibility to tailor services to the needs of their students and communities.

However, for these benefits to be realised, a number of conditions must be met.

- The governance framework must effectively hold schools and principals to account; and ensure that the Department of Education and Early Childhood Development (DEECD) supports schools to operate more autonomously.
- Principals need the time to focus on the things that matter for better student outcomes and not be hobbled by inflexible centralised workplace controls or unnecessary red tape.
- The school system as a whole must have access to appropriate leadership skills.

Building on the reforms underway in the schools area, the Commission is proposing a modest number of initiatives that target these requirements, including:

- de-cluttering the role of the principal and focusing that role on improving the performance of students
- improving the performance appraisal system for principals and teachers, and making more information on the performance of schools publicly available
- strengthening existing links between performance appraisal and remuneration progression and employment outcomes for principals and teachers
- enhancing the supporting role of the middle level of the school system in promoting collaboration, information sharing, and supporting schools
- expanding the mandate of school councils to emphasise their role in advising on and monitoring strategies to improve student performance.

The Commission has also identified constraints that reduce the scope for principals to recruit and manage staff in a more autonomous system, and indicated how these might, over time, be addressed.

And it has explored the benefits of adopting more formal collaborative governance arrangements, including federated independent boards. Under a federated model, schools would be governed by a single board, with school councils continuing to provide input from parents and the local community.

As part of its analysis, the Commission has looked closely at the implications of a more autonomous school system for disadvantaged students. Disadvantaged students could benefit significantly from school autonomy if: there is effective leadership in schools; funding supplementation for disadvantaged students recognises their higher needs; and principals and schools are effectively held to account for the learning outcomes of these students. These outcomes would also be examined as part of a wider proposed review of the new autonomy arrangements after 10 years of operation.

Summary report

Given the critical importance of 'human capital' for economic and social prosperity, governments around the world are looking at ways to improve the performance of their school systems.

While Victoria's school system delivers generally good results for students, its performance has plateaued and falls short of the world's best systems. This is the case not only for overall levels of student achievement, but also giving disadvantaged students the same opportunity as other students to realise their educational potential (chapter 2). The Victorian Government has therefore:

- outlined a commitment to lift the performance of Victoria's school system into the top global tier over the next ten years
- signalled a further wave of school reforms to improve the quality of teaching and school leadership, and extend and refine past school autonomy initiatives to facilitate more devolved and accountable decision making in government schools.

To meet the top-tier goal, these new reforms will require careful design and implementation that focuses on lifting educational outcomes for all students. To this end, the Government has directed the Commission to undertake a public inquiry into school devolution and accountability that, among other things:

- identifies a framework and principles to guide thinking on autonomy and accountability in the government school sector
- examines opportunities to extend the current level of autonomy
- details regulatory, institutional and accountability arrangements to support a more autonomous government school sector.

The Commission's inquiry is intended to complement a review of school governance arrangements underway in the Department of Education and Early Childhood Development (DEECD).

The potential for performance improvement

Although not without limitations, benchmarking based on standardised testing under the National Assessment Program — Literacy and Numeracy (NAPLAN), Programme for International Student Assessment (PISA) and other sources indicates that Victoria's school system performs relatively well (box 1). Testing indicates that Victoria's primary and secondary students are collectively in the top two or three jurisdictions nationally, and the number of students exceeding the minimum standards for numeracy and literacy is above the Australian average for all Year levels (ACARA 2012a). International student assessment programs also consistently show that the Victorian school system delivers above average results (Thomson, De Bortoli, et al. 2011a; Thomson et al. 2012). Clearly, therefore, the system is not broken.

Nonetheless, the Commission's assessment in chapter 2 of the report suggests that there is considerable scope to improve performance.

Box 1 A snapshot of the Victorian school system

Around 870 000 students are enrolled in Victoria's more than 2200 schools. Although the proportion of students in government schools has been declining for many years, the government still educates more than 60 per cent of students (DEECD 2012s).

Moreover, many of the students who have shifted to non-government schools have been from higher socioeconomic backgrounds, meaning that the government school sector has become increasingly focused on educating lower socioeconomic status (SES) students. It also educates most Indigenous students and students with disabilities.

Teachers and principals make up the bulk of the schools workforce (more than 40 000 on a full-time-equivalent basis in the government sector). However, there are also non-teaching staff — such as administrative personnel, school nurses and counsellors — and various volunteers, including school councillors. In addition, both the government and Catholic sectors employ staff to oversight and support the activities of individual schools (DEECD 2012q).

The characteristics of the workforce have been changing: increasingly feminised; higher proportions of young teachers and teachers over 55; and a pronounced decline in the average level of academic aptitude of new teachers. In parallel with these developments, remuneration for teachers has declined relative to many other professions. Average student to teacher ratios in government and non-government schools have also been trending down. Some recent research suggests that smaller class sizes have accounted for close to half of the increase in total expenditure on the teaching workforce over the last decade.

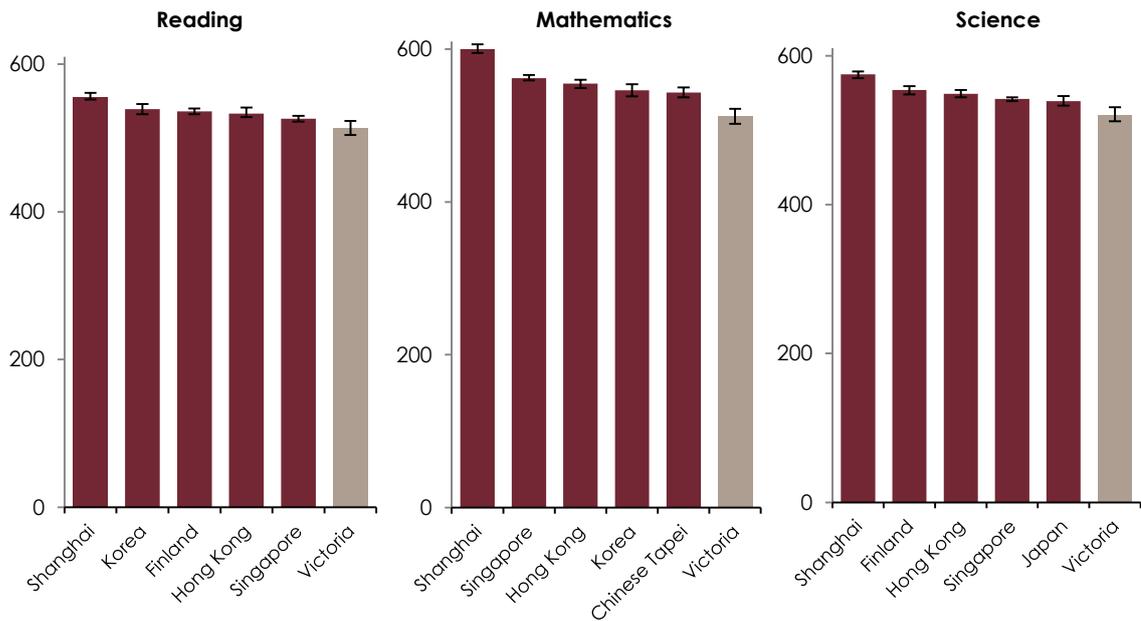
Funding responsibilities for Victoria's schools are shared between the State and Commonwealth governments, and parents. While funding for non-government schools comes mainly from the Commonwealth and from student fees, the Victorian Government provides most of the funds for government schools.

Almost all the recurrent funding for Victorian government schools (\$7.3 billion in 2010-11) is provided to schools on an untied basis linked to enrolment numbers, with some limited supplementation, including to meet equity objectives. Around half the government schools receive equity funding. In addition, the Victorian Government separately funds major capital works (around \$500 million per annum in recent years). And between 2009-10 and 2011-12, this capital funding was augmented by the Commonwealth Government's *Building the Education Revolution* Program (Victorian Government 2013; VAGO 2013).

Plateau in overall student performance

Test results from both NAPLAN and PISA indicate that, for a number of years, there has been no statistically significant improvement in the overall numeracy and literacy of Victorian school students. In addition, Victoria's average scores are below those in the best performing overseas school systems (figure 1).

Figure 1 How far is Victoria from the top tier (PISA 2009)?



Note: Figure depicts mean scores and confidence intervals.

Source: Thomson, DeBortoli, et al. 2011.

Equity of outcomes could also be better

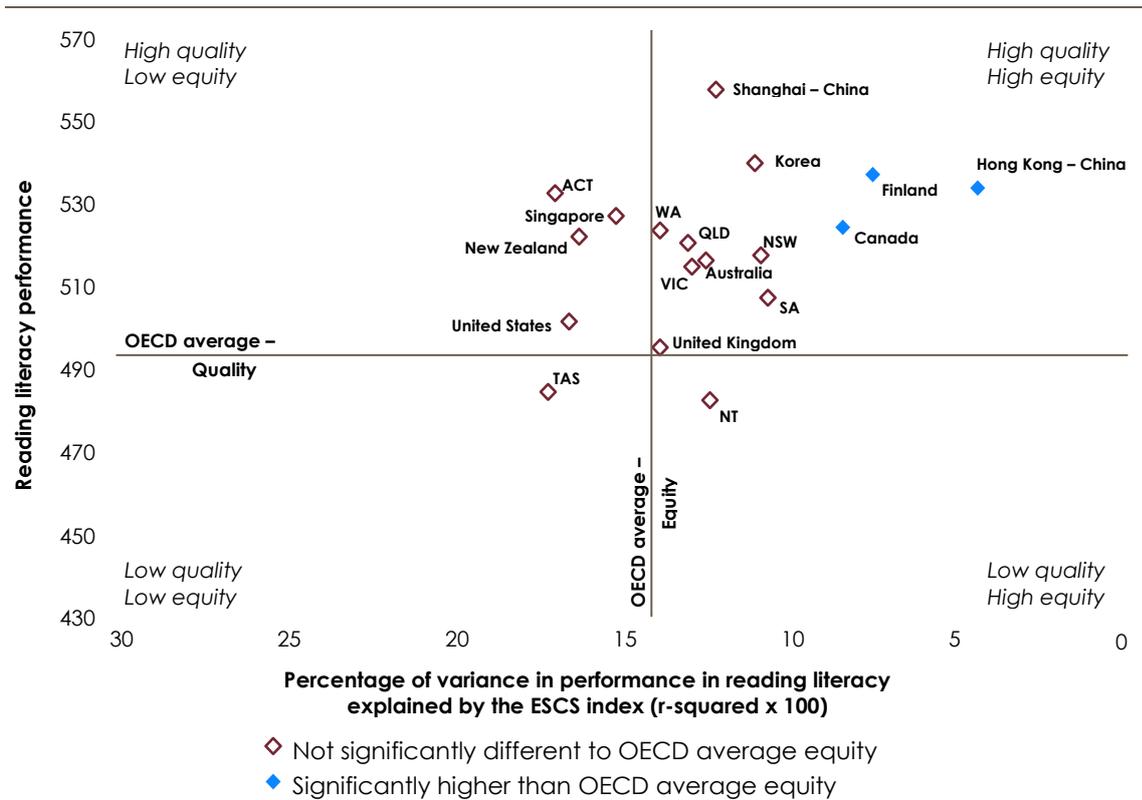
High-performing school systems also perform well in offsetting the effects of disadvantage so that there is only a weak relationship between student performance and socioeconomic status (SES) and other factors that can make it more difficult for students to realise their educational potential. The available data for Victoria suggest that SES, as indicated by parental occupation, has a significant influence on student performance and, moreover, persists despite efforts to improve the equity of outcomes. In 2012, only 2 per cent of Year 9 students whose parents were senior managers and/or qualified professionals failed to achieve NAPLAN minimum standards. By contrast, 11 per cent of students of parents in the lowest parental occupation grouping, and 19 per cent of students whose parents had not been in paid work for the previous 12 months did not reach the minimum standard (ACARA 2012a).

The scope to improve the equity of student outcomes is indicated by international comparisons showing that, although Victoria's school system is regarded as reasonably equitable (figure 2), Victoria is outperformed by a number of other systems.

Variation in the student performance gains across schools

The scope for schools to improve the performance of their students will depend on the characteristics and starting points of those students. In getting an accurate picture of the 'value add' by individual schools, it is therefore important to account for such influences. Analysis indicates that in the majority of government schools, the average rate of gain in students' educational achievement is broadly in line with what would be predicted given student characteristics and starting points. (Figure 3 shows adjusted Year 9 numeracy gains across government schools.)

Figure 2 How equitable is Victoria's system (reading literacy, PISA 2009)?



Source: Thomson, DeBortoli, et al. 2011.

While there are several important caveats to this type of analysis, it shows that there is considerable variation in the amount of value added to student educational achievement by Victorian government schools. The existence of a sizeable group of outperforming schools illustrates the considerable potential for performance improvement across the government school sector as a whole. More specifically, higher-performing schools can serve as good practice exemplars for their lesser-performing counterparts.

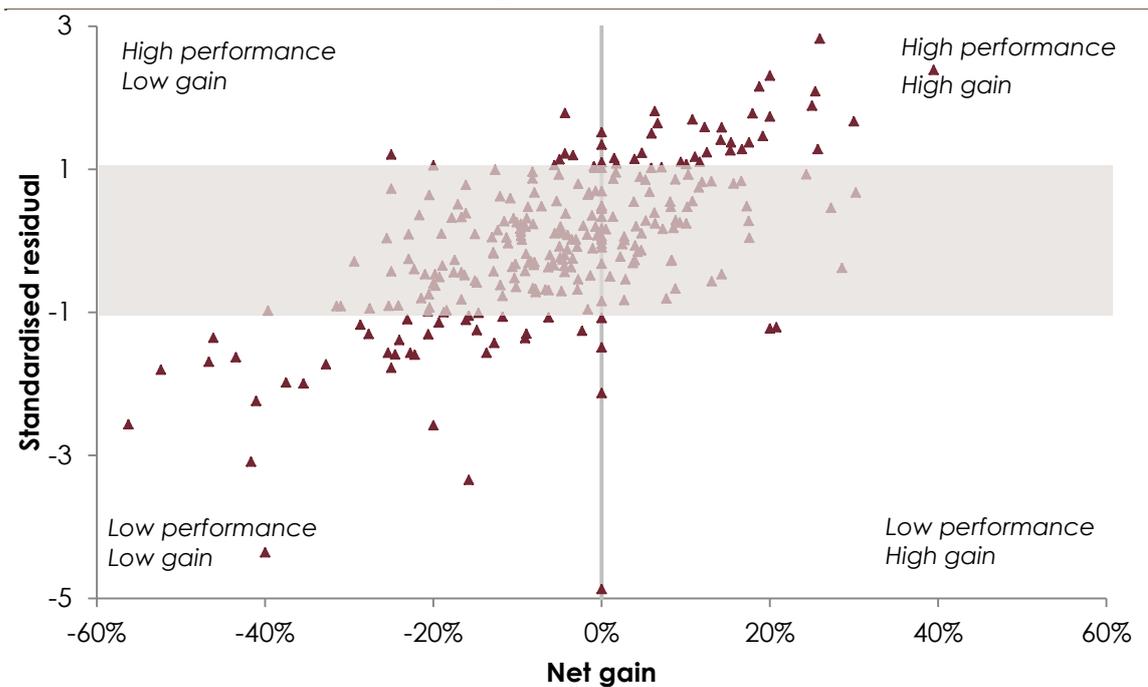
How big is the gap between Victoria and top tier countries?

The size of the gap between the performance of Victoria's school system and that of top performing countries is difficult to pin down for a variety of reasons.

- The size of the current gap depends on which international test is used, varies across learning domains, and depends on whether the benchmark is set at the top, midpoint or bottom of top-tier performance.
- To the extent that those countries in the top tier are able to improve their performance further in coming years, the gaps will change over time.
- Average student performance in a limited number of, albeit critical, learning domains is not the only marker of a high-performing system. School retention rates, which are strongly correlated to future participation in the labour force, are another marker and have plateaued in Victoria over the last decade. As noted above, equity of outcomes is very important as well.

Having regard to these considerations, the Commission considers that Victoria's PISA scores would need to increase by several percentage points for it to reach the top-tier goal. Experience has shown how challenging it is to achieve an increase of this magnitude, regardless of which international test is used as the benchmark. And with other countries continuing to improve their schooling systems, the goal of reaching the top tier will only be realised if performance improves across most government and non-government schools.

Figure 3 Variation in the improvement in numeracy in Year 9 across government schools



Note: Based on NAPLAN Year 9 numeracy results. Standardised residual is the difference between a school's actual performance in 2012 and predicted performance (based on the average relationship between student background and performance). A score less than negative one is significantly lower than predicted, between negative one and one is not significantly different from predicted, and greater than one is higher than predicted. Net gain is the proportion of high relative gain students minus the proportion of low relative gain students in each school.

Source: Commission analysis based on DEECD 2013a; DEECD 2013b.

A broad array of reforms is in train or in prospect

Reflecting the need for widespread performance improvement if the top-tier goal is to be realised, an extensive schools reform program is in place. Most of these reforms are being implemented by the Victorian Government. However, many have been brought together under a national umbrella, oversighted by the Council of Australian Governments (COAG) and supported by funding under several education-related *National Partnership Agreements*. In addition, the Commonwealth Government has initiated reforms that will affect the operation of schools in all States and Territories. And the changes that ensue from the recent *Review of Funding for Schooling* (the Gonski Review) could likewise have significant service delivery implications (Gonski et al. 2011).

As described in chapter 4, a focus of the reform program is on building teacher quality and school leadership, key drivers of better student outcomes (see below). In some cases, the reforms directly target improvements in these areas — for example, through

building the entry-level skills of teachers and school leaders, and increasing opportunities for professional development.

However, strengthening leadership and teaching quality is also one of the more important objectives of the new default autonomy and accountability regime announced by the Government — which is the focus of this inquiry. Specifically, the Government has indicated that government schools will enjoy greater autonomy 'in a range of critical areas, including curriculum, reporting, behaviour management, workforce and funding, infrastructure and governance' (DEECD 2012a, 13). And it has committed to supporting greater autonomy with:

- more robust accountability arrangements for schools, with provision for independent review, and potentially intervention, if a school does not meet key performance thresholds
- access for schools to guidance and resourcing support for the implementation of best-practice teaching, curriculum and assessment models; and a more systematic approach to the identification and development of school leaders (DEECD 2012a).

In effect, the new regime will see school-level autonomy become the default for a wide range of decision-making responsibilities. This has the potential to significantly change the way in which many government schools operate and are held accountable for their performance.

The role of autonomy in improving school performance

To a significant extent, the performance of students is influenced by factors outside the control of schools, such as their innate capabilities, family and cultural background, and participation in early childhood learning.

Nonetheless, an extensive and longstanding body of research has examined the influence of quality teaching and effective school leadership on student outcomes:

- various studies have found that students with a highly effective teacher learn twice as much as students with a less effective teacher (Jensen and Reichl 2011)
- recent US research has found that highly effective principals could, in a single year, produce a learning benefit for students equivalent to between two and seven months of study, with ineffective principals reducing achievement by the same amount (Branch, Hanushek, and Rivkin 2013).

More recently, attention has turned to the role of institutional factors in driving improved school performance — including the influence of school autonomy and an accompanying increase in school-level accountability.

The rationale for autonomy and accountability

It is evident that consumers generally value having access to goods and services that are well tailored to their specific requirements. The fact that a significant number of parents choose to enrol their children in out-of-area government schools, non-government schools, or select-entry government schools suggests that this is also the case for school services. In the first instance, school-level autonomy is intended to facilitate the tailoring of service delivery to the particular needs of students and parents and, thereby, to avoid the inflexibilities of 'one-size-fits-all' approaches.

But facilitating tailored service delivery is not the only benefit that school-level autonomy, matched by robust accountability requirements, can provide. Scope for

autonomous decision making is likely to help develop the skills of principals and other school leaders, and through the exercise of those leadership skills to enhance teaching quality. And holding autonomous schools accountable for the outcomes they deliver has the potential to:

- render school management and performance more transparent and, in the process, aid the dissemination of successful practice innovation across schools
- focus greater attention on system-wide constraints on the flexible deployment of school workers and school-level red tape that make it harder for schools and principals to deliver good outcomes.

Moreover, with schools effectively held accountable for the value for money they deliver, their decision making should encompass cost efficiency as well as student learning objectives. In the Commission's view, it is important that this efficiency dimension is not lost in the drive to improve student performance. And, as alluded to later and in the body of the report, choice between government and non-government sectors provides further incentives to improve performance. Without improvement, the government sector faces a continued drift of students to non-government schools, increasing concentrations of educationally disadvantaged students. Increased autonomy, effectively implemented, has the potential to enhance performance and therefore the competitiveness of the government school sector in the face of these challenges.

The debate is about degree and means

The Commission's assessment of the empirical studies looking at the relationship between autonomy and school performance reveals a mixed and inconclusive picture. While some studies report a performance benefit — particularly if autonomy is accompanied by effective accountability mechanisms — others find little impact, or even negative effects (chapter 3).

However, this empirical work is subject to methodological caveats and complexities, including: the challenges of separating the effects of autonomy initiatives from the many other influences on school performance; capturing interactions between autonomy and other performance drivers (such as leadership quality); and relating the results of findings for school systems in other countries to the particular circumstances of the Victorian government school sector.

In any event, the benefits of tailoring decision making and teaching practice to the particular needs of schools and their students are not seriously in dispute. An ongoing objective for the teaching profession has been to preserve scope for teaching autonomy in the classroom. Similarly, as noted above, the evidence is clear on the importance of quality school leadership for good student outcomes — that is, of providing scope for strategic and instructional decisions linked to the particular circumstances of a school and its students. In these contexts, autonomy is simply an enabler for the exercise of skills that are central to delivering quality school services.

The upshot is that, notwithstanding the evidential uncertainties, the debate is not about whether there should be devolved decision making. Rather it is about how far it should extend, how to make sure principals and schools are accountable for their decisions, and how to ensure devolution focuses on the drivers that improve student outcomes — teaching quality and school leadership.

How autonomous is Victoria's government school sector?

Formal accountability for the decisions that determine how Victorian government schools operate lies with five main parties — the Minister; the central office of DEECD, led by the Secretary; DEECD's regional offices; school councils; and principals.

Courtesy of past school-autonomy initiatives, Victoria is recognised as having the most devolved government school sector in Australia. Schools are highly autonomous in decisions over their budget and how subjects are taught. DEECD, however, plans and funds major capital works and sets the rules around operational matters such as opening hours and student-free days. Constraints on workforce matters are discussed below.

But despite Victoria's government schools having significant autonomy, there are several examples from other systems where decision making in particular domains is more devolved than in Victoria. For instance:

- in several countries — such as Sweden, England (academy schools) and the Netherlands — many or all government schools have greater control over the hiring and, where necessary, the dismissal of teaching staff, the terms and conditions of their employment, and the way in which they are deployed in schools (Eurydice 2007)
- in some countries, government schools have greater operational flexibility, including in school starting and finishing times, student-free days, class sizes and enrolments.

Victoria's government schools have less autonomy than Catholic schools which also operate in a system. For instance, Catholic schools have greater control over workforce matters (including contracting, deployment and remuneration of teachers), and capital works.

Where is the case for greater autonomy strongest?

Evidence of greater autonomy over particular decisions in other school systems does not automatically mean that Victoria's government school sector should follow suit. Individual systems are the product of history and circumstances, and changes to school systems must reflect those circumstances. There is no best practice autonomy and accountability 'template' on which Victoria might draw.

Having regard to the specifics of Victoria's government school sector, the Commission's assessment is that, especially in hiring staff and managing the workforce, decision making remains overly regulated and centralised. In addition, many schools have not taken full advantage of those workforce flexibilities that are available to them (box 2).

The Commission considers that the changes recently negotiated to the *Victorian Government Schools Agreement* will increase somewhat the decision-making authority of principals. However, further devolution of responsibilities in the workforce area could enhance educational outcomes for students and enable more efficient management of school resources.

The Commission also emphasises that greater devolution must be matched by:

- appropriate support for schools to enable them to operate effectively in a more autonomous manner
- good systems for improving the performance of principals and teachers

- robust mechanisms to hold school leaders accountable for improving student outcomes and using resources efficiently.

In regard to the latter, there is a growing body of literature indicating that, without robust accountability, the performance benefits from greater autonomy may be substantially diluted (Hanushek, Link, and Wößmann 2011).

Box 2 Who makes workforce decisions?

Authority for most day-to-day workforce decisions in Victorian government schools nominally resides at the school. Principals are responsible for hiring teachers and assistant principals, staff deployment and development, and teacher performance review. School councils can hire certain non-teaching staff and select preferred candidates for principal positions.

However, centrally-imposed requirements affect how these delegated powers are used. For example, responsibility for final decisions on principal appointments rest with the Secretary of DEECD. Employee classifications, remuneration rates and job descriptions are determined centrally, and maximum teaching hours are also specified. As well, there are pre-determined processes for managing excess employees, requirements to consult before workforce changes are made, and grievance and appeal processes additional to Fair Work Act requirements.

Source: Chapter 4 of the full report.

Foundations for the provision of greater autonomy

The default approach is a reasonable one

In Western Australia and several overseas jurisdictions, greater autonomy for government schools has been implemented through an opt-in approach; and is usually subject to schools meeting a capacity test designed to ensure they can operate effectively in a more autonomous environment.

At face value, opt-in approaches have some advantages, including making it easier to cater for the differing capacities of individual schools to operate autonomously; and ensuring that freedom to operate autonomously is not granted to dysfunctional schools (often catering for relatively high proportions of already disadvantaged students).

A major shortcoming of the opt-in approach is that an entity such as DEECD designs and administers the capacity test, which would result in the department retaining some managerial responsibility for the performance of individual schools. Under a default autonomy approach, DEECD's focus and culture need to align unequivocally with the tasks of supporting schools and monitoring the performance of the system as a whole. This entails a further shift in DEECD's focus and culture.

It would also be a poorly-configured default autonomy regime that was applied in a rigid 'one-size-fits-all' way. For example, there is no reason a default approach should preclude multi-school arrangements to help spread any additional costs of operating more autonomously, or to enable more effective governance. Also, provided there are effective accountability arrangements in place, action to address any serious performance problems should be prompt and appropriate. Hence, with careful implementation, a default autonomy approach is likely to lead to a more widespread impetus for change across the government school sector, and its apparent risks seem manageable.

With these considerations in mind, the default approach is a reasonable one to extend greater autonomy to schools, but well-designed, careful implementation is critically important, as is ensuring that a demand-driven middle level adds value to school performance and to the system at large (discussed below). Patience is also essential — overseas experience shows it takes time and consistency of purpose to achieve lasting change.

The need for a parallel strengthening of the middle level of the system

In pursuing a default autonomy approach, the choice is not simply between centralised and school-level decision making. As several analyses of high-performing school systems around the world have revealed, the middle level of the system can contribute significantly to the performance of individual schools.

Importantly, the middle level's role in a default autonomy system is primarily to facilitate and support a school-driven, collaborative approach to the delivery of school services that recognises the differing circumstances and needs of individual schools. The ways in which the middle level can add value include:

- serving as a mediating layer that offers tailored support and guidance to groups of schools on means to improve their performance in the context of system-wide objectives and policies
- fostering resource sharing across schools that broadens the quality and range of subjects available to students, reduces costs, and encourages shared accountability for student outcomes
- facilitating information exchange between schools, and the dissemination and diffusion of innovation in teaching practice
- promoting strategic links with tertiary education providers, local government, businesses and others in the community that have a stake in the educational outcomes delivered by schools and can contribute to improving those outcomes
- providing opportunities to relieve schools and principals of administrative tasks that are not integral to the goal of improving student learning outcomes and that could be provided more efficiently at a higher level in the system.

Importantly, the middle level should not, in an autonomous school system, be an additional layer of bureaucracy for implementing centrally-determined school improvement policies. While it is possible to detail some of the more specific tasks that flow from these broad functions (box 3), the notion of tailored support that is at the core of the middle-level concept means that its precise nature and scope is inherently fluid. In other words, the needs of particular schools and groups of schools should dictate the work the middle level does for them.

Although the middle level in the Victorian government school system is already reasonably extensive, the Commission's discussions with stakeholders have drawn attention to many unexploited collaborative opportunities. Moreover, those discussions and the Commission's own analysis have revealed a range of impediments to collaborative endeavour, including establishment costs, aspects of current funding, budgeting and staffing rules, and simple inertia at the school level.

Accordingly, and in keeping with some other reviews of autonomous school systems, the Commission has concluded that measures to facilitate the development of the middle level are warranted — although such measures should preserve a key role for schools in driving that development (see below).

Box 3 The work of the middle level

The middle level in a school system is primarily a means to facilitate and support collaborative endeavour that can improve school performance in ways that are not available to individual schools operating in isolation (or under centralised controls). Although work undertaken at the middle level should be driven primarily by individual schools, having regard to their particular circumstances, the specific tasks could involve the following.

Supporting individual schools

Assisting schools to deliver high quality outcomes for students, through:

- supporting and brokering initiatives to build school leadership capacity
- distilling and guiding diffusion of good teaching approaches and better classroom practice across groups of schools (and the wider school system)
- facilitating staff sharing — especially specialist staff — in groups of schools that can help to broaden school curriculums and/or reduce teaching costs
- facilitating the adoption of new technology that aids student learning
- helping to build links with tertiary education providers, businesses and others in the community that can improve the quality and relevance of the services provided by individual schools.

Service provision

Providing a means to deliver non-instructional services more efficiently and/or effectively, including:

- site and facilities management, and maintenance of physical assets
- purchasing and general administration
- teaching-related human resource functions, such as:
 - recruitment and appointment services
 - management of graduate teachers
 - management and/or organisation of training and development
 - talent identification and development
 - management and scheduling of support staff between groups of schools
- advice and support on risk management matters — including in relation to industrial relations, occupational health and safety, and disability and equal opportunity matters.

In addition, if federated governance approaches were in future to be adopted in parts of the Victorian government school system, the middle level would then be involved in monitoring and reporting on school performance, and taking action to remedy specific performance problems.

The Commission's discussions with principals and other parties indicated that the focus of many of the larger school networks and other cross-school arrangements is on aspects of the support function, with an element of the performance management role through the peer review process. However, emerging school collaboration and other cross-school arrangements are also already capturing part of the service provision dimension.

Building on current policy directions

The preceding discussion does not imply that greater autonomy in government schools should necessarily be the only, or primary, focus of efforts to shift Victoria's school system into the top global performance tier. As the breadth of the current reform program exemplifies, targeted initiatives to address workforce shortages, improve teacher training, encourage more high-performing individuals to enter the teaching profession and improve the learning opportunities for disadvantaged students, all have an important role to play. And the new schools funding regime implemented in response to the Gonski Review could potentially have a pervasive impact on the future performance of Victoria's government and non-government schools.

Against that background, the Commission's recommendations aim to augment current initiatives and policy directions in three related areas.

- (1) Strengthening leadership in the government school system by increasing leadership skills and capability, and the time to focus on the things that matter for student educational achievement and the efficient operation of schools. Importantly, this includes improving the effectiveness of teaching in the classroom.
- (2) Increasing the flexibility of people management systems — especially staff improvement, staffing and work planning systems — to remove unnecessary workplace restrictions and burdensome red tape, and to ensure principals have the necessary authorities to perform their role effectively.
- (3) Strengthening governance structures — in the near term, by focusing on existing arrangements for school councils and mechanisms for effective school-driven collaboration among schools; in the longer term, proposing some further structural options for governance of schools and federations of schools.

The sum of these recommendations would, among other things, increase the level of devolved authority to schools in the areas that promote improved educational outcomes by students, while simultaneously increasing the accountability of principals for their performance in leading their schools.

Enhancing the effectiveness of school leadership

The pivotal role that effective school leaders play in improving student outcomes and managing school resources efficiently has been widely analysed and documented. Among other things, effective leaders can motivate and build the capacities of teachers, improve classroom practices, and build links between schools and the community that enhance learning outside the school environment. A further more specific insight from the research is that good leadership is essential for meaningful teacher appraisal, which in turn helps teachers to increase their effectiveness.

The leadership role of principals deserves particular attention. They are the link between those in and outside the school. And in an autonomous system principals determine how system goals and priorities are translated into what happens in the classroom. Framing the role of principals appropriately, equipping them with appropriate skills for the task, and effectively holding them to account for their performance are therefore integral to an effective autonomy regime.

Some of the elements for effective leadership are in place in the Victorian government school system. But input from stakeholders and the Commission's analysis indicate that there are deficiencies in current arrangements.

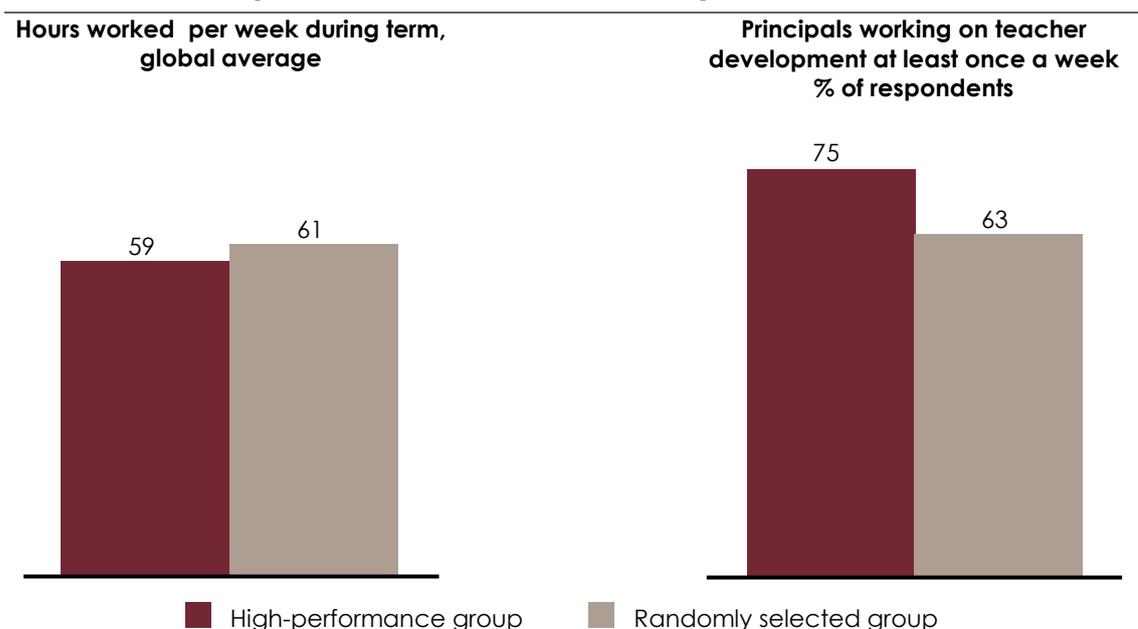
- The formal role of principals is over-defined and fails to provide a clear minimalist set of priorities. In consequence, there is a lack of clarity about where principals should focus their efforts to deliver good performance outcomes.
- Many principals do not come to the job adequately prepared. First-time principals report being under-prepared in a number of areas, including performance management, workforce planning, and risk and change management.
- At the same time, lack of role clarity sees principals undertaking administrative tasks that add little to student learning or making better use of school resources, but which contribute to work overload.
- There are gaps in the performance information necessary for principals to assess how their schools are tracking, and for governance entities to determine when intervention is necessary and what form that intervention should take.

Also, the accountability regime for principals, and the performance development system for teachers that principals administer, are deficient.

A focus on improving educational gain

High-performing principals do not necessarily work longer hours, but spend their time differently, concentrating more on developing teachers (figure 4). To this end, the current accountabilities for principals should not only be simplified but also focused on improving the educational gain of students, with emphasis on enhancing teaching quality through effective people management and support for professional development. They should also have a focus on enhancing the efficiency of resources used by schools and contributing to improved performance elsewhere in the school system — including collaborating with other schools. Importantly, the consequent emphasis on outcomes would better align with the thrust of a more autonomous school system.

Figure 4 High-performing principals do not work longer but spend their time differently



Source: Barber, Whelan, and Clark 2010, 7.

Making time to do the things that matter

While the proposed role refocusing would encourage principals to concentrate on the things that matter most for school performance, their scope to do so should not be diminished by the need to spend large amounts of time on lower-value tasks. Indeed, several studies have found that the impacts of the administrative burden on workloads and the limited time available for educational leadership deter many potential candidates for principal positions (Barber, Whelan, and Clark 2010, 12). Some principals expressed concern that default autonomy would lead to increased workloads, without a commensurate increase in resources. De-cluttering the principal's role by delegating, streamlining or eliminating low value work is therefore a high priority.

As the analysis and examples in the body of the report exemplify, the opportunities for de-cluttering are many and varied.

- The administrative burdens attaching to the management of the schools workforce are considerable. Examples highlighted in consultations include the referral system for excess teachers (which has been at least partly addressed by recent changes to the Victorian Government Schools Agreement (VGSA)), school-based consultative arrangements, and the need to seek approval for decisions on matters such as the accelerated progression of teachers and offering commencement salaries higher than the base level in a classification.
- Although DEECD has reduced the number of policies and plans, principals still have to deal with around 70 of these. Moreover, the process for signing-off on these policies and plans is unnecessarily onerous, with standard planning and policy material developed by DEECD still requiring school councils' endorsement, even if adopted without modification. And where schools are required to develop their own policies, they can be uncertain as to whether the requirements they must meet are legislative or imposed by DEECD.
- Record keeping requirements can be complex, contradictory and onerous. As one illustration, record-keeping guidance indicates that personnel records should be kept at the school for 50 years.

Individually, many of these sorts of requirements may seem minor. But their collective impact is a concern. In addition to several specific proposals, the Commission is recommending that the Government encourage further de-cluttering of the principal's role by establishing a taskforce of principals and DEECD officials to identify additional opportunities to reduce administrative burdens.

Better and more accessible performance information

While many aspects of school activity and performance are currently monitored, there are opportunities to better focus that activity and the supporting information on the elements of school performance that are central to improving student outcomes. As well as assisting principals and school councils to keep track of the performance of their schools, better focused information would strengthen accountability across the system. It would also help DEECD to identify underperforming schools where intervention may be required, and higher-performing schools that may offer insights to others on means to improve performance.

One key requirement is to make greater use of student gain score data which, although not without shortcomings, can potentially provide a much better indication of value added by schools than raw student scores, or raw scores adjusted for contextual factors such as students' SES. Extensive unpublished gain score data are already available in Victoria for both government and non-government schools. The

Commission is proposing that, in future, these data be published by DEECD (with appropriate caveats), and, in the case of government schools, that it be a part of a 'balanced score card' of school performance which would also include:

- other indicators of educational outcomes, delineated to enable identification of outcomes for disadvantaged students
- measures of student and school community satisfaction and engagement
- information on teacher and school development, including system and network contributions
- financial outcomes against budget.

Providing an effective platform for holding the principal to account

As explained below, a critical part of the governance arrangements for the new default autonomy regime will be a robust process for holding all principals to account for the performance of their schools.

It is also essential that the performance standards that underpin this process are appropriate. Accordingly, the Commission is recommending that the performance and development plan for principals be modified to render it consistent with the more focused role description for principals and the proposed balanced scorecard for assessing school performance; and that ultimately performance be more closely linked to pay.

In this latter regard, the Commission's recommendation to strengthen the current link between pay and performance would be implemented through a more rigorous application of the performance review process and decisions about annual salary progression, and principals' contract renewal. The Victorian Government has signalled it intends to pursue a more strongly performance-based remuneration regime in the future. This would provide additional opportunities to recognise and reward high performance by principals (and, in due course) teachers. Although the Commission supports further investigation of new ways to link performance and pay, it is recommending modification and relaunching of the performance review system as the first priority. This is needed to rebuild the credibility and confidence in the performance improvement system that are necessary to successfully implement a strongly performance-based pay regime.

Building leadership quality and skills

While having a potentially important contribution to make to enhancing leadership in the government school system, the sorts of initiatives outlined above can only do so much. With greater autonomy for virtually all government schools now in prospect, there needs to be a concerted effort to develop the capabilities of school leaders.

Much has already been happening on this front, including the establishment of the Bastow Institute of Educational Leadership and the implementation of several programs to develop the capabilities of existing and aspiring school leaders. The 2013-14 State Government budget provided additional funding for a range of measures to develop school leadership, including a new talent identification and management system, and coaching principals to act as system leaders. The Commission considers these actions have the potential to strengthen capacity for leadership and lift the potential benefits from existing levels of autonomy. The Commission notes that these measures need to be complemented by an increase in DEECD's capacity to consolidate information about

the talent pool of future principals, and DEECD assuming responsibility for developing and encouraging the use of alternative models to provide leadership experience to potential principals (such as fixed-term secondments and co-principal arrangements). The Commission is also recommending that DEECD evaluate the effectiveness of these measures.

Improving what happens in the classroom

The provision of quality feedback to teachers on how they are performing and guidance and support to help them improve their effectiveness are important parts of any school improvement program and essential to realising the benefits of autonomy. As well as directly contributing to better student outcomes, quality feedback can improve teachers' motivation and job satisfaction, and lead to additional performance gains.

Responsibility for teacher performance assessment and development is already delegated to principals in Victoria's government schools. However, as principals will in future be more accountable for the outcomes delivered by their schools, the integrity and robustness of the performance assessment and development system will become more important for them.

Aspects of the current performance improvement system are consistent with best practice approaches, but some significant deficiencies remain.

- There is insufficient awareness amongst teachers about how the system operates. A recent report by the Victorian Auditor-General's Office indicated that one in five teachers knew little about how they were assessed or how the results were used; nearly one-third did not understand how underperformance was assessed; and one quarter did not identify professional development as part of the process (VAGO 2010).
- Not all principals are well equipped to provide quality feedback — the same Auditor-General's report found more than one quarter felt unprepared or very unprepared.
- Anecdotally, there is evidence that performance appraisal is regarded by many participants as a 'tick-the-box' exercise, or even as another example of bureaucratic red tape, rather than something that can help to enhance teacher performance and thereby deliver better outcomes for students.
- Underperformance does not seem to have been a barrier to teachers receiving salary advancement. For all intents and purposes salary increments are automatic.
- Conversely, better performing teachers do not always get the recognition they deserve. Nor typically are they financially rewarded, with the special payments that are notionally available for this purpose generally used to recompense teachers taking on additional duties.
- As indicated above, there are gaps in the information necessary to provide quality feedback.

Also, addressing unsatisfactory performance — including by removal from the school — is seen by many principals as an excessively arduous and cumbersome process. In consequence, dismissal proceedings are usually reserved for the most egregious cases of unsatisfactory performance, with declaring poorer performers as excess to a school's requirements used as an alternative to dealing with the issue directly.

It is important to acknowledge that unsatisfactory performers constitute a small part of the overall teaching workforce. The focus of a more robust performance improvement system must therefore be on getting the most out of all teachers. That said, the

negative impact on students of the small number of unsatisfactory performers may be considerably larger than their numbers might suggest. As well as being demotivating for other staff, the failure to tackle unsatisfactory performance can reduce the cohesiveness of a school and its standing in the community.

The Government is already moving to address some of these concerns, including through the new VGSA, which has outlined a more streamlined and shorter unsatisfactory performance process. And, as indicated above, sharpening the principal's accountability for the performance of the school incentivises the provision of quality feedback and support to teachers. However, the Commission has identified some specific longer-term changes that would help ensure that the performance improvement system is focused on developing all staff and contributes in a meaningful way to better student outcomes.

Clearer performance benchmarks and expectations

The current lists of standards for the various classes of teachers are complex, making it difficult to draw out key priorities. Moreover, the performance indicators refer to skills and behaviours, but not the outcomes teachers are expected to achieve.

The Commission is therefore proposing that the current DEECD review of teacher performance standards simplify the requirements to focus on: improved educational outcomes for students, supported by measurable indicators of those outcomes; achieving these outcomes consistent with the objectives of protecting the wellbeing of students; and contributing to the performance of other teachers and the school more broadly.

The Commission has also recommended that a graded scale of performance achievement be introduced for teachers to help provide more effective feedback on their strengths and areas for improvement.

A range of sources of performance information

Although DEECD's performance and development culture specifies that teachers should receive information on their performance from multiple sources, this requirement is not integrated into the performance development cycle. Also, relatively little use appears to be made of some potentially valuable sources of information, including student improvement data, student surveys and classroom observation. DEECD should take steps to rectify this by providing guidance on how such information can be collected and reasonably used, updating its guidance to give principals more explicit authority to use classroom observation as part of the performance review process, and providing templates for a revised student survey.

Dealing with unsatisfactory performance

Processes for dealing with unsatisfactory performance must be both efficient and fair. Getting this balance right is not easy.

The 2013 VGSA, which provides for more streamlined timeframes for the unsatisfactory performance process, and appears to limit the number of support periods that are offered, goes some way to addressing the issues associated with the process.

However, the Commission considers that this change needs to be supported by giving principals the delegated authority to dismiss staff, subject to the unsatisfactory performance process and relevant appeal provisions, and with appropriate support from DEECD.

Flexible remuneration

In discussions on remuneration for teachers, the emphasis is often on the overall level of remuneration required to sustain a high-performing school system. The Commission has pointed to some characteristics of teacher remuneration in Victoria that, over time, have diminished the attractiveness of teaching as a profession (chapter 8).

Although remuneration schedules for staff in Victorian government schools are centrally determined, a remuneration issue that is directly relevant to school autonomy is the degree of flexibility that principals have to vary remuneration to cater for the specific circumstances of their schools. There is scope for principals to offer higher remuneration within a classification level to attract the most suitable candidate for a position; to accelerate the progression of teachers; and to make special attraction and retention payments. One-off performance bonuses have also been trialled in a small number of schools.

Yet the special payment and accelerated progression options are rarely used, potentially making it more difficult for principals to fill hard-to-staff positions, or to reward teachers for good performance. In 2012, only nine teachers across the entire government school sector had their pay progression accelerated.

There are likely to be several reasons for the reluctance of principals to use available flexibilities, including the strong opposition to performance-related pay in significant parts of the teaching workforce.

However, budgetary constraints and the need to obtain departmental sign-off for a higher starting salary or the acceleration of a teacher through the pay scale also appear to have been influential. To address the latter, the Commission is proposing that responsibility for approving starting salaries and accelerated progression be devolved to the principal. Several of the Commission's other recommendations — including improvements to the performance management system for teachers and stronger accountability arrangements for principals — should increase the incentive to use existing remuneration flexibilities. Moreover, implementing the Commission's recommendations to strengthen governance, by holding principals to account, would help to reduce the risk of misuse of greater flexibility.

More flexible management of the workforce

Beyond remuneration issues, the capacity for government school principals to employ the best people and to deploy their workforces effectively is impeded by inflexibilities in the VGSA and DEECD requirements. The Commission has, therefore, sought to lay out an agenda of issues that should be addressed through a workforce strategy to be developed and implemented by DEECD.

Improving the excess staff procedures

Under the former VGSA, the priority status of excess teaching staff for advertised vacancies meant that their applications were considered in isolation from other applicants for a position — on the basis of whether they met the selection criteria (or could do so within a reasonable period of time), not on whether they were the best applicant. The effect of these provisions was to suspend merit-based appointment and, in the process, result in other undesirable behaviours and further costs, including:

- the use of the provisions to shift underperforming staff elsewhere in the system, thereby obviating the need for proper performance management

- the use of employment mechanisms that circumvented the excess staff requirements, including greater reliance on short-term (six months or less) contracts
- additional training costs and/or higher salaries imposed on schools receiving excess staff.

The 2013 VGSA modified the provisions relating to excess staff with priority status. These employees must now be interviewed for any positions in the teaching service for which they are an applicant. However, the Government also agreed to introduce a requirement that all fixed-term teaching service vacancies of six weeks or longer must be advertised. Previously, vacancies of up to six months could be filled without advertisement.

The changes to the excess staff provisions represent an improvement over previous arrangements. However, they still confer an advantage in the short-listing process to the excess employee over other applicants, which means the arrangements are not entirely based on merit. Tighter advertising requirements are also likely to impose additional burdens on principals. The Commission has, therefore, recommended that the Victorian Government review the experience with these new arrangements after 12 months of operation. If the costs prove to be excessive, a short-term response would be for DEECD to consider administrative changes that could be made to reduce these costs. In the longer term, the Commission considers that allowing principals to fill all positions through a full merit-based process should be examined as part of the workforce strategy it is recommending DEECD develop (see below).

More efficient deployment of the workforce within schools

There are several sector-wide constraints on the deployment of the workforce in government schools, including a maximum on weekly face-to-face teaching hours, restrictions on the number of days in a week that part-time teachers can work (unless the staff member agrees otherwise), and planning guidance on average and maximum class sizes. Many principals apparently view the latter as a target.

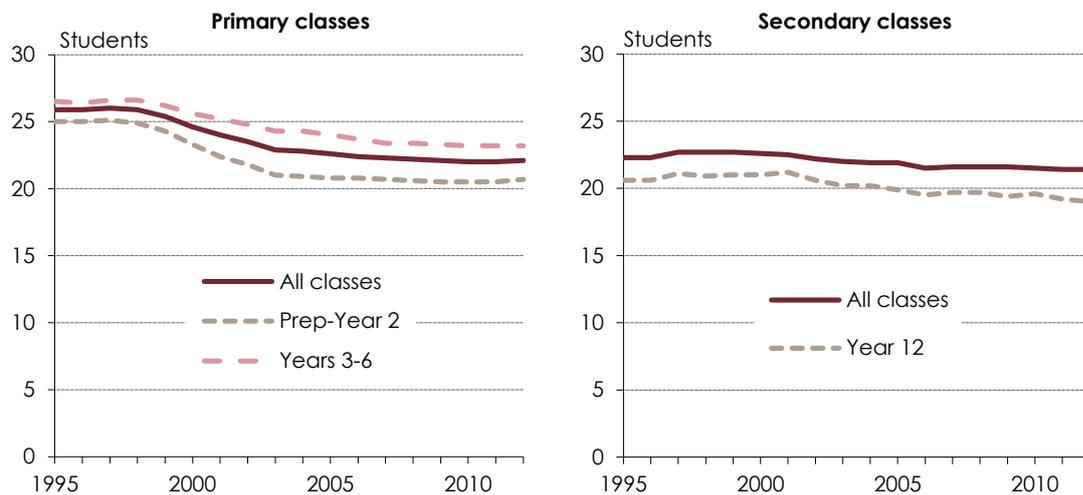
It is true that the teaching hours and class size provisions provide some flexibility as to how classes and teaching rosters are organised within these broad constraints. Also, many schools (voluntarily or because of low enrolments) have smaller classes than indicated in the guidance.

Nonetheless, other sectors — including Victoria's Catholic school sector — have recognised the benefits of tailoring teaching hours and working arrangements for part-time teachers to the requirements of the schools and individuals concerned. And while there is often strong support from parents for smaller class sizes, the trend decline in average class sizes in the Victorian government school sector (figure 5) has not produced any obvious improvement in school performance and has significantly reduced the scope for principals to fund other school improvement initiatives. If, hypothetically, class sizes in the bulk of government schools were to increase to the average/maximum levels specified in the current guidance, the resulting overall resource saving would be around \$300 million a year. The calculation of this saving in chapter 8 of the report explicitly takes into account that such increases in class sizes might not be possible in smaller schools.

The Commission has recommended that the Government develop a strategy on future directions for school workplace arrangements. The strategy would be informed by detailed analysis of the effects on school performance of existing provisions in the VGSA and DEECD requirements. The Government would use this strategy to help shape expectations about future school workforce arrangements.

As part of such a strategy, the Commission sees a strong case for schools determining, over time and with the broad support of school communities, their class sizes under the accountability arrangements proposed in this report. In such circumstances, the type of planning guidance contained in the 2013 VGSA would be much less relevant to the operation of a highly autonomous government school system, and its removal should be part of any strategy for how government school workplaces will operate.

Figure 5 Average class sizes, government schools, Victoria



Note: The data refer to the average number of students in a class. They are not aggregate ratios of students to teachers. Average class sizes for secondary classes are based on English classes.

Source: DEECD 2013c.

DEECD, as the current system manager, has a responsibility to promote the effective use of public resources in the school education system. The Commission, therefore, considers it is important for DEECD to encourage a better informed and more nuanced debate about the efficacy and cost effectiveness of smaller class sizes in different settings.

To facilitate the use of existing and additional workforce flexibilities, consultation provisions also need to be streamlined to give principals flexibility over the form, scope and frequency of consultation on workplace changes.

Grievance and appeal procedures

Effective grievance and appeal procedures are important and necessary to ensure fair outcomes, particularly given the often high stakes for employees.

But a balance needs to be struck — procedures that are overly onerous for principals and other school leaders may discourage effective performance management, encourage adoption of costly work-arounds, such as declaring teachers as 'excess', or lead to tolerance of ongoing underperformance in the workplace.

In the first instance, the emphasis should be on resolving issues without the need for recourse to Merit Protection and Disciplinary Appeals boards. The provision of greater DEECD advice, support and, where needed, representation for principals involved in grievance and appeal processes could also dissuade non-meritorious appeals, as well as help principals to manage these processes fairly, efficiently and effectively.

A robust governance and accountability regime

As *Towards Victoria as a Learning Community* (TVLC) makes clear, good governance and accountability are integral to the success of the new default autonomy regime for Victoria's government schools (DEECD 2012a). Put simply, if roles and accountabilities in the system are not appropriate and clear, and if the key actors are not held to account for their performance, the benefits of the new regime will be significantly diminished. To this end, TVLC foreshadowed a review (now underway) to develop new governance and accountability options for government schools, including more strategic options that could:

- provide additional autonomy to consistently high-performing schools
- facilitate more corporate approaches to governance
- involve federated governance approaches.

Importantly, the new default autonomy regime should give emphasis to governance of the system as a whole, rather than just to the governance task for individual schools. And, while there are several ways to configure governance arrangements for schools and school systems, each with particular strengths and weaknesses, there are some generally recognised principles and practices that should underpin any regime. These relate to clarity and coherence of objectives; clear and aligned accountabilities and authorities; access to necessary skills, experience, and resources; and timely information flows and robust performance reporting, supported by effective engagement with school communities.

What are the shortcomings in the current governance framework?

Beyond the issues that the Commission's recommendations on school leadership, and the workforce deployment and performance improvement are intended to address, the current governance framework for Victorian government schools is deficient in several respects.

- There has been insufficient emphasis in the governance framework on framing accountabilities around the primary role of schools, namely improving student outcomes.
- Not all accountabilities and authorities reside at the right level of the system. In addition to giving principals and schools greater scope to tailor services to the needs of their students, as discussed earlier, there are also opportunities to enhance further the contribution of the middle level of the system to supporting the work of principals and fostering collaboration and resource sharing.
- Despite considerable monitoring of, and reporting on, school performance, principals do not appear to have been well or even routinely held accountable for their performance, and especially for the educational gain made by their students. Several experienced principals told the Commission, for example, that they had received little regular performance feedback from DEECD. This is an area in which TVLC has signalled the need for stronger accountability, and the performance appraisal and development system for principals is still evolving in response. However, while the peer review process emphasised in TVLC is likely to be a valuable source of learning for principals and an important input into the performance improvement process, it is unlikely by itself to deliver robust accountability. The difficulty for peers to convey hard messages, especially when they are part of the same review process, is just one of several concerns.

- The capacity to hold principals and other actors in the school system accountable for their performance is further diminished by capability 'gaps' in school councils and DEECD.
 - Usually, a council's role is focused on supporting the principal, rather than taking responsibility for ensuring that the school and principal are performing well. And although the process of collecting data on council capability has only now commenced as part of DEECD's governance review, it is clear that, even in a supporting role, the capabilities of councils differ considerably, with significant capability gaps more likely to arise in schools catering for relatively large numbers of students from disadvantaged backgrounds.
 - The Secretary of DEECD ultimately carries much of the responsibility for higher-level oversight of the performance of more than 1500 councils and schools. Although identifying serious performance problems may be relatively straightforward, there is seemingly scope for more subtle capability and performance problems to slip under DEECD's radar. Consistent with this, TVLC contends that there is a significant middle band of schools that is not adding sufficiently to student outcomes.

In implementing the new default autonomy regime, addressing these deficiencies should be a key priority.

Strengthening the governance framework

Reference to other school systems and sectors indicates that there are several possible approaches to governance and governance regimes; and that the processes and pathways for changing the governance regime are of paramount importance. The very thoughtful input from stakeholders to the inquiry highlighted that:

- when it comes to governance approaches one size does not fit all
- schools and their communities should have a strong say in which governance approach best suits their circumstances
- it is important to distinguish between what should be done to improve governance in the short to medium term and the sort of governance approaches that could be beneficial over the longer term.

Given that DEECD's governance review is expected to address the short- to medium-term dimension in considerable detail — and especially initiatives to improve the capacity of school councils to provide effective governance-related support to schools and principals — the Commission has focused much of its attention on longer-term governance directions. That said, some broad priorities for improving the current governance framework were identified through the Commission's consultation and research, as discussed below.

Improving the current approach

The current governance framework — involving a mix of oversight and more direct governance activity by DEECD, and the provision by school councils of governance support to principals and schools — could be considerably improved.

Most obviously, the capacities of school councils to provide effective governance support could be lifted. Legislation and guidance should be modified to increase the role of school councils in shaping their school's educational objectives and strategic direction, strengthen councils' role in monitoring and providing feedback to principals on whether the objectives and strategic direction are being achieved, and reduce school councils' responsibility for administrative tasks. More systematic monitoring and benchmarking of the capabilities of school councils would help to specify more precisely the capability gaps that could be targeted through better training or by

changes to council membership (such as greater co-option of outside expertise). In addition, the currently weak formal accountability of councils for their performance could be strengthened to match their stronger governance-related mandate.

A further broad requirement is to clarify the nature and scope of DEECD's formal governance role in the new default autonomy regime. Although the emphasis in TVLC is on DEECD's last resort intervention role, DEECD should continue to have a more direct governance role — including through the Commission's proposed default performance and development system for principals. On this, the Commission notes that the Government's proposed peer review arrangements, could assist performance improvement. They would, however, complement, rather than substitute for, the formal performance appraisal system. Similarly, the Commission doubts that most school councils would be well placed to undertake the formal appraisal role, even with revised mandates and appropriate training. Accordingly, the Commission is recommending that responsibility for the performance appraisal of principals reside with DEECD unless a school is governed by an independent board that meets the requirements spelt out in box 4.

Finally, as alluded to above, action is also warranted to encourage further collaboration among schools. There are various specific means by which this could be pursued and supported — including through the use of financial assistance to help offset the establishment costs of, or other impediments to, beneficial collaborative arrangements. That said, the sorts of incentives that might be employed in this context are broadly the same as those that might be used to encourage the uptake of federated governance structures — an alternative governance approach that the Commission considers would have advantages in some situations (see below). Hence, as the report explains, if incentives are to be used for both purposes, they would need to be appropriately graduated or otherwise differentiated.

How might the governance framework develop over the longer term?

While the changes outlined above could significantly improve the quality of governance in the Victorian government school system, there are limits to what can be achieved.

- To provide a clear, singular, and robust line of accountability for principals and schools, councils would need to be fully accountable for the performance of their schools and given an appropriate set of authorities to address all of the matters impinging on school performance — including the power to appoint and dismiss principals. This would effectively render them little different from an independent school board; considerably different from the current supporting role that most councils seemingly view as appropriate.
- Any significant increase in the governance demands on councils would add to the inherent difficulty that entities staffed by volunteers, and with significant membership churn, face in securing and retaining the services of suitably skilled individuals.
- Without fundamentally changing the structure and composition of councils, giving them a greater governance role would increase the tension with their role in representing the views of the school community.

Accordingly, the Commission sees potentially significant benefits in independent school board approaches.

Box 4 Independent school boards

In discussions on school governance, councils and independent boards are often treated as 'variants on a theme'. However, independent school boards, as the Commission conceives of them, would differ significantly from councils.

Most broadly, independent boards would sit between the Minister and individual schools or groups of schools, and be fully accountable to him/her for the performance of those schools. A board could be dismissed if it failed to take appropriate steps to address any concerns. A board would, in turn, have a full range of authorities to address matters impinging on school performance — including the power to appoint and dismiss principals. And principals would be accountable to the board, rather than to DEECD and school councils as is currently the case. Principals would continue to liaise with DEECD in its capacity as adviser and provider of services but would not be answerable to DEECD for their school's performance. In sum, there would be a clear, strong and single line of accountability for performance from the Minister to the classroom, with the mandate of boards focused solely on governance.

The Commission further envisages that members of independent boards would be appointed on the basis of their skills rather than elected as representatives of the school community. And a skills-based appointment process could be complemented by a modest level of remuneration. With remunerated, skills-based appointments, average governance capability would likely be considerably higher than under a school council regime reliant on volunteers.

As alluded to above, an independent board could govern a group of schools rather than a single school — an approach that the Commission sees as having advantages in some circumstances. In many respects a federated board would be the same as an independent board, but the accountabilities and authorities of a federated board would relate to improving the performance of the federation as a whole. Hence, the focus of a federated board would extend to encompass the sorts of 'middle level' capacity building, school support and service delivery functions that can improve outcomes across a school system.

Federated boards could also be funded to employ a small number of support staff and an executive principal. In the Commission's view, executive principals could help to translate performance objectives across the federation into specific initiatives at the individual school level, and in the other direction, to put the views of individual principals into wider perspective. Under both federated and individual school boards, parent and community input would continue to be important. Federated boards, in particular, would rely on bodies like school councils to represent parents and the community, and contribute to the school.

Evidence from other school systems with federated structures provides some insights into the sorts of groupings that are most likely to enhance the performance of the schools concerned. For instance, a recent study of the English academy system (Chapman, Muijs, and MacAllister 2011) found that the biggest effects on student performance were evident when high-performing schools partnered with low-performing schools. However, under the Commission's proposed approach of incentivising rather than prescribing the uptake of federated board structures, the size and permutation of the federations that emerged would be a matter for the schools concerned.

The Commission considers that, in some situations, federated board structures would deliver larger benefits than school-level boards. One source of additional benefit would be the opportunity to realise governance-related economies of scale — which, among other things, would reduce the cost of achieving more robust governance through a

board approach. Also, because the accountabilities and authorities of a federated board would relate to improving the performance of the federation as a whole, the board would have strong incentives to look for opportunities to de-clutter the role of principals, and encourage individual schools to work together in pursuit of better outcomes for students across the federation. The Commission notes that, outside the school sector, Victoria's health network boards provide an example of this sort of federated approach — with the public hospital system that they govern considered to be among the best performing in Australia.

A federated board approach would, of course, involve some constraints on the scope for schools to operate autonomously. However, the Commission's expectation is that the day-to-day operations of high-performing schools would be largely unaffected. That is, federated boards would presumably focus most attention on those schools and principals at the lower or middle level of the performance spectrum.

Moreover, it is erroneous to argue that board approaches in general — and federated board approaches in particular — will automatically undermine engagement with school communities. The Community Advisory Councils that provide a conduit for stakeholder views to Victoria's health network boards are but one example of how community input can be tapped under a federated approach. Also, much of the practical engagement task would reside, as now, with principals and teachers rather than with boards. In this context, the Commission has separately recommended that school performance metrics explicitly encompass effective engagement with the school community. This would enhance the engagement expectations on principals irrespective of the formal governance structure under which schools operate.

But one size does not fit all

The likely gains from moving to federated (or other) independent board arrangements will depend on the circumstances. For instance, existing councils have differing capacity to provide effective strategic support to schools and principals. Also, the extent to which a federated board approach would extend value-adding, middle-level work will depend on whether schools already share resources and cooperate in a collaborative arrangement. In short, when it comes to the most appropriate governance approach, one size does not fit all.

The Commission has therefore concluded that the transition to more robust governance arrangements over the longer term should:

- be driven by schools
- provide for a menu of governance approaches that recognises and caters for the diversity in school circumstances both at a point in time and over time
- involve a significant degree of gradualism that provides surety and guidance to schools and councils as they embark on the governance improvement process.

This, in turn, implies that the uptake of federated board governance in appropriate circumstances should be encouraged and supported, rather than imposed from above.

Incentivising the uptake of federated governance

In considering the sorts of specific incentives that might be provided to encourage the uptake of federated independent boards, the Commission has not sought to be forensic or to endorse particular options. However, there are several possibilities.

Most obvious would be the provision of funding support to help meet board costs — including to enable remuneration of board members appointed on the basis of their skills and experience, and to allow for the employment of executive principals. Addressing other potential funding-related impediments — and tying these changes to moves to federated governance — would be further possibilities. Relevant in this context are the provisions affecting schools' capacity to draw forward on their government funding; the potential for school mergers to result in lower per student funding as a result of the reduction or withdrawal of small school subsidies; and the fact that schools that decide to merge or consolidate do not automatically share in the benefits of land and asset disposals.

Another option would be to give schools identified as having serious and ongoing performance issues a choice between a period of governance by DEECD or finding a high-performing school with which to partner and operate under its governance wing. Consideration could also be given to providing schools that choose federated independent board arrangements with more flexible school staffing arrangements.

Some of these incentive possibilities would inevitably be controversial.

Yet if governance of the Victorian government school system is to be strengthened — in the Commission's view a necessary condition for default autonomy to deliver good outcomes — then some controversy and cost seem inevitable. Even under an incentivised rather than imposed improvement approach, there is no easy and painless option. Against this backdrop, the Commission is recommending that DEECD's governance review further consider how the uptake of federated board structures could be incentivised and report to the Government accordingly.

Holding DEECD to account

Whatever the particular governance approach or approaches adopted for the new default autonomy regime, it is important that DEECD, like other actors in the system, be accountable for its performance. Indeed effective accountability is particularly important given the significant changes to DEECD's role in a more autonomous school system. That is, while DEECD will continue to oversight the performance of the school system as a whole, its more specific role will be less on day-to-day management of schools, and more on providing guidance and support and last-resort intervention in the case of serious school underperformance.

One concern here is that it could be difficult for DEECD to shift from its longstanding service provision role to a support role. But many stakeholders, in fact, expressed the opposite concern — namely, that under default autonomy DEECD may shift responsibilities to schools without providing them with additional ongoing resources, or even transitional support.

Given the potential to de-clutter the role of principals as part of implementing the new autonomy arrangements, a net increase in school-level responsibilities is not inevitable. And if there is a net increase, it should be matched by a commensurate transfer of resources from elsewhere in the system. Even so, it would be inappropriate to ignore these perceptions, especially given that 'cost shifting' to schools has been evident in some other autonomous school systems.

Hence, to provide some additional surety to schools and help make DEECD appropriately accountable for its performance, the Commission has recommended that the Department's public reporting obligations be sharpened. Specifically, it is proposing that each year DEECD be required to seek commentary from the associations representing key stakeholder groups on how effectively it has discharged

its responsibilities under the new default autonomy regime; with a summary of that commentary to be included in DEECD's annual report.

Some complementary policy directions

The Commission's investigation of autonomy and accountability issues has also revealed several related opportunities to improve the performance of the Victorian government school sector.

Parental choice is an inherent part of Victoria's school system. As discussed in the body of the report, promoting efficient choice within the government school sector through the provision of performance information to parents can strengthen incentives on schools to improve performance.

That said, there are legitimate concerns about the risks of parental choice to innovation, collaboration and equity. These risks highlight the need for careful design of choice regimes (Musset 2012). Many of the Commission's recommendations around autonomy and accountability should lead to improved educational outcomes, including in low-performing government schools. One additional requirement is to collect better information on the extent to which choice in the government school sector is actually constrained.

A further area of opportunity relates to the scope to increase involvement of the private sector in service delivery. Under an autonomous system, it is logical that schools should have the freedom to opt-out of centrally provided services (except if this compromised the efficiency or effectiveness of the wider system by, say, introducing incompatibilities in information technology platforms).

That said, this is not the only, or even the main, opportunity for schools to reap benefits from greater private involvement in a more autonomous system. As noted above, the Commission is proposing that the role of principals be de-cluttered by removing the requirement for them to undertake administrative tasks that are not essential to improving student outcomes or managing school resources more efficiently. Many of these tasks would be too small to warrant contracting out by an individual school. But were they to be provided on a pooled basis to several schools, then private involvement could be more feasible and beneficial.

There would also be benefits for schools from being able to access a broader range of options for greater private involvement. For example, experience with the first major school Public Private Partnership (PPP) — used to design, finance, build, and maintain 11 new public schools opened in 2010 and 2011 — should provide insights on the scope to employ this approach more widely in the future. Importantly, in addition to the potential for efficiencies in the delivery of infrastructure and related services, the PPP approach is a means to circumvent the constraints on public sector capital funding that can either delay new projects or see them drip funded.

There are also likely to be opportunities for collaboration between government and non-government schools in the provision of education services. Indeed, such collaboration is already evident. How quickly, how far and in what form such collaboration will evolve is difficult to predict. But the governance framework should be supportive and beneficial collaboration should not be impeded artificially.

Promoting the interests of disadvantaged students in a more autonomous system

A strong focus of school policy in Victoria and elsewhere has been on addressing the impacts of disadvantage on students' educational outcomes. On average, students from low-SES backgrounds, and those living outside major areas, from non-English speaking backgrounds, or with disabilities or other learning and special needs, tend not to perform as well as other students. As Victoria's school system does less to offset such disadvantage than some top-tier systems, it is especially important to ensure that greater autonomy does not detract from, and ideally enhances, the learning opportunities for this student cohort.

In principle, devolution and appropriate supporting policies that enhance teaching quality in schools should benefit all students irrespective of their backgrounds. Indeed, students whose performance is most below potential might be expected to receive the greatest benefit. Also, more autonomous decision making is intended to increase the scope for school-level specialisation in the types of education services provided. This might include specialisation that targets students experiencing particular types of disadvantage.

The empirical evidence on the impacts of autonomy and choice on disadvantaged students is mixed. While there are examples where autonomy appears to have improved outcomes for significant numbers of these students, negative impacts have also been observed. That evidence further suggests that where autonomy is accompanied by significant scope for parents to choose the schools that their children attend — as is the case in Victoria — any negative impacts may be magnified.

However, in the Commission's view, such negative impacts are most likely to be the result of shortcomings in surrounding policy settings, rather than an indicator that autonomy (or choice) is inherently problematic for disadvantaged students. It is these settings that should be the priority in providing surety that the potential benefits of greater autonomy and accountability for disadvantaged students will be realised in practice. In this context, school leadership is very important. Research on what makes for quality teaching points to the importance of teachers having high expectations about what students can achieve, particularly students from disadvantaged backgrounds. High expectations for disadvantaged students are more likely to exist in schools where leaders are committed to, and act on, the notion that all students should be challenged and supported to the make the most of their abilities.

Providing sufficient funding leverage

The pressures on schools with relatively high proportions of disadvantaged students are often considerable.

- Because of their location and the often higher needs of many disadvantaged students, these schools are usually more expensive to run.
- Also, they often have less opportunity to supplement their resources with skills and financial contributions from parents and their broader school communities.

The responsibilities and accountabilities that come with greater autonomy could add further to these pressures.

It is, therefore, very important that funding supplements for disadvantaged students are sufficient to enable schools with high concentrations of such students to compete for good leaders and teachers in a more autonomous environment.

Enhancing accountability for the performance of disadvantaged students

The challenges relating to the capacity for school councils to provide effective governance support to principals in the new default autonomy regime are particularly germane for schools with high concentrations of disadvantaged students. Evidence from various systems suggests that these schools are most likely to experience difficulties finding people with the requisite skills and experience to serve as council members. For such schools, board or federated governance structures could be helpful by providing access to a larger pool of people with relevant skills.

Also, the Commission is proposing that DEECD monitor how disadvantaged students have fared under the default autonomy regime. A particular focus should be on outcomes for students with disabilities and other special needs, for which neither individual schools nor the government school sector have been appropriately accountable in the past.

The results of this monitoring should feed into the proposed review process for the default autonomy regime (see below), as well as providing the basis for modifying the arrangements in the interim, if any significant unforeseen impacts on disadvantaged students arise.

The policy evaluation imperative

Schools policy operates in a complex environment where student outcomes are affected by individual school policies, by policies outside the school sector (such as in health and education), and by factors that are not directly amenable to policy influence. In these circumstances, there will necessarily be uncertainty about how particular policy initiatives will play out.

While such uncertainty is not a reason to forgo changes that could improve student performance or the efficiency of resource use, it makes it imperative to evaluate after the event to:

- test the extent to which the potential benefits have been realised in practice
- identify whether there have been unanticipated problems
- assess whether policies should be continued and, if so, how their effectiveness might be improved.

Such evaluation is by no means easy. However, past evaluation of school policies has often been substandard, or has not been sufficiently independent or transparent. Reflecting this, the Victorian Government has committed to doing better in future (Victorian Government 2012d). This is a welcome development especially if it is hard-wired into the policy development and implementation process by:

- incorporating a specific review provision into any major new school policy initiative
- making similar provision to review major programs that have not been evaluated recently
- committing to make the results of these evaluations publicly available
- making the use of independent assessors the procedural default
- building in data collection requirements for programs that would facilitate effective evaluation.

Consistent with these requirements, provision should be made to review the operation of the entire new default autonomy regime, its accompanying governance and accountability framework, and the proposed related changes to leadership and workforce policies and performance improvement processes in schools. This review should occur after the new regime has been operating for 10 years. The proposed timing of the full review would, in turn, mesh well with the Government's goal to lift Victoria's student performance into the top global tier over the next decade.

Recommendations

Chapter 6 – The school principal

Recommendation 6.1

That, to improve educational gain and efficient use of resources in schools, the current ten core accountabilities of the school principal be substantially simplified and refocused, to three core elements:

- (1) improving the educational gain of students at the school, with particular attention to improving the quality of teaching through people management and professional development
- (2) improving the efficiency of resources used by the school
- (3) contributing to sharing resources, lessons, and insights for improvement with other schools.

That the accountability statement for principals state that effective performance in these areas is expected to be consistent with state-wide guidelines and underpinned by building a culture of improvement at the school, duty of care to students and their welfare, and engagement with the school community and key stakeholders.

That this more focused role be reflected fully in selection criteria for the principal's role.

Recommendation 6.2

That, to allow principals in Victorian government schools to focus on educational leadership, the Department of Education and Early Childhood Development (DEECD) reduce red tape by:

- further reducing the number of policies schools need to comply with by consolidating similar school policies and eliminating unnecessary ones, increasing the availability of standard templates for administrative policies, and removing the requirement for school councils to endorse standard DEECD policies — focusing on health and wellbeing policies as a priority
- incorporating a summary page in the *School Policy and Advisory Guide* that identifies clearly: the source of obligations (legislative requirements, mandates from DEECD, or best practice); school actions required (including the scope for local adaptation); and accountability for those actions
- increasing budget flexibility by increasing principal autonomy over deciding the cash-credit mix, subject to maintaining financial probity, and by reallocating funds for centrally purchased programs into the core student price
- establishing a taskforce of principals and senior DEECD staff, with appropriate secretariat support, to identify additional red tape reduction opportunities in schools and to verify the implementation of this reduction.

Recommendation 6.3

That, to improve the ability to assess school performance, the Victorian Government develop a balanced scorecard management system incorporating the following indicators of school performance:

- educational outcomes, expressed as absolute scores and educational improvement measures, including for specific cohorts of students
- school community (especially student) satisfaction and engagement
- teacher and school development, including network and system contributions
- financial outcomes against budget.

That the specific measures for each indicator be developed in consultation with principals and researchers in the field, and field-tested with a sample of schools and principals.

That, to support the comparison of outcomes across schools, the Victorian Government:

- publish the (de-identified) student gain data that it currently holds for government and non-government schools
- develop a template for student surveys of primary school students for Years 3 and 4, to supplement existing student, parent and teacher surveys
- ensure information for the balanced scorecard is published in a timely fashion.

Recommendation 6.4

That the Victorian Government revise the performance and development plan for principals, such that the performance standards align with the Commission's revised role of principals, draw on the results of the balanced scorecard for school performance, and incorporate measures of the application and quality of the performance improvement system in the principal's school.

That the governance arrangements ensure there is a single point of accountability for performance assessment of the principal.

That annual salary adjustment for principals be dependent on their meeting the performance standards.

Recommendation 6.5

That the talent identification system to be developed by the Department of Education and Early Childhood Development (DEECD) be informed by information from performance appraisals, capability assessment and other methods.

That, to complement the development of the talent pool, DEECD:

- invest in preparing principals for the role of principal, particularly at or near the point of career transition, including by beginning induction support before first-time principals start their first role
- make available guidance and case studies to facilitate the sharing of leadership development strategies across schools
- revise performance and development processes to enhance incentives and accountability for developing leadership across the school system.

That DEECD transparently evaluate the effectiveness of the initiatives in the 2013-14 budget, at the end of the current funding cycle.

Chapter 7 – Performance improvement in the school

Recommendation 7.1

That, to improve the accountability regime for teachers (particularly in relation to the work of principals):

- the performance standards for teachers being developed by the Department of Education and Early Childhood Development (DEECD) through its review process be simplified to focus on:
 - improving educational outcomes for students, with an emphasis on specific measurable standards, such as educational gain, student engagement, and on good teaching practice
 - achieving these outcomes consistent with the objectives of protecting the wellbeing of students
 - contributing to the performance of other teachers and the school more broadly
- DEECD revise its guidelines to include a graded scale of performance standards ranging from outstanding performance through to what would be deemed to be satisfactory or unsatisfactory against the standards.

Recommendation 7.2

That the Department of Education and Early Childhood Development (DEECD):

- provide guidance about how the different forms of evidence in performance assessment could be collected and used in performance improvement, in particular the development of student improvement data other than NAPLAN, and the use of classroom observation
- update its guidance to give principals more explicit authority to use classroom observation as part of the performance appraisal and development process
- in consultation with schools, develop a template to adapt the student *Attitudes to School Survey* to inform the assessment of the performance of individual teachers.

Recommendation 7.3

That, consistent with the *Victorian Government Schools Agreement 2013*, the Department of Education and Early Childhood Development (DEECD) amend its *Guidelines for Managing Complaints, Unsatisfactory Performance and Misconduct — Teaching Service* to make it clear that the additional optional support and monitoring period of the unsatisfactory performance process is at the discretion of the principal, and a second period will only be provided if there is a realistic likelihood of the employee meeting the standards at the end of the period.

That DEECD provide clear guidance about the consequences for employees unwilling or unable to meet required performance standards and that the *Instrument of Delegation by the Secretary to the Department of Education and Early Childhood Development* be amended to give principals the delegated authority to dismiss staff whose performance is unsatisfactory.

That DEECD support principals involved in this process, through training and having human resource specialists, with expertise of staff management in schools, available to work directly with principals managing staff whose performance is unsatisfactory.

Recommendation 7.4

That, in the case of commencement salaries and accelerated progression, the Department of Education and Early Childhood Development (DEECD) delegate the responsibility for approving these flexible remuneration options to the principal to be managed within the school's budget.

That DEECD remuneration guidelines for the teaching service be updated to reflect these changes.

That DEECD monitor the use of flexible remuneration options such as commencement salaries, accelerated progression and special payments.

Recommendation 7.5

That, following the successful establishment and implementation of the new performance improvement system (recommendation 7.6), the Department of Education and Early Childhood Development develop a more strongly performance-based pay scheme, with a significant capacity to deliver differentiated pay at the school level, and that this scheme be developed with input from relevant stakeholders.

That the final evaluation of the *Rewarding Teacher Excellence* trial be published to help inform the development of the new scheme.

Recommendation 7.6

That the Victorian Government establish a taskforce of principals, teachers, and senior staff of the Department of Education and Early Childhood Development (DEECD) to develop the details for the design and implementation of a modified performance improvement system. That this modified system be relaunched with a program of information and training, with training priority given to new principals and principals in underperforming schools.

That DEECD be tasked with:

- collecting information on compliance with, and the use of, the performance improvement system, and use existing teacher surveys to gauge attitudes as to how the system is being implemented in individual schools
- using this information to focus its support for schools, assess principals' performance, and help identify the problems and solutions in underperforming schools.

Chapter 8 – Increased staffing flexibility at government schools

Recommendation 8.1

That the Department of Education and Early Childhood Development (DEECD) review, after 12 months of operation, the new excess staff arrangements (including the requirement that all fixed-term teaching service vacancies of six weeks or longer be advertised). If the arrangements are causing excessive costs for government schools, that DEECD consider what administrative changes can be made to reduce these costs.

Recommendation 8.2

That the Victorian Government, within two years, prepare a strategy outlining how government school workplaces and the Department of Education and Early Childhood Development (DEECD) would operate in an autonomous environment. The strategy would identify work arrangements that would support schools in this context, and be informed by the following proposed changes.

- Subject to the outcomes of the review of the new excess staff arrangements (recommendation 8.1), consider amending the requirement to advertise fixed-term vacancies and introducing merit-based shortlisting and selection for all vacant positions.
- Allow principals the flexibility to select the mode of employment (ongoing, contract or casual) that is appropriate to the circumstances, and remove reporting and monitoring requirements on principals and DEECD in relation to contract employment.
- Abolish the restrictions on the use of part-time teachers over the working week.
- Remove the class size guidance provisions. DEECD should provide information to schools and their communities on the efficacy and cost effectiveness of different class sizes compared with other settings and options.
- Clarify the status of school vacations for teacher class employees and allow principals the flexibility to schedule student-free days during school vacations.
- Simplify the consultative provisions to provide principals with more flexibility over the form, scope and frequency of consultation, including the removal of the reversionary consultative arrangements.

The development of the strategy would also be informed by further analysis of:

- the limits on face-to-face teaching, parental leave entitlements and their impacts on workplace productivity. The strategy would examine the benefits and costs of removing the limits on teaching time, aligning parental leave entitlements more closely with those in the general Victorian Public Service, and removing the right of return to a specific school following a predefined period of extended leave.
- the factors that attract and retain people in the Victorian Teaching Service, including the benchmarking of remuneration structures and the identification of key non-remunerative factors.

That the Government communicate, as appropriate, elements of the strategy to help shape expectations about future school workplace arrangements.

Recommendation 8.3

That, to help ensure fair and reasonable outcomes from grievance and appeal processes, the Department of Education and Early Childhood Development provide advice, support and, where needed, representation to Victorian government school principals going through these processes.

Chapter 9 – Improving governance and accountability in the school system

Recommendation 9.1

That the Victorian Government, through the Department of Education and Early Childhood Development governance review, explicitly consider measures to support the development of the middle level in the government school system by:

- addressing or offsetting any policy-related disincentives to school-initiated collaborative activity
- enhancing existing middle level support structures and mechanisms to allow groups of schools to outsource administrative functions.

Recommendation 9.2

That in configuring the governance framework for the new default autonomy regime, the Victorian Government establish a performance assessment process for principals with the following features:

- a single point of accountability for performance assessment of the principal (recommendation 6.4)
- the principal's performance assessment should be undertaken by a person or entity that understands what constitutes good performance in the context of the principal's school
- the person or entity accountable for appraising the principal's performance has the authority to take any action necessary to improve that performance (supported by a graduated and readily understood set of intervention triggers to deal with cases of significant underperformance)
- the assessment should draw on the balanced scorecard for the school (recommendation 6.3) and input from the peer reviews.

Recommendation 9.3

That to improve the effectiveness of the current governance framework, the Victorian Government:

- amend legislation and guidance on the role of school councils to:
 - increase the role of school councils in shaping their school's educational objectives and strategic direction
 - strengthen councils' role in monitoring and providing feedback to principals on whether the objectives and strategic direction are being achieved
 - reduce school councils' responsibility for administrative tasks
- implement a mechanism to monitor and benchmark the performance and governance-related capability of school councils
- investigate through the current Department of Education and Early Childhood Development (DEECD) governance review:
 - the scope to cost-effectively improve the governance-related capabilities of councils through better training for existing and new school council members

- the potential to improve those capabilities through changes to the membership of school councils — including by reduced teacher membership and greater co-option of outside expertise
- mechanisms to hold school councils accountable for their performance
- the nature and scope of DEECD's formal governance role in the new default autonomy regime and how that role should be reflected in the legislative and regulatory architecture
- implement a formal DEECD performance appraisal and development system for school principals that has the features listed in recommendation 9.2, and which would apply until such time as a school was governed by an independent board that is fully accountable for the performance of the school, and which has the full range of authorities required to effectively discharge that governance function.

Recommendation 9.4

That the Department of Education and Early Childhood Development's (DEECD) governance review report on incentives that might be used to encourage the uptake of more formal collaborative governance arrangements, including federated independent boards in the Victorian government school system, with the review addressing, among other aspects:

- funding support to help meet the establishment and ongoing costs of boards
- means to address potential funding-related impediments to federated board arrangements, including any that arise from: constraints on schools' capacity to draw forward on their future budget funding from the Government; the operation of the small school subsidy arrangements; and the return of proceeds from land and asset disposals to consolidated revenue
- the role of partnering arrangements for underperforming schools as an alternative to a period of DEECD governance
- the option of allowing federations of schools governed by an independent board to operate outside some of the staffing conditions of the Victorian Government Schools Agreement
- how any incentives to form federated independent boards should be differentiated from general support for collaborative endeavour across schools.

Recommendation 9.5

That in reporting publicly on its contribution to the performance of a more autonomous Victorian government school system, the Department of Education and Early Childhood Development be required to elicit and report commentary from key stakeholder groups on:

- the extent to which it has adjusted to its new role in the default autonomy regime
- the quality of the guidance and support it has provided to autonomous schools and other relevant entities
- the extent to which it has given effect to the principle that changes in accountabilities at the school level should be matched by corresponding changes to authorities over resourcing, including funding
- its performance more generally in facilitating and resourcing the transition to a more autonomous school system and as a system steward.

Chapter 10 – Facilitating choice

Recommendation 10.1

That, to improve the understanding and management of barriers to choice, the Department of Education and Early Childhood Development (DEECD):

- annually monitor the significance of access barriers to select entry schools and schools with caps and/or zones. For example, DEECD could consolidate information on the place of residence of students accepted and not accepted to these schools
- publish this information on access barriers in a manner that allows for simple comparison across individual government schools
- refer significant instances of excess demand to the relevant principal and school and network governance bodies, such as the school council and regional DEECD office.

Chapter 11 – Disadvantaged students

Recommendation 11.1

As part of its role in facilitating and supporting the operation of default autonomy, with a view to ensuring the system improves the outcomes for disadvantaged students, the Department of Education and Early Childhood Development draw on existing data and information to:

- monitor whether there have been any changes in the extent of student stratification on the basis of background or achievement
- assess what role, if any, default autonomy has played in those changes — including whether there is any evidence of circumvention by schools of applicable non-discriminatory enrolment requirements.

That results of that monitoring be used to inform the proposed 10-year review of the new autonomy regime (recommendation 12.2).

That the performance reporting and monitoring regime, including the balanced scorecard (recommendation 6.3), for schools include performance indicators and accountability for meeting the needs of disadvantaged and special needs students, separate from measures of the school's overall performance.

Chapter 12 – Other matters

Recommendation 12.1

That the Department of Education and Early Childhood Development (DEECD):

- establish provisions to allow schools to opt-out of centrally provided services, except where an economic case can be made by DEECD that allowing schools to opt-out would impose significant costs on the rest of the system
- explore opportunities for schools to access further private sector involvement and greater contestability in the delivery of educational and other services to Victorian schools including through:

- wider application of the Local Administration Bureau model to bring relevant school administrative functions to the network level
- increasing use of public-private partnerships, particularly build, operate, own, and transfer schemes, for the development of new schools and to augment existing school infrastructure
- encouraging collaboration with the non-government sector in the provision of educational services by identifying and freeing up restrictions and recognising these arrangements in principal performance and development plans (recommendations 6.1 and 6.4).

Recommendation 12.2

That, in implementing the new default autonomy regime, the Victorian Government make provision for an independent, public, review of the regime and the supporting policy changes after 10 years, including:

- examining the impacts of the suite of policy changes, collectively and individually, on student performance and the cost of school service delivery
- identifying any unwanted side effects and problems, including for disadvantaged students, having regard to the proposed monitoring by the Department of Education and Early Childhood Development of impacts on this student cohort (recommendation 11.1)
- indicating the extent to which any problems with the default autonomy regime have been due to system design issues, as distinct from inadequate capabilities at some or all levels of the system
- identifying other policy developments, or experience in other systems that could affect how the arrangements are best configured thereafter.

1 About the inquiry

1.1 The task

Victoria's future economic and social prosperity will depend critically on how well it develops its human capital. Indeed, with Victoria's economy reliant largely on created strengths, access to a highly skilled and innovative workforce will be of paramount importance for future living standards.

Human capital development occurs in many ways and is subject to various policy influences. However, a high-performing school system that provides a platform for subsequent and more specific human capital development is fundamental.

Against both national and international benchmarks, Victoria's school system delivers good results for most students (chapter 2).

Even so, and despite considerable reform effort and substantial increases in total spending per student, various indicators suggest that the Victorian system could perform better.

- Overall student achievement in the key areas of numeracy and literacy appears to have improved little in absolute terms over the past decade, with Victoria (and other Australian jurisdictions) lagging considerably behind the top tier of countries.
- There is considerable variation in student outcomes across and in Victorian schools.
- Victoria's system does not perform as well as systems in some other countries in giving all students the same opportunity to realise their educational potential. As well as students from low socio-economic backgrounds, Indigenous students, those with disabilities, and those living in regional areas, are not always well served by the current system.
- Likewise, a recent Parliamentary Committee found that gifted and talented students have been neglected by the system, with significant potential to excel often not identified or nurtured (ETC 2012).
- Despite efforts to improve student engagement at the upper-secondary level, there has been only a marginal improvement in the Year 12 retention rate over the last decade, and no increase since 2008 (VAGO 2012c, vii).
- The most recent *Adult Literacy and Life Skills Survey* indicated that only a little more than half of working age Victorians had adequate literacy skills (the worst of all States except Tasmania), and that nationally more than 40 per cent of 20-24 year olds were in the lowest two levels for document literacy (ABS 2008). This is despite the fact that, at that time, some 85 per cent of this age group held year 12 or equivalent qualifications (Victorian Government 2010, 9).

There is also conjecture that significant numbers of schools are 'coasting', that is student educational achievement is improving at a slower than expected rate, and that there is thus substantial latent capacity for performance improvement in the system (chapter 2).

In light of these performance shortcomings, the Victorian Government has outlined a commitment to lift Victoria's education system into the top global tier over the next ten years (DEECD 2012a, 1). And it has signalled a further 'reform wave' focused on improving the quality of teaching and school leadership, and extending and refining past initiatives to facilitate more devolved and accountable decision making in government schools. The future performance of Victorian schools will also be influenced

by national reforms in these areas (chapter 4) and by the new school funding model that ensues from the recent *Review of Funding for Schooling* (Gonski et al. 2011).

As the Victorian Government's policy documents make clear, the new round of school reforms will require careful implementation that draws on the expertise of key stakeholders. In this context, the Government has directed the Commission to undertake a public inquiry into school devolution and accountability. Amongst other things, the Commission has been asked to:

- identify a framework and principles to guide thinking about autonomy and accountability in the government school system
- examine current arrangements in that system, including the extent of autonomy, and regulation and practices that may limit autonomy
- consider options for providing more autonomy — with reference to approaches in other school systems — and identify the benefits and costs of those options, including for disadvantaged students
- identify regulatory, institutional and accountability arrangements to support a more autonomous government school system
- examine the scope to complement autonomy policies with greater choice for parents and children in the government school system.

The full terms of reference are provided at the front of this report. The Commission's inquiry is intended to complement a review of school governance arrangements now underway in the Department of Education and Early Childhood Development (DEECD).

1.2 The Commission's approach

1.2.1 Some overarching considerations

Terminology

As is evident from the terms of reference, the words 'devolution' and 'autonomy' tend to be used interchangeably — and sometimes in an absolute sense when in reality what is being referred to is the degree of decision-making responsibility that resides at the school level. In other words, there is a spectrum of 'devolution' or 'autonomy'.

Also, while devolution is typically seen as involving a shift of tasks and accountabilities from the centre to the school level, it can entail a shift to the middle (region or group of schools) level of the system. Indeed, as this report explains, allocating tasks and accountabilities to the right level in the system, and strengthening governance structures to hold actors to account, is key to achieving better performance outcomes.

The precise meaning of 'devolution' and 'autonomy' will therefore be context specific. Accordingly, the Commission has not sought to develop a 'one-size-fits-all' definition of the terms, nor to always use one term rather than the other. And where there could be ambiguity, it has provided context-specific clarification.

The objective of reform

The guiding objective underpinning the Commission's assessments in this report has been to lift the performance of Victoria's school system. Its particular focus has been on the development of recommendations to help give best effect to the new autonomy regime for government schools (see below). However, in an environment where many

parents can choose where to send their children to school, reforms that improve the performance of government schools should also help to keep their non-government counterparts up to the mark.

As the Government's objective of lifting Victoria's education system into the top global tier exemplifies, 'performance improvement' is typically equated with the delivery of better student outcomes. In this context, it is not just average levels of achievement that matter. The disparity in student outcomes — an indicator of how well the system is meeting the needs of disadvantaged students — is also important.

Yet the commonly used measures of student outcomes are not without their problems (box 1.1). Moreover, outcomes cannot be assessed in isolation from the costs of achieving them. Consideration of costs as well as benefits is particularly relevant given the recent experience of flat-lining student performance despite significantly increased per student investment in the school system.

Irrespective of precisely how 'success' is determined, the Commission emphasises that greater autonomy for government schools is a means to pursue better outcomes, not a goal in its own right — and should be judged accordingly. Also, greater emphasis on devolved decision making is intended to deliver better value for money from the resources available in the government school system, not to cut costs. Hence, whether any fiscal dividend is retained by the system or used for other purposes is a separate question (chapter 5).

1.2.2 A targeted set of proposals ...

The new autonomy regime for Victoria's government schools is set in an extensive wider schools reform agenda at the state and national levels. In formulating its proposals, the Commission has been cognisant that the capacity of the school community to accommodate and adjust to policy changes is not unlimited. Nor is the capacity of government to effectively implement and evaluate such changes.

Accordingly, the Commission has put forward a relatively small number of initiatives that build on the policy directions set out in *Towards Victoria as a Learning Community* (DEECD 2012a). The Commission sees its proposed initiatives as being essential if autonomy is to deliver material gains in student performance, or to otherwise improve value for money achieved in the system. They seek to ensure that the autonomy regime:

- provides for an appropriate allocation of tasks across the system and, in so doing, de-clutters the roles of principals and other school leaders
- embodies a robust accountability framework for principals and schools in meeting educational improvement and efficiency objectives
- is complemented by high quality leadership skills that can in turn contribute to improvements in teaching quality
- is supported by suitably flexible workforce legislation and regulation that facilitates tailored deployment of teaching and other resources to meet the particular needs of individual school communities.

In addition, the Commission has made recommendations on some related matters, including private sector involvement in the delivery of services in an autonomous environment and future policy evaluation.

Box 1.1 Objectives and measuring success

Both the Melbourne Declaration and the National Education Agreement were founded on the notions of promoting excellence and equality of educational opportunity. These notions also underpin the proposals in the Review of Funding for Schooling (Gonski et al. 2011) and the National Education Reform Agreement (COAG 2013). More specifically, the recently released *Compact Consultation Draft* spells out the following principles for Victorian Government School Education:

- the capacity for all students to exercise education choices that meet their learning needs, aspirations and interests, and support for them to realise their full potential
- a commitment to evidence-based performance improvement
- the provision of a safe, inclusive and orderly school environment
- effective, efficient and fair resource management
- a system that is open, responsive and accountable (DEECD 2012b, 1).

To date, the measurement of success in pursuing such objectives has relied heavily on the use of student performance data from domestic and international student testing regimes (chapter 2).

However, as elaborated in chapter 3, reliance on such metrics has several drawbacks. Unsurprisingly, they focus on the student outcomes that are most readily 'measurable' — and, in particular, literacy and numeracy. Though literacy and numeracy are essential foundations for much other learning activity, other benefits imparted by school education are not accounted for. Similarly, in accounting for the impact of student disadvantage on performance outcomes, the focus is heavily on the socio-economic status of students, with much less emphasis on contributors such as disability. And, to date, there has been an emphasis on the reporting of absolute student scores, rather than on the extent of student improvement ('gain scores') — though this is beginning to change.

As well, student performance and changes in that performance, will be influenced by a host of individual school policies, by policies in other areas (such as health and housing), and by non-policy-related factors. Thus, identifying the contribution of particular schools-related initiatives may be extremely difficult. The costs of achieving improvements in student performance are a further important policy consideration.

The upshot is that student performance indicators at best provide a 'helicopter' view of whether the system as a whole is moving in the right direction. Judging the success of individual policy initiatives requires more targeted evaluation which takes account of both benefits and costs (chapter 12).

... that are informed by experience elsewhere

The Commission has looked at the characteristics and effectiveness of autonomy arrangements in other Australian jurisdictions and overseas. This analysis has provided useful perspectives on how autonomous school systems should be configured if they are to provide performance benefits.

However, individual school systems — and to some extent the outcomes they deliver — are the product of history and circumstance. Accordingly, the Commission has sought to develop and analyse options for giving effect to greater autonomy in the Victorian government school sector that reflect the particular circumstances of the system, and which have been informed rather than driven by experience elsewhere.

... that recognise the risks for educationally disadvantaged students

Consistent with the thrust of the broad schools reform agenda, the Commission has also paid particular attention to the implications of an autonomous government school sector for disadvantaged students. Many disadvantaged students (and also gifted students) could benefit from more targeted school leadership and teaching input made possible by greater devolution of decision making. Equally, there are risks for disadvantaged students that need to be explicitly addressed (chapter 11), especially in an environment in which many parents are able to choose the schools their children attend. That said, as the report makes clear, while choice and autonomy can magnify each other's effects, they are in fact conceptually different policy approaches.

... and that recognise uncertainty in regard to outcomes

If well implemented and appropriately resourced, greater autonomy for government schools has the potential to make a valuable contribution to realising the Government's objective of lifting the performance of the Victorian school system into the top global tier over the next decade. As indicated above, the proposals in this report are intended to support the effective operation of the autonomy regime.

But as experience over a number of years exemplifies, finding the levers to drive significant performance improvement in the school system has not been easy. Hence, there is necessarily some uncertainty about the precise impacts of the autonomy reforms and the Commission's specific proposals to support their operation.

Such uncertainty is not a reason to eschew change and instead stick with arrangements that: constrain the scope to tailor decision making to the needs of particular school communities; are subject to a governance and accountability regime that is deficient in a number of important respects; and which require principals and other school leaders to spend excessive time on administrative and other tasks that distract from educational leadership.

Rather, uncertainty implies the need for an implementation approach that allows for policy learning and iteration. To this end, the Commission has proposed progressive reform that builds in robust reviews of the regime as a whole and its implementation.

1.3 Stakeholder engagement

The Commission posted the terms of reference, inquiry particulars, and invited stakeholder participation on its inquiry website (www.vcec.vic.gov.au). Articles were included in the DEECD schools bulletin, and newsletters of various representative bodies, and the inquiry was disseminated through social media. In October 2012, the Commission released an issues paper, distributed it widely to interested stakeholders, and invited submissions to the inquiry.

On 28 May 2013, the Treasurer granted the Commission a six week extension to the reporting date for the final report (the due date became 31 July 2013). The Commission took the unusual step of seeking an extension because:

- the start date of the inquiry late in the school year was a major impediment to arranging necessary meetings with individuals, key groups, and a range of principals
- a small number of formal submissions from stakeholders necessitated a more protracted consultation process on our part
- it took more time than planned to obtain key data on educational outcomes.

During the inquiry, the Commission met with a large number of individuals and organisations: the education sector (including many school visits); academic institutions; business; and relevant Victorian, Commonwealth and other jurisdictions' government departments and agencies. In preparing its draft report the Commission held two principal workshops, and received 12 individual submissions from interested parties, including academics, government agencies, private individuals, principal and parent representative groups.

After the release of the draft report the Commission held an additional two roundtables, three regional/rural visits, a presentation and discussion at the Bastow Institute of Educational Leadership. The 22 submissions on the draft report were published on the Commission's website. In addition, the Commission had access to the more than 100 submissions made to DEECD in response to *its New Directions for School Leadership and the Teaching Profession* discussion paper.

Before and after the draft report, the Commission embarked on an extensive program of meetings and workshops, and met with representatives from 70 individual organisations, of whom 38 were school principals. A further 60 school principals, approximately, attended workshops or meetings hosted by Victorian school based associations.

Social media complemented other communication channels by allowing the Commission to: reach a broader audience; engage stakeholders; and conduct more timely communications. For example, the Commission had over 600 followers on Twitter; and a post mentioning the Commission's school inquiry on the Today Show's Facebook page elicited over 100 comments and over 200 likes.

The Commission thanks those people and organisations that participated in its face-to-face consultation processes, participated through social media, and/or made a submission to the inquiry both before and after the release of the draft report. In particular, the Commission acknowledges the work of those that organised meetings, venues, and/ or made time available in their meetings for the Commission to consult with the education sector. These include the Association of School Councils in Victoria, Australian Principals Federation, Bastow Institute, Country Education Project, DEECD, Victorian Association of State Secondary Principals, and the Victorian Principals Association. The Commission appreciates the quality of the submissions, reflecting the thought and effort that have been put into their preparation. Detailed information about the consultation process is available in appendix A.

2 Performance and characteristics of Victoria's school system

2.1 Introduction

The Victorian school system¹ is undergoing significant change in a period of considerable challenges. The performance of the school system is comparatively strong, as indicated by national and international tests which place Victoria in the first or second quartile of performance. However, there is significant performance variation in the Victorian system, both across and within the government, Catholic and independent sectors. Furthermore, the system lags behind a number of international comparators on common performance measures.

Both the Commonwealth and Victorian governments have announced goals to raise school performance into line with these 'top tier' countries. To achieve this, it will not be enough to target reforms at 'underperforming' schools. Rather, improvements must be made across the entire system.

A number of current trends will make improving the quality of government schools challenging. For much of the past three decades, there has been a pronounced decline in the prior educational aptitude of new teachers. Simultaneously, the movement of relatively high socioeconomic status (SES) students to the non-government school sectors has meant the government sector now educates a greater share of disadvantaged students with correspondingly larger educational needs. Past attempts at increasing the quality of Victoria's school system have had limited success; expenditure has increased significantly without a corresponding improvement in student performance or equity.

Maintaining a focus on improving performance is important because of the potential economic and social gains. Research indicates that increasing the retention and achievement of Victorian students increases labour force participation, productivity and economic growth. These economic and social gains translate into higher living standards and improved wellbeing for Victorians.

2.2 The Victorian school system performs well

The quality of a school system is measured by a number of characteristics including student outcomes (learning, engagement, and transitions to employment or further study) and equity. Victoria's performance on these metrics is generally strong compared with its domestic and international comparators. Victoria's academic performance and retention rates are among the highest in Australia, and it is classed by the Organisation of Economic Co-operation and Development (OECD) as a 'high quality, high equity' system (Thomson, DeBortoli, et al. 2011).

¹ Comprised of the government, Catholic and independent sectors.

2.2.1 Student learning

The national assessment program

The National Assessment Program — Literacy and Numeracy (NAPLAN) tests are conducted annually for all Australian students in Years 3, 5, 7 and 9 (box 2.1). A key strength of NAPLAN is that it provides a common basis for comparing student performance across jurisdictions and through time, although NAPLAN test scores also have limitations (some of these are mentioned below).

Box 2.1 National testing — NAPLAN

Administered by the Australian Curriculum, Assessment and Reporting Authority, the National Assessment Program — Literacy and Numeracy (NAPLAN) tests literacy and numeracy skills developed through the school curriculum.

NAPLAN assessment has been conducted annually since 2008, and tests students in Years 3, 5, 7 and 9 on four domains: reading, writing, language conventions and numeracy. Results are equated to allow comparison across years.

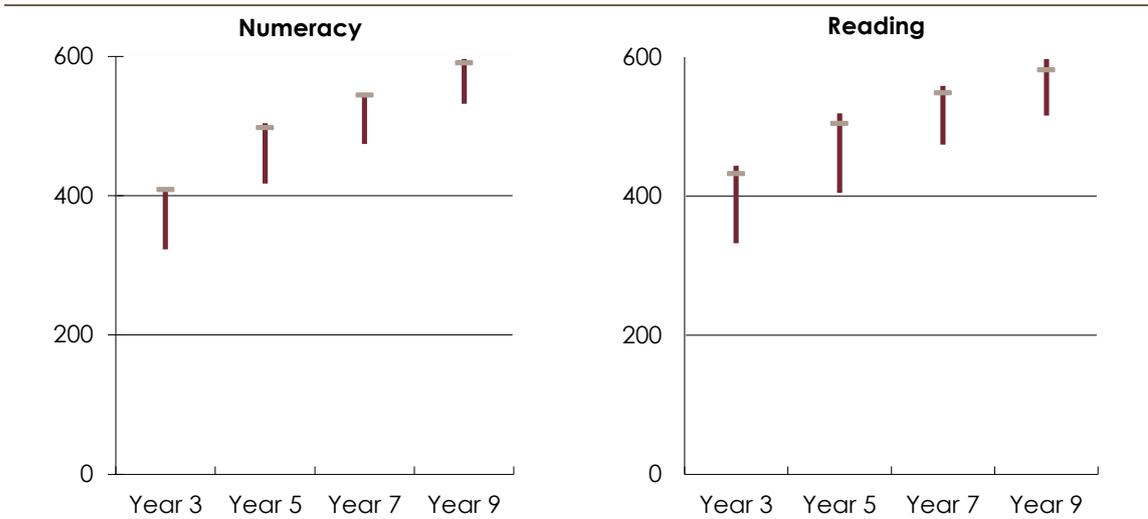
Students' results are reported on a national assessment scale for each domain. Each scale comprises ten bands, and all year levels are reported on a common scale. For each year level six bands are reported, including one which represents the National Minimum Standard. Results cannot be compared across domains.

Due to the design of NAPLAN tests and the process for equating tests across years, results may have high degrees of statistical error. Where possible, the Commission has indicated whether differences between scores are statistically significant.

Source: ACARA 2012a.

NAPLAN test results indicate Victorian students consistently perform above the Australian average for mean scale scores (Victoria is represented by the horizontal bar in figure 2.1). Victoria's results in other NAPLAN domains (that is, writing, spelling, and grammar and punctuation) tell a similar story. Victoria also exceeds the Australian average in the percentage of students scoring above the minimum standard for reading and numeracy across all year levels (ACARA 2012a).

Figure 2.1 NAPLAN mean scale scores, Victoria compared with the highest and lowest performing jurisdictions (2012)



Note: The horizontal dash in the figure represents Victoria's performance while the vertical line represents the range between the highest and lowest performing jurisdictions. Victoria's performance in numeracy was not significantly different to the highest performing jurisdiction at Year 3, 5, 7 or 9. Mean scale scores cannot be compared across domains.

Source: ACARA 2013a.

International assessment programs

On a variety of international student assessments, Victorian school students perform relatively well (box 2.2).

Box 2.2 International testing — PISA, TIMSS and PIRLS

PISA

Administered by the Organisation for Economic Co-operation and Development, the Programme for International Student Assessment (PISA) tests general competencies in reading, mathematical and scientific literacy. That is, PISA measures how well students apply the knowledge and skills learned at school to real-life challenges, not how well they have mastered a curriculum.

PISA assessments have been conducted every three years since 2000, and test 15 year olds in over 70 countries and economies. PISA results are comparable on each domain (reading, mathematics and science) over time, but are not comparable across domains.

TIMSS

Administered by the International Association for the Evaluation of Educational Achievement (IEA), the Trends in International Mathematics and Science Study (TIMSS) tests mathematics and science learning with a curriculum focus.

TIMSS assessments have been conducted every four years since 1995, and test Year 4 and 8 students in over 60 countries. TIMSS results are comparable on each domain (mathematics and science) over time, but are not comparable between the two domains.

PIRLS

Administered by the IEA, the Progress in International Reading Literacy Study (PIRLS) tests students' reading ability and trends in home and school contexts for learning to read.

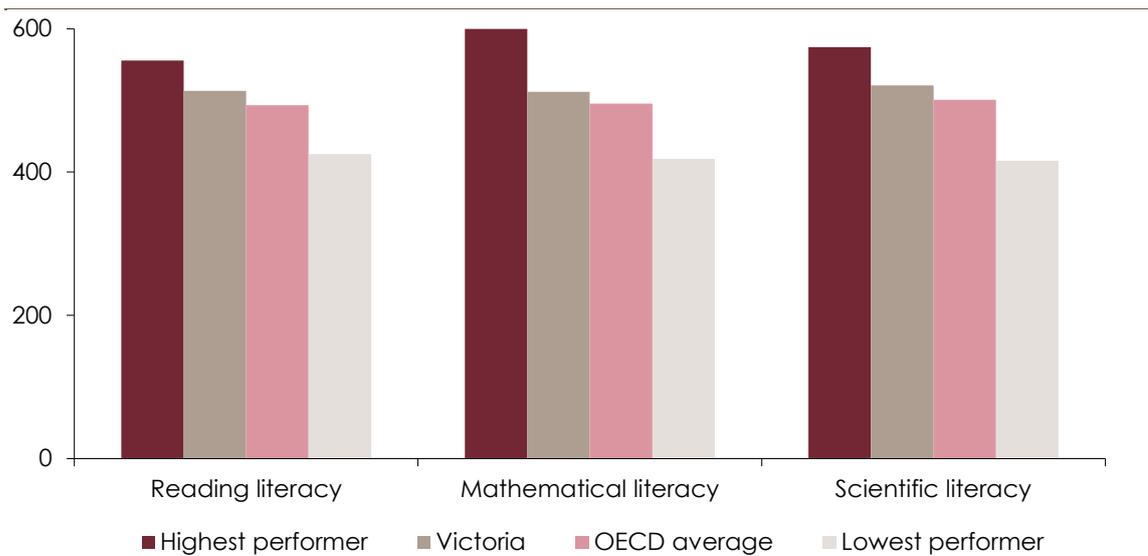
PIRLS assessments have been conducted every five years since 2001, and test Year 4 students in over 50 countries. PIRLS results are comparable over time.

Sources: Thomson, DeBortoli, et al. 2011; Thomson et al. 2012.

PISA

The Programme for International Student Assessment (PISA) assesses a random sample of students drawn from a nationally-representative sample of schools. It focuses on young people's ability to apply their knowledge and skills in reading, mathematics and science to real-life problems and situations. Compared with OECD economies, Victoria performed above average on reading, mathematical and scientific literacy in PISA 2009 (figure 2.2).

Figure 2.2 PISA mean scores (2009)



Note: Mean scores cannot be compared across domains.

Source: Thomson, DeBortoli, et al. 2011.

Victoria was in the top quartile for reading and scientific literacy performance, and in the second quartile for mathematical literacy performance (table 2.1).

Table 2.1 Victoria's position in PISA (2009)

Domain	Rank	Quartile
Reading	9 th (49)	1 st
Mathematics	16 th (52)	2 nd
Science	11 th (51)	1 st

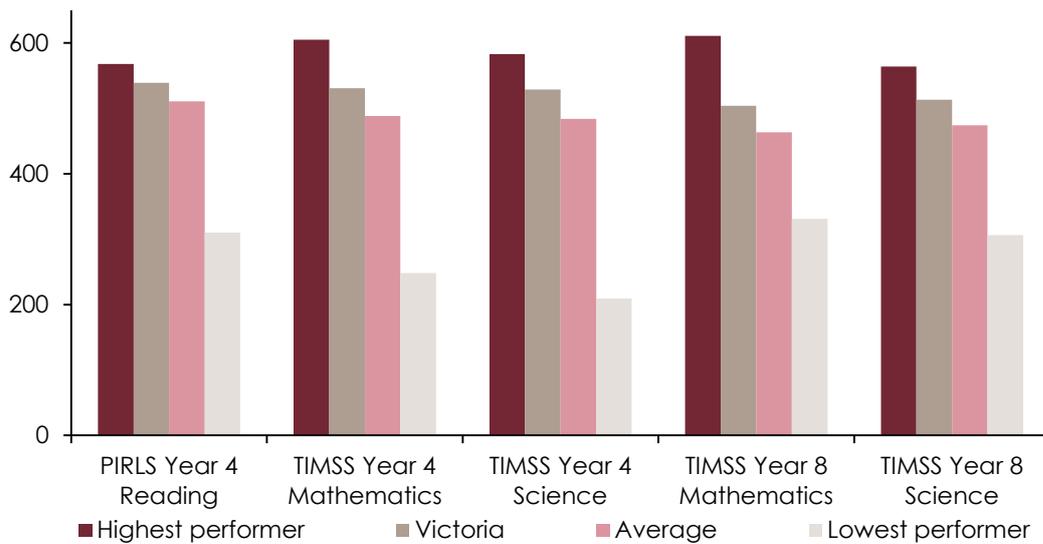
Note: In computing rankings, Australia was excluded. First quartile = top 25 per cent; second quartile = the subsequent 25 per cent. Figures in parentheses indicate the number of economies assessed on each domain.

Source: Thomson, DeBortoli, et al. 2011.

PIRLS and TIMSS

The Progress in International Reading Literacy Study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS) respectively assess Year 4 reading ability and Year 4 and 8 mathematics and science ability. Victoria performs above the average across all the year levels and domains tested in PIRLS and TIMSS (figure 2.3). Victoria also performs well compared with other Australian jurisdictions, with only the Australian Capital Territory performing significantly better than Victoria across any of the domains and year levels assessed (Thomson et al. 2012).

Figure 2.3 PIRLS and TIMSS mean scores (2011)



Note: Mean scores cannot be compared across domains.

Source: Thomson et al. 2012.

That said, Victoria was outperformed by a number of jurisdictions. For example, PIRLS results show Victorian Year 4 students were significantly outperformed in reading literacy by students in 18 of the 44 participating jurisdictions. In addition, 20 per cent of Victorian students did not meet the nominal minimum reading standards, compared with 14 per cent of students in the United States, 8 per cent in Finland and 7 per cent in Hong Kong (Thomson et al. 2012). Victoria lies outside the top quartile of performance in all year levels and domains tested.

2.2.2 Equity

The equity of a school system is generally considered in two dimensions — variance within the system, and the impact of students' backgrounds on their educational performance.

While PISA results show the variation in Victorian students' performances were among the lowest in Australia (measured as the difference between the 5th and 95th percentile of students), it was above the OECD average, and significantly greater than some high performing systems such as Shanghai (Thomson, DeBortoli, et al. 2011, 52).²

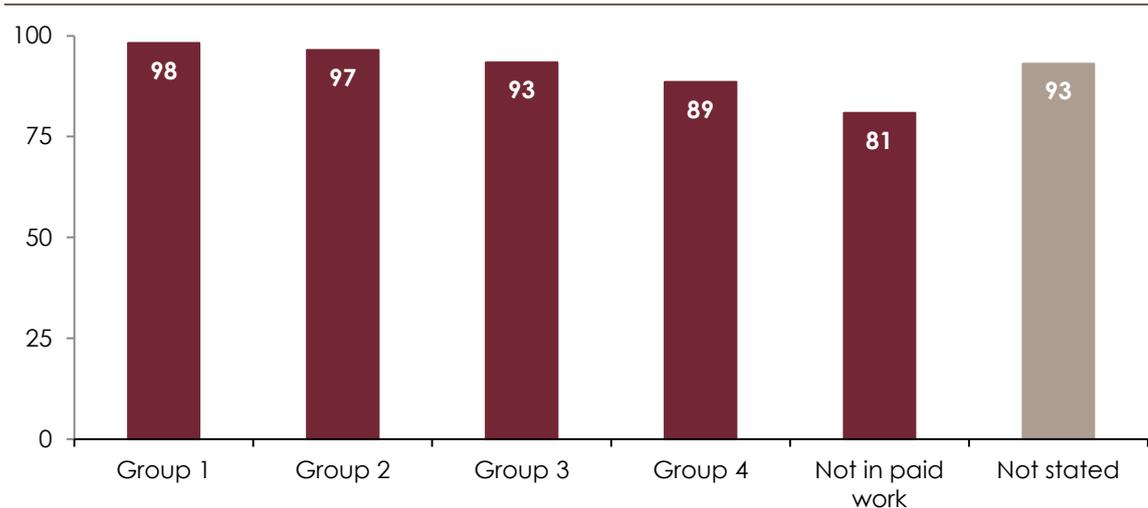
This variation appears to be largely driven by differences in students' SES backgrounds. Analysis by the Victorian Auditor-General Office (VAGO) suggests the achievement gap between students from low- and high-SES schools was wide at all year levels for both literacy and numeracy — 'representing 15 months of learning at Year 9 for both literacy and numeracy' (VAGO 2009, 4). Analysis of PISA results found, Australia-wide, the performance gap in reading literacy between the highest- and lowest-SES quartiles was equivalent to almost three years of schooling (Thomson, DeBortoli, et al. 2011, 297).

² Variations in student performance within a system will be influenced by the structure and diversity of the student cohort, as well as differences in school factors.

NAPLAN results also show considerable variation of outcomes in the Victorian school system correlating to SES (as measured by parental occupation in figure 2.4), with a significant percentage of disadvantaged Victorian students not meeting minimum standards of literacy and numeracy. The variation of Victorian scores is, however, less than in other Australian jurisdictions.

Equity and disadvantage are discussed further in chapter 11.

Figure 2.4 Year 9 students achieving NAPLAN national minimum reading standard, by parental occupation, Victoria (2012, per cent)



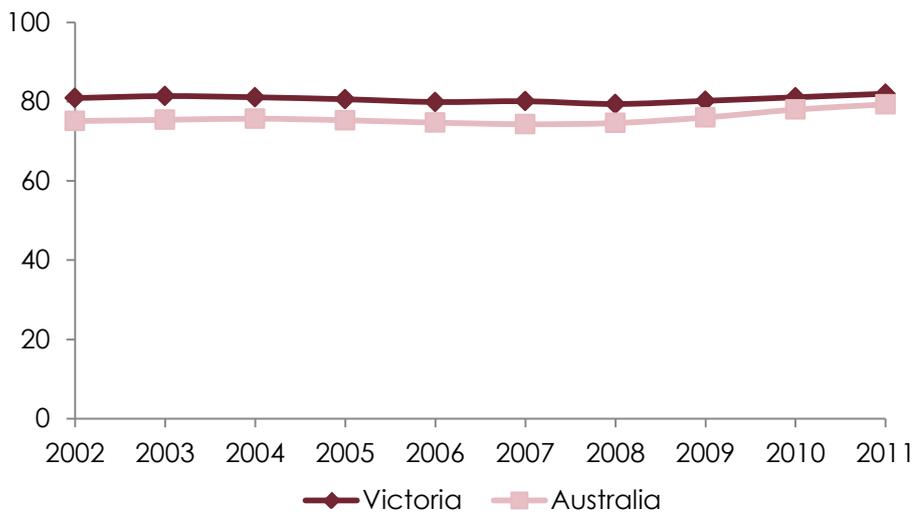
Note: Group 1: Senior management and qualified professionals, Group 2: Other business managers and associate professionals, Group 3: Tradespeople, clerks, skilled office, sales and service staff, Group 4: Machine operators, hospitality staff, assistants, labourers, Not in paid work: Not in paid work in the previous 12 months. Parental occupation data is self-reported.

Source: ACARA 2012a, 203.

2.2.3 Retention

The completion of schooling is strongly correlated to students' future participation in the labour force. Research in Australia and overseas consistently shows that early leavers — those students who do not complete school and fail to gain equivalent education and training qualifications — are more likely to become unemployed, remain unemployed for longer, have lower earnings, and accumulate less wealth over their lifetimes (Lamb and Rice 2008, 6). While above the national rate, Victoria's apparent retention rate from Year 7 to 12 has hovered around 80 per cent for much of the past decade (figure 2.5).

Figure 2.5 Year 12 retention rates, Victoria (per cent)



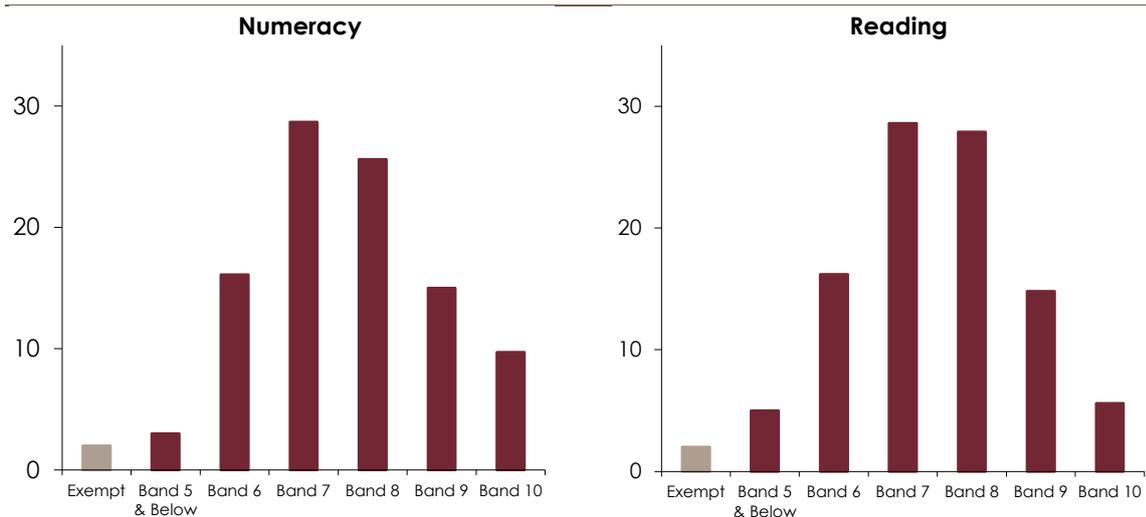
Note: The retention rate is the number of students in Year 12 as a percentage of their respective cohort at the commencement of secondary school.

Source: SCRGSP 2013.

2.3 There is significant performance variation within the system

Analysing the variation in student performance can lead to a better understanding of the factors that systematically influence performance. Figure 2.6 shows the percentage of Year 9 students achieving different performance bands in NAPLAN.

Figure 2.6 Distribution of Year 9 NAPLAN results, Victoria (2012, per cent)



Note: Students in Band 5 and below are considered to be below the national minimum standard. Exempt students are not assessed and are deemed not to have met the national minimum standard. They may include students with a language background other than English who arrived from overseas less than a year before the tests, and students with significant intellectual disabilities or co-existing conditions.

Source: ACARA 2012a.

2.3.1 Performance variation across sectors and schools

Student outcomes reflect a combination of the students' backgrounds (including SES and aptitude) and teacher and school effects (chapter 3).³ Therefore, when analysing performance data, it is important to consider and, where possible, remove the impact of students' backgrounds from school performance. This is particularly important when making comparisons between schools and across school sectors (box 2.3). As the results of international assessments are not disaggregated by sector at the state level the following analysis is based on NAPLAN performance.

Box 2.3 Government, Catholic and independent school sectors

The Victorian school system comprises three sectors: government, Catholic and independent. The government sector is a system managed by the Department of Education and Early Childhood Development and provides free, secular education (although some schools receive significant voluntary financial contributions from parents). The majority of Victorian students (62.8 per cent in 2012) attend government schools. Compared with the Catholic and independent sectors, the government sector is more centralised, although autonomy over areas such as budgets and workforce management is being increasingly devolved (chapter 4). The majority of funding for the sector comes from the State Government with additional funding provided by the Commonwealth, and some private fundraising.

The Catholic sector is also a system. The Catholic Education Commission of Victoria acts on behalf of Catholic education in accord with the objectives of the Company.⁴ Over one fifth of Victorian students (22.8 per cent in 2012) attend Catholic schools. The Catholic Education Office and Catholic Education Commission have overall responsibility for the system's governance, within a highly devolved system of school management. The sector is funded by the Commonwealth Government, State Government and private fees.

In 2012 around 14.4 per cent of Victorian students attended independent schools. These schools operate autonomously, are (mostly) non systemic and are each managed by a board of governors or a management committee. On average, independent schools are largely funded by private fees, with some funding from the Commonwealth and a small provision from the State Government. There are, however, wide variations in funding levels among individual schools.

Caution should be taken when comparing school performance across sectors due to differences in the relative characteristics of schools and students. On average, the government sector is known to include a greater proportion of disadvantaged students than the Catholic or independent sectors. For example, analysis by the Victorian Curriculum and Assessment Authority found parents of students in Victorian independent schools are more likely to be university educated and work in more highly paid professions than parents of students in government schools. Similarly, research prepared for the Australian Education Union found that, despite having the greatest number of students with high family incomes, the government sector in Victoria educates the greatest proportion of students from low income families.

Sources: DEECD 2012s; Gonski et al. 2011; Preston 2013; VCAA 2013a.

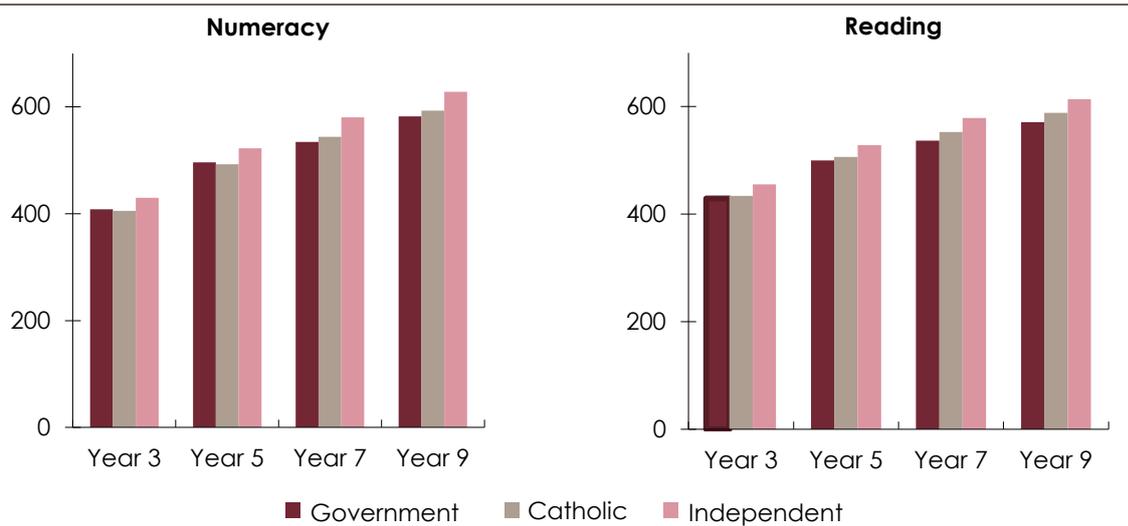
³ The Catholic Education Commission of Victoria also noted that student 'engagement and attitudinal factors' influence NAPLAN performance (CECV 2013).

⁴ The Company members are the Archbishops of Melbourne, the Bishop of Ballarat, the Bishop of Sandhurst and the Bishop of Sale.

Absolute scores

Student performance varies significantly by school sector in Victoria. Students in the independent sector generally achieve higher mean scale scores in reading and numeracy than the government and Catholic sectors (figure 2.7). However, these results do not account for contextual influences affecting student performance including differences in prior achievement, SES background and 'peer' effects (Masters 2012, 7). Thus, the test scores shown in the following figures reflect variations in these factors.

Figure 2.7 NAPLAN mean scale scores, Victoria (2012)



Note: These scores do not exactly match the overall Victorian scores published in the ACARA national report as an alternative methodology was used. Differences between the methodologies are relatively minor. These scores have not been adjusted for students' backgrounds. Differences between sectors are statistically significant across all year levels in reading and across all year levels in numeracy except between the government and Catholic sectors in Years 3 and 5.

Sources: DEECD 2013a; VCAA 2013b.

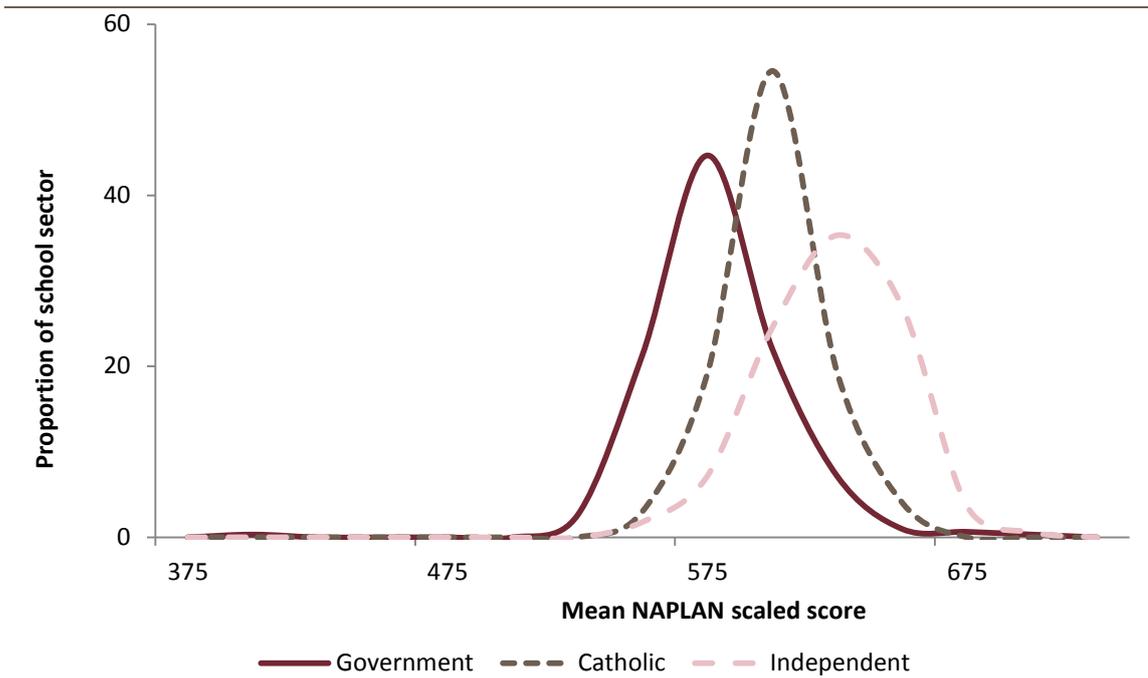
In primary years testing (Years 3 and 5), the results of government and Catholic sectors are broadly similar.⁵ In secondary years testing (Years 7 and 9), the Catholic sector achieves somewhat higher scores than the government sector. The achievement gap between the government and non-government sectors (Catholic and independent) are greater in the secondary years. Some of this difference may be explained by students moving to the non-government sectors for secondary school. Analysis by the Victorian Curriculum and Assessment Authority found that between 2010 and 2012 almost one quarter of students moved school sector between Year 5 and Year 7.⁶ Additionally, students who moved away from the government sector generally had higher NAPLAN scores than those who remained in the government sector, and students who moved to the government sector generally had lower NAPLAN scores than those who remained in the Catholic or independent sectors (VCAA 2013a).

The distribution of school performances by sector is shown in figure 2.8.

⁵ The Commission acknowledges the assistance of the Catholic Education Commission of Victoria in interpreting sector-level differences in performance, and data limitations.

⁶ The most common movements were from the government sector to the Catholic or independent sector, and from the Catholic sector to the government sector (VCAA 2013a).

Figure 2.8 Distribution of schools' mean NAPLAN Year 9 reading scores by sector, Victoria (2012, per cent)



Note: Differences across sectors have not been adjusted for students' backgrounds, nor assessed for statistical significance. As noted, school performance reflects differences in students' backgrounds as well as in-school effects.

Sources: Commission analysis based on ACARA 2013b; DEECD 2013a.

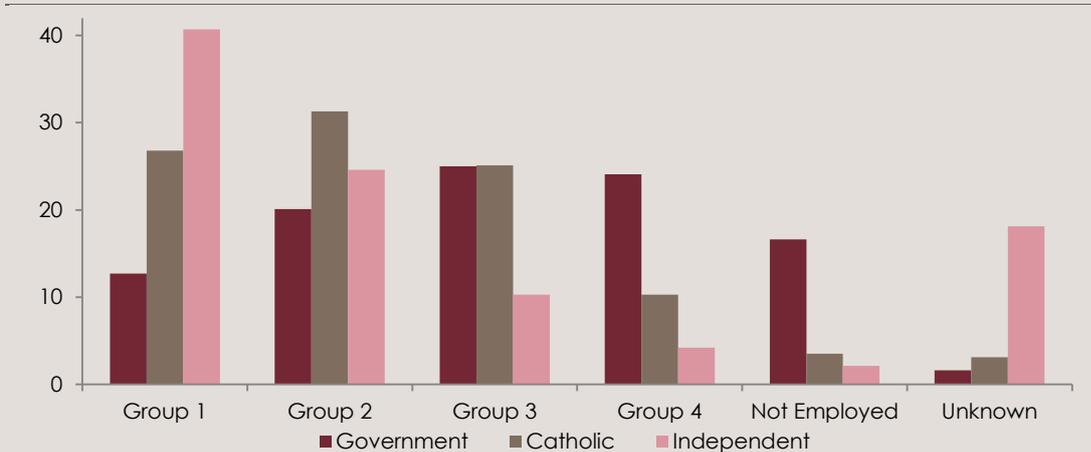
School mean NAPLAN results are narrowly distributed in both the government and Catholic sectors. The independent sector produced a broader range of outcomes.

Some considerations for analysing performance by sector are discussed in box 2.4.

Box 2.4 Comparing performance across sectors

To compare performance of school sectors practically, the demographic backgrounds of students must be considered. For example, figure 2.9 shows the distribution of parental occupation by sector for Year 9 NAPLAN in 2012.

Figure 2.9 Distribution of Year 9 students by parental occupation group, NAPLAN, Victoria (2012, per cent)

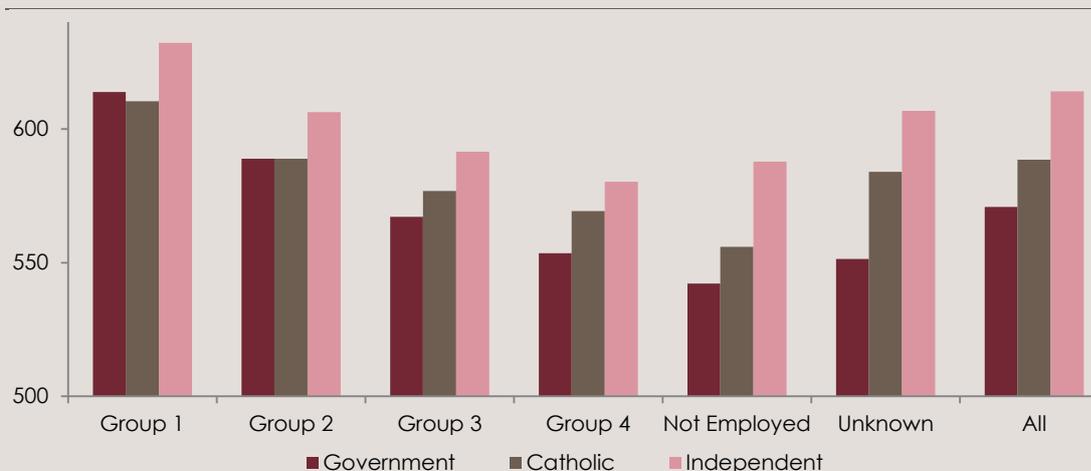


Note: Group 1 are senior managers in large business organisations, government administration and defence, and other qualified professionals; Group 2 are other business managers, arts/ media/ sportspersons and associate professionals; Group 3 are tradespeople, clerks and skilled office, sales and service staff; Group 4 are machine operators, hospitality staff, assistants, labourers and related workers; Not employed persons have not been in paid work in the last 12 months.

The independent sector has a far higher proportion of students with parents from group 1 and 2 than the government or Catholic sectors, while the government sector has a far higher proportion of parents in occupation group 4 or not employed.

Figure 2.10 compares student performance for each sector by parental occupation group and shows differences in performance across the sectors for occupation groups 1 to 4 are far smaller than for the overall year level.

Figure 2.10 Average Year 9 NAPLAN reading score of students by parental occupation group, Victoria (2012)



Box 2.4 Comparing performance across sectors (cont.)

Analysis by the Victorian Curriculum and Assessment Authority shows apparent differences in performance across sectors are also substantially reduced when differences in parental education levels are considered.

This analysis suggests apparent differences in performance across sectors can be partially attributed to underlying differences in student populations.

Source: VCAA 2013a.

Intake-adjusted scores

As student performance is influenced by factors outside a school's control (chapter 3), measuring school quality requires isolating these from school performance measures. In order to do this, DEECD measures schools' 'intake-adjusted' performance (box 2.5).

Box 2.5 Intake-adjusted performance

Research shows students' backgrounds influence their educational outcomes. Therefore, to accurately measure school quality, it is necessary to remove the effect of students' backgrounds from school performance metrics. In Victoria the Department of Education and Early Childhood Development uses 'intake-adjusted performance' to compare school performances after adjusting for difference in the social and academic composition of each school.

A regression analysis is used to plot the average relationship between student intake measures (such as SES, language background and remoteness) and outcomes for all government schools. For each school, the difference between its predicted outcome (based on the state average) and actual outcome is measured.

This shows schools that are performing significantly better or worse than predicted based on their student intake. It does not tell us about schools' absolute performance and should be used alongside those measures.

Intake-adjusted performance is conducted for a range of measures such as student learning (including teacher judgements and NAPLAN results), engagement (absences, connectedness), and transitions to employment or further education.

Currently, intake-adjusted measures are only available for the government school sector, and are reported in each school's Annual Report to the School Community.

Source: DEECD 2011d.

Table 2.2 shows the number of Victorian government schools whose outcomes are statistically significantly different to those predicted based on the social and academic backgrounds of their students (for Year 9 NAPLAN results). These schools can be considered to deliver relatively weak or relatively strong education, compared with other government schools.

Table 2.2 Intake-adjusted performance, NAPLAN Year 9 reading and numeracy, Victorian government schools (2009–12, number and per cent)

	Lower than predicted	Similar to predicted	Higher than predicted
Reading	38 (13%)	219 (75%)	36 (12%)
Numeracy	37 (13%)	217 (74%)	39 (13%)

Note: Schools' scores are predicted using regression analysis based on a range of student characteristics.

Source: DEECD 2013b.

These data suggest approximately three quarters of government schools' outcomes can be predicted based on the average relationship between student background and performance within the system.

School-level performance data have a number of audiences and purposes (box 2.6).

Box 2.6 Comparing school-level data

Publicly available data on student performance in Australia have typically been presented at the student level. These include the results of PISA, TIMSS and PIRLS. However, *MySchool* and school annual reports now publish a range of student performance measures at the school level.

A paper prepared for the Ministerial Council for Education, Employment, Training and Youth Affairs Expert Working Group argued that school-level data has three audiences and purposes:

- (1) Parents and caregivers — to evaluate the quality of education and make better informed choices
- (2) School leaders — for effective school management
- (3) Governments and system managers — to identify schools and issues requiring special attention, target resources appropriately, and set goals for future improvement (Masters et al. 2008).

Furthermore, the Commission considers that focusing on school-level performance is practical, given schools are the key operating units of the school system. Where possible, data presented in this chapter are at the school level.

Value-add measures

An alternate way to gauge school quality is to measure the educational value-add it delivers. This is done by assessing the same cohort of students at two points in time and comparing the increase in their knowledge. The methodology used to measure this in Victoria is called 'relative gain' (box 2.7).

Box 2.7 Relative gain

In Victoria, relative gain is used to compare the level of improvement of students between testing points. The measure is used at both an individual school level and system level.

Relative gain is calculated for each student by comparing their relative performance in the current year NAPLAN assessment to all other students that achieved the same score two years prior. If their current year result is in the:

- top 25 per cent of students, their growth is 'High'
- middle 50 per cent of students, their growth is 'Medium'
- lowest 25 per cent of students, their growth is 'Low'.

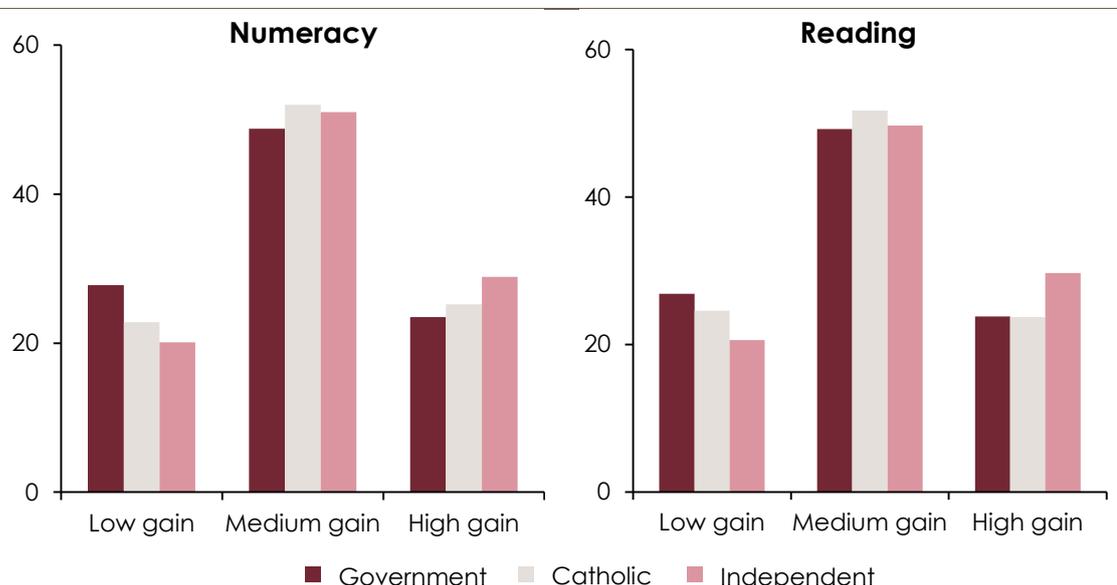
The strength of this measure is that it overcomes the issue that students do not on average experience linear growth between the four testing points. Relative gain, therefore, provides a meaningful comparison group for each student.

Relative gain scores do not provide any information about the absolute level of student performance. Relative gain scores remove some of the impact of students' backgrounds but are not adjusted for SES.

Source: VCAA 2013a.

Figure 2.11 shows the distribution of students' relative gain across school sectors in Victoria. It compares students who sat the NAPLAN tests (numeracy and reading) at Year 7 in 2010, and Year 9 in 2012.

Figure 2.11 NAPLAN relative gain, from Year 7 to 9, Victoria (2012, per cent)



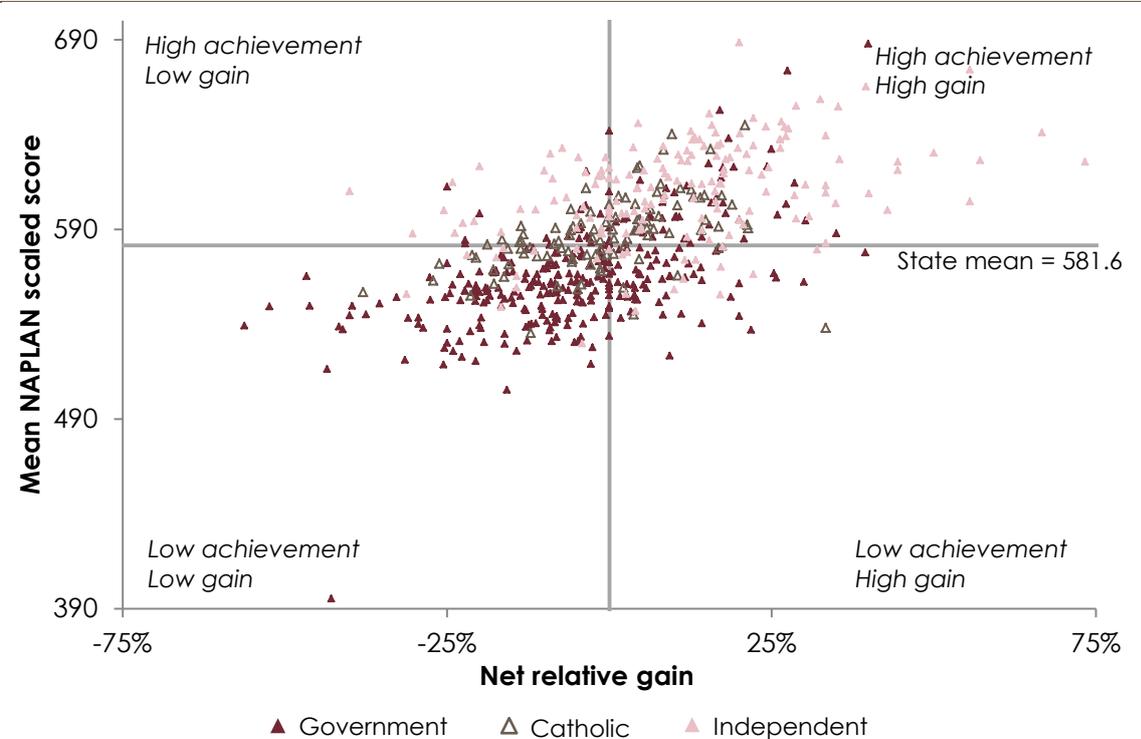
Note: Relative gain measures student improvement relative to academic peers, not absolute performance gains. Results are not adjusted for students' backgrounds. For each sector, the proportions of low and high gains are statistically significant compared to the state level (25%) for numeracy. This is also the case for reading except for the proportion of low gain in the Catholic sector which is not significantly different to the state.

Sources: DEECD 2013a; VCAA 2013b.

While a similar proportion of students achieved medium relative gain across all sectors, the proportion of students achieving high relative gain and low relative gain from Year 7 to Year 9 varied across the sectors. A smaller proportion of students in government schools achieved high relative gains than students in independent schools, and a larger proportion achieved low relative gains than students in either the Catholic or independent sector. This may be consistent with there being a higher concentration of high gain schools in the independent and Catholic sectors than there is in the government sector. But, as noted, these results should be interpreted cautiously as they have not been adjusted for the different distributions of students' SES backgrounds in each of the systems which will explain some of the difference.

High-performing schools can be defined either as schools that produce both high achievement and growth, or schools that produce high growth regardless of their absolute achievement. Figure 2.12 charts schools' mean scaled NAPLAN scores (Year 9 reading), against their net relative gain (Year 7 to 9, reading).

Figure 2.12 School performance and improvement, NAPLAN Year 9 reading, Victorian schools (2012)



Note: Net relative gain is the proportion of high relative gain students minus the proportion of low relative gain students in each school. Relative gain measures student improvement relative to academic peers, not absolute performance gains. Results are not adjusted for students' backgrounds.

Source: Commission analysis based on DEECD 2013a.

Figure 2.12 shows that, before adjustments are made for students' backgrounds (including SES):

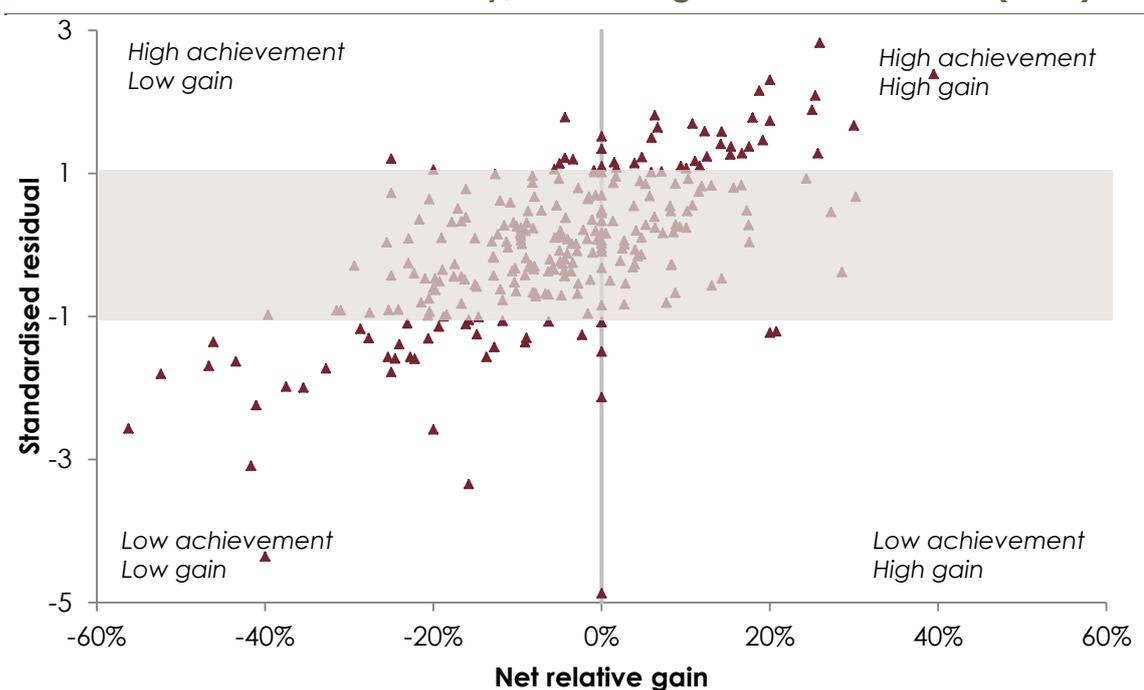
- A large proportion of government secondary schools produce relatively low educational achievement and relatively low educational growth, compared with Catholic and independent schools.

- A small proportion of government secondary schools produce relatively high educational achievement and relatively high educational growth compared with Catholic schools and independent schools.
- A smaller proportion of government secondary schools produce relatively high educational achievement and relatively low educational growth than Catholic or independent schools.
- A larger proportion of government secondary schools produce relatively high educational growth and relatively low educational achievement than Catholic or independent schools.

It is important to note this analysis is based on the relative performance of Victorian schools. Schools with relatively low achievement and/or relative gain are not necessarily producing poor outcomes; rather, the evidence suggests they could be doing better, in line with what other schools in the same system are achieving. This analysis is sensitive to judgements concerning the benchmarks used for performance and improvement. Commenting on the draft report, Professor John Hattie argued that the proportion of poorly performing government schools is around 10–12 per cent (sub. DR14, 4); and consultations suggested this proportion could be somewhat higher.

Within the government school sector, intake-adjusted NAPLAN scores can be compared with net relative gain scores (figure 2.13).

Figure 2.13 Intake-adjusted performance and improvement, NAPLAN Year 9 numeracy, Victorian government schools (2012)



Note: Standardised residual is the difference between a school's actual and predicted performance based on the average relationship between student background and performance. A score less than negative one is significantly lower than predicted, between negative one and one is not significantly different from predicted, and greater than one is higher than predicted. Net relative gain is the proportion of high relative gain minus the proportion of low relative gain students in each school.

Sources: Commission analysis based on DEECD 2013a; DEECD 2013b.

Analysis of student performance and relative gain data show that — even after adjustments are made for student background — the value-add of individual schools varies across the sector. This suggests there is scope for improvement in the system, and may be a useful means for identifying higher performing schools whose methods could be more widely applied.

2.3.2 Performance variation in schools

As well as variation across schools, significant performance variation exists in Victorian schools. Analysis of PISA results found that the degree of performance variation in Australian schools was larger than the OECD average, and far greater than the variation across schools (Thomson, DeBortoli, et al. 2011, 285). While some argue that in-school variation represents differences in students' aptitude and other exogenous factors, it may also be affected by differences in teacher quality (DEECD 2012a, 5; Sahlberg 2007, 159–160).

2.4 There is a significant gap between the Victorian system and the world's best school systems

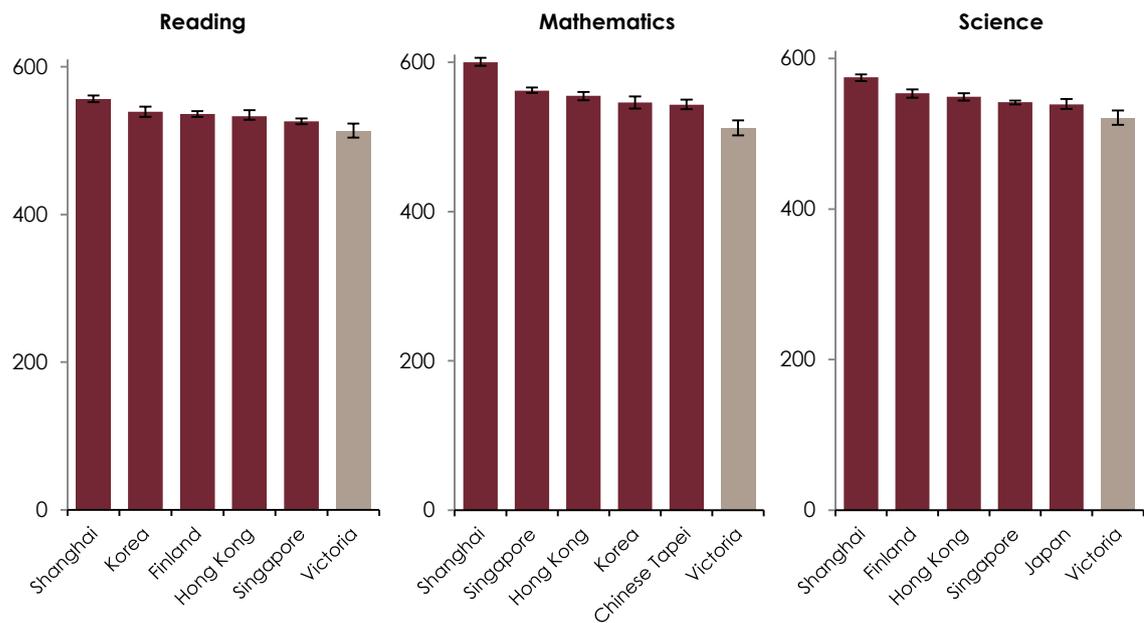
Although Victorian students' PISA scores are above the OECD average for reading, mathematics and science, they are significantly below the highest performing jurisdictions (figure 2.2). Compared with these jurisdictions Victoria has more low performers and fewer high performers. A number of high-performing countries also have more equitable school systems than Victoria.

In its position paper, *Towards Victoria as a Learning Community*, the Victorian Government committed to 'lift the performance of Victoria's students into the global top tier' (DEECD 2012a, 1). In order to achieve this, the entire Victorian system will have to improve — not just the lowest performers. While some countries have made substantial improvements to their school systems in a short period of time, given current trends it seems unlikely that Victoria would achieve this goal without significant reform.

2.4.1 Defining the 'top tier'

There are several ways of grouping jurisdictions by their performance on PISA. For instance, table 2.1 illustrates Victoria's PISA test performance was in the first quartile for reading and science, and the second for mathematics. *Towards Victoria as a Learning Community* showed Victoria's performance was, however, below that of some of its Asia-Pacific neighbours and well below that of the five top tier jurisdictions (DEECD 2012a, 3). Consistent with this classification, the Commission considers that one way to look at the gap between Victoria's performance and the top tier is to compare Victoria's performance against the five top-performing jurisdictions on each PISA domain (figure 2.14).

Figure 2.14 Top tier and Victorian performance, PISA (2009)



Note: Figure depicts mean scores and confidence intervals.

Source: Thomson, DeBortoli, et al. 2011.

2.4.2 Improvement required to reach the top tier

Student learning

Table 2.3 shows the improvement required, on each domain, for Victoria to reach the top tier of performers (as measured by PISA scores), and to become the top performing jurisdiction. Victoria's performance on reading is the closest to the top tier, with only a 2.7 per cent increase in mean scores required to reach the top five performers. Victoria is slightly less competitive on science, requiring a 3.6 per cent increase to reach the top tier, while on mathematics Victoria would need a mean score increase of 6.3 per cent. The improvement required to reach the top-performing comparator is greater still. These figures assume no change in the top tier jurisdictions' performances. Other approaches to estimating the improvement required to reach the top tier are presented in box 2.8.

Table 2.3 Indicative improvements in Victorian PISA mean scores to match top tier

Domain	Current Victorian mean score	Improvement required to reach the top tier	Improvement required to be the top performer
Reading	513	14 (2.7%)	27 (5.3%)
Mathematics	512	32 (6.3%)	89 (17.4%)
Science	521	19 (3.6%)	55 (10.6%)

Note: Percentage improvements shown in brackets. Smaller improvements would see Victoria's performance become statistically similar to the global top tier.

Source: Commission analysis based on Thomson, DeBortoli, et al. 2011.

Box 2.8 Reaching the global top tier of education

Although the goal of reaching the global top tier of education has been widely cited, it is often not well defined. Three explicit targets for performance improvement which would move Victoria or Australia into the global top tier have been presented by the Grattan Institute, the Department of Education and Early Childhood Development and the Commonwealth Government.

Grattan Institute

In 2010 Jensen defined the top tier as countries that performed significantly better than Australia on PISA 2006 (that is Finland, Hong Kong and Canada) and argued Australia needed to increase its PISA score by 19 points to be considered among the top-performing countries globally (based on the difference between Australia's score and the average score of countries that significantly outperformed Australia in Science) (Jensen 2010, 7).

Department of Education and Early Childhood Development

In *Towards Victoria as a Learning Community* the Department of Education and Early Childhood Development announced that in order to reach the global top tier Victorian 15 year olds need to improve their reading performance by approximately six months of learning, or 20 points on the PISA scale (DEECD 2012a, 3).

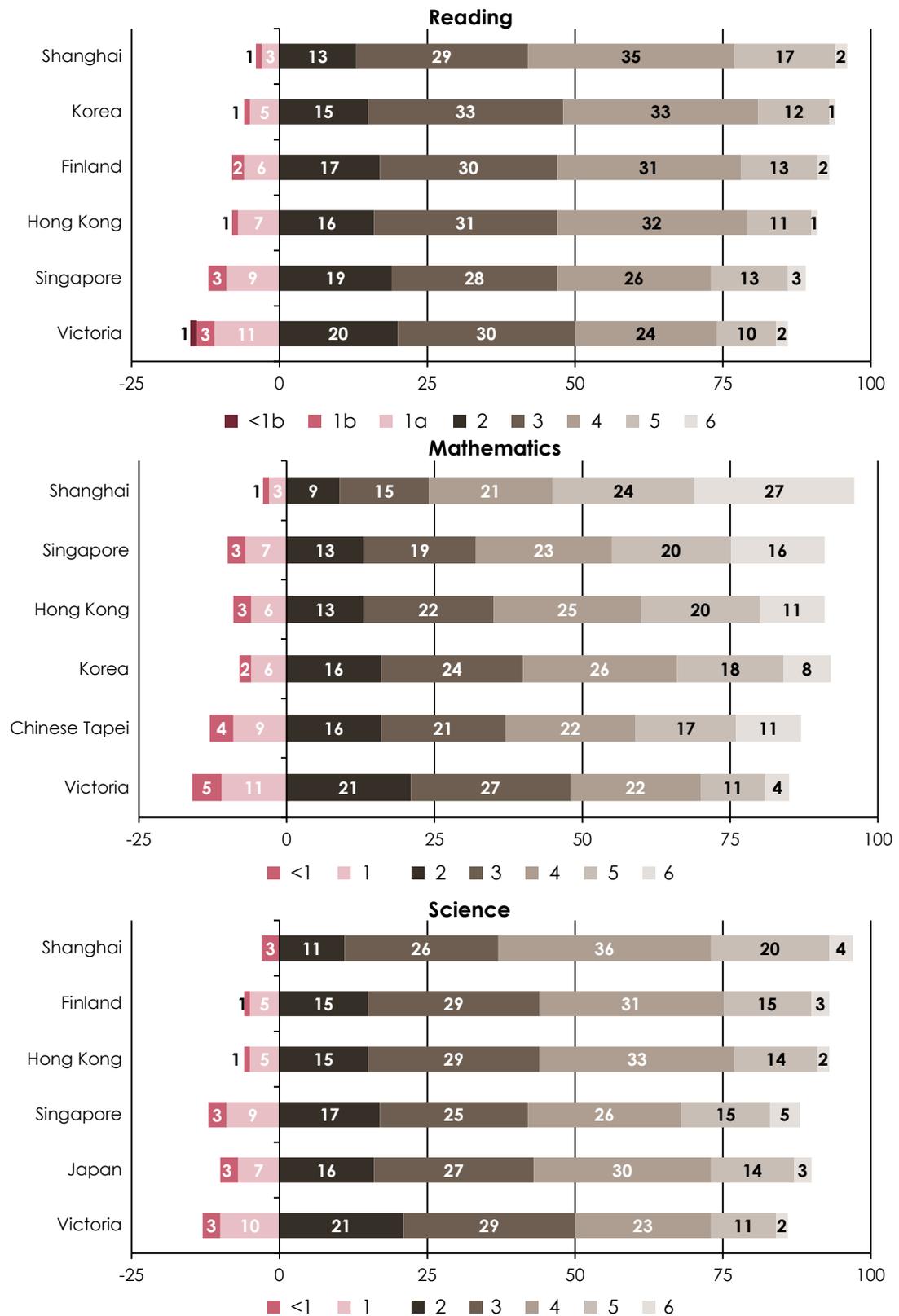
Commonwealth Government

The *Australia in the Asian Century White Paper* proposed the objective that by 2025 Australia be ranked among the top five countries in the world for student performance in reading, numeracy and science, and be classified as a high-quality and high-equity education system (Australian Government 2012, 164–165).

Performance distribution by proficiency level

Figure 2.15 shows the performance distribution of Victorian students compared with the top tier jurisdictions on each domain. Compared with these jurisdictions Victoria has a larger percentage of students at the lower end of the performance spectrum.

Figure 2.15 Distribution of students by proficiency level, Victoria and highest performing economies, PISA (2009, per cent)



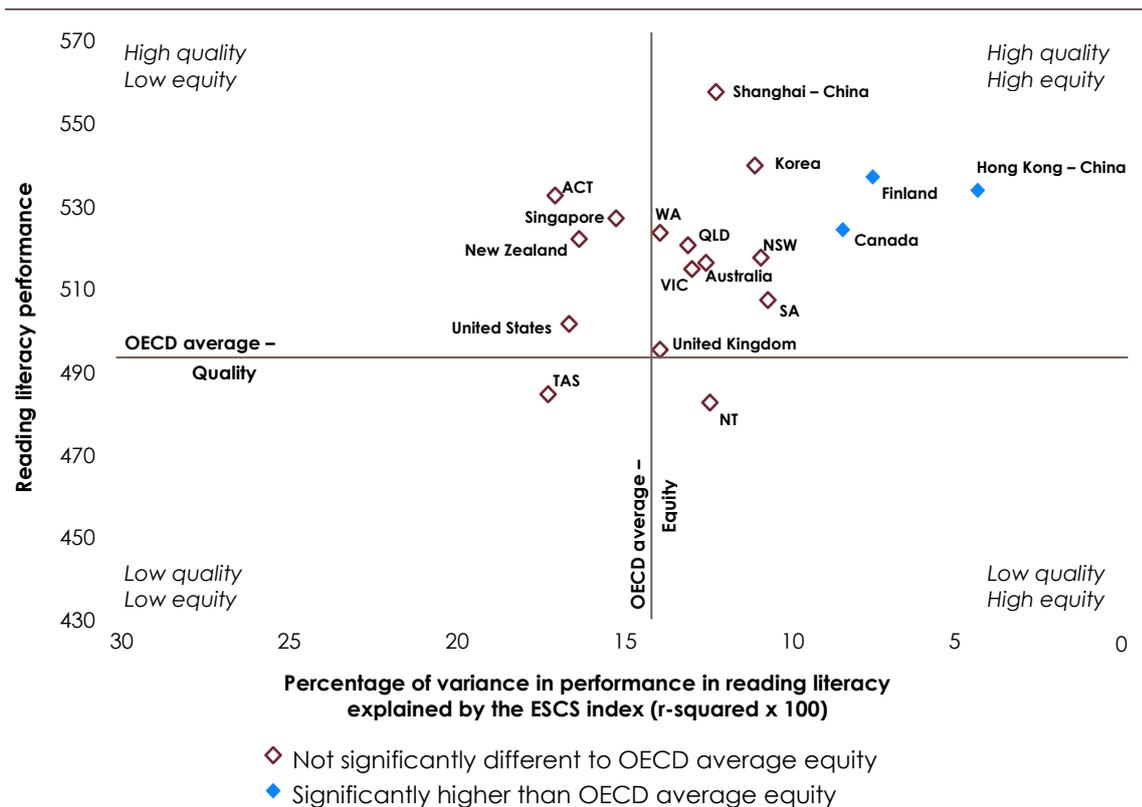
Note: Level 2 is defined as the baseline proficiency level.

Source: Thomson, DeBortoli, et al. 2011.

Equity

Another key measure of school system quality is equity. According to the OECD, one of the characteristics of a high-performing education system is a weak relationship between student performance and SES background (OECD 2011, 14, 32). Analysis comparing the effect of student SES on results found Victoria's score for equity was not statistically different from the OECD average, while a number of comparators — such as Finland, Hong Kong and Canada — performed significantly better than Victoria on both quality and equity (figure 2.16).

Figure 2.16 Equity of performance in reading literacy, PISA (2009)

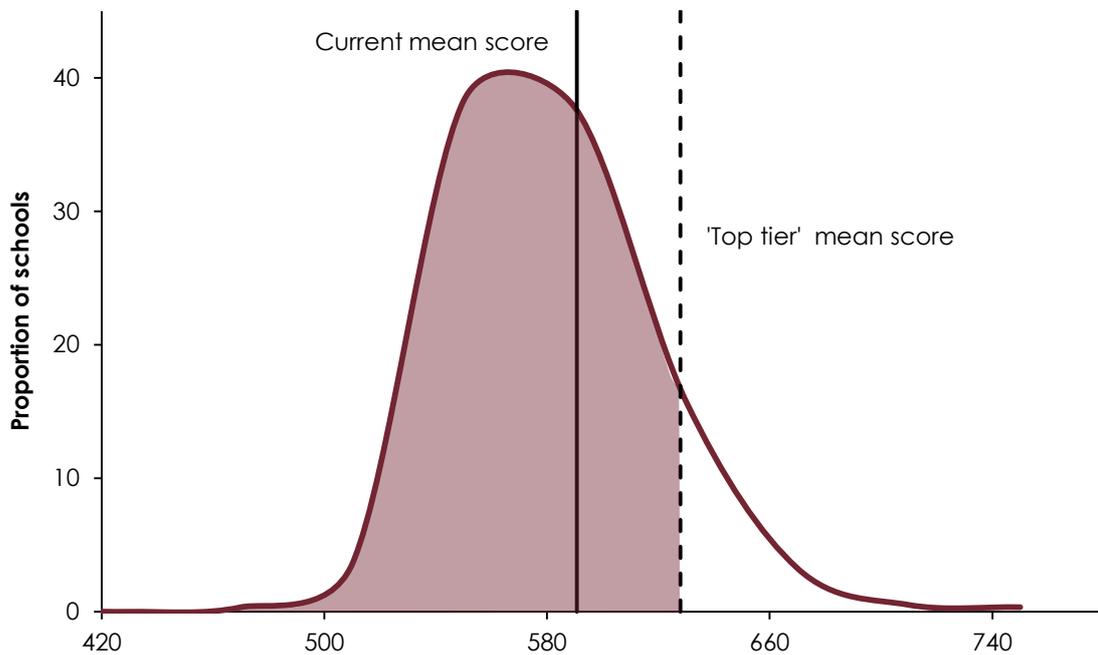


Source: Thomson, DeBortoli, et al. 2011, 284.

Reaching the top tier requires improvement from the entire system

Comparison with top-performing school systems shows that only improving the quality of weaker schools — across all school sectors — in Victoria is unlikely to bring Victoria in line with the global top tier. Instead, improvement must be broader and enhance the entire school system. Figure 2.17 shows the Year 9 numeracy performance of Victorian secondary schools in all sectors compared with both the current mean NAPLAN numeracy score, and the potential mean NAPLAN score if Victoria were in the top five PISA performers for numeracy (as at 2009).

Figure 2.17 Distribution of Victorian schools' performances, NAPLAN Year 9 numeracy (2012, per cent)



Note: The indicative global top tier mean score represents an increase of 6.3 per cent from the current score (that is, the improvement that would place Victoria's performance in the top five jurisdictions on the PISA assessment, all other things remaining equal).

Sources: Commission analysis based on DEECD 2013a; Thomson, DeBortoli, et al. 2011.

The above figure shows that more than 80 per cent of schools are below the mean NAPLAN score that would see Victoria ranked in the top five PISA numeracy performers. Victoria's reading performance compares more favourably internationally, but approximately 70 per cent of Victorian schools are still below the mean NAPLAN score needed for Victoria to be ranked in the top five PISA reading performers.

2.4.3 Timeframe

Rapid, substantial and statistically significant improvements on international tests appear possible. For example, from 2000 to 2009 Korea and Hong Kong increased their PISA reading scores by 15 points and eight points respectively (Jensen et al. 2012, 8). However, Victoria's performance on PISA seems to have flat-lined (changes in Victorian PISA mean scores have not been statistically significant in the past decade (table 2.6)), and Australian scores have declined by a statistically significant amount (13 points for reading and 10 points for mathematical literacy) over the past decade (Thomson, DeBortoli, et al. 2011b, 16–17). The Commission notes the measurement of the performance gaps between Victoria and the top tier dates from 2009, and that the performance of comparators might have changed.

The preceding analysis implies that significant improvement in the operation and/or management of Victoria's school system is required to generate substantial improvement in Victoria's performance in these international tests. Victoria's future rate of improvement will depend on the nature and quality of the reforms that are already underway or those being contemplated (chapter 4). The timing of gains in student achievement will also depend on how quickly and effectively the reforms are implemented.

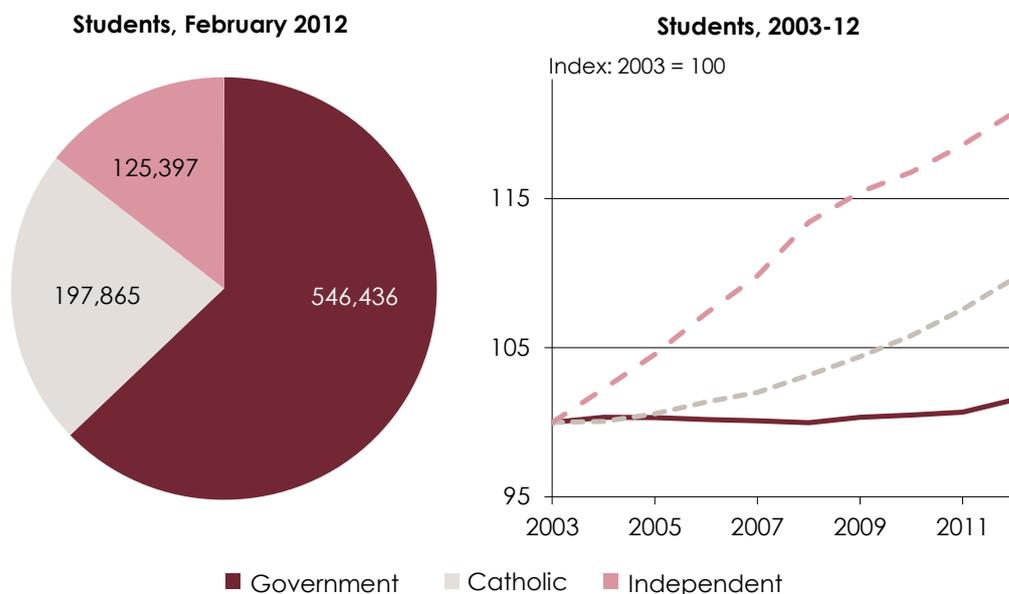
2.5 Some current trends may challenge Victoria's goal to reach the global top tier

Becoming a top tier school system will require significant improvement from the Victorian system — at least several percentage points of academic improvement. Some current trends will challenge the system's capacity to meet these improvements, especially in the timeframe proposed.

2.5.1 Student population

The Victorian Government's ability to directly influence school performance has diminished over time due to the growth of the non-government school sector (figure 2.18) and growing Commonwealth Government involvement in funding and regulating schools. The proportion of students enrolled in government schools in Victoria is the second lowest in Australia, and has declined 3.3 percentage points since 1997 (ABS 2012).

Figure 2.18 Students by school sector, Victoria



Source: (DEECD 2012s).

The majority of indigenous students and students with disabilities attend government schools (table 2.4). While the indigenous cohort has (proportionately) remained basically static, the percentage of students with disabilities enrolled in Victorian government schools reportedly increased by around 21 per cent in the five years to 2012 (DEECD 2012q).⁷ In addition, about one in five students in government schools are of a language background other than English, most commonly Vietnamese or Arabic (DEECD 2012q).

⁷ Independent Schools Victoria argued that growth in the number of students with disabilities in the government sector is a result of the differentiated funding regime that limits the funding for students with disabilities in non-government schools (ISV 2013c).

Table 2.4 Student characteristics by school sector, Victoria (2011, per cent)

	Government	Non-government	Total
Indigenous students	1.7	0.5	1.2
Students with disabilities	6.1	3.3	5.0
Students with a LBOTE	23.8	29.0	25.7

Note: LBOTE (language background other than English) is a broad category which includes students who have had extensive schooling in a language other than English, and recent refugees who are unlikely to have had any formal schooling.

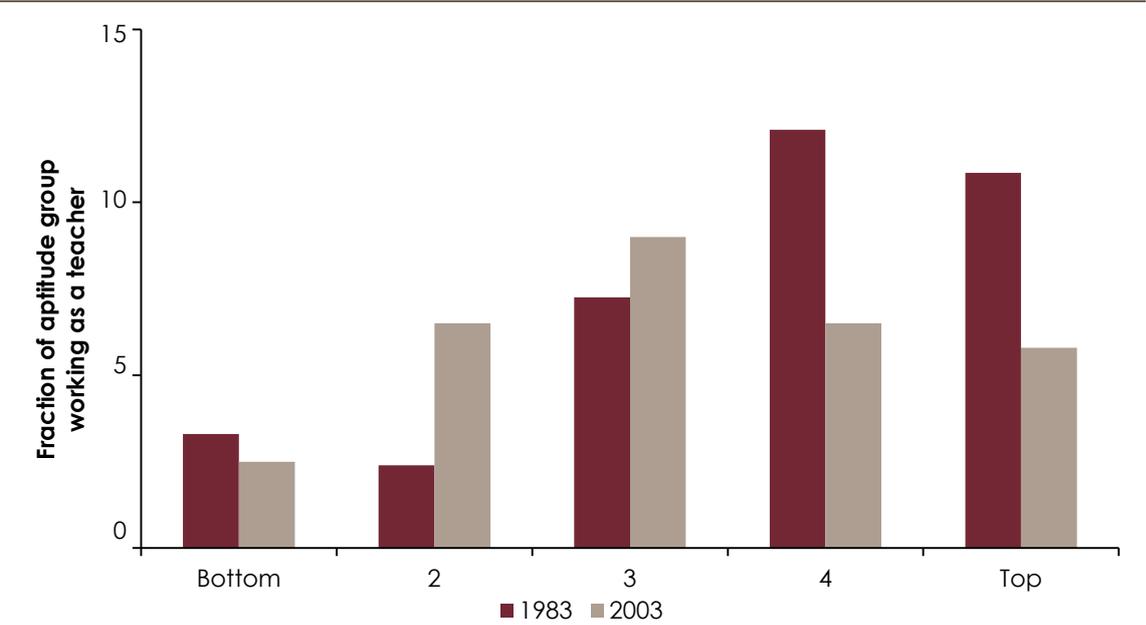
Source: SCRGSP 2013.

There is also evidence suggesting enrolments in independent schools in Victoria have become more strongly weighted towards high-SES students and a corresponding loss of these students from the government sector. Meanwhile evidence suggests the Catholic sector has lost enrolments among high- and low-SES students, and gained enrolments from middle-SES groups (Preston 2013, 7; Rorris et al. 2011, 67–68). The Victorian school system appears to be becoming increasingly stratified with the government sector doing the heavy lifting in terms of educating disadvantaged students.

2.5.2 Workforce trends

The challenges facing the Victorian school system take place in the context of considerable change in the composition of the teaching workforce. For much of the past three decades, there has been a pronounced decline in the prior academic aptitude of new Australian teachers. While this trend is common to both male and female teachers, the drift away from the profession by the upper end of the aptitude distribution is more pronounced among women, occurring over a period in which women gained access to a wider array of career pathways (figure 2.19).

Figure 2.19 Prior academic aptitude distribution of new female teachers, Australia (per cent)



Note: The aptitude distribution is determined by results in Longitudinal Surveys of Australian Youth standardised literacy and numeracy tests. Standardised tests were administered at age 14 or Year 9 for most of the cohorts. Those in the first cohort sat the literacy and numeracy tests in 1975, and were observed as teachers around 1983. Those in the last cohort that graduated from university sat the tests in 1995 and were observed as teachers around 2003.

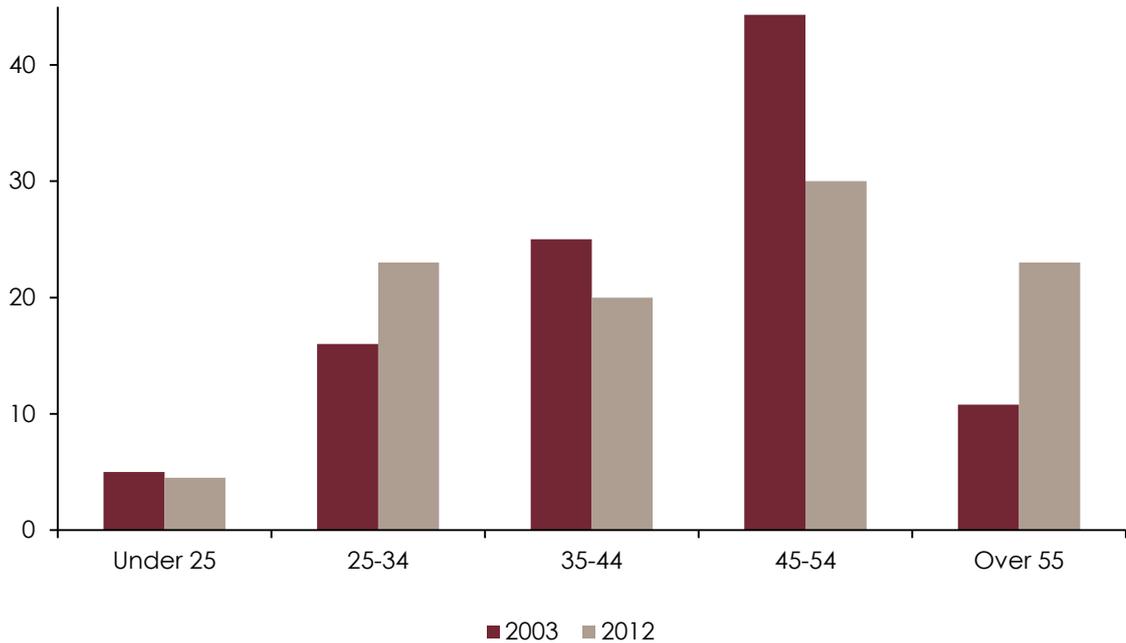
Source: Leigh and Ryan 2006, 7.

Relative real wage increases provide some context for these shifts in teacher aptitude. Between 1983 and 2003 average starting salaries for teachers fell by 13 per cent for men and 4 per cent for women. Over the same period, real wages for the top quintile of non-teaching female university graduates rose 27 per cent, while those for non-teaching male graduates rose 8 per cent (Leigh and Ryan 2006, 29). This has meant that teaching has become an increasingly unattractive profession to the highest quality university graduates, particularly females. Teacher remuneration is discussed in chapter 8.

The increasing feminisation of the teaching workforce has continued despite the previously noted broadening of employment opportunities available to female tertiary graduates. The percentage of women in the Victorian government school teaching workforce has grown more quickly than in the non-government sector (ABS 2012).

Finally, some participants noted Victoria has an ageing population of school leaders and teachers (Parents Victoria, sub. 6, 3). Although the average age of employees in government schools has remained broadly constant at 44 years since 2003, the proportion of teaching staff aged over 55 increased substantially between 2003 and 2012 (figure 2.20).

Figure 2.20 Teaching service employees by age, Victorian government schools (per cent)



Source: SSA 2013, 92.

2.5.3 School size

The scope for achieving system-wide improvements is dependent on the capacity of schools. And, in a system with a large number of relatively small schools, initiatives that encourage collaboration among schools become increasingly valuable. Victorian government school sizes are highly variable. For example, in 2012 in metropolitan Melbourne, around 95 primary schools had fewer than 150 students, while around 140 primary schools had over 500 students. In metropolitan Melbourne, about 20 secondary schools had fewer than 350 students, and nearly 70 had over 1000 students (table 2.5).

Table 2.5 Victorian government schools by enrolment size (2012, number and per cent)

Primary schools (students)	0–150	151–500	501+	Total
Metropolitan Melbourne	96 (16%)	383 (62%)	139 (22%)	618
Regional Victoria	320 (62%)	177 (34%)	23 (4%)	520
All primary schools	416 (37%)	560 (49%)	162 (4%)	1138
Secondary schools (students)	0–350	351–1000	1001+	Total
Metropolitan Melbourne	17 (11%)	69 (45%)	68 (44%)	154
Regional Victoria	24 (26%)	49 (54%)	18 (20%)	91
All secondary schools	41 (17%)	118 (48%)	86 (35%)	245

Note: Does not include combined, language, or specialist schools.

Source: DEECD 2013d.

While it is not unreasonable for some remote schools in regional Victoria to be very small, in metropolitan areas, small, closely located schools suggest an inefficient allocation of schools infrastructure.

The link between school size and student performance

The influence of school size on student performance has been widely debated. For example, small schools may not be able to offer the breadth of curriculum and services available in larger schools. Furthermore their smaller teaching base may reduce scope for collaborative teaching and learning, and for teachers to engage in professional development. On the other hand, smallness may facilitate a more personalised and satisfying education experience, with benefits for the engagement of students and parents, and performance of students.

Empirical evidence suggests student performance increases (to a point) with school size (box 2.9); however the effect is not large (chapter 3). What is clear is that small schools are more costly (per student) to operate than large schools, up to an optimum size range. Finding efficient means of sharing resources among small and larger schools, especially where small schools are closely located, can partially offset the inefficiencies of small scale and enable funds to be diverted to more value-adding elements of education, such as improving teacher quality. Opportunities for increasing cooperation and resource sharing by schools are examined in chapter 9.

Box 2.9 Empirical evidence on school size, student performance and cost efficiency

Several empirical studies have found that student performance improves with school size. For example, the Organisation for Economic Co-operation and Development (OECD) reported a positive correlation between school size and reading performance up to around 1000 students (OECD 2001, 203). A review of the relevant literature found that when studies controlled for prior student attainment, 'achievement increased as school size increased, up to a certain point (or range)' (Garrett et al. 2004, 53). For Australia, a recent analysis by the Australian Curriculum, Assessment and Reporting Authority showed a strongly positive correlation between student NAPLAN scores and school size. The study cautioned, however, about drawing a strong causal relationship because many small and medium sized schools are serving students from low socioeconomic backgrounds (Strategy Policy Working Group 2011, 25).

A number of empirical studies have attempted to estimate an 'optimal' school size. Unsurprisingly, studies produce different results, with two finding the optimal size of primary schools is between 300–400 ((Cotton 1996) and (OECD 2009b, 130)) and another 200–500 (Craig 2001). For secondary schools, studies report higher ranges for optimal school sizes; Hattie reported an optimal size of secondary schools of around 800 students (Hattie 2009, 79–80), while Atkinson and Wilson reported an estimate of between 1150–2155 (Atkinson and Wilson 2003).

The relationship between school size and service delivery costs has also been a focus of several empirical studies. An OECD study found small schools tend to be less efficient on a per student basis (Sutherland, Price, and Gonand 2009, 27). A 2004 study reported that 'an increase in school size of 10% is estimated to reduce costs per student by between 1% and 4%', depending on the definition of cost used (Garrett et al. 2004, 67). Another study of Victorian government schools suggested larger schools provide economies of scale and 'can provide levels of service in a more cost-effective way' (Lamb et al. 2004, 12).

2.6 Past attempts to improve performance have had limited success

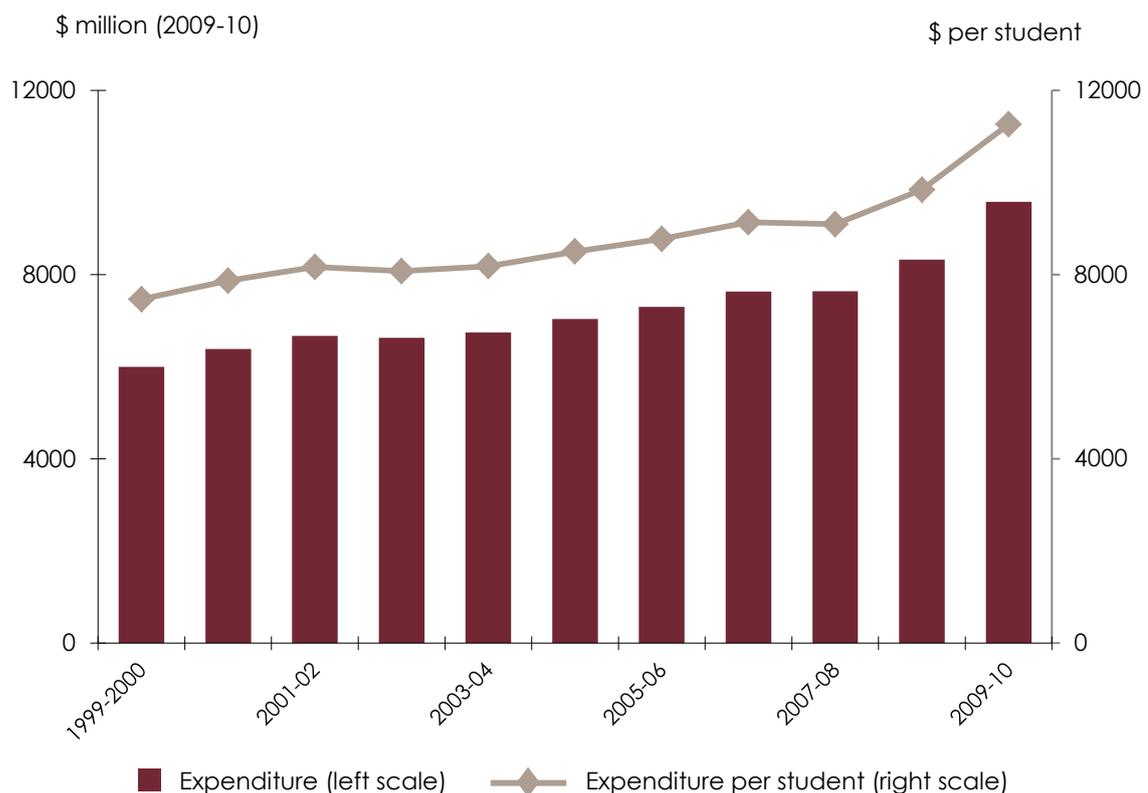
Despite past attempts to improve Victoria's school system, results of Australian and international assessments show student performance has been basically static over the past decade. Over a similar period, government expenditure per student increased by around 50 per cent in real terms (figure 2.21).

Moreover, the productivity decline in the past decade appears to be part of a longer-term trend. According to one estimate, Australian school productivity declined by 73 per cent between 1964 and 2003 (Leigh and Ryan 2011, 2). Research points to a broadly similar trend in the United States and some other OECD countries (Gundlach, Wößmann, and Gmelin 2001; Hanushek 1996; Hoxby 2002).

2.6.1 Expenditure

Government expenditure per student increased significantly in the decade to 2009-10 (figure 2.21).

Figure 2.21 Government expenditure on school education, Victoria



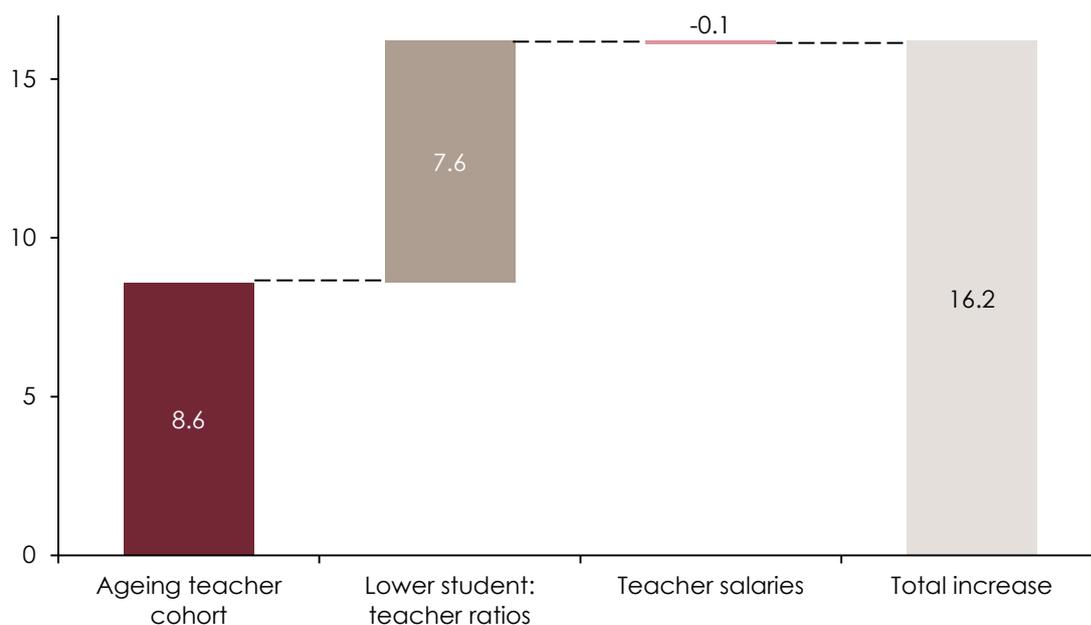
Note: Expenditure includes general government operating expenses and gross fixed capital formation on primary and secondary education in Victoria. Real expenditure calculated using a derived gross state product deflator rebased to 2009-10. Increased expenditure in 2009-10 was largely due to increased capital expenditure delivered under the Building the Education Revolution.

Sources: ABS 2010; ABS 2011a; ABS 2011b.

The increase in expenditure per student does not, however, appear to have been caused by rising real teacher remuneration. Using Australian data, Jensen et al. estimated the two key drivers of increased spending per student have been:

- (1) reduced student-teacher ratios, driven by class size reductions (class sizes are discussed further in chapter 8)
- (2) an ageing workforce (figure 2.22) (Jensen, Reichl, and Kemp 2011).

Figure 2.22 Contributors to increased teacher expenditure per student, Australia (2000-01 to 2008-09, per cent)



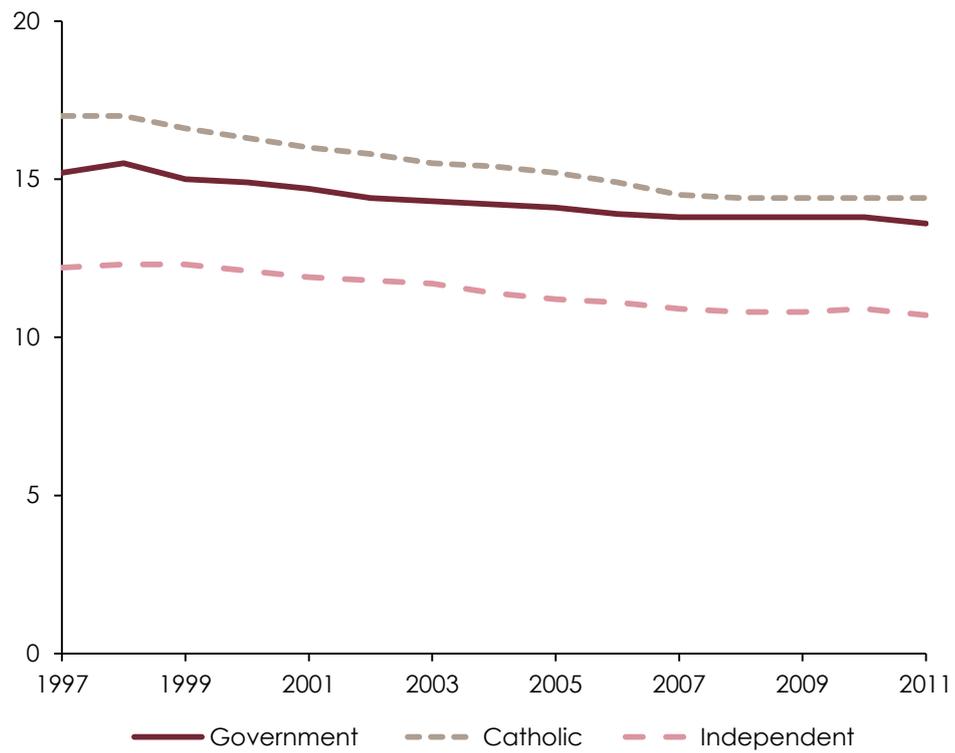
Source: Jensen, Reichl, and Kemp 2011, 325.

Class sizes

There is no directly comparable measure of average class sizes across school sectors. However, full-time equivalent student to teacher ratios may be used as a proxy measure.⁸ As illustrated in figure 2.23, student-teacher ratios have decreased in each school sector in Victoria since the late 1990s.

⁸ Student-teacher ratios reflect class size and other 'within-school factors such as the number of classes for which a teacher is responsible, the grouping of students within classes and the degree of team teaching' (Jensen, Reichl, and Kemp 2011, 325).

Figure 2.23 Student to teacher ratios, Victoria



Source: ABS 2012.

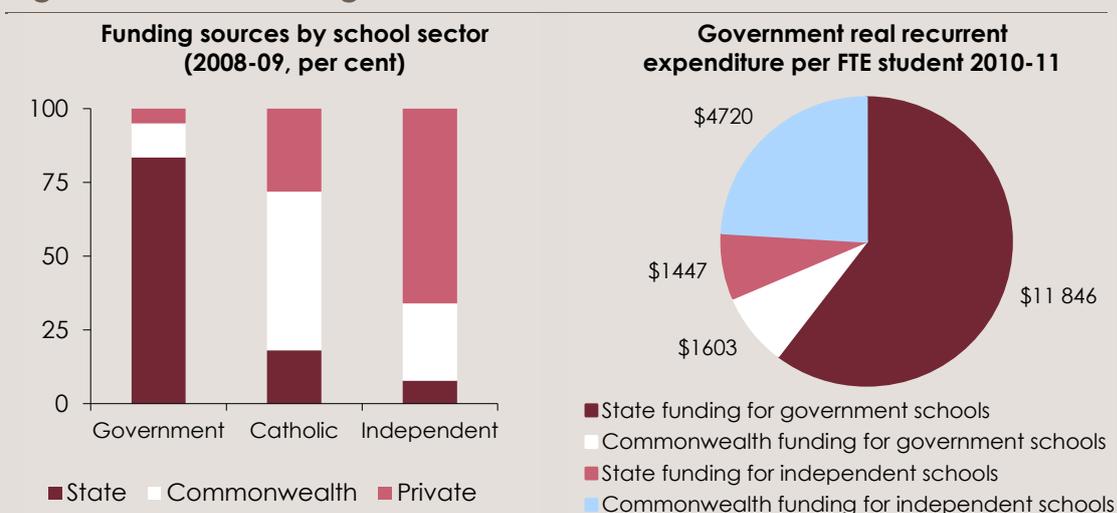
Government funding for Victorian schools is discussed in box 2.10.

Box 2.10 School funding

Victoria's government schools are largely funded by the State Government, with additional funds provided by the Commonwealth (figure 2.24). The level of recurrent funding distributed to Victorian government schools is determined according to the Department of Education and Early Childhood Development's (DEECD's) Student Resource Package (SRP). Total recurrent funding for Victorian government schools was approximately \$7.3 billion in 2010-11 (SCRGSP 2013, 4.5).

Non-government schools receive a small proportion of their funding from the Victorian government, with the majority of their government funding derived from the non-government schools component of the National Schools Specific Purpose Payments. Victorian government funding for non-government schools is allocated in accordance with the Financial Assistance Model and modified according to parents' private recurrent income.

Figure 2.24 Funding characteristics, Victoria



Sources: (ISV 2013b; MCEETYA 2008).

Almost all recurrent government school expenditure is allocated as (largely untied) SRP funding. The majority of this funding is driven by enrolment numbers, supplemented by equity funding, school-based funding and a small number of targeted initiatives.

Equity funding is provided for students with disabilities, language backgrounds other than English, and low-SES (based on an index of Student Family Occupation). Equity funding is allocated to around 50 per cent of schools, and accounts for a small proportion of total recurrent Victorian school funding. While the SRP includes limited funding for minor capital works and maintenance, major infrastructure spending decisions for government schools are managed by DEECD.

Source: Victorian Government 2013.

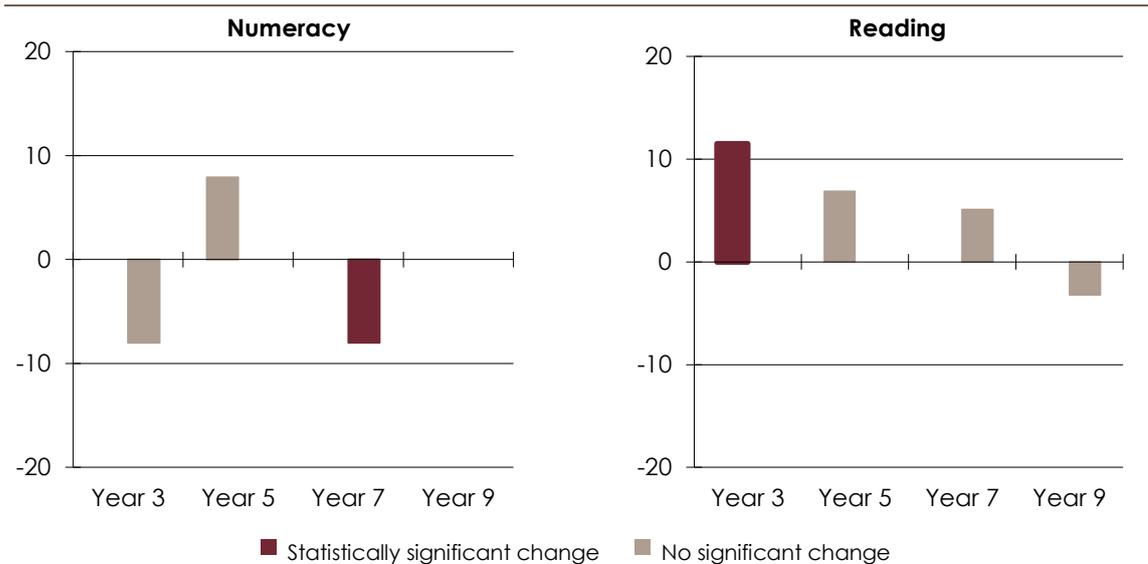
2.6.2 Performance

Overall student performance results have shown little or no improvement in the past decade. Given that this outcome was observed during a period when government expenditure on education increased substantially, it suggests the increased funding may not have been well directed. Alternately, it is possible that changes to the composition of the government sector (section 2.5.1), and Victorian school system more broadly, meant that increased per student expenditure was required to maintain consistent results.

Student learning

NAPLAN results for Victorian students show that, while there have been measured changes in reading and numeracy performance in several year levels, they have largely been statistically insignificant (figure 2.25). These results are a continuation of a longer-term trend. The VAGO report *Literacy and Numeracy Achievement* concluded that efforts over the ten years to 2007 had not improved average literacy and numeracy performance (VAGO 2009, 2).

Figure 2.25 Change in NAPLAN mean scale scores, Victoria (2008 to 2012, per cent)



Note: Mean scale scores cannot be compared across domains. Changes of similar magnitudes are seen for each school sector. The difference in mean scale scores for Year 9 numeracy between 2008 and 2012 was zero.

Sources: ACARA 2012a; DEECD 2013a.

International test results for Victorian students also show no statistically significant change over the three PISA assessment domains (table 2.6).

Table 2.6 Changes in PISA mean scores, reading, mathematical and scientific literacy, Victoria

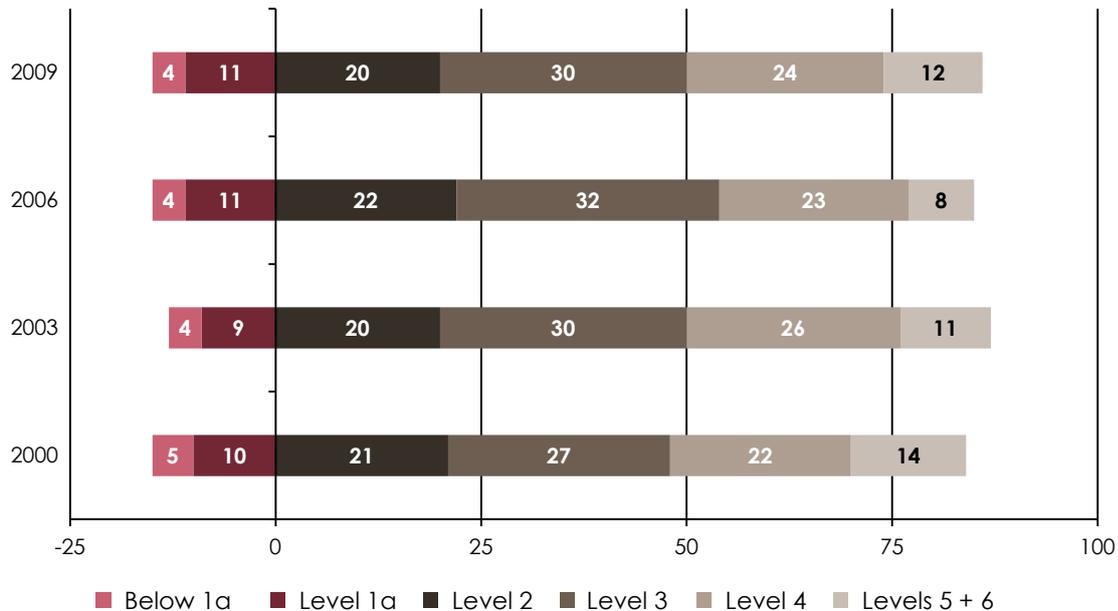
Domain	Period	Change in mean scores (points)	Change in mean scores (%)	Statistically significant
Reading literacy	2000-2009	-2.6	-0.5	No
Mathematical literacy	2003-2009	+1.3	+0.3	No
Scientific literacy	2006-2009	+8.2	+1.6	No

Source: Thomson, DeBortoli, et al. 2011, 127, 198, 242.

Equity

Similarly, the distribution of Victoria's performance on PISA has remained basically constant over the past decade (figure 2.26).

Figure 2.26 Percentage of Victorian students by PISA proficiency level, reading literacy



Source: Victorian Government 2013, 7.

Analysis by VAGO found the achievement gap between students from low- and high-SES schools had not narrowed over the decade to 2007. The gap represented 15 months of learning at Year 9 for both literacy and numeracy (VAGO 2009, 4).

2.7 Conclusions

Improving educational outcomes — in absolute terms and relative to overseas comparators — is important to Victoria's productivity, and therefore long-run growth and living standards. Indeed, improving performance is a goal that underpins many State and Commonwealth initiatives in school education.

While Victoria performs well by national and international standards, some aspects of Victoria's performance are cause for concern:

- Student performance on national and international tests is above average but has remained static for some time. This is despite reforms to the structure of funding and school governance and ongoing targeted state and Commonwealth initiatives.
- International assessment has found Victoria's school system produces average equity outcomes (measured by the impact of students' backgrounds on their academic performance).
- There is significant variation in the system, with non-government schools generally producing higher test results and larger student gains than government schools before adjustments are made for students' backgrounds.

- Victoria is significantly outperformed by the global top tier education systems. Compared with some high-performing jurisdictions Victoria has a larger tail of underperformance and a less equitable education system. Increasing performance to the level of these systems — a moving target — will require improvements across the entire Victorian system.
- There has been a significant and sustained decline in school productivity, with increased expenditure producing static outcomes.

These outcomes are not unique to Victoria, with other jurisdictions in Australia and overseas experiencing similar outcomes.

The Victorian Government has set a goal of lifting the performance of Victoria's school system into the global top tier. The Commission's analysis suggests that an improvement of at least several percentage points is needed in Victoria's PISA mean scores to achieve this goal, assuming no change in the educational performance of other economies. Moreover, the analysis suggests that improvements are required across the entire Victorian school system — not just underperforming schools — to achieve top tier performance. Possible channels for achieving this goal, including through increased autonomy and accountability in the government school system, are examined in the next chapter.

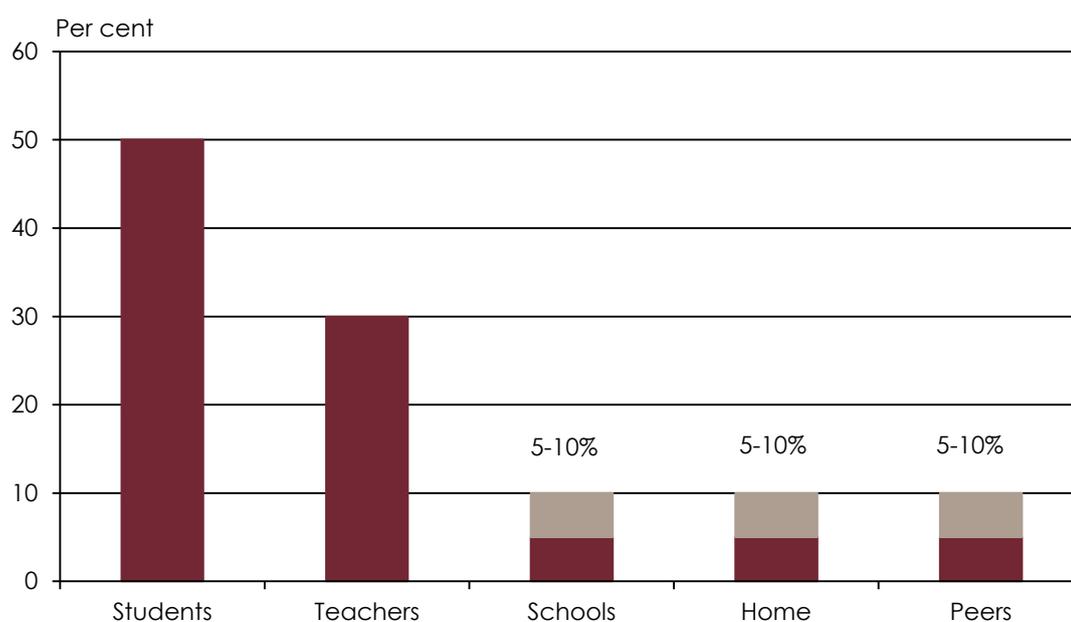
3 The role of school autonomy in improving performance

An important question arising from the terms of reference is the degree to which school autonomy affects student outcomes. To put this question in context, the first part of this chapter discusses the broader set of factors that influence student outcomes (section 3.1). The latter part of the chapter examines the research into the impacts of school autonomy on student outcomes (section 3.2).¹

3.1 Key drivers of student outcomes

The factors affecting student learning and the contribution of schools to that learning have been subject to an enormous amount of research. This research suggests that student and teacher factors—such as family background and the quality of teaching—predominate over other influences (figure 3.1).

Figure 3.1 Contributions of different factors to student achievement



Note: 'Schools' includes the contribution of factors such as school finances, school size, class sizes and buildings, as well as the principal. The lightly shaded bars indicate that the range of influence varies between 5 and 10 per cent.

Source: Hattie 2003, 1–2.

The quantitative methods used to disentangle the effects of different influences have limitations, including difficulties in adequately capturing interdependencies or interactions between different influences. There are also deficiencies in the data and measures used (that is, they may not accurately reflect what was intended to be measured), thereby affecting the reliability of the results (section 3.2.2). Even among

¹ In this chapter, 'student outcomes' refers primarily to gains in student achievement but can also include attendance, retention and completion rates, and student wellbeing.

the more robust studies, there is typically considerable variation in the findings regarding the contribution of particular factors to student outcomes.

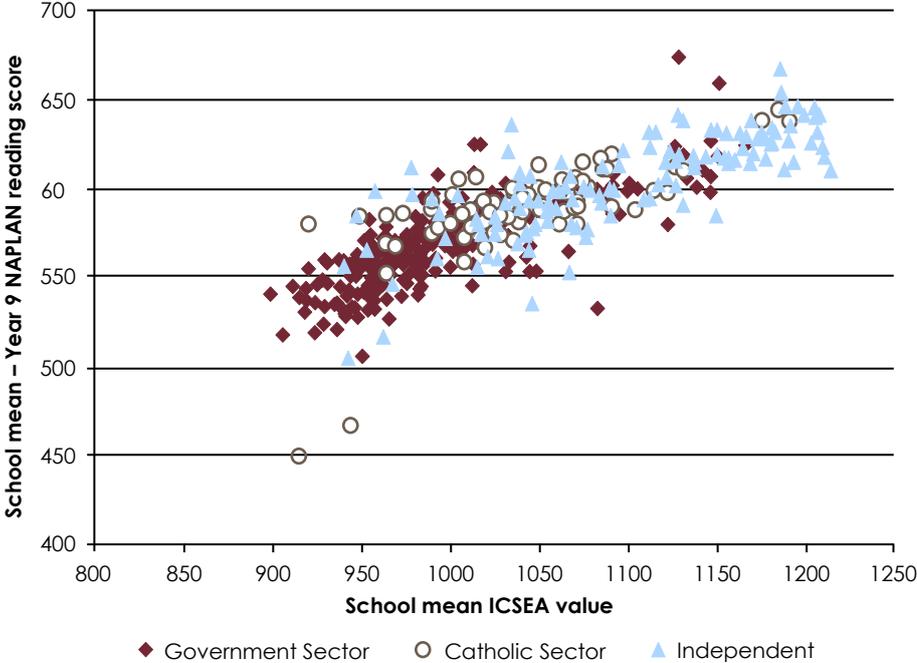
3.1.1 Student and family background is important in explaining student achievement

In consultations and submissions, a number of participants pointed to the important role of social background factors in explaining student achievement (Melbourne Graduate School of Education (MGSE) (sub. 2, 7); Australian Education Union — Victorian Branch (AEU) (sub. 8, 8)). Research evidence also indicates that student performance is strongly influenced by their characteristics and family background. This reflects factors such as intelligence and ability, parental occupation and income, cultural background, and early childhood development.

Socioeconomic background, which is a proxy for many of these factors, is a key predictor of student outcomes. Australian studies have found socioeconomic variables to be highly significant in explaining academic achievement. On average, students from lower socioeconomic backgrounds perform less well academically than students from higher socioeconomic backgrounds (Holmes-Smith 2006, 1; Lamb et al. 2004, vii).

Recent analysis using data from one Australian state found a clear relationship between a school's average results (Year 9 National Assessment Program — Literacy and Numeracy (NAPLAN) scores) and its average socioeconomic status (figure 3.2). The analysis also estimated that, in each school sector, at least 50 per cent of the variation in the average school score was explained by average socioeconomic background (MGSE, NILS, and NG 2011, 26).

Figure 3.2 School performance and socioeconomic status, one Australian state, NAPLAN (2010)

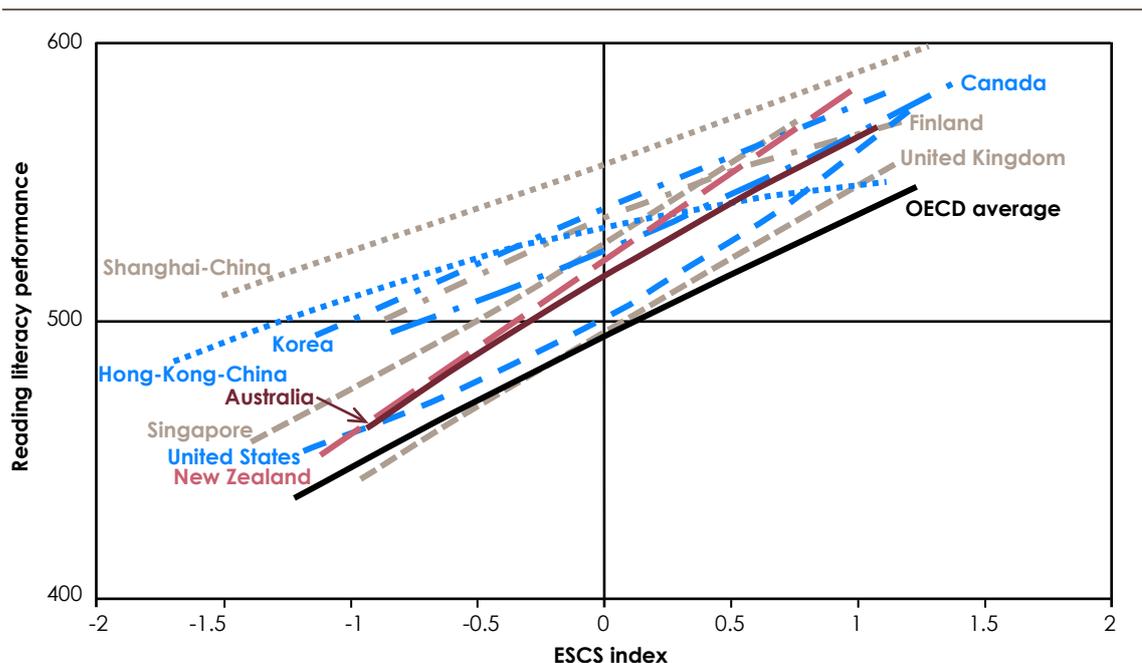


Note: The report intentionally did not identify the state but noted that the pattern shown in the chart is consistent across Australia. The Index of Community Socio-Educational Advantage (ICSEA) value is a measure of socioeconomic status.

Source: MGSE, NILS, and NG 2011, 26.

There is also international evidence of a strong relationship between socioeconomic factors and student achievement. Analysis of the Organisation for Economic Co-operation and Development's (OECD's) Programme for International Student Assessment (PISA) data shows that there is a significant relationship between students' reading literacy performance and their socioeconomic background as measured by a socioeconomic status index. This relationship is evident in Australia and other PISA countries, although the strength of the relationship varies among countries (figure 3.3).

Figure 3.3 Reading literacy performance and socioeconomic status, PISA (2009)



Note: In PISA, the socioeconomic background of students is measured using a composite index: the index of economic, social and cultural status (ESCS), which is based on the highest level of the occupation of the students' parents or guardians; the highest level of education of parents (converted into years of education); and an index of home possessions, including educational resources, cultural possessions, and other items in the home.

Source: Thomson, DeBortoli, et al. 2011, 281.

The strong relationship between socioeconomic status and student performance tends, all other things being equal, to produce less equitable educational outcomes. Parents who are more highly educated and well remunerated are generally able to provide their children with additional resources and support such as computers, books and private tuition, and encourage learning behaviour in their children. Such advantages are reinforced where these children attend schools with high concentrations of students from high socioeconomic backgrounds, benefiting from the 'peer effect' (that is, students tend to do better when surrounded by high-performing peers).

Although socioeconomic status is a reasonable proxy for family background effects, broad measures can mask some of the dimensions of educational disadvantage. Students in Australia who have a low level of English, are refugees or Indigenous, and/or live in rural or remote areas tend to perform less well at school (MGSE, NILS, and NG 2011, 66; Zanderigo, Dowd, and Turner 2012, 8). The implications of school autonomy for disadvantaged students are discussed in chapter 11.

3.1.2 The quality of teaching and leadership also influence student achievement

The quality of the learning experience that schools provide is influenced by a range of factors, such as the quality of teaching, school leadership and curriculum. Many of these factors are being targeted through current or prospective reforms in Victoria and nationally, including initiatives to improve the quality of teaching and building leadership skills (chapters 4, 6 and 7).

Teachers are a key input to education services. Unsurprisingly, research suggests that, after student and family background, the quality of teaching has the greatest impact on student performance and that teachers are the most powerful influence on student learning (Darling-Hammond 2000; Hanushek 2002; Hattie 2003). The Victorian Association of State Secondary Principals (VASSP) also highlighted the importance of quality teaching (sub. 7, 6). Some of the dimensions of quality teaching are summarised in box 3.1.

Box 3.1 Dimensions of quality teaching

The quality of instruction is central to improving student outcomes. Although what constitutes quality teaching is subject to ongoing debate, Masters outlined a number of effective teaching practices including, for example:

- setting high expectations for every student's progress and ambitious targets for improving performance
- implementing teaching methods that have been shown to be effective in promoting successful learning
- creating classroom learning environments in which students are engaged, challenged and feel safe to take risks and are supported to learn
- building students' beliefs in their own capacities to learn successfully and their understanding of the relationship between effort and success
- providing regular and timely feedback to students in forms that make clear what actions individuals can take to make further learning progress.

Source: Masters 2010, 15.

The impact of quality teaching on student achievement can be substantial, for example:

- a good teacher can, in one academic year, move a typical student up at least four percentiles in the performance distribution (Hanushek 2004, 20–21)
- students placed with high-performing teachers will progress three times as fast as those placed with low-performing teachers (Barber and Mourshed 2007, 12)
- students with a highly effective teacher learn twice as much as students with a less effective teacher (Jensen and Reichl 2011, 6).

Importantly, if students over their school years are taught by a series of effective teachers, this can help to offset learning deficits arising from socioeconomic disadvantage. This highlights the importance of developing and maintaining a high quality teacher workforce throughout the school system. Workforce issues are discussed further in chapters 6, 7 and 8.

Strong leadership is another key condition for enhancing school effectiveness (MGSE, NILS, and NG 2011, 10; Scheerens 2004, 9–10). Empirical estimates of the effects of

leadership on student achievement vary considerably, with meta-analyses reporting impacts in the small to moderate range (Scheerens 2012, 141). Recent US analysis has estimated that highly effective principals raise the educational gain of a typical student in their schools by between two and seven months of learning in a single year, whereas ineffective principals lower achievement by the same amount (Branch, Hanushek, and Rivkin 2013, 63).

Moreover, leadership can interact with other influences on student learning. Australian research suggests that leaders contribute to student learning indirectly through their influence on other people, organisational capacity and context (Anderson et al. 2007, 45). Indeed, because of such linkages, educators such as Pasi Sahlberg have argued that 'school leadership matters as much as teacher quality' (Strauss 2013).

3.1.3 Other influences

There has been considerable debate in Australia and internationally over the effect of class sizes on student outcomes (chapter 2). Constraints on class sizes are discussed in chapter 8.

Factors such as curriculum and infrastructure have also been explored as potential drivers of educational improvements. Some curriculum elements such as vocabulary, repeated reading and creativity programs have been found to have significant impacts on student learning. However, as Hattie argued, it is less the content of the curriculum that is important than the strategies teachers use to implement the curriculum so that students progress upwards through the curriculum content (Hattie 2009, 159). And, while school facilities may be a feature — amongst others — that attracts students and teachers to a school, the impacts of school infrastructure on student outcomes are not well established in the research literature. There are many claims about the possible effects of various aspects of learning spaces on student learning that have not been substantiated empirically (Blackmore et al. 2011, iv–v).

In recent years, research has increasingly focused on institutional aspects of school systems (such as autonomy, accountability, ownership and choice), and how these affect student outcomes. This, in part, has been spurred on by the development of institutional indicators as part of PISA. For example, some indicators measure the degree of school autonomy in areas such as resource allocation and curriculum and assessment. Some recent cross-country studies have estimated that institutional features account for about one-quarter of the variation in student achievement (Hanushek and Wößmann 2010, 99; OECD 2010, 44).

Within the institutional stream, some research points to an important role for the 'middle layer' in school systems, such as regional or school networks or clusters, in delivering and sustaining improvement. McKinsey & Company analysis of the world's most improved school education systems found that, across all the systems studied — despite their differences in structure — the mediating layers were effective in opening up channels for communication, sharing, support, and standardisation across schools and from schools to the centre (Mourshed, Chijioko, and Barber 2010, 87). The roles of different layers in a school system are discussed further in chapter 9.

3.2 Unpacking the contribution of school autonomy

A component of the reform of government schools in Victoria and some other jurisdictions in Australia has been to devolve greater responsibility for decisions on how schools are run. A number of countries — such as the United States, England, Sweden and New Zealand — have also increased autonomy in some or all of their government school systems. In some countries, autonomy reform has involved a reallocation of

responsibilities and changes in accountability policies. Key rationales for such initiatives include improving the functioning of schools and enhancing learning outcomes (Arcia et al. 2011, 3).

A potential benefit of greater autonomy is to allow schools to tailor their approach to education to their circumstances, rather than being subject to a one-size-fits-all approach. This is based on the premise that those who work at the school have greater management control and knowledge of the needs of the school and, therefore, can make decisions to improve academic results and the efficiency of spending. A number of participants envisaged various benefits from an enhanced capacity for local decision making (Mentone Girls Secondary College School Council, sub. DR13, 1; Mount Alexander College School Council, sub. DR19, 1; Bouchier Street Primary School Council, sub. DR23, 1).

While improving student outcomes is paramount, other potential benefits of school autonomy may include outcomes such as:

- improved education process, for example, through changes in pedagogy and the allocation of teacher time
- enhanced transparency of information on student outcomes and school financial management
- improved school climate and culture.

These potential benefits of school autonomy may be viewed as intermediate outcomes, which to varying degrees may influence student outcomes. Such intermediate outcomes are often quite difficult to measure, explaining why many studies examining the effects of autonomy have focused on student achievement.

3.2.1 Evidence on the impact of autonomy reforms

An important question for this inquiry is whether autonomy reforms can improve outcomes such as student achievement and school efficiency. As noted by VASSP, the answer to this question is complex as there are many factors that affect student learning. VASSP also argued that, when addressing this question, the evidence needs to be international as well as Australian (sub. 7, 2, 6). Commenting on the draft report, Professor John Hattie stated that it did not find 'much relation between levels of autonomy and student outcomes' (sub. DR14, 2).

Like drivers of school performance in the broad, there is an array of empirical work on the role of school autonomy. The Commission has examined a wide range of country-specific studies, cross-country studies and meta-analyses. Given the significant challenges in estimating the impact of autonomy, the evidence needs to be read with caution — the key limitations are outlined in section 3.2.2.

Student achievement

Overall, the international evidence on the impacts of school autonomy on student achievement is mixed. It also suggests that the design and implementation of such reforms are important. There is some evidence, from country-specific and cross-country studies, suggesting that more autonomous school systems can improve student performance. Equally, there is some contrary evidence — including from country-specific and cross-country studies — indicating no gains or a deterioration in student performance relative to public schools or school systems not subject to those reforms. The mixed nature of the evidence is illustrated by the experience in the United States with charter schools, which have been operating for more than 20 years (box 3.2).

Box 3.2 Charter schools in the United States

Charter schools are independent public schools that generally have more flexibility than traditional public schools in areas such as curriculum, pedagogy, operational settings, and workforce management. A charter school is established by a charter or contract between an organisation or group of individuals who wish to run a school and an authorising body (usually a local and/or state body). Through the charter, these schools are accountable to the relevant charter authoriser for delivering agreed outcomes. There were estimated to be over 6000 charter schools in the 2012-13 school year (CREDO 2013, 1), representing a small percentage of all public schools in the United States.

A large number of studies has examined the performance of charter schools. In summary, the outcomes have been mixed. Some studies found large positive effects on student achievement. For example, one study estimated that charter schools in Boston raised student achievement significantly in English and mathematics relative to students attending traditional public schools (Abdulkadiroglu et al. 2009, 9). Another study estimated greater gains for students attending charter schools in New York City than students in traditional public schools (Hoxby, Murarka, and Kang 2009, viii). The methodology, and size of the gains, in these studies have been challenged by other researchers (Reardon 2009). A recent assessment of charter schools and traditional public schools in Florida reported that the percentage of students making learning gains was higher in charter schools in 83 of 96 comparisons (FDE 2012, iv).

At the same time, the results of major national evaluations involving large numbers of charter schools across the United States reveal a more complex picture (CREDO 2009; CREDO 2013). The 2013 evaluation found that 25 per cent of charter schools had stronger growth in reading achievement than their traditional public school counterparts while 19 per cent had weaker growth than traditional public schools. In mathematics, 29 per cent of charter schools achieved stronger growth than traditional public schools but 31 per cent had weaker growth than traditional public schools. Based on a pooled sample of 27 states, the evaluation estimated that students in charter schools achieved greater learning gains in reading than students in traditional public schools. The learning gains achieved by charter school students in mathematics were similar to those achieved by their peers in traditional public schools. That said, in both subjects, charter school students have improved their relative performance since the 2009 evaluation (CREDO 2013, 3, 80, 84).

Meta-analyses of charter schools have reported a mixed set of findings. For example, one meta-analysis, which examined 47 studies, reported that 19 studies had positive findings, 12 had mixed findings and 16 had negative findings (Miron, Evergreen, and Urschel 2008, 20). Another meta-analysis focusing on mathematics and reading scores found that charter schools outperformed traditional public schools in some locations, grades and subjects, while they underperformed traditional public schools in other locations, grades and subjects (Betts and Tang 2011, 1).

Sources: Abdulkadiroglu et al. 2009; Betts and Tang 2011; CREDO 2009; CREDO 2013; FDE 2012; Hoxby, Murarka, and Kang 2009; Miron, Evergreen, and Urschel 2008; Reardon 2009.

Similarly, research on academies in England — which have higher levels of autonomy than other state schools — paints a mixed picture regarding the impacts on student achievement (box 3.3). In its review of the evidence, the Academies Commission noted that some academies have demonstrated stunning success but this was not common. While it noted some modest improvement in student performance from the academies program, it also recognised the complexities and limitations in comparing the performance of academies with other schools (Academies Commission 2013, 23).

Box 3.3 Academies in England

Academies are publicly funded independent schools that have greater freedoms, than other types of state schools, in areas such as operational settings, delivery of curriculum, and staff pay and conditions. The first academies were established more than ten years ago. About 2500 or half of state secondary schools in England are now academies, while only 5 per cent of primary schools have academy status (Academies Commission 2013, 16).

Official evaluations of the performance of academies have reported positive results. Analysis by the Department for Education (England) found, that for sponsored academies that had been open for at least five years, academic results between 2006 and 2011 had increased at a faster rate than in other state-funded schools and at a faster rate than in a group of similar schools (DFE 2012, 2). In 2010, the National Audit Office (England) reported that most academies were achieving increases in academic attainment compared with their predecessor schools, although it also found that a small number of academies had made little progress (NAO 2010, 5).

According to research on English secondary schools that had converted to academies, the improvement in student performance had been strongest for those schools that have been academies for longer and for those that had experienced the largest increase in school autonomy (Machin and Veroit 2011). Subsequent analysis found that schools that had converted to academies between 2002 and 2007 had improved their performance by raising the attainment of students in the top half of the ability distribution (Machin and Silva 2013).

These positive findings, however, contrast with those of other studies and have been disputed on methodological grounds. For example, an analysis of academies between 2002 and 2006 found that their level of success compared with their predecessors and national averages was insubstantial, with some schools achieving higher scores following academisation while others achieved lower scores (Gorard 2009, 101). A more recent analysis concluded that academies were not improving faster than non-academies with similar characteristics. It also disputed the contention that the 'academy effect' takes some time to achieve (Wrigley and Kalambouka 2012, 2–3).

Some of the criticisms levelled at studies finding positive effects from academisation include reliance on small samples, the use of alternative qualifications as measures of academic attainment, and the failure to take account of changes in the composition of student intakes.

Sources: Academies Commission 2013; DFE 2012; Gorard 2009; Machin and Silva 2013; Machin and Veroit 2011; NAO 2010; Wrigley and Kalambouka 2012.

Several participants reported findings from cross-country analyses on the impacts of school autonomy (MGSE, sub. 2, 12; AEU, sub. 8, 5; Educational Transformations, sub. 12, 5). Commenting on the draft report, the AEU pointed to evidence of positive outcomes for students from greater school autonomy only in respect to local responsibility for curriculum and assessment (sub. DR33, 1–2). As shown in table 3.1, cross-country analyses have found positive, negative and no associations between different measures of autonomy and student performance. Given the mixed findings, the research is not definitive about which dimensions of school autonomy are most important for student outcomes.

More recent cross-country studies have sought to estimate the impact of accountability policies on student performance and the link between school autonomy and accountability. Empirical work finds that students perform better where accountability policies are in place that aim at students (external exit exams), teachers (monitoring of

lessons) and schools (assessment-based comparisons). In addition, school autonomy over budget, salaries and course content appears to be more beneficial when external exit exams hold schools accountable for their decisions (Wößmann et al. 2007, 4).

Table 3.1 Key findings on autonomy and student performance, cross-country studies

Study	Test	Findings	Overall
Wößmann (2003)	TIMSS 1995	<ul style="list-style-type: none"> • School autonomy in personnel and process decisions combine with other institutional features to yield positive effects on student performance 	Positive
OECD (2005)	PISA 2000	<ul style="list-style-type: none"> • School autonomy has a small but statistically significant negative association with student performance, after taking into account student and school characteristics 	Negative
Maslowski et al. (2007)	PISA 2000	<ul style="list-style-type: none"> • More autonomy in personnel management related to higher reading performance, but the relationship disappears when the schools' student composition is taken into account • No significant associations between performance and autonomy in the domains of financial resources, student policies, and curriculum 	No effect
Wößmann et al. (2007)	PISA 2003	<ul style="list-style-type: none"> • Accountability measures positively impact on student performance • Positive impact on student performance from hiring autonomy but negative impact on performance from budget autonomy • Autonomy over budget, salaries, course content is more beneficial for student performance when there are accountability measures, especially external exit exams 	Mixed effects
OECD (2010)	PISA 2009	<ul style="list-style-type: none"> • Autonomy to define curricula and assessment is positively related to student performance • Autonomy in managing resources is unrelated to student performance • Standards-based external examinations are positively related to student performance • No measurable relationship between various uses of assessment data for accountability purposes and the performance of school systems 	Mixed effects
Hanushek et al. (2011)	PISA 2000–2009	<ul style="list-style-type: none"> • Autonomy affects student achievement negatively in developing and low-performing countries, but positively in developed and high-performing countries • Negative effects on student achievement of increased autonomy over academic content in low-income countries • Positive effects on student achievement of increased autonomy over academic content, personnel and budgets in high-income countries 	Mixed effects

Sources: Hanushek, Link, and Wößmann 2011; Maslowski, Scheerens, and Luyten 2007; OECD 2005a; OECD 2010; Wößmann 2003; Wößmann et al. 2007.

In its submission, Parents Victoria noted that without evaluations of school autonomy projects in other states in Australia, it is hard to measure if there have been significant improvements or not (sub. 6, 3). Such evaluations could provide useful insights, but there have been few rigorous analyses of the impacts of school autonomy initiatives on student achievement in Australia. This is because previous evaluations have either tracked perceptions or have covered initiatives in place for a short period.

- A study of the *Schools of the Future* initiative in Victoria in the 1990s tracked the views of principals over five years on expected benefits in four domains: curriculum and learning; planning and resource allocation; personnel and professional aspects; and school and community. Educational Transformations reported that, while the objectives of this initiative were generally perceived to have been achieved to a high level, a key limitation is that the study drew on the perceptions of principals because there were no consistent datasets on student achievement at that time (sub. 12, 6–7).
- Evaluations of school autonomy initiatives in the Australian Capital Territory and New South Wales shed little light on the impact on student achievement in those jurisdictions. These evaluations have tended to report perceptions about student outcomes rather than measured changes in student achievement that are attributable to school autonomy (DEC 2012, 7–8; HWC 2004, 6). The evaluation of the school autonomy pilot in New South Wales noted that it was not possible to quantify the impact on student results in such a short timeframe (DEC 2012, 10).
- A recent evaluation of the *Independent Public Schools* (IPS) initiative in Western Australia reported that IPS principals overwhelmingly maintained that the initiative had considerably enhanced the functioning of their schools and created the opportunity to access more benefits, and that it will lead to better outcomes for their school communities. However, the evaluation also acknowledged that there is little evidence of changes in student outcomes, such as enrolments or student achievement, at this early stage of implementation (MGSE, CPE, and Shelby Consulting 2013, 6, 8).

The extent and magnitude of the impacts of school autonomy initiatives will depend, to a significant degree, on the quality of design and implementation. A review of school autonomy reforms reported a substantial body of research suggesting that ‘poorly designed and poorly implemented reforms have few positive effects’ (Briggs and Wohlstetter 2003, 352). More recent evidence from charter schools in the United States also suggests that the design and implementation of state laws and policies governing these schools matter for student performance. Differences in charter school policies across states were found to explain part of the observed differences in student results (CREDO 2009, 45).

Equity

Some participants expressed concerns that greater autonomy could lead to a worsening in educational inequality (MGSE, sub. 2, 12; VASSP, sub. 7, 2; AEU, sub. 8, 5–6; VPA, sub. DR20, 13; Victoria University, sub. DR26, 1; AEU, sub. DR33, 2). For example, MGSE stated that:

Most systems that have increased devolution have led to more unequal schools. For New Zealand devolved much to schools as a consequence of the 1989 Tomorrow’s School mandates and since that time NZ has dramatically increased the inequalities in student outcomes. (sub. 2, 12)

Similarly, Victoria University argued that charter schools in the United States, school devolution in New Zealand and the academies in England have exacerbated inequality and educational disadvantage (sub. DR26, 1).

Furthermore, the Victorian Equal Opportunity and Human Rights Commission (VEOHRC) noted that, while most students with disabilities are accepted for enrolment, its research had found explicit examples of discrimination against students with disabilities (such as students being refused enrolment because of disability or being subtly informed that the school could not accommodate their needs). The VEOHRC also noted that there is no means to reliably determine how autonomy is affecting the school performance of students with disabilities in Victoria because there is no system-wide mechanism for determining the educational outcomes of these students (sub. 5, 4; sub. DR25, 2).

Like the evidence on school autonomy and student performance, there is also conflicting evidence on the links between autonomy and educational equity. Some country-specific studies report a worsening of, or no improvement in, the equality of educational opportunity under more autonomous regimes (Frankenberg, Siegel-Hawley, and Wang 2011; Miron et al. 2010; Wilson 2011; Wylie 2010). These effects may turn on the extent of influence that schools have over student admissions and the extent to which parents exercise choice.²

At the same time, recent cross-country empirical analyses have found no indication that autonomy differentially affects students from well-off and disadvantaged backgrounds (Hanushek, Link, and Wößmann 2011, 26; Schütz, West, and Wößmann 2007, 34).

Factors such as parental choice and funding systems — which can have a bearing on equity outcomes — are discussed in chapters 10 and 11.

Efficiency

While many studies have focused on the impacts on student achievement, there has been much less emphasis on the question of whether school autonomy has improved efficiency. The term efficiency can take various meanings. The OECD examined the technical and cost efficiency of school systems in member countries. It identified a number of policy settings at the school level that appear to be conducive to raising efficiency, including greater decision-making autonomy and assessment policies that monitor student performance and allow for benchmarking between schools, among other things (Sutherland, Price, and Gonand 2009, 27).

3.2.2 Some cautions about the evidence base

As noted, the international evidence on the impacts of school autonomy reforms needs to be interpreted carefully. There has been substantial debate over the findings, methodology, and data. It is important to recognise the limitations of the various types of studies, including methodology, causal attribution, and data quality issues.

Schools and school systems are complex, producing multiple outputs (including, but not only, educational outcomes) and using multiple inputs. Failure to take sufficient account of relevant factors other than school autonomy will bias the estimated impact attributed to autonomy. In addition to school and system-level factors, the value placed on education by different cultures and the amount of out-of-school tuition can

² While charter schools in the United States and academies in England are generally not accorded the freedom to select students on ability, some of the above studies have reported changes in the composition of the student intake in these types of schools. US analysis shows that, on average, charter schools tend to enrol lower proportions of special education students and higher proportions of disadvantaged students than traditional public schools (CREDO 2013, 16). There is some research from England suggesting that conversion to academies may generate a selection bias towards an improvement in the educational potential of their student intake (Machin and Veroit 2011, 45–46; Wrigley and Kalambouka 2012, 2).

explain some of the difference in student performance across countries. The existence of these and other factors are a reason why simple comparisons of autonomy and student performance measures are highly problematic. For example, simple cross-country comparisons of PISA measures suggest that some high-performing countries have less autonomous school systems than Australia. However, such comparisons do not prove that institutional features such as the degree of autonomy do not matter or that there would be no gains from autonomy reform in these countries.

A further methodological issue is whether the studies are adequately capturing any interactions between different influences on student learning (Vegas and Petrow 2008, 65). As noted, some cross-country studies have modelled interactions between autonomy and accountability policies, but there may also be interactions with leadership and teaching quality (section 3.1.2). Research techniques that do not adequately account for such interactions would likely underestimate any broader effects of autonomy.

While many studies seek to control for confounding factors, another set of limitations relates to the quality of international assessment data, and the indicators measuring school autonomy and other variables such as teacher effectiveness and leadership quality. The constructs underpinning international tests such as PISA and the Trends in International Mathematics and Science Study (TIMSS) differ considerably, and countries can achieve widely divergent results in mathematics between these different constructs. Cautions have also been expressed about the PISA autonomy measures (OECD 2010, 69; Scheerens 2004, annex, 9). Moreover, it has been argued that commonly measured attributes of teachers — such as more than three to four years of experience, master's degrees and state certification are imperfect measures of teacher effectiveness (Haycock and Hanushek 2010, 48). Where such measures are used in modelling, this may result in biased estimates of the impacts on student achievement attributed to different factors.

A limitation particularly affecting some country-specific evaluations is the length of study period. It can take many years before effects on student achievement become evident, if at all. A meta-analysis of US studies on school autonomy reforms found that such reforms take up to five years to produce fundamental change at the school level, and about eight years to improve student achievement (Bruns, Filmer, and Patrinos 2011, 99, 101). Similarly, a 2013 report on the academies in England concluded that the 'clearest improvement in performance can be seen in a small group of 33 sponsored academies open for at least five years' (Academies Commission 2013, 23).

In addition, studies may face difficulties in capturing the dynamic benefits of fostering an 'innovation friendly' school environment. Workplace innovation can improve student achievement and financial outcomes. There also appears to be a lack of an efficiency or cost-effectiveness dimension to many of the studies examining school autonomy. The World Bank identified the lack of cost-benefit analyses of school-based management initiatives as an important gap in the literature (Barrera-Osorio et al. 2009, 41).

3.2.3 What to draw from the evidence?

The existing body of research into the impacts of school autonomy on student outcomes is by no means definitive. The international evidence is mixed regarding its impacts on student achievement and educational opportunity. It is also not conclusive about which areas or domains might benefit from autonomy.

The Academies Commission in England recently came to a similar conclusion in its appraisal of the international research:

The literature is extensive and the issues are methodologically exceptionally complex. Much of the evidence and conclusions continue to be disputed. ... The evidence of such reforms on overall levels of attainment is difficult to establish. (Academies Commission 2013, 90)

Furthermore, unlike evaluations of the performance of charter schools and academies overseas, evaluations of school autonomy initiatives in Australia have tended not to report impacts on student achievement or have analysed these impacts over short periods. There has also been comparatively little research on the impacts of autonomy on school efficiency either in Australia or other developed countries.

That said, the research does indicate that the design and implementation of autonomy reform has an important bearing on outcomes. It supports the conclusion that it is not autonomy *per se* but the extent to which local decision making can activate the known drivers of educational improvement — the quality of teaching and leadership — that will improve educational outcomes. Given the uncertainty and caveats around the evidence, the Commission considers that experience from school systems in Australia and overseas is informative but not definitive in reaching conclusions on policy design and implementation. It may, therefore, be useful to also draw on the experience, principles and lessons learned from other parts of the economy, such as health care, that also deliver social services to the Victorian community (chapter 5).

4 Current level of autonomy

The inquiry terms of reference require the Commission to examine the current split of responsibilities between Victoria's central and regional education bureaucracy, and government schools across areas such as governance, funding, infrastructure, workforce, operations, curriculum and assessment. This chapter describes the extent and direction of decision making autonomy in five areas of school management:

- workforce management
- infrastructure
- funding
- other operational areas
- curriculum, assessment and pedagogy.¹

In light of the vast range of policies, accountabilities and processes in the government school sector, the Commission has sought to contain the scope of the analysis by focusing on the accountability areas that:

- are most relevant to improving educational outcomes
- relate directly to the controllable key drivers of educational outcomes — teaching quality and leadership (chapter 3)
- were identified by stakeholders and participants as requiring improvement.

Workforce management issues meet all these criteria and are the focus of this chapter.

The other areas are discussed in less detail. Curriculum, pedagogy and assessment are highly relevant to educational outcomes, but are relatively devolved. The Commission considers infrastructure, funding mechanisms and other operational matters to have limited direct effect on improving the drivers of educational outcomes or in the case of funding, are already highly devolved.

As discussed below, even within the limits on school autonomy in Victoria (section 4.1), Victorian government schools still have relatively devolved decision making authority when compared with other government school systems, particularly in Australia (section 4.2). This system operates in a changing environment in which the Victorian Government has announced its intention to give schools more autonomy and the Commonwealth Government is increasing its focus on schools and student performance (section 4.3).

4.1 Decision making in Victorian government schools

Authority to make many of the decisions that need to be made in the five key areas of school management have been devolved to Victorian government schools or are devolved, but subject to meeting departmental and other requirements. In a number of areas, many — perhaps most — principals are not, however, using their authority to make decisions.

¹ This chapter does not describe institutional and governance arrangements in Victoria's government school sector. This is the subject of chapter 9.

4.1.1 Workforce management

As noted in chapter 3, the quality of teaching is an important determinant of educational outcomes. In this context, giving school principals greater autonomy over workforce management has the potential to improve the quality of teaching by allowing schools to:

- more actively seek out and develop the best possible teachers for the particular needs of the school
- provide more tailored career structures that encourage the best teachers to remain in government schools (rather than leaving the profession or moving to the non-government sector)
- change the composition of the workforce (the combination of administrative staff, special education teachers or teaching assistants) to reflect student needs and school/curriculum structure.

These potential benefits need to be balanced against other imperatives such as providing natural justice for the workforce, especially around decisions on pay, and hiring and firing. Providing complete autonomy to schools may also result in the highest-quality teachers gravitating away from working in disadvantaged areas. The incentive to invest in professional development and developing future leaders may also be muted if greater staff mobility increases risks of schools losing staff to other schools.

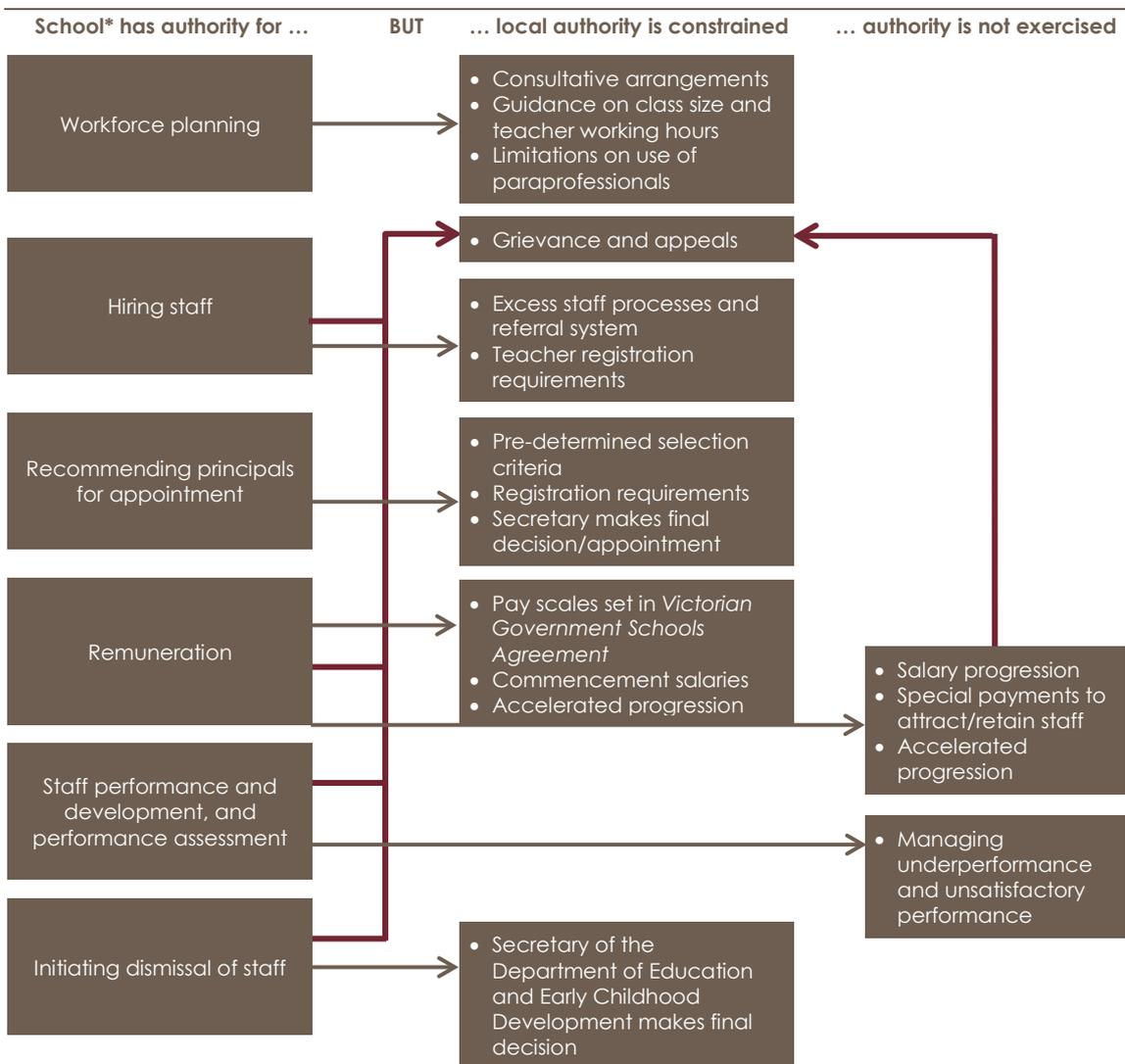
Workforce decisions affecting the quality of teaching include those relating to:

- appointment of principals (school leaders)
- planning the work of teachers
- hiring and dismissing teachers
- teacher and principal pay and conditions
- performance management of teachers and principals
- professional development for teachers and principals.

In general, the situation facing principals in relation to decisions in these areas can be described as one of 'constrained autonomy'. Within each of these decision making areas, there are examples where the authority to make decisions has been devolved or partly devolved to schools, but subject to various legislative and industrial requirements and guidelines. In some of these areas of workforce management, decisions have been devolved to principals but the authority is seldom exercised. The main authorities and constraints on principals are summarised in figure 4.1. The *Victorian Government Schools Agreement (VGSA) 2013* changed some of the details relating to workforce management issues — including salaries, staff classifications, recommended timeframes for unsatisfactory performance processes, and excess staff arrangements. It did not, however, change the authorities for making workforce decisions (chapter 7).

Opportunities to further devolve decision making in areas such as class sizes, consultative processes are discussed in chapter 8, while issues surrounding performance management and progression, and teacher recruitment and dismissal, are discussed in chapter 7.

Figure 4.1 Authority for managing the government schools workforce



* The principal in all cases, except for principal appointment, which is the responsibility of school councils.

Source: Commission analysis.

4.1.2 Infrastructure

Poor infrastructure can detract from student learning and make schools less attractive places for teachers, students and parents. Given the significant accumulated investment in school infrastructure, how assets are managed can influence the efficiency of resource use in schools and the financial position of the State Government.

In Victoria, government school infrastructure is owned by the Government and major planning and investment decisions are made by the Department of Education and Early Childhood Development (DEECD), in consultation with schools. Major capital works projects (defined as construction of new schools and significant modernisation projects to existing schools) are announced by the Government and funded through the state budget process. Schools have greater decision making authority over minor capital works (defined as those costing less than \$100 000).

Principals are responsible for the day-to-day management of infrastructure, with schools responsible for maintaining buildings at an appropriate standard, so they are 'safe, secure and comply with relevant regulations' (VAGO 2013, 2). A proportion of the funding schools receive each year is notionally allocated for building maintenance, based on enrolment numbers, but schools have the discretion to direct this funding as they choose (VAGO 2013, 2).

Until recently, school rebuilding and refurbishment programs were centrally managed. As part of the *Building the Education Revolution (BER)* program, for example, schools selected from templates prepared at the State level, and projects were managed centrally. In 2011, schools about to commence BER projects were given the opportunity to manage implementation, but only a small number took up this opportunity.

Schools are prohibited from making certain types of purchases and agreements, such as purchasing — or granting an interest in — land or buildings.

4.1.3 School funding

The funding model for government schools in Victoria can be characterised as a decentralised budget model (DAE 2011b, 38), with schools provided largely with untied funding based on student enrolments (through the Student Resource Package (SRP)).

Devolving funding allows schools to direct resources to areas providing the biggest benefit for students. Allowing schools to raise additional funds from parents and business and community groups can enable them to increase services to students, as well as to access knowledge and expertise through sponsorships.

Devolved funding involves some costs and risks. For instance, devolved funding can:

- increase the workload and administrative burden on schools
- exacerbate inequalities in educational opportunity as schools have differential capacity to obtain additional fund raising or sponsorship income
- give rise to liabilities carried by the centre such as the risks of schools getting into financial difficulties due to financial mismanagement.

Ninety per cent of the SRP is allocated as a credit with DEECD for central staffing costs, with the rest allocated as cash (paid quarterly) to school councils. Any unused credit balance may be exchanged for cash prior to the quarterly payment being made.

Because the SRP is largely student-based and unused credits can be converted to cash, this model gives schools the flexibility to determine, for example, their mix of different types of teaching staff, and the mix of teaching and non-teaching staff.

Decision making is, nonetheless, affected by a number of direct constraints (conditions attached to some funding components, such as English as a Second Language funding), as well as indirect constraints (including centrally-determined parameters, such as salary levels and class size guidance).

School councils can seek other sources of funds — the *Education and Training Reform Act 2006 (Vic)* (ETR Act) specifies raising funds for school-related purposes as one of the functions of a school council, but sets restrictions on the source and uses of non-Government funding. For example, fees cannot be charged to students under 20 years of age for instruction for the standard curriculum program, although voluntary contributions may be sought, and a school council cannot obtain credit or loan facilities unless authorised by the Minister.

4.1.4 Operational issues

A number of operational aspects of school management — including length of the school day and academic year, student enrolment policies, provision of student support services, and management of student behaviour and safety — can affect the learning climate at schools and the ability of schools to free up teachers to engage in professional development activities. For example, giving schools the ability to exclude (expel) disruptive students can improve the learning environment, and reduce teaching time lost due to classroom management problems. These benefits need to be weighed against the negative effects on students and the risk that problems are merely shifted to another school.

Government schools have constrained discretion when exercising their authority to enrol or expel students. Principals are responsible for assessing eligibility for admission (against centrally-set parameters), and approving (or rejecting) enrolments at the school, but:

- generally must allow a child of compulsory school age to enrol if the school is the child's designated neighbourhood state school (usually the school nearest to a student's permanent residential address)
- may (but is not obliged to) enrol a child if the school is not the child's designated neighbourhood government school if there is sufficient accommodation.

The Regional Director (as the Minister's delegate) may, in some cases, restrict new enrolments at a school and specifically designate the neighbourhood area (chapter 10).

Principals are responsible for expulsion (and cannot delegate this authority), but a student can only be expelled on specific grounds, and in accordance with various procedures, as outlined in DEECD guidelines (DEECD 2009a). Schools must also work at a network level to ensure that expelled students are guaranteed an educational placement in their network (DEECD 2009a, 28).

Victorian government schools must develop a range of plans and policies in line with DEECD requirements and guidelines (chapter 6). Examples include requirements to prepare school improvement, drug education, student health support, emergency and security risk management plans.

Decisions to establish, extend and maintain, and discontinue a Victorian government school are centralised — the ETR Act specifying these as the responsibility of the Minister and that these decisions are not subject to appeal in any court or tribunal. A school council can, however, recommend to the Minister that its school be closed (see, for example, Cook (2013)). Also determined centrally are the days on which a government school is to be open for attendance by students, the times at which schools are to be open, and the number of student-free days.

4.1.5 Curriculum, pedagogy and assessment

Curriculum, pedagogy and assessment are about what is taught, how it is taught, and assessing what students have learned and need to learn.

Giving schools greater autonomy over curriculum, pedagogy and assessment can enable schools to adjust the breadth, depth and mix of curriculum to suit students' needs and abilities. It can also allow schools to provide additional local context to support the core offerings of the central curriculum. These benefits need to be weighed against potential costs arising from duplication of effort and increased time demands

on teachers due to the need to develop tailored curricula, and risks of schools adopting teaching methods that undermine student learning.

In Victoria, 'there are as many design options as there are schools' and, ultimately, schools have responsibility for, and control over, the educational program they develop (DET 2007) but work within Commonwealth and State frameworks — including the Australian Curriculum, AusVELS (Australian Curriculum Victorian Essential Learning Standards) (compulsory in Victorian government and Catholic schools), and Victorian Registration and Qualifications Authority (VRQA) registration requirements that apply to all schools.

The Australian Curriculum and AusVELS specify what is taught and how it is assessed, but not how it is taught (VCAA 2012). Moreover, although the Australian Curriculum should form the basis of what is taught, it should not account for more than 80 per cent of available teaching time (ACARA 2013c, 26) and decisions relating to time apportionment rest with schools (ACARA 2012b, 8).

The Victorian system allows for curriculum specialisation (an exemption from the requirement to offer the entire core curriculum) and the provision of approved alternative curricula (such as the International Baccalaureate Primary and Middle Years Programs, Montessori, Reggio Emilia and Steiner). Alternative curricula must be registered with the Australian Curriculum, Assessment and Reporting Authority (ACARA) (as a valid alternative to the Australian Curriculum) and must comply with VRQA minimum standards.

Government schools wishing to provide specialised or alternative curricula must also consult with their school community (including preparing a business case) and obtain approval from DEECD (DET 2006, 2).

Victorian government schools must also abide by specific requirements on the content and format of student report cards, report teacher judgements against the VELS for Prep to Year 10, and participate in the National Assessment Program — Literacy and Numeracy (NAPLAN) annual assessments for Years 3, 5, 7 and 9 students (DEECD 2012u; DEECD 2013s).

4.1.6 Conclusion

Victorian government schools possess considerable authority to make decisions that affect their schools and student learning. This is especially the case in relation to curriculum and pedagogy, and decisions about how operational funding is spent.

In the key area of workforce management, the extent of authority is ambiguous and/or constrained as a result of requirements imposed by the legislative framework or through industrial agreements. Particular constraints on workforce management decisions include requirements around managing excess staff, teacher pay and conditions, class size and teaching hours guidance, grievance and appeal procedures, and staff consultation requirements. Even where there appears to be flexibility on these matters, such as in relation to class sizes and the use of retention payments, many principals have not exercised their discretion. (Opportunities to free up decision making in the areas of workforce management are discussed in chapters 7 and 8.)

By design, schools have relatively limited autonomy in relation to infrastructure (particularly large capital works), seeking non-government sources of funding (including charging compulsory fees), and some operational issues, such as school hours and the number of student-free days.

The Victorian Government has outlined that it intends to devolve further decision making authority to government schools in a number of areas, most notably, workforce management. Recognising that devolved decision making needs to be subject to robust accountability arrangements, the Government has also committed to strengthening existing accountability mechanisms, such as school performance measurement, and to reviewing school governance (chapter 9).

4.2 Comparisons with other school systems

Previous research identified Victoria as having the most devolved state school system of all Australian States and Territories (PC 2012, 241).

By definition, independent schools are the most autonomous in Victoria — with decisions generally only constrained by legislative requirements that apply to all schools (such as VRQA registration requirements). Decision making in Victorian Catholic schools is also generally more devolved than in government schools. According to Catholic Education Victoria, it:

... operates a highly devolved model of governance, based on the principle of subsidiarity, under which decisions are taken at the lowest competent level. This provides considerable autonomy to school principals and other school staff over pedagogy, curriculum, staffing, facilities and finances. (CECV 2012, 15)

Although Catholic schools employ their own staff, manage their own budgets and develop their own policies, they do so within systemic and diocesan policy frameworks, and with various support services provided by the Catholic Education Office (CECV 2011, 18).

Although international comparisons of school autonomy are more challenging because of the differing contexts and characteristics of educational systems, the literature suggests that the Victorian government school system is also relatively autonomous, although a number of countries have more devolved arrangements in a number of the areas of school management discussed in this chapter.

4.2.1 Workforce management

Victorian government schools have more authority over workforce management decisions than do government schools in other parts of Australia. Recent reforms in Western Australia's Independent Public Schools have brought them up to a broadly similar level of authority, but these only account for about one-third of government schools in that state. Decision making is more devolved in the Catholic and Independent systems as well as in a number of overseas systems.

Studies commissioned for the Review of Funding for Schooling and the Ministerial Council for Education, Early Childhood Development and Youth Affairs (DAE 2011b; Keating et al. 2011) reported that:

- responsibility for staff appointments is typically centralised outside Victoria
- staffing configuration is undertaken centrally in New South Wales and the Northern Territory, regionally in Queensland, and at the school level elsewhere
- staff payments are centralised in all Australian jurisdictions.

Differences are also apparent between government and non-government schools. Participants to the Productivity Commission's (PC's) schools workforce inquiry

(PC 2012, 240), for example, 'confirmed that non-government schools typically have greater autonomy than in the government sector', and that:

- 'day-to-day responsibilities for education programs and staffing are delegated to the management team in many independent schools, while longer-term planning and supervision is the responsibility of school boards'
- the extent of autonomy in Catholic schools varies 'depending on whether they provide primary or secondary education, are in a particular diocese, and owned by a religious order or parish or group of parishes', although 'principals are typically responsible for staffing, often in a framework moderated at diocesan or district level' (PC 2012, 240).

Workforce requirements for independent schools in Australia are set out in the *Educational Services (Teachers) Award 2010*. The Award allows an employer and an individual employee to agree to vary the application of the following terms of the award 'to meet the genuine individual needs of the employer and the individual employee' (clause 7.1):

- arrangements for when work is performed
- allowances
- leave loading
- overtime rates
- penalty rates.

Ninety-one independent school-level workforce agreements are in force, with face-to-face teaching hours (the level and period over which they are calculated) among the conditions that are varied (Fair Work Commission 2013).

Recruitment decisions in Victorian Catholic schools are taken at the school level, with remuneration and conditions of services set under the *Victorian Catholic Education Multi Employer Agreement 2008* (VCEMEA).

Like the *Victorian Government Schools Agreement 2013*, the VCEMEA includes consultation requirements (such as when a school wants to introduce major changes that are likely to have significant effects on employees). It also outlines class size limits, but allows them to be exceeded if agreed with the teacher and a majority of the consultative committee, and accompanied by a reduction in some other aspect of the teacher's duties or some additional support for that teacher.

The VCEMEA gives schools discretion on a number of issues, including the following.

- Schools can dismiss staff — either summarily (for gross misconduct) or, where there are concerns about the conduct or performance of an employee, with notice (according to periods specified in the Agreement), after 'due process' has been completed. In this case, the provisions of the *Fair Work Act 2009* (Cth) apply.
- Teachers may be considered for accelerated advancement up the incremental scale in their school in accordance with procedures determined by the employer.
- Schools can determine alternative arrangements to those contained in the Agreement, 'to facilitate the introduction of educational initiatives through pilot programmes that lead to improved teaching and learning outcomes' (clause 68), as long as no employee is paid less than specified in the Agreement or is required 'to perform an unfair, unreasonable or excessive workload'.

- A person who has been declared redundant is entitled to an interview if they apply for a vacant position in the Victorian Catholic system, for which they have the qualifications and experience. (VCEMEA 2008)

Internationally, according to the Organisation for Economic Co-operation and Development's (OECD's) recent *Education at a Glance* publication, over half the decisions about personnel management² are taken at the school level in half of the 36 countries included in the survey (OECD 2012, 505).

Teacher salaries in other countries are commonly set centrally. In Sweden, however, the federal Government establishes minimum starting salaries only, with decisions about individual teacher salaries negotiated annually between the principal and teacher (Schleicher 2011a, 47). In a number of countries, additional payments can also be made to teachers, based either on responsibilities; family status; or qualifications, experience and performance. In 13 of the 15 OECD countries for which the data were available, the decision to make additional performance-based payments can be made at the school level (Schleicher 2011a, 51).

The Netherlands and England appear to be the most devolved systems in relation to workforce issues — with schools responsible for decisions on all workforce domains (hiring, dismissal, duties, conditions of service, salary levels, and influence over career) — for principals, teachers and non-teaching staff. Only some of these are constrained by frameworks set by the State or (in the English case) by consultation with local authorities (OECD 2012).

4.2.2 Infrastructure

As noted, government school infrastructure is owned by the Victorian Government and major capital investment decisions are made centrally. This mirrors the situation in most other government education systems in Australia and internationally.

School facilities in most countries are owned by government, the exceptions being the English academies (where new facilities are built and maintained by schools) and US charter schools (that are required to buy, lease or build their own facilities, with varying degrees of State assistance) (Dynarski et al. 2010).

In Australia, funding for major capital works and/or upgrades is included in state budgets, with delivery managed centrally or at the regional level in states such as Queensland and New South Wales (Keating et al. 2011, 25).

In the Catholic system, the Catholic Education Office appears to act as a service or support provider. The Catholic Education Office Melbourne (CEOM), for example, offers schools a range of services including master planning, facilities planning, facilities audits, facilities survey, provision of relocatable classrooms, maintenance advice, plans and documentation (CEOM 2013a).

The CEOM also provides administrative support to Catholic Capital Grants (Victoria) Ltd, which distributes funds to Victorian Catholic schools and is responsible for reporting and accountability to government, helping schools to develop project proposals, receipt and assessment of project applications, making funding recommendations to the government and, once approved, monitoring funded projects (CEOM 2013a).

² Defined by the OECD as hiring and dismissing staff, duties and conditions of service of staff, fixing of staff salaries, and influence over the career of staff.

4.2.3 Funding

Victorian government schools have a relatively devolved funding system by international standards, and compared with other Australian jurisdictions, the degree of autonomy Victorian government schools have over funding is relatively high. Deloitte Access Economics observed:

The New South Wales funding model most closely represents the type of funding model where resource decisions are made at a central level, with the Victorian funding model at the opposite end of the spectrum (with schools provided with a global budget for staff and non-staff resources). (DAE 2011b, 38)

In some cases, a 'hybrid' model operates, such as centralised allocation of staff resources with non-staff resources purchased by schools through their budget, as occurs in Queensland. In New South Wales, schools are able to purchase some non-staff resources.

Funding models are under review or in transition in several jurisdictions, which may result in more devolved models operating more widely in Australia.

The ability to obtain non-government sources of funds tends to be constrained. Like Victoria, school fees in other Australian jurisdictions are generally termed 'voluntary' contributions and tuition cannot be refused on the basis of non-payment of fees by parents (DAE 2011b, 72). There are some differences in how this principle is applied, as well as exceptions, across jurisdictions:

- in Western Australia, the amount of the voluntary contribution that can be sought is capped
- in South Australia, parents are strongly encouraged to pay fees and, in some cases, they are legally recoverable
- in Tasmania, a means test is applied to determine whether families are exempt from paying fees, and schools are compensated for non-receipt of fees from low-income families (DAE 2011b, 72).

Government grants to Victorian Catholic schools are received through the Catholic Education Commission of Victoria (CECV), which allocates funds across schools according to need. Principals and other school staff are involved in decision making, 'so that decisions about need and priorities are taken as close to the local level as practically possible' (CEOM 2013b).

Catholic schools have access to other funding sources. The Catholic Development Fund Victoria, for example, provides loan facilities to Catholic schools and parishes. Catholic schools also set their own fees, but fee policies must be consistent with CECV guidelines, including 'criteria that represent a thorough and transparent assessment of the internal and external factors influencing costs and the ability of the clientele to pay', and the provision of fee remissions/concessions to families in need (CEOM 2009).

Internationally, local authorities make decisions about a school's capital expenditure in more than half of the countries included in the OECD's international survey. Operating expenditure allocations are made largely by local authorities but with schools mainly making decisions about the use of these resources (OECD 2012, 506). In New Zealand, school boards can use locally raised funds to upgrade current buildings or to provide additional facilities (OECD 2007, 24).

Various models exist for sourcing and using private funds — ranging from those where schools are not able to raise funds from any private sources, to having autonomy to raise private funds but not how these funds are spent, to being autonomous in both spending and raising private funds (in the form of donations, letting income and loans). In some cases, such as the United Kingdom (England, Wales and Northern Ireland) schools have autonomy except for loans (Eurydice 2007, 20–21). In New Zealand, school leaders are relatively autonomous in managing their school budget (although teacher salaries are paid by the Ministry of Education) (OECD 2007, 29). State-owned schools in New Zealand cannot charge tuition fees, except to international students, but can raise their own funds and accept donations. They may also charge fees for school trips, take-home items, activities or events that are not essential to teaching the curriculum, if parents are informed and agree beforehand. State-integrated schools (former private schools that have come within the State system) can charge fees called 'attendance dues' for property costs or building maintenance (Ministry of Education New Zealand 2013).

4.2.4 Curriculum, pedagogy and assessment

Compared with government school systems in Australia and internationally, Victoria has a relatively devolved authority for curriculum, assessment and pedagogy.

Drawing on the findings of a Programme for International Student Assessment (PISA) survey of school principals, the PC observed that:

... with respect to curricula and assessment, the level of autonomy is much higher in Victoria, followed by Queensland and South Australia, with a lower degree of autonomy in the remaining states and territories. (PC 2012, 240)

Recent initiatives in Western Australia and Queensland will introduce a similar level of autonomy to Victorian government schools, although the reforms will only apply to a limited number of schools (DEECD 2012c).

As in Victorian government schools, Catholic schools in Victoria develop learning and teaching programs 'that evolve out of its own context and needs', based on AusVELS. They are also guided by the *Learning Centred Schools: A Sacred Landscape Framework*, with religious education at the core of their curriculum (CEOM 2013c). Independent schools in Victoria may choose to access the Australian Curriculum directly or AusVELS, or offer an alternative curriculum framework (ISV 2013a).

Internationally, the report on curriculum-related decision making across OECD economies found decisions related to the organisation of instruction are generally made at the school level (except decisions on instruction time which tend to be made centrally, or within a centrally-established framework) (OECD 2012, 502–3). Another review of curriculum specifications in seven countries found that schools generally have authority for developing curriculum within national frameworks, although approaches differ in detail. In Finland, for example, the national curriculum specifies subject objectives and content, time allocation, special needs education and student welfare, but teachers have a significant degree of freedom in pedagogy, and assessment is based on teacher-set tests, rather than standardised external tests. In Scotland, however, the curriculum is not prescribed by statute or legislation, although the government has published curriculum guidelines (NCCA 2011; Sahlberg 2007, 155).

4.2.5 Other operational issues

The Commission found limited information on the comparative level of autonomy of Victorian government schools on operational issues such as opening and closing schools, school hours, and curriculum days. However, international surveys have found that major operational decisions are made centrally in most jurisdictions. The OECD, for example, noted that:

... schools [in the OECD] are least likely to have decision making responsibility in the area of planning and structures, ranging from decisions to open or close a school, through to programme design and accreditation. (OECD 2012, 503)

It noted, moreover, that in 25 of the 36 countries for which data were available, at least half the decisions about planning and structures were taken at the State or central level (with all decisions made at these levels in five countries), but that:

Even in countries that tend to be more decentralised ... such as the Netherlands and the Flemish Community of Belgium, the central government has an important role in decision making concerning planning and structures of the education system ... (OECD 2012, 503)

There is, however, evidence of flexibility on some operational issues, such as when the school day starts and ends (Netherlands, US charter schools and English academies), extra student-free days (Finland) and enrolments (US charter schools) (OECD 2012).

4.2.6 Conclusion

Overall, Victorian government schools tend to be more autonomous in areas like workforce management and funding than are schools in other parts of Australia and systems overseas. That said, it is neither the most nor the least decentralised system in any of the five decision making areas discussed in this chapter.

4.3 Current and prospective reforms

This inquiry into school devolution and accountability is occurring during a period of significant change for the school sector in Australia and Victoria. Reflecting the need for widespread performance improvement if the top tier goal is to be realised, an extensive schools reform program is in place, with implications for government and non-government schools (figure 4.2). Most of these reforms are being implemented by the Victorian Government. Many have, however, been brought together under a national umbrella, oversighted by the Council of Australian Governments (COAG) and supported by funding under three education-related National Partnership Agreements. In addition, national changes that ensue from the recent *Review of Funding for Schooling* (the Gonski Review) could have significant service delivery implications.

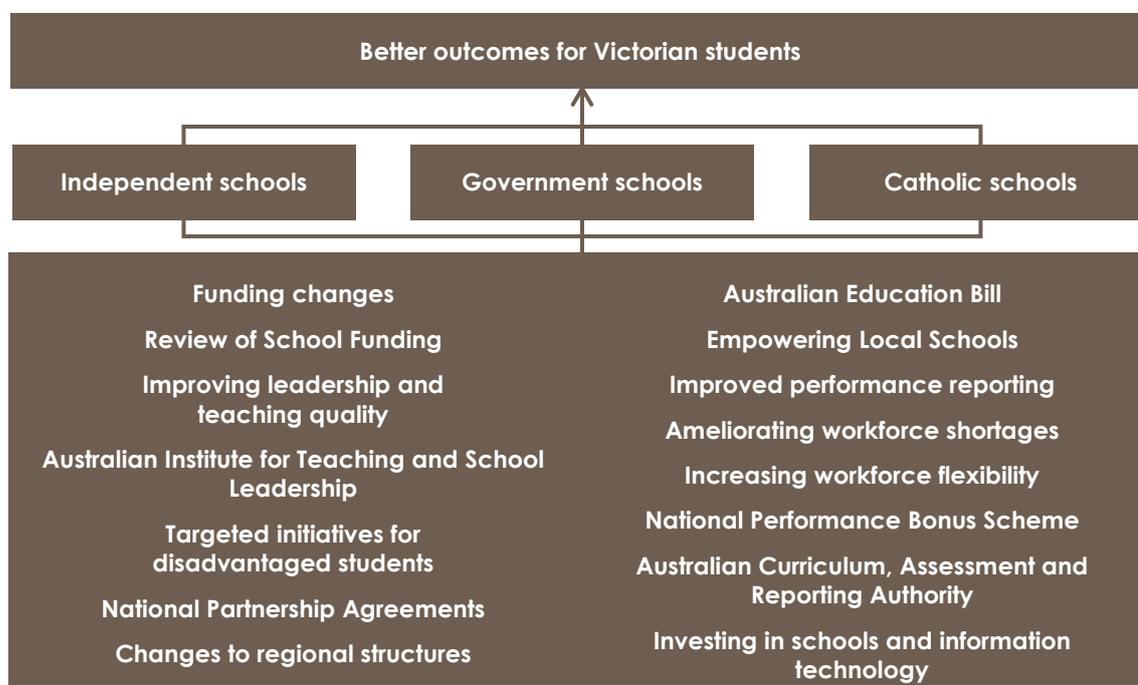
4.3.1 Victoria's reform agenda

The Victorian Government is developing an ambitious agenda for achieving its goal of lifting student performance into the top tier. This multi-faceted agenda covers roles and responsibilities, capabilities of the schools workforce, accountability, and governance of schools. The main elements of the agenda are described in the following policy statements.

- *New Directions for School Leadership and the Teaching Profession* (DEECD 2012o).

- *Towards Victoria as a Learning Community* (DEECD 2012a).
- *Victoria's Plan for School Funding Reform* (Victorian Government 2013).

Figure 4.2 The reform landscape



Source: Commission analysis.

Recent Government policy statements also identify a number of perceived challenges facing Victoria's schools that are especially relevant to this inquiry:

- weak incentives for teachers to improve their performance, including through collaboration and professional development
- teachers lacking the tools necessary to encourage and support better quality teaching, such as feedback, mentoring, and data on student and school performance (particularly measures of student improvement)
- weak incentives for principals as school leaders to drive performance improvement due to unclear accountabilities (layers of bureaucracy surrounding key decisions), a lack of consistent and rigorous performance assessment, and gaps in capabilities and training.

To give effect to its school reform agenda, the Victorian Government has introduced or flagged changes in areas directly relevant to the issues examined in this inquiry:

- *articulating clearer expectations about performance and about roles and responsibilities*, including through the release of a Compact setting out the roles and responsibilities of schools and the Department, and the 2013 VGSA
- *building the capability of the schools workforce*, to be achieved by, amongst other things, improving the training and preparation of new teachers and school leaders, improving professional practice in schools, and encouraging greater sharing of ideas and best practice approach between schools (DEECD 2012a, 10–12)

- *giving schools more authority to make decisions*, by shifting the focus of the Department onto developing tools and frameworks for schools to adopt or adapt as local circumstances dictate (box 4.1) (DEECD 2012a, 13–18)
- *strengthening accountability and support*, including by giving schools improved information on their performance, and requiring schools to undertake a four-yearly strategic planning process, supplemented with annual self-evaluations, and a peer review of performance at least every four years
- *school governance*, with a review being undertaken to ‘develop new options for government schools, including more strategic governance models’ (chapter 9).

Box 4.1 Areas of potential increased autonomy for schools

The Victorian Government has stated that options are being considered to give schools greater flexibility in the areas of workforce management and funding.

In relation to workforce management, options being considered include:

- allowing principals to more efficiently deal with underperforming teachers, which the *Victorian Government Schools Agreement 2013* has sought to address
- delegating decision making powers for remuneration to principals (such as determining commencement salaries, accelerating high performers and awarding higher salaries on attraction or retention grounds).

The Government indicated that further workforce management powers ‘will be delegated unless there is a sound reason for not doing so — such as the potential for creation of financial obligation beyond an individual school or legal liability for the State’.

On funding, the Government has flagged:

- consolidating more funding lines within the Student Resource Package (SRP)
- examining options to incorporate funding from outside the SRP
- implementing funding that follows the student, and new guidelines for alternative settings that support individuals to shift between education settings and pursue pathways that meet their needs
- support schools to purchase professional development directly from their choice of provider.

Source: DEECD 2012a, 17.

4.3.2 Growing involvement of the Commonwealth Government in school education

The inquiry was commissioned against the backdrop of inter-governmental negotiations to develop a new funding system for Australian schools, together with ongoing implementation of a number of Commonwealth Government school improvement initiatives.

The Gonski review was established to consider the funding arrangements for Australian schools and make recommendations to improve the school funding system (Gonski et al. 2011, xiii). In September 2012, the Commonwealth Government responded to the Gonski Review with an approach that would provide billions of dollars

of additional public funds to Australian schools (through state and Commonwealth cooperation).

To give effect to school funding reform, the Commonwealth Government introduced an Australian Education Bill 2012 (Cth), which was passed by both houses of Parliament in June 2013. Among the objectives stated in the Bill is the goal that Australia be placed in the top five countries in the world in reading, mathematics, and science by 2025 (Commonwealth Government 2012). The new Act is to commence from 1 January 2014. The Act will:

- set in law a national approach to funding school education, with schools funded according to student needs
- link schools funding to key school reform directions
- provide for funding of participating government and non-government schools on a consistent basis, with a new Schooling Resource Standard for all recurrent funding to participating schools resulting in funding for disadvantage being fully publicly funded for both government and non-government schools and students (Garrett 2013, 1).

Also set out are a number of 'ongoing policy requirements' that must be met by all 'approved authorities' to receive funding. These requirements are to:

- enhance teacher and principal performance and professional development at the schools
- implement the national curriculum (Australian Curriculum or equivalent)
- participate in the national assessment program
- have a school improvement framework, and ensure that each school develops, implements, publishes and reviews a school improvement plan
- comply with relevant disability discrimination laws
- provide information as required by the regulations (Garrett 2013, 5–6).³

Under the National Education Reform Agreement, additional funding is to be shared between the Commonwealth and participating states and territories at a ratio of 65 to 35 (COAG 2013, 19). At the time this report was finalised, the Victorian Government had not signed up to the new agreement.

In addition to the reforms to school funding, the Commonwealth Government has developed or implemented a variety of school improvement initiatives that affect Victorian government and non-government schools. These initiatives are intended to improve teaching and school leadership, address disadvantage and achieve efficiencies through collaboration among schools, and include:

- implementing various education-related national partnership agreements
- developing a national curriculum and supporting assessment and reporting frameworks
- rolling out national professional standards for teachers and principals

³ The information requirements in the Regulations are to include 'arrangements related to the school census, national data collection, to conducting research on school and school education, approved authority implementation plans or school improvement plans, the administration and operation of a school, student reports to parents and publicly available information about a school' (Garrett 2013, 6).

- offering a national performance bonus scheme
- implementing the Empowering Local Schools initiative (box 4.2).

4.3.3 Implications for this inquiry

This section has identified various education reform initiatives underway or proposed that aim to improve educational outcomes.

It is within this complex and changing environment that the Commission has been asked to identify opportunities to provide greater autonomy to government schools that would improve student outcomes and the efficiency of schools. As described in *Towards Victoria as a Learning Community*, the framework underpinning the Victorian Government's recent initiatives is that:

- future improvements in educational outcomes for students require improved classroom teaching, which, in turn, depends on the quality of school leadership
- improved teaching can be achieved by giving school leaders more freedom to change the way classrooms operate, to manage the teaching workforce, and to form partnerships and other arrangements with similar schools
- accountability for performance should be strengthened to provide the right incentives for school leaders — rather than relying on a top down approach to accountability. However, the Government has taken the view that principals and teachers have a key role to play in holding one another to account (DEECD 2012a, 12).

The Commission has sought to add value by focusing on issues that are either unresolved or likely to be the most important for delivering better outcomes through devolution. It has focused on:

- school leadership and principal accountability (chapter 6)
- performance improvement systems (chapter 7)
- workforce management (chapter 8)
- governance and accountability arrangements (chapter 9).

The Commission has not sought to enter the debate on how to respond to the Gonski Review. Rather, it has focused more directly on the issue of how school devolution and accountability might affect disadvantaged students (chapter 11).

Box 4.2 Commonwealth Government improvement initiatives

Empowering local schools

The *Empowering Local Schools* initiative provides \$480 million from 2010-11 to 2016-17 to strengthen the local decision making capacity of government and non-government schools, to enable them to develop local initiatives that improve educational outcomes. This money is funding initiatives in areas such as a trial of a Local Administration Bureau to support the management of schools and school facilities, school partnerships, and professional development opportunities for school staff. The first phase of this initiative includes \$9 million in funding in 2012 and 2013 for Victorian government schools.

The Australian Curriculum

The Australian Curriculum, Assessment and Reporting Authority was established in 2009, following agreement by the then Ministerial Council for Education, Early Childhood Development and Youth Affairs, and the Council of Australian Governments (COAG) to develop a national curriculum by 2013, supported by a national assessment program aligned to the curriculum, and a national data collection and reporting program for student outcomes (PC 2012, 74).

The Victorian Government has indicated that it intends to adapt the national curriculum, whilst also allowing schools to set their curricula, consistent with the Government's policy for a devolved school system (DEECD 2012a, 13–15).

Australian standards for teachers and principals

In consultation with states and territories, the Australian Institute for Teaching and School Leadership has developed Australian professional standards for teachers and principals that are intended to define the roles, and guide the professional development, of teachers and principals.

National performance bonus scheme

The *National Partnership Agreement on Improving Teacher Quality* introduced new remuneration models to reward teacher performance, noting many sectors of the economy use remuneration structures to stimulate and reward improved performance.

The national performance bonus scheme for teachers was announced in November 2011, with a focus on providing bonuses for accreditation achievement. Funding of \$225 million was allocated for four years to reward teachers through payments of \$7500 for reaching accreditation at the highest level of the Australian Professional Standards for Teachers and \$10 000 for teachers who achieve the Lead Teacher level (Garrett 2011). The first payments were due to be delivered in 2014 for teachers assessed against the standards in 2013. However, any state or territory that signs the new National Education Reform Agreement before 1 January 2014, will on 1 January 2014 'cease to be a Party to the National Education Agreement and the ... Rewards for Great Teachers' National Partnership Agreement (COAG 2013, 6). This effectively ends the scheme, at least in terms of Commonwealth funding.

The Victorian Government has trialled a teacher and school-level performance bonus scheme. The teacher performance model provided average bonuses of up to four per cent of salary and is based on a 'balanced-scorecard', with the school level model based on a weighted index of school performance and rewards the top 20 per cent of schools who achieve an improvement in performance (PC 2012, 192; DEECD 2013e). Up to \$12 million was allocated for this trial, with funding provided through the National Partnership Agreement.

Sources: DEECD 2012a; COAG 2012a, 2; COAG 2012b; COAG 2013.

5 Broad approach to autonomy

As detailed in the previous chapter, the Government has committed to increasing the autonomy enjoyed by Victoria's public schools and the degree to which they are accountable for their performance. The new approach will see school-level autonomy become the default for a wide range of decision-making responsibilities. This chapter explains:

- how greater school autonomy could contribute to the Government's goal of lifting the performance of Victoria's students into the top global tier over the next decade, and to improving the efficiency with which school services are delivered
- why a 'default' autonomy approach is appropriate for implementing devolved decision making.

That said, as the subsequent chapters explore in detail, effective implementation and a supportive surrounding policy environment will be critical to whether the prospective benefits are realised in practice.

5.1 The benefits of autonomous decision making

5.1.1 The implications of evidentiary uncertainty

As outlined in chapter 3, the Commission's research confirmed that the empirical evidence on the impacts of autonomy for school performance — and student outcomes in particular — is not conclusive. While some studies report a performance benefit from autonomy, others find little impact, or even negative effects.

In the absence of reliable empirical evidence, policy formulation must rely more heavily on other information — including relevant experience in other parts of the economy. A further implication is that robust policy evaluation after the event (chapter 12) becomes even more important, as does a willingness to iterate and improve policies in the light of that evidence.

5.1.2 Sources of benefit

At the most general level, experience across a wide range of sectors indicates that consumers often place considerable value on access to services tailored to their particular requirements. The fact that a significant number of parents choose to enrol their children in out-of-area government schools, non-government schools, or select entry government schools suggests that the same is also true of school services. School-level autonomy is intended to facilitate the tailoring of service delivery to the particular needs of students and local communities — and thereby avoid the inflexibilities of one-size-fits-all approaches.

But facilitating tailored service delivery is not the only benefit that school-level autonomy, matched by robust accountability requirements, can provide.

- Greater scope for autonomous decision making in the government school system should help to develop further the skills of principals and other school leaders, and through the exercise of that leadership, improve teaching quality. School leaders who have the power to shape what happens in their schools, and who are accountable for the outcomes delivered, are likely to develop faster and further than those whose responsibilities and accountabilities are more constrained.

- Holding autonomous schools accountable for the outcomes they deliver has the potential to render school management and performance more transparent and, in the process, aid the dissemination of successful innovation across schools.

School-level autonomy could also increase the pressure to address system-wide constraints, such as school-level red tape and the flexible deployment of school workers (chapters 6 and 8), making it somewhat easier for the Government to make necessary changes.

Moreover, with schools effectively held accountable for the value for money they deliver, their decision making should encompass cost efficiency as well as student learning objectives. As noted elsewhere in the report, this efficiency dimension is consistent with the drive to improve student performance.

5.1.3 The debate is about degree and means

In any event, the benefits from tailoring decision making and teaching practice to the particular needs of schools and their students are not seriously in dispute. An ongoing objective for the teaching profession has been to preserve scope for teaching 'autonomy' in the classroom; an objective referred to by the Australian Education Union — Victorian Branch (AEU) in its submissions to this inquiry (sub. 10, 3; sub. DR33, 1-2). Similarly, backed by empirical evidence, there is consensus on the importance of quality school leadership for good student outcomes — that is, of providing scope for strategic and instructional decisions linked to the particular circumstances of a school and its students. In these contexts, autonomy is simply an enabler for the exercise of skills that are central to the delivery of quality school services.

The upshot is that, notwithstanding the evidential uncertainties (chapter 3), the debate is not in fact about whether there should be devolved decision making. Rather it is about how far it should extend, through what means it should be given effect, and what accountabilities and decision-making authorities are required in support. The Commission also notes that some other concerns raised about greater autonomy do not stand close scrutiny (box 5.1).

5.2 The foundation for providing greater autonomy

As detailed in chapter 4, the delivery of school services involves a wide range of strategic and operational decisions. Which of these decisions should be devolved to the school-, middle- or central-level of the system, and the mechanisms required to hold principals and schools effectively to account for their performance, are considered at length in chapters 6 and 9.

But this still leaves open the question of whether for those decisions that are ostensibly best made at the school level there should be a starting presumption in favour of autonomy ('default autonomy') or some sort of opt-in approach. Examples of the latter include the Self-Governing Schools (SGS) model that briefly operated in Victoria in the late 1990s (box 5.2); the Western Australian Independent Public Schools (IPS) Initiative; and the charter school and academy regimes in the United States and England respectively. These opt-in approaches can in turn be further differentiated according to whether the opportunity for a school to operate on a more autonomous basis is/was:

- effectively available 'as of right' (such as under the SGS model)
- subject to a school demonstrating the capacity to perform effectively in a more autonomous environment (such as under the Western Australian program).

Box 5.1 Some concerns about greater autonomy

In addition to evidentiary uncertainty, several other concerns were raised by inquiry participants about giving Victoria's government schools greater autonomy.

A justification for reduced funding

The emphasis in this report and in the policy documentation for the new autonomy arrangements is on the role of autonomy in enhancing student achievement. But scope for greater efficiency is also a relevant consideration.

Moreover, whether any savings from greater efficiency are best retained in the school system is a separate issue that must have regard to the benefits of spending those savings in other areas (for example, on early childhood education). Hence a decision to spend any savings outside the school sector is not an argument against greater autonomy.

That said, the priority that the Government has given to lifting the achievement of Victoria's students suggests that it would not be satisfied with an outcome that merely reduced the cost of sustaining current achievement levels. The Commission further notes that to the extent that the new autonomy arrangements involve a *net* increase in school-level responsibilities, this could provide a basis for an increase in funding for schools — though the funding follows function principle would also call for an equivalent (or greater) reduction in funding elsewhere in the school system.

A perceived undermining of the integrity of the government school system

The AEU (sub. 10, 1) contended that greater autonomy, together with a strong emphasis on parental choice of school, constitutes a move to a more market-driven approach to schooling that could undermine the government system.

However, as the ongoing drift of students to non-government schools exemplifies, government schools already operate in a quasi-market setting. Soundly-based autonomy reforms that strengthened the capacity of government schools to provide effective and tailored learning opportunities for students would render them more competitive, and thereby enhance not threaten the integrity of the system.

Also, while autonomy policies that do not have regard to the particular needs of disadvantaged students could detract from the access and equity underpinning for the government school system, these needs can be addressed in targeted ways (chapter 11) without eschewing autonomy per se.

Back to the future

Some participants characterised the move to greater autonomy as a reincarnation of the Self-Governing Schools (SGS) model that operated briefly in Victoria in the late 1990s (box 5.2). Although there are similarities, there are also significant differences, for example, SGS was an opt-in model. In any event, given that the SGS model was not in place long enough to realistically gauge its impacts, precluding the current reform direction on the basis of similarities with that regime would not be sensible.

5.2.1 The pros and cons of different approaches

'One-size-fits-all' issues

At face value, opt-in approaches could make it easier to take account of the differing capacities of individual schools to operate effectively in an autonomous environment.

Economies of scale and scope may make it easier for larger schools to assume responsibility for, and benefit from, additional decision-making powers. Or put another way, the 'overheads' of autonomous decision making are likely to be more of a burden for smaller schools. Opt-in autonomy approaches that allow schools and their communities to weigh the benefits and costs of assuming greater decision-making responsibilities might be considered preferable to imposing an outcome through a default autonomy approach.

Box 5.2 The Self-Governing Schools (SGS) model

The SGS model operated briefly during 1998 and 1999. Under the model, schools granted SGS status were, through their school councils, able to: directly employ staff, including principals, under terms and conditions determined by the councils concerned; terminate staff; and enter into partnerships with other educational entities, such as other school councils and TAFEs.

Self-governing schools were still obliged to offer free and secular education, and to accept all students from within their catchment areas wishing to attend. Their public funding was provided on the same basis as for other government schools. And they remained subject to system-wide curriculum and student assessment processes.

SGS status was granted by the Minister on an application basis. While schools seeking SGS status were not required to demonstrate capacity to operate effectively in a more autonomous environment, they were required to enter a publicly available 'Educational Services Agreement' (ESA) with the Minister, covering such matters as: the nature of the educational services to be offered; proposed staffing arrangements; limits or controls on expenditure by the school council; and general quality assurance processes. There was also provision for the Minister to intervene in the management of an SGS if he or she was not satisfied that the school had met its obligations under its ESA.

Some 50 schools (around three per cent of government schools) had SGS status when the model was terminated in 1999.

Sources: Office of the Minister for Education 1999, Education (Self-Governing Schools) Act 1998 (Vic).

In a large school system, at any point in time, there will inevitably be a sub-set of schools whose capacity to deliver effective educational services to students is seriously compromised. Whatever the reasons for this, it will be in no-one's interests for these schools to operate autonomously — especially as dysfunctional schools may have higher proportions of already disadvantaged students. In requiring a school to pass a capability test, earned autonomy approaches (though not as of right opt-in approaches) directly target risks of this nature.

However, these advantages may be more apparent than real. It would be a poorly configured default autonomy regime that was applied in a rigid, one-size-fits-all way. For example, there is no reason why a default approach should preclude multi-school arrangements to help spread any additional costs of operating more autonomously. Notably, the policy statements announcing the new default autonomy regime place

considerable emphasis on partnership arrangements — including between schools (DEECD 2012a, 25).

Those policy statements also point to the key role of the Department of Education and Early Childhood Development (DEECD) in assisting schools to operate in a more autonomous environment. Provided that the extent of this support is flexible, and leaves scope for school-specific modifications to the 'template' delineation of responsibilities, then some of the potentially more significant cost imposts on smaller schools could be avoided. In addition, the multi-school governance arrangements that the Commission discusses in chapter 9 would be a means to reduce the governance-related imposts on individual schools, and the time that principals and other school leaders would need to devote to administrative tasks. Such initiatives could be of particular benefit to smaller schools.

Likewise, even under a default approach, provided there are robust accountability arrangements in place, action to address any serious performance problems should be quickly forthcoming. And as discussed in chapter 11, any risk that autonomy more generally might exacerbate the impacts of student disadvantage could be addressed through targeted funding and other measures, and does not bear upon the choice between different approaches for introducing more autonomous decision making.

Facilitating policy learning

The gradualism inherent in opt-in approaches could provide ready-made opportunities for policy evaluation and iteration based on the experiences of those schools that chose, or were judged to be suitable candidates, to operate outside the more centralised decision-making regime. As noted earlier, given the evidential uncertainties, the Commission sees evaluation and iteration as important components of reforms to move Victoria's government schools further down the autonomy path.

But, as is reflected in the Commission's specific proposals in chapter 9, such evaluation and iteration would also be possible within a default autonomy regime — with gradual implementation providing guidance on the specific governance and accountability arrangements required to facilitate good school performance outcomes.

Expanding the range of possible governance structures

Under opt-in approaches, the governance focus will almost inevitably be on school-level arrangements for holding principals and schools to account for their performance. As the provision for school clustering in Western Australia's IPS initiative illustrates, federated governance structures may still be possible within an opt-in framework.

Importantly, as chapter 9 explains, there may be advantages in using multi-school governance frameworks to facilitate a more efficient distribution of work across the various levels of the school system, and overcome some of the difficulties of providing strong governance in more than 1500 individual schools. In contrast to an opt-in regime, a default autonomy approach would allow multi-school governance approaches to be considered more systematically because more schools would be considering their governance options at the same time.

Facilitating the necessary shift in departmental focus

For autonomous decision making to deliver good results, the focus of DEECD will need to be on supporting schools and monitoring the outcomes achieved across the system, rather than on precisely how individual schools are delivering educational services to students.

As indicated above, this shift in focus should not preclude a greater degree of specific support to schools that need it. And DEECD, on behalf of the Victorian Government as the owner of the government school system, will of course retain the power to intervene where the performance of schools is unsatisfactory.

Nonetheless, increased autonomy would result in less departmental control over, and less involvement in, the day-to-day operation of schools (DEECD 2012b, 2).

This shift in focus would in turn call for significant cultural change in DEECD, a shift the Commission considers should be supported by specific reporting requirements (recommendation 9.5). In the Commission's view the shift is likely to be easier to achieve under a default autonomy approach than under opt-in approaches, even if under the latter significant numbers of schools chose, or were found to be suitable, to operate autonomously.

Under opt-in approaches, more centralised decision making would remain the standard basis for school operation — suggesting that the Minister and DEECD would be seen by parents and the community as more directly responsible for problems in individual schools than if more autonomous decision making was the norm. This could make DEECD reluctant to relinquish some responsibilities that should be devolved to schools — or see relinquishment accompanied by overly onerous planning and reporting burdens. The fact that past initiatives to increase autonomy have not addressed some problematic workforce and red tape constraints on efficient school-level decision making (chapters 6 and 8), indicates to the Commission that the 'relinquishment' problem under an opt-in approach could be material.

Related to this, under an opt-in approach, the focus of intervention where a school is underperforming is likely to more immediately be on withdrawing autonomy and bringing the school back within the more centralised decision-making fold. In contrast, under a default autonomy approach — and as the current policy indicates — except in cases of serious underperformance, the emphasis is likely to be on remedies that allow the school to once again operate effectively in an autonomous environment (DEECD 2012a, 7).

5.2.2 The bottom line

In the Commission's judgement, the considerations above collectively provide a good case for using a default autonomy approach to give effect to more autonomous decision making in Victoria's government schools. With careful implementation, the apparent risks attaching to the default approach seem manageable. And compared with the alternative of an opt-in approach, it would have material upsides. In particular, the default approach would:

- open up the possibility of using multi-school governance in addition to, or instead of, school-level governance mechanisms to facilitate a more efficient allocation of work and decision-making responsibilities across the different levels of the system, and address capability gaps in individual schools
- facilitate the required change in departmental focus and culture from controlling schools to supporting them and monitoring the performance of the system.

But while the default approach is a reasonable procedural means to extend greater autonomy to schools, the devil will be in the detail. Hence the caveat in regard to careful implementation is a critical one. As the following chapters make clear, the potential benefits of greater autonomy will only be realised if:

- the government school system has access to appropriate leadership skills
- principals and other school leaders are able to focus on the issues that matter for student achievement and the efficient operation of schools — including the provision of guidance and support to teaching staff on how to improve their effectiveness in the classroom
- the capacity to exercise leadership is not limited by unnecessary workplace inflexibilities and burdensome red tape
- the governance framework holds principals and other key actors in the system effectively to account for their performance
- the clarity and intent of the re-defined supporting role for the DEECD central office is maintained in day-to-day interactions between schools and DEECD.

5.3 Autonomy is not the be all and end all

The preceding discussion does not imply that providing greater autonomy to government schools should necessarily be the only, or primary, focus of efforts to shift Victoria's school system into the top global performance tier. As the breadth of the current reform program exemplifies, targeted initiatives to address workforce shortages, improve teacher training, encourage more high-performing individuals to enter the teaching profession and improve the learning opportunities for disadvantaged students, all have an important role to play. And the new schools funding regime implemented in response to the *Review of Funding for Schooling* could have a potentially pervasive impact on the future performance of Victoria's government and non-government schools, as well as more specifically influencing the benefits of the new autonomy and accountability arrangements (Gonski et al. 2011).

In responding to the draft report, a number of participants did not believe significant changes to current levels of autonomy were necessary to facilitate improved education outcomes. For example, the AEU supported increased autonomy over assessment and reporting, but opposed increased autonomy with respect to workforce and resources more generally. In addition, Professor John Hattie argued for increased accountability for teachers and other changes that he considered do not relate to autonomy at all (sub. DR14, 2).

That said, the Commission considers that a well-implemented default autonomy regime could contribute to improved student outcomes if its design and implementation focused on enhancing leadership and teaching quality, the main drivers of improved student performance. Indeed, reaching the top tier goal calls for system-wide change, and changes to autonomy provide a way to bring about improvements to leadership and teacher quality across the Victorian government school sector.

6 The school principal

For every 100 schools that have good leadership and management, 93 will have good standards of student achievement. For every 100 schools that do not have good leadership and management, only one will have good standards of achievement.¹

International studies have shown that effective school leaders can play a key role in improving:

- student outcomes, by influencing the motivations and capacities of teachers, as well as the school climate and environment
- classroom practice and school policies
- connections between schools and their communities, which (among other things) helps to influence the external contributors to student outcomes
- the efficiency and equity of schooling (Pont, Nusche, and Moorman 2008, 9).

Jensen and Reichl also note that 'effective leadership is essential to create meaningful teacher appraisal and feedback' (Jensen and Reichl 2011, 22). Hargreaves et al. highlight the key, largely *indirect*, ways leaders influence student learning, achievement and performance:

Providing intellectual stimulation, supplying professional development and other support, developing a vision of and focus on learning with others, creating a strong professional learning community through team commitment to learning and achievement ... (Hargreaves, Halasz, and Pont 2008, 71)

The Victorian Equal Opportunity and Human Rights Commission (VEOHRC) highlighted the crucial role leadership from school principals plays in 'ensuring students with disabilities are supported and can participate at school' (sub. DR25, 2), commenting that its research:

... found that parents and students in schools who said there was strong leadership from the principal and other staff reported higher levels of participation and greater satisfaction with processes for monitoring learning outcomes through mechanisms such as Individual Learning Plans and student support group meetings. (sub. DR25, 2)

Against this background, the terms of reference ask the Commission to: identify the impact of current regulatory, staffing and funding arrangements that limit school and principal autonomy; identify principles to guide principal accountability arrangements; and identify the capabilities required of principals in a highly autonomous school system. This chapter addresses these and related issues on the role of the principal in a highly autonomous school system.

This chapter highlights four key elements required to enhance the effectiveness of the role of the principal: focus on improving educational gain; make time to do the things that matter; use outcome and performance information to lead effectively; and ensure effective accountability for performance.

¹ Barber, Whelan, and Clark 2010, 5, based on results of Ofsted school inspections in the United Kingdom.

In addition, the chapter examines the capability required in the Department of Education and Early Childhood Development (DEECD) to support schools in a highly autonomous school system to strengthen the talent pool of future principals and build the leadership capacity of principals.

Some matters closely related to improving the effectiveness of school leadership are dealt with in subsequent chapters, including performance improvement (chapter 7), areas of workforce management (chapter 8), and governance arrangements (chapter 9).

6.1 The principal's current role in Victoria

In broad terms, principals in Victorian government schools are accountable for the overall leadership, management and development of their schools within state-wide guidelines and Government policies (DEECD 2010b).

Their specific accountabilities are set out in the standard principal contract of employment (schedule B) and include ten core accountabilities (box 6.1) and specific tasks associated with each accountability. Each core accountability has from three to five specific tasks.

Box 6.1 Principal contract of employment — ten core accountabilities

- (1) Ensure the delivery of a comprehensive, high quality education program to all students.
- (2) Be executive officer of the school council.
- (3) Implement decisions of the school council.
- (4) Establish and manage financial systems in accordance with the Department of Education and Early Childhood Development (DEECD) and school council requirements.
- (5) Represent DEECD in the school and the local community.
- (6) Contribute to system-wide activities, including policy and strategic planning and development.
- (7) Effectively manage and integrate the resources available to the school.
- (8) Appropriately involve staff, students and the community in the development, implementation and review of school policies, programs and operations.
- (9) Report to DEECD, the school community, parents and students on the achievements of the school and of individual students as appropriate.
- (10) Comply with regulatory and legislative requirements and DEECD policies and procedures.

Source: DEECD 2010b.

The career structure for a principal spans the roles of principal and assistant principal. There are also liaison principal roles² and the role of Executive Principal, which is an executive classification in the Victorian Public Service (VPS). Principals are appointed

² These are unadvertised, temporary positions used in varied circumstances, such as principals of schools that have closed or merged resulting in the abolition of their position (DEECD 2012d).

for up to five years and their remuneration is based largely on the school's Student Resource Package. Remuneration is reviewed annually in the context of changes to the work value of the position, the principal's performance and any other relevant factors. Executive Principals are few in number, and tend to be employed in difficult circumstances such as transforming an underperforming or challenging school or merging several schools (DEECD 2012d).

6.1.1 The leadership challenge in Victoria

In the Commission's view, effective school leadership by principals in a more devolved school system entails giving principals greater authority to exercise discretionary judgement, while being accountable for those decisions and for the outcomes achieved by the school.

Compared with highly centralised schools systems, the principal's role is different and more complex in a more devolved school system. Internationally, these differences typically include increased:

- managerial and administrative responsibilities (such as budgeting and accounting, finance and personnel)
- paperwork and time constraints, associated with accountability and reporting systems
- focus on instructional leadership (including monitoring and evaluating teacher performance, conducting and arranging for mentoring and coaching, planning teacher professional development, and encouraging teamwork)
- engagement in communication, co-operation and coalition building, internally and with parents and the community
- need for system leadership (Pont, Nusche, and Moorman 2008, 23–24).

Victoria's government school system has been identified as having some of the elements of an effective leadership system, and improving leadership capability has been an important policy priority in Victoria (Matthews, Moorman, and Nusche 2008). That said, several critical issues were identified in submissions, consultations and research.

First, the formal role of the principal is over defined and fails to provide a clear, minimalist set of priorities. It provides little guidance, especially for newly appointed principals, on the unique added value from the role. Nor does it provide clarity about the relative importance of the role's (lengthy list of) accountabilities. This situation reduces the contribution of the principal by diffusing effort over a wide range of activities. The accountabilities also focus on operational (technical), rather than improvement, work and are input- or competency-focused rather than outcome-driven.

Second, the plethora of tasks in the principal's role can easily crowd out the time needed to do the principal's unique value adding work in areas such as educational leadership. Avoiding this circumstance is a key priority in a highly autonomous school system because of the inherently larger scope of the principal's role. There are significant opportunities to address this, particularly in the context of redefining the respective roles of schools and the DEECD central office in a highly autonomous school system. In short, a key imperative is to de-clutter the principal's role by delegating, streamlining or eliminating low-value work.

Organisation for Economic Co-operation and Development (OECD) surveys found that Australian principals perceive they are involved in leadership activities to a greater extent than those in many other countries (Pont, Nusche, and Hopkins 2008). However, there was

a strong message in the consultations for this inquiry that the time and capacity to devote to leadership tasks is compromised by the scope of other obligations (particularly in smaller schools) and by the way principals deal with them (section 6.3).

Victorian principals — like many of their overseas counterparts — continue to report stress and work overload, attributed in part to an expansion of their role over time. In the Australian Education Union — Victorian Branch's (AEU's) *State of our Schools Survey 2011*, 89 per cent of Victorian government school principals pointed to their workload as a 'main concern', with stress identified as a concern by 47 per cent of respondents (sub. DR33, 4).

Newer principals also report feeling underprepared for a wide range of aspects of their role. These include: external communications; budgeting and finance; school accountability and stress management; performance management; understanding technology packages and systems; workforce planning, risk and change management; and having difficult conversations with the school community (DEECD 2012o, 21).

Participants in this inquiry highlighted the need for principals at all levels to have support that is tailored to their needs and circumstances. Many felt this support was lacking, particularly since the recent restructure of DEECD's regional offices.

A third critical issue is the limited performance information available to principals. Better and more timely information would help principals to better track and assess the ongoing performance of their schools and decide whether, when and how to intervene to improve school performance. Significant progress is being made in this area despite contention around measuring and explaining measures of educational outcomes (section 6.4; chapter 2).

Fourth, the evidence strongly suggests accountability mechanisms for improving performance in Victorian government schools are weak in practice.

- Current arrangements effectively divide the principal's reporting line into two. The principal is accountable to the school council for a range of operational matters and school plans, and to DEECD for educational outcomes and for the efficient use of resources (chapter 9).
- The current performance and development system is ineffective in several respects (chapter 7).
- There are limited consequences for good or poor principal performance. Only one of the 1419 principals who were eligible for progression in May 2012 did not progress, despite anecdotal evidence put to the Commission that more than that number of principals are struggling in their role, which may partly reflect deficiencies in the principal selection and development process. Moreover, few principals appear to be removed from the role before the end of their contract.

The influence of these leadership challenges on system performance in Victoria is difficult to isolate. The Commission's analysis suggests that, for Victoria's government schools to reach the 'top tier', there needs to be significant improvement in the operation and/or management of Victoria's schools (chapter 2) — a change that will be driven by more effective leadership.

6.2 Focus on improving educational gain

It is generally agreed that the principal's role is necessarily multi-faceted. There is less agreement, however, about the appropriate focus of the role — including the balance between management, general leadership and educational leadership (box 6.2).

Box 6.2 Views about the role of the school principal

Leadership or management?

Some participants to this inquiry noted the primacy of leadership in the principal's role. The Australian Heads of Independent Schools Association, for example, noted:

... a view of autonomous school leadership based solely on the operations of school systems must lead to only a very limited view of autonomy and the capacity of principals to drive and lead school improvement. (sub. 3, att., 2)

Educational Transformations also noted:

Early efforts [at autonomy/self-management] placed an inappropriate emphasis on management, with particular attention being given to planning and resource allocation, rather than the more integrated view ... which stressed the links to learning ...

... the focus continues to shift to leadership and the building of professional capacity to achieve an alignment of all kinds of resources, including curriculum and pedagogy, with the mix of learning requirements at the school level. (sub. 12, 7)

Dr T F Hawkes also submitted 'the essential role of a head is to give leadership' and that there is also 'a pastoral element to headship that will require the head to understand what contributes to the well-being of staff and students' (sub. 4, 3).

Organisational management and instructional leadership

Some studies suggest that 'organisational management' — incorporating resource management, hiring and supporting staff, and maintaining positive working and learning environments — has a crucial influence on measurable school outcomes (Hornig, Klasik, and Loeb 2010). Hornig and Loeb note further that:

... growth in valued school outcomes comes more from organizational management for instructional improvement than it does from principals' time observing classrooms or directly coaching teachers. (Hornig and Loeb 2010, 69)

A strategic, not operational, role

... the role of the school leader should focus on improving employee performance through: building vision and setting direction ... understanding and developing people ... redesigning the organisation ... managing the teaching and learning programme. (PwC 2007, 31)

Areas where heads should not be spending significant amounts of time include: health and safety; routine maintenance; pupil supervision before or after school; routine contact with parents; basic administration; financial management (particularly in primary schools); pupil well-being; special educational needs; and the day-to-day management of extended schools. (PwC 2007, 33)

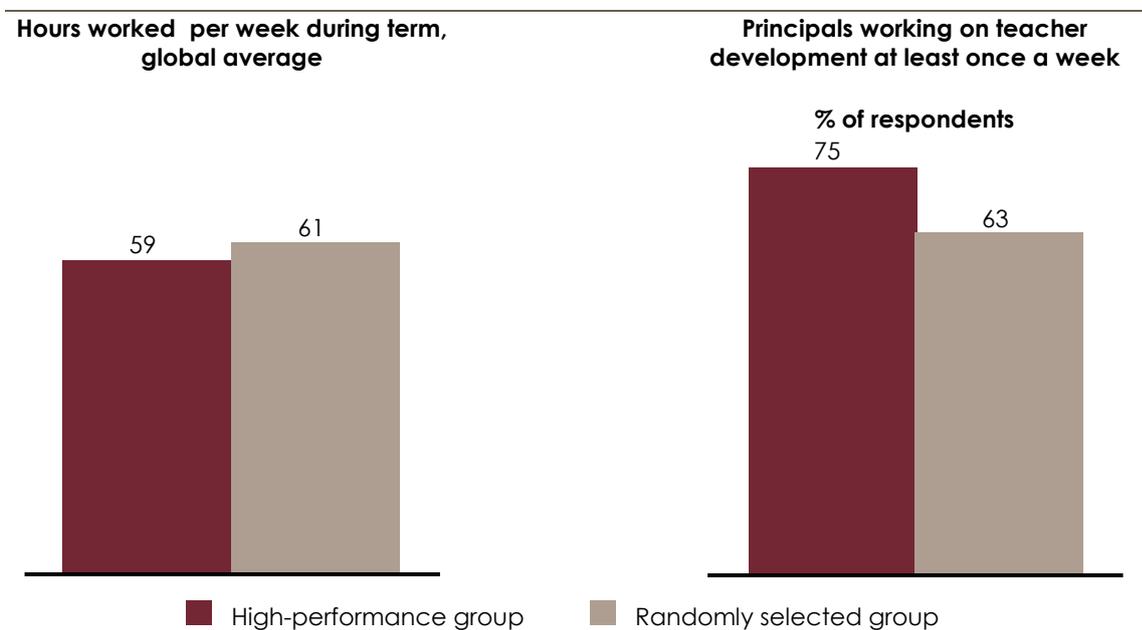
System leadership — principals contributing beyond their own school

A submission to the Government's *New Directions for School Leadership and the Teaching Profession* paper commented on the importance of principals being able to identify, influence and work with a team of leaders within and beyond the school.

An international study of high-performing principals found that:

- almost all say that setting vision and direction, supporting the development of staff, and ensuring effective management systems and processes are the biggest contributors to the success of their school
- they focus more on instructional leadership and developing teachers
- they are distinguished less by who they are, and more by what they do (even though both are important) — working the same hours as other principals, but spending more time working with the people in their school and coaching teachers (figure 6.1)
- all principals are motivated mainly by their ability to make a difference
- early experiences of leadership and exposure to role models make a strong contribution (Barber, Whelan, and Clark 2010, 7).

Figure 6.1 High-performing principals do not work longer but spend their time differently



Source: Barber, Whelan, and Clark 2010, 7.

The *Australian Professional Standard for Principals* (box 6.3), developed by the Australian Institute for Teaching and School Leadership (AITSL) and endorsed by Education Ministers in 2011, points to the need for principals 'to lead and manage':

Leadership develops shared vision, inspires and creates commitment and embraces risk and innovation. Management develops systems, which limit uncertainty, even out differences and improve consistency and predictability in delivering educational services. (AITSL 2011, 6)

In a similar vein, the Commission considers that the principal's role is one of leadership, and that effective leaders must also 'manage' effectively. Importantly, however, a strong leader tackles the management element of the role from a strategic, rather than an operational, perspective.

Box 6.3 Australian Professional Standard for Principals

The *Australian Professional Standard for Principals* is intended to:

- define the role and describe the professional practice of principals and make explicit the role of school leadership in improving learning outcomes
- be used to lead learning by: providing a framework for professional learning; guiding self-reflection, self-improvement and development; guiding management of self and others.

The Standard recognises three leadership requirements that a principal draws on (vision and values; knowledge and understanding; and personal qualities and social and interpersonal skills), within five professional practices:

- (1) leading teaching and learning
- (2) developing self and other
- (3) leading improvement, innovation and change
- (4) leading the management of the school
- (5) engaging and working with the community.

Source: AITSL 2011.

6.2.1 Focusing the principal's role in Victoria

The shortcomings of the current role description of principals, as outlined above, are reflected in the workload of principals, the nature of the tasks they undertake, and the time they allocate to various tasks.

Providing a more focused set of accountabilities that clearly prioritises the key areas in which principals can and should add value to student outcomes and the efficient use of resources will alleviate some of the problems reported by principals. A focus on outcomes also aligns more closely with the thrust of a highly autonomous system. In the Commission's view, the principal's role comprises three core accountabilities:

- (1) improving the educational gain of students at the school, with particular attention to improving the quality of teaching through people management and professional development
- (2) improving the efficiency of resources used by the school
- (3) contributing to sharing resources, lessons and insights for improvement with other schools.

These roles need to be delivered in a way that embodies key values including enhancing students' personal development and protecting their welfare, and building a team-based culture of improvement. These changes should also be reflected in the selection criteria for principals.

One effect of adopting the Commission's suggested definition for the principal's role is to signal clearly to principals their capacity to reshape their work, including by delegating, streamlining or eliminating many time consuming tasks they currently perform — including site management and basic administration. Some of these roles still need to be performed — some resourced in the school and others, where there are efficiencies from scaling up, at the multi-school or state level. These issues are discussed in chapter 9. As discussed in section 6.3, however, some tasks will no longer be required

at all — being the result of unnecessary processes or processes that can be designed more efficiently.

Consultations on the draft report indicated widespread support for the more focused role definition. The Victorian Association of State Secondary Principals (VASSP), for example, observed that its members:

... welcomed the refocusing of accountability on the principal's role as educational leader and on his/her primary role of 'improving the quality of teaching through people management and professional development'. ... They welcomed greater recognition of their role in encouraging the sharing of 'best practice' that is already occurring between government schools through such practices as network 'learning walks' and network meetings. (sub. DR31, 2)

Some questions of detail and implementation were raised by participants, however.

- That the proposed role definition omitted or underplayed some aspects of the principal's role — including as executive of the school council, and in teacher development and learning (Commission's roundtable on principal accountability).
- That the core role of the principal is improving educational gain and that the other elements of the role should be seen only as 'enabling strategies' (AEU, sub. DR33, 5).
- Principals in smaller schools are less likely to have time to contribute to system leadership, and support is needed to facilitate the sharing process (Commission's roundtable on principal accountability).
- Competition in some locations may undermine the sharing of resources and successful programs because school budgets are determined primarily by student numbers (VASSP, sub DR31, 2-3).
- Although the Commission's definition dovetails with the Australian Professional Standard (box 6.3), it does not seem appropriate for Victoria to deviate from the Standard in any way.

The Commission acknowledges these concerns but considers they do not invalidate its proposed role definition.

First, the Commission's definition deliberately highlights outcomes, not *how* principals work to achieve them. Thus, the principal's role on the school council is a *means* of achieving the three core, outcome-focused accountabilities. Similarly, although teacher development and learning are a key *means* of improving educational outcomes, to list them as separate accountabilities would, in the Commission's view, dilute the outcomes focus of the role. The second and third accountabilities are important outcomes in their own right, whilst also contributing to educational gain, and the Commission considers they should be highlighted separately as outcomes, not just as means to an end.

Second, concerns about the limited capacity of, or incentive for, principals in particular settings to collaborate may be overstated.

- There are many examples of collaboration already occurring among government schools (and even between government and Catholic schools). In one regional learning community, for example, a person was engaged to work on occupational health and safety compliance across schools. Incentives for worthwhile collaboration and learning through sharing experiences would be strengthened further by including this accountability in principal performance plans (section 6.5).

- Small schools have benefited significantly from collaboration to date, and any genuine constraints facing principals in smaller schools would be considered as part of the performance and development process (section 6.5).

Finally, the Commission considers that its proposed role definition for principals and the AITSL standard play distinct roles. The proposed redefinition of the role of the principal focuses the principal's work and the accountability framework on outcomes that will lift overall educational performance for Victorian school students. The principal's role is, therefore, defined to allow measurable indicators of performance to be applied to each accountability. The AITSL Standard provides a framework for professional learning (box 6.3), and can play a complementary role by providing insights into how principals can enhance their capabilities to meet their core accountabilities. Therefore, the two definitions need to be specified differently.

Thus, the Commission considers that the three core accountabilities accurately reflect the necessary accountabilities of Victorian government school principals.

Recommendation 6.1

That, to improve educational gain and efficient use of resources in schools, the current ten core accountabilities of the school principal be substantially simplified and refocused, to three core elements:

- (1) improving the educational gain of students at the school, with particular attention to improving the quality of teaching through people management and professional development
- (2) improving the efficiency of resources used by the school
- (3) contributing to sharing resources, lessons, and insights for improvement with other schools.

That the accountability statement for principals state that effective performance in these areas is expected to be consistent with state-wide guidelines and underpinned by building a culture of improvement at the school, duty of care to students and their welfare, and engagement with the school community and key stakeholders.

That this more focused role be reflected fully in selection criteria for the principal's role.

Providing a more streamlined list of accountabilities is only one step. Principals still need to be aware of what this means in practice, and understand that having accountability does not mean necessarily doing everything themselves. As noted by Dr T F Hawkes:

The measure of a head's effectiveness is not whether they can do something, but whether they can get it done. (sub. 4, 1)

They also need to have the right skills to perform their role, and the authority and resources to do so effectively. On this, VASSP questioned:

... which aspects of their current role principals are going to be asked to abandon in this new simplified accountability regime, and whether there will be any personnel or support structures in place to undertake these 'less important' aspects of the principal's role. (sub. DR31, 3)

Ensuring principals have appropriate resources and authority, and the ability to use their autonomy to meet their core accountabilities, will require other, complementary measures to be in place, as discussed in the following sections.

6.3 Make time to do the things that matter

Even with a more focused role description, the challenge remains to ensure the principal has the capacity and time to focus on educational improvement. This means:

- freeing the principal's time to focus on educational leadership
- increasing the effectiveness of their time spent in educational leadership work.

The potential benefits of freeing up principals' time by reducing administrative burden appear to be significant. Other studies have found workload and administrative burden are two of the main factors that discourage teachers from applying for leadership positions (Barber, Whelan, and Clark 2010, 12).

Eliminating, delegating, or streamlining administrative functions can contribute to freeing principals from work that distracts from the key contribution of their role. Examples include employing a business manager for asset management or using an external service provider for administrative tasks, such as the Local Administration Bureau (chapter 9). Savings through delegation can be large, with one workshop participant claiming that employing a business manager to perform asset management tasks reduced the principal's workload by around one third. In response to the draft report, participants argued for increased capacity building and use of business managers:

Overwhelmingly business managers attending [research sessions] have a strong interest in strategic leadership, would like to exercise more strategic leadership, believe if they did exercise more strategic leadership this would free principals to focus more on their instructional leadership role, and 93 per cent of respondents wished further professional development in strategic leadership. (sub. DR15, 1).

Others suggested that even where these types of support were available, such as DEECD's Occupational Health and Safety (OH&S) service provider, they are not always used (VAGO, sub. DR32, 3). The Commission considers the accountability regime mechanisms discussed in chapters 6, 7 and 9 should encourage these types of efficiency gains. Training principals in processes critical to performance (such as timetabling) and on areas that, handled badly, can distract from their main role (such as legal issues) can also help them achieve better results with the same resources (section 6.5) (Barber, Whelan, and Clark 2010, 22).

Reducing red tape, the focus of this section, is a subset of the opportunities to streamline or eliminate administrative tasks. Such reductions can support principals to focus on the core elements of their role. Reducing red tape also allows principals to perform their roles more efficiently and independently and thus increases school autonomy and accountability.

The AEU agreed that 'everyone wants to eliminate ... unnecessary bureaucratic requirements' but expressed concern that:

The phrase 'red tape' has a negative connotation and ... that the 'red tape' referred to may be another way of identifying cost savings through the elimination of support structures and processes for schools. (AEU, sub. DR33, 5)

However, as noted in this chapter and other parts of the report (particularly chapters 7, 8 and 9), the Commission's recommendations target what it considers to be unnecessary

burdens, while emphasising the crucial role of DEECD and the middle level in providing support to principals in a range of areas.

It is in this context that the Commission notes that much of the perceived administrative burden placed on principals, arises from the necessary and beneficial oversight of schools' and DEECD's responsibilities for school workforce, student health and wellbeing, and educational outcomes. Some processes are in place to manage the burdens of new requirements on principals. For example, DEECD attempts to minimise regulatory burden and maintain oversight by, among other things, requiring Executive Director or Deputy Secretary approval of new requirements published in the schools bulletin.

DEECD advised that previous progress in reducing red tape included: eliminating the compliance checklist; eliminating the Network Accountability and Improvement Framework; streamlining asset management; streamlining the requirements in the *School Policy and Advisory Guide* (the Guide); and streamlining school accountability and reporting requirements including by aligning State and Commonwealth processes (DEECD 2013f). More recently, the Victorian Government committed to review the administrative and compliance burden regularly, to free schools to focus on education and more strategic resource management (DEECD 2012a, 12). The Commission considers that maintaining an internal capacity to review, identify, and remove red tape and unnecessary regulatory burden is desirable.

The Commission has identified a number of red tape reduction opportunities with participants adding to or refining these opportunities in response to the draft report. Chapters 7 and 8 of this report outline significant regulatory reduction opportunities including:

- managing unsatisfactory performance
- processes for redeploying excess staff
- flexibility of teacher selection and deployment.

While recognising progress to date, the Commission considers the Victorian Government should go further to reduce red tape in schools through a combination of:

- reducing the burden of policies and plans
- further revising the Guide
- increasing budget flexibility in certain areas
- simplifying and clarifying records management
- streamlining the school planning and review cycle
- establishing a new process for identifying additional red tape reductions in schools.

6.3.1 Reduce the burden of policies and plans

Schools are complex organisations and while one would expect all schools to have policies and plans, Victorian schools appear to have a very large number. DEECD indicated that in recent years, it has reduced the number of plans and policies from around 130 to around 70 (DEECD 2013f). Participants suggested, however, that the burden on schools could be reduced further while maintaining or improving accountability and autonomy.

Reducing the burden of policies and plans offers the potential to reduce rework and improve compliance. For example, some standard/template DEECD policies and plans must be approved by each of Victoria's approximately 1500 government school councils (DEECD 2011a). Where schools are required to develop their own policies, participants suggested they are sometimes unclear about whether their policies adequately meet legislative obligations. Options to reduce the burden of preparing policies and plans include the following:

- *Reducing the number of plans/policies.* Consolidating policies into categories such as 'health and well-being' and 'emergency, security and probity' could simplify processes and highlight duplication. Other obligations could be removed entirely, such as the requirement that each school 'should develop a contractor checklist for arranging a contractor to work in the school' to ensure safety, policy and project management procedures are followed (DEECD 2013g). DEECD could incorporate these requirements into standard contracts that exist for many services including gardening, maintenance or painting and cleaning services.
- *Increasing the use of standard/template policies.* Based on discussions at workshops with school principals, the Commission proposed in the draft report that there is potential for DEECD or regional networks to prepare standard policies, procedures and plans for schools to adopt (in the form of complete word documents, for example, rather than guidance notes). A non-exhaustive list of policies DEECD could prepare standard policies for includes:
 - Anaphylaxis management plan
 - Anaphylaxis prevention strategy
 - Asthma action plan
 - Attendance policy
 - Head lice policy
 - Emergency plan
 - Gifts, benefits and hospitality policy and procedures
 - Security risk management.

Adopting standard templates would reduce administrative burden. Care should be taken, however, to ensure these standard templates focus on administrative efficiency and do not result in DEECD overly prescribing how schools are run (the focus should be on outcomes, not processes).

- *Simplifying authorisation.* Standard templates could be adopted without school council endorsement. Principals or school councils should have the option to modify a policy for their particular circumstances where necessary, with the school council endorsing the locally-modified policy. Automatic adoption of policies is likely to be particularly useful for smaller schools with limited resources.

A number of participants supported adopting measures to reduce the burden, of policies and plans, including through standardised template policies and simplified approval processes. In consultation, one participant noted that, although schools have important responsibilities for the health and wellbeing of students, 'time is better spent doing it, not writing about it'.

Participants also supported the option for schools to customise the standard policies where they have the resources. The Association of School Councils in Victoria (ASCIV), for example, 'favours generic policies and where appropriate these should be capable of being adapted to take account of local circumstances' (sub. DR27, 3).

6.3.2 Revise the School Policy and Advisory Guide

The Guide and its predecessor documents have been a key resource for schools since the 1990s (DEECD 2013h). The Guide helps school principals, teachers and school councillors identify obligations, DEECD procedures, policies and plans relevant to their school by bringing together resources and requirements from across DEECD. Improvements have been made over the years to streamline requirements and to provide web-based access. There do, however, appear to be opportunities to improve the Guide to reduce the time that principals spend on administrative tasks and to clarify responsibilities.

The Guide includes a search function and alphabetical index but could be better indexed to save time and clarify obligations. It has over 270 pages, not including links to other references (such as the Public Records Office of Victoria and other DEECD websites such as CASES21 and HRWeb) and it can take significant time to identify obligations.

The Guide's introductory page states the 'information comes from a range of legislative and regulatory requirements' but the Guide also contains DEECD requirements, information and good practice (DEECD 2013h). An appraisal by the Commission and comments by participants suggest the distinction between these different types of obligations is unclear in a number of areas and therefore the weight schools should attach to their obligations in the Guide is unclear. Uncertainty over the source of obligations is compounded by a lack of clarity over the actions required of schools. For example, schools may spend unnecessary time getting a high-level understanding of which policies they need to develop, those they need to modify or adopt, those they need to observe, and those that are simply best practice.

Principals could potentially save significant amounts of time if the Guide included a one-page summary that clarified: the source of the obligation; school actions required (including the scope for local adaptation); and accountability (whether principal, school council, or others). A significant portion of information in the Guide is not related to minimum standards, but to DEECD requirements and best practice (DEECD 2013f). Although the aim of the summary is to assist principals, it should not become a compliance document akin to the recently eliminated compliance checklist.

Several participants supported development of a one-page summary. For example, ASCIV stated that 'the summary page suggestion on the schools policy is a sound idea. Indeed the current DEECD website is almost unworkably complex' (sub. DR27, 3). The Australian Principals Federation (APF) agreed that a summary page would be useful but emphasised the point made in the draft report that the summary page should not become a compliance document (sub. DR28, 5).

6.3.3 Increase budget flexibility

Schools receive a single Student Resource Package grant each year but inflexibilities in two areas result in unnecessary administrative burden on principals.

- *Centrally procured programs.* DEECD purchases some programs on behalf of schools. If these were rolled into core school funding, efficiency gains could be made through reducing central office administration costs, improving purchase efficiency, and increasing autonomy in school-level decision making for centrally managed programs such as:
 - Secondary Teachers Assistants Program
 - P-12 Complexity Allowance
 - Teacher Support and Development

- Australian Government Quality Teacher Program
- Victorian Drugs Strategy.

If schools feel they do not benefit from central purchasing, they could make their own independent purchases. This proposed change would reduce the overhead costs of calculating and allocating separate grants. For those grants designed to improve teaching and educational outcomes, where schools will already be held to account for their performance, the proposed changes would give schools the flexibility to deploy their resources in a way that recognises the circumstances of each school. Schools would be judged on the outputs they achieve, with less control over how their inputs are used. As noted in chapter 12, some participants supported this idea.

- *Credit-cash mix.* Schools receive a standard 90/10 split of credit for teacher wages and cash for other expenses. Schools can convert cash to credit or vice versa but this involves preparing and submitting an application. While the Commission was informed that this process was not overly burdensome, it is not clear why the default setting cannot be varied to take account of an individual school's circumstances.

6.3.4 Simplify and clarify records management

The requirements on government schools to retain records can be complex, contradictory and onerous.

- Different types of records must be kept for different amounts of time, such as expulsion records for one year, student exams for four months, enrolment reporting for seven years, and individual enrolment and withdrawal records for senior secondary qualifications for two years. There are also many different disposal triggers, including date of birth, date of departure, end of year, 'date of expulsion or ceasing to be school age whichever is later', date of notification of final result, and from the end of administrative use (DPC 2011).
- Despite authoritative sources (Public Records Office Victoria (PROV), archives and records management staff) providing definitive directions, the complexity can lead to inconsistent advice about records. Staff personnel records are a case in point and must be kept at the school where the employee worked for 50 years, or indefinitely, depending on which guidance document is consulted (DEECD 2013i, 16; DEECD 2013j). Public Records Office Standard (PROS) 01/01 dictates that only a consolidated employment history of Victorian Public Service (VPS) employees should be kept for 50 years. Parts of the personnel file, however, can be destroyed earlier, including records on promotion decisions (two years), counselling and provision of professional coaching (seven years), informal grievances (seven years), and formal grievances (15 years).³ Archives and records staff, however, do not recommend culling from these files.
- Guidance for schools to keep personnel records on site for 50 years seems excessive and likely to lead to non-compliance.

The Commission considers there are too many different categories of records with different record keeping requirements in the guidance document on school records (PROS 01/01). The Commission understands that the PROS 01/01 was written in 2001, is due for review, and the PROV intends to reduce the number of classifications and disposal triggers. The Commission supports the PROV's review and recommends it consider:

³ Summary documents of grievances should be retained as permanent State Archives (PROS 01/01).

- simplifying requirements to four time-frame categories and a blanket end-of-year starting date for disposal triggers
- introducing a simple summary table to show how long each record should be kept, tabulated by record type (as it is currently presented), and by timeframe.

DEECD's advice on personnel records could be clarified and records management streamlined as the CASES21 database potentially collects the 'consolidated employment history' automatically. DEECD could also examine storing personnel files on behalf of schools in centralised storage after, say, seven years. Central storage could improve storage efficiency, compliance, and reduce errors in re-activating files, or even loss of files, for teachers returning after a long absence.

6.3.5 Streamline the school planning and review cycle

The *School Accountability and Improvement Framework* (SAIF) is under review and will be replaced by a *School Performance Framework* (DEECD 2012a, 2). The SAIF required each school to develop a school improvement plan, conduct a school self-assessment, and undergo a DEECD review along with associated consultation (DEECD 2012e). There were four different levels of DEECD review, from light touch to very thorough, depending on performance and, although initially the cycle was conducted every three years, this was recently increased to every four years.

Inquiry participants indicated the planning and review process can help to drive accountability and continuous improvement in government schools. In *Towards Victoria as a Learning Community* (TVLC), the Government commits to greater clarity, transparency, and involvement of community, peers and other stakeholders in accountability (DEECD 2012a). The Commission considers the TVLC commitment presents an opportunity to streamline the review process without compromising accountability and improvement outcomes. Adopting a stronger risk-based approach to the planning cycle and frequency of reviews, including better targeting of more detailed reviews and increased use of lighter touch reviews, could assist in reducing the regulatory burden on schools.

In the draft report, the Commission suggested that there may be merit, for example, in extending the planning cycle from four to five years to align with principal contract duration. A one-year increase to five years: reduces the number of school plans, assessments, reviews and consultation by 25 per cent; makes stronger connections between school and principal performance; and improves transition between principals. It may, however, also result in performance problems being unaddressed for longer.

There was mixed support for streamlining the school planning and review process. The APF suggested resources could be saved and a five year cycle would allow time for change to come to fruition (sub. DR28, 6). The Victorian Association of State Secondary Principals suggested the current four year cycle is 'about right' but stressed the focus of the review is more important than the length of the cycle. VASSP suggested the review focus on growth in performance or value-added rather than absolute achievement and for clarity over who will be involved in school reviews and how they will be resourced (sub. DR31, 4). The Commission considers that DEECD should take these views into account in its review of the SAIF and inform the proposed red tape taskforce's consideration of how the overall burden of the school review cycle could be reduced (see below).

6.3.6 Identifying additional burden reduction opportunities

The Commission has identified several school red tape reduction opportunities above but considers that further opportunities exist. An effective way to identify additional burden reduction opportunities is to establish a taskforce of experienced principals and relevant senior DEECD staff to:

- consider whether a red tape reduction target would help DEECD and schools to focus on freeing principals to focus on their core role — although setting an optimal target for burden reduction could be challenging, a reasonable starting point is the Government's broader red tape reduction target of 25 per cent
- consider whether new requirements should be subjected to greater scrutiny by DEECD and/or a reference group of principals before introduction
- identify further burden reduction opportunities, over and above those identified in this report
- monitor progress on the burden reduction opportunities, including those identified by the Commission.

Some participants supported the proposed taskforce, for example 'ASCIV agrees with this recommendation and recommends as a matter of urgency, the establishment of a taskforce to identify and verify the reduction of red tape' (ASCIV, sub. DR27, 3). Participants raised additional actions that an appropriately supported taskforce could undertake, including to:

- examine progress on implementing the recommendations from the VAGO report on *Management of Staff Occupation Health and Safety in Schools*, which were accepted in full by DEECD
- identify further opportunities to streamline OH&S requirements, such as reducing duplication between forms posted in the school and kept on file at the school
- benchmark costs and timeliness of capital projects and capital loans in government schools against similar projects in Catholic and independent schools
- consider how the burden of the school planning and review cycle might be reduced, while maintaining appropriate accountability
- streamline processes to align the appointment of education support staff for special needs students with the time the supported student attends the school
- increase flexibility for parental leave provisions such that after 12 months, the returning staff member is attached to schools within a reasonable distance rather than to a specific school.

The Commission considers that reducing red tape burdens on principals should be a very high priority for DEECD; that DEECD should ensure accountability for this ongoing tasks is assigned to a senior executive; and that a red tape reduction taskforce of principals and senior DEECD staff, with appropriate support should be established. The taskforce should also consider how new governance arrangements (as outlined in chapter 9) could allow for significant streamlining and eliminating of DEECD's compliance and reporting requirements.

Recommendation 6.2

That, to allow principals in Victorian government schools to focus on educational leadership, the Department of Education and Early Childhood Development (DEECD) reduce red tape by:

- further reducing the number of policies schools need to comply with by consolidating similar school policies and eliminating unnecessary ones, increasing the availability of standard templates for administrative policies, and removing the requirement for school councils to endorse standard DEECD policies — focusing on health and wellbeing policies as a priority
- incorporating a summary page in the *School Policy and Advisory Guide* that identifies clearly: the source of obligations (legislative requirements, mandates from DEECD, or best practice); school actions required (including the scope for local adaptation); and accountability for those actions
- increasing budget flexibility by increasing principal autonomy over deciding the cash-credit mix, subject to maintaining financial probity, and by reallocating funds for centrally purchased programs into the core student price
- establishing a taskforce of principals and senior DEECD staff, with appropriate secretariat support, to identify additional red tape reduction opportunities in schools and to verify the implementation of this reduction.

6.4 Use outcome and performance information to lead effectively

To be effective, a more autonomous school system needs relevant and timely measures of performance, including of educational outcomes achieved (particularly learning, engagement, and transitions to employment or further study), and investment in capacity building to improve future educational outcomes.

Such information is especially important for schools and principals to provide the basis for assessing actual performance against the planned rate of improvement. It is also essential for assessing the effectiveness and rate of improvement of the school system as a whole and its progress towards the goals set by government, and for identifying underperforming schools and improvement insights from high-performing schools.

Many aspects of school activity and performance are currently monitored. The former school-level reports, for example, included a range of educational outcome measures, student attendance rates, retention and destination data, results of parent and staff opinion surveys, and some financial and operational information. DEECD also administers an annual *Attitudes to School* survey for students from Years 5 to 12 in Victorian government schools.

Notwithstanding the extensive data collected, the current set of information on school and principal performance, and more particularly, the way it is used, is a weakness in the accountability framework for Victorian government schools (chapter 9).

- Schools and principals are not routinely held accountable against a clear set of performance measures.
- The performance information does not appear to be structured in a way that provides a focused, yet comprehensive, picture of overall outcomes and the work to achieve sustainable improvement in them. There are also issues around the

extent, timeliness, consistency, and accessibility of the information that is publicly available.

- External accountability mechanisms tend to focus on average test scores (based on National Assessment Program — Literacy and Numeracy (NAPLAN) results), rather than educational gain and broader measures of student welfare.

These shortcomings have been recognised by the Government and changes to school performance reporting have been implemented with further changes foreshadowed, including the use of a balanced scorecard (DEECD 2012a, 20).

6.4.1 Measuring school performance

The Commission considers that measuring the principal's performance should be linked to, and driven by, measurements of the school's performance.

Several approaches to measuring school performance were proposed to the Commission by stakeholders. One participant, for example, suggested avoiding rigid templates for reporting on critical areas, and instead allowing the school to report in the way it deemed best, as long as two questions were answered.

(1) What evidence does the school have on how it is performing?

(2) What is the school leadership (especially the principal) doing about it?

Such an approach has some significant strengths, particularly in demonstrating the sophistication and extent of implementation of improvement plans. It provides limited comparability among schools, however, and makes the overall assessment of the performance of the school system more difficult.

The Commission sees merit in a 'balanced scorecard' approach because it emphasises outcomes, stakeholder engagement, financial sustainability, and developing current and future capability (Kaplan and Norton 1996). This framework has direct application to a highly autonomous school system because the principal is simultaneously focused on current outcomes and the key actions to deliver sustained improvement over time.

To this end, the Government's proposal to introduce a standard balanced scorecard for school performance is potentially a very constructive action — if it focused on the right outcomes and is used to guide and drive performance and improvement.

The Victorian Principals Association (VPA) expressed concerns about the use of a balanced scorecard and, if it is used, the form it would take, noting that it should not leave out 'significant factors in assessing a school's effectiveness' (sub. DR20, 2). It noted further that the balanced scorecard for principals 'needs to consider other options such as network contribution, system contribution, etc., as well as being made contextual for different school environments' (sub. DR20, 2).

The Commission agrees with this sentiment and considers that its recommendations — in relation to the measures included in the scorecard, and the process for developing it — help to address concerns about the appropriateness of the specific indicators that would be included.

There appear to be three key issues in implementing a balanced scorecard effectively:

- (1) ensuring an outcomes focus by better measuring the educational performance being achieved, particularly in terms of absolute levels of achievement, relative

student gain, intake-adjusted measures, and the performance of key groups of students, such as those from disadvantaged backgrounds (chapter 2)

- (2) ensuring a sustainable improvement focus, by focusing on, and better assessing, the key drivers of school performance
- (3) making publicly available, timely and accessible information about the performance of individual schools (section 6.4.2).

Outcomes focus

Educational outcomes measured by academic results (absolute scores) are a key element of measuring and comparing the performance of schools. They are also readily available and measurable. On their own, however, they can be misleading indicators of school performance (box 6.4).

The Commission, therefore, considers that other measures of academic outcomes need to be incorporated in a balanced scorecard. To this end, it supports:

- current efforts to improve performance reporting and comparisons across schools, especially through 'intake-adjusted' NAPLAN test results (where test results are adjusted to remove the effects of socioeconomic status (SES) and other student characteristics)
- the Government's recognition that the future focus should be on measures of the value added to educational outcomes by schools (relative gain).⁴

The use of relative gain measures potentially lessens the need to adjust for factors such as inter-school differences in the SES of students. The emphasis is on how much the school has helped its students — whatever their characteristics and backgrounds — to improve.

Participants supported the use of gain data rather than absolute scores. VASSP, for example, observed:

Members welcomed the suggestion that, in assessing school performance, there should be greater emphasis placed on improvement or 'value add' rather than on absolute scores, and that comparisons should be made to 'like schools' in terms of the socio-economic status of students rather than to state or national benchmarks. (sub. DR31, 3)

Also noted, however, were the possible risks that remain with this approach. The Mount Alexander College School Council, for example, noted the need:

... to have stronger safe-guards against the misuse of this data built in ... While a realistic appraisal of school performance is in the public interest, care needs to be taken to avoid anything which undermines the confidence of students in their school or their motivation to improve their learning. (sub. DR19, 1)

Likewise, VASSP pointed to the risk that 'certain indicators of school performance are likely to receive greater emphasis than others', and 'take precedence over

⁴ Relative gain measures a student's academic improvement between NAPLAN tests (that is, two years) compared with students who had the same initial test scores. In other jurisdictions, this is called value-add.

improvements in performance achieved in challenging settings and in curriculum areas which are not part of the external assessment regime' (sub. DR31, 3).

Box 6.4 Student outcomes — some measures and issues

Academic achievement, literacy, and numeracy skills

- Amenable to measurement through standardised external tests (for example, National Assessment Program — Literacy and Numeracy (NAPLAN)). Can be reported as average scores or percentage of students meeting a pre-defined standard.
- Limited to certain Year levels and subjects. Results affected by contextual factors outside school's control — for example, socioeconomic status (SES), family aspirations, family and community support, and language spoken at home.
- Potential for unintended consequences, such as teaching to the test.

Value add scores (improvements in cohort scores over time)

- Reduce the influence of contextual factors.
- Not always independent of starting levels of achievement.
- Do not capture contributions schools make to learning in years prior to testing.
- May not reflect the introduction of changes for which time is needed to produce meaningful improvements to outcomes.

Intake-adjusted (contextualised value-added (CVA)) scores

- Based on an analysis of the relationship between a range of contextual factors and school performance, the CVA score is the difference between the actual and predicted average test scores. It can also be used for measures of student engagement and wellbeing, and pathways.
- Explicitly attempt to control for 'contextual factors' outside the school's control, such as SES, and allow for like-with-like comparisons.
- May imply unjustified levels of precision, are not in a form that can be used for improvement purposes, and assume the relationship between contextual factors and scores is the same across schools.
- Can hide differences in school/student performance (for example, if quality of school provision is correlated with SES of students and parents).

Broader outcome measures

- Engagement and participation (for example, student satisfaction and attendance rates).
- School completion and attainment (for example, graduation rates, student admission to higher education and transitions to employment).
- Employment-related skills.

Using combinations of these measures can provide better guidance about how to improve outcomes at particular schools, and enhance the acceptance and legitimacy of accountability systems. However, there is limited research or evidence about the quality or usefulness of broader outcome measures.

Equity targets

The gap between scores/gains of highest and lowest achieving students.

Source: Masters 2012.

Concerns were also raised in discussions with small schools that noted their data on overall school performance can be influenced by the loss or gain of one or two students. Care is, therefore, needed in interpreting the results for small schools.

Extensive unpublished relative gain data are available in Victoria for government and non-government schools (chapter 2). The Commission considers it would be in the public interest to publish these data, with appropriate caveats, and supplementing these with other measures (as discussed below) to alleviate concerns such as those expressed by VASSP and the Mount Alexander College School Council. Indeed, as has been evident from the public policy debate about the NAPLAN data, the very action of publication is likely to stimulate efforts to improve the accuracy and reliability of the data. Moreover, a study in Wales suggested that publishing these data may have positive effects on school effectiveness (student educational outcomes), without increasing the sorting of students by ability or SES (Burgess, Wilson, and Worth 2010, 21–22). Indeed, according to Burgess, Wilson, and Worth, their results:

... suggest that school accountability policies hold promise for raising school performance, particularly for students in disadvantaged schools and neighbourhoods. If uniform national test results exist, publishing these in a locally comparative format appears to be an extremely cost-effective policy for raising attainment and reducing inequalities in attainment. (Burgess, Wilson, and Worth 2010, 23)

The imperative for developing relative gain measures becomes even greater in a world of greater autonomy and choice (chapter 10), although Burgess, Wilson, and Worth suggest parental choice was unlikely to be the main driver of their results (Burgess, Wilson, and Worth 2010, 23). Similarly, Jensen, Weidman and Farmer found a weak relationship between NAPLAN results and changes in school enrolments in Australia, concluding, 'the reality is that competition does not drive enough parents to schools with higher levels of performance' (B. Jensen, Weidman, and Farmer 2013, 1). This does not mean that such data are not useful but that they drive school improvement through a range of mechanisms, not simply parent choice. In part, this is because a range of factors influences parents' choice of school (chapter 10).

Overall, as noted in a submission to the Government's *New Directions for School Leadership and the Teaching Profession* (New Directions) paper, the need to measure what matters means looking at a range of educational and wellbeing measures, not just literacy and numeracy. Kane and Staiger also noted that:

... parents care about other outcomes, such as whether their children are developing a positive emotional attachment to school and are engaged in their learning. Parents would not want teachers to emphasize practices that improve achievement but lead children to dread school or to work less hard. (Kane and Staiger 2012, 12)

Useful broader measures involve quantitative and qualitative indicators (box 6.4), including outcomes in learning areas that are not subject to external national testing, and measures of equity — distribution of outcomes across particular groups of students (low SES and Indigenous, for example) — student destination data, and student wellbeing (including health and safety). Some measures will differ for primary and secondary schools. Participants to this inquiry (including participants in the Commission's roundtable on principal accountability) argued that particular attention needs to be paid to developing appropriate outcome measures for students with special needs, and for schools in specialist settings. This issue is discussed further in chapter 11, in the context of monitoring outcomes for students with educational disadvantage and with disabilities.

Measures for sustained improvement

Information about outcomes is a critical input into assessing performance. Sustaining (and improving) performance, however, requires information about the drivers of outcomes (and, therefore, potential sources of improvement). A range of measures can provide better guidance about how to improve outcomes at particular schools, and enhance the acceptance and legitimacy of accountability systems (Masters 2012, 9). Using a range of measures can also help to reduce the unintended consequences that can result from focusing exclusively on quantifiable student outcome measures based on test scores. Given that, the Commission suggests that three key performance (and, therefore, measurement) areas should be part of the balanced scorecard along with educational outcome measures:

- community (especially student) satisfaction and engagement, drawing on surveys/questionnaires
- teacher and school development — the former based on indicators reflecting time and money invested in professional development, and the quality of performance assessment and feedback, and of current teaching practice, and staff satisfaction and engagement; school development is considered broadly to incorporate information on innovation and improvement in practices, and broader system and network contributions
- financial sustainability, including outcomes against budget.

Incorporating measures that more directly relate to the practices of schools into the balanced scorecard would also be informative — providing insights into how performance can be improved.

Assessments of school practice are often included in school accountability and improvement reviews in Australia and internationally, and as part of school self-evaluations. This is informed by research that 'has identified both general characteristics of effective schools and specific classroom practices that are correlated with improved student learning and achievement' (Masters 2012, 19). Masters suggests that this research provides 'a starting point in identifying practices that could form the basis of useful measures of school practice' (Masters 2012, 6). However, he also highlights the difficulties of constructing a 'practice-based' measure of performance from judgements about school practices, but shows how this might be done (box 6.5).

These considerations suggest that practice measures may not yet be sufficiently developed to include in the accountability framework for Victorian government schools. That said, DEECD and schools should be open to improving such measures over time.

In the meantime, the Commission suggests the combination of educational outcomes and student satisfaction may give a strong indication of the quality of teaching practice in the classroom. Indeed, the Commission notes that the questions included in DEECD's *Student Attitudes to School* surveys can provide useful insights into how well teachers connect with students, from the students' perspective. Participation in the survey is not compulsory but most schools participate (98 per cent in 2012) (DEECD 2013k).

Younger cohorts (Prep to Year 4) are not covered by the surveys. Research shows that students of different ages value different aspects of teaching, and that primary students tend to 'rate teachers more generously than older students' (Jensen and Reichl 2011, 16; Kane and Staiger 2010, 14). Although this suggests that the age of students affects how surveys should be designed, the Commission does not consider that this invalidates the use of surveys on younger students. Surveys have been designed internationally for all levels of students — Tripod surveys in the United States, for example are designed for three levels of students (Kindergarten to Year 2 (K-2);

Years 3-5; Years 6-12) (The Met Project 2012). That said, some school systems have deliberately decided not to implement K-2 surveys, at least for teacher performance appraisal purposes, in light of concerns about their reliability (Kloberdanz 2012).

Box 6.5 Constructing practice-based measures of performance

The Queensland Department of Education and Training audits of schools are based on the *Teaching and Learning School Improvement Framework*, which incorporates eight domains of practice:

- an explicit improvement agenda
- analysis and discussion of data
- culture that promotes learning
- targeted use of school resources
- an expert teaching team
- systematic curriculum delivery
- differentiated classroom learning
- effective teaching practices.

Masters uses data from these audits to show how an aggregate practice-based measure of performance might be constructed. His analysis showed that ratings on seven of the eight domains could be 'meaningfully combined into a single performance measure', and could be used to complement outcomes-based performance measures. Re-assessments over time could provide a basis for measuring improvement over time.

Source: Masters 2012.

The VPA (sub. DR20) questioned the usefulness of surveys to assess teacher and school performance, believing they do not 'provide the detailed information required' and are too subjective (sub. DR20, 2). Participants in the principal accountability roundtable questioned the reliability of staff surveys — staff may, for example, be satisfied when principals do not make the hard decisions that would improve student and school outcomes. The VPA argued further that 'high score staff surveys more often mean low levels of work and performance' (sub. DR20, 6).

The Commission considers, however, that appropriately designed surveys can overcome these potential issues (see also chapter 7) and, indeed, it saw some examples in consultations for this inquiry of schools using such information. Moreover, given the importance of student engagement to adult educational and occupational achievement, including for students from low SES backgrounds (Abbott-Chapman et al. 2013; Jackson-Webb 2013), using student surveys to assess engagement is particularly important. It should also be noted, however, that surveys would be just one input and be used to inform, not determine, the assessment of performance.

To facilitate the monitoring of the overall performance of the government school sector, schools could report against a templated minimal balanced scorecard, with principals and school councils having discretion to adopt a limited number of additional elements where they choose to do so. The Commission can see no reason why participation in parent, teacher and student surveys, which provide information relevant for the balanced scorecard, should be optional for schools. The Commission also considers there would be value in the student surveys being extended to the early primary school levels

— at least from Year 3, which aligns with the first year of NAPLAN testing. (Such information is also likely to be relevant for assessing teacher performance.)

ASCIV, in supporting the introduction of a balanced scorecard, commented that ‘this should be developed by a panel of principals and eminent researchers in the field’, and that there is a need for training on required outcomes and processes (sub. DR27, 3).

The Commission agrees with this view, and suggests the scorecard be developed jointly by DEECD with schools and principals and field-tested before introduction.

6.4.2 Availability and accessibility of information

DEECD used to compile School Level Reports (SLRs) for each school, and provide them to the relevant school. DEECD also prepared guidance for schools on interpreting the reports. The Commission considers this type of work to be a very important service role of the DEECD central office in an autonomous school system.

The SLRs contained much of the data required for the Commission’s proposed balanced scorecard, although a number of factors appear to inhibit the usefulness of the information in framing improvement plans and tracing performance.

- Publication of the reports was at the discretion of schools — some schools posted copies of their reports on their websites, but this was not required. Schools were, however, required to publish a School Performance Summary report (a subset of the data from SLRs), as well as an Annual Report, which is published on the State Register on the Victorian Registration and Qualifications Authority website, and includes a Government school performance summary, a statement on what the school is doing and a financial statement.
- The breadth and presentation of the data could make them difficult to interpret.
- Not all relevant data (for example, student attitude results) were included.
- The data were not timely. By April 2013, for example, only reports for 2011 were posted on the websites of schools that made them available.

The Government has signalled its intention that reliable, more accessible information about school performance will be made available ‘through a new information dashboard for parents and an online School Performance Portal for government schools’ (DEECD 2012a, 20). The latter replaces the SLR, and aims to allow for ‘easier interpretation and comparisons, including between schools of similar size, type, geographic location or socioeconomic status’ (DEECD 2012a, 20–21). The Commission understands the Portal was made available to principals in Victorian government schools in April 2013, with additional data sets and functionality to be phased in during 2013.

The Commission supports the Government’s proposal to improve the accessibility of information on school performance to schools and the community. To enhance the accountability of principals to the community, the information provided should be:

- more targeted than previous information and focused on the key items in the balanced scorecard
- made publicly available for all schools (once schools have had an opportunity to check the information for accuracy), but not later than the beginning of term 2 of the following year.

Recommendation 6.3

That, to improve the ability to assess school performance, the Victorian Government develop a balanced scorecard management system incorporating the following indicators of school performance:

- educational outcomes, expressed as absolute scores and educational improvement measures, including for specific cohorts of students
- school community (especially student) satisfaction and engagement
- teacher and school development, including network and system contributions
- financial outcomes against budget.

That the specific measures for each indicator be developed in consultation with principals and researchers in the field, and field-tested with a sample of schools and principals.

That, to support the comparison of outcomes across schools, the Victorian Government:

- publish the (de-identified) student gain data that it currently holds for government and non-government schools
- develop a template for student surveys of primary school students for Years 3 and 4, to supplement existing student, parent and teacher surveys
- ensure information for the balanced scorecard is published in a timely fashion.

6.5 Holding principals accountable

A fundamental element of governance is that principals be held accountable for their performance, with primary emphasis on the performance of the school and improving teaching practice.

The performance management system for principals, properly designed and implemented, is an essential component of an effective accountability framework, providing a means to:

- link school and individual performance, and link these with broader system goals
- identify strengths and areas for improvement, helping to develop individual and school capabilities.

The evidence available to the Commission suggests that, although many aspects of the role of the principal and the performance of the school are measured and monitored, the accountability framework in practice is quite variable from a school system perspective, and often not implemented as intended. The Mount Alexander College School Council, for example, submitted:

The current performance and development planning system for principals ... has been ad hoc, unclear and overly complicated for some years. A simpler planning tool which clearly aligns actions with outcomes and an annual review and sign-off system which is timely, efficient and resourced is needed to give the performance planning process credibility within the profession. (sub. DR19, 2)

One submission to the Government's New Directions paper suggested that some of the issues with the current process stem from the fact that it is top-down driven and links

poorly to the work and accountabilities of principals. Others have suggested the process is treated as a compliance exercise. The APF, for example, commented that current plans do not 'reflect in the main, the key accountabilities of Principal Class Officers' and that the:

... process has varied considerably in relation to implementation ... [and] in many cases ... reduced to a process more in keeping with compliance than an authentic and credible process to appraise Principal performance and/or to facilitate professional learning. (sub. DR 28, 6)

The need to strengthen accountability in the government school system has been identified by the Victorian Government as a key challenge, and work is in progress to improve the system (DEECD 2012a). This section discusses opportunities to improve the current performance and development system for principals, noting the next chapter covers the performance improvement system as a whole, and chapter 9 addresses options for improving governance structures in a more devolved school system.

6.5.1 Current performance management and development for principals

DEECD guidelines specify the following guiding principles for principal performance management and development:

- focus on school effectiveness and student outcomes
- multiple sources of feedback, to support ongoing learning
- continuous learning and development
- reciprocal responsibility and support
- recognition of difference and diversity (DEECD 2011b, 4).

These principles are reflected in the design of the performance improvement process, which is based on a five-stage performance and development cycle that includes annual review of achievement against criteria specified in the principal's Performance and Development Plan (PDP). The process is also intended to be 'a core component' of the contract renewal process (DEECD 2011b, 6).

The PDP includes two broad criteria — school improvement focus and professional learning focus (box 6.6) — as well as the core accountabilities specified in schedule B of the contract of employment. Some of the latter may be specifically included in the PDP if they are important areas for professional growth (DEECD 2011b, 13).

Some aspects of the performance processes relating to principals are subject to change. Before late 2012, the Regional Network Leader was responsible for managing the performance and development process for principals — being involved in annual review meetings, and responsible for signing off and providing ongoing advice, support and feedback on, a principal's progress and performance (DEECD 2011b). The Commission understands the intention is that, in future, the performance reviews of the principals would draw on a range of information (such as peer review) (DEECD 2012o).

Box 6.6 Principal performance and development plan — components

School improvement focus

This is a key improvement strategy/significant project from the school strategic plan and Annual Implementation Plan, for which the principal will have a hands-on leadership role. The school strategic plan is also attached to the Performance and Development Plan (PDP).

Professional learning focus

The leadership skills required to successfully implement the school improvement focus, based on previous PDPs, and recommendations for future action.

The individual professional learning focus section of the plan also provides the opportunity for the principal to incorporate professional learning that does not directly relate to the school improvement processes but contributes to overall leadership effectiveness. This may include career development opportunities, new roles and responsibilities, maintenance or improvement of personal health and wellbeing, for example stress management, cooperative learning and action research as part of a Collegiate Group, responding to staff opinion survey and leadership feedback, and further study.

Source: DEECD 2011b, 14–15.

6.5.2 Strengthening accountability for performance

Accountability depends on a clear cycle of setting well-defined improvement objectives for the school (and therefore the principal), coupled with an effective process of review by the governing body. The Commission's proposals for a balanced scorecard and revised role of principals identify outcomes for which schools should be aiming and can influence. The balanced scorecard should, therefore, be a key element of the measures for assessing principal performance.

In responding to the draft report, the VPA was concerned with the proposal that the assessment of the principal's performance be tied to the results of the balanced scorecard:

The Commission says measuring a principal's performance is the same as measuring the school's performance. This is not fair. The inference is that it is not possible for a principal to perform well and if his/her school does not perform well. (sub. DR20, 2)

The Commission agrees that, particularly for principals newly appointed in challenging circumstances, the school's results are not a good indicator of the principal's performance and, in fact, may reflect the legacy of the circumstances the principal was appointed to address. These results should, however, be the basis for a discussion about how the principal will address the identified problems and assess whether gains are being achieved. The balanced scorecard results, therefore, should not *define* the principal's performance assessment but instead should *inform* the assessment of whether the principal is responding effectively to the challenges in his or her school.

In addition, research evidence strongly indicates that a major contribution to improving education outcomes comes from improving teaching practice (chapter 3). In turn, these elements depend critically on the principal practising a high standard of people management directed towards these outcomes. Therefore, the assessment of the

principal's performance should, in the Commission's view, pay close attention to the quality and effectiveness of people management.

This would include measures of compliance in applying the performance development system (chapter 7) and the quality with which that occurs. This information could be captured online, as is commonly done in private sector organisations, and used in performance review. This information at a whole-of-school system level would also enable DEECD to establish the extent to which the performance and development system is operating effectively and adding value, and would respond effectively to some criticisms made by the Victorian Auditor-General's Office (chapter 7).

It is also important that strengthening accountability does not discourage innovation in teaching, curriculum and other school practices. Incorporating information on innovations/improvement practices within the proposed balanced scorecard would help mitigate this risk.

The Commission considers a robust accountability framework also requires that the assessment of the principal's performance be based on relevant, measurable performance information, a robust understanding of the school context and some direct knowledge of the work of the principal. The Commission also considers that good practice would have one individual sign off on a principal's performance appraisal and conduct the performance appraisal conversation with that principal. Such arrangements underpin principals' (and teachers') confidence in, and the credibility of, the accountability framework.

There are, as evidence from school systems overseas and experience in the private sector suggests, practical limits to the number of principals whose performance a single governance point (individual or body) can assess effectively (based on the range of measures and direct knowledge). The number depends in practice on the circumstances and nature of the work. The apparent reliance on four Regional Directors to cover a total of around 1500 principals is a key structural weakness that could compromise the credibility of the performance appraisal process and undermine the effectiveness of the accountability system. This critical issue needs to be addressed credibly and effectively for the performance improvement process to be robust and support accountability in a highly autonomous school system (chapter 9).

The Commission also considers there should be a clear link between performance and incentives, especially annual salary adjustment. Although the current remuneration system provides some avenue for performance to be reflected in remuneration, clarifying and strengthening this link would be appropriate. The AEU argued that this 'is a version of performance pay and has been specifically ruled out by the new Victorian Government Schools Agreement' and that:

The present performance management process for principals which links their performance and development plan to the school's three year strategic plan and its annual targets is in line with best international practice. (sub. DR33, 5)

The AEU also referred to problems that arose under a Professional Recognition Program implemented in the 1990s, including that:

Principals generally viewed the Professional Recognition Program as divisive and onerous; it was an additional task with inconsistent and unfair outcomes. It was compared to a complex (and time-consuming) game — with shonky rules and a biased umpire. (sub. DR33, 6)

In noting these concerns, the Commission emphasises that it is recommending the link between performance appraisal outcomes and progression be strengthened — that is, that a rigorous appraisal process be applied and that the outcomes of this be reflected in decisions about a principal's salary progression each year.

The Commission is not suggesting that new forms of performance pay, including a bonus system, be introduced at this point in time. As discussed in chapter 7, without first building credibility and confidence in the performance review system, recognising performance through new forms of performance pay will not generate the desired incentives. Thus, the Commission has recommended modifying and relaunching the system as the first priority (recommendation 7.5). This is also consistent with the Government's support of performance pay and intention to continue discussions on this issue (Naphthine 2013, 871; chapter 7).

Recommendation 6.4

That the Victorian Government revise the performance and development plan for principals, such that the performance standards align with the Commission's revised role of principals, draw on the results of the balanced scorecard for school performance, and incorporate measures of the application and quality of the performance improvement system in the principal's school.

That the governance arrangements ensure there is a single point of accountability for performance assessment of the principal.

That annual salary adjustment for principals be dependent on their meeting the performance standards.

6.6 Strengthening the leadership capacity of principals

As noted in the introduction to this chapter, in an autonomous school system the importance of effective leadership at the school increases, but so too does the complexity of the role. This presents particular challenges for leadership development.

In Victoria, notwithstanding a range of initiatives to develop leadership capability, principals continue to report problems in the transition to, and even once established in, their role (section 6.1). Identification of future potential leaders in Victorian government schools has also largely been ad hoc. VASSP, for example, observed that principals in Victorian government schools see identifying and nurturing future talent as important to their role but they mostly adopt a subjective approach to the identification of potential leaders' (sub. DR31, 4). Thus, the two main ways that potential leaders appear to have moved into leadership positions in Victorian government schools are through:

- self-identification by potential leaders and informal mechanisms through which they are coached and given an opportunity to develop within the school
- opportunities to take courses or join programs to build capacity and interest in leadership.

DEECD appears to have played a limited direct role in succession planning and talent identification, focusing instead on providing frameworks and infrastructure, such as through the Bastow Institute of Educational Leadership (box 6.7), that enable individuals to build their leadership capability.

Box 6.4 Bastow Institute of Educational Leadership

The establishment of the Bastow Institute built on previous leadership development initiatives by providing modules and programs to build the knowledge and skills of emerging leaders, new and experienced principals, leadership teams, rural school leaders and early childhood professionals. Bastow has developed a leadership curriculum and a range of leadership development programs. Since 2012, participants have had access to an online learning management system that provides resources, networks and online collaboration and allows them to harness new technologies.

In 2011, over 2500 people participated in Bastow's leadership initiatives.

Source: DEECD 2012f, 22; DEECD 2012o, 22.

Participants pointed to a number of specific barriers to effective leadership development in Victorian government schools, including:

- cost of providing professional learning opportunities (both budgetary and in terms of teacher time away from classes) (VASSP, sub. DR31, 5)
- the lack of readily available opportunities to undertake leadership training in rural areas and the variable availability across regions (VASSP, sub. DR31, 5)
- difficulty attracting high-calibre potential leaders to rural areas
- a lack of support for people in assistant principal roles (APF, sub. DR28, 9)
- the fact that assistant principals rarely experience more than one school and sometimes only one principal leadership style before becoming principals, which 'does not adequately prepare them for the broader accountabilities of principalship' (APF, sub. DR28, 9)
- inadequate induction programs and support for those entering the principal class, 'especially with the demise of region-based professional learning programs' (VASSP, sub. DR31, 5)
- inadequate development of a talent pool in terms of systemic and considered preparation (APF, sub. DR28, 9).

The Victorian Government foreshadowed that systematically developing leadership capacity is a high priority for the future, noting:

A systematic approach to succession planning, including the early identification and support of high-potential leaders, will ensure an adequate supply of high-quality principal candidates. (DEECD 2012a, 24)

The 2013-14 State Government Budget provided funding for a range of measures to develop school leadership over 2013–14 and 2014–15. These measures included:

- \$2.5 million to support school leaders leading curriculum and assessment matters and providing support for performance assessment of staff
- \$2.5 million to develop the capabilities of emerging leaders, with 300 to 400 people expected to benefit
- \$450 000 for a new talent identification and management system, to 'predict and assist those who are going to be future leaders'

- \$1.29 million for coaching experienced principals to act as system leaders into the future and 'be the mainstays for developing, mentoring and assisting others to aspire to be first-class leaders in their schools' (Hall 2013, 2–3).

The Commission notes these actions and considers they have the potential to strengthen capacity for leadership, and lift the potential benefits from existing levels of autonomy, and gaps in the current capabilities of principals. A system-wide approach can help to overcome problems such as when a high-potential leader who is working under a low-performing principal may be disadvantaged by not being visible beyond the school, and potentially limited incentives for principals to develop leadership capabilities in their school, given the risk of losing their best staff to other schools.

The Commission also observes that these actions have the potential to address some of the issues highlighted by participants, and noted above. They are also broadly consistent with the literature that suggests:

- high-performing education systems, even those that are characterised as relatively autonomous, adopt system-wide approaches to leadership development, and that 'succession planning is essential to widen the applicant pool for school leadership and increase the quantity and quality of future school leaders' (Pont, Nusche, and Moorman 2008)
- neither central government, nor individual schools can address the challenge of succession planning satisfactorily on their own and that 'there must be a strategic response which involves all levels of the system' (National College for School Leadership 2006, 1)
- there can be value in creating pools of leadership from which future leaders emerge, either through identifying potential leaders early, and continuing to sponsor and mentor them (select and develop), or developing as many leaders as possible from which future successors emerge (develop and select) (Pont, Nusche, and Moorman 2008, 165–6; Hargreaves and Fink 2006).

Successful implementation of these initiatives requires consideration of various issues, as outlined briefly below.

6.6.1 Creating a talent pool of future principals

The purpose of building a talent pool of future principals is to increase the supply of highly effective principals, and to focus investment in developing the readiness and effectiveness of future leaders. Building a talent pool raises a number of issues including who makes the assessment and how the assessments can be made consistently.

One essential task in creating a talent pool is, thus, to assemble information from principals identifying high potential staff. To this end, the Commission considers that DEECD has a vital role in providing assessment tools (or access to qualified resources) that would improve the quality and consistency of assessments of staff potential by principals, and especially in identifying staff with high potential for school leadership. Moreover, if DEECD is to be effective in this area of support and service, it should substantially lift its capacity to consolidate and maintain information about the talent pool for future principals. Such information could be used to strengthen the principal appointment processes and leadership capability at the school by providing:

- confidential advice to selection panels regarding possible candidates for consideration as appointment to the role of principal
- advice to principals on the development opportunities for high potential members of staff.

Another fundamental issue is where to look for potential leaders, including whether principals need to be teachers.

Do principals need to be registered teachers?

The Commission recognises that a key skill for a principal is to be able to provide educational leadership and to understand and have credibility around teaching practice. Thus, much of the focus in identifying future leaders should be on the existing population of teachers and, in particular, in identifying those teachers with leadership potential. That approach ensures a newly-appointed principal has a thorough understanding of good practice teaching and instruction (and how to implement it), and is able, where necessary, to model the expertise expected among teachers. As noted earlier in the chapter, a robust understanding of how to improve teaching and instruction practice, including the capacity to implement it, is a core requirement.

This focus also meets the requirement under the *Education and Training Reform Act 2006* (Vic) that principals (including executive principals) must be registered teachers.

Participants generally strongly supported retaining the requirement that principals be drawn from the pool of registered teachers. Some noted that to do otherwise would be particularly risky in small schools, and that a non-teacher would lack credibility among staff and the community, and be unable to coach and mentor staff effectively. The APF, for example, submitted that a non-educator would not be able to:

... provide the context for informed professional discussion with senior teaching staff and/or the appropriate and credible perspective and judgment to enable, or in cases direct, the transformational leadership necessary to lead school improvement. Further, a lack of possible symbolic leadership would create additional difficulties in most communities. (sub. DR28, 7)

The AEU noted that 'global top tier' countries with systems most like Victoria's require principals to have teacher qualifications (sub. DR33, 6).

There was, nonetheless, some recognition that people with experience outside education could bring valuable skills to the role — including people management skills, which are not exclusively developed through teaching experience. Moreover, as noted by Horng and Loeb:

Strong organizational managers ... are able to support classroom instruction without providing that support directly to individual teachers. Instead, they develop a working environment in which teachers have access to the support they need. (Horng and Loeb 2010, 69)

The APF supported the notion of the principal's role being to support instructional improvement indirectly, and noted further the problems that have arisen from a misconception of what instructional leadership requires:

... instructional leadership is vital [but] this has been misunderstood in recent years, by requiring Principals to directly lead this process. The requirement in some regions that Principals of schools attend up to 35 days in a year outside their school on professional learning around literacy and numeracy themes has resulted in a significant deskilling of principals in other areas and/or led to an increasing disconnect to other key areas of their accountabilities in relation to governance, finance and resources, personnel and facilities. (sub. DR28, 7)

In principle, having a non-teacher as principal need not be at the expense of instructional leadership being provided in the school — a non-teacher principal could draw on other members of the leadership team (who would be registered teachers) to help provide direct instructional leadership. Participants in the Commission's roundtable on governance cited examples of principals coming from non-teaching positions in schools. Even principals who are registered teachers are unlikely to have content expertise relevant to the teaching areas of all teachers and would need to draw on other senior staff to provide subject-specific instructional leadership (cf Santiago et al. 2011, 97).

The Commission recognises the concerns that have been raised about non-teachers filling principals positions.

That said, it is not clear that an effective school leader necessarily must be a *currently registered* teacher. Former teachers who subsequently pursue other opportunities in the education or other sectors may be highly effective principals — bringing not only educational knowledge but the broader skills required of effective principals. People with extensive experience in non-teaching positions in schools may also have the necessary knowledge and experience.

The evidence available to the Commission is not sufficient to support removing the registration requirement at this time. However, the Commission considers there is merit in DEECD reviewing the operation of the teacher registration requirements as they apply to principals, with a view to:

- identifying whether requirements for registration are applied in a sufficiently flexible way to allow principals to meet the requirements through development opportunities specific to their leadership, non-teaching role
- examining options for relaxing, or providing exceptions in specific circumstances — such as allowing the appointment as principal of a non-registered teacher for those who have relevant previous experience as a teacher or in non-teaching roles in schools.

Principals in specialist settings

The Secretary of DEECD (or delegate) has determined that, unless 'otherwise approved in any particular case, applicants for principal positions of special schools and special development schools must hold an approved special education qualification relevant to the position' (specifically, a year of study in an appropriate special education discipline) (DEECD 2012f, 7; DEECD 2012g, 25).

The Commission acknowledges the different approaches and resources needed to provide effective education in special settings. The APF, for example, pointed to the:

- heightened level of professional readiness and a wider skill set required by principals in such settings 'to lead and manage with credibility, confidence and community connect'
- the expectation of stakeholders in these settings that school leaders be able to practically 'reflect and demonstrate compliance and adherence to legislative requirements and disability standards on one hand but manage complex human resources caveats, policy and legislative requirement on the other'
- the broader accountabilities, complexities and statutes about which principals need knowledge to exercise informed and prudent judgements, and about which the provision of DEECD policy is useful but insufficient (sub. DR28).

The Commission also notes the crucial role, as highlighted by VEOHRC, of leadership from school principals in ensuring appropriate support and participation by students with disabilities (sub. DR25, 2).

The Commission notes, however, that there are school systems — such as the United Kingdom — where this restriction does not apply, and that participants in this inquiry were divided as to whether the additional requirement should remain.

It was suggested by some that, to be effective, principals of schools in special settings do not need to have specific qualifications in special education. VASSP, for example, observed that, although having specific qualifications would be of significant benefit, 'the requirement for special education training should not necessarily be a prerequisite as it limited the field of quality applicants for special settings' and that:

... newly appointed principals who have these generic capabilities [capacity to inspire others and to develop and implement a shared educational vision] could learn the setting-specific knowledge required in the role 'on the job', through either coaching or mentoring by experienced peers or support to complete a Special Education qualification. (sub. DR31, 2)

Others participants suggested that only principals with particular expertise in specialist education can understand sufficiently the needs of students (and, therefore, be responsible for educational outcomes), and work effectively and engage in meaningful discussions with multi-disciplinary teams. Thus, it was argued these principals ideally should have specialist qualifications.

It was, nonetheless, observed that, in practice, it can be difficult to recruit appropriately qualified people to the job when needed (including in isolated areas), and that there may sometimes be a need to recruit beyond those who have existing qualifications. Where this is the case, it was argued (including by participants in the Commissions roundtable on principal accountability) that the system needs to provide appropriate support to the school and build specific capacity, to ensure the principal develops the skills needed to deal with their legal and moral obligations in special settings.

Some suggested the fact that the current restriction applies only 'unless otherwise approved in any particular case' provides sufficient flexibility on this matter.

The Commission considers that, the current restriction has the potential to limit the pool from which principals in this sector are drawn, thereby inadvertently *reducing* the capacity to improve and sustain outcomes. It also notes, however, that flexibility is afforded by the fact that the Secretary can approve someone without the requisite qualifications. Nonetheless, the need to seek approval of itself, creates a barrier to, and potential delays in, appointing a principal without a specialist qualification. The magnitude of these barriers in practice is not clear.

On balance, then, the Commission considers the current requirement should remain as it is at this time. However, it is vital that consideration be given to high-quality experienced principals who want to contribute to specialist schools and that sufficient support be provided to those without specialist qualification, including by mentoring from experienced special education principals, as well as specific training. The Commission also considers that DEECD should review the requirement and the approval process. If the approval process is found to create undue barriers to appointing suitable principals in specialist schools, then the Commission considers the requirement should be removed. In this case, if schools wished to appoint a principal with specialist qualifications, then they would be able to specify this as a selection criterion.

6.6.2 Leadership development — other possible directions?

Based on initiatives undertaken elsewhere, other specific options for strengthening the approach to leadership development in Victoria include:

- making formal leadership training a prerequisite for becoming a principal
- mandating school-level succession planning
- enabling schools to provide more opportunities to develop leadership in the school (such as through shadowing)
- altering incentives for principals to develop the leadership capacity of their staff through accountability/performance management systems (section 6.5).

The Commission suggests the first two not be adopted in Victoria.

Each potential leader has different strengths and areas to develop further. Requiring all potential leaders to undergo a standard set of courses or programs is potentially high cost and does not account for this variation. Moreover, formal training is only part of leadership development. A more targeted and flexible approach should be driven through the performance management system, which should help to identify strengths and areas for improvement (section 6.5). In this scenario, the key is to ensure the modules and programs offered through the Bastow Institute provide for the suite of required capabilities to be developed, with individuals accessing those that would best help meet their identified development needs.

Also, although school-level succession planning is useful, mandating it would not address the problems resulting from the limited system-wide perspective that characterises the current approach, and creates a risk of adding to principals' administrative burden.

Removing barriers to, and promoting, more flexible models of leadership

Schools have an important role in developing leadership capability. Research suggests, for example, that people who have gained experience in aspects of leadership are more likely to be interested in leadership and have confidence in their leadership ability. Leadership opportunities can be provided by:

... distributing leadership within the school and encouraging teachers to take on responsibility for certain areas or aspects of leadership ... Interest in leadership can also be fostered by shadowing programmes which allow teachers to observe and learn more about the concrete activities it entails. (Pont, Nusche, and Moorman 2008, 166)

Alternative models of leadership can provide further opportunities for potential leaders to gain experience in leadership roles.

Fixed-term secondments to neighbouring schools have been used to develop leadership capability in the United Kingdom, for example. Although the Victorian system provides for higher duties and fixed-term appointments in other schools, this does not appear to be used extensively and is not necessarily designed or used specifically to develop leadership capabilities. The Commission considers that the current provisions should be amended so that they become an effective means of developing leadership capability. To reduce the costs to schools involved (being short of a staff member), this could include job swaps. The APF suggested that 'principal internships would be of great benefit to Government schools', pointing to the merits of the Singaporean system in which 'an identified aspirant spends a year in a leadership program experiencing a different Principal for each term of the year' (sub. DR28, 9).

Resources and incentives to support principals

Although schools can benefit from initiatives to enhance leadership across the system, they also face costs. Some of these costs may be more immediate than the benefits — for example, the loss of staff on secondments. Some of these costs can be reduced through system design, such as allowing for job swaps. However, some may require more resources to be directed to the school — either financial, in-kind support (such as advice on how to formalise arrangements), or training to enhance capabilities to identify and nurture talent. Guidance and case studies could also be a valuable resource for schools. This type of material could provide schools with insights into the strengths and weaknesses of approaches that have been adopted in other schools, and lessons for how to implement them effectively in their own setting.

The role of the performance appraisal system

The performance management system is a key means of enhancing the incentives of all involved to implement the strategy and, therefore, increase its effectiveness. This would be done:

- for network leaders, by including performance measures for supporting succession management in the schools for which they are responsible
- for principals, by including staff development and contributing to the future talent pool in their measures of performance
- for teachers, by ensuring potential leadership capabilities and inclinations are identified through the appraisal process.

6.6.3 Evaluation

Given the lack of detailed information about the costs and benefits of various approaches to leadership development, and consistent with best practice policy development and implementation, the Commission considers DEECD should transparently evaluate the measures implemented to develop leadership capacity in Victorian government schools. In the case of initiatives funded through the 2013-14 State budget, this should occur at the end of the current funding cycle.

Recommendation 6.5

That the talent identification system to be developed by the Department of Education and Early Childhood Development (DEECD) be informed by information from performance appraisals, capability assessment and other methods.

That, to complement the development of the talent pool, DEECD:

- invest in preparing principals for the role of principal, particularly at or near the point of career transition, including by beginning induction support before first-time principals start their first role
- make available guidance and case studies to facilitate the sharing of leadership development strategies across schools
- revise performance and development processes to enhance incentives and accountability for developing leadership across the school system.

That DEECD transparently evaluate the effectiveness of the initiatives in the 2013-14 budget, at the end of the current funding cycle.

7 Performance improvement in the school

As responsibility for delivering outcomes in schools is devolved to principals, principals also need access to systems that allow them to make and implement decisions that improve those outcomes. Performance improvement is one of these key systems, and decisions around remuneration are another. As the Australian Principals Federation (APF) submitted, 'It is utterly unreasonable for principals to be held to higher levels of accountability and yet have no such capacity to hold others accountable accordingly' (sub. DR28, 10).

Given the importance of teaching quality and leadership to student outcomes (chapter 3), it is unsurprising that performance improvement systems receive a lot of attention in Australia and overseas. Jensen and Reichl, for example, suggested five mechanisms for improving teacher quality, several of which are strongly influenced by the quality of the performance improvement system (box 7.1). Jensen, Weidman and Farmer argued further that autonomy on its own will have little effect unless it is 'part of a larger plan to improve teaching and learning' (Jensen, Weidman, and Farmer 2013, 1).

Box 7.1 Five mechanisms to improve teaching quality

Jensen and Reichl identified five mechanisms to improve teaching quality. The quality of the performance improvement system has a strong influence on mechanisms three to five.

- (1) Improving the quality of applicants to the teaching profession.
- (2) Improving the quality of teachers' initial education and training.
- (3) Appraising and providing feedback to improve teachers once they enter the profession and are working in schools.
- (4) Recognising and rewarding effective teachers.
- (5) Moving on ineffective teachers who have been unable to increase their effectiveness through improvement programs.

Source: Jensen and Reichl 2011, 7.

Schleicher noted that performance appraisal is an important part of any performance improvement system. Teachers who receive good quality feedback on their work found it helpful, and it improved their job satisfaction and confidence to trust their abilities in areas in which feedback was received (Schleicher 2011a, 43). Jensen and Reichl further noted that:

The process leads to better teaching, communication and collaboration. It significantly reduces planning requirements, team meetings, and meetings about problem students. (Jensen and Reichl 2011, 32)

The performance improvement system discussed in this chapter represents a further development of the government school system's performance management system and would apply to principals and teachers. But, as described in chapter 6, the application of the system to principals raises specific issues such as directly linking principals' performance to the school's performance and ensuring a clear line of accountability to a body with the authority to hold principals to account. This chapter, therefore, focuses more on how the system applies to teachers and, in particular, how it could drive improved teaching. This focus on improvement is extremely important — autonomy will only generate significant gains in student outcomes if its primary focus is on improving the

drivers of performance, such as 'developing the talents of teachers in the middle range of effectiveness' (Weiner and Jacobs 2011, 4). As a 2010 report noted:

... the primary purpose of evaluations [performance appraisal] should not be punitive. Good evaluations identify excellent teachers and help teachers of all skill levels to understand how they can improve. (The New Teacher Project 2010, 2)

A poorly-designed system can be ineffective at best, and destructive and demotivating at worst. In an effective performance improvement system:

- leaders focus on improving the professional effectiveness of all staff in their current roles against benchmarks that are clear, well understood, and, as far as practicable, SMART (specific, measurable, attainable, relevant and time-bound)
- performance assessments are informed by timely and reliable performance information from a range of sources, including direct observation of teaching practice, and is used to identify areas of strong and weak performance and support improvement
- feedback is tied to action and, although improvement is expected and supported, ultimately there are clear and consistent consequences for continuous failure to meet the required standards
- control data for the system are collected and analysed to assess the system's effectiveness (box 7.2).

Drawing on these characteristics of effective performance improvement systems, the Commission has identified several aspects of the current system in Victorian government schools that require specific attention. In particular:

- the benchmarks and expectations for teacher performance are not clear
- across the system, schools do not systematically collect and apply information from a range of sources to assess the performance of individual teachers
- the incentives in the system for principals and teachers to invest the time and effort in a rigorous process are limited.

The outcome of such issues were summarised by the APF as follows:

What the current system enables is a confirmation of proficiency, albeit one that for cultural and political reasons is at perhaps a low threshold in many schools ... as a system we are sending inconsistent messages to teachers; undervaluing those that are performing to a high level; and marginalising those principals who have the confidence, moral purpose and resilience to attempt a credible and transparent assessment in their schools of teacher and education support performance. (sub. DR28, 10)

A related issue is local flexibility in remuneration, which can be used by principals to reward performance or attract the right teachers with the necessary skills to their school. Addressing these additional issues and the role of flexible pay arrangements are necessary to improve the system but will not guarantee its long-term success. Ensuring the system is credible and understood requires a more systematic approach to system design, implementation and monitoring its ongoing operation.

Box 7.2 Effective performance improvement systems

Based on research by academic and government bodies, the Commission identified several elements of an effective performance improvement system and different methods for collecting performance information.

Effective performance improvement systems

- use multiple performance indicators that:
 - reflect outcomes as well as competencies
 - align the objectives of the system and the school and are based on:
 - a shared understanding of what constitutes effective teaching at the school
 - clear roles and responsibilities
 - objective and useful information from multiple sources
- provide regular feedback
- focus on improving performance and realising potential, not just dealing with underperformance
- link performance assessments to relevant development opportunities
- ensure participants have the skills required for the process
- include trusted and efficient review and appeal processes
- include systems to monitor and evaluate the effectiveness of the process.

Performance information

Effective performance appraisal draws on a limited range of relevant information sources, which can be collected using a range of methods. The following are particularly useful:

- the rate of improvement in student performance and assessments
- direct observation of classroom teaching and learning
- student surveys and feedback.

Where relevant, such information can be supplemented from other sources, such as peer observation and collaboration, 360-degree assessment and feedback, self-assessment, parent surveys, and external observation.

Sources: Jensen and Reichl 2011; VAGO 2010; Kane and Staiger 2010.

This chapter discusses, in the context of improving the accountability regime:

- specific changes that would strengthen the performance improvement system by:
 - clarifying the benchmarks for performance and aligning them across teachers, the principal and the school
 - improving performance information
 - ensuring the consequences of good and bad performance are well understood
- flexible pay arrangements and the issues involved in linking remuneration to the performance improvement system
- implementation and design issues, including collecting and using information to assess how the process is complied with and practised.

These issues are all an essential part of addressing the terms of reference for this inquiry, including the need to identify capabilities required at all levels in a highly autonomous school system, and to identify processes that 'inhibit schools from maximising the potential benefits' of autonomy.

7.1 Performance improvement in Victorian government schools

7.1.1 The current Victorian framework

The Department of Education and Early Childhood Development's (DEECD's) performance and development system for Victorian government schools has five elements:

- (1) induction for new staff coming into a school or taking up a new role
- (2) multiple sources of feedback to inform individual, team and collective practice
- (3) individual performance and development plans that are aligned to school goals and informed by feedback
- (4) professional learning strategies in schools that reflect individual, team and collective development needs
- (5) building a performance and development culture among staff in the school (DEECD 2013j).

Performance assessment is one part of this system and is delegated to schools. How this delegation is exercised is, however, influenced by controls in the system, and culture and practices in schools.

Principals are responsible for the performance and development assessment for each employee. They can assign the process — but not the final assessment decision — to a nominee. DEECD's *Performance and Development Guide Teacher Class* (the Guide) details how the process is to occur:

- development of performance plans agreed between the teacher and principal
- identification of professional development needs and proposed action for the next cycle, which draws on the outcomes of the previous year
- a formal mid-cycle meeting to discuss the teacher's performance, refine expected outcomes, discuss any concerns about performance, and develop support strategies to help improve performance
- the annual performance review, assessed against professional standards in DEECD guidelines, including a discussion of progress in achieving the goals and priorities in the school's strategic plan, as they relate to the teacher's role (DEECD 2012n).

The assessment process is intended to 'recognise and affirm high performance, address underperformance and value continuous high quality professional learning' (DEECD 2012n, 2). This is intended to occur through providing feedback on performance, supporting staff to improve their performance when the standards are not met and recognising effective performance through salary progression. The Guide states that 'salary progression is not automatic. Eligible employees must demonstrate that all the relevant professional standards have been met to receive salary

progression' (DEECD 2012n, 2).¹ As noted below, however, this does not occur systematically in practice.

A teacher who does not meet one or more of the professional standards is underperforming. The principal or a designated staff member then works with the teacher to identify factors affecting performance. Appropriate action in these circumstances may include providing a mentor, referral to appropriate professional development programs, or other staff working with the teacher to improve their understanding of an area of school management or operations.

Unsatisfactory performance is defined as an employee *repeatedly* failing to discharge his or her duties 'in the manner expected of the employee', evidenced by at least one of the following:

- negligent, inefficient or incompetent discharge of duties
- failure to exercise care and diligence, or failure to perform any duties
- engaging in unsatisfactory conduct that affects the discharge of duties including, without reasonable excuse contravening or failing to comply with a lawful direction given to the employee
- being absent from his or her duties without permission (DEECD 2012h, 31).

The steps to be followed in cases of unsatisfactory performance include:

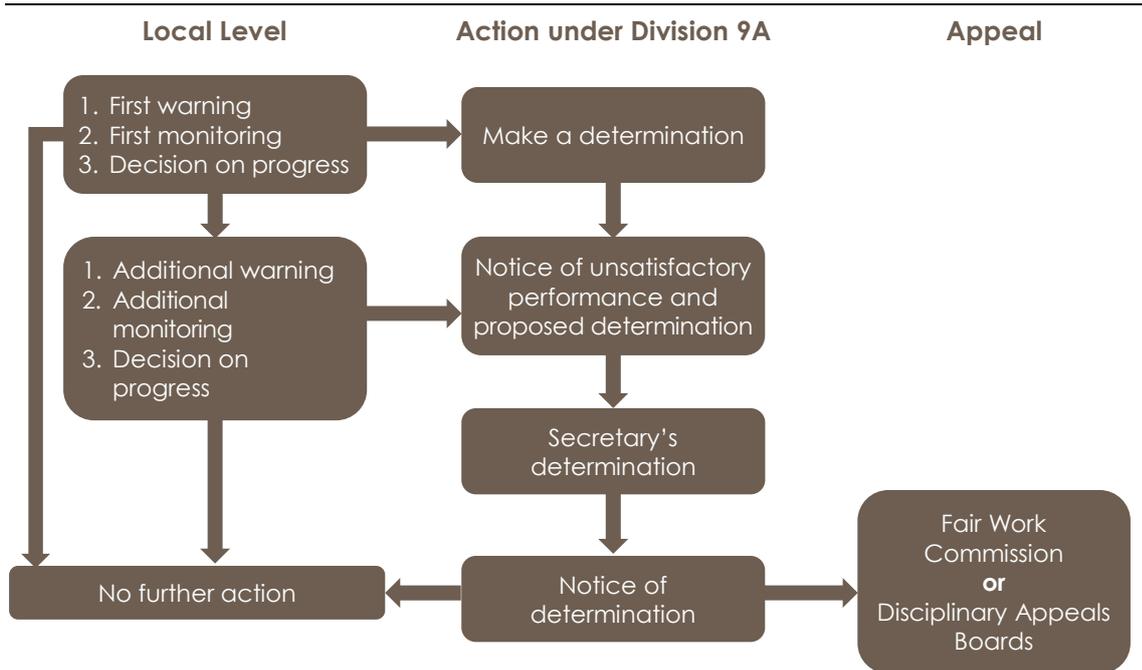
- a formal written warning to the employee
- support and monitoring period
- decision on progress (preliminary view in writing outlining proposed action)
- additional warning and monitoring period (optional), which may be appropriate if, for example, there is evidence of some improvement, but more is necessary
- a final decision by the Secretary of DEECD, with possible actions including a reprimand, reduction in the employee's classification, or termination of employment (figure 7.1).

Under the *Instrument of Delegation by the Secretary to the Department of Education and Early Childhood Development*, the powers and functions of the Secretary for unsatisfactory performance — including the final decision — are delegated to the Deputy Secretary of the Regional Services Group. For employees who are assistant principals, and teacher, paraprofessional or education support class, the delegation extends to the Executive Director of Human Resources (DEECD) and Regional Directors.

Schedule 5 of the 2013 VGSA maintains these elements of the process but reduces the recommended timeframes. It suggests, for example, that the support period 'would normally be between two and seven weeks', rather than the previous benchmark of 30 working days to three months. It also notes an expectation that the process be 'completed as early as possible within a maximum thirteen week period' (VGSA 2013, schedule 5, para. 5.1).

¹ The view that progression is not automatic was reinforced in the *Victorian Government Schools Agreement 2013*, which notes that salary progression 'will be based on demonstrated achievement against school priorities and Departmental criteria appropriate to each classification level', with 'relevant data' used (VGSA 2013, clause 16(4)(b)).

Figure 7.1 Process for addressing unsatisfactory performance



Source: DEECD 2012h, 34.

7.1.2 The current practice

The framework for performance improvement in Victorian government schools has many of the elements of an effective system. In 2010, the Victorian Auditor-General's Office (VAGO) reported on *Managing Teacher Performance in Government Schools* (VAGO 2010). That report assessed DEECD's teacher performance appraisal system and noted that it had many of the characteristics consistent with best practice (box 7.3).

Surveys conducted by VAGO for its report also highlighted some positive outcomes under Victoria's performance improvement system, including:

- improved teacher knowledge and skills (agreement or strong agreement by 69 per cent of classroom teachers, 86 per cent of assessors and 80 per cent of principals), with teaching strategies being the largest area of improvement
- seventy-nine per cent of teachers being satisfied with opportunities to meet professional learning and development needs
- seventy-four per cent of teachers being satisfied with their school's support to meet these needs (VAGO 2010).

However, as discussed below, these surveys also identified a substantial number of concerns with the current performance and development system. These views, combined with other evidence, indicate deficiencies in how the performance improvement system works in practice. The APF noted, for example, 'whilst the current framework in Victoria generally provides a clear process for action ... the standards involved are rarely vigorously interpreted with teachers to be held accountable' (sub. DR28, 9). There are also questions about the extent to which it is this system or less formal processes that drive improvement in schools where teachers are developing and performing well.

Box 7.3 The Victorian Auditor-General's Office assessment of DEECD teacher performance

In reviewing the Department of Education and Early Childhood Development's (DEECD's) performance appraisal system against best practice principles, the Victorian Auditor-General's Office (VAGO) concluded the system was consistent with best practice in the following areas:

- it included necessary documentation setting out the roles, responsibilities, and duties of teachers, required the development of performance plans and goals, and identified teachers' personal development needs
- it provided for the release of teachers to participate in professional development, consistent with their professional development plans
- it provided for feedback, grievance procedures and means of addressing underperformance
- there was documentation outlining the process and its objectives.

VAGO also concluded, however, that the system only partially provided for:

- the ability to recognise achievements
- the systematic training and resourcing of senior staff to conduct the assessment and the dissemination of good practice in evaluation.

Finally, the report highlighted that there was no ongoing monitoring and evaluation by DEECD of how the performance management system was operating.

Source: VAGO 2012a, 8–9.

After reviewing past research and feedback from consultations for this inquiry, the Commission identified three critical issues in the quality of how the system is applied:

- whether performance assessment is taken seriously as an effective way of improving staff capacity and student educational outcomes
- whether teachers and principals have the understanding, capacity, and information to use the system effectively
- whether good and poor performers face real consequences from participation, making participation in the process worthwhile.

VAGO also pointed to issues with DEECD's oversight of the systems, noting that the 'central office does not monitor the accuracy of schools' administration of performance assessments, nor whether the assessments actually occurred' (VAGO 2010, 25).

To what extent do teachers and principals have the skills and knowledge to use the system?

As well as identifying some positive aspects of Victoria's performance appraisal system, VAGO's report also observed issues with awareness of the system and how it is being implemented at the school level. For example:

- about one in five teachers knew little or nothing about how they are assessed and how to use the results in their next performance and development plan
- nearly one-third of teachers did not understand how underperformance is identified, with less than half very or fairly well informed about this aspect of the cycle

- about a quarter of teachers did not identify professional development activities as part of the process
- teachers may not be receiving appropriate feedback about their performance, given that significantly more assessors noticed improvements than teachers who believed the cycle had improved their knowledge and skills
- twenty-six per cent of principals and 22 per cent of assessors felt either unprepared or very unprepared to address underperformance constructively (VAGO 2010).

There are also gaps in the quality of information used in performance feedback. VAGO noted that, although DEECD's performance and development culture specifies teachers must receive multiple sources of feedback on their performance, this requirement is not integrated into the guidance for teachers' performance assessments (VAGO 2010, ix, 14). DEECD accepted the VAGO recommendation that it should review how these systems could be better integrated (VAGO 2010, 57), but the Commission considers that further work is needed to support the collection and use of information on teacher performance (section 7.2.2).

Is the system used as a source of improvement?

In the OECD's Teaching and Learning International Survey (TALIS) of teachers conducted in 2007-08, Australian teachers viewed performance appraisal systems as among the worst in the world:

- over 60 per cent of Australian teachers reported that appraisal of their work
 - was largely done simply to fulfil administrative requirements
 - had little effect on the way they teach in the classroom
- over two-thirds of Australian teachers reported that in their school teachers would not be dismissed because of sustained poor performance and over 40 per cent of teachers reported staff in their school would tolerate sustained poor performance.
- over 90 per cent of Australian teachers reported:
 - the most effective teachers in their school did not receive the greatest recognition
 - if they improved their quality of teaching they would not receive any recognition (OECD 2009a, 188).

The views expressed in the OECD's TALIS study, that performance appraisal is treated simply as an administrative obligation, are consistent with anecdotal feedback in Victoria, where there are complaints that processes in schools are 'tick box' exercises or bureaucratic red tape, rather than constructive ways to identify and improve performance. Such views were expressed in some submissions to the Government's *New Directions for School Leadership and the Teaching Profession* (New Directions) paper. Similar views that performance appraisal is treated as a compliance requirement, rather than an opportunity to develop staff, were put to this inquiry, although some examples of the system being used as a constructive way to develop staff were also evident.

Are there consequences for good and poor performance linked to the improvement system?

A performance improvement system that does not add value to the participants and has no consequences will not be taken seriously by busy professionals. There are several areas in which the current system has difficulty responding to good and poor performance.

There is evidence that suggests the Victorian system is not delivering the outcomes intended. While 33 per cent of principals and 28 per cent of assessors in Victorian government schools identified underperformance as an issue, only 58 (or less than 1 per cent) of eligible teachers were not recommended for salary progression in 2009 (VAGO 2010, 24).² The average rate of progression in the Victorian Public Service is about 83 per cent (Hall 2012). In other words, principals' estimates of the number of underperforming teachers in their schools greatly exceeds the number of teachers who did not receive a pay increment.

This means the performance improvement system is either automatically progressing teachers, regardless of their performance, or there is a major concentration of underperformance among ineligible experienced teachers being paid at the top of the pay scale (about 40 per cent of teachers were in the top expert teacher salary band at June 2012 (DEECD 2013c)). Failure to address either of these problems illustrates deficiencies in the performance improvement system. And, given the scale of the problem, it seems unlikely to be confined to any one cohort of teachers.

Good performance

To be treated seriously by high-performing teachers, a performance improvement system needs to recognise and reward good performance. Such reward or recognition may include financial rewards, development opportunities or additional responsibilities, and should provide an incentive to participate in the system, respond to feedback, and seek to improve.

Based on consultations, it appears that some principals have used both financial and non-financial incentives to reward strong performance (such as through special payments or study trips). However, local inflexibility in salaries appears to limit the capacity of the principal to reward high-performing teachers financially (section 7.3). In 2011, in its draft report on a state-based reform agenda, the Commission noted that the link between performance and pay is relatively weak: 'Salary progression for teachers is predominantly based on years of service, notwithstanding the performance assessment cycle', and while special payments can be used in theory to reward highly effective teachers, they are more often provided to teachers for additional duties (VCEC 2011, 46).

There are also issues for teachers who have reached the top of the salary range, which for many teachers occurs within nine years (VCEC 2011, 44). For these teachers, there is no financial differentiation from poor to exceptional performance. Members of the Victorian Association of State Secondary Principals (VASSP), for example, 'commented

² The number of teachers not recommended for salary progression has continued to be very low, with 31 not recommended for progression in May 2012, of a total of 20 813 teachers who were eligible for progression (or about 0.15 per cent of eligible teachers) (DEECD 2013c). About 55 per cent of teachers in Victorian government schools were eligible to be considered for progression in May 2012 (DEECD 2013c). Employees require a minimum of six months' eligible service at their salary subdivision in the performance cycle to be considered for progression.

that, from their perspective, managing underperformance at the top of the automatic salary scale (E4) is the biggest challenge' (sub. DR31, 5).

Underperformance and unsatisfactory performance

Approving increments for underperforming staff also signals there are few real consequences for not addressing performance issues identified through the performance improvement process. A number of reasons have been suggested as contributing to these problems. VASSP, for example, submitted:

There is little opportunity to deny increments to teachers, as the bar for meeting the criteria is relatively easily met and the Merit Protection Board ensures that these standards are adhered to. A similar situation applies to perceived underperformance. (sub. 7, 2)

Unsatisfactory performance and removal of persistently underperforming staff has been highlighted as an issue in a number of fora, including by participants to this inquiry, and various submissions to the Government's New Directions paper. Issues surrounding the process reportedly include its arduous and cumbersome nature and the problems and stress it creates for principals, other staff and the school community, leading to principals deciding not to even start the process. VASSP observed that:

Principals are able to implement the dismissal process (although the final decision is not theirs to make) but the process is slow, time consuming and stressful for those involved (including those who are members of required support groups). Principals are therefore unlikely to initiate proceedings unless the teacher has demonstrated dangerous or grossly incompetent behaviour, rather than use it for persistent underperformance. (sub. 7, 2)

The APF also pointed to various constraints on the use of the process, including 'a belief by many principals that to do so will only create other effects on school climate, escalate disputation and conflict, and invariably affect the performance and wellbeing of others' (sub. DR28, 9). Like VASSP, it noted the process tends only to be used when there is:

... a combination of gross under performance issues and perceived issues of ill health or fitness to teach. Politically and professionally these cases are generally seen as 'acceptable' for a principal to act upon. It is often when such cases have been prolonged and have done considerable damage to a school and to the learning of students, that principals can then feel empowered to act ... (sub. DR28, 10)

Participants at the workshops held for this inquiry argued that there are difficulties in the Merit Protection Boards' process, in particular that high thresholds are required to demonstrate that a teacher is not 'capable' or 'effective' or unable to become so in a reasonable period of time. The APF, for example, noted:

A lack of practical capacity for support by DEECD, or affirmation for decisions taken by principals from such authorities as the Merit Protection Board, then creates other leadership and management difficulties in schools. Often principals report that the decisions made at this level are unfathomable in terms of the evidence they have provided to the contrary of claims or grievances lodged. The impact is to undermine the principal's sense of confidence and authority. (sub. DR28, 9)

In addition, workshop participants noted that some principals use the excess staff process to move underperforming teachers out of their school, rather than dealing with

underperformance directly. Such an approach undermines the excess staff referrals system (discussed in chapter 8). The role DEECD can play in supporting principals managing underperformance and establishing clear boundaries on how to manage underperformance are discussed in section 7.2.

7.2 Performance improvement in Victorian government schools — directions for reform

On the face of it, the main elements of the annual performance and development cycle (preparation of personal development plans, mid-cycle review, annual review) include processes that are necessary for effective performance improvement systems. And, as noted, teacher performance appraisal is devolved to schools in Victoria, which is consistent with the views of commentators such as Jensen and Reichl who suggested that decentralised approaches to performance appraisal can be more effective because they can provide ongoing feedback based on local information, with appraisal and feedback methods tailored to local circumstances (Jensen and Reichl 2011, 22). Thus, the Commission considers that such devolution is appropriate and likely to improve the process.

Yet, as noted above, a number of problems — actual and perceived — are reported in practice, and delegation has meant it is difficult to get a comprehensive picture of how the system is working in practice.

Some of the issues may be ameliorated by recommendations made elsewhere in this report, including redefining and de-cluttering the role of the principal (chapter 6), and better defining roles and accountabilities of different people in the system (chapter 9). Others will require more specific reforms, as discussed in this section, some of which have been incorporated in the *Victorian Government Schools Agreement (VGSA) 2013*. Section 7.4 discusses the role, even in a devolved system, for the middle level and the centre to establish broad frameworks and guidance, and support the development of capability.

7.2.1 Clarifying performance benchmarks and expectations

As noted in section 7.1.2, there is evidence that a significant proportion of teachers do not have a good understanding of the benchmarks against which their performance is being assessed or what constitutes underperformance.

In trying to understand why this might be the case, the Commission has referred to the professional standards, specified in current DEECD documentation (DEECD 2012n, 12-21). It notes, however, that these standards will not apply given the new teacher classifications in the new VGSA (schedule 2 of which outlines position responsibilities for the new classifications but not performance standards). Moreover, the Commission understands that DEECD was reviewing the standards before the new VGSA was agreed. Thus, the discussion and recommendations in this section should be seen as providing direction for the development of the new standards.

In looking at the standards, and the evidence provided to this inquiry, four reasons emerged as to why confusion about the performance expected of teachers has arisen and why it could increase if not addressed.

First, the list of standards for each class of teachers is numerous and complex (see, for example box 7.4), as is the list of suggested indicators to assess achievement against each standard, and it is difficult to draw out the key priorities. The various standards for

all teacher classes do, however, appear to fall into three categories about the teacher's ability to:

- educate students
- protect students' welfare
- contribute to improving the performance of other teachers and the school more broadly, the importance of which increases with the experience of the teacher.

Box 7.4 Standards for an accomplished teacher^a

- Demonstrate a high level of knowledge of relevant curriculum areas, student learning processes and resources, and apply it in implementing programs that enhance student learning.
- Demonstrate high-quality classroom teaching skills and successfully employ flexible and adaptive approaches and constructive strategies to allow students to reach their full potential.
- Successfully apply assessment and reporting strategies that take account of relationships between teaching, learning and assessment.
- Respond effectively to emerging educational initiatives and priorities.
- Demonstrate high-level communication skills and professional behaviour when interacting with parents or guardians, students and colleagues.
- Successfully organise and manage aspects of the wider school program.
- Demonstrate improved teaching and performance skills through critically evaluating professional practices.
- Provide high-level professional assistance to other teachers in classroom-related areas.

Standards for other classifications of teachers were similarly specified.

Note (a) The accomplished teacher classification no longer exists following the changes to the teacher classification system in the *Victorian Government Schools Agreement 2013*. The standards for this classification are included here for illustrative purposes, in the absence of updated standards for the revised teacher classifications.

Source: DEECD 2012c, 14–16.

Second, across all teacher classifications, the standards and performance indicators are specified as skills and behaviours or tasks, not the outcomes students are expected to achieve. None refers to whether students are learning more or learning more quickly. But, as noted in *Towards Victoria as a Learning Community*, the performance of schools and their principals is increasingly being assessed based on outcomes:

The Government is committed to building on existing accountability arrangements so that data, accountability mechanisms and benchmarks are more precise and relevant to school contexts. This accountability approach will focus on student outcomes rather than inputs and processes. It will provide schools with flexibility to develop the means to achieve improvement. (DEECD 2012a, 19)

Therefore, unless student outcomes are also reflected in the way teacher performance is assessed, it will be virtually impossible to align the standards and expectations for teachers with those of the principal and the school more broadly.

Third, the standards and performance indicators do not clearly differentiate among levels of performance. That is, they do not set clear benchmarks for when performance meets the required standard and when that standard is clearly exceeded. The Australian Institute of Teaching and School Leadership (AITSL) concluded that Victorian principals do not appear to be using the performance improvement cycle to distinguish among levels of teacher performance.

The fact that 98% of teachers are deemed satisfactory may suggest a need to support principals to differentiate performance more. This in part is seen as relating to the lack of any agreement about what quality teaching looks like in schools. (Marshall, Cole, and Zbar 2012, 67)

The Victorian Principals Association (VPA) also expressed concern about the guidance on what constitutes different levels of performance. It suggested that:

A gradation system for staff performance would help give more accurate feedback e.g. A-E. It would give graduations and acknowledge effort and effectiveness and provide rigour. (sub. 9, 2)

The APF argued that 'a graduated assessment of teachers and support staff that is characterised by ratings/classifications above merely satisfactory is needed' (DR28, 10). The Mount Alexander College School Council also supported the development of a graded scale of performance, which it suggested would 'be very useful to principals in managing teacher performance and development and critical for the implementation of any performance based salary progression system' (sub. DR19, 2). In addition, it cautioned that:

... a generic scale for use in all school settings would lack sufficient specificity to be effective ... Consideration should be given to a range of scales appropriate to different work contexts such as secondary, primary and specialist schools as well as various sub-sets of these. (sub. DR19, 2)

The Commission acknowledges the need for performance standards and ratings to be defined in a way that makes them relevant and useful across school contexts. However, differences in school contexts should be reflected in how the standards are applied at the school level, rather than in the rating scale. The rating scale is simply a means to indicate the extent to which the standards have (or have not) been met.

It should be noted that a rating system does not, as suggested by the Australian Education Union — Victorian Branch (AEU), amount to 'stack ranking', whereby the performance appraisal system is used 'to rank employees relative to each other, and stipulates that a certain percentage of employees must fall into each rating category' (AEU, sub. DR33, 8). A grading system does, however, allow for broad grouping of staff by performance, but the primary purpose of such a system would be to provide more effective feedback to teachers about their strengths and areas for improvement.

Finally, there are different state and national standards. These use different terminology and are not consistent, particularly for teachers above the graduate level. In addition to the Victorian professional standards and indicators of performance, the Victorian Institute of Teaching (VIT) has standards for teacher registration, and there are the *Australian Professional Standards for Teachers* (box 7.5). VIT has adopted the national standards for teacher registration purposes.

Some participants, such as the Association of School Councils in Victoria (ASCIV, sub. DR27, 5) and Hattie (sub. DR14, 2-3), suggested the Australian Standards and the standards for teacher performance appraisal in Victorian government schools should or could be aligned. The Commission acknowledges the potential benefits of such

consistency. However, the new teacher classification structure under the 2013 VGSA does not align with the four teacher career stages defined in the Australian standard. Thus, perfect alignment between the standards would not be possible. Moreover, the Commission notes that, as with the Australian Standard for Principals (chapter 6), the Australian Standards for Teachers have shortcomings for performance appraisal (rather than teacher development) purposes, such as being too numerous and based on competencies and inputs rather than on outcomes.

Box 7.5 The Australian Professional Standards for Teachers

The Australian Professional Standards for Teachers 'is a public statement of what constitutes teacher quality', which is intended to:

- make clear the 'knowledge, practice and professional engagement required across teachers' careers'
- inform the development of professional learning goals
- contribute to the professionalisation and status of teaching (AITSL 2012a).

The Standards for Teachers are organised into four career stages — graduate, proficient, highly accomplished and lead — 'reflecting the continuum of a teacher's developing professional expertise' (AITSL 2012a). The aim is to underpin the accreditation of initial teacher education programs and processes for full registration as a teacher, and to support the requirements of nationally consistent teacher registration. The Standards for Highly Accomplished and Lead Teachers will inform voluntary certification.

There are seven standards within three domains of teaching (professional knowledge, practice and engagement):

- (1) know students and how they learn (professional knowledge)
- (2) know the content and how to teach it (professional knowledge)
- (3) plan for and implement effective teaching and learning (professional practice)
- (4) create and maintain supportive and safe learning environments (professional practice)
- (5) assess, provide feedback and report on student learning (professional practice)
- (6) engage in professional learning (professional engagement)
- (7) engage professionally with colleagues, parents/carers and the community (professional engagement) (AITSL 2012b).

Several focus areas and descriptors apply to each standard, to provide further illustration of teaching knowledge, practice and professional engagement, across the four professional career stages (AITSL 2012b).

Sources: AITSL 2012a; AITSL 2012b.

A number of participants in this inquiry supported strengthening the performance improvement system for teachers. One teacher in a social media discussion³ on the issue also commented that she was:

³ Following the release of the Commission's draft report, the Today show included on its Facebook page a question about whether teachers should be held more accountable. It elicited over 100 comments.

... sick of lazy teachers coasting along and getting the same pay as those who slog their guts out because they care ... In any business you have to meet KPIs, so I don't see why this shouldn't carry over to the people educating our future population.

Others highlighted risks and other considerations that need to be accounted for in developing the system.

The VPA, for example, suggested it may not be 'conducive to a cooperative, collaborative culture that we have been building in schools over recent years' (sub. DR20, 4). The AEU also argued that the 'performance management proposals in the draft report ... show a lack of understanding about the collaborative nature of school workplaces and the evidential connection between effective collaborative practice and student achievement gains' (AEU, sub. DR33, 7). The Commission acknowledges the importance of teamwork in education but notes that this is not unique to education, and that effective performance appraisal systems are implemented in other work settings in which a collaborative approach is vital. Moreover, the Commission considers collaboration and teamwork are captured within the third element of its proposed simplified standards — contributing to the performance of other teachers and the school more broadly.

ASCIV commented that high quality teaching and learning need to be clearly defined, and questioned the evidence that would be used, and consistency of interpretation across schools (sub. DR27, 5). It also recommended that it be clearly established that teachers in higher classifications 'have specific accountabilities to achieve, associated with the development of less experienced teachers' (sub. DR27, 5). The Commission also notes the importance of student engagement (chapter 6), and the role of teachers in promoting this.

Discussions on social media also highlighted the need to measure performance on a range of levels, not just results. Some concerns were also expressed about the potential for bias on the part of principals, and the accountability of principals in the process to ensure they do the right thing by staff and students. The Commission considers that its recommendations in relation to principal performance appraisal (chapter 6, section 7.2.3) help to alleviate these concerns.

Overall, the Commission considers that DEECD's review of the performance standards for teachers should simplify the standards so that they clearly focus on:

- generating improvements in educational outcomes for students, with an emphasis on quantified results, especially educational gain, student engagement and good teaching practice
- protecting students' wellbeing
- contributing to the performance of other teachers and the school more broadly.

In addition, the standards should include a graded scale of performance ranging from outstanding performance through to what would be deemed to be satisfactory or unsatisfactory against the standards.

Recommendation 7.1

That, to improve the accountability regime for teachers (particularly in relation to the work of principals):

- the performance standards for teachers being developed by the Department of Education and Early Childhood Development (DEECD) through its review process be simplified to focus on:
 - improving educational outcomes for students, with an emphasis on specific measurable standards, such as educational gain, student engagement, and on good teaching practice
 - achieving these outcomes consistent with the objectives of protecting the wellbeing of students
 - contributing to the performance of other teachers and the school more broadly
- DEECD revise its guidelines to include a graded scale of performance standards ranging from outstanding performance through to what would be deemed to be satisfactory or unsatisfactory against the standards.

7.2.2 Collecting and using information in performance improvement

The desirability of using several information sources to inform the assessment of teacher performance is well recognised in the research literature, and effective performance appraisal systems are characterised by the use of information collected from a range of sources (box 7.2) (Masters 2010, 3).

Some sources of evidence are particularly useful, including student surveys, student improvement data, and classroom observation. But there is little evidence that these types of information are systematically collected and used for performance appraisal purposes in Victorian schools. An OECD study based on the TALIS database, found that in 2007–08, out of the 23 countries in the study Australia ranked 22nd in the use of student feedback and 19th in the use of direct evaluation of classroom teaching as important sources of feedback to teachers (OECD 2013a, 38, 40). The use of appraisal and feedback from an individual or body outside the school is also very low in Australia (OECD 2013a, 10). These results support the conclusion that schools in Australia, and most likely also Victoria, do not tend to use multiple sources of information as a basis for feedback to teachers.

Different sources of performance information have different strengths and weaknesses and can serve different purposes. On student-to-teacher feedback, Hattie stated that:

When teachers seek, or at least are open to, feedback from students as to what students know, what they understand, where they make errors, when they have misconceptions, when they are not engaged — then teaching and learning can be synchronized and powerful. (Hattie 2009, 173)

Participants generally supported the use of a range of evidence sources. VASSP, for example, submitted that 'all teachers should have multiple sources of data available to them concerning their performance, including On-Demand Testing, class surveys and classroom observation feedback, rather than relying simply on NAPLAN and Attitudes to School Survey data' (sub. DR31, 5). The APF noted that taking a broad view of performance 'acts to refocus the lens on the broader educational focus of students, and therein the work of schools, Principals and teachers' (sub. DR28, 11).

Eliciting feedback on teachers through student surveys should be a relatively straightforward adaptation of the existing annual survey of Year 5 to 12 students. The *Attitudes to School Survey* asks questions about students' attitudes to school and collects information on their views about the effectiveness, approach and impact of teachers generally in their school. This survey could be extended, both to earlier year levels (recommendation 6.3) and to incorporate more direct feedback on individual teachers. It would be costly and duplicative, however, to require each school that wanted to develop such a survey tool to do so independently.

Some participants, such as the VPA (sub. DR20, 2), expressed reservations about the use of student surveys. The AEU, for example, argued that proposals that for increased use of student surveys demonstrate:

... a lack of understanding of the nature of the student-teacher relationship in schools and the processes used to enhance the learning environment. Student feedback to individual teachers about topics, units and courses are part of the normal evaluation processes carried out by teachers to improve learning. The idea that students should make some sort of global judgement about a teacher's performance which is then used as a means of performance review grading is highly inappropriate in a school context. School students are not employees, they are not adult 'consumers' and they are not enrolled in a tertiary institution. (sub. DR33, 7)

Others were supportive of the use of student surveys as sources of performance feedback. ASCIV, for example, suggested 'it will provide valuable information about teacher perceptions and can also assist in part of the data collected to support teacher performance' (sub. DR27, 5). It noted further, however, that the surveys need to be psychometrically evaluated and validated, with the development of 'templates and acceptable evidence ... undertaken with the professional associations' (sub. DR27, 5). The Commission considers that this suggestion has merit, and would help to alleviate concerns about the validity of the surveys for the purpose of teacher performance appraisal.

VASSP also noted the importance of DEECD providing guidance about how different forms of evidence can be collected and used (sub. DR31, 5). The APF observed further that providing a template would provide 'greater support to Principal Class Officers in forming credible and transparent assessments of teacher performance and in meeting their own accountabilities' (sub. DR28, 11).

In the draft report, the Commission suggested that another form of feedback, student improvement data, can provide specific and measurable standards but are often limited to teachers who teach year groups and subjects that are tested by National Assessment Plan — Literacy and Numeracy (NAPLAN). These data therefore need to be supplemented to get a complete picture of student progress across all subjects and year levels.

In response to the draft report, the APF, for example, pointed out that 'NAPLAN is not a measure of teacher effectiveness, it is designed to measure and compare school performance' (sub. DR28, 11). The AEU also contended:

The reduction of a student's school experience to a set of non-diagnostic standardised test results is an example of the classic fallacy that what we can quantify is what we should value. This fallacy is compounded when these test results are used for a purpose for which they were never designed — the measurement of teacher performance. (sub. DR33, 7)

The Commission agrees that the generic literacy and numeracy skills tested through NAPLAN can be enhanced by teachers in a range of subject areas, not just those related directly to literacy and numeracy. It also agrees that this means NAPLAN results are not the best way to assess the performance of individual teachers, particularly in secondary school settings where each student has several teachers across subject areas. Using results against other standards — such as AusVELS — are likely to be more appropriate as the primary measures of student achievement across a range of learning areas.

Finally, the benefits of classroom observation are well recognised in the research literature.

Many systems in our sample [selected from schools that had achieved significant, sustained and widespread gains in student outcomes] have created a pedagogy in which teachers and school leaders work together to ... embed routines for instructional and leadership excellence in the teaching community, making classroom practice public, and develop teachers into coaches of their peers. (Mourshed, Chijioke, and Barber 2010, 21–22)

A review of performance management systems in the United States stressed the importance of rigorous classroom observation (Weiner and Jacobs 2011, 5). Although classroom observations can be a more costly, but extremely effective, way of collecting performance information, they are not well integrated into approaches to improving teacher performance in Victoria. Participants in this inquiry were supportive but cautious about the use of classroom observation in teacher performance assessment. The APF, for example:

... accepts the value and place of classroom observation but cautions about the role Principal Class Officers have been expected to perform in earlier times regarding 'instructional rounds'. The experience has been mixed, with a number of principal reporting some value about the experience whilst others resentful of the time and resources wasted with no recognisable or valued outcome. (sub. DR28, 11)

Participants in a forum at the Bastow Institute also suggested principals would need to have explicit authority to enter classrooms.

Investigating how to increase the use of classroom observations is, therefore, worthwhile. In the meantime, relevant DEECD documentation should give principals more explicit authority to use this as part of the performance appraisal and development process.

Overall, many of the criticisms above amount to shortcomings in specific sources of performance information. The Commission's view is, however, that combining several data sources provides a more balanced, robust view of a teacher's performance that overcomes the weaknesses of any single data source.

Recommendation 7.2

That the Department of Education and Early Childhood Development (DEECD):

- provide guidance about how the different forms of evidence in performance assessment could be collected and used in performance improvement, in particular the development of student improvement data other than NAPLAN, and the use of classroom observation
- update its guidance to give principals more explicit authority to use classroom observation as part of the performance appraisal and development process
- in consultation with schools, develop a template to adapt the student Attitudes to School Survey to inform the assessment of the performance of individual teachers.

7.2.3 Strengthen the incentives for rigorous performance assessment and improvement

Recommendations in other parts of this report (section 7.2.1; chapters 6 and 9) would improve incentives for teachers to improve, and for principals to push for improvement. These incentives could be strengthened further by:

- linking more directly the processes for appraising the performance of the school and the principal with the assessment of teacher performance
- addressing the disincentives to take action when a staff member's performance is consistently unsatisfactory.

Linking the performance assessment of principals and teachers

One way to strengthen the incentives to apply performance assessment effectively is to link the performance appraisal of all those involved in the process — including network managers and principals — so they have an incentive to use the process as intended. Weiner and Jacobs noted:

A clear statement of goals and expected outcomes throughout the district — from classrooms and schools up to the executive team and the superintendent — is necessary to help each employee draw a direct connection between her work and meeting district goals. (Weiner and Jacobs 2011, 4)

The aim here is not simply to assess teachers and make them accountable for their performance but to ensure that principals have the incentive to use the process as intended — to contribute to teacher development and improvement. This would be facilitated by:

- having the right standards and measures in place for principals (chapter 6), and ensuring the standards for teachers are specified in a way that is consistent with the those of principals (for example, outcomes-focused)
- holding principals accountable for the way they apply the process (chapter 6)
- measuring the compliance with, and quality of, the performance review process (section 7.4).

Dealing with unsatisfactory performance

Although only a small proportion of teachers persistently underperforms, their effect on students and colleagues can be large. Research consistently shows that low performing teachers will, at best, impede students' progress and, at worst, can take their learning backwards (Barber and Mourshed 2007, 12; Jensen and Reichl 2011, 6).

Any improvement system should be geared to positively increasing staff capability. However, an effective system must also have clear consequences for those unwilling or unable to meet the required standard, while having regard to natural justice for the teachers involved.

There needs to be a fair and efficient process for dismissing the small proportion of staff with unsatisfactory performance, including providing a reasonable opportunity to improve performance. For those who have had a reasonable opportunity to improve and have not done so, protracted processes for dismissal are undesirable.

In the draft report, three ways of addressing perceived problems with the current unsatisfactory performance process were identified, as outlined below.

Devolving decision making with training and support

Several participants in this inquiry, and responses to the New Directions paper, suggested that principals need the authority to dismiss teachers whose performance is unsatisfactory. The VPA, for example, referred to the need for principals to 'have the ability to address poor performance' and 'moving on underperformers perhaps out of the system rather than to a neighbouring school' (sub. 9, 2). The APF also supported improving current processes to deal with persistently underperforming staff, but noted it was:

... wary of principals being given the delegated authority to dismiss staff ... [because] the APF is not convinced that the level of specialist support, particularly if action was taken at the Disciplinary Appeals Board; Fair Work Commission or through the Courts ... would be actually timely and/or practically forthcoming. (sub. DR28, 11)

The AEU also commented :

There would be very few principals who were aware of the legal and industrial consequences of dismissing staff who would want that authority ... Victorian public school teachers are employed by the Department of Education (not the school) and work within a *system* of public education which has appropriate regulated procedures for implementing dismissal. (sub. DR33, 8)

The Commission agrees with the view that the authority to dismiss staff is a serious matter that should not be considered lightly. If the Government were inclined to move in this direction, it would be essential that principals had access to the necessary support, or thoroughly understood the legal and managerial processes and implications of that additional authority so that it was exercised properly and appropriately.

Giving principals the delegated authority to dismiss staff would make the process more certain for principals. Decisions and processes still need to meet tests of fairness and reasonableness. Employees have a range of rights and the process of dismissing employees is routinely subject to challenge (chapter 8). Moreover, the technical knowledge required to do this work effectively is significant. Because teachers are

employees of the Victorian school system, rather than of the school, DEECD may also bear the costs if the process is not implemented properly in particular cases. For example, mismanagement of the process could result in a case being taken to the Disciplinary Appeals Boards, the Fair Work Commission, or the courts.

DEECD already provides technical guidance to principals dealing with unsatisfactory performance. However, many principals lack the skills and experience to manage these very complex human resource issues, and guidance alone is highly unlikely to be sufficient, particularly for new principals or principals dealing with particularly complex or difficult cases. Ensuring principals have good human resource management skills would help. But, in practice, it should be assumed that most principals will need expert help to undertake and complete the process.

One submission to the New Directions paper suggested that better (more active, timely and regular) support from DEECD was needed, to ensure procedural fairness and compliance with policy expectations. In its submission to this inquiry, the VPA agreed that principals should be given that authority to dismiss staff but that this was 'filled with difficulties if the power is not supported by training and support' (sub. DR20, 5). Similarly, the Mount Alexander College School Council suggested that the dismissal process needed to be more efficient and transparent, while maintaining procedural fairness and supporting principals (sub. DR19, 2).

The APF also noted that DEECD's 'Conduct & Ethics Branch ... in the main provide extraordinary and much needed support to Principals addressing matters in this area' but that:

... given the potential for some escalation in the professional accountabilities on teachers and the concomitant accountabilities on Principals to take action in the face of underperformance, the demand for such support will only increase. The approach taken in Western Australia, where industrial officers work directly with Principals in managing such situations would be the very least that would be required. (sub. DR28, 11)

The Commission agrees that it is not practical to assume that every school will carry the necessary expertise, and it should be assumed that it will be needed (and tested) in most cases. This capability is strategically important, and DEECD should ensure it is available.

The Commission acknowledges the APF's concerns about the ability of the system to support principals when needed. It also notes the APF's suggestion that, if the decision is made to delegate the power to dismiss to principals, DEECD:

... adopt some transition to arrangements ... One approach in the short term, might be for current delegations to remain with Regional Directors (or in the case of under-performing principals, Deputy Secretaries) and in the meantime principals received highly specialised human resource training in preparation for any subsequent change to their authority in this area. (sub. DR28, 11–12)

In considering the most appropriate approach to take in relation to dismissal powers, the Commission has also had regard to the conditions and limitations outlined in the Instrument of Delegation, which state:

Prior to the exercise of any power or function the delegate must consider whether the matter –

- (i) is of such importance that it should be submitted to; or

(ii) possesses special features which should be considered by, a delegate at a higher level or the Secretary, Department of Education and Early Childhood Development. (section 5(1)).

This condition appears to give principals who would be unable or unwilling to exercise their delegation in a particular case the ability to defer to a higher level. This also appears to provide some protection for system-wide risks that may arise through delegating dismissal powers to the principal.

Thus, the Commission is inclined to support giving principals authority to dismiss staff for unsatisfactory performance. The Commission agrees, however, that this should be accompanied by complementary measures to improve the performance and development system and the personnel management skills of principals, through additional training, including as part of the induction process.

Principals should also be allowed to call on DEECD advisors to work with them, in the same way human resource specialists in large businesses assist managers dealing with staff whose performance is unsatisfactory. In addition, the Commission notes that professional associations should also be a source of advice and support.

This power should still be subject to the unsatisfactory performance process and decisions subject to the relevant appeals process. However, given the barriers these processes appear to present currently, other complementary measures to improve them are required if the change to delegation is to have any effect in practice. These changes are discussed below and in chapter 8.

Improving the process for managing unsatisfactory performance

Principals noted that the process for managing unsatisfactory performance is often drawn out over months or longer. As noted above, schedule 5 of the 2013 VGSA provides for more streamlined timeframes for the unsatisfactory performance process.

The VGSA also appears to tighten the circumstances under which a second support and monitoring period can be provided. Under existing DEECD Guidelines ((DEECD 2012h, 37)), the principal or manager may provide an additional warning and additional monitoring period to the employee if appropriate in the circumstances. Such circumstances include where there is evidence of improvement in some of the standards but not all, or where there is evidence of improvement in all areas cited but the employee still falls below the required standard.

Given that most staff will demonstrate some improvement during the initial monitoring period, some principals argued that the system sets up an expectation that the support and monitoring time will continually be extended to give staff additional time to demonstrate further improvement.

Under the VGSA, however, a second support period can be 'put in place on the basis that the Employer considers that a realistic opportunity exists for the employee's performance to improve to a satisfactory standard during the second period of support' (VGSA 2013, schedule 5, para. 5.23(7)(b)). This wording appears to discourage more than two support and monitoring periods being undertaken. The Commission supports this change, which is also consistent with the thrust of its draft recommendation 7.3.

A number of participants — including the APF (sub. DR28, 11) and the AEU (sub. DR33, 3) — also suggested this change would resolve a number of the current problems with the process.

VASSP, on the other hand, questioned whether issues with underperforming teachers at the top of the pay scale would be resolved by changes to the unsatisfactory performance process:

... there is often little incentive for teachers close to retirement to improve their performance; and principals would be reluctant to go through the painful and protracted process of dismissing staff, particularly in areas where more capable replacements are not readily available. (sub. DR31, 5)

The Commission considers that the clearer guidelines that apply to unsatisfactory performance under the VGSA, if accompanied by the recommended changes to the performance standards and appeals processes, should go some way to alleviating this problem.

Disciplinary Appeals Boards appeals

As discussed in chapter 8, managing appeals through the Disciplinary Appeals Boards can be complex and difficult for principals, particularly those who are relatively inexperienced. DEECD provides information to principals engaged in these processes but it does not provide hands-on support. Principals reported that they are largely left to manage the process on their own or with the assistance of a representative of the principals' association. Consistent with its view of the importance of strengthening DEECD's role in supporting principals through staff dismissal, the Commission considers DEECD should ensure every principal appearing at the Board has support, including at the hearing. The Commission's broader recommendation that DEECD support principals facing appeals in the Merit Protection and Disciplinary Appeals Boards would also help principals managing appeals against dismissal for unsatisfactory performance (chapter 8).

Recommendation 7.3

That, consistent with the *Victorian Government Schools Agreement 2013*, the Department of Education and Early Childhood Development (DEECD) amend its *Guidelines for Managing Complaints, Unsatisfactory Performance and Misconduct — Teaching Service* to make it clear that the additional optional support and monitoring period of the unsatisfactory performance process is at the discretion of the principal, and a second period will only be provided if there is a realistic likelihood of the employee meeting the standards at the end of the period.

That DEECD provide clear guidance about the consequences for employees unwilling or unable to meet required performance standards and that the *Instrument of Delegation by the Secretary to the Department of Education and Early Childhood Development* be amended to give principals the delegated authority to dismiss staff whose performance is unsatisfactory.

That DEECD support principals involved in this process, through training and having human resource specialists, with expertise of staff management in schools, available to work directly with principals managing staff whose performance is unsatisfactory.

7.3 Flexible remuneration at the school level

Remuneration rates for principals, teachers and education support staff in Victorian government schools are negotiated centrally as part of the VGSA (schedule 1). With remuneration schedules being centrally fixed, there needs to be sufficient local flexibility for principals to:

- attract teachers to regions, schools, and subject areas that are difficult to staff
- provide retention incentives selectively
- recognise and reward teachers for performance.

Remuneration flexibility could also help schools with disadvantaged students to compete for resources — as long as sufficient funds are available so that schools with high proportions of disadvantaged students can pay the premium needed to attract the best teachers (chapter 11).⁴ Otherwise, schools' ability to respond to labour market conditions in their local areas, address teacher shortages and/or surpluses, and recognise the contribution of high-performing teachers can be severely constrained.

Currently, there are some mechanisms that allow limited flexibility in the existing remuneration system. The extent to which they are used is highly variable in practice.

7.3.1 Staff attraction and retention

Aside from the level and structure of base remuneration, there are several mechanisms available to attract staff to jobs, areas, schools or subjects:

- higher remuneration within a classification level
- accelerated progression
- special payments.

Towards Victoria as a Learning Community flagged the possibility of giving principals further decision-making power over the commencement salaries for teachers (DEECD 2012a, 17). The VGSA stipulates that the commencement salary for teachers entering the teaching service is the lowest salary subdivision in the relevant classification level, *unless otherwise determined by the employer* (where the employer is defined as the Secretary or person nominated to act on the Secretary's behalf). Teaching experience with another employer is also taken into account in determining commencement salaries. Commencement salaries for teachers returning to the teaching service are generally set at the same level as on the last day of the teacher's most recent employment in the service (although, if relevant, can be adjusted for additional years of teaching experience). These constraints on commencement salaries are reaffirmed in Ministerial Order 199 (Minister for Education 2009).

Under the VGSA, the employer can allow a teacher to commence at a salary other than the minimum. However, under the *Instrument of Delegation by the Secretary*, authority to make these determinations is delegated only to the Deputy Director of the Regional Services Group.

These constraints are reflected in DEECD remuneration guidelines for the teaching service. These indicate that, when seeking to fill a position of a given classification level, a principal may consider offering remuneration that is higher than the base level if needed to attract the most suitable candidate, but this cannot exceed the maximum salary of the advertised classification level. They also suggest this can be done in exceptional

⁴ In England, where academies have been given considerable freedoms, there is some evidence that academies are more likely than other schools to innovate around teacher pay and conditions (Academies Commission 2013, 50). In New York City, teacher pay that reflects performance or duties not just seniority and credentials was associated with charter schools having better effects on student achievement (Hoxby, Murarka, and Kang 2009, viii).

cases only, and the principal must submit an application to DEECD and obtain its approval before offering remuneration higher than the base level (DEECD 2012p, 8).

In addition, principals have the flexibility to accelerate teachers through their pay ranges. Staff retention is one objective of this mechanism. For this reason, accelerated pay is not portable between schools.⁵ The decision to accelerate is subject to the approval of DEECD. The principal must apply to DEECD and support the application, which is considered on its merits having regard to the risk of the staff member leaving the teaching service, the degree of difficulty of replacing the employee, the employee's current remuneration and other factors (DEECD 2012p, 11). This process can be time-consuming and burdensome, and it is not clear why it is necessary where the principal has funds available in the school budget.

Principals can also make special payments of up to \$7000 a year to attract or retain a person. Principals must have regard to a similar set of factors as those used to assess applications for accelerated progression. Special payments are confined to the school in which they are granted (DEECD 2012i). The 2013 VGSA increased the minimum amount of the special payment to \$750 (VGSA 2013, clause 20(2)). The principal has the authority to make these payments without the approval of DEECD.

The options of making special payments and accelerating progression, are rarely used by schools. In 2012, for example, only nine teachers were accelerated out of a teacher class workforce of around 37 600 (DEECD 2012d, 6). It is not clear why this is the case and the low take-up of these options is somewhat surprising given that many government schools are reporting difficulties in filling vacancies in some subjects and geographic areas (box 7.6).

Strong adherence to centralised remuneration schedules makes it more difficult to attract and retain staff in identified areas of need — both in schools and across the school system. As noted by the Productivity Commission, 'teacher shortages can be directly detrimental to the learning of the students affected and, to the extent that they often have the largest impacts on disadvantaged students, undermine the equality of educational opportunity' (PC 2012, 11).

Although some highly effective teachers are motivated to work in disadvantaged schools, it is clear that government schools generally do not use flexible remuneration to attract and retain such teachers. The Commission was told in consultations that some better, more experienced teachers move to government and non-government schools with more advantaged students because they are seen to be easier to teach.

7.3.2 Rewarding performance

As noted, remuneration systems are also a way of rewarding effective teachers and providing an incentive for teachers to improve their performance. There are several notionally performance-based remuneration mechanisms that can be applied locally, including:

- eligibility for annual pay increments
- accelerated progression

⁵ If an employee who has been accelerated subsequently obtains a position at another school, he or she is not automatically entitled to payment at the accelerated level.

- special payments
- performance bonuses.

Box 7.6 Teacher shortages in Victoria

Although DEECD reported that there is an overall balance between supply and demand for teachers in Victoria, some subjects and geographic areas experience teacher shortages.

- There are shortages in some areas for mathematics, science (physics and chemistry) and languages. The largest number of difficult-to-fill vacancies has been for mathematics, although vacancies in mathematics and other key learning areas have generally decreased in recent years.
- The most difficult-to-fill locations are in the far west and north-west of Victoria. The areas that reported the highest rates of difficult-to-fill vacancies include West Wimmera, Horsham, Hindmarsh, Mildura and Glenelg. The Victorian Association of State Principals (VASSP) indicated that availability of staff in rural and remote areas was a concern (sub. 7, 2).

Secondary, combined (primary and secondary) and special schools reported more difficulties filling vacancies than primary schools (DEECD 2012t, 42).

Further evidence of shortfalls is that some Victorian teachers are teaching out of field. The Australian Education Union's *State of Our Schools Survey* reported that about 40 per cent of respondent schools (and 50 per cent of secondary schools) had a program being taught by a teacher not fully qualified in the curriculum and teaching areas concerned (AEU 2010, 5).

Sources: AEU 2010; DEECD 2012t; VASSP, sub. 7.

DEECD guidelines indicate that progression through pay increments is not automatic and is based on the annual assessment of the employee's performance (DEECD 2012p, 9). As noted above, the view that progression is not automatic was reinforced in the 2013 VGSA, which notes the need to demonstrate achievement, with 'relevant data' used (VGSA 2013, clause 16(4)(b)). However, as noted above, in practice virtually all teachers in Victorian government schools are rated satisfactory on their performance assessment, and progress uniformly through career and salary structures. Also only about 55 per cent of teachers are eligible to be considered for progression (DEECD 2013c).

Principals can also use accelerated progression to recognise and reward high performing teachers. Progression can occur within a classification or between classifications. Applications for accelerated progression must outline the grounds on which the principal considers the employees' performance to be beyond the normal expectations and include the employee's most recent performance assessment (DEECD 2012p, 12). As noted, accelerated progression is little used.

Finally, performance bonuses have been trialled in a small number of Victorian government schools. The experience here and overseas suggests there is still much to learn about how to design an effective bonus system for teachers (box 7.7). The current *Rewarding Teaching Excellence* trials in Victoria are contributing to the knowledge base, although the relatively small scale of the trial (box 7.8) will likely limit the extent to which it will be able to provide evidence about the influence of financial performance-based rewards on student outcomes or teacher effectiveness. A final evaluation is underway (DEECD 2013e).

Box 7.7 The effect of performance bonuses

Performance bonuses link teacher remuneration to performance by providing lump-sum payments. Bonus schemes can be established through the appraisal of individual teachers, groups of teachers (such as those in a specific department) and whole schools.

In theory, there are two ways that bonus schemes can improve teaching quality — incentive effects (encouraging teachers already in the system to improve their teaching) and selection effects (encouraging higher-quality entrants to the profession). However, concerns include difficulties in linking student outcomes to individual teachers and creating disincentives for teamwork. These concerns could potentially be addressed through a team- or school-based appraisal process.

Evidence on the effectiveness of teacher performance bonuses is mixed (PC 2012, 196). For example:

- an evaluation of a teacher bonus program in India found that after two years, students in incentive schools significantly outperformed control schools in independently administered tests in math and language (Muralidharan and Sundararaman 2011, 41)
- a study of performance pay in the United States found that test scores are higher in schools that offer individual financial incentives for good performance, but whether the observed relationship was due to better schools adopting teacher incentive schemes or whether teacher incentives produced more teacher effort could not be established (Figlio and Kenny 2007, 901)
- an evaluation of a school-based randomised trial in over 200 New York City public schools found no evidence that teacher incentives increased student performance, and there is some evidence to suggest that teacher incentives may have decreased student achievement, particularly in larger schools (Fryer 2011).

Leigh (2011) suggested the mixed results on performance pay for teachers stems in part from the poor design of a number of studies in this area, and from the fact that they capture incentive effects, rather than the longer-term selection effects that are likely to be more substantial.

Taking a different approach to the design of incentives may also prove effective. Fryer et al. (2012), for example, conducted a field experiment in schools in Chicago with mainly low-income minority students struggling with low achievement rates. They randomly assigned teachers to two groups — a 'gain' group subject to traditional merit-pay incentives distributed after student achievement levels were determined and met; and a 'loss' group subject to 'loss-aversion' incentives that gave bonuses in advance, with the money returned by teachers if students didn't hit stipulated goals at the end of the school year. Students with teachers in the loss group experienced gains in maths and reading test scores, while those in the gain group had smaller and statistically insignificant changes in their test results.

Given the uncertainties surrounding performance bonuses, the Productivity Commission concluded that further experimenting, including trials, will be required to engineer an effective bonus scheme (PC 2012, 197).

Sources: Figlio and Kenny 2007; Fryer 2011; Muralidharan and Sundararaman 2011; PC 2012, 196–7; Fryer et al. 2012; Leigh 2011.

Therefore, the Commission concludes that the link between performance and pay in the Victorian government school system is very weak and, at the system level, there is virtually no financial reward for high performing teachers, particularly experienced teachers being paid at the top of the current pay scales.

Box 7.8 Rewarding Teacher Excellence

In 2010, the Victorian Government commenced a trial of two models of rewarding teaching excellence.

- The first is based on the performance of individual teachers, based on a balanced scorecard approach (incorporating four dimensions of teaching practice — teaching excellence, teamwork and leadership, professional learning, and school and system contribution) (Teacher Rewards model).
- The second is based on the performance of schools, using a weighted index of three broad school performance indicators (student learning, student engagement and well-being, and student transitions and pathways) (School Rewards model).

The Teacher Rewards model was trialled in 11 government schools while the School Rewards model was trialled in 37 government schools

The Commission understands the interim findings suggest that using a balanced scorecard, and processes focusing on individual performance and development, have the greatest potential to effect change.

Source: DEECD 2013b.

7.3.3 Improving remuneration flexibility in practice

The Commission considers that the immediate focus should be on removing barriers to using the existing flexible remuneration options available to Victorian government schools and establishing a credible performance appraisal system that can ultimately be linked to pay.

Removing barriers

While there are several possible explanations for the rare use of special payments and accelerated progression,⁶ the Commission considers that the most likely factors are:

- lack of awareness and support
- onerous procedural requirements
- school budget constraints
- a workplace culture that discourages rewarding individual teachers.

An evaluation of the special payment initiative found that efforts to raise schools' awareness of these payments lacked clarity on how they could be used to attract and retain staff. This was followed by work on a communication strategy to clarify how to use such payments (COAG Reform Council 2011, 38).

⁶ Even in England, where academies have considerable freedom, the take-up of these freedoms has been piecemeal rather than comprehensive (Academies Commission 2013, 50).

As noted, to offer commencement salaries higher than the base level in a classification, and to accelerate progression for an employee, principals need to apply to DEECD for approval (DEECD 2012p, 8). This requirement may discourage principals from using this flexibility. The need for approval appears to be an anomaly given that principals are responsible for teachers' performance assessments and approving annual progression, and that they do not need to obtain approval to make special payments for attracting and retaining teachers. Moreover, principals are accountable for the school budget and must fund the cost of any accelerated progression from that budget. It is, thus, not clear why this approval is necessary where the principal has funds available in the school budget. On this, ASCIV commented:

... the principal is the leader of the school and should be the decision maker to allow for remuneration for highly skilled teachers to be paid at a level that can be accommodated in the SRP [Student Resource Package], not the existing bureaucratic processes within finance guidelines. (sub. DR27, 6)

The Commission notes that implementing its recommendations to strengthen governance, by holding principals to account (chapters 6 and 9), would help to reduce the risk of misuse of greater flexibility.

VASSP also commented:

Our members welcomed being given official authority to reward high-performing teachers with advanced progression through salary increments. However, they stressed that this did not mean that they support 'performance pay' per se, especially in the form championed by the federal and state governments whereby high-performing teachers would be paid bonuses. (sub. DR31, 5)

The extent to which schools are able to use other flexible remuneration options will also be constrained by their budgets. The argument principals often use for not using flexible remuneration is a lack of resources. VASSP noted that:

... while there may be avenues for recognising and harnessing contributions by high performers, there is the issue of tightened resourcing which significantly limits opportunities to do this. (sub. 7, 5)

The AEU also commented that 'the reality is that schools already have 'flexible remuneration options' but no funding to implement them (AEU, sub. DR33, 8), while the APF submitted, 'whilst the notion of workplace culture being one contributing factor is acknowledged ... the broader reality has more to do with a lack of relative funds to expend on this area, when there are inordinate pressures to spend it elsewhere, most notably, in under-resourced and existing programs' (sub. DR28, 12).

Participants also observed that budget constraints limit the quantum of the payment, even where principals do make use of special payments. In such circumstances, the stipulated maximum has no effect in practice.

The limited use of existing remuneration flexibility may also reflect a reluctance to make difficult choices. Faced with a given budget, principals would need to forgo spending on something else, to fund higher commencement salaries, special payments or accelerated progression. The bulk of school budgets is staff salaries, and the evidence on how class sizes are determined suggests that many schools may give higher priority to smaller classes over incentives for attracting and retaining higher-quality teachers (chapter 8).

Workplace culture more generally may also explain the reluctance of principals to make special payments or support accelerated progression. The Commission was told in consultations that schools are collegiate workplaces that usually have a strong sense of equity where teachers work together towards common goals. In such environments, principals may avoid paying high-performing teachers more as this might be perceived by others as inequitable or favouritism. If interpreted in these ways, use of flexible remuneration options could adversely affect workplace morale and harmony. It is also possible that principals prefer to reward their best staff in non-monetary ways by, for example, giving them more opportunities for professional development and assigning them to their preferred classes and tasks.

Recommendation 7.4

That, in the case of commencement salaries and accelerated progression, the Department of Education and Early Childhood Development (DEECD) delegate the responsibility for approving these flexible remuneration options to the principal to be managed within the school's budget.

That DEECD remuneration guidelines for the teaching service be updated to reflect these changes.

That DEECD monitor the use of flexible remuneration options such as commencement salaries, accelerated progression and special payments.

Linking performance and pay

As discussed above, it is well recognised that performance improvement systems need to acknowledge good performance. Currently these links are weak in Victorian government schools. The Commission considers that, ultimately, performance and pay should be linked more closely. The APF noted in its submission to this inquiry that:

No one expects or can realistically defend or contend that anyone should be paid extra for years of service or for being there, devoid of any accountability on performance. (sub. DR28, 12)

Initially, the changes to the accountability mechanisms and the performance improvement system outlined in this report, as well as the changes outlined in the 2013 VGSA, would increase the incentives to use the current flexible remuneration options (including pay increments) to reward good performance more effectively.

But these options are limited. As noted above, annual progression and accelerated progression are only available to around half of all teachers, and special payments were not designed to reward performance.

The Commission acknowledges that the evidence on the effect of performance pay on education outcomes is mixed. This may, as noted, reflect the fact that studies only identify the incentive effects, and fail to pick up selection effects (box 7.7). The latter may be particularly important in Victoria if there are opportunities for government school teachers to obtain higher-paid positions or better employment conditions in non-government schools. Previous findings will also reflect the design of some of the systems that have been introduced. Leigh (2011), for example, noted that teacher acceptance of merit pay is lower in schemes that rely on standardised test results, and is lower among more experienced teachers.

In light of these issues, a more comprehensive system might include new pay scales available to all high-performing teachers, including experienced teachers, or

performance bonuses (possibly limiting availability to those at the top of the classroom teacher scale to help address incentive and selection effects for teachers in this group). But such systems would need to be backed by a well-understood and credible performance improvement system. As noted by the APF:

... discussion is not helped by polarising proselytising about payment by results or cash bonuses based on improvements reflected by narrow student data outcomes that sets teacher against teacher and principal against principal. We will all be diminished by such a system, if indeed it was to survive as such. (sub. DR28, 12)

If the performance improvement system is to have the credibility necessary to be linked to pay, several design issues need to be addressed. As noted above, for example, a broader grading system (as envisaged in recommendation 7.1) would help to differentiate performance, and do so in an informative and practical way.

Section 7.4 outlines the Commission's recommendations on how to modify, relaunch and operate the system in a way that builds that credibility. In the context of a comprehensive system of performance-based pay, the following system design issues need to be addressed.

The modified system needs to be implemented and its value demonstrated before it is linked to new forms of performance-based pay. Without first building credibility and confidence in the performance improvement system, recognising performance through new forms of performance pay will not generate the desired incentives. In a well-understood and credible system, people participate both to improve their performance and gain the associated recognition. They have confidence that they and their fellow teachers are being assessed fairly and, therefore, support the system and the outcomes it generates. If the system is not credible, teachers will perceive it as unfair and of little benefit. They will not be convinced that good performance leads to a good assessment and, therefore, will not be motivated to improve.

Phasing in the introduction of the performance improvement system before linking it to new forms of performance pay can help build this credibility. Wiener and Jacobs reported on a workshop held by the US Aspen Institute on designing and implementing teacher performance management systems. The report from that workshop observed that people build trust by observing how the system operates in practice (Weiner and Jacobs 2011, 12).

The Charlotte-Mecklenburg Public Schools (CMPS) in the United States are using a phased approach to introduce a new teacher evaluation system. Development of the system and its associated performance indicators commenced in 2009. New value-added indicators were piloted in 2011. The work of the pilots was extended in 2012 and it is intended that performance be linked to compensation which started with the superintendent, and is cascading down to the district executive team, principals and then teachers by 2014:

The 2014 timeline and the steady march towards it offer the system a chance to build broad and deep understanding and buy-in and ensure the integrity of the evaluation system before aligning teacher compensation to it. (Curtis 2012, 3)

Although phased introduction will help to build credibility in the system, the phasing process does not need to be excessively long (The New Teacher Project 2010, 8).

In Victoria, the Government has indicated that it 'strongly supports performance pay' and wants to continue discussions on performance pay, outside the enterprise

bargaining process, 'in consultation with parents, teachers, school principals, unions and the wider school community and all stakeholders' (Naphthine 2013, 871).

The Commission supports this intention to strengthen the incentives for superior performance, noting the importance of a phased introduction of a revised performance improvement system, and of stakeholder involvement in its development (section 7.4). It also notes the importance of using the lessons of the *Rewarding Teacher Excellence* trials, as well as evidence from elsewhere, to develop the scheme. To this end, it is important that the final evaluation of the trial be published.

Recommendation 7.5

That, following the successful establishment and implementation of the new performance improvement system (recommendation 7.6), the Department of Education and Early Childhood Development develop a more strongly performance-based pay scheme, with a significant capacity to deliver differentiated pay at the school level, and that this scheme be developed with input from relevant stakeholders.

That the final evaluation of the *Rewarding Teacher Excellence* trial be published to help inform the development of the new scheme.

7.4 Upgrading the performance improvement system

The preceding discussion proposed specific recommendations that the Commission considers necessary if the performance improvement system is to deliver its intended outcomes. The discussion also identified a lack of confidence in the way the current system operates and the value it adds to teachers and principals. Although it is important to reform the details of how the system operates, on their own, such changes will not address the system's lack of credibility.

It is, therefore, important to consider how the system is implemented and operated so it is seen to have integrity and deliver value to the assessors and those being assessed. It is also important that the system be re-designed with the primary objective of improving the quality of teaching in schools and facilitating the development of all staff.

Three key strategies are needed to implement and operate a robust system:

- the performance improvement system needs to be modified and relaunched cooperatively so the process and assessment benchmarks are owned by the users of the system
- there needs to be information and training provided to principals and teachers participating in the scheme
- ongoing monitoring of the operation and outcomes of the system is needed to ensure it is implemented effectively and delivering the outcomes expected.

7.4.1 Modifying and relaunching the system

Although the Commission considers that the specific recommendations it has proposed will increase the system's effectiveness, they will not improve perceptions of how the system operates unless the details of its implementation are understood and owned by system users. Once a lack of trust is embedded in the system, it is difficult to counteract through incremental change.

One method that has been used elsewhere to break from the past and re-establish credibility is a cooperative approach using people with practical experience in schools to design the details of performance measures and implementation. The CMPS in the United States 'recruited two retired principals with extensive training and demonstrated expertise in classroom observations and instructional analysis' to develop its performance indicators (Curtis 2012, 11). Then, when designing the measures for assessing teacher effectiveness, CMPS established Teacher Working Teams to give teachers a voice in setting the direction of measures that would affect the assessment of their effectiveness and ultimately their compensation (Curtis 2012, 19).

In Victoria, a cooperative approach to system development could be achieved by establishing a taskforce of principals, teachers, strategic human resource departmental expertise and education specialists to develop the details of the design and implementation of the modified performance improvement system and relaunch the system across government schools. This would help to ensure that the system does not 'use crude instruments that ... do little to reflect the broader leadership and management of Principal Class Officers and the authentic pedagogical capacities of teachers' (APF, sub. DR28, 12). ASCIV noted that it might be possible to incorporate into the system elements of the work done for a Commonwealth Government trial into performance management (sub. DR27, 5).

7.4.2 Information and training

There is already evidence of skills gaps in performance assessment in Victoria (section 7.1.2). The consequences of any such gaps will grow with increased pressure on the performance improvement system to deliver real improvements in teacher performance, particularly if it is linked to pay. This pressure is likely to be particularly acute in underperforming schools. The need for good information and training is well recognised:

Alongside setting clear expectations, districts need to train principals and their supervisors on how to conduct performance reviews that use observations as the basis for providing direct, constructive guidance on teaching practice. (Weiner and Jacobs 2011, 6)

... school leaders and their managers will need ongoing training and support on the technical aspects of the system and other performance management issues, like having constructive conversations with teachers about performance concerns. Teachers will need clear information about how the system works and how they can suggest improvements. (The New Teacher Project 2010, 9)

Therefore, the draft report proposed that a modified and relaunched performance improvement system needs to be accompanied by an information campaign and training program, with a particular focus on new principals and principals in underperforming schools. This was supported by participants in the inquiry. The APF, for example, commented on the need for 'training and support by the system to equip school leaders with the skills and knowledge to apply these judgements with confidence and credibility' (sub. DR28, 10)

7.4.3 Ongoing system monitoring and improvement

Another well-recognised issue with performance improvement systems internationally is the lack of ongoing monitoring of whether the system is being used effectively and delivering the outcomes intended. In Victoria, in response to VAGO's recommendation that DEECD 'obtain regular and reliable assurance that schools are managing the

performance and development cycle, in line with its requirements particularly for teacher underperformance', DEECD noted it would examine some strengthening of current monitoring through existing mechanisms (VAGO 2010, xiv).

DEECD already has access to two important sources of information on the use of the performance and development cycle: payroll information on the number of people progressing through increments; and the results of the staff opinion survey which includes information on:

- the level of appraisal, feedback and recognition on work performance that staff receive
- staff's access to, and interest in, professional development in the school. (DEECD 2012j, 24)

If the performance and development system is being used well to improve teacher performance and to manage underperformance, this should be reflected in the results of the staff opinion survey and the outcomes of the assessment. Low-performing teachers would be denied an increment and staff generally would have confidence in the feedback and recognition they achieve. The VPA questioned the reliability of staff surveys for this purpose, commenting that 'high score staff surveys more often mean low levels of work and performance' (sub.DR20, 6). However, as noted above in relation to student surveys (section 7.2.2), such issues can be mitigated by appropriate survey design. Such information would also be valuable in tracking the potential areas for improvement in underperforming or coasting schools.

However, none of this directly assesses compliance with, and the quality of, the system (whether it is used and how well it is being done). This is a key aspect of assessing the principal's performance in people management (chapter 6).

The US work by the New Teacher Project on performance evaluation (box 7.9) identified key questions and the types of information that need to be collected and evaluated to establish whether the system is working as intended. It draws out the importance of:

- external validation that principals are using the system appropriately
- teacher surveys to ensure the system is well understood and fairly and consistently applied
- principal surveys to ensure principals are receiving the support they need (The New Teacher Project 2010).

Using system control information to monitor whether principals are applying the system effectively was also identified as important by Weiner and Jacobs:

Districts must protect the integrity of the process by auditing schools where supervisors ratings ... appear inflated when compared to value-added results. (Weiner and Jacobs 2011, 8)

Collecting such information will not necessarily lead to system improvement unless the information is analysed and acted on — by ensuring principals are accountable for implementing performance improvement effectively in their schools.

To test the extent to which, and how well, principals have met this core accountability, their managers need timely information on compliance with the system at the school level and on the quality of the performance improvement conversations. These aspects of control information should be incorporated into the design of the performance information and the information captured in an electronic form. This can be done readily and is an element of many performance improvement systems in large

organisations. Such information gathered for the system can be used to monitor the extent and quality of the performance improvement system for the school sector as a whole, and incorporated into the balanced scorecard (chapter 6). DEECD should also collect and analyse this information and include it in performance reports for schools.

Box 7.9 Developing design metrics to monitor the performance improvement system

The New Teacher Project is a US non-profit organisation founded by teachers. In work on teacher evaluation it proposed six questions that should be considered in developing metrics to track whether the evaluation system is working correctly.

Are school leaders evaluating teachers accurately?

The distribution of summative evaluation ratings should roughly mirror patterns of student academic growth.

Are teachers generally improving their performance over time?

Teachers — especially novice teachers — should improve to become 'effective' or 'highly effective'. Since holding school leaders accountable for this alone may encourage rating inflation, districts should validate ratings by using external evaluators or comparing ratings to objective evidence that a teacher is or is not improving over time (for example, change in value-added percentile).

Are schools retaining consistently top-performing teachers at higher rates than consistently low performing teachers?

Districts should set specific goals for retaining teachers who earn top ratings for two or more consecutive years, with special emphasis on those who teach high-need students. School leaders should also be expected to make a compelling argument for every teacher they retain who earns consistently low ratings.

Are teachers receiving useful feedback based on clear expectations?

Districts should survey teachers regularly to ask whether they feel their school sets clear expectations for them and helps them meet those expectations. School leaders whose teachers consistently express dissatisfaction should be subject to additional scrutiny of their evaluation practices.

Do teachers believe they are being evaluated fairly?

Districts should survey teachers regularly to ask whether they are confident in the fairness and consistency of the evaluation process. As above, districts should investigate schools where larger percentages of teachers express concern.

Are school leaders getting the support they need to conduct accurate evaluations?

Districts should survey school leaders regularly to ask whether they have the training, time and resources they need to implement the evaluation system well. District leaders, human resources staff and other support personnel should be held accountable when school leaders say they are not getting what they need.

Source: The New Teacher Project 2010, 9.

Recommendation 7.6

That the Victorian Government establish a taskforce of principals, teachers, and senior staff of the Department of Education and Early Childhood Development (DEECD) to develop the details for the design and implementation of a modified performance improvement system. That this modified system be relaunched with a program of information and training, with training priority given to new principals and principals in underperforming schools.

That DEECD be tasked with:

- collecting information on compliance with, and the use of, the performance improvement system, and use existing teacher surveys to gauge attitudes as to how the system is being implemented in individual schools
- using this information to focus its support for schools, assess principals' performance, and help identify the problems and solutions in underperforming schools.

8 Increased staffing flexibility at government schools

The terms of reference ask the Commission to identify areas and circumstances where greater devolution to Victorian government schools may have a positive effect, or those areas or circumstances where the costs may outweigh any benefits. The Commission has also been asked to identify any factors that inhibit schools from maximising the potential benefits from existing levels of autonomy.

One of the most important issues for school autonomy is whether principals have the authority and capacity to select and deploy the best teachers and improve the quality of teaching in their schools. In consultations, the Commission was told by principals that workforce management was one of the key areas where greater flexibility would improve educational outcomes and enable greater efficiency in resource use. The issue of workforce flexibility was also recognised in *Towards Victoria as a Learning Community* (DEECD 2012a, 17).

The Commission supports the need for greater flexibility in government school workplaces by increasing the capacity to develop local arrangements that meet a school's requirements and reducing the number of formal restrictions imposed by industrial agreements. It also recognises that there are a number of prerequisites to ensuring such an approach is effective and equitable — in particular, that there is a greater emphasis on capable leadership and quality people management at the local level and the existence of effective safeguards and robust grievance and fair treatment processes.

If principals are to be held accountable for the performance of their schools, they will need to have authority in a number of areas including the authority to: select staff; assign tasks to staff; recognise, review and reward the performance of staff; and initiate the removal of non-performing staff (subject to appropriate safeguards). While chapters 6 and 7 discussed some of these areas, this chapter examines the following areas:

- staff selection (section 8.1)
- staff deployment (section 8.2)
- aggregate remuneration (section 8.3)
- future workplace arrangements (section 8.4)
- grievance and appeal procedures (section 8.5).

As acknowledged elsewhere, the employment and management of staff by principals is determined by the quality of leadership and people management skills as well as relevant legislation, regulation, industrial agreements and departmental guidelines (chapter 4). This chapter focuses, however, on workforce arrangements that are likely to impede decision-making autonomy. Given the important influence of teacher quality on student outcomes, the chapter focuses mainly on arrangements applying to teacher class employees.

8.1 Staff selection issues

The Commission's consultations, particularly with school principals, identified a number of workforce arrangements that adversely affect principals' ability to select the best teachers for their school. This section focuses on two staff selection issues:

- priority status for excess staff
- fixed-term employment.

The draft report examined other staff selection issues, such as the duration of contracts and eligibility requirements for employment in the Victorian Teaching Service. Due to a lack of information on specific barriers or problems, these areas are not discussed in this final report.

8.1.1 Priority status for excess staff

As noted in chapter 3, the quality of teaching is an important school-based driver of student achievement. As principals are accountable for their school's educational outcomes, they need to have the capacity to appoint the best possible teachers for their students.

Many principals argued that the priority status provisions in the 2008 *Victorian Government Schools Agreement (VGSA)*, combined with the Department of Education and Early Childhood Development (DEECD) procedures for managing excess teachers, hampered principals' ability to appoint the best candidates for vacant positions.

Under these former arrangements, an excess teacher was considered in isolation from, and not in competition with, other job applicants.¹ In addition, the excess teacher was considered solely on the basis of whether he or she satisfied the selection criteria immediately or could do so within a reasonable period (DEECD 2012w, 8). The effect of the provisions was to suspend merit-based selection when an excess teacher was referred to an advertised vacancy. This is likely to have resulted in the appointment of teachers who were less effective than other potential candidates.

There were around 457 employees in the teaching service with excess status in early 2013 (DEECD 2013c), although numbers have been higher in previous years.

Evidence of adverse outcomes

In consultations, participants reported a range of unintended consequences from the application of priority status and excess staff processes in the government school system, including:

- use of excess staff procedures — in place of the performance management system or unsatisfactory performance procedures — to move on underperforming teachers
- widespread perceptions that excess staff are underperforming staff, which has undermined confidence in the recruitment system and disadvantaged good performers who are declared excess
- additional costs (such as staff development costs and/or higher salaries) imposed on schools receiving excess staff
- use of tactics to avoid employing excess teachers, including amending position descriptions, greater reliance on graduate teachers, and hiring staff on short-term contracts²

¹ The management of excess teachers is closely linked to problems with the performance and development system including the unsatisfactory performance procedures (chapter 7).

² Because schools were not required to advertise positions of six months duration or less, they could use short-term contracts to avoid considering excess staff for those positions. In consultations, the Commission was told about 50 per cent of positions were not advertised each year. Anecdotally, this appears to be a tactic to avoid referred excess staff or a response to the need to fill vacancies at short notice.

- elevated risk of schools becoming involved in merit protection processes (section 8.5).

Although the excess staff procedures were not intended to substitute for dealing with unsatisfactory performance or misconduct issues (DEECD 2012w, 5), the Commission heard that they have been used for this purpose. The Victorian Principals Association (VPA), for example, reported that the referral system was sometimes used in place of staff development or disciplinary procedures because it is easier and less time consuming to pass underperforming staff on to other schools. According to the VPA, the staff allocated under the referral system were often the lowest performing or least experienced in their previous workplace, and that they often required extensive support to bring their skills and performance up to the required standard (VPA 2010, 1).

The Commission concluded that, while the excess staff arrangements may have resulted in some savings in recruitment costs, these have been outweighed by losses in teaching effectiveness and other significant costs imposed on the government school system. Moreover, the adverse consequences stemming from these arrangements have encouraged the use of short-term contracts, making teaching less attractive to those seeking more certainty in employment and income.

Merit-based selection

The draft report noted that, under section 8 of the *Public Administration Act 2004* (Vic), government employers must establish processes that ensure that employment decisions are based on merit and that employees are treated fairly and reasonably. With this principle in mind, the Commission examined several possible options to improve the priority status provisions and the excess staff procedures:

- (1) abolishing the priority status given to excess employees and basing selection and redeployment of excess employees solely on merit
- (2) amending the provisions to give excess employees the preferential right to an interview for an advertised vacancy
- (3) allowing schools to seek ad hoc or general exemptions from the requirement to accept referred teachers where they are deemed suitable to the advertised position.³

While all these options would likely result in some increase in recruitment costs, there would be an improvement in matching the best applicant to the job and therefore improved teaching effectiveness. It would also give principals more control over their school budgets. A further benefit is likely to be reduced reliance on short-term contracts.

After the draft report was released, negotiations on the 2013 VGSA were concluded. As a result of these negotiations, significant changes were made to the provisions relating to the management of employees with priority status. Specifically, an excess employee is entitled to redeployment at or below his or her current classification level and salary range in accordance with DEECD policy and will be interviewed for any positions for which they are an applicant (clause 21(3)(b)). In consultations, some participants argued that this change would largely address the problems stemming from the former arrangements. Several submissions generally supported selection based on merit

³ In Western Australia, Independent Public Schools are exempt from central placement processes including the central transfer system and placement of redeployees (WADE 2012, 5).

(VPA, sub. DR20, 6, Australian Principals Federation (APF), sub. DR28, 12, and Victorian Association of State Secondary Principals (VASSP), sub. DR31, 6).

Although not an explicit term of the new VGSA, it has been agreed that there will also be a requirement, under the new workforce arrangements, that all fixed-term teaching service vacancies of six weeks or longer be advertised. Previously, vacancies of up to six months could be filled without advertisement (DEECD 2013l, 6).

In the Commission's view, offering the right to a guaranteed interview to excess teachers is an improvement over previous arrangements. The Commission, however, notes the concerns expressed by several principals that the new arrangements could result in substantial and onerous selection processes with a requirement to interview potentially many candidates, especially if applied to all vacancies of six weeks or more. The Commission recommends that DEECD review the experience with these new arrangements after 12 months of operation. If the costs prove to be excessive, the necessary adjustments in administrative arrangements should be made, such as allowing principals to fill fixed-term vacancies of up to six months without advertisement. Any other matters could be incorporated in the proposed workplace strategy (section 8.4).

Recommendation 8.1

That the Department of Education and Early Childhood Development (DEECD) review, after 12 months of operation, the new excess staff arrangements (including the requirement that all fixed-term teaching service vacancies of six weeks or longer be advertised). If the arrangements are causing excessive costs for government schools, that DEECD consider what administrative changes can be made to reduce these costs.

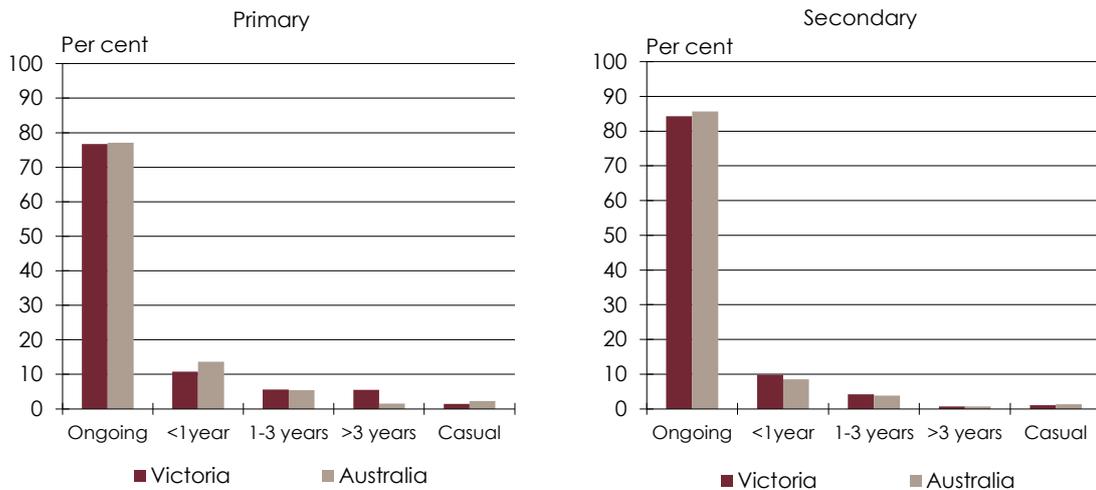
8.1.2 Fixed-term employment

The 2013 VGSA, like the former agreement, states that employees may be employed full-time or part-time on either an ongoing, fixed-term or casual basis (clause 21(1)(b)). The predominant mode of employment for teachers in Victorian government schools is permanent or ongoing positions (figure 8.1). In 2011, about 19 per cent of the government school teaching workforce was employed on fixed-term contracts and about 7400 casual relief teachers were employed by schools (DEECD 2012t, 40).

Many teachers and their representatives view contract and casual employment as insecure forms of work (AEU 2012, 38–40), and tenure is seen as a way to enhance the attractiveness of teaching as a career.

The intent of various provisions in clause 21(2) of the VGSA appears to be to minimise the amount of fixed-term employment in government schools. The provisions in the VGSA for determining whether the mode of employment should be ongoing or fixed term are quite prescriptive, specifying the circumstances under which fixed-term contracts may be used. Under the VGSA, contract employment is expected to be the exception rather than the rule.

Figure 8.1 Mode of employment, teachers in Victorian government schools (2010)



Note: Survey-based estimates. Australia includes all school sectors (government, Catholic and independent). Due to a small sample size of Victorian government school teachers, the standard errors applying to Victorian estimates are larger than those that apply to the Australian estimates.

Source: DEECD 2013m.

Moreover, several requirements concerning contract employment place burdens on principals and DEECD. In notifying vacancies, principals need to identify the reason for each fixed-term vacancy and implement processes to ensure that the fixed-term vacancies satisfy certain criteria. DEECD is also expected to provide relevant data to the union on a quarterly basis (clause 21(2)(e)). And, as noted above, the new administrative requirement for schools to advertise vacant positions of six weeks or longer has the potential to make it more difficult and costly to employ teachers on short-term contracts. The rationale behind these requirements appears to be to reduce the use of fixed-term employment.

The changes in the VGSA, however, do not address the underlying reasons for the use of fixed-term contracts in schools. Principals are using fixed-term contracts for a number of reasons; some of the key reasons include the following.

- Covering staff absences due to ongoing employees taking leave for extended periods (such as maternity, family and long-service leave). There are large numbers of teachers on extended leave, which creates a need for replacement teachers (section 8.2.4).
- Avoiding budget deficits that can arise from being overstaffed with ongoing employees. In a system where the required size and composition of a school's workforce varies from year to year because, for example, enrolments are declining, some flexibility in staff employment arrangements will always be needed.
- Screening staff for quality and effectiveness. Although the VGSA allows a considerable probationary period, principals may be using contracts rather than probationary periods as a quality screen because less process and paperwork

would be required if it is ultimately decided that the employee is not suitable for the job.⁴

From a principal's perspective, the main advantages of fixed-term contracts are the flexibility in managing workforce numbers, screening for quality, and maintaining the incentive to perform. The VPA recognised the need for schools to have staff on contract, and to have greater flexibility and autonomy to use contracts and select the appropriate duration (sub. DR20, 6).

In the Commission's view, future work arrangements should allow principals the flexibility to select the mode of employment (ongoing, contract or casual) that is appropriate to the circumstances. In addition, the reporting and monitoring requirements on principals and DEECD in relation to contract employment should be removed.

8.2 Staff deployment issues

Recent evidence on the performance of schools has helped highlight the importance of teacher deployment. Analysis by the University of Melbourne, for example, found that more effective schools maintain a balance of experienced and inexperienced teachers across all year levels (box 8.1).⁵ This research was used to inform the Stages of Learning weightings in the Core Student Learning Allocation component of the Student Resource Package (SRP). The weightings are intended to ensure that funding is allocated effectively to achieve quality student outcomes (DAE 2011a, 136).

Although these funding formulas determine funding amounts, they do not guarantee that teacher resources will be allocated in a balanced way across year levels within schools. The allocation of resources is at the discretion of the principal. In allocating teachers to year levels and classes, principals take into account considerations such as experience, staff preferences, providing developmental opportunities, and the need to build capacity. The history of the school's workforce may also be a constraining factor.

That said, key characteristics of high-performing schools include placing the needs of students before all other considerations in assigning staff and ensuring that expertise and experience are balanced across the school. Principals of highly effective government schools in Victoria have indicated that the needs of the school and the students are the most important factors in making staff allocations. Overseas research also suggests that the strategic use of teachers is a feature of high-performing schools and often involves schools assigning their best staff to key priority areas (DEECD 2009b, 35–36).

⁴ Where a probationary period applies and the teacher's employment is annulled, the school must prepare and submit a report to DEECD and the teacher has the right to lodge a grievance with the Merit Protection Boards (DEECD 2012m, 4–5) (section 8.5).

⁵ Effective schools were identified using regression analysis which included several indicators of effectiveness and controlled for student family occupation, achievement, school size, percentage of students with disabilities, and location (DAE 2011a, 135).

Box 8.1 Teacher deployment and student outcomes

Research on Victorian government schools has found that:

- Primary schools that concentrate their most experienced (and higher cost) teachers in the earlier years are significantly more likely to promote higher levels of achievement in Year 5. Primary schools that are less effective in promoting student engagement tend to concentrate the most experienced teachers in Year 6, whereas more effective schools deploy experienced teachers in the entry years and the senior years.
- Secondary schools that allocate the most experienced (and higher cost) teachers more evenly across Years 7–12 are significantly more likely to promote higher levels of student engagement and retention. Schools that concentrate experienced teachers in the senior years tend to promote higher levels of Victorian Certificate of Education (VCE) achievement.

Research undertaken as part of Tasmania's funding model review also highlighted the role of teacher allocation in improving student achievement. The analysis found that under-performing schools tended to be inefficient in their use of teaching resources. It also noted that, in these schools, highly experienced teachers were most likely to be teaching Year 10 while in the best-performing schools the highly experienced teachers were teaching Year 7 or the 'difficult' classes.

Source: DAE 2011a, 26.

While principals ultimately bear the responsibility for ensuring the teaching workforce is deployed to best effect, the Commission heard that a number of provisions in the VGSA limit principals' flexibility to deploy teachers to maximise student outcomes, including:

- allocation of working hours
- use of part-time employees
- class size provisions
- leave entitlements
- consultation provisions.

8.2.1 Allocation of working hours

The VGSA refers to a 38-hour week for full-time teachers, which is divided into hours for face-to-face teaching and other duties (table 8.1). Working hours, together with other factors such as class sizes and leave entitlements, affect overall staffing requirements at government schools.

Table 8.1 Teacher work, primary and secondary teachers, Victorian government schools

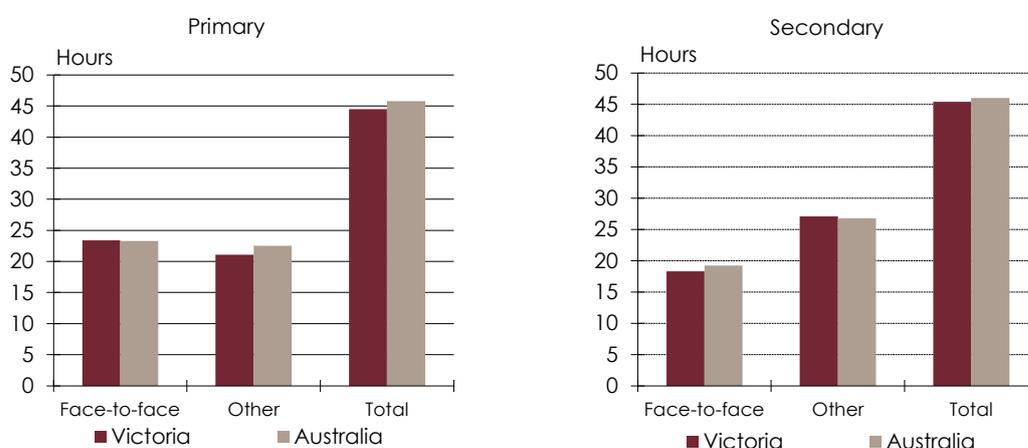
	Primary	Secondary	Types of activities
Face-to-face teaching	22.5 hours (maximum)	20.0 hours (maximum)	Rostered classes, assemblies, extras, replacement classes, and home groups
Other duties	15.5 hours (minimum)	18.0 hours (minimum)	Preparation, correction, assessment, organisational duties, reporting, yard duty, meetings, and lunch
Voluntary effort	Not specified	Not specified	Examples include school camps, concerts, and after-school sport

Note: Extras are classes allocated to replace absent teachers.

Sources: DEECD 2012v, 2–3; VGSA 2013.

The VGSA specifies maximum hours on face-to-face teaching time. The avoidance of excessive workloads appears to be the motivation underlying these restrictions. Survey data on average hours spent by teachers on face-to-face teaching suggest that these maximums are binding (figure 8.2). At the same time, the VGSA appears to allow flexibility to increase the number of hours allocated to other duties beyond the weekly minimum hours.

Figure 8.2 Average hours worked per week, teachers in Victorian government schools (2010)



Note: Survey-based estimates. Full-time staff. Respondents were asked to include work days, evenings and weekends. Activities may include teaching, preparation, supervision of students outside of school hours, mentoring of colleagues, meetings and professional learning. 'Other' derived by deduction. Australia includes all school sectors (government, Catholic and independent). Due to a small sample size of Victorian government school teachers, the standard errors applying to Victorian estimates are larger than those that apply to the Australian estimates.

Source: DEECD 2013m.

While similar limits on scheduled class time apply in the Catholic school system in Victoria, there appears to be more flexibility to vary the limits. The *Victorian Catholic Education Multi Employer Agreement 2008* (VCEMEA) allows the limits on scheduled class time to be exceeded for individual teachers subject to agreement from the teacher, agreement from the consultative committee, or a reduced load in some other

aspect of the teacher's duties (appendix 4, clause 5.3). The VCMEA also allows for the averaging of weekly scheduled class hours over the school term or semester (appendix 4, clause 5.4).

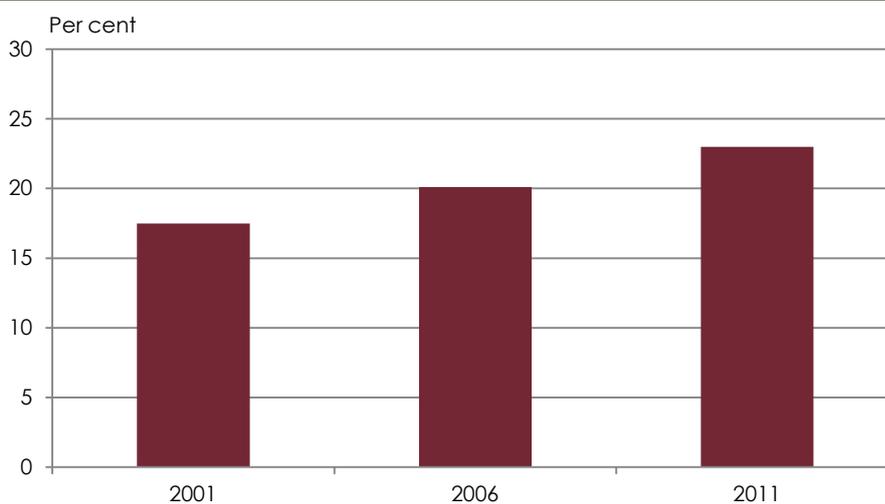
In the draft report, the Commission argued that the maximum limits on face-to-face teaching and the minimum limits on other duties applying in Victorian government schools constrain the principal's flexibility in allocating resources to meeting the school's operational priorities. The draft report pointed to some potential benefits from government schools' adopting the more flexible class time arrangements currently in place in the Catholic school system. (Similar arrangements are also used in some independent schools.) For example, such a change could provide government schools with more flexibility to release teachers for professional development while reducing the need to hire casual relief teachers.

However, in consultations, some participants argued that the workforce flexibility benefits from allowing the averaging of face-to-face teaching hours were small. Overall, while the Commission has explored the option of removing the limits on face-to-face teaching,⁶ it received limited input on how this option would affect workplace productivity and student outcomes. The Commission has, therefore, identified these limits as an area in which the Victorian Government could undertake further analysis to inform its strategy on future workplace arrangements for government schools (section 8.4).

8.2.2 Use of part-time employees

The proportion of the teaching workforce employed part-time in Victorian government schools has increased substantially in the past decade or so, reaching 23 per cent in 2011 (figure 8.3). The preference for part-time work often stems from teachers wishing to balance work and parental commitments.

Figure 8.3 Proportion of teaching workforce employed part-time, Victorian government schools



Source: DEECD 2012t, 59.

⁶ In countries such as the Netherlands, Sweden and the United Kingdom (England, Wales and Northern Ireland), the number of teaching hours that may be required of teachers is not specified at the central level (Eurydice 2013, 73).

In consultations, principals pointed to sector-wide restrictions on the use of teachers who are employed part-time. While the employee and the principal are expected to consult regarding the days and times of attendance, the VGSA stipulates that:

- a teacher who works 0.4 to 0.6 time fraction cannot be required to attend for duty on more than three days per week
- a teacher who works 0.7 to 0.8 time fraction cannot be required to attend for duty on more than four days per week (clause 24(12)).

The draft report noted that it is quite possible that some part-time employees would wish to work fewer hours on more days than the limits specified in the VGSA. The VGSA does not necessarily preclude such preferences. As the Australian Education Union — Victorian Branch (AEU) observed, the part-time provisions in the agreement provide a limitation on the number of days only if agreement cannot be reached through consultation between the parties (sub. DR33, 16).

In the Commission's view, the days of attendance of a part-time employee is a matter to be determined at the school level by the principal and the employee. It also recognises that principals must reasonably accommodate the responsibilities teachers have as parents or carers.

That said, for principals, a major consideration should be the effective and efficient delivery of educational services. In this context, clause 24(12) of the VGSA can hamper the ability of the principal to deploy their staff to achieve this objective. In consultations, some principals reported that part-time staff who wanted to work on particular days each week, added to the complexity of formulating school timetables and hindered the provision of more subject options for students. Some principals also argued that if the staff member appealed the principal's decision, then unless the impact of the staff member's request made timetabling unworkable, the appeal process appeared to give the teacher's preferences more weight than the educational impact on students.

There appear to be no such restrictions on part-time teachers in the VCMEA. The Commission considers that abolishing the restrictions on the use of part-time staff over the working week in government schools would increase staffing flexibility, making it easier for schools to prepare school timetables and to allocate teacher resources more effectively.

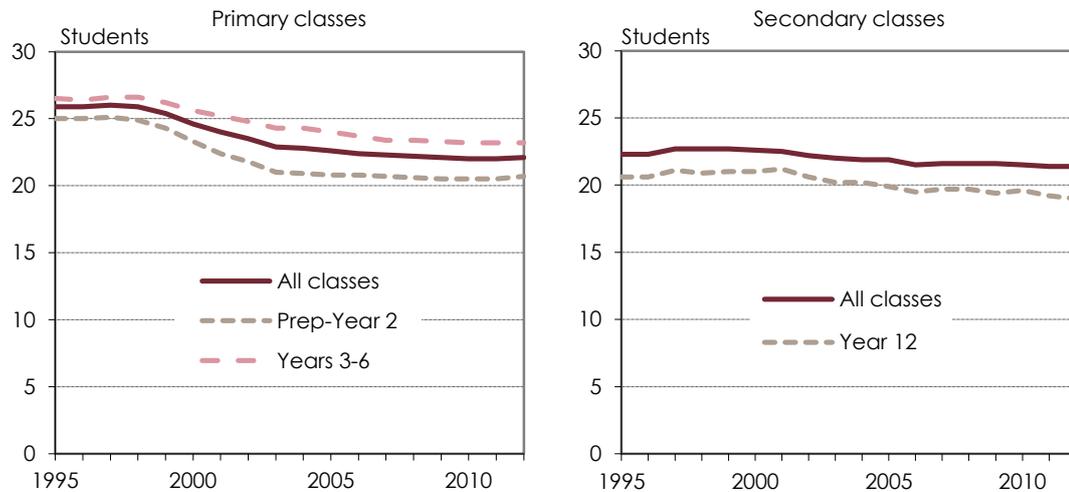
8.2.3 Class size provisions

Class sizes in Victorian government schools are subject to sector-wide guidance in the VGSA (clause 25). Decisions about class size affect the number of teachers required by a school and how teachers are deployed in the school. Class sizes also have implications for infrastructure, including the number and size of classrooms. The debate over what class sizes are appropriate highlights issues such as the impacts on student outcomes and working conditions for teachers.

The average class size for primary classes in government schools was about 22 students in 2012; for secondary classes, it was around 21 students. Average class sizes have generally declined in the past 15 years, with the reduction being more pronounced in primary schools (figure 8.4).

Although time series data on class size are not available for non-government schools, student-teacher ratios have been declining for government, Catholic and independent schools (chapter 2).

Figure 8.4 Average class sizes, Victorian government schools



Note: The data refer to the average number of students in a class. They are not aggregate ratios of students to teachers. Average class sizes for secondary classes are based on English classes.

Source: DEECD 2013c.

Current flexibility in class size

The 2013 VGSA, like the former agreement, provides that class sizes in government schools should be planned generally on the following basis:

- for Prep to Year 6, an average of 26 provided that the average class size of 21 at Prep to Year 2 is maintained
- for Years 7 to 12, groups of up to 25 students (clause 25(3)).

The VGSA recognises that there are different forms of teaching and different structural options that optimise student learning (clause 25(2)). For example, class sizes may differ for students at different year levels, for different parts of the curriculum and for students with special needs. Health and safety are also considerations, such as when a subject involves the use of equipment or materials that are potentially dangerous.

In the case of Prep to Year 2 and Prep to Year 6, class sizes are specified as averages, which means there can be variance around the average. However, for secondary years there is a maximum class size of 25 students.

Table 8.2 compares the class size guidance in Victoria with that in several other jurisdictions in Australia for which information is available. It shows that Victoria has lower class size guidance than some jurisdictions for Prep to Year 2 and Years 7 to 12. For Prep to Year 6, the Australian Capital Territory has lower class size guidance than the other jurisdictions listed in the table.

Table 8.2 Class size guidance, selected jurisdictions in Australia

	Vic	ACT	NSW	SA
Prep to Year 2	21	21 ^a	22 ^b	26
Prep to Year 6	26	23 ^b	26 ^b	28 ^{b, c}
Years 7 to 12	25	25	28 ^b	28 ^{b, d}

Note: Jurisdictions for which information was readily available. (a) Prep to Year 3. (b) Class sizes for equivalent year levels were calculated using Victorian student enrolments as weights. (c) Prep to Year 7 (d) Years 8 to 12.

Sources: Various enterprise agreements and guidelines.

There appears to be some scope for tailoring class sizes at the school level in Victoria. In consultations, the Commission was told that schools exercise some flexibility in class sizes. For example, some schools plan for the class sizes set out in the VGSA as a starting point based on planned enrolments, but classes may vary depending on actual enrolments. Indeed, in one case, the Commission was told that the school adopted larger class sizes and had, by doing so, created surplus funds in its SRP allocation which it applied to school improvement projects.

However, average class size data suggest that many schools have maintained smaller classes in recent years than those in the VGSA (table 8.3), largely reflecting available funding and operational choices made in schools. To some extent, this result also reflects the practicalities of schools with small enrolments having fewer degrees of freedom than large schools in planning classes to meet the breadth of curriculum available under the AusVELS (Australian Curriculum Victorian Essential Learning Standards) and Victorian Certificate of Education (VCE) frameworks.

Table 8.3 Average class sizes, guidance and actuals, Victorian government schools

	Guidance	2010	2011	2012
Prep to Year 2	21	20.5	20.5	20.7
Prep to Year 6	26	22.0	22.0	22.1
Years 7 to 12	25	21.3 ^a	21.4 ^a	21.4 ^a

Note: (a) English classes.

Sources: DEECD 2013t; VGSA 2013.

Class size and student outcomes

There is often strong support from parents for smaller classes, based on a perception that smaller classes mean their children will receive more personalised instruction and support (Dodd 2013, 36; Parker 2008, 19). In consultations, some teachers and principals told the Commission that, based on their experience, they believe that class size makes a positive difference to student learning. Some principal associations, including the VPA and VASSP, also argued that lower class sizes contribute positively to student learning. VASSP stated that:

... parents (and teachers) increasingly value small class sizes so that children can receive a more 'personalized' teaching program tailored to their particular needs. Principals ... would argue that increasing class sizes impacts upon a teacher's ability to 'personalize' their teaching, as well as

upon social and attitudinal learnings that are a central part of education but which cannot be as easily measured through test results. (sub. DR31, 6)

This view, however, is not unanimous among principals or their representative associations. For example, the APF supported the recommendation in the draft report to enhance staffing flexibility but noted that the VGSA mitigates against much change given that class sizes are set in that document (sub. DR28, 13).

In response to the draft report, the AEU provided additional information on the positive effects of smaller classes on student outcomes — outlining the findings of the Tennessee Student-Teacher Achievement Ratio (STAR) project, the Wisconsin Student Achievement Guarantee in Education (SAGE) program, and more recent British and US research (sub. DR33, 11–14).

The Commission acknowledges that there are examples of studies showing lower class sizes can have a positive effect on student achievement, especially for younger students, disadvantaged students or those with special learning needs (Gustafsson 2003). However, successive reviews of the available literature have consistently suggested that class size has a small or negligible impact on student performance (box 8.2) and that efforts to improve student achievement should prioritise improving the quality of teachers and teaching over lower class sizes.

Box 8.2 Class sizes and educational outcomes

The impact of class sizes on educational outcomes has been an issue of significant debate. A number of recent studies suggest that reducing class sizes has limited or no impact on student outcomes.

- A McKinsey & Company study noted that the available evidence suggests that, except in the very early grades, class size reduction does not have much impact on student outcomes. It reported that, of 112 studies looking at the impact of reducing class sizes on student outcomes, only nine found a positive relationship, 103 found either no significant relationship or a significant negative relationship. Moreover, even when a relationship was found, the effect was small (Barber and Mourshed 2007, 11).
- A synthesis of meta-analyses and other class size studies from 1978 to 2005, from a large number of countries across all grades of schools, found that the average effect of reducing class size from 25 to 15 had a very small positive impact on student achievement, particularly when compared with many other types of educational intervention (Hattie 2005, 401).
- The Productivity Commission concluded that, despite widespread research, the net effect of class size on educational outcomes remains ambiguous. As such, class size policies should be tailored to specific situations, where benefits are likely to be realised, rather than a 'one-size-fits-all' approach (PC 2012, 204).
- A Grattan Institute report found most studies have concluded that, despite significant expenditure on reducing class sizes, there is either limited or no effect on student performance (Ben Jensen 2010, 8).

Sources Barber and Mourshed 2007; Hattie 2005; Jensen 2010; PC 2012.

Smaller classes may reduce educational quality if they require more lower-performing teachers to be employed, as the quality of the teacher would have a much greater impact on educational gains than the size of the class. In consultations, the Commission was told that, with the focus on smaller class sizes in Victorian government schools, principals are tending to hire more graduate teachers because they are less costly, but

they are also less experienced. This raises questions about the effectiveness and productivity of the current mix of teachers in some schools.

Smaller classes may provide a workload reduction benefit to teachers and make the profession more attractive than otherwise. For example, smaller classes may reduce the amount of correction and assessment, freeing up time for teachers to engage in professional development. But an alternative use of the funds used to reduce class sizes would be to pay teachers more. According to the Organisation for Economic Co-operation and Development (OECD), one of the features of successful school systems is education spending that prioritises teachers' salaries over smaller class sizes (OECD 2010, 29).

Class sizes in a highly autonomous school system

The debate over class sizes is more nuanced than some studies have suggested. As well as the complications in interpreting the empirical evidence, the class size provisions in the VGSA clearly permit a degree of flexibility, as evidenced by the variation in actual class sizes amongst schools. And, given parental preferences for smaller classes, increasing class size could, amongst other things, accelerate the drift in enrolments to non-government schools.

However, Victoria has spent significant resources reducing class sizes in recent decades, with little or no gain in overall student achievement. Multivariate analysis that examined the performance of a large number of Victorian government schools was unable to find any evidence that class size is an important determinant of academic performance in primary and secondary schools (Johnson et al. 2004, 27).

Moreover, Australian and international experience suggests that it is possible to operate a high-performing education system with larger class sizes than those currently in Victorian government schools. The Catholic school sector in Victoria has higher class size limits⁷ than government schools, and a number of high-performing education systems overseas, such as Korea and Singapore, operate with much larger average class sizes. This evidence raises a significant question about the benefits of using the VGSA to set expectations about class sizes in government schools. To the extent that these expectations have led to general reductions in class sizes, they also reduce principals' flexibility to reconfigure their classes to suit their schools needs and spend any subsequent savings on other school priorities.

The extent of such flexibility for any individual school clearly depends on its specific circumstances. But the overall flexibility this could add up to for the government school sector is potentially substantial and could generate significant benefits for many individual schools. Based on a number of assumptions, the Commission estimated that substantial funds would be freed up for other uses if government schools in Victoria were to align their class sizes with:

- the class size averages and maximums specified in the VGSA
- the class size limits in the VCMEA (table 8.4).

⁷ Appendix 4 in the VCMEA specifies class size limits of 29 students in Prep to Year 10 and 27 in Years 11 to 12 classes (clause 4.2).

Table 8.4 Indicative annual savings from changing class sizes, two scenarios

Scenario	Savings (\$ million)
Class sizes in government schools agreement	308
Class size limits in Catholic schools agreement	503

Note: The base scenario is average class sizes in Victorian government schools in 2012. The calculations use average class size data across the sector; some schools will have class sizes above the sector average and others will have class sizes below the average. The calculations assume that most schools adjust to the class sizes in the two scenarios. An adjustment was made to take account of schools with small enrolments, which may be more constrained in increasing class sizes. Unit labour costs were estimated using a weighted average salary adjusted to include on-costs. The calculations assume no change in other costs (such as infrastructure and administration costs) or in educational outcomes.

Source: Commission analysis.

These indicative estimates illustrate the trade-off between smaller class sizes and budget flexibility to spend in other areas such as professional development, teaching support, leadership capability, and remuneration.

The Commission sees a strong case for, over time and with the broad support of school communities, schools determining their class sizes under the accountability arrangements proposed in this report. In such circumstances, the type of planning guidance contained in the VGSA would be much less relevant to the operation of a highly autonomous government school system. The Commission, therefore, recommends that the class size guidance be removed from future workplace arrangements.

DEECD, as the current system manager, has a major responsibility to promote the cost-effective use of public resources in the school education system. In this light, the Commission sees an important role for DEECD in informing schools and communities about the efficacy and cost effectiveness of different class sizes compared with other settings and options. DEECD could commission expert independent research into this area and publish such information on its website.

8.2.4 Leave entitlements

Leave arrangements, along with other factors, determine the number of teachers required in the teaching workforce. Short-term absences, which are usually sick/carers leave or for professional development, are generally covered by scheduled teachers taking extra classes and casual relief teachers. Longer-term absences are typically covered by teachers on fixed-term contracts.

Teachers, like those in many other professions, have leave entitlements such as annual leave, personal leave, maternity and family leave, long-service leave, and various other forms of leave. For some types of leave, entitlements are broadly similar to those in the general Victorian Public Service (table 8.5).

Table 8.5 Selected types of leave, Victorian Teaching Service and Victorian Public Service

Type of leave or absence	Teaching Service	Public Service
Annual leave	20 days (4 weeks) per year of service	4 weeks per year of employment
Personal leave	114 hours on commencement and per year of service	114 hours on commencement and per year of employment
Long-service leave	3 months after 10 years of service and 1.5 months per 5 years of service thereafter	3 months per each 10 years of continuous service
Parental leave	Up to 7 years (364 weeks) ^a	52 weeks ^b
School vacations ^c	Approximately 10 weeks per year ^d	Not applicable

Note: (a) An employee can be absent from duty for up to a total of seven years following, or in conjunction with, the birth, adoption or otherwise becoming the legal parent, of one or more children comprising one or more of the following forms of leave: maternity leave, other paid parental leave, family leave (without pay), paid leave and long-service leave. (b) Includes paid and unpaid forms of parental leave. (c) This is not listed as a type of leave in the VGSA. (d) Estimated using school term dates for the 2013 calendar year and excludes overlapping public holidays.

Sources: DEECD 2013r; VGSA 2013; VPSWD 2012.

However, parental leave entitlements can see a teacher being guaranteed an ongoing position at their school for up to seven years while on leave, which seems very generous by public sector standards. They also appear somewhat more generous than those available in the Catholic school system.⁸

Data on the take-up of various forms of leave show that a significant proportion of the teaching workforce is on some form of leave during the school year. About 9600 teachers took extended leave (any consecutive leave of 28 days or longer) during 2010, representing a significant proportion of the paid teaching workforce. In June 2010, around 4100 full-time equivalent (FTE) teachers were on unpaid leave (including family leave), representing about 10 per cent of the total FTE teaching workforce on pay (DEECD 2012t, 38–39).

These outcomes likely reflect career teachers who have accumulated substantial leave balances and the high proportion of women of child-bearing age in the teaching service. However, they have important implications for how principals manage their workforces.

Impacts on workforce management

Although the leave arrangements are an attractive entitlement, they create some challenges for principals in managing their workforces and labour costs. First, principals

⁸ The entitlement is for an unbroken period of six to 156 weeks. When an employee who is already on parental leave applies for a further period of parental leave because of a subsequent pregnancy, the further period is for up to 156 weeks (VCEMEA 2008, appendix 1). If an employee has consecutive pregnancies, the employee could be on parental leave for 312 weeks (6 years).

need to hire replacement teachers to cover the absences of teachers on extended leave. Indeed, the significant proportion of teachers on extended leave largely explains the need for fixed-term contract employees.

Second, principals face some uncertainty in managing staff levels and labour costs due to leave arrangements. For example, teachers on parental leave can vary their leave at short notice and have the right to return to their school for up to seven years.⁹ This can cause additional uncertainty in the number of staff and the hours per day and days per week that they are available for duty. The VPA noted that:

One difficulty is that staff on leave often vary the length of that leave and also often vary their time fractions. Such changes are often a short term measure in response to individual circumstances at the time. We agree to these changes because we want to be a family friendly workplace and we've invested heavily in these staff members and don't want them lost to the system. (sub. DR20, 6)

This is another reason principals are hiring some teachers on fixed-term contracts. The VPA argued that more flexibility and autonomy in using contracts would help to maintain a high-quality workforce (sub. DR20, 6).

The Commission received little input on the benefits and costs of changing parental leave entitlements. It therefore recommends that the Victorian Government examine the extent of parental leave entitlements and the impacts on workforce management and productivity. It should also examine the impacts of: (1) aligning the parental entitlements more closely with those in the general Victorian Public Service; and (2) removing the right of return to a specific school following a predefined period of extended leave (for example 52 weeks).¹⁰

School vacations

There is a lack of clarity about the status of school vacations for teacher class employees. The VGSA is silent on the question of whether teachers are available to attend work during school vacations. In contrast, education support class employees can be required to attend for duty and/or professional development up to a maximum of six days during two school vacation periods in a year (clause 24(5)(a)(ii)).

While teacher attendance during school vacations is not required by the VGSA, some schools ask their teachers to work some proportion of these periods or teachers do this of their own accord. Because students are on holiday, these periods would appear to be useful for teachers to undertake other duties as defined in the VGSA, as well as joint planning, collaboration and professional development. The APF noted that:

The notion of considering professional development provision during school vacations is perhaps becoming a needed reality, as schools increasingly endeavour to access this available time. Whilst cognisant of derision in some quarters, ... it is now increasingly customary for Principals to negotiate 'Staff Conferences' during weekends or in and adjoining school vacations. (sub. DR28, 13)

⁹ Employees wishing to return to duty after an absence for parental purposes need to provide written notice of their intention to return by certain dates (clause 26(17)(h)). Applications to return to work early on hardship or compassionate grounds cannot be unreasonably refused.

¹⁰ After the defined period has elapsed, the teacher would no longer be attached to their school and would join a redeployment pool.

Similarly, the Association of School Councils in Victoria (ASCIV) argued that principals should have the right to conduct professional learning during school holiday breaks (sub. DR27, 7).

As student-free days are currently scheduled during school terms, there may be merit in shifting these days into school vacation periods. The current practice of scheduling these days during the school term imposes costs on parents and the school system. Currently, government schools are provided with four student-free days a year for professional development, school planning and administration, curriculum development, and student assessment and reporting purposes. The first day of term 1 is a student-free day to allow appropriate planning to occur for the arrival of students. The remaining three student-free days are determined by each individual school (DEECD 2013r). The Commission sees some potential gains in workforce productivity and teaching effectiveness from scheduling student-free days during school vacation periods.

8.2.5 Consultation provisions

Consultation with staff is good management practice. Business, government and community organisations generally recognise the benefits of seeking the views of their employees — whether consultation is with individuals, groups or unions. The *Fair Work Act 2009* (Cth) requires that consultation provisions be set out in all enterprise agreements in Australia (s. 205).

The 2013 VGSA, like the former agreement, contains numerous provisions on school-based consultation (clause 12). It notes that the principal has ultimate administrative and operational responsibility for decisions at the school level — provided that the decisions are made in accordance with the consultation principles outlined in the agreement. Where a school cannot agree on consultative arrangements, the agreement prescribes committee composition, frequency of meetings, and operational protocols (that is, the reversionary consultative arrangements) (clause 12(4)(d)). The Commission was told that, in many schools, consultative committees meet several times a term and are meant to focus on planning issues. Consultation activity tends to increase late in the school year when planning for the subsequent school year occurs. Participants expressed a range of views on the consultation requirements, with some considering them to be reasonable and others seeing them as onerous.

The consultation provisions give staff and the AEU a considerable role, through the consultative committees, in influencing decision making in schools. The matters that are subject to consultation include:

- development of workforce plans
- planning and organisation of the program of instruction
- organisation of teacher work including face-to-face teaching requirements
- organisation of education support class work
- organisation of work of graduate teachers in their first twelve months of teaching
- organisation of classes including class sizes
- composition of selection and other panels (clause 12(5)(a)).

The Commission understands that other matters — such as contract renewal, advertising of ongoing positions, special payments, recall days and duties, and time in lieu — may also be subject to consultation. In its submission, ASCIV argued that the

number and type of items needing consultation is far too broad including class size, teaching hours and anything to do with the day-to-day work of teachers (sub. DR27, 6).

The consultation provisions in the VGSA regarding class size in particular are an example of a potential barrier to workplace flexibility. The agreement allows, following consultation, staff or the AEU at the school to request that the principal provide reasons in circumstances where the principal determines class sizes in excess of the guidance (clause 12(5)(a)). Moreover, under the reversionary consultative arrangements, where a principal makes a decision counter to the advice of the consultative committee, the principal must provide reasons for the decision in writing to the committee members (clause 12(4)(d)(iv)).

The practical impact of the consultation provisions in the VGSA is understood by the Commission to vary significantly across schools, and depends on the culture at the school, amongst other things. In the Commission's view, the consultation provisions in the agreement are excessively prescriptive, and should be simplified to provide principals with more flexibility over the form, scope and frequency of consultation, including the removal of the reversionary consultative arrangements.

8.3 Aggregate remuneration

The use of flexible remuneration was discussed in chapter 7 where it was recommended that principals be given the authority to approve commencement salaries and accelerated progression at the school level. The effectiveness of flexible remuneration measures in attracting and retaining the best teachers will be constrained, however, by the system-wide features that affect the attractiveness of teaching as a profession.

It should be recognised that, for many people considering teaching as a career, an important motivation is to make a positive impact on children's lives through education. That said, teaching would be a more attractive profession if:

- working conditions are good and teachers have time to focus on teaching and improving their teaching
- the community recognises and values schools and teachers
- teaching is well remunerated (box 8.3).

It has been suggested in the context of this and other inquiries that the level and structure of remuneration also needs to be addressed. For example, Parents Victoria stated that 'If teachers are not recognised and receiving a worthy remuneration we will continue to lose them to the private sector' (sub. 6, 2).

Despite challenges in obtaining consistent long-term data, research suggests that teacher remuneration in Australia has not kept pace with growth in remuneration in many other professions over the past two decades (ABS 2003, 104; Ben Jensen, Reichl, and Kemp 2011, 326; Leigh and Ryan 2006, 21). This trend has coincided with a marked long-term decline in the prior academic aptitude of new teachers in Australia (chapter 2). Empirical analysis using Australian data has found a positive and significant relationship between teacher pay and teacher aptitude (Leigh 2012, 50).

Box 8.3 Remuneration plays a key role in attracting and retaining staff

Teachers' remuneration influences the attractiveness of teaching as a profession, together with working conditions and employment benefits (compared with alternative employment opportunities). These influence decisions to:

- enrol in teacher education
- become a teacher after graduation (as graduates' career choices are affected by relative earnings in teaching and non-teaching occupations, and their likely growth over time)
- return to the teaching profession after a career interruption (such as further study, having children and raising a family)
- remain a teacher (as, in general, the higher the salaries, the fewer the people who choose to leave the profession).

Source: OECD 2005b, 70.

Recent work by the Victorian Competition and Efficiency Commission and the Productivity Commission has concluded that, while starting salaries for graduate teachers are competitive with starting salaries in many other professions, as teachers progress in their careers the salary scale is relatively flat or compressed compared with other professions, with many teachers reaching the top of the scale within nine years (VCEC 2011, 44; PC 2012, 182). Once a teacher reaches the top of the salary scale, to achieve higher remuneration they would need to consider entering the principal class or changing careers. Although the 2013 VGSA incorporates salary rates which — over the life of the agreement — steepen the salary trajectory for a teacher class employee, the change is not substantial.

8.4 Future workplace arrangements in an autonomous environment

The following recommendation brings together the Commission's proposed changes to future workplace arrangements. These changes are expected to enhance staffing flexibility, which will lead to the more effective and efficient use of teaching resources in Victorian government schools.

The Commission sees merit in the Victorian Government developing and communicating (as appropriate) a strategy on how government school workplaces and DEECD would operate in an autonomous environment. The strategy would be informed by the Commission's proposed changes to work arrangements and by further analysis in some specific areas identified in this chapter. This would help to highlight trade-offs and potential rebalancing between various working conditions and remuneration.

Recommendation 8.2

That the Victorian Government, within two years, prepare a strategy outlining how government school workplaces and the Department of Education and Early Childhood Development (DEECD) would operate in an autonomous environment. The strategy would identify work arrangements that would support schools in this context, and be informed by the following proposed changes.

- Subject to the outcomes of the review of the new excess staff arrangements (recommendation 8.1), consider amending the requirement to advertise fixed-term vacancies and introducing merit-based shortlisting and selection for all vacant positions.
- Allow principals the flexibility to select the mode of employment (ongoing, contract or casual) that is appropriate to the circumstances, and remove reporting and monitoring requirements on principals and DEECD in relation to contract employment.
- Abolish the restrictions on the use of part-time teachers over the working week.
- Remove the class size guidance provisions. DEECD should provide information to schools and their communities on the efficacy and cost effectiveness of different class sizes compared with other settings and options.
- Clarify the status of school vacations for teacher class employees and allow principals the flexibility to schedule student-free days during school vacations.
- Simplify the consultative provisions to provide principals with more flexibility over the form, scope and frequency of consultation, including the removal of the reversionary consultative arrangements.

The development of the strategy would also be informed by further analysis of:

- the limits on face-to-face teaching, parental leave entitlements and their impacts on workplace productivity. The strategy would examine the benefits and costs of removing the limits on teaching time, aligning parental leave entitlements more closely with those in the general Victorian Public Service, and removing the right of return to a specific school following a predefined period of extended leave.
- the factors that attract and retain people in the Victorian Teaching Service, including the benchmarking of remuneration structures and the identification of key non-remunerative factors.

That the Government communicate, as appropriate, elements of the strategy to help shape expectations about future school workplace arrangements.

8.5 Grievance and appeal procedures

Robust grievance and fair treatment processes are a key safety valve for good people management, and it is important that managers and team members understand how the processes work and why they exist. There are several grievance and appeal procedures available to members of the Victorian Teaching Service, including:

- the General Manager, Human Resources (DEECD), in the first instance, for excess staff grievances
- Merit Protection Boards: for personal grievances (relating to, for example, leave, time fraction changes, referrals of excess staff, allowances, and higher duties assignments) and selection grievances (transfers and promotions)

- Disciplinary Appeals Boards: for appeals in relation to unsatisfactory performance and misconduct procedures.

These boards are independent statutory bodies established under the *Education and Training Reform Act 2006* (Vic). Another function of the Merit Protection Boards is to advise the Minister responsible for the Teaching Profession on the principles of merit and equity to be applied to the teaching service. The boards also train principals, teachers, education support staff, allied health staff, nurses and public servants in the principles of merit and equity.

Some participants expressed concerns that the grievance and appeal procedures can hamper the ability of principals to effectively manage their staff. The Commission's consultations revealed a range of perceptions and views about these processes, mainly from principals, including:

- the boards give more weight to the impacts on teachers than to those on principals and schools
- limited understanding among some, particularly inexperienced, principals of grievance and appeal processes
- difficulties (including a perceived high burden of proof) associated with principals demonstrating to the boards that a particular teacher is not capable or effective
- limited effective support or representation provided to principals going through grievance and appeal processes
- staff, in general, have a low understanding of the various policies and rules that are the subject of grievances or appeals.

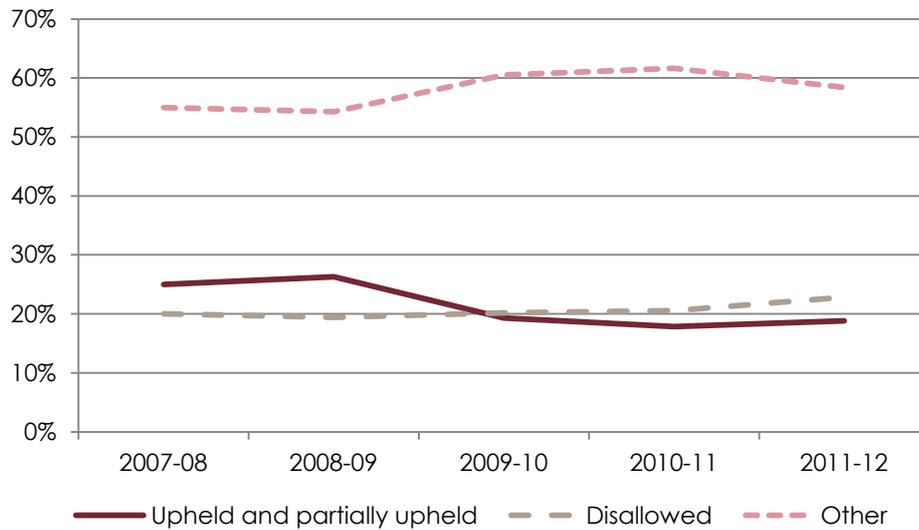
At the same time, participants generally acknowledged the need for natural justice and pointed to the need for merit protection processes to ensure fair and reasonable outcomes.

8.5.1 Outcomes from these procedures

In 2011-12, the Merit Protection Boards received 149 appeals and grievances, of which 28 were either upheld or partially upheld (19 per cent), 34 were disallowed (23 per cent) and 87 were resolved for other reasons (58 per cent). The majority of grievances related to priority transfer status and excess status not being managed according to departmental policy and grievances relating to time fraction changes. Other matters related to leave, especially the refusal to grant long-service leave and leave without pay (DEECD 2012r, 143–144).

Trend data on outcomes of grievance or appeal procedures do not suggest a systematic tendency in decisions made in favour of those making a grievance or appeal. As shown in figure 8.5, the number of appeals and grievances upheld (or partially upheld) has been broadly similar to the number disallowed in recent years. In fact, in most cases, the matter is resolved without the boards needing to make a decision (such as conciliated outcomes). A high percentage of matters resolved in this way is considered to be a positive outcome.

Figure 8.5 Grievances and appeals upheld and disallowed, Merit Protection Boards



Note: Other reasons include: withdrawn, pending, abandoned, lapsed, no jurisdiction, out of time, and conciliated.

Source: DEECD various annual reports.

The Disciplinary Appeals Boards receive a small number of appeals a year. The boards had five appeals pending at the start of July 2011 and received a further six appeals by end June 2012 (DEECD 2012r, 138).

The Commission was told that, in some cases, decisions go against principals because they were unaware of, or have misunderstood, the requirements in departmental policies and guidelines. Moreover, other reasons why decisions have gone against principals include being unfamiliar with the protocols of the boards and a lack of preparation for the preliminary meetings and/or hearings. Another factor is the quality of the advice and support that principals can access. The AEU can be placed in a difficult situation where it is advising both parties in a merit protection case.

While procedures for grievances and appeals is an important and necessary safeguard to ensure fair outcomes, these procedures can impose additional burdens on all parties involved, including meetings, paperwork, training and support. In the case of the excess staff procedures, the VPA reported that principals often spend time and resources in merit protection processes and it is often the more inexperienced principals who are caught up in the referral process (VPA 2010, 1). There can also be health impacts on principals and teachers, and impacts on the workplace climate.

Moreover, the anticipated burden from these procedures may be discouraging some principals from following good management practice. For example, the time and costs associated with unsatisfactory performance procedures — and the related risk of appeal — may discourage principals from seeking to dismiss teachers demonstrating unsatisfactory performance. Instead principals may have used workarounds or simply tolerated the underperformance. In consultations, some principals reported that they were deterred by the time, cost and stress associated with seeking to dismiss an employee (chapter 7).

8.5.2 Opportunities for improvement

Although the Merit Protection Boards provide training on merit and equity principles, for most principals and teachers, becoming involved in a grievance or appeal process is a rare event and they would likely have little or no experience of the procedures. This highlights the importance of all parties involved having access to good advice, support and representation at preliminary meetings and/or hearings. In consultations, the Commission was told that teachers are advised and represented by the AEU whereas this is less often the case for principals. The APF reported that:

... in recent years there has been a propensity for principals to be left unsupported when attending to matters arising from grievances, whether these be at the Merit Protection Board; at Workcover Conciliation Conferences; the Equal Opportunity and Human Rights Commission, VCAT [Victorian Civil and Administrative Tribunal] or other Courts or jurisdictions. (sub. DR28, 13)

The Commission notes that principal associations are able to provide information and support to their members on merit protection matters.

- The APF provides services in industrial representation, advocacy, advice and support dealing with issues such as remuneration, superannuation, contract renewal, WorkCover, complaints, discipline and performance matters (APF 2011).
- VASSP assists in conflict resolution between school leaders and school councils, staff or DEECD officers and provides advice on an individual basis for its members about professional issues (VASSP 2013).
- The VPA has principal advisors who provide confidential information and support to VPA members in their role as educational leaders. They can also assist VPA members with preparing for, and appearing at, WorkSafe Victoria, the Merit Protection Boards and the Equal Opportunity Commission (VPA 2013).

Where principals are not members of these associations, there is potential for them to miss out on receiving adequate advice, support and/or representation. To cover such situations and ensure all principals are supported, the Commission sees a role for DEECD in providing advice, support and representation to principals involved in grievance and appeal processes. Principal associations may also consider offering such support to non-members on a fee-for-service basis.

Several participants supported the recommendation in the draft report regarding the provision of support to principals involved in grievance processes (VPA, sub. DR20, 8; APF, sub. DR28, 12–13). While ASCIV agreed with the recommendation, it also argued that the advice and support need to be 'at the highest level and include detailed briefing responses, advice on dealing with union representatives and accompanying the principal to the Merit Board hearings' (sub. DR27, 6).

Recommendation 8.3

That, to help ensure fair and reasonable outcomes from grievance and appeal processes, the Department of Education and Early Childhood Development provide advice, support and, where needed, representation to Victorian government school principals going through these processes.

8.6 Conclusion

Although Victorian government school principals possess more autonomy over how they manage their workforces than principals in most other states, there are opportunities to eliminate unnecessary restrictions in areas such as merit-based advertising and selection, employment of part-time and contract staff, class sizes and workplace consultation processes. In proposing that these restrictions on principal autonomy be addressed, the Commission recognises that many of them confer benefits on the teaching workforce.

To ensure that the Victorian Government is well prepared for the negotiation of future industrial agreements, the Commission has recommended that the Government develop a strategy on future directions for school workplace arrangements. The strategy would be informed by the restrictions already identified and further analysis on some specific areas noted in this chapter. The Government could communicate, as appropriate, key elements of this strategy to help shape expectations.

Finally, as noted at the outset of this chapter, these changes are not sufficient on their own to achieve improvements in teacher quality and effectiveness. This will also require lifting the capabilities, expectations and accountability of principals to manage their workforces, by redefining their roles, and improving performance management and oversight of their performance (chapters 6 and 7).

The following chapter discusses governance arrangements which will play an important role in strengthening system accountability and performance.

9 Improving governance and accountability in the school system

The terms of reference require the Commission to address a range of matters relevant to ensuring that the governance and accountability arrangements supporting the new default autonomy regime for government schools are suitably robust. Among other things, the Commission has been directed to:

- examine the split of responsibilities across the various levels of the government school system and the effectiveness of existing governance structures, including in the Department of Education and Early Childhood Development (DEECD)
- identify principles of good governance, and options to give effect to those principles in a highly autonomous school system, including with respect to the role of school councils
- identify the capabilities required to support the effective operation of the new autonomy regime.

The emphasis on governance and accountability in the terms of reference reflects their critical influence on the contribution that the new default autonomy regime for Victoria's government schools is expected to make to the goal of moving the State's school system into the global top tier. As spelt out in previous chapters and in *Towards Victoria as a Learning Community* (TVLC) (DEECD 2012a), the new autonomy regime is designed to:

- facilitate tailoring of school services to the needs of students
- improve school leadership and teaching quality, and thereby reinforce several other initiatives directed at this end
- promote more efficient resource use in the government school system.

The role of the new autonomy regime in these regards will be facilitated by the Commission's specific proposals to enhance school leadership capacities, improve the performance appraisal and development system for teachers, and address workforce inflexibilities and red tape that impede the effective deployment and management of resources in schools (chapters 6, 7 and 8).

However, if roles and accountabilities in the system are not appropriate and clear, and if the key actors in the system are not held to account, then the benefits of the new autonomy regime could be significantly diminished. That is, greater accountability must be provided in return for giving schools and principals more decision-making powers. The importance of strong accountability has been evidenced in various empirical work in the autonomy area (chapter 3); and is reflected in the complementary governance review now underway in DEECD. That review will develop new governance and accountability options for government schools, including more strategic options that could:

- provide additional autonomy to consistently high performing schools
- facilitate more corporate approaches to governance
- involve federated governance approaches.

In discussing governance and accountability issues, the Commission has taken an intentionally broad view of the term 'governance', captured in the following definition adapted from the Australian Securities Exchange:

Governance is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in the system. It encompasses and influences how objectives are set and transmitted, the delineation of decision making responsibilities across the system, how performance against objectives is assessed and monitored, and how the various decision making entities are held to account. (ASX 2010, 3)

The Commission's formulation of governance goes beyond the monitoring and accountability dimensions that are often the focus of governance discussions in the schools arena. Also, the formulation gives emphasis to governance of the system as a whole, rather than just to the governance task for an individual school. Even in a system in which schools operate as independent units, there are still objective-setting, decision-making and monitoring responsibilities at the middle and system-wide levels. The governance framework must encapsulate all of these elements, as is recognised in various parts of the terms of reference.

Through this broad governance lens this chapter:

- sets out some good governance principles against which current and other governance frameworks can be evaluated
- assesses the strengths and weaknesses of the current framework and the implications for a move to increase autonomy
- reports relevant insights from the Commission's assessments of governance approaches in other jurisdictions, countries, and sectors
- explores improvements to the delineation of decision-making responsibilities across the system, with a particular emphasis on giving effect to the notion of subsidiarity in a way that ensures work is undertaken at the 'right' level of the system and that important work is not left undone
- discusses the imperative in an autonomous regime to hold principals to account for their contributions to improving student performance and for the efficient use of resources in schools
- examines specific approaches to achieve such accountability and improved work allocation across the system and the mechanisms and pathways that might be employed to iterate from the current governance framework.

In keeping with its terms of reference, the Commission has also commented on the implications of a default autonomy approach for the monitoring activities of the Victorian Registration and Qualifications Authority (VRQA).

9.1 Governance principles

As the subsequent discussion illustrates, there are several ways to configure governance regimes for schools and school systems, each with particular strengths and weaknesses. Also, the benefit-cost calculus for particular approaches will depend on the nature, history and culture of individual systems. There is no best practice model.

That said, there are some generally recognised principles and practices that should underpin any particular governance regime. In broad terms, they relate to:

- clarity and coherence in objectives
- clear and aligned accountabilities and authorities
- access to the attributes, skills, experience and resources necessary for the effective discharge of responsibilities

- timely information flows and robust performance reporting, supported by effective engagement with key stakeholders.

The list of principles enunciated in box 9.1 has been developed with the priorities identified in the Commission's terms of reference and the particular circumstances of the Victorian government school system in mind.

Though intended to be a set of reference points rather than a set of rules, these principles can nonetheless help to pinpoint features of potential governance frameworks for the new default autonomy regime that are likely to have an important bearing on outcomes. For example, as the chapter explains, one of the challenges of relying on governance through school councils would be to ensure that all of the more than 1500 councils have access to the necessary skills and experience.

Also, the Commission has added detail to one of the principles in the list provided in the draft report — namely, that there should be a commitment to matching any changes in accountabilities with corresponding changes to authorities over resourcing, including funding. This is relevant both to the transfer of governance responsibilities from DEECD to other entities (section 9.6) and to addressing the more general concern in the school community that greater autonomy could add to the administrative burdens on schools and principals. In the latter case, for example, were these administrative burdens to increase, then application of the new principle would see schools benefit from a commensurate transfer of resources from elsewhere in the system. That said, the Commission sees considerable scope in the new autonomy regime to lessen the school-level administrative burden by allowing schools to choose to transfer some responsibilities to the middle level of the system (section 9.4).

The Commission further notes that the principles in box 9.1 are fully consistent with the notion of subsidiarity that is sometimes raised in a school autonomy context. Importantly, subsidiarity is not a basis for unfettered devolution of decision-making to the school level; but rather for devolving responsibilities to the lowest level in the system where appropriate capability exists, and where the benefits from more tailored decision-making exceed any system-wide benefits from locating responsibility at a higher level. Hence, the principles refer to the capability issue and the need to account for the value that can be added at each level in the system, not just at the school level.

9.2 The current governance framework

9.2.1 How does it operate?

As far as the Commission is aware, there is no public document that clearly and comprehensively outlines the governance framework for the Victorian government school system. Accordingly, the Commission spent considerable time unravelling what is a very complex framework. Moreover, superimposed on the roles of the 'core' governance entities outlined below are bodies such as the VRQA (section 9.7); the Victorian Institute of Teaching; the Australian Institute of Teaching and School Leadership; and the Victorian Curriculum and Assessment Authority and its national counterpart. Also relevant in a governance context are provisions in legislation and the Victorian Government Schools Agreement (VGSA) governing the hiring and deployment of staff in schools (chapter 8); and agreements between the Victorian and Commonwealth governments (chapter 4).

Within this complex framework, the core governance functions are exercised at three broad levels.

Box 9.1 Good governance principles for the Victorian government school system

If the governance and accountability framework for the new default autonomy regime is to be effective, that framework should:

- be based on a clear and coherent set of system-wide objectives that:
 - are premised on high expectations of what students can and should achieve
 - indicate a desired rate of progress towards overall performance goals and any accompanying sub-goals (for example, reducing the average educational gap between disadvantaged and other students)
 - are agreed by the relevant parties to be reasonably achievable given system resourcing and relevant legislative and regulatory requirements
- embody clear and aligned accountabilities and authorities at all levels in the government school system, underpinned by:
 - defined roles for the Department of Education and Early Childhood Development (DEECD), schools and school councils, and 'middle level' entities such as learning communities, school federations and networks that appropriately embody the value that can be added at each level; and which facilitate the translation of system-wide goals into classroom practice that leads to educational gain by students
 - effective mechanisms to encourage ongoing performance improvement and address underperformance
 - a commitment to matching any changes in accountabilities with corresponding changes to authorities over resources, including funding
 - recognition that the framework should have regard to both the benefits stemming from better governance and the costs of achieving it
- provide access to the attributes, skills and experience necessary to fulfil the roles of DEECD, middle level entities, principals, schools and school councils
- ensure timely flows of relevant information within the system, and robust public performance reporting and evaluation, assisted by:
 - objective measurement of outcomes, employing a balanced set of metrics that provide a broad picture of performance
 - open communication within and across the levels of the system, and effective engagement with parents, others in the school community, and the workforce.

At the top of the governance hierarchy are the Minister for Education (along with the Minister for the Teaching Profession) and the central office of DEECD.

The Minister sets the overall direction to improve educational outcomes and the efficiency of resource use in the government school system, and is accountable for the performance of the system. DEECD advises the Minister and, on his or her behalf, the Secretary of DEECD is the owner of the system. As such, DEECD is the system architect, responsible for system planning and development; determining funding rules and thereby each school's budget funding; setting broad human resource policies and negotiating with the workforce on collective remuneration matters; managing major capital works across the system; investing in developing greater school leadership capability; and setting curriculum guidelines and requirements for the operation of

school councils. As part of its planning and development functions, DEECD also plays a role in capacity building across the system, including through disseminating information on best practice. A further key role is monitoring how well the school system collectively is performing.

At the next level down, four DEECD regional offices are responsible for the performance of schools in their respective regions. In addition to monitoring that performance, the offices support underperforming schools and develop and manage specific intervention strategies; and broker the delivery of support services, such as specialist advice to teachers on developing students' language competencies.

Sitting below DEECD's regional office structure are school networks. Most of the networks that were previously within DEECD's umbrella and reported to the regional offices are still in place. However, in keeping with the Government's emphasis on school autonomy, control of these networks has recently been returned to principals, though other members of the school community may be involved in their activities.

Many of these networks have between 25 and 30 schools, with two networks sometimes combining for at least some of their activities. Their focus, as directed, has been on sharing information on means to improve leadership and teaching quality and to increase student engagement; identifying opportunities for resource sharing and other forms of collaboration, including in the area of professional development; and increasingly on peer-to-peer feedback.

As well as these larger networks, there are also smaller networks and collegiate arrangements, such as:

- a network of secondary principals extending from Bendigo to the Mallee region
- sub-regional clusters, such as the Maroondah Education Coalition
- collegiate groups to support small schools in rural areas (such as in the Swan Hill and King Valley areas).

The focus of these smaller groupings is similar to the larger networks. However as discussed later in the chapter, in some of the collegiate arrangements the emphasis is more explicitly on cross-school resource sharing and service provision.

Network activities are supported by Senior Advisers, Regional Performance and Planning (SARPPs) from DEECD. These advisers, who report to the relevant DEECD regional office, are assigned to a local government area and are tasked with monitoring and improving the performance of schools in that area, including by:

- working with school principals and other school leaders to address performance problems
- brokering supports and resources necessary for performance improvement initiatives
- ensuring that schools meet their obligations to vulnerable or otherwise disadvantaged students
- acting as DEECD's liaison point for the wider community and providing feedback to DEECD on emerging issues and problems.

The SARPPs also play a similar facilitative and liaison role for early childhood education and vocational education and training.

The third and final layer of the governance hierarchy comprises principals and school councils.

The school principal (who is also the executive officer of the council) is responsible for ensuring that there is a strong focus in the school on improving student outcomes; and for many of the specific functions that influence the school's effectiveness in this regard and its efficiency in using resources. These functions include the provision of strategic leadership in the school; school budget development and implementation and financial reporting; the hiring and deployment of teaching and student support staff, subject to system-wide requirements; performance management and capability development of teachers; identifying excess and underperforming staff and managing them in accordance with system-wide policies; and representing DEECD in the school and the community.

The principal is currently accountable both to a school council and to one of DEECD's regional directors, as well as usually participating in one or more networks. Councils are in turn accountable to the Secretary as the delegate of the Minister for helping to set the strategic direction and vision for their schools; assisting the principal in the efficient governance of their schools; assisting in the development and implementation of school budgets; making recommendations to the Secretary on principal appointments; approving employment of some casual teaching and non-teaching staff; contracting for cleaning and some other site services; and engaging with school communities. However, councils are not accountable for operational matters in the school, which are the responsibility of principals. Also, as discussed below, the focus of most councils is seemingly on supporting the school and the principal rather than providing formal governance as such.

Councils comprise elected parents (who must collectively account for more than one-third of membership); the principal, teachers and other DEECD representatives (collectively no more than one-third of members); and often co-opted members of the community.

9.2.2 Effectiveness of the current governance framework

Victoria's government schools are the main component of a school system which, though not in the top tier globally, delivers good results by international standards. Indeed, the student and school performance data compiled by the Commission illustrate that, in a significant number of government schools, suitably skilled principals and other school leaders, assisted by effective school councils and guidance and support from DEECD, are achieving good educational gains from the available resources (chapter 2). Moreover, the fact that many parents can choose between sending their children to government or non-government schools means that there is a broader performance discipline on the government system.

However, it is equally clear that there are material challenges facing the current governance and accountability framework.

Clarity and coherence of objectives

While there have been many initiatives over the years to improve the performance of Victoria's schools in general, and government schools in particular, it seems to the Commission that these initiatives have not always been framed against a clear and coherent focus on the role of schools in improving student outcomes.

Through TVLC — and against the backdrop of the top tier performance goal — there is now a much stronger high-level emphasis on this core role of schools.

Roles and responsibilities across the system

Unsurprisingly, discussions on roles and responsibilities, and hence the allocation of work, in autonomous school systems tend to focus on opportunities for further devolution of responsibilities to individual schools. Consistent with this, TVLC identified broad areas where such opportunities exist, including curriculum, school reporting, behaviour management, staff deployment, financial budgeting and the delivery of infrastructure projects. More specifically, in previous chapters, the Commission has made several recommendations that would explicitly, or via the removal of system-wide requirements, shift further accountability and authority for several aspects of the employment and deployment of school workers from the centre to the school level.

However, it is also important that governance arrangements give appropriate attention to facilitating and supporting the role of work at the middle level of the system. Various research has pointed to the significant contribution that a well-configured and developed middle level can make to overall system performance. For example, a study by McKinsey and Company on how school systems around the world have improved concluded that:

... as school systems we studied have progressed ... they seem to have increasingly come to rely upon a 'mediating layer' that acts between the centre and the schools. This mediating layer sustains improvement by providing three things of importance to the system: targeted hands-on support to schools, a buffer between the school and the centre, and a channel to share and integrate improvements across schools. (Mourshed, Chijioke, and Barber 2010, 22)

Similar observations were made in the recent report on academy schools in England (Academies Commission 2013). In effect, as elaborated on in section 9.4, the middle level in a school system can offer schools ways to improve student outcomes and to get more from the resources at their disposal that are not available when they operate in isolation, or under centralised controls.

By virtue of the regional offices and the various school network and cross-school collaborative arrangements, the middle level of the Victorian government school system is reasonably extensive. Nonetheless, in the Commission's view, there remain untapped opportunities to use the middle level of the system to, among other things:

- provide an alternative vehicle for undertaking administrative tasks that are currently performed in the school, and thereby a means to de-clutter the role of principals and other school leaders and give them more time to focus on the things that matter for the educational gains made by students
- make available tailored guidance and support to individual schools, and foster collaboration and resource sharing across schools; leading to improved educational offerings and teaching quality — and thereby to better outcomes for students.

In a well configured middle level, the guidance and support and role de-cluttering will be driven, or heavily influenced by schools, rather than simply imposed on them by a new layer of management in the system (section 9.4). Hence, the restructuring of DEECD's regional offices and the return of the control of the previously DEECD managed school networks to principals were both intended to increase the scope for schools and principals to actively shape the contribution of the middle level — or, in other words, to make it demand-driven. Importantly, the continued existence of many of the networks that previously operated under DEECD's umbrella points to their intrinsic potential to assist schools in delivering better outcomes.

It is with these sorts of potential benefits in mind, that the Commission considers initiatives of some description are warranted to increase and sharpen the focus of the work done at the middle level in the Victorian government school system. The particular implications for governance arrangements are considered in section 9.4

Principal accountability

Several features of the current governance framework detract from its capacity to hold the key actors in the government school system accountable for their performance in helping to improve student outcomes and the efficiency of resource use across the system. As discussed in the next section, there are some significant capability issues in school councils and at DEECD. And in responding to the draft report, several participants intimated that the accountability of DEECD was an issue, especially given the cultural changes that will be required within DEECD if the new default autonomy regime is to operate to best effect. Victoria University further drew attention to the broader accountability of the centre for the overall adequacy of resourcing and conditions (sub. DR26, 1); a matter discussed at length in section 9.6.3 and in the specific context of ensuring appropriate outcomes for disadvantaged students (chapter 11).

However, pressing accountability issues also relate to principals who:

- play a pivotal role in the educational outcomes delivered by schools (chapter 6) and hence the performance of the government school system overall
- while subject to considerable scrutiny from parents and others in the community — and receive feedback indirectly through the capacity of many parents to choose the schools their children attend — operate under a formal accountability regime that has some significant weaknesses.

Despite considerable monitoring of, and reporting on, school performance, it does not appear that principals have been well or even routinely held accountable for improving their performance and that of their schools, and especially for the degree of educational gain made by their students. By way of illustration, discussions with principals indicated that formal feedback from DEECD has sometimes been left to the process of contract renewal — a process that typically occurs every five years or so — with principals relying in the interim on more informal input, including more recently from other principals through the school network arrangements.

In making these observations, the Commission is not suggesting that principals are collectively the main 'problem' in the current school system. For the many principals who are performing effectively, a stronger accountability regime could simply provide a more structured means for confirming a good performance outcome and to identify and discuss opportunities to do even better — including through giving greater attention to collaborating with, and supporting the work of, other schools. And as several of the Commission's recommendations in previous chapters exemplify, it has also acknowledged the systemic constraints on principals' capacity to make a difference. That said, a more explicit focus on the role that principals have played in improving school performance could help to raise expected standards across a system in which many have suggested that 'average' performance is an acceptable norm. As chapter 2 explains, to achieve the top tier goal, performance improvement will be required across the system.

The Commission notes that the current ambiguities in the principal accountability framework have not been conducive to the emergence of a robust performance appraisal process, or to the provision of support for principals to help them improve their performance. In particular:

- Against the backdrop of a proposed strong emphasis on peer review (see below), the relationship between DEECD's regional offices and school networks is still evolving. And there is also some potential misalignment of relevant accountabilities and authorities. For example, the SARPPs' relationship with school networks is now purely an advisory and supportive one.
- A principal is currently accountable to his or her school council as well as the relevant regional office — spreading responsibility for performance oversighting and appraisal and increasing the risk that aspects of the appraisal task will be left undone. This is further clouded by the absence of authority for the council to act in cases of underperformance. The SARPPs are formally accountable in the regional offices for their effectiveness in facilitating performance improvement in schools in their networks, and have responsibility to lead interventions in underperforming schools.

But the Commission's impression is that, in a more general sense, the means of achieving effective principal accountability in the governance framework remains to be addressed. Indeed, some of those with whom the Commission spoke saw this gap as symptomatic of a more generally 'soft' approach on accountability across the system.

Importantly, TVLC envisages much greater accountability for principals — involving, among other things, a strong emphasis on peer review; improved and more broadly-based information on school performance; increased community input on how well schools are performing; and provision for independent review where a school does not meet key performance thresholds (DEECD 2012a, 19–22). However, the details are still to be revealed. Also, as elaborated in section 9.5, though the performance appraisal process for principals should draw on peer input — a potentially valuable source of advice and ideas on ways that principals can improve their performance — this does not obviate the need for them to be more formally accountable to the system owner.

Capability issues

The capacity to hold principals and other actors in the school system accountable for their performance is further diminished by capability 'gaps' in school councils and DEECD.

While a considerable part of government school council time is currently devoted to administrative and support functions, some contended that most school councils have the intrinsic capacity and skills to provide effective support to the principal and the school. In this regard, the Victorian Principals Association (VPA) asserted that:

... the great majority of School Councils, in their current form, with their current powers, work very effectively with skilled educational leaders to consistently build and maintain great learning environments ... (sub. DR20,11)

Hard data on council capabilities has been lacking — though the Commission understands that DEECD's current governance review will be seeking to rectify this gap.

Importantly, however, a council's role does not usually extend beyond supporting the principal to more explicitly take responsibility for ensuring that the school and the principal are performing well. The Commission considers that extending the council's role to include explicit responsibility for performance would for many councils require additional skills that may not be currently available.

Moreover, it is clear that even in regard to a supporting role, the capabilities of individual councils differ considerably. Hence, the Association of School Councils in Victoria (ASCIV) observed that councils vary:

... from examples of high performance and high functionality with a strong sense of direction and purpose, to councils that require the support of comprehensive training portfolios and support mechanisms. (sub. DR27, 2)

There is also overseas evidence that significant capability problems are more likely to arise in councils serving schools that cater for relatively large numbers of low socioeconomic status (SES) or otherwise disadvantaged students (section 9.3) — though the VPA cautioned about generalisations on this matter, claiming that schools in disadvantaged areas often have ‘highly functioning’ councils (sub. DR20, 14).

As well, much of the responsibility for monitoring the effectiveness of the more than 1500 schools and 1500 school councils ultimately lies with the Secretary of DEECD. It should not be particularly difficult for the Secretary to identify instances where councils or schools are dysfunctional — especially as the Secretary will be able to draw on the oversighting activities of the regional offices and the SARPPs. But there is seemingly scope for more subtle capability and performance problems to slip under DEECD’s radar — a concern consistent with the contention in TVLC that ‘there is a significant middle band of schools that is not adding as much value to student outcomes as they could and should ...’ (DEECD 2012a, 4–5).

Information issues

The challenge of identifying these more subtle performance problems has been further increased by the past focus on measures of raw student performance rather than the extent of the educational gains students have made.

As a result of the recent emphasis by DEECD and as part of the national *My School* initiative on the development of measures that indicate the degree of student improvement, this information gap is being addressed. Notably, the Commission’s analysis of the Victorian school performance data lends weight to the perception that the extent to which individual schools are contributing to improved student learning outcomes varies considerably (chapter 2).

To provide further impetus to these recent developments, the Commission has proposed that educational gain measures be an integral part of a new balanced scorecard reporting regime for Victoria’s government schools. The Commission stresses that the aim of the proposed balanced scorecard is to better relate student and school performance information to the core roles of schools and principals, not to add to the large amount of information that is already being collected. The Commission is also proposing that steps be taken to remedy the current information gap in relation to the performance of school councils (recommendation 9.3).

9.3 Lessons from other systems and sectors

In keeping with the direction in its terms of reference, the Commission has looked at and drawn lessons from arrangements in other (government and non-government) schools systems in Australia and overseas. In addition, it has looked at the governance arrangements applying to the delivery of public hospital services in Victoria. As a network of individual service provision centres operating alongside, and for some services in competition with, private providers, the public hospital system has commonalities with the government school system.

The Commission's analysis of these other arrangements highlights that there are several ways to approach the governance task and that history and circumstance mean that all real world governance models will have flaws. In other words, there is no unambiguously best practice model or overseas exemplar which the default autonomy regime for Victoria's government schools might adopt or adapt.

Nonetheless, some useful insights emerge from the Commission's analysis which reinforce the case for, and highlight particular issues that need to be considered, in addressing the deficiencies in the current governance framework. Specifically:

- Whatever the governance arrangements in place, it is important that they are founded on a system-wide ethos of high performance and strong, accountable, leadership — with these foundations reflected in specific practices in schools and classrooms. As a recent Organisation for Economic Co-operation and Development (OECD) assessment of what makes schools successful observed:
 - ... high-performing education systems stand out with clear and ambitious standards that are shared across the system, focus on the acquisition of complex, higher-order thinking skills, and are aligned with high stakes gateways and instructional systems. In these education systems, everyone knows what is required to get a given qualification, in terms both of the content studied and the level of performance that has to be demonstrated to earn it. (OECD 2010, 4)
- As indicated above, the middle layer in the system can add significant value to the work of the school.
 - In a number of overseas public school systems, regional/district school boards serve not only as the primary governance entities, but are also responsible for building and equipping schools and for site management (Governance Review Committee 2009, 17). To varying extents, this has provided an opportunity to de-clutter the role of school leaders and, in the process, realise economies of scale for some of the non-core tasks lifted out of schools.
 - Creating an environment that fosters collaborative endeavour across schools can contribute significantly to improved student outcomes and greater resource-use efficiency. Schleicher observed that a distinguishing feature of the high-performing Finnish school system is the networks of schools that stimulate and spread innovation and encourage curriculum diversity, and improved professional support (2011b, 63). A study of federations in the English academy system similarly concluded that they are 'an important mechanism to support systemic change and improvement', with increases in student attainment most pronounced where higher performing schools partner lower performing schools (Chapman, Muijs, and MacAllister 2011, 4). And a study by Ofsted came to broadly the same conclusion, highlighting the particular role of head teachers and senior leadership teams in providing vision, raising expectations and applying the characteristics of effective school leadership across schools in a federation (2011, 5). More generally, yet another recent report on the English academy system noted that a fully academised system should be viewed as a 'community of schools'; the tension between collaboration and competition can be an energising one; and 'a more intensive drive to develop professional connections, collaborative activity and learning ... will generate fundamental change across the school system' (Academies Commission 2013, 5–6).
- Holding principals and other actors in the school system to account is generally important for securing better student outcomes. A growing body of literature reports a positive correlation between student outcomes and the degree of accountability in a school system (including the extent of school performance assessments). Some of the literature also suggests that without good accountability

mechanisms, greater autonomy can be detrimental for student performance (Hanushek, Link, and Wößmann 2011).

- At the same time, there is a challenge for policy-makers in creating strong accountability frameworks that do not unduly discourage innovation in teaching, curriculum and other school practices. This does not imply a need to replicate the Finnish approach of largely forgoing external testing — especially as the Finnish system appears to have been more successful than almost all others in building very high quality leadership and teaching skills (Sahlberg 2013). Rather, it reinforces the notion that the results of external testing should be just one part of a balanced scorecard of measures for assessing the performance of schools and principals.
- In keeping with the discussion in the preceding section, assessments of some other governance regimes have cast doubt on the capacity of central educational authorities to properly oversight large numbers of individual schools. For instance, the Academies Commission reported that it 'is clearly impossible for the [centre] to monitor the performance of every school, and extremely difficult to intervene in schools when there are subtle early signs that all is not well' (2013, 97).
- However, the evidence on the relative merits of school-level and middle-level governance, or of independent boards and councils, is much less conclusive. For example, a literature review by Land reported that there was little evidence from the US school system of a link between site-based management and student outcomes (2002). Likewise, a literature review by Caldwell reported that while parental involvement in school governance provides for a sense of ownership of decisions, previous research had not identified any direct relationship between such involvement and improved student outcomes (Caldwell 2012, 22). In addition to the previously noted positive commentary on federated governance in the English academy system, some non-comparative assessments have variously concluded that:
 - in New Zealand, 60 per cent of parentally-elected school boards have provided good governance, 33 per cent have exhibited positive aspects of governance and areas for improvement, and 7 per cent needed significant improvement (ERONZ 2007, 1)
 - there has been a significant element of dysfunctionality among the not-for-profit boards that govern US charter schools (Hill and Lake 2006; Emerson 2013)
 - Canada's district school boards 'matter a great deal for the delivery of effective public schooling' in what has been one of the better performing school systems internationally (Sheppard et al. 2013, 42)

Reflecting such ambiguity, in a study comparing educational governance developments in the USA and other countries, Mintrom and Walley concluded that 'we must resist the allure of assuming a clean — but false — relationship exists between reforming governance arrangements and realising valued educational outcomes from school systems' and that the links between governance and those outcomes 'remain opaque' (Mintrom and Walley 2013, 259).

- Indeed, it would seem from the evidence that the focus of governance activity and access to good governance skills will be no less important for good outcomes than the particular governance model employed. In particular, governance approaches are likely to be most effective when:
 - School governors are focused on the core task of schools — improving student achievement. Hence, the aforementioned Canadian study highlighted that more than 90 per cent of surveyed board members viewed this as their top priority (Sheppard et al. 2013, 23). In a similar vein, a report by the New Zealand School Trustees Association observed that 'the role of board trustees has

sharpened considerably, moving away from viewing such things as property, finance, and human resources as a means in themselves, to a quite specific focus on the need to improve student achievement' (NZSTA 2005).

- Emphasis is given to ensuring that councils or boards have access to the skills necessary for the provision of effective governance and members are clear about what their roles entail. For instance, Professor John Hattie referred to the role of improved professional development for members of New Zealand school boards in reducing disagreements between boards and principals (sub.DR14). And having concluded that a 'radical shift' in the capacity, knowledge and attitude of governors in the English academy system is required, the Academies Commission went on to argue that the recruitment of Chairs needs to be more professional and rigorous and that new Chairs should undertake formal training early in their tenure (2013, 7). Also notable is that the federated board regime for Victoria's public hospital system — which has had the lowest costs per 'separation' of any Australian jurisdiction (PC 2009) and is often acknowledged to be one of the best in Australia — places strong emphasis on skills-based board appointments and a commitment to professional development for board members.
- Because school-level governance approaches necessarily involve many more individual governance entities than federated approaches, the challenges of bringing a suitable array of skills to the governance table will inevitably be greater. While this common sense notion does not seem to have been investigated in past research, there is however various evidence that skill gaps on school boards and councils are more likely to be evident in schools catering mainly for students from disadvantaged backgrounds. For instance:
 - An Ofsted study found that the incidence of unsatisfactory governance in low-SES schools in England was more than double the overall rate (Ofsted 2002).
 - Another English study focusing on governance in disadvantaged schools, concluded that in situations where schools already face 'overwhelming' challenges, 'the model of volunteer citizens supporting and challenging the work of professionals seems most problematic' (Deans et al. 2007, 1).
 - The Productivity Commission's recent *Schools Workforce* study reported feedback from participants that schools in disadvantaged areas in Australia are more likely to experience difficulty in attracting suitably qualified people (PC 2012, 249).
- Also, notwithstanding intrinsic incentives for schools to collaborate, question marks remain about whether school-level governance approaches will encourage sufficient development of the middle level of the system. In this regard, one of the recent reviews of the English academy system found that significant effort needs to be expended to encourage schools to engage in system-strengthening activity (Academies Commission 2013, 6). The importance of this issue is reinforced by evidence that autonomy initiatives have sometimes reduced the level of support provided to schools, adding to the school-level administrative burden and diverting school leaders from their core educational functions. See for example, an early assessment of Western Australia's *Independent Public Schools Initiative* and the various other literature on this issue cited in that paper (Gobby 2013); as well as the recent examination of the role of school leaders in Western Australian government schools (AIER 2013).
- In pursuing a default autonomy approach, the choice is not simply between centralised and school-level decision making. For example, the English academy, the US charter school and Western Australia's independent public schools programs are in the first instance school-by-school governance models, but there is scope for

clusters of schools to federate under a single governing body or framework. Hence the recent report on the English academy system indicated that more than a quarter of academies operate as part of multi-academy or umbrella trusts and a further 10 per cent operate as collaborative partnerships (Academies Commission 2013, 17).

The Finnish experience in particular has also reinforced in the Commission's mind the more general importance of a sustained, systematic and coherent focus for school policy; which has arguably been limited in the past in the Victorian system. The politics and costs of making changes to governance arrangements are a further important consideration. In this regard, Mintrom and Walley conclude that the objective should be to identify governance changes that deliver improvements in educational outcomes without generating costly political battles, that 'can readily suck time and energy away from the focus of change itself' (2013, 266). The Commission, however, reiterates that there are limits on what can be drawn from experiences elsewhere.

9.4 Developing the middle level of the system

To facilitate the provision of educational services that are tailored to the needs of individual students, in the preceding chapters, the Commission has recommended more devolution of staff-related responsibilities to the school level — either by a transfer of an authority that currently resides with DEECD, or by removing system-wide restrictions on staffing flexibility to expand the scope of an existing school-level authority.

However, it also important that appropriate attention is paid to facilitating the work of the middle level of Victoria's government school system. A variety of evidence indicated that a strong middle level in a school system can contribute significantly to the performance of individual schools (section 9.2). This contribution can manifest in several ways, and should be tailored by schools to meet their specific needs. Indeed, this notion of tailoring is especially relevant to the concerns raised by respondents to the draft report about the lack of precision in the Commission's concept of the middle level, and the potential for it to become primarily a vehicle for delivering centrally determined school improvement policies (for example, Victorian Association of State Secondary Principals (VASSP), sub. DR31, 3).

In broad terms, work at the middle level primarily centres on facilitating and supporting a collaborative approach to the delivery of school services. The objective is to add value to the work of schools in ways that are not available to schools operating in isolation. The Commission considers that the particular ways in which the middle level can add value include:

- serving as a mediating layer that offers tailored support and guidance to groups of schools on means to improve their performance in the context of system-wide objectives and policies
- fostering resource sharing across schools that broadens the quality and range of courses available to students, reduces costs and encourages shared accountability for performance outcomes
- facilitating information exchange between schools and the dissemination and diffusion of practice innovation
- promoting strategic links with tertiary education providers, local government, businesses and others in the community that have a stake in the educational outcomes delivered by schools and a potential contribution to make in improving those outcomes

- providing opportunities to relieve schools and principals of administrative tasks that are not integral to the goal of improving student learning outcomes and can potentially be provided more efficiently at a higher level in the system.

In this latter regard, a report by the OECD observed that autonomy is most likely to be beneficial when role overload for principals is avoided and they can concentrate on providing educational leadership (Pont, Nusche, and Moorman 2008, 31), a finding that mirrors the concerns noted above about the potential for a poorly implemented autonomy regime to add to school-level burdens. Moreover, the Commission considers that as well as directly facilitating economies of scale in administrative tasks, delivery at the middle level would increase the scope to use specialist staff across schools, or to contract out services to the private sector, potentially sources of separate efficiency gain.

In addition, the existence of a well-developed middle level may give rise to devolution opportunities that would not be available were the choice to be largely between central and school-level responsibility. That is, there are likely to be some 'higher level' service delivery functions that could potentially be provided in a more tailored way at the middle level without sacrificing economies of scale or a broader system perspective. Aspects of capital procurement could be one example. Also, the middle level could in future conceivably play a role in addressing gaps in DEECD's governance activities identified by the Victorian Auditor-General's Office (VAGO, sub. DR32) — such as school compliance with occupational health and safety requirements.

A synthesis of some of the more important specific tasks that could usefully be undertaken at the middle level of the system is provided in box 9.2.

Box 9.2 The work of the middle level

The middle level in a school system is primarily a means to facilitate and support collaborative endeavour that can improve student outcomes and the efficiency of resource use in ways that are not available to individual schools operating in isolation, or under centralised controls. The following is a synthesis of what the Commission sees as some of the more important specific areas of work that might usefully be undertaken by the middle level of the system.

In addition, if federated governance approaches were to be adopted in parts of the Victorian government school system (section 9.6), the 'middle level' would then be involved in monitoring and reporting on school performance; and taking action to remedy performance problems.

Supporting individual schools

Assisting schools to deliver high quality outcomes for students, through:

- supporting and brokering initiatives to build school leadership capacity (an example of which is the leadership model in the current Northern Melbourne school network)
- distilling and guiding diffusion of good teaching approaches and better classroom practice across groups of schools, and the wider school system
- facilitating staff sharing — particularly specialist staff — in groups of schools that can help to broaden school curriculums and/or reduce teaching costs
- facilitating the adoption of new technology that aids student learning
- helping to build links with tertiary education providers, businesses and others in the community that can improve the quality and relevance of the services provided by individual schools.

Box 9.2 The work of the middle level (cont.)

Service provision

Providing a means to deliver non-instructional services more efficiently and/or effectively, including:

- site and facilities management and maintenance of physical assets
- purchasing and general administration
- teaching-related human resource functions, such as:
 - recruitment and appointment services
 - management of graduate teachers
 - management and/or organisation of training and development
 - talent identification and development
 - management and scheduling of support staff between groups of schools
- advice and support on risk management matters — including in relation to industrial relations, occupational health and safety and disability and equal opportunity matters.

The Commission's discussions with principals and other parties indicated that the focus of many of the larger school networks is on aspects of the support function, with an element of the performance management role through the peer review process. However, through emerging school collaboration and other cross-school arrangements the service provision dimension of the middle level of the system is being captured in other parts of the school system.

Source: Commission analysis.

That said, at the core of the middle level concept is the notion that its work is tailored to the particular circumstances of groups of schools. And the need for tailoring in turn means that the scope and nature of work at the middle level must be heavily shaped by schools rather than imposed from above — the reason why the control over the school networks has been returned to principals. In commenting on these issues, Mount Alexander College emphasised that any middle level support to principals and schools should be school specific and relevant and not involve mandated requirements or impositions (sub. DR19, 2).

Also, the more general development of the middle level can either be left to the intrinsic incentives for schools to operate collaboratively or pursued more proactively (as discussed in the next two sections). Choices on how the middle level is facilitated will influence the choice of the structures and entities that comprise the middle level of the system.

The upshot is that while the broad features and work of the middle level can be readily described, its precise nature and scope is inherently fluid. On this basis, the following discussion on the middle level focuses on the processes and incentives that are most likely to maximise the potential for the middle level to add value and support the work of schools, rather than seeking to specify precisely what a 'gold standard' middle level might look like.

9.4.1 Are specific policy initiatives required?

There is already considerable activity at the middle level of the Victorian government school system and a range of structures to support this. As well as the activities of the larger school networks, there are a growing number of other collaborative and

cross-school arrangements that involve various forms of joint service provision and resource sharing (box 9.3).

Indeed, a number of respondents to the draft report intimated that the Commission had under-estimated the extent of these collaborative arrangements and their impact on school performance. For instance, Berwick Chase Primary School contended that many of the sources of performance gain listed in box 9.2 'are already happening' (sub. DR24, 3). And others noted that collaboration has been a long-standing feature of schooling in country areas, where the small size of many schools puts a premium on finding ways to reduce costs through cooperative endeavour (CEP, sub. DR34).

The Commission acknowledges this criticism, and notes that its observation in the draft report, that collaborative activity is mainly focused on aspects of the school support function and peer review of performance, understates the variety of joint service provision and resource sharing arrangements that are now in place.

That said, the Commission's discussions since the release of the draft report have drawn attention to many additional collaborative opportunities that are not being fully exploited; reinforcing its view that there is still likely to be substantial scope to enhance the role of the middle level.

- In metropolitan areas in particular, the involvement of many schools in middle level activities is limited to participation in the larger school networks and thus does not extend to resource sharing and joint provision of administrative services. And many of the school collaborations in the major population centres that encompass these latter activities are still in their early stages.
- While many principals indicated that the now voluntary peer-led nature of the school networks has reduced the degree of prescription that had previously undermined engagement and collaboration (Australian Principals Federation (APF), sub. DR28, 2), some suggested that the focus of the networks has correspondingly become less 'strategic'. The Commission interprets this to mean that the activities of networks have become more concerned with immediate issues in individual schools, with less attention on such matters as the scope for collaboration to achieve long-term improvements across groups of schools.

More fundamentally, it is far from clear that existing incentives at the school level will be sufficiently strong to allow the potential improvement to the school system from work at the middle level to be fully realised.

Evidently, principals and school councils will have incentives to pursue collaborative opportunities that could directly improve the quality of their educational services or reduce costs and thereby drive their funding dollars further. And various changes envisaged in TVLC would sharpen these incentives — including greater school-level accountability, better and more transparent performance information, and increased engagement with school communities. Moreover, the Commission has recommended that performance appraisals for principals should include consideration of principals' contribution to system-wide improvement, providing further impetus for collegiate and system building activity (recommendations 6.1 and 6.4).

That said, many principals and councils are unlikely to have the time to explore the full range of opportunities that may exist. Several participants contended that deficiencies in leadership skills, or simply the personalities involved, can impede collaboration. And one unintended consequence of the strong policy emphasis on school choice and school-level accountability may have been to reinforce the erroneous perception evident in parts of the system that healthy competition between schools is incompatible with collaborative endeavour.

More specifically, a number of participants referred to the significant set-up costs of collaborative endeavours, especially those that involve the sharing of teaching resources, cross-school delivery of administrative functions, and/or the sharing and potential rationalisation of facilities. The Commission also heard that aspects of the current school funding, budgeting and staffing rules can likewise discourage collaborative activity — including between government and non-government schools (section 9.6 and chapter 12). In addition, where a significant part of the benefit of collaborative activity accrues to the wider school system rather than to the schools directly involved, or where the benefits are long term, the intrinsic incentives for such activity may be weaker still.

Box 9.3 Examples of collaborative school arrangements

As indicated in the text there are many examples of cross-school collaboration resulting in better learning options, broader choices, and/or cost savings that free resources for other improvement initiatives. For example:

- John Fawkner College is a small co-educational secondary college, with around a quarter of students enrolled in a specialist sports program. To help boost student learning outcomes and promote learning opportunities for students wishing to complete Year 12, the college provides a shared VCE maths and science program with Glenroy College. Through a joint venture with Moreland City Council, the college is also co-investing in a sports learning complex. Lecture theatres provide space for VCE and VCAL Sports Pathway Streams during the day and rooms for community use at night.
- Located within the King Valley, 45 minutes south of Wangaratta, the King Valley cluster has 120 students across five primary schools: Greta Valley, Whitfield, Myrree, Edi Upper, and Moyhu primary schools. The cluster has a long history of working cooperatively in areas such as teacher professional development, sharing of staff, developing cluster learning programs, and joint program applications.
- Amalgamating nine schools into the Northern Bay P-12 multi-campus college allowed for the creation of a central administrative unit to manage a variety of tasks including finance, marketing and site management. And the ensuing cost savings have in turn allowed for the appointment of a lead teacher and a facilities manager to free up principals' time, and the provision of new campus services (such as a medical practice and a Centrelink Office). The amalgamation has also facilitated teaching improvement initiatives and better use of student data to set student goals (DEECD 2013n).
- The Maroondah Education Coalition has been progressively developing since 2005. Established with specific funding assistance from the Victorian Government, the coalition began as four secondary schools and subsequently grew to seven schools. However, when it became apparent that the area could not sustain this number, one of the schools was closed and two were merged. The Commission heard that a key contributor to a smooth rationalisation process was engagement with the area's school communities on what the process was intended to achieve and how it would benefit students. The initial day-to-day focus of the coalition on retaining students in the public school system has also broadened considerably; with the priorities now on promoting quality teaching, increasing student engagement and providing specialist facilities in individual schools that can be accessed by other members of the coalition.

Box 9.3 Examples of collaborative school arrangements (cont.)

- There are four schools in the rural town of Nathalia — two public schools and two Catholic schools. The Catholic and state secondary schools offer a joint VCE program where students from both schools can study units offered by the other. The four schools, plus a small nearby school of 15 students, have been working together on a collaborative approach to learning provision for the whole community, including joint professional development days for all staff. The principals meet regularly to plan future learning options with the current focus on youth aspirations in the middle years.

Sources: Stakeholder feedback, (DEECD 2012k; Northern Bay College 2013).

Accordingly, the Commission considers that as part of putting the flesh on the bones of the default autonomy regime, pro-active measures to facilitate the further development of this key level in the system are likely to be warranted.

In reaching this conclusion, the Commission reiterates that the nature and scope of the middle level should be heavily shaped by individual schools and tailored to their particular needs. And as discussed in the next section, proactive measures could take various forms, with a key distinction being between measures that simply incentivise collaboration and those that involve some form of federated governance. The key message at this point however is that, in the Commission's view, the policy *status quo* in this area is not an option. As Victoria University observed, 'the importance of groups of schools working together across districts or regions cannot be over-stated' (sub. DR26, 2).

9.4.2 Implications for governance arrangements

As the variety of existing collaborative arrangements exemplifies, further development of the middle level of the system does not automatically imply the need to modify broad governance structures — and in particular, to move from the current DEECD/school council regime to some form of federated governance model covering groups or networks of schools. For example:

- De-cluttering the role of principals could be facilitated through greater use of business managers in collaborative school groupings and/or by wider application of the Local Administration Bureau (LAB) model (box 9.4).
- Alternatively, or in conjunction with these approaches, the SARPPs and/or networks of principals could be explicitly encouraged to help broker third party service provision on behalf of groups of schools, and support school-led collaborative activity and information sharing. Indeed, the duty statements for the SARPP positions suggest that these are precisely the sort of functions envisaged for these roles.
- The sorts of disincentives for schools to pursue collaborative activity identified above could be addressed, or offset, in ways that would facilitate voluntary cooperative arrangements among schools within the existing governance framework (section 9.6).

Alternatively, further development of the middle level could be pursued in conjunction with changes to provide for a greater emphasis on federated governance approaches. Making governance entities formally responsible for the performance of groups of schools would sharpen the focus on taking advantage of the opportunities to

add value at the middle level outlined above. This of course is only one of several considerations bearing upon the choice of governance approach or approaches for the new default autonomy regime. Whatever the governance arrangements that are ultimately implemented, they should not impede, and preferably lend impetus to, cross-school collaboration, de-cluttering the role of the principal and the other value adding opportunities at the middle level of the system.

Box 9.4 The Local Administration Bureau

The Local Administration Bureau (LAB) is an administrative centre established in Horsham several years ago to allow schools in the area to outsource some of their personnel, payroll and other administrative processes.

As part of the *National Partnership Agreement on Empowering Local Schools*, federal funding was provided to renew and expand the LAB, 'with more sophisticated services that will extend to include financial management, human resources, occupational health and safety, procurement and/or school infrastructure maintenance services' (Victorian Government 2012a, 5).

Specifically, that funding will assist schools to upgrade their systems and procedures to support their integration with the LAB, as well as providing resources for schools to participate in workshops related to the LAB design.

Source: Commission analysis.

Recommendation 9.1

That the Victorian Government, through the Department of Education and Early Childhood Development governance review, explicitly consider measures to support the development of the middle level in the government school system by:

- addressing or offsetting any policy-related disincentives to school-initiated collaborative activity
- enhancing existing middle level support structures and mechanisms to allow groups of schools to outsource administrative functions.

9.5 Holding principals to account

It is important that all of the actors in the government school system are held effectively to account for their contribution to the performance of the system. To this end, the Commission has made several recommendations to enhance the performance improvement system in schools and thereby the accountability of teachers (chapter 7). And in section 9.6 it has proposed sharpened reporting requirements to both encourage the necessary shift in the focus of DEECD from providing services to supporting schools to delivering services, and to hold DEECD accountable for the quality of that support and for its performance as the system steward.

But in an autonomous system, holding principals to account is especially important for achieving and sustaining high system performance. It has also been one of the weaker areas of the accountability framework, and one which TVLC has signalled needs to be addressed.

The Commission is not, as the VPA implied, questioning the commitment of most principals to leading improvement in their schools (sub. DR20, 10). And the Commission reiterates that the objective of better processes for holding principals to account should be a broad and positive one — accelerating improvement across all principals, not just

targeting those at the bottom end of the performance tail. In cases of chronic and ongoing underperformance that could be severely detrimental to the achievement of the students concerned, strong action will be appropriate. Yet for the most part, the objective should be for the governing entity to provide principals with a realistic assessment of the contribution they have made, and guidance and support to improve their performance. The school performance data reported in chapter 2 suggests that there is considerable latent potential for performance improvement at the principal level — recognising that factors beyond the control of the principal can contribute to, or even be the primary cause of, sub-standard school performance (a point emphasised by the APF in relation to school resourcing and 'highly permissive' student and parent communities (sub. DR28, 3-4)).

In keeping with the Commission's governance principles and with experience in a range of other sectors, the accountability regime for principals is likely to be most effective if:

- the line of accountability for the principal to the governance entity is clear, singular and strong
- there is a suitable set of school performance data to provide the governing entity with a balanced picture of how well the principal has performed
- the governing entity has appropriate knowledge of the work of the principal and the circumstances of the school, and the authority and capacity to take any actions necessary to improve the principal's performance
- that authority and capacity is supported by a graduated, practical and readily understood set of intervention triggers to deal with cases of significant underperformance.

TVLC envisages much greater accountability for schools and principals, including through implementation of 'a defined principal performance management cycle and accompanying processes' (DEECD 2012b, 6). In addition, the Government has signalled its intention to provide more timely school performance data. The Commission's balanced scorecard proposal would support this.

However, the emphasis in TVLC on peer review is a matter that warrants close attention as the details of the new accountability regime for principals are developed. As noted previously, peer review is very likely to be a valuable source of learning for principals on how they can improve educational outcomes for their students, or in other ways enhance the performance of their schools. Thus peer review should be an important input into the performance improvement process. But it does not, in the Commission's view, obviate the need for more formal accountability arrangements.

One general problem with peer review is that it may not facilitate the delivery of hard messages, especially where peers are part of the same broader review process. Also, it may be practically difficult to configure a peer assessment process that looks beyond the instructional dimension to consider consistently and systematically:

- how efficiently resources are being used in a school
- whether what is being done in a school accords well with wider system needs.

More importantly, it is as yet unclear how peer assessments would be used and how any suggested performance improvement actions would be followed up. In conjunction with DEECD central groups, the SARPPs will monitor performance and the intention seems to be that the SARPPs will initiate action in cases of significant underperformance (DEECD 2012i). This arrangement means that formal accountability for principals may focus primarily on the lower part of the performance spectrum. This

would be an improvement on the current situation and would be supported by better and more transparent information on school performance for parents and others in the school community. It would, however, still fall short of the sort of accountability regime that the Commission considers is more likely to get the best out of the entire cohort of principals and meet the requirements of achieving top tier performance. Hence, whatever the particular governance approach or approaches employed for the new default autonomy regime, ensuring that all principals are subject to robust accountability arrangements that focus on improving their performance should be a high priority.

Recommendation 9.2

That in configuring the governance framework for the new default autonomy regime, the Victorian Government establish a performance assessment process for principals with the following features:

- a single point of accountability for performance assessment of the principal (recommendation 6.4)
- the principal's performance assessment should be undertaken by a person or entity that understands what constitutes good performance in the context of the principal's school
- the person or entity accountable for appraising the principal's performance has the authority to take any action necessary to improve that performance (supported by a graduated and readily understood set of intervention triggers to deal with cases of significant underperformance)
- the assessment should draw on the balanced scorecard for the school (recommendation 6.3) and input from the peer reviews.

9.6 Specific governance options

There are several specific ways that the governance framework for the new default autonomy regime could be configured to:

- provide clear and robust accountabilities
- facilitate an efficient and comprehensive allocation of work across the system.

Many of the approaches have commonalities or are 'variations on a theme'. And as overseas experience and the current governance framework in Victoria illustrate, there are blended models that draw from more than one broad governance approach. Moreover, from a policy perspective, it is not only the relative merits of different end points that matter. The processes and pathways for moving to the preferred approach or approaches are also a key consideration. Indeed, as discussed below, one of the key concerns raised in consultations and submissions about the governance approach proposed in the draft report was that the Commission had given insufficient attention to transitional issues.

9.6.1 The draft report assessment and proposals

In the draft report, the Commission looked first at what would be required to give best effect to the broad governance approach for the new autonomy regime outlined in TVLC. It noted that this approach:

- is premised on the notion that effective accountability must come from the profession, parents and others in the school community
- envisages strengthened accountability through peer review arrangements for principals and more transparent information on school performance; with the latter reinforcing the performance discipline that comes from the capacity of many parents to choose which schools their children attend
- would see formal governance responsibilities continue to reside with school councils and DEECD
- would see DEECD's formal governance role primarily involving last resort intervention in cases of significant underperformance by a school — implying that councils would shoulder a larger share of the formal governance task than at present, and thereby play a greater role in ensuring schools are improving the educational outcomes of students.

The Commission observed that this approach would facilitate the tailoring of governance to the specific circumstances of a school; and in retaining school councils as a key governance entity, would provide for ready engagement with the school community and a means for them to influence the way their schools are governed.

But the Commission went on to argue that specific initiatives would be required to:

- enhance the governance capabilities of school councils — including to better focus council effort on strategic improvement matters and core governance tasks; address capability gaps in school councils; and assist in early identification by DEECD of problems in specific councils
- lend impetus to the development of a demand-driven middle level of the system — including by addressing or offsetting disincentives for individually governed schools to collaborate and engage in other system-strengthening activity (section 9.4)
- implement a robust performance appraisal system for all principals (section 9.5) within the broad TVLC framework.

Moreover, the Commission argued that insofar as school councils remain staffed by volunteers, and with significant membership churn, capability issues would likely remain a perennial concern; and that tensions would remain between councils' roles as representatives for the school community and as governors on behalf of the system owner.

Accordingly, the Commission explored the merits of instead establishing independent boards to serve as the primary governance entities in the Victorian government school system. In essence, the Commission argued that independent boards as it conceived of them (box 9.5) would:

- provide for a clear and single line of accountability for schools and principals and, in so doing, address the current tension between governance and representation functions
- inject a more strategic focus in the governance task
- bring a better and more relevant range of skills to the governance table.

The Commission then proceeded to compare the likely effectiveness of school-level board governance with a federated (multi-school) board approach, drawing on the experience with federated structures in a number of other school systems — either across the entirety of a system or in conjunction with school-level governance entities. It concluded that a federated approach would have several intrinsic advantages, including:

- making it easier to provide the requisite skills and experience for what would be, collectively, a much smaller number of boards
- enabling the realisation of economies of scale in the governance function; a particular benefit for smaller schools for whom the fixed costs of school-level board approaches could be considerable
- de-cluttering the role of the principal and more generally building the middle level of the system
- reducing the information and procedural demands on principals in servicing their boards.

Box 9.5 The distinction between school councils and independent boards

In discussions on school governance, councils and independent boards are often treated as 'variants on a theme'. However, independent school boards, as the Commission conceives of them, would differ significantly from councils.

Most broadly, independent boards would sit between the Minister and individual schools or groups of schools, and be fully accountable to him/her for the performance of those schools. A board could be dismissed if it failed to take appropriate steps to address any concerns. A board would, in turn, have a full range of authorities to address matters impinging on school performance — including the power to appoint and dismiss principals. And principals would be accountable to the board, rather than to DEECD and school councils as is currently the case. Principals would continue to liaise with DEECD in its capacity as adviser and provider of services but would not be answerable to DEECD for their school's performance. In sum, there would be a clear, strong and single line of accountability for performance from the Minister to the classroom, with the mandate of boards focused solely on governance.

The Commission further envisages that members of independent boards would be appointed on the basis of their skills rather than elected as representatives of the school community. And a skills based appointment process could be complemented by a modest level of remuneration. With remunerated, skills-based appointments, average governance capability would likely be considerably higher than under a school council regime reliant on volunteers.

As alluded to above, an independent board could govern a group of schools rather than a single school — an approach that the Commission sees as having advantages in some circumstances. In many respects a federated board would be the same as an independent board, but the accountabilities and authorities of a federated board would relate to improving the performance of the federation as a whole. Hence, the focus of a federated board would extend to encompass the sorts of 'middle level' capacity building, school support and service delivery functions that can improve outcomes across a school system.

Box 9.5 The distinction between school councils and independent boards (cont.)

Federated boards could also be funded to employ a small number of support staff and an executive principal. In the Commission's view, executive principals could help to translate performance objectives across the federation into specific initiatives at the individual school level, and in the other direction, to put the views of individual principals into wider perspective. Under both federated and individual school boards, parent and community input would continue to be important. Federated boards, in particular, would rely on bodies like school councils to represent parents and the community, and contribute to the school.

Evidence from other school systems with federated structures provides some insights into the sorts of groupings that are most likely to enhance the performance of the schools concerned. For instance, a recent study of the English academy system (Chapman, Muijs, and MacAllister 2011) found that the biggest effects on student performance were evident when high-performing schools partnered with low performing schools. However, under the Commission's proposed approach of incentivising rather than prescribing the uptake of federated board structures, the size and permutation of the federations that emerged would be a matter for the schools concerned.

The Commission also considered that some of the concerns about a federated approach seem overstated, commenting that:

- while the approach would necessarily involve some additional constraints on the scope for individual schools to operate autonomously, its expectation was that there would not be significant ramifications for the day-to-day operations of high performing schools
- a part of the cost of boards would be offset by reduced governance effort and cost elsewhere in the system
- although school councils would lose their formal governance responsibilities, councils would continue to play an important representative and advisory role on behalf of their school communities.

Equally, the Commission recognised that a federated board regime would represent a significant departure from the governance approach envisaged in TVLC; that the extent of the benefits would depend on precisely how the regime was configured; and that iteration from the current governance framework to a federated broad structure could occur in a number of ways. Moreover, it observed that not all the eggs need be in the one governance basket; and that a preference for a particular broad governance approach should not preclude different approaches.

In the light of the above, the Commission proposed that:

- steps be taken to enhance the governance capacities of school councils, including through changes to council mandates and investigation of opportunities for improved training for council members
- DEECD's current school governance review examine changes to the composition of councils that could improve their governance capacity
- a mechanism be introduced to monitor and benchmark the performance of school councils

- DEECD develop a strategy to promote the development of the middle level of the government school system and implement a formal and robust performance appraisal and development system for principals
- DEECD's governance review test the benefits and costs of establishing federated multi-school boards as a complementary, or alternative, governance framework for the default autonomy regime.

9.6.2 Stakeholder responses

There were differing views on the particular merits of boards compared with councils and of federated versus school-level governance structures.

On the one hand, several participants contended that school board approaches in general, and federated boards in particular, would disenfranchise local communities. For example Bouchier Street Primary School spoke of the arms-length nature of federated governance approaches and said that rather, it would welcome 'further development opportunities for [council] members to enhance their contribution to strategy development, execution and governance of [their] school' (sub. DR23, 1). Similarly, the VPA contended that middle level boards would 'disallow the development of effective local strategies to meet educational needs (sub. DR20, 11). And the Australian Education Union — Victorian Branch (AEU) contended that independent school boards in general:

... would be performing tasks at a bureaucratic distance from the school with far less real accountability to school communities than existing school councils or even the Departmental structures which they replace. They would not be more 'effective' than existing school councils they would have a different role and operate from a different set of values. The legal status of these boards and their paid members in relation to individual schools, principals and other school staff would be problematic. ...

A more constructive, effective and less ideological way forward, if the aim is to improve the equity and achievement outcomes of public schooling in Victoria, would be to work with existing school councils and improve their capacity through greater support and resourcing. (sub. DR33, 17)

On the other hand, the Australian Institute for School Governance said that a federated board approach has the potential to strengthen partnerships between schools and thereby improve performance outcomes and that to this end such boards could 'develop a common strategic direction, policy schedule and risk framework' (sub. DR22, 2). The APF suggested that federated board arrangements should be further investigated given the difficulty that many schools face in attracting 'appropriately interested and capable personnel, to add value to the drive for school improvement', especially those in low-SES or rural settings (sub. DR28, 15). And while expressing general reservations about the federated board approach, VASSP said that it did 'not discount the possibility that in some localised circumstances, the local community may investigate and opt for, a multi-school board-like structure to support rejuvenation and growth of the public school sector' (sub. DR31, 6).

However, a number of broad themes were consistently evident in the roundtables, the Commission's one-on-one and group discussions after the release of the draft report, and in written submissions on the draft:

- Changes to governance structures should be driven from below — that is, by schools and their communities — and not imposed from above.

- Consistent with this, the governance framework should recognise that one size does not fit all and that tailoring governance arrangements to the particular circumstances of schools is no less important than tailoring service delivery to those circumstances.
- If the governance framework is to be significantly amended, it is critical to spell out a pathway, or a process and incentives which would iterate governance structures towards the desired end points.
- It is important that any middle level governance layer adds genuine value, rather than adding to bureaucracy and re-centralising decision making; and that it operates in a way that preserves the individuality of each school in the governance grouping.
- A key near term priority is to improve school council capacity, with an immediate task being to get a better understanding of capabilities across the system and the nature and significance of the gaps.
- The new governance framework must not only hold schools and principals to effective account, but also DEECD — for both appropriately facilitating and resourcing the transition to the desired governance end point, and for the effectiveness of its ongoing support role in an autonomous school system.

These themes are developed in the following section which sets out the Commission's recommendations on the future governance framework.

9.6.3 The Commission's assessment and recommendations

In what broad direction should the governance framework develop?

The Commission has carefully considered the very thoughtful responses from stakeholders to the proposals in the draft report on the nature of the future governance framework. As discussed below, those responses have led it to significantly modify aspects of those proposals and supporting analysis in order to:

- better distinguish between what should be done to improve governance in the short to medium term — and in particular to enhance the capacity of school councils to provide effective governance support — and what sort of governance approaches could be beneficial over the longer term
- make it clear that there is a menu of longer term governance approaches
- more explicitly recognise that the choices from the menu made by individual schools will vary according to their particular circumstances.

The Commission has not, however, changed its view that there are inherent limitations in the scope for school councils to provide effective governance which can only be partly addressed through initiatives to sharpen councils' governance mandate, improve their skills, and change the balance of their membership. Accordingly, the Commission continues to see significant long term benefits in independent school board alternatives — and especially federated board structures.

Given this, and its understanding that DEECD's governance review will be addressing means to improve council governance in considerable detail, the Commission has focused much of its attention on how the wider uptake of independent board approaches could be incentivised as part of the subsequent phase of the governance improvement process. Nonetheless, it has made a number of recommendations on council-related issues, as well as proposing some changes to DEECD's reporting requirements to enhance DEECD's accountability.

The case for including independent board approaches on the governance menu

As indicated earlier, TVLC appears to envisage reducing the extent of the duality in current accountabilities by shifting more of the governance task to councils, with DEECD's role focused much more on last resort intervention. In effect, the intent would be to shift the role of councils more towards that of an independent school board. And to support this shift, TVLC foreshadows initiatives to improve the governance capabilities available to school councils and to sharpen their governance remit.

Such initiatives are an important initial step in improving the quality of school governance and thereby the robustness of accountabilities for the performance of Victoria's government schools (see below). These steps would, in the Commission's view, be likely to materially improve the quality of engagement by school communities and lift their contribution to supporting better educational outcomes.

Equally, there are limits on the degree of improvement that is possible. To fully address the current lack of clarity and robustness in lines of accountability, school councils would need to be made solely accountable for the performance of their schools and given an appropriate set of authorities to address all of the matters impinging on school performance — including the power to appoint and dismiss principals. And were they to have these accountabilities and authorities they would effectively have become independent boards. But there are limits on what can be achieved in a voluntary and representative framework. On this matter, the APF (sub.DR28, 15) said that those individuals best placed to offer needed perspectives and skills are often heavily committed elsewhere. If the role of council members becomes more time consuming, those individuals will simply withdraw. In contrast, boards with skill-based remunerated positions would have a higher probability that, across the system, the governance task is appropriately matched by governance capability, albeit at some additional cost.

In addition, without fundamentally changing the structure and composition of councils, giving them a greater governance role would increase the tension with their role as representatives for the school community. In contrast, the mandate of boards would relate solely to governance, with other processes or entities used to harness the views of school communities and encourage their active participation in the work of schools.

Having regard to these limiting factors, the Commission sees value in an enlarged menu of governance options including independent boards. Such an approach:

- is acknowledged by at least some participants to be worthy of inclusion in the governance options for the new default autonomy regime
- is used widely to oversight the delivery of various other public services, including in Victoria's relatively high performing public hospital system; highlighting that it is not a governance approach whose application is limited to privately provided, commercial services
- would provide for the clarity, strength and singularity in accountability that is lacking in the current framework.

Also, the likely more robust governance provided by independent boards would facilitate the last resort intervention role for DEECD envisaged in TVLC. And in providing greater surety to DEECD (as the owner of the system on behalf of the Minister) about the quality of governance at lower levels of the system, recourse to independent boards could reinforce the structural shift in DEECD's focus towards supporting schools and system-wide performance monitoring. As noted in chapter 6, this could in turn allow for the removal or streamlining of the plethora of compliance requirements and

accountability reporting for schools currently imposed by DEECD — as well as more generally providing a wedge between the politics of education and the management of schools.

The particular advantages of federated boards

The Commission also remains of the view that federated board structures would deliver governance benefits over and above school-level boards. It recognises that the federated board structures that exist in a number of other autonomous systems often retain many of the features of school councils (such as elected appointments and non-remuneration). However, changes proposed for the English academy system would push federated (and individual school) boards in that system closer to the Commission's independent board archetype (Academies Commission 2013). Moreover, Victoria's health network boards provide a more well-developed exemplar of a federated independent board regime, involving skills-based appointments and remuneration of board members.

Some of the advantages are a result of relying on fewer boards at a higher level in the system — including making it collectively easier to staff boards with the requisite skills and experience; reducing the information and procedural demands on principals in servicing boards; and enabling the realisation of economies of scale in the discharge of governance functions. While, as noted earlier, several stakeholders considered that such benefits would come at the cost of governance less tailored to the circumstances of individual schools, the Commission does not consider this to be an inevitable outcome — especially if the numbers of schools in a federation are relatively small.

As well, in the right circumstances, a federated board approach could provide a separate suite of benefits relating to the development of the middle level of the system. In particular, federated boards would be well placed to facilitate de-cluttering of the role of the principal and to more generally encourage individual schools to work together in pursuit of better educational outcomes for students across the federation as a whole. The Commission reiterates that school-level governance is not incompatible with these objectives, especially if it is accompanied by separate initiatives to encourage collaboration and joint service provision across schools. But in its view, federated governance structures are likely to provide greater certainty in realising the potential for value add at the middle level. The Commission notes in this context that one of the recent studies of the impacts of federation in the English academy system found that in all of the five federations subject to qualitative analysis, one or more of the schools in the federation faced the possibility of closure at the time the federation was established (Chapman, Mujs, and MacAllister 2011, 21). In other words, it required a crisis to bring the schools concerned together.

Some of those opposed to a federated board approach more broadly suggested that it was tantamount to a recentralisation of the school system and/or could simply add an additional layer of bureaucracy to the system. For example, ASCIV contended that a middle level of governance:

... has the potential to grow its own bureaucracy and could possibly stifle innovation in our schools through a conservative approach to governance and management. (sub. DR27, 1)

Box 9.6 Some key features of a federated board approach

The Commission's specific governance recommendations provide for the iterative and incentivised development of a more robust governance framework for the new autonomy regime; which would give schools the scope to choose from a menu of governance approaches, and determine how any particular approach was adapted to their circumstances. Hence, the precise nature of any federated board approaches would vary.

In broad terms, however, the Commission envisages that federated boards would be accountable to the Minister for the performance of groups of schools, and like individual school boards, have a suite of specific authorities to enable them to:

- hold principals and schools in the federation to account for their performance
- initiate and oversight actions to improve the performance of individual schools.

In addition, and in contrast to an individual school board, the authorities of a federated board would enable it to take steps to improve the performance of the federation as a whole — and, as part of this, to undertake the sort of general capacity building, school support and service delivery functions outlined in box 9.2.

In keeping with the general board requirements spelt out in box 9.5, appointments to a federated board would be directed at providing the board with access to the experience as well as general and school-specific skills necessary for effective governance across the federation. Hence, the board would also rely on other bodies such as school councils to represent the views of school communities. The Commission further envisages that federated boards could be funded to employ an executive principal and a small number of support staff. In the Victorian government school system executive principals have proven to be an effective way of managing and improving performance across groups of schools.

As to the size of federations, consistent with the experience in the English academy system, some respondents to the draft report suggested that around 15 schools would be the upper bound. On the other hand, many of the current school networks are around double this size, and Canada's district school boards are considerably larger again. There are also design issues related to the mix of schools in federations. As noted in section 9.3, one of the recent studies of the English academy system found that the biggest effects on student performance were evident when high performing schools partnered with low performing schools, though its conclusions about the relative merits of other types of federations were quite heavily qualified (Chapman, Muijs, and MacAllister 2011).

Under the Commission's proposed approach for moving to a more robust governance regime — where schools and their communities could choose from a menu of governance options but with incentives to encourage the uptake of federated board approaches (see text) — the size and permutation of the federations that emerged would be a matter for the schools concerned. That said, an important part of the subsequent evaluation process would be to examine the impacts of particular configurations on school performance outcomes.

However, such boards would focus their attention on schools and principals at the lower or middle level of the performance spectrum. These schools would also be subject to scrutiny under an effective school council or individual school board. More broadly, the concept of subsidiarity that underpins autonomous school systems does not imply that there should be unfettered devolution of decision-making responsibility.

Even in a generally autonomous school system, wider system imperatives will provide a case for some constraints on the freedom for individual schools to 'run their own race'.

The Commission further emphasises that well configured federated board structures would not add an additional layer of bureaucracy to the school system, but rather change the level of the system where the primary governance effort occurs. And this notion is also important in putting the costs of a federated board approach into appropriate perspective.

- Over time the cost of any remuneration for board members and of employing an executive principal and support staff (box 9.6) — should be offset by reduced costs elsewhere in the system. The incremental costs of these arrangements should be at least partly offset by the reduced resources that DEECD would need to deploy to fulfil its monitoring and, if necessary, last resort intervention responsibilities. And boards would be alive to cost savings from managing and delivering some administrative services at the federation rather than the school level. Such savings could in turn be used to fund other performance improvement initiatives in the schools concerned.
- More importantly, while federated board approaches would almost certainly involve a higher direct cost than governance through more capable but still voluntary school councils, that additional cost must be viewed in conjunction with the quality of the governance that is delivered. As TVLC recognises, robust accountability and therefore good governance are critical for good performance outcomes in autonomous school systems.

The implications of board governance for community engagement

A potential impediment to the inclusion of independent board approaches on the governance menu for the new autonomy regime is the perception that the board approach — and especially federated boards — would disenfranchise school communities. However, in the Commission's view, well designed board approaches will preserve and potentially enhance community engagement.

It is obviously the case that under independent board approaches the rules of engagement would change. That is, input from parents and others in the school community would be separated from the formal governance function. And as discussed in the recent review of the Canadian district board regime (Sheppard et al. 2013, 2), when a number of individual schools are governed by a single board, there can be a further degree of separation between the governance function and input by an individual school community in relation to that particular school.

However, these issues have been faced and addressed in other contexts. The Community Advisory Councils that provide a conduit for stakeholder views to Victoria's health network boards are one example of how community input can be tapped under a federated board approach. It is also important to recognise that much of the practical engagement task would reside, as now, with principals and teachers rather than boards. In this context, the Commission's proposal to explicitly encompass effective engagement with the school community in school performance metrics would enhance the engagement expectations on principals irrespective of the formal governance structure under which schools operate (recommendation 6.3).

Moreover, relieving school councils of their formal (albeit often quite limited) governance role might enable changes to their constitution that would strengthen their capacity to represent parents and the wider community.

- Were membership of councils drawn exclusively from parents and the wider community — rather than also including the principal and teachers — then the current tension between stewardship and stakeholder representation would be removed and councils would be able to provide advice solely on the basis of the perceived best interests of the school's 'customers'.
- Likewise, tailoring council arrangements to the particular circumstances of schools and their communities in an environment where the core function was advisory, would seemingly be easier than in circumstances where councils continued to have formal and common governance responsibilities.

Also, changes to the role and composition of school councils would provide an opportunity to streamline the current council legislation, which is not only prescriptive, but also procedurally onerous.

One size does not fit all

While the Commission continues to see general advantages in the independent board approach — and especially federated boards — this does not mean that those advantages would be equally manifest across the school system, or always preferable to other arrangements. For instance:

- the likely improvement in governance from using independent boards would depend on the quality of the strategic support provided to schools by councils — which would vary across schools, and depend on the effectiveness of initiatives to build the capabilities of councils through such things as better training for council members
- the performance implications of skill gaps at the council level would also depend on the capabilities of the principal and other school leaders
- realising economies of scale in the governance function is likely to be more beneficial for smaller schools than for their larger counterparts
- the extent to which a federated board approach would facilitate value add at the middle level would depend on whether a school is already part of a collaborative arrangement that enables resource sharing and other cooperative endeavour.

In short, when it comes to the most appropriate governance approach, one size does not fit all. The case for diversity in governance approaches was recognised in the draft report.

However, the Commission accepts that those aspects of the draft report recommendation relating to the further assessment of the federated board approach did not give sufficient recognition to the scope for other governance and collaborative approaches to deliver effective performance outcomes.

Also very importantly, the responses to the draft report have highlighted the imperative to identify an acceptable, paced and risk-managed transition path from the current governance approach. In this regard, the Commission concurs with the conclusion in the Mintrom and Walley governance study about the need to avoid costly political battles that can be highly detrimental to the reform process (2013, 266).

Against this backdrop, the Commission has concluded that the process for modifying governance arrangements to bring better and stronger accountability to the new default autonomy regime and to foster the development of the middle level of the system should:

- be driven by schools rather than imposed from above

- provide for a menu of governance approaches that recognises and caters for the diversity in school circumstances both at a point in time and over time
- involve a significant degree of gradualism that provides surety, clarity of enhanced responsibilities, and guidance to schools and councils that have yet to embark on the governance improvement process.

The Commission still considers that there would be benefits from encouraging the uptake of federated board governance. But it will now be proposing that this be pursued, within a broader menu of governance and collaboration options by strengthening the incentives in the system for schools to choose to operate collaboratively and to move from 'soft' forms of collaboration to 'hard' collaborations, including federated board structures.

The Commission notes that TVLC has signalled that an immediate priority is to build the capacity of school councils to contribute to the governance task. As TVLC recognises, this should not be the only emphasis in governance reform. Indeed, the Commission's proposals to allow schools and their communities to draw from a menu of options could, over the longer term, see the governance-related roles of councils diminish. Nonetheless, an enhanced version of the current governance framework would be the logical starting point for efforts to complement default autonomy with a more robust set of accountabilities.

Improving current governance arrangements

Building the governance-related capabilities of school councils

While some participants considered that most school councils are working very well with schools, the more prevalent view — including of ASCIV (sub. DR27) — was that school council capabilities could be, and should be, improved.

As alluded to above, consistent with the thrust of TVLC, the Commission expects that improving the capability of school councils will be a key focus of DEECD's governance review. Hence, the Commission sees greater scope to add value in regard to other potential improvements in the current governance framework and in mapping out how potentially superior governance approaches could be encouraged to develop over the longer term. The following discussion on council-related improvements is therefore intentionally broad and illustrative rather than definitive.

The current role of councils is not tightly focused on core governance matters, but rather embodies a mix of tasks, routine administrative functions and representation on behalf of parents and school communities, and provision of strategic advice. But even within this role the activities of the council are not well focused. Seemingly councils, and principals as the executive officer of the council, have considerable discretion in how much council time is spent on the governance-related component of that mandate — meaning that the role of councils is often more one of supporting the principal than helping to hold the principal and school to account for their performance.

In addition, while the functions of the council include 'establishing the broad direction and vision of the school within the school community' (*Education and Training Reform Act 2006 (Vic)*, s 2.3.5) there is little guidance in the legislation on how the council should contribute to achieving this function. Further, some of the functions of school councils can distract from a focus on educational improvement, including functions such as the emphasis on their role in organising the cleaning contract and staffing of the canteen (*Education and Training Reform Act*, s 2.3.5). The Commission considers that the legislation-related guidance should be modified to:

- increase the role of school councils in shaping their school's educational objectives and strategic direction
- strengthen councils' role in monitoring and providing feedback to principals on whether the objectives and strategic direction are being achieved
- reduce school councils' responsibility for administrative tasks.

In its formal recommendations, the Commission has not sought to precisely spell out how legislation should be recast to better focus the activities of councils on setting strategic direction and influencing school performance. That is a task best left to DEECD in conjunction with bodies such as ASCIV, drawing on the findings of DEECD's governance review — and also reflecting the specific 'interim' requirements that the Commission has proposed in regard to the performance appraisal of principals. However, the broad thrust of the revised mandate should be on helping to drive improvement in student performance and overseeing the outcomes achieved. Also, it would be desirable to more explicitly differentiate between councils' governance-related and representation functions.

Overseas and Western Australian experience suggests that council-like entities can become more strategic if given an appropriate mandate. Changes to council mandates may in turn require them to be given additional authorities. And in some areas, difficult judgements are likely to be involved. A particular issue here is whether councils should have powers to appoint and dismiss principals and to formally appraise principals' performance — though, in the Commission's view, such powers are the sort that should only be extended to an independent board as conceived of in box 9.5. Also requiring investigation will be how councils with a stronger governance-related mandate should be held accountable for their performance. Currently, while councils are formally accountable to the Minister, as far as the Commission is aware, there are no supporting performance benchmarking and assessment processes in place; and the Minister's power to dissolve a council is rarely used. The Commission is recommending a specific new benchmarking and monitoring mechanism to remedy this accountability gap.

A closely related matter is providing clear direction on the scope of work of school councils, including the areas councils should not address because they are the work of the principal. Many participants saw a need for DEECD to provide greater clarity on the respective roles of the council and the principal.

As well, consideration could be given to concurrent changes to council membership to strengthen their governance-related capacities. One option worthy of consideration would be to reduce teacher representation on councils. From a governance perspective this would lessen the apparent structural conflict of interest in having teachers as part of entities that are holding schools to account for their performance; and free up council positions that could then be used to bring in specialist expertise, skills and experience, using the co-option provisions in the legislation. Indeed, there is seemingly scope to more generally make better use of the co-option provisions.

A further key aspect of capability building is training and professional development for council members. For instance, ASCIV contended that 'high level training for Councils is a matter of urgency' and more specifically that a more strategic focus in council activities could be encouraged by:

... rigour in training on Governance, HR — particularly employment, financial management and community relations, ensuring the enhancement of the [principal as the Executive Officer] and council members. (sub. DR27, 7)

Such training would assist those participating in it. For example, Western Australia's *Independent Public Schools Initiative* emphasises training and preparation for schools,

among other things, in the transition to a board structure that is equivalent in most respects to Victorian school councils. While such training would help, from a broader systemic perspective a number of questions arise.

- To what extent would the benefits of extra training be diluted by the high membership churn in councils? The Commission understands, for example, that as many as 90 per cent of councils experience some membership turnover each year, and that most council members at any one time have less than two-years' experience.
- Would a greater onus to participate in training, and thereby to commit extra time to council-related activity, discourage more skilled (unremunerated) individuals from serving on councils?
- Would investing additional resources on improved training for council members deliver a better return than alternatives such as: funding 'flying squads' of school governance experts who could assist councils experiencing difficulty in discharging their governance-related responsibilities; provide for ongoing remunerated governance expertise on many or all school councils; or boost governance effort by DEECD, as the Commission is proposing in regard to performance appraisal for principals?

Such a holistic assessment would require detailed comparison of the benefits and costs of different spending options; and much more information on the skills available to school councils across the system, and the nature and significance of the gaps. In the draft report the Commission proposed that the Government monitor and benchmark the performance and capability of school councils to facilitate such assessments — as well as to aid early identification of problems in specific councils and DEECD's general performance oversighting responsibilities. In its response to the draft report, ASCIV (sub. DR27, 7) strongly endorsed this suggestion.

The Commission understands that DEECD has recently surveyed a significant number of principals and council presidents as part of its concurrent governance review. This is an important first step in identifying current capabilities and gaps. The next step will be to set the results against current training offerings, and having regard to the broader considerations outlined above, determine whether additional investment is warranted and, if so, what form it should take. In the Commission's view, such an assessment should also be a precursor to any membership related initiatives to boost council capability. The Commission further emphasises that while councils are a significant part of the governance framework for the Victorian government school system, monitoring of their capabilities and performance should be a feature of the governance framework. However, the Commission envisages that beyond DEECD's general performance oversighting role of schools and councils, more detailed assessments of council capability across the system should be periodic — say every three years — rather than conducted every year.

Supporting the development of the middle level

One of the Commission's rationales for seeking to encourage the uptake of federated board approaches is that such approaches are a means to foster the development of the middle level of the government school system. But as the Commission has emphasised it is schools that should determine whether federated governance would benefit them, having regard to their circumstances and the incentives on offer. Conceivably a significant number of schools might prefer softer federations or cooperative arrangements, matched with individual school governance.

Even if many schools ultimately opted for federated board approaches, the shift in this direction could be slow. Accordingly, and as reflected in its broad recommendation

regarding the future development of the middle level (recommendation 9.1), the Commission considers that, in the near term, specific action is warranted to more directly foster this key level of the school system. Also, as the financial support that has already been provided to assist in the establishment of some collaborative ventures indicates, incentives can play a role as well.

Importantly, however, a number of the incentives that might be employed to foster collaborative endeavour are broadly the same as those that might be used to encourage the uptake of federated governance structures. Hence if the Government endorses the Commission's recommendation to incentivise the uptake of such structures, any parallel incentives to encourage cross-school collaboration more generally would need to be carefully configured. In essence, the challenge would be to provide appropriate support for cross-school collaboration in the broad, while delivering additional support for schools taking the next step of forming hard federations governed by independent boards.

A robust performance appraisal and development system for all principals

A key governance priority for the new autonomy regime is to hold all principals robustly to account for their performance. While initiatives to sharpen the governance mandate of school councils and enhance their governance capabilities could improve their capacity to play a greater role in principal performance assessment and development, further work is needed to assess how much the governance capacities of councils can be improved. There is also a concern about the inherent capacity of volunteers to hold professionals to account effectively (Deans et al. 2007). More fundamentally, in the Commission's view, any transfer out of DEECD of formal responsibility for the performance appraisal of principals — or for appointing and dismissing principals — should only be to an independent board that is fully accountable for the performance of a school or group of schools, and which has an appropriate set of authorities to discharge this function effectively (box 9.5).

In light of the above, and given the absence of robust arrangements in DEECD in this area, the draft report proposed that DEECD implement a 'default' performance appraisal and development process for all principals that complied with the requirements spelt out in recommendation 9.2. It further observed that this could be under the auspices of either the SARPPs or another dedicated area within each of the DEECD's regional offices.

The draft recommendation was strongly supported by principals, with the APF stating:

There is ... a strong concern that involvement of school councils/boards in the role of overseeing school performance may unnecessarily complicate the process of school improvement, when the current agenda appears to be simplification and efficiency. Conversely, the greater involvement by redefined DEECD *middle level* personnel may have a significant and positive role in the role of school improvement. (sub. DR28, 15)

Likewise, the VPA said that 'the Senior Advisor, Regional Performance and Planning and Regional Directors have performed this role with an understanding of the role of the principal' (sub. DR20, 11). The APF suggested that DEECD's role in reviewing principal performance could be supported by a group of 'appropriately accredited and former principals' (sub. DR28, 7).

This default DEECD level process would no longer apply if schools chose to operate under a school-level or federated independent board that is fully accountable for the

performance of a school or group schools. The Commission further notes that under its proposed school-driven approach for improving governance, a shift to an independent board would presumably have the support of the principal as the executive officer of the school council. Hence, the concerns raised by principals about a decision from above to take responsibility for performance appraisal out of DEECD's hands should be largely obviated.

Clarifying DEECD's governance role

Whatever the governance structures in place, it is appropriate for DEECD as the owner of the government school system on behalf of the Minister, to retain powers to intervene in cases of serious underperformance by a school, a council, or an independent board. As TVLC makes clear, implementation of the default autonomy regime will not preclude such intervention, though the intention is that improved governance at lower levels of the system will render this very much a measure of last resort.

However, if and until schools are governed by independent boards, DEECD will necessarily have a more direct governance role — including through the Commission's proposed default performance appraisal and development system for principals. As part of initiatives to improve the current governance framework, it is clearly important that this more direct governance role is appropriately configured and bounded so as not to impede the intended scope for schools to operate more autonomously. It will also be assisted by having a sound, practical understanding of school operation in the DEECD central office, to provide appropriate service and support to schools.

One way of providing certainty to schools and guarding against unnecessary intrusion would be to tightly prescribe what DEECD can and cannot do. Alternatively, schools could be divided into performance groups with a graduated, though less highly prescribed, set of roles for DEECD attaching to each group. In effect, this could be seen as an extension of the current arrangements where DEECD's governance efforts are focused on lower performing schools — though the Commission reiterates that greater attention to schools at the middle of the performance spectrum will be required if significant improvement in overall student achievement is to occur.

Neither of these approaches is problem free — again highlighting the advantages of independent board approaches where DEECD's role would be limited to last resort intervention, and hence be much easier to clarify and bound. Suffice to say that clarifying DEECD's governance role under an enhanced version of the current governance approach will be an important task for its governance review.

Finally, the Commission notes that a corollary to clarifying DEECD's governance role is that DEECD is held to account effectively for its performance in that role, and more generally as the steward of the system. The Commission is recommending changes to DEECD's public reporting arrangements that would promote this important accountability requirement (recommendation 9.5).

Recommendation 9.3

That to improve the effectiveness of the current governance framework, the Victorian Government:

- amend legislation and guidance on the role of school councils to:
 - increase the role of school councils in shaping their school's educational objectives and strategic direction
 - strengthen councils' role in monitoring and providing feedback to principals on whether the objectives and strategic direction are being achieved
 - reduce school councils' responsibility for administrative tasks
- implement a mechanism to monitor and benchmark the performance and governance-related capability of school councils
- investigate through the current Department of Education and Early Childhood Development (DEECD) governance review:
 - the scope to cost-effectively improve the governance-related capabilities of councils through better training for existing and new school council members
 - the potential to improve those capabilities through changes to the membership of school councils — including by reduced teacher membership and greater co-option of outside expertise
 - mechanisms to hold school councils accountable for their performance
 - the nature and scope of DEECD's formal governance role in the new default autonomy regime and how that role should be reflected in the legislative and regulatory architecture
- implement a formal DEECD performance appraisal and development system for school principals that has the features listed in recommendation 9.2, and which would apply until such time as a school was governed by an independent board that is fully accountable for the performance of the school, and which has the full range of authorities required to effectively discharge that governance function.

Incentivising the uptake of federated governance

In the Commission's view, implementation of the package of measures in recommendation 9.3 could materially boost the quality of governance, and thereby the robustness of accountabilities, in the new default autonomy regime.

But, of themselves, these measures would do little to encourage greater collaboration, including through establishing boards governing federations of schools. For the reasons detailed earlier, the Commission sees some significant advantages in encouraging collaboration, including up to the federated board approach.

As the preceding discussion in this chapter illustrates, a significant number of schools in the Victorian government school system has begun the move along the collaborative path; including through joint service provision and resource sharing based on handshake agreements or memorandums of understanding, or through more formal multi-campus arrangements. And the Commission is aware of at least two instances — one in the Melbourne area and one in rural Victoria — where co-located primary and secondary schools operate under a single council.

Nonetheless, without specific incentives, the Commission considers that any moves from these sorts of arrangements to more formal collaborative structures are likely to be slow and patchy at best. In this regard it notes that a recent review of the English academy system — a system where federated governance approaches are already quite well developed — advocated new mechanisms to encourage schools to work together with the interests of the system as a whole in mind (Academies Commission 2013).

In essence, the Commission sees incentives as a means to focus schools' attention on the benefits on offer from more formal collaboration and particularly federated board approaches; while avoiding the downsides of a more prescriptive, top-down, process that does not cater for diversity in the circumstances of individual schools. That is, a federated board approach may not suit every school even over the longer term.

In thinking about the use of incentives to encourage uptake of federated governance structures in the Victorian government school system, several important issues arise:

- While schools that operate collaboratively retain many of the cost savings that arise from joint provision and sharing of resources, there are equally some cost-related impediments that can discourage collaboration and ultimately federated governance.
 - The savings can take time to materialise, whereas the establishment costs are more immediate. And even where the benefit-cost calculus is likely to be strongly positive over the medium to longer term, the Commission heard that constraints on schools' capacity to draw forward on their future government funding can still deter worthwhile collaborative endeavour.
 - If federated schools decided to rationalise their facilities they would not share in the benefits of land and asset disposals — as was the case, for example, in the Maroondah Education Coalition (box 9.3).
 - Such rationalisation of facilities can also affect per student funding if it leads to the reduction or loss of subsidies provided to help smaller schools meet their generally higher per student operating costs.
- In contrast to opt-in autonomy approaches, the default approach removes the capacity to link the provision of greater autonomy to schools with them meeting specific conditions, including in relation to their governance. For the reasons spelt out in chapter 5, the Commission considers the default approach to be a sound one. Nonetheless in a situation where governance changes are to be incentivised rather than imposed, the default approach ostensibly has a more limited menu of options.

As regards specific incentive options to encourage the uptake of federated independent boards, the Commission has not sought to be forensic or to endorse particular options. However, there are several possibilities.

Most obvious would be funding support to help establish and sustain independent boards — including to enable remuneration of board members appointed on the basis of their skills and experience and to allow for the employment of executive principals. Addressing other funding-related impediments of the sort noted above — and tying these changes to moves to federated governance — would be further possibilities.

Another option would be to give schools identified as having serious and ongoing performance issues a choice between a period of governance by DEECD or finding a high-performing school to partner with and operate under its governance wing. And consideration could also be given to providing schools opting for federated independent board arrangements with greater scope to operate outside some of the otherwise applicable staffing provisions in the VGSA. Indeed, if boards are to be held fully accountable for the performance of their schools, then they should have the full

suite of staffing and other authorities over the resources necessary to influence how services are delivered in those schools.

Some of the incentives mooted above would inevitably be controversial in parts of the school community. And some, such as greater capacity for schools to draw forward on their government funding, or to keep part of the proceeds from land and asset disposals, could be viewed as problematic in parts of government. Moreover, questions would inevitably arise as to whether additional resourcing to establish and sustain the operations of federated boards would constitute the best use of the funds concerned — though as noted above, there would be offsetting savings elsewhere in the system.

However, if governance of the Victorian government school system is to be strengthened — in the Commission's view a necessary condition for default autonomy to deliver good outcomes — then some cost and controversy seems inevitable. Even under an incentivised rather than imposed approach for improving governance, there is no easy and painless effective option.

Against this backdrop, the Commission is recommending that DEECD's governance review considers further these incentive issues and reports to the Government accordingly. One important component of this reporting task will of course be to advise on the pros and cons of different incentive mechanisms. But the other key component will be for the review to indicate how the incentive regime should be structured so that there are additional incentives available for schools that chose to operate under federated independent boards as distinct from participating in softer forms of collaboration. Indeed, clarity in regard to the latter is especially important given that most of the incentive approaches mooted above could be employed to encourage softer forms of collaboration rather than the uptake of federated independent boards.

Recommendation 9.4

That the Department of Education and Early Childhood Development's (DEECD) governance review report on incentives that might be used to encourage the uptake of more formal collaborative governance arrangements, including federated independent boards in the Victorian government school system, with the review addressing, among other aspects:

- funding support to help meet the establishment and ongoing costs of boards
- means to address potential funding-related impediments to federated board arrangements, including any that arise from: constraints on schools' capacity to draw forward on their future budget funding from the Government; the operation of the small school subsidy arrangements; and the return of proceeds from land and asset disposals to consolidated revenue
- the role of partnering arrangements for underperforming schools as an alternative to a period of DEECD governance
- the option of allowing federations of schools governed by an independent board to operate outside some of the staffing conditions of the Victorian Government Schools Agreement
- how any incentives to form federated independent boards should be differentiated from general support for collaborative endeavour across schools.

Holding DEECD to account

As TVLC and this report have emphasised, implementation of a default autonomy regime will require a significant change to the role and culture of DEECD. While DEECD will continue to oversight the performance of the school system as a whole, its more specific role will shift from day-to-day management of schools to the provision of guidance and support to schools and middle level entities, and last resort intervention in the case of serious school underperformance.

One issue here is that it could be difficult for DEECD to easily shift from its longstanding management role. For example, Professor John Hattie, noted that 'this is a major change in the role of the centre, not easy to achieve, and more attention needs to be given to ensuring this will occur' (sub. DR14, 2). As well as focusing attention on the robustness of the accountability mechanisms for DEECD, this concern reinforces the importance of improved governance at lower levels of the system. That is, more effective lower level governance should make DEECD more comfortable limiting its school management role to the much smaller group of schools experiencing serious performance problems.

However, the concern for most stakeholders was precisely the opposite — namely, that default autonomy will provide DEECD with the opportunity to shift responsibilities to schools without providing them with additional ongoing resources, or even transitional support. The APF observed that while the push for greater autonomy in some areas is welcome, in other areas there is a 'sense of being abandoned' (sub. DR28, 3). And Mount Alexander College contended that increased autonomy without devolving resources 'will only serve to further divert the focus of school leaders from the core business of educational achievement to non-educational considerations' (sub. DR19, 1). The Commission notes that such problems have been evident in some other autonomous school systems.

As the Commission has emphasised, a well configured default autonomy regime supported by a well-developed, demand-driven, middle level of the system would provide considerable scope to de-clutter the role of principals and allow them to focus more heavily on core educational tasks. Also, the Commission's governance principles (box 9.1) refer to the notion that any changes in accountabilities should be matched by corresponding changes to authorities over resourcing, including funding. This means that any net increase in the responsibilities of schools under the default autonomy regime should be matched by a commensurate transfer of resources from elsewhere in the system.

More broadly, it is obviously important that DEECD, like other actors in the system, is accountable for the quality of guidance and support that it provides, the effectiveness of its last resort intervention activities and for its general system stewardship. In this regard, the Commission notes the comments by VAGO that its previous audits in the schools area had highlighted deficiencies in DEECD's support and oversighting roles (sub. DR32, 1–4). VAGO suggested that DEECD's governance review could be directed to examine the findings of these previous audits, and also that the Commission consider making recommendations on the discharge by DEECD of its responsibilities.

One approach that could potentially highlight how well DEECD (and others in the system) are performing would be a school inspectorate system or some other independent evaluation entity — an option raised by Professor John Hattie (sub. DR14, 2). An alternative approach, focused explicitly on DEECD's performance, would be to sharpen its public reporting requirements.

While an inspectorate/independent evaluation approach is not without merit, the Commission's concern is that it would add another governance layer to the system,

and thereby potentially cloud accountabilities for schools and principals in particular. Accordingly, the Commission has focused on the sharper public reporting option.

Specifically, the Commission is recommending that each year DEECD be required to seek commentary from the school community on how effectively DEECD has discharged its responsibilities under the new default autonomy regime. A synthesis of this commentary should be included in DEECD's annual report.

To avoid this feedback process becoming unduly cumbersome, the Commission proposes that the commentary should be sought primarily from the associations representing the key stakeholders, including special needs schools, rather than individual schools, principals and school councils.

Recommendation 9.5

That in reporting publicly on its contribution to the performance of a more autonomous Victorian government school system, the Department of Education and Early Childhood Development be required to elicit and report commentary from key stakeholder groups on:

- the extent to which it has adjusted to its new role in the default autonomy regime
- the quality of the guidance and support it has provided to autonomous schools and other relevant entities
- the extent to which it has given effect to the principle that changes in accountabilities at the school level should be matched by corresponding changes to authorities over resourcing, including funding
- its performance more generally in facilitating and resourcing the transition to a more autonomous school system and as a system steward.

9.7 The Victorian Registration and Qualifications Authority

The Commission's terms of reference direct it to examine the regulatory oversight of government schools by VRQA and identify changes that would be needed if schools were more autonomous.

The VRQA registers and monitors education and training providers operating in Victoria, including government and non-government schools and vocational education and training providers. The VRQA's responsibilities most relevant to this inquiry are:

- registering education and training providers
- monitoring providers' compliance with minimum standards spelt out in the Education and Training Reform Act and its regulations, including through audits and complaint investigations
- making provider information available through the online state register.

The minimum standards require schools to have structures and checks that ensure sound governance, and appropriate policies and processes for enrolment, curriculum, student welfare, attendance and discipline, staff, and facilities.

While it is obviously important that schools meet minimum standards, it is also important that these standards are set and enforced cost-effectively. This requires not duplicating

existing governance structures when those structures already set and deliver appropriate standards of school performance; and taking a risk-based approach to enforcement, so effort is expended in areas where the consequences of failure are greatest.

The VRQA reports that it seeks to reduce duplication by recognising DEECD's Regional Support Group (RSG) as a review body. It is therefore DEECD that monitors government schools' compliance with minimum standards (though the VRQA can and has asked the RSG to investigate particular schools, and has also on occasion interrogated the annual school compliance data provided by DEECD).

However, it appears the VRQA intends to increase its regulatory activity relating to government schools. If such activity is focused on shoring up the robustness of the delegated arrangement for ensuring compliance by government schools with the minimum standards, then this would not be cause for concern. By contrast, if it extends to the broader appropriateness of the outcomes delivered by government schools, it could potentially compromise the intent of the new default autonomy regime to provide greater school-level flexibility in service delivery and, like an inspectorate system (see above), cloud accountabilities for principals and schools.

Overall, independent regulatory oversight of the non-government school sector will need to continue. The practice of delegating responsibility for ensuring compliance with minimum standards in government schools to the RSG should likewise continue to be a reasonable way to minimise potential duplication of oversighting activity in this sector. The Commission does not therefore see the need at this stage for changes to the current VRQA-related arrangements consequent upon the provision of greater autonomy to government schools.

But if evidence emerges that the clear distinction in the VRQA's activities between monitoring compliance with legislated minimum standards and broader performance oversighting is becoming blurred, then changes to the Memorandum of Understanding between the VRQA and DEECD might be warranted. Moreover, if in the future there is significant reliance on governance through independent federated school boards, then further assessment and iteration of the role of the VRQA might be required.

Finally, the Commission notes that its brief did not explicitly extend to the broader relationship between the VRQA and other entities that have a role to play in standard setting, such as the Victorian Institute of Teaching and the Victorian Curriculum and Assessment Authority. Eliminating any duplication of, or inconsistency in, regulatory activity across this broader group of entities — or exploring the potential to realise collective administrative efficiencies in the delivery of their services — would also be relevant to improving the efficacy of performance oversight and hence governance and accountability under the new default autonomy regime.

10 Facilitating choice

In addition to the operation and governance of the new default autonomy regime, the Commission's terms of reference encompass the related, though separate, issue of school choice. Specifically the Commission has been asked to:

- identify barriers to choice in the government school system and policies to promote greater choice to complement the new default autonomy regime
- examine any institutional, cultural or funding barriers to the expansion of high-performing government schools.

10.1 Some high-level considerations

10.1.1 Arguments for choice in school education

Arguments for school choice are sometimes philosophically based — namely, that parents should have a right to choose the schools their children attend. The implication is that although school education is subsidised to varying degrees from the public purse, it should be treated no differently from those goods or services where the customer is free to choose from whom they buy.

But sitting below such presumption in favour of choice is a much harder-nosed economic argument. Where consumers are able to exercise choice, there will be stronger incentives and competition for suppliers to provide the quality of product or service that consumers want at the lowest possible price. And, over time, they are likely to have stronger incentives to innovate so as to augment their customer base, or to improve their profitability by meeting market demand more cost effectively. Hence, choice and competition are widely recognised as being central to well-functioning and productive modern economies. Thus, Victoria and the rest of Australia have successfully devoted considerable effort over the last two decades to opening up parts of the economy where choice and competition had been precluded or heavily constrained.

The benefits of choice and competition are also relevant for school education and other human services than for more 'commoditised' goods and services. As the Australian Council of Social Service (ACOSS) commented in its submission to the Productivity Commission's independent review of the job network:

The power to choose between different service providers is very important for consumers of human services, especially those ... who are economically and politically marginalised. There are many instances of poor quality service provision by organisations that occupy monopoly positions in the provision of human services for vulnerable people. (ACOSS 2001, 16)

More specifically, scope for choice in school education can provide parents with both the opportunity to select schools that best meet their children's needs and encourage schools to tailor their education services to meet those needs. Thus, for example, more than 30 Victorian government schools offer the Select Entry Accelerated Learning program for gifted students. And there are already various options available to cater for students with a disability, including specialist autistic schools, special schools and supported integration into mainstream schools. Moreover, even where the service provided is broadly the same, scope for parents to make choices based on their perception of which school is doing the best job, will provide performance feedback to schools.

10.1.2 The impacts of choice on access and equity

While choice has a potentially important role to play in the schools sector, this is not to suggest that unfettered or 'unsupported' choice would be appropriate. Like other human services, school education has some distinguishing features that:

- may constrain the degree of choice that is desirable, or
- at least make it incumbent on governments and policy makers to ensure that other policy settings are such that the benefits of choice are not negated by unwanted effects.

Of particular relevance here are the access and equity objectives that attach to school education. The capacity to access a quality school education underpins the lifelong economic and social well-being of individuals, and a cohesive and productive society more generally. Reflecting this, the right of all children to access quality school services is a foundation stone for school policy in most countries and is encompassed in various international charters.

For the most part, including in Victoria, this universal access goal has been pursued through government provision of free, or heavily subsidised, school services. In this environment it is important to consider how choice in the government school sector — or between government and non-government schools (see below) — may affect access. The concern expressed by some is that choice exacerbates inequality, and the fact that others argue for the benefits of choice make this a contested issue.

In response to the draft report, many participants supported parents' right to choose and noted the potential for competitive incentives to improve outcomes. But participants also raised concerns over the impact of choice and competition on efficiency and equity. The rural and regional clusters visited noted competition can compromise collaboration and thereby undermine professional development and efficient cross school service provision. Others, including Victoria University, emphasised the risks of competition and choice to equity and urged the Commission to take these risks 'far more seriously' in the final report (VPA, sub. DR20, 13, VU, sub. DR26, 2).

10.1.3 The evidence on school choice

The Australian Education Union, Victoria (AEU) submission points to a recent Organisation for Economic Co-operation and Development (OECD) working paper (Musset, P. 2012) that attempted to step away from the ideological debate by systematically examining the evidence on the impact of choice on disadvantaged students and schools.

Different political groups use evidence that supports their positions in favour or against school choice, and their positions relative to school choice are largely based on their ideologies, rather than on empirical work and evidence of effectiveness. (Levin and Belfield 2004; in Musset 2012, 4).

The Musset study concluded that while choice can enhance opportunities for some advantaged parents and students with strong achievement orientation, it also harms others, often more disadvantaged and low socioeconomic (SES) families (Musset 2012, 43). The Musset paper concludes, however, that the negative impacts are not an inevitable consequence of choice. Rather, careful design of school choice schemes can allow school systems to combine parental freedom and enhanced opportunities for disadvantaged children.

Notably this same emphasis also underpins the Gonski review, which in putting forward a new school funding model designed to better match school resourcing to student

needs, refers to the value of choice to many parents and to previous OECD research pointing to the scope for choice to enhance academic outcomes (Gonski et al. 2011, 12–13). The London School of Economics Growth Commission came to similar conclusions but went further to find that choice is affected by autonomy:

There is evidence that more autonomous schools respond better to local parental choice, so increasing parental choice will not lead to higher standards without greater decentralisation to empower head teachers. (LSE Growth Commission 2013, 17)

One Australian report, although noting that 'parents should be able to choose the school they want', suggested 'the right of parents to choose schools should not be confused with the idea that choice improves school performance' (Jensen, Weidman, and Farmer 2013, 2). Drawing on their analysis of NAPLAN and enrolment data in South-East Queensland, the authors argued that competition can be beneficial but too few schools face real competition for it to be a viable means of increasing system-wide school performance. They argue the barriers to competition included the lack of high-performing competitors for many schools, capacity constraints in many high-performing schools, affordability for many families and distance between schools (Jensen, Weidman, and Farmer 2013, 2).

10.1.4 The Commission's view

The Commission considers that choice and autonomy are separate concepts. But as both autonomous decision making and choice typically exist side by side, their effects can be intertwined and reinforcing. For example, where there is scope for choice, schools that take best advantage of the opportunities provided by greater autonomy to improve their services are likely to experience increased demand. And government policy can help to reduce barriers to choice, where these exist. At the same time, without appropriate funding arrangements, choice can magnify the risks of greater autonomy for disadvantaged students and vice versa (chapter 11).

Although there is some debate about the extent to which choice, of itself, drives improved school performance, the Commission considers that the system does benefit from parents being able to select a school that suits the needs of their child. This is particularly the case where increased autonomy incorporates a focus on improving the quality of teachers and educational leaders. The Commission also considers the risk of choice to equity outcomes can be greatly reduced by providing schools that cater for heavy concentrations of educationally disadvantaged students with appropriate funding, quality leadership and teaching resources, and effective governance frameworks. Thus, residualisation concerns are an argument for a holistic and careful policy approach, not for forgoing the benefits that choice can bring.

The Commission, however, notes the concerns of participants and emphasises that the risks of choice to innovation, collaboration, and equity need to be carefully managed. During consultation, participants often mentioned the critical role of collaboration in increasing the capacity of schools and groups of schools to meet student needs, particularly in rural and regional clusters. These clusters were able to pool resources across smaller schools to create the scale necessary to enhance educational outcomes. The Commission supports a student-centred focus and considers collaborative arrangements within the government sector and in collaboration across sectors are a priority (and key goals of recommendations 6.1 and 12.1).

10.2 Choice between systems

As indicated above, the terms of reference focus on barriers to choice within the government school system. But the government system exists along-side a less-subsidised Catholic school system and a significant number of differently subsidised independent schools. Provision of choice in the government system must have regard to the consequences of choice between systems.

The OECD has concluded that education systems where choice is provided to some and not others are inherently unfair, especially when SES status determines opportunities (Musset 2012). Conversely, the OECD argued that removing barriers to choice can improve equity as parental income and education become less important in determining access to high quality education.

Since the option of school choice through residential mobility¹ or through enrolment in private schools has always been available to wealthy families, school choice programmes can allow [school systems] to expand this right to every student. (Musset 2012, 43)

The continued drift of students to non-government schools (chapter 2), illustrates that enhancing competitiveness through the range of quality choices is also critical to the long-term success of the government school system. Arguably, restraining choice within the government system — even if well-motivated by a concern to avoid residualisation — will simply accelerate student drift to the non-government sector. Indeed, as noted in chapter 2, government schools are already doing the bulk of heavy lifting in regard to the education of disadvantaged students. The key therefore, is to manage choice in the government sector (and across sectors) appropriately, including through a funding regime that minimises the risks of adverse impacts.

The Commission further notes that some elements of the difference between government and non-government schools are becoming, or may become, less distinct:

- As the level of school autonomy increases, government schools have access to more of the flexibilities available to non-government schools.
- The sort of funding model proposed under the new National Education Reform Agreement would see the taxpayer meeting a very high proportion of the recurrent costs of non-government schools catering mainly for low SES students — with non-government schools serving students or communities with very high needs potentially fully funded from the public purse.

That said, there can be other important distinctions between government and non-government schools, or among non-government schools around such issues as educational philosophies and religious beliefs.

The discussion below of barriers to choice and the expansion of high-performing schools relates to the government school system. The discussion in chapter 11 of the implications of school autonomy and choice for disadvantaged students approaches choice from a sector-wide rather than within-system perspective.

¹ Residential mobility is discussed in chapter 12.

10.3 Barriers to greater and/or more effective choice in government schools

There is already some choice in Victoria's government school sector. The previously mentioned specialisation options, such as select entry schools and those catering exclusively for children with special needs, is one dimension of this choice. As mentioned in section 10.5.1, around 85 per cent of government schools do not restrict enrolments, offering significant scope for choice in many areas.

In thinking about barriers to choice in the government school sector, it is helpful to delineate between factors that may:

- limit the efficiency of parents' choices over available offerings
- constrain the range of service offerings open to parents.

The range of educational offerings available in the government sector will most broadly depend on access to funding and specialised resources. And it may also be influenced by system-wide constraints on how schools can configure and deploy their workforces. However, these issues have a much broader relevance to the inquiry and are discussed in various contexts elsewhere in the report, especially in chapter 8.

More specifically, notwithstanding the degree of specialisation that has emerged in the government school sector, its extent may have been constrained by lack of flexibility in curriculum requirements and workforce shortages in particular areas (for example, maths and science teachers).

The prospective reforms to the current Victorian Essential Learning Standards (VELS) are intended to address such inflexibilities and, in conjunction with the introduction of default school autonomy, will give schools greater scope to differentiate their learning offerings. The Government has further signalled that there will be scope in future for schools to offer a Victorian Baccalaureate, Industry Pathway Programs, and other specialist senior secondary programs (DEECD 2012a, 14). In light of these developments, the Commission does not envisage significant specialisation barriers to choice in the government school system in coming years.

Accordingly, the discussion in the next section focuses on factors that may impede parents choosing between the school offerings that are available, or detract from the efficacy of the choices they make. Section 10.5 also examines barriers to expanding high-performing schools as a means of increasing the range of choice available.

10.4 Information issues

The capacity for parents to exercise choice, and more particularly to make effective choices, requires them to have appropriate information on what schools are offering and how well they are performing. In the draft report, the Commission argued the former has not usually been an issue, but participants in some rural and regional consultations expressed views that 'aggressive marketing by non-government schools can skew parent opinion'. The government schools that raised this issue argued that collaboration enabled them to work together to improve education quality and provide messages to the community about the value of government school education. The Commission considers that the changes envisaged in recommendation 6.3, chapter 9, and recommendation 12.1 would support such collaborative work. This work would in turn improve educational outcomes and enhance the choices available for parents.

In the draft report the Commission noted that until recently, the information on school performance available to parents was often limited, potentially compromising the choices made. Courtesy of a range of State and national performance reporting initiatives, parents now have access to more school performance data than in the past. Of particular relevance in this context is the capacity to compare the National Assessment Program — Literacy and Numeracy (NAPLAN) student test data across schools with similar demographic characteristics, which is published on the My School website operated by the Australian Curriculum, Assessment and Reporting Authority (ACARA). As well as raw student scores for literacy and numeracy, those scores can be compared with other schools with similar SES student cohorts. Improvements in literacy and numeracy over time can also be compared across schools (again stratified on the basis of SES and starting literacy and numeracy scores).

Comparative student performance data is one factor that influences parents' choices although the effect currently appears muted in practice. School location, social networks, the school environment, the range of extra-curricular activities on offer and (in the case of non-government schools) the religious dimension will, to varying extents, also influence parents' decisions. Some argued that the impact on students of changing schools, with classes learning at different paces and covering different topics, is to further lessen the accountability for schools through parental choice (Jensen, Weidman, and Farmer 2013, 16).

Nonetheless, the clear policy intention is that comparative student performance data become a more important influence on parental school choice in the future. It is therefore important that efforts to further enhance the available data, and thereby promote effective parental choice, continue. Consistent with this, the Commission is proposing that the Victorian Government supplement the My School data by making its currently internal data on school 'gain scores' publicly available (recommendation 6.3). In support of a more autonomous school system the Commission is also recommending the introduction of a common 'balanced scorecard' performance reporting system for all government schools (recommendation 6.3). As well as educational performance this scorecard would provide information on the school's performance in areas such as student, parent and community engagement, and school and teacher development.

In addition, there is a role for the Government and bodies like ACARA to promote more focus on value add in media reporting of student performance. As the emphasis that some schools place on media marketing indicates, the role of the media in influencing parental choice should not be underplayed. At present, such reporting focuses very heavily on raw student scores and thus presents a potentially skewed picture of how schools are actually performing. The Commission considers that the options outlined in this section would help to address concerns expressed by participants in response to the draft report, by reducing incentives for non-government schools to 'poach' students.

10.5 Barriers to high-performing government schools expanding

Some high-performing schools are at capacity and would grow, but face barriers to expansion, and as discussed these barriers are not insignificant. Addressing the issue of the skewed picture of school performance the Victorian Association of State Secondary Principals (VASSP) questioned how high-performing school should be defined. Are they schools that attract a high proportion of high-performing students? Or are they schools that ensure significant gains in student achievement regardless of their starting point (sub. 7, 9)? The Department of Education and Early Childhood Development (DEECD) has indicated the importance of relative performance, that is that schools can reach

capacity as a result of parents either perceiving a school is high-performing or avoiding a school they perceive is low-performing.

As noted above, improved information on gain scores may help parents make better choices. More efficient decision making could alleviate the pressure on some schools currently perceived as high-performing where gain is low. It could also increase demand for schools currently perceived as low-performing where gain is high. With improved gain score information, the constraints are more likely to match school performance than perceptions.

Where excess demand is caused by parents avoiding a school because of real rather than perceived quality issues, this could be alleviated through improved principal and teacher performance (chapters 6, 7, and 8). Indeed, transforming middle-performing schools to high-performing ones and leveraging performance improvement across groups of schools are likely to drive the biggest benefits. And these gains are essential to achieving the goal of Victoria becoming a top tier education system.

While the proposals in chapters 6 to 9 will help to improve the range of choice and the efficiency of decision making, there will continue to be a residual of capacity constrained high-performing schools. Addressing barriers to these schools expanding involves improving how caps and zones are implemented, increasing use of multi-campus schools and underused assets, and, in limited circumstances, investing in infrastructure.

10.5.1 Improving how caps and zones are implemented

A longstanding policy in Victoria and other jurisdictions is that children are guaranteed enrolment at their designated neighbourhood government school (*Education and Training Reform Act 2006* (Vic), s 2.2.13). Amongst other things, this requirement promotes the access objective by obviating the need for less affluent parents, or those facing other substantial education related costs, to spend significant sums and/or time on school transport.

Exceptions in the Act, however, allow the Minister or delegate to apply enrolment caps and/or school zones and, while most schools offer unconstrained access, the barriers to perceived high-performing schools expanding are not insignificant in Victoria. Caps and/or zones apply to around 230 (15 per cent of) schools catering for around 145 000 (20 per cent of) students and of these, two-thirds are primary schools and one-third secondary schools (DEECD 2013o; DEECD 2013a). Consolidated data on 'out of area' enrolment (and especially on the students schools decline to enrol) would provide a clearer picture of constraints on choices but DEECD does not collect this type of data. Suffice to say, choices are constrained but better information would help to better manage excess demand for high-performing schools.

For schools that are in high demand, guaranteed enrolment for students within the designated local area may limit choices for parents and students living outside the catchment concerned.² This might in turn lessen the 'demand-driven' incentives for performance improvement across the system. To the extent that improved data on declined and enrolled students provide insights on SES and academic performance, it could help inform and manage the inequality and access outcomes that have arisen in New Zealand and England. Along with the recommendations in chapter 11, removing the barriers to high-performing government schools (section 10.5.2) would also help. In

² Property prices have been shown to increase in the zones around some high-performing schools and this tends to exclude students from lower socioeconomic cohorts (Gibbons 2012; Davidoff and Leigh 2008).

addition, the location and significance of constraints are likely to change as autonomy increases and performance improves, increasing the premium on information about capacity constraints. In the draft report the Commission therefore recommended collecting data on place of residence for students accepted and not accepted to schools to help better manage capacity constraints.

There was a mixed response from participants to this draft recommendation to collect additional data on capacity constraints presented by caps and zones. DEECD indicated that collecting this type of information may impose a significant burden on the department and given students often apply to several schools the results may be difficult to interpret. The Australian Principals Federation asserted that reporting this type of information can be detrimental to small schools with lower enrolments (sub. DR28, 16). The Association of School Councils in Victoria (ASCIV), however, favoured collecting place of residence data for select entry schools and schools with caps and/or zones and argued that all other schools should be accepting all students (sub. DR 27, 8). ASCIV and the Victorian Equal Opportunity and Human Rights Commission also mentioned there is a case for collecting information on students with disabilities that are not accepted to government schools (this issue is dealt with in section 11.4.2). In the interests of creating a level playing field, many participants suggested information should also be collected on enrolment practices of non-government schools, but this is beyond the scope of the inquiry.

The Commission considers the impact of caps and zones cannot be managed if it is not measured and that there is merit in collecting relevant data. In short, there should be consolidated measurement of the level of excess demand for these schools. Taking into account participant views, the Commission modified the wording of the recommendation 10.1 to give DEECD greater flexibility in how to collect data and narrow the group of schools from which DEECD would collect such data.

Even with existing information the extent of caps and zones indicates the constraints on choice are not insignificant and there is evidence that DEECD could improve how caps and zones are implemented. DEECD indicated that in 2011 seven out of nine school regional offices were dealing with contentious issues related to neighbourhood areas. These included:

- zones for high schools based on primary schools that no longer exist, meaning students may need to travel long distances to a high school
- regions insensitively applying caps and zones
- significant use of zoning in some high-growth regions.

The Commission understands that DEECD is aware of these problems and has plans in place to improve implementation.

10.5.2 Increasing use of multi-campus schools and underused assets

Multi-campus schools are made up of principals at more than one campus reporting to an executive principal. There is already experience with the operation of multi-campus schools but the current system is dominated by one-campus, one-principal schools. Increased use of multi-campus schools could allow high-performing schools to expand and increase the efficiency of infrastructure use.

While many high-performing schools lack capacity to expand 'there is considerable surplus of building space across the [education] portfolio – 38 per cent according to current enrolment levels' (VAGO 2013, viii). There is significant scope to expand multi-

campus schooling, as evidenced in England where there are 91 chains with an average of 3.2 schools each.³

Principals of high-performing schools could expand their sphere of influence through multi-campus arrangements, improving the mentoring of campus principals, and therefore improving teacher quality. Multi-campus schools could increase choice through school specialisation and improve efficiency through economies of scale and scope. A multi-campus arrangement could pair a school with underutilised infrastructure with an at-capacity high-performing school, providing an outlet for growth of the high-performing school. Or, as suggested in chapter 9, a high-performing school could be paired with an underperforming school as an alternative to intervention by DEECD.

As mentioned in chapter 6 the education system needs a driver for principal cooperation, and multi-campus arrangements provide a natural incentive and reduce barriers to such cooperation. The network-level governance discussed in chapter 9 would be helpful in facilitating collaboration across schools, and in particular allowing tailoring of collaboration to suit individual circumstances.

The potential for multi-campus schools would be subject to some constraints. These include practical limits to the span of the executive principal's control such as school size, the number of schools and geographic spread. Parents may also resist having their principal's attention diluted if they move into an executive principal position. Accountability would also be more important for multi-campus schools, as the consequences of underperformance are greater. The VPA noted other risks to individual schools of the multi-campus school approach include loss of individual identity and constraints on innovating and tailoring services to local needs (sub. DR20, 12).

The Commission notes these risks, and considers them to be relatively modest and easily managed. Against this an increase in multi-campus arrangements could allow for increased efficiency and allow high-performing schools to expand, therefore improving outcomes and reducing costs.

10.5.3 Infrastructure investment

There may be some opportunities to remove barriers to expanding high-performing schools on a single site by expanding infrastructure but, given the cost, a cautious approach is important. Building infrastructure is expensive, especially relative to multi-campus arrangements, and because school infrastructure is long lived, investments must give heavy weight to longer-term enrolment trends. But that does not mean infrastructure investment should be ruled out.

In many markets, businesses balance investing where demand is greatest, increasing use of underutilised infrastructure, and selling significantly underutilised assets. There are examples of this approach being successfully used in the Victorian government school sector (box 10.1).

To the extent that DEECD's capital works planning has been a constraint on the ability of schools to expand, the new infrastructure and asset management model

³ Academy chains are not exact parallels to multi-campus schools but some share significant similarities. These chains take many forms and many are informal collaborations between two schools that may involve only 'light touch' collaboration. Some are groups of schools with the same sponsor, more akin to multi-campus schools with executive principals (Academies Commission 2013, 17).

foreshadowed by *Towards Victoria as a Learning Community* should alleviate this. Specifically, it is expected to: provide more transparency around capital funding; increase certainty about infrastructure planning and investment; and reduce red tape for schools.

Over the longer term it may be possible to devolve some of the infrastructure and capital planning responsibilities. This could create greater flexibility and improve responsiveness of infrastructure investment to demand for high-performing schools.

Box 10.1 Broadmeadows School Regeneration Project

Among other things, the Broadmeadows School Regeneration Project merged and shut down small schools that were old and expensive to maintain, replacing them with new facilities at the same time as providing cost efficiency for government.

Commencing in 2003-04 and continuing until 2011, the primary aim of the project was to significantly improve the literacy and numeracy outcomes of students attending schools in the area. The project also aimed to improve retention rates to Year 12, provide a wider range of curriculum pathways for senior students, improve the perception of Broadmeadows' schools, and build modern facilities for community use.

A major part of the project involved reviewing and reforming the curriculum and teaching and learning practice in all schools to meet the contemporary learning needs of students. To improve classroom practice and build capacity at the school level, the Achievement Improvement Zones program was introduced by the Northern Metropolitan Region in 2008. The areas of focus were school improvement, data, behaviour, literacy and numeracy, and coaching. Each area is led by an educational expert.

Construction of new school buildings occurred simultaneously with the updated curriculum development. It involved merging 17 schools (secondary, primary and special schools) into 10 schools. The savings associated with the mergers allowed for construction of seven new school buildings.

Sources: DEECD 2010a, 3; DEECD 2006, 3.

10.6 Conclusion

The Commission considers that improving choice and growing high-performing schools are important for the Victorian government school system. Indeed, without such improvements the drift in students, particularly high-performing students, to the non-government school sector is likely to continue, exacerbating the pressure on government schools.

The way improved choice and competition are implemented is also critical to ensuring the efficiency and quality benefits are achieved, and the equity and access outcomes are maintained and/or improved. Many of the options to improve choice and competition are subject to draft recommendations in previous chapters:

- improving low-performing schools to enhance the range of choice available
- supporting more efficient school choice by publishing improved information on student performance
- improving competitiveness and efficiency of government schools through reducing red tape, in particular by improved timeliness and cost-effectiveness of capital projects

- increasing the use of multi-campus schools, and managing the risks of choice, through improved incentives for collaboration and allowing for multi-school boards.

The recommendation unique to this chapter is improving information on out-of-area enrolments.

Recommendation 10.1

That, to improve the understanding and management of barriers to choice, the Department of Education and Early Childhood Development (DEECD):

- annually monitor the significance of access barriers to select entry schools and schools with caps and/or zones. For example, DEECD could consolidate information on the place of residence of students accepted and not accepted to these schools
- publish this information on access barriers in a manner that allows for simple comparison across individual government schools
- refer significant instances of excess demand to the relevant principal and school and network governance bodies, such as the school council and regional DEECD office.

11 Disadvantaged students

11.1 The broad policy overlay

Victoria's schools cater for a diverse range of students. It is important that all of these students, whatever their circumstances, are given equal opportunity to realise their educational potential. This is a challenge common to many countries. As illustrated in chapter 2, in all countries the outcomes for students from different socioeconomic status (SES) backgrounds vary to some extent.

The high-level objective in addressing educational disadvantage should be to lift educational outcomes for all Victorian students while also reducing the differences in educational outcomes that can be attributed to disadvantage. The focus in this chapter is on students whose characteristics and backgrounds can create a starting disadvantage that affects their learning.

The statistics indicate that on average students from low-SES backgrounds, living outside major urban areas, from non-English speaking (NESB) or Indigenous backgrounds, or with disabilities or other special learning needs tend not to perform as well as other students. The Country Education Project (CEP) highlighted the challenges faced by rural and remote communities, citing recent research on lower performance in educational outcomes and challenges in attracting and retaining quality staff (sub. DR34, 2). For students with multiple sources of disadvantage, the challenge of performing to their potential can be particularly significant. Accordingly, a strong emphasis in state and national schools reform — and in other countries — has been on equipping schools to better address the impacts of disadvantage on students' educational outcomes.

Promoting greater equality of opportunity does not of course imply that all students will perform equally. Students' intrinsic abilities vary, meaning that even with highly effective policies in place to ameliorate disadvantage there will be a spectrum of student performance. Thus, in elaborating on 'equity in schooling' — in the context of addressing socioeconomic disadvantage — the recent *Review of Funding for Schooling* referred to the need to ensure that:

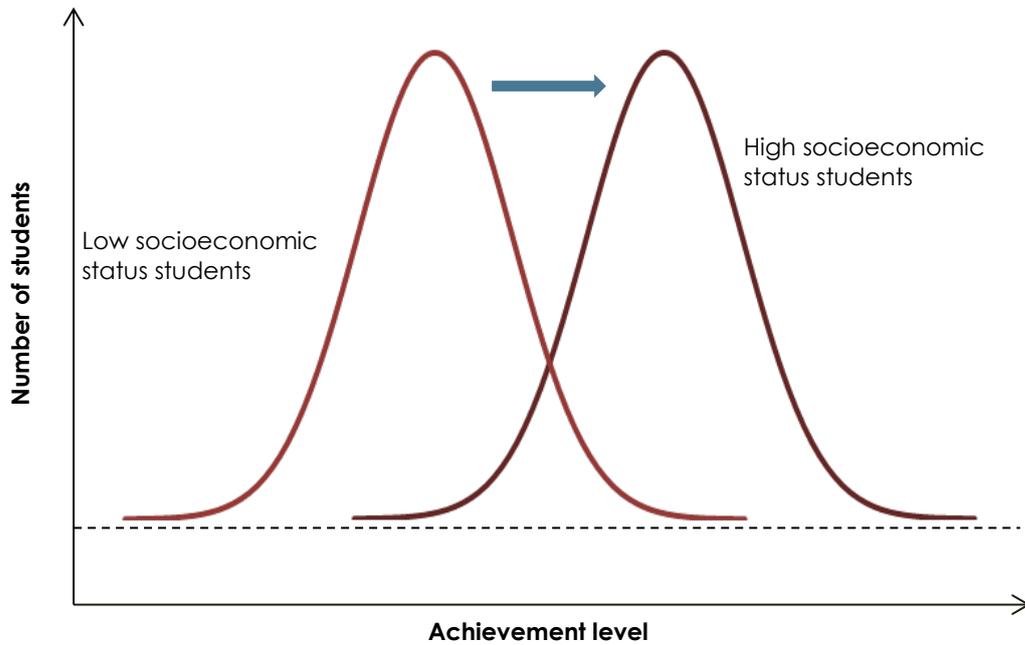
... differences in educational outcomes are not the result of differences in wealth, income, power or possessions. Equity in this sense does not mean that all students are the same or will achieve the same outcomes. Rather, it means that all students must have access to an acceptable international standard of education, regardless of where they live or the school they attend. (Gonski et al. 2011, 105)

The objective of reducing the gap between higher and lower performing students that typically accompanies the goal of improving overall student performance thus translates to achieving greater alignment in the performance *distribution* for students from different backgrounds (figure 11.1 illustrates this for students from low-SES backgrounds).

A strong emphasis on offsetting disadvantage is particularly relevant in the government school system, which caters much more heavily than non-government schools for students from disadvantaged backgrounds. Indeed, the continued drift of students from primarily higher-SES backgrounds to the non-government system (chapter 2) is reinforcing this difference.

But disadvantaged students are not the only group that is relevant to equality of opportunity. For example, as flat-lining performance at the upper end of the student performance spectrum exemplifies (as illustrated by the National Assessment Program – Literacy and Numeracy (NAPLAN) results in reading and numeracy from 2010 to 2012), the needs of gifted students should clearly be on the policy radar as well (box 11.1).

Figure 11.1 Disadvantaged students: what is the policy intent?



Source: Commission's analysis.

Box 11.1 Gifted and talented students

In 2012, the Education and Training Committee of the Victorian Parliament (the Committee) was tasked with reporting on the education of Victoria's 85 000 gifted and talented students, including on:

- the effectiveness of current policies and programs to assist these students
- means to enhance support — including for carers, teachers and parents
- opportunities to enhance the educational offerings available to this student cohort through collaboration across school sectors and with the community, business and industry.

The Committee found that gifted and talented students have been 'neglected by a system that largely assumes that all students learn at the same rate and in the same way' and more specifically that:

... significant potential to excel is often not even identified let alone nurtured. These students are frequently frustrated and disengaged ... These neglected students represent our state's future visionaries and innovators. We owe it to our society as well as to ourselves to give these students the most challenging and stimulating education possible. (ETC 2012, xxi)

The Committee made 65 recommendations to address these shortcomings, including to: implement a state-wide gifted education policy; use technology to extend the learning opportunities for gifted students; increase education, training and support for teachers; enhance support for gifted students and their families; undertake further research into the extent and causes of underachievement by gifted students; and provide for regular evaluation of policies in place to address the needs of gifted students (ETC 2012, xxix–xxxvi). In a response tabled in Parliament in December 2012, the Government supported, or supported in principle, all but two of these recommendations (Victorian Government 2012b).

The range of policies that may be relevant to disadvantage is very broad. While part of the required response will lie in targeted measures in schools, policy initiatives outside the school, such as health and housing, are similarly likely to be important for assisting some disadvantaged students. Such policy settings go well beyond the purview of an inquiry into school autonomy. Accordingly, the Commission has focused on the implications for disadvantaged students of the proposed increase in school autonomy and the scope for parents to choose their children's schools in a more autonomous environment. However, as a prelude to that discussion, the Commission has summarised the types of school policies in place to assist students at risk of underachieving because of disadvantage and how Victoria is performing in offsetting these disadvantages.

11.2 Victoria's system for supporting disadvantaged students

11.2.1 Policies and programs to support disadvantaged students

Both the Commonwealth and State governments have developed and implemented policies and programs for improving the educational outcomes of disadvantaged students and students with disabilities. Addressing disadvantage is a key priority in the National Education Agreement and several distinct strands of national and state policy responses flow from this priority.

'Generic' schools-based initiatives can also help reduce the educational obstacles associated with disadvantage. Policies that improve the quality of teaching and leadership, and address workforce shortages can particularly benefit disadvantaged students. The Productivity Commission (PC) concluded that:

... especially when it comes to ensuring that school staff are being deployed where they are most needed ... [t]hese strategies, in many respects, can ... offer the prospect of the largest gains to disadvantaged students. (PC 2012, 276)

More specifically, various Victorian programs and delivery mechanisms target disadvantaged students and students with disabilities directly (box 11.2). Such initiatives provide:

- students from disadvantaged backgrounds with scholarships and related support
- incentives to attract and retain teachers to work in high needs, hard-to-staff schools, including in rural and remote areas
- training programs for teachers to enhance specialist skills relevant to teaching disadvantaged students.

Funding supplementation for disadvantaged students and schools is also provided in various forms, including loadings to a school's base budget and specific funding programs targeting particular cohorts of disadvantage (box 11.2). Both the *Review of School Funding* and the Victorian Government's response to Commonwealth proposals on school funding, recommended increased funding for disadvantaged students (Gonski et al. 2011; Victorian Government 2013, 3).

Devolving more decision making responsibility and strengthening accountability to the school level for the things that matter to educational outcomes potentially offers a means to tailor a responsive learning experience for students from disadvantaged backgrounds. As discussed in subsequent sections, however, the extent of such benefits will depend critically on the quality of school leadership, the efficacy of funding arrangements, and whether teachers and school leaders have high expectations of student performance, supported by a robust governance and accountability regime.

Box 11.2 Disadvantaged students: what happens in Victoria?

Like other jurisdictions, Victoria has implemented targeted measures to help support the learning needs of disadvantaged students and students with disabilities. They include:

- Equity funding: Victorian government schools are provided additional, and largely untied, funding for disadvantaged students through the Student Resource Package (SRP).
 - A major component of this supplementary funding is provided as a loading for low socioeconomic status. Parental occupation information is used to construct a weighted index of Student Family Occupation (SFO), with schools receiving additional funding according to a publically available formula if their SFO density is greater than the state median.
 - In the SRP, the Program for Students with Disabilities supports government school students with disabilities by funding additional and specialist staff, teacher professional development and specialist equipment. Depending on the needs of these students, this additional funding can be substantial. For example, for eligible students in Years 7 to 12, funding increments in 2013 relative to base levels, range from 85 per cent to 650 per cent.
 - In the SRP, there is also specific funding for the language training needs of students from non-English speaking backgrounds and to assist schools in rural and remote areas to meet higher staffing and other costs.
 - In Victoria's *Plan for School Funding Reform*, funding for disadvantaged students is proposed to change through: increased funding to government schools that exhibit high concentrations of disadvantage; introduction of a 'pupil premium', where funding follows disadvantaged students in all school sectors; and implementation of a more consistent funding arrangement for students with disabilities.
- High needs schools can make payments of up to \$7000 to attract and retain high quality teachers (though take up of this program has been relatively low). Victoria also introduced an executive class principal classification in 2008, which can assist in appointing experienced high performing principals to high needs schools.
- The Wannik Education Strategy is premised on delivering the best possible education to Victoria's Koorie students. Initiatives funded as part of this strategy, which sits outside the SRP framework, include: scholarships for Koorie students; tutorial programs to improve literacy and numeracy; and measures to improve school attendance and engagement. Individual learning plans can also be prepared for Koorie students to cover key transition points in their schooling.
- Through the Victorian Deaf Education Institute, the Victorian Government trains and develops staff involved in deaf education, and supports research on relevant classroom innovations and practice, and the role technology can play in improving learning opportunities for students with hearing disabilities.
- Programs are available for the non-teaching workforce working with autistic students, such as the Window into Autism program for integration aides.

Sources: DEECD 2013q; Victorian Government 2012d; Victorian Government 2013.

11.2.2 Measures of socioeconomic disadvantage in Victoria

In an international context, Victoria's school system has been classified by the Organisation for Economic Co-operation and Development (OECD) as a 'high quality-high equity system'. However, as for overall student achievement, its equity performance is not in the top global tier (chapter 2).

In such comparisons, 'equity' is synonymous with SES rather than encapsulating all of the dimensions of student disadvantage. This is also the case with much of the Australian-specific analysis of the impacts of disadvantage on student performance. For example, the data do not encompass students with disabilities and other special learning needs, for whom robust performance data are largely absent. Australian Bureau of Statistics (ABS) disability data do, however, indicate that people with disabilities are less likely to complete Year 12, with 26 per cent not going beyond Year 10, compared with 18 per cent for students without a disability (VEOHRC, sub. 5, 3). For students with some forms of disability, for example an intellectual disability, the relevant goal is likely to be maximising each student's personal potential, not mirroring the outcomes for the student population as a whole.

Recent performance reporting by the Council of Australian Governments (COAG) for the National Partnership Agreement on Improving Teacher Quality has brought together data on the impacts of indigeneity on student performance, as well as providing for a comparison of the effects of SES in various jurisdictions.

What do the COAG data indicate?

The COAG data re-affirms the conclusions that students' SES and Indigenous backgrounds affect their results at school. Table 11.1 indicates the gap between low- and high-SES students at Year 3 varies between six and nine percentage points across reading, writing and numeracy. The influence of SES also appears to increase over a student's time at school, with the gap between low- and high-SES students increasing to between 10 and 19 percentage points by Year 9.

Table 11.1 Gap between low- and high-SES students achieving national minimum standards, Victoria (2011, percentage points)

	Year 3	Year 5	Year 7	Year 9
Reading	9	11	9	11
Writing	6	9	14	19
Numeracy	7	8	8	10
Average	7	9	10	13

Sources: COAG 2011a; Commission analysis.

Similar gaps are evident when Indigenous students are compared with non-Indigenous students, with differences in the percentage of students attaining national minimum standards in reading, writing and numeracy at Year 3 ranging from five to eight percentage points. This gap increases to between 11 and 21 percentage points by Year 9.

For other important indicators of engagement with education, such as attendance rates, the outcomes for Indigenous students are again lower than for non-Indigenous students (table 11.2).

Table 11.2 Indigenous student attendance rates, government schools, Victoria (2011)

	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Attendance rates (per cent)	89	89	87	83	80	79
Gap compared with non-Indigenous attendance rates (percentage points)	5	5	6	8	10	11

Sources: COAG 2011a, 41; Commission's analysis.

The data also indicate, however, that in Victoria, where the levels of school autonomy are highest, the gaps between the performance of low- and high-SES students are typically lower than in other jurisdictions. For example, the gap between high and low SES Victorian Year 9 students for reading, writing and literacy is the smallest among all other jurisdictions in 2011 (table 11.3). Similarly, when compared with the Australian average, a greater percentage of Indigenous students in Victoria are achieving national minimum standards in reading and numeracy across all the year levels tested (COAG 2011a, 43).

Table 11.3 Gap between Year 9 low- and high-SES students achieving national minimum standards, States and Territories (2011, percentage points)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Reading	14	11	15	17	13	16	16	36
Writing	26	19	22	27	24	30	27	46
Numeracy	14	10	13	15	13	16	17	32

Sources: COAG 2011a, 45; Commission's analysis.

These results are somewhat different to what emerges from the Programme for International Student Assessment (PISA) data (chapter 2), illustrating the potential sensitivity of such comparisons to the measurement methodology. In the PISA data, SES is measured based on parental occupation and education, family wealth, home educational resources, and cultural possessions, rather than only parents' educational status, which is used in the COAG data. Whichever way SES is measured, there are further complications in interpreting cross jurisdictional comparisons. For example, there is jurisdictional variation in the degree of indigeneity in the student population, and the proportions of students studying in rural and remote locations — factors which can be correlated to SES status and indigeneity and magnify their impacts. Notwithstanding these caveats, both the national and overseas data suggest that greater autonomy does not automatically lead to inequity.

11.3 The implications of autonomy and choice for disadvantaged students

Views on the links between autonomy, choice, and disadvantage were mixed. Some inquiry participants argued that autonomy and choice can lead to greater inequity and poor outcomes for disadvantaged students (Melbourne Graduate School of Economics, sub. 2, 12; Australian Education Union (Victoria) sub. 8, 11). Other submissions, however, suggested that flexibility in schools to respond to the needs of disadvantaged students can reduce the risk of disengagement and increase learning (Educational Transformations, sub. 12, 8; CEP sub. DR34, 2). In practice, examples of both outcomes can be identified. This diversity appears to arise because local decision making on its own will not address disadvantage. But if local flexibility is accompanied by high expectations about the capacity of all students to achieve, teaching practices designed to deliver on those outcomes, adequate funding, and strong leadership, governance and accountability, these factors combine to help drive efforts to overcome disadvantage.

A Victorian study undertaken by Rice (2008) highlights the range of factors that motivate the most effective teachers to work in high need schools. Financial incentives are not enough in isolation, and it is important that a school has a culture of continuous school improvement, strong school leadership, as well as opportunities for promotion and increased responsibility. Flexibility to engage with new ideas and innovative approaches to education, and opportunities for professional learning and post-graduate studies, are also key factors. (Victorian Government 2012d, 23)

Deficiencies in the surrounding framework may see autonomy and choice exacerbating the negative effects of disadvantage. Indeed, these deficiencies seemingly lie at the heart of the disquiet expressed by the critics of autonomy and choice and some of the negative evidence they raise.

11.3.1 What are the concerns?

Those participants who were concerned about the implications of devolution and choice for disadvantaged students argued that school autonomy, and particularly choice of schools, leads to a concentration of the most disadvantaged students in the most disadvantaged schools. The Australian Education Union (AEU) referred to work done by the NOUS group which indicated that:

A third of Australian students are in schools with socio-economically disadvantaged students, that is schools where the average SES of the students is below the average SES of the nation. This is higher than in all similar OECD countries, and the OECD average.

Nearly 60% of the most disadvantaged students are in schools with disadvantaged socio-economic status. This is well above the OECD average, and substantially higher than in any comparable OECD country. (sub. 8, 9)

The Victorian Association of State Secondary Principals (VASSP) also noted that when parents have the choice between government and non-government schools, and where the latter can be selective in enrolments, government schools are left with much greater concentrations of the hard-to-educate students (sub. 7, 4).

The AEU (sub. 8) referred to: work by Professor Richard Teese on this growing 'residualisation' of Australia's public school system as high-SES students have shifted increasingly to the non-government school sector; an OECD study pointing to similar

segregation effects in other countries from the exercise of choice in largely public systems; and a recommendation in the OECD's report *Equity and Quality in Education* recommending that school choice policies should be balanced by limiting their negative effects on equity (sub. 8, 9-14).

11.3.2 What does the evidence indicate?

Outcomes consistent with these perceived risks are observed in practice. As reported in chapters 3 and 10 there is some country-specific empirical work suggesting that greater autonomy can exacerbate educational disadvantage.

In both autonomy and choice contexts, several participants drew attention to New Zealand's 'Tomorrow's Schools Today' initiative that began in 1989. The New Zealand experience provides some salutary cautions about the inter-relationships between autonomy and choice and the ensuing policy implications (Wylie 2010). A recent review of the New Zealand regime, attributed the growing gap between outcomes for low- and high-SES students to the combined effect of a highly autonomous decision making environment and competition for students, in a school choice regime that has allowed schools to choose students as well as parents to choose schools. The report also criticised the effectiveness of school level governance and accountability (Wylie 2012). Some participants similarly pointed to research indicating that autonomy and choice widen the gap between top and bottom students in certain circumstances in England (for example, Machin and Silva 2013).

Such outcomes are not an inevitable consequence of autonomy and choice, and there are counter examples where systems deliver high levels of autonomy and equity. For example, Hong Kong has higher levels of literacy (chapter 2) and autonomy compared with Australia (OECD 2010, 70–71). Outcomes can vary within a country and contrary to the Machin and Silva study mentioned above, a recent review of the English academies also observed that:

Pupils' progress, as measured by value added, was on average greatest for those sponsored academies that had been open the longest. There was the positive finding too that pupils eligible for free school meals [a measure of disadvantage] who were in academies that had been open the longest achieved higher results than similar pupils in other state-funded schools. The message here is that change takes time. (Academies Commission 2013, 23)

There are also commentators who believe that autonomy can have a positive effect for disadvantaged students. In their submission to this inquiry Professors Brian Caldwell and Jim Spinks argued that on average students perform better in systems with autonomy and choice and 'rather than harming disadvantaged students, accountability, autonomy and choice are tides that lift all the boats' (sub. 12, 5). Participant views on the links between choice and equity are also raised in section 10.1.2.

In general, the policy usefulness of empirical work is reduced by the difficulty of isolating the impacts of a particular feature of the school system — in this case the degree of autonomy — on outcomes. A paper in the *International Education Journal* referred to the debate in the 1980s and 1990s about the extent to which apparently better results for minority students in US Catholic schools reflected more decentralised administration relative to other factors such as a greater focus on academic rather than vocational programs (Ainley and McKenzie 2000).

11.3.3 The upshot

Significant autonomy and choice is already embedded in Victoria's school system. Parents can choose to send their children to non-government schools or to government schools outside their local area — provided those schools have the capacity to take on out-of-area students. And, as noted, Victoria has the most devolved public school system in Australia and achieves among the most equitable outcomes.

This system is delivering good outcomes for Victorian students, but there is still scope to improve the educational outcomes for disadvantaged students. Disadvantaged students do not have the same perceptions of the system's capacity to meet their needs. For example, student responses to questions on the extent to which school is useful and prepares them for adult life and employment suggested that, while all Australian students appear to have a relatively positive attitude to school, there is still a large gap between the perceptions of students from low- and high-SES backgrounds. In some areas the gap for Australian students was amongst the largest in the OECD (OECD 2013b).

In addition, while the difference in results between high- and low-SES students in Victoria is lower than other Australian jurisdictions, significantly fewer low SES students achieve national minimum standards than high-SES students (table 11.1).

Accordingly, the Commission considers that while a wider focus on the outcomes achieved by disadvantaged students is needed, this is not a reason to halt devolution. Moving away from devolution would not halt the trend to a greater concentration of disadvantaged students in government schools. This trend could be reversed by improving the reputation and performance of government schools so they are more attractive to parents. In fact, devolution that improves teaching and educational outcomes can help disadvantaged students and make government schools more attractive to all students.

- In Victoria, as with many other school systems, the variation in student outcomes is greater in schools than it is between schools (chapter 2). Therefore, devolution that improves teaching for all students should reduce the spread of outcomes and inequity. To the extent that disadvantaged students benefit disproportionately from having access to good teachers, then they should collectively benefit more than other students from effective school-level leadership and decision making that improves teacher performance.
- As noted in the policy statements accompanying the default autonomy regime, more autonomous decision making is intended to increase the scope for school-level specialisation in the education services offered by schools. This might include greater specialisation that targets students experiencing particular types of disadvantage.
- Innovation in education practice could also improve outcomes for disadvantaged schools. Devolution that allows and encourages such innovation should therefore help disadvantaged students.
- The system of governance and accountability proposed in this report is designed to monitor school performance more effectively and take action if appropriate standards are not being reached. There is an expectation that all schools will do well, DEECD will provide support to facilitate improvement where it is needed, and will provide a fall back for direct action if poor performance continues.

In response to these points, the Victorian Equal Opportunity and Human Rights Commission (VEOHRC) argued that specialisations are best delivered within a mainstream context to avoid segregating special needs and disadvantaged students (sub. DR25, 3). Other participants, including principals and parents, emphasised the

value they place on the opportunity to choose between 'mainstream education' and Victoria's 78 specialist schools (DEECD 2013t). These participants noted Victoria's unique strength in this area among Australian states, and the significant academic and social benefits for students with disabilities. The Commission considers increased autonomy should have safeguards to support and enhance the range of offerings for students with disabilities. These safeguards should include continuing choice of mainstream and specialist schools and clear goals for educational and employment outcomes.

The Commission considers that devolved decision making must be well designed and implemented to protect the interests of disadvantaged students, particularly in a system with choice between schools. While choice in a well-designed school system increases the pressure on schools to improve their performance, it can also increase the potential adverse effects of autonomy if the system is poorly designed. In particular, more affluent and educated parents are often more able to identify performance problems in a school and move their children between schools (including by relocating their place of residence). Choice can also be restricted for certain groups of students, such as students with disabilities, where the government funding they receive may not move with them outside the government school system. Hence, if greater devolution leads to a significant performance problem in a school, it will usually be the more advantaged students that move on.

Devolution therefore needs to be backed by supporting policies so that schools have:

- sufficient internal capacity and access to the resources and skills needed to operate in a devolved environment
- governance and accountability arrangements sufficiently robust to manage devolution.

11.4 Some priorities for policy attention

The Commission considers that the achievements of disadvantaged students should be a high priority for state education policy and that a highly autonomous school system can provide good results for disadvantaged students providing certain conditions are in place. Complementary policies including building capable leadership, school funding and governance and accountability will be critical to the system's success.

Leadership by principals is discussed in detail in chapter 6. Teaching practice and culture in schools must be underpinned by leadership that perpetuates high expectations about what disadvantaged students can and should achieve. Research on what makes for quality teaching points to the significance of a high expectation ethos. Students place a high value on teachers with expectations that spring from a passion to see their students succeed in school and life (Victorian Student Representative Council 2011, 1–2). More specifically, a number of studies point to the role high expectations play in assisting students from disadvantaged backgrounds to realise their potential (Hattie and Clinton 2008; Smith et al. 2008; Henchey et al. 2001).

Having low expectations of the students' success is a self-fulfilling prophecy ... What matters are ... teachers having expectations that all students can progress, that achievement for *all* is changeable (and not fixed), and that progress for *all* is understood and articulated. (Hattie 2009, 35)

High expectations for disadvantaged students are more likely to exist in schools where leaders are committed to, and act on, the notion that all students should be challenged and supported to realise their potential. This is yet another reason why the quality of leadership is pivotal to the future performance of Victoria's school system.

As also mentioned in chapter 6, the Commission heard of red tape presenting barriers to the resourcing and provision of services to special needs students. The Commission recommended further work on the significant budget pressure schools can face due to delays in accessing funding when special needs students enrol, and the cumbersome processes involved in releasing support staff from service when special needs students leave a school.

During consultation, participants mentioned that schools in disadvantaged areas face more significant challenges in attracting high quality staff and that the capability to develop staffing capacity is at a premium in these schools. The Commission considers the recommendations in chapters 6 through 9 would assist in improving teacher quality in schools in disadvantaged areas.

Issues related to funding, governance and accountability that are relevant specifically to disadvantaged students, including those with disabilities, are discussed below.

11.4.1 Funding levels

If schools are not adequately funded, devolution can increase time and cost pressures as schools become responsible for a greater array of increasingly complex local activities and decisions. Such pressures can affect students, and can be more severe in schools with high proportions of disadvantaged students, because:

- their location (rural or remote), cost of education (because of more high needs students, including students with physical or learning disabilities) and salaries (needed to attract experienced high performing teachers) can make these schools more expensive to run
- parents have less capacity to contribute additional resources
- these schools often have less opportunity to draw on external skills from parents and the broader community to supplement their internal resources
- if enrolments in a school are declining, the school has less capacity to realise economies of scale in service delivery.

A key requirement is therefore to ensure that the funding loadings for disadvantaged students are sufficient to enable schools with relatively high concentrations of such students to compete for good leaders and teachers in a more autonomous and choice-driven environment. This is especially so when the nature of the disadvantage puts a premium on teaching quality (such as in the case of underachieving low SES students) rather than where it demands highly specialised teaching skills and resources (such as for some forms of disability and special learning needs). In the latter cases, inadequate funding may more fundamentally affect whether parents can access suitable teaching services, rather than which schools they send their children to. Particular issues relating to students with disabilities are discussed below.

The adequacy of funding to address disadvantage was a central consideration in the recent *Review of Funding for Schooling* and was also discussed in the Productivity Commission's (PC) report on the *Schools Workforce* (Gonski et al. 2011; PC 2012). The PC observed that individual government schools face varying difficulty attracting and retaining quality staff, and that hard-to-staff schools are not confined to rural and remote areas where obtaining high performing teachers is likely to be intrinsically more difficult (PC 2012). The efficacy of current 'equity funding' for Victoria's government schools was also addressed at some length in the Commission's recent draft report *Securing Victoria's Future Prosperity: A Reform Agenda* (VCEC 2011). That report is being considered by the Victorian Government.

Equity funding in Victoria appears to be relatively widely dispersed and the information available makes it difficult to determine how closely the level and spread of funding reflects student needs:

- In 2011, equity funding (excluding funding for students with disabilities) constituted less than 5 per cent of total funding under the SRP (DEECD 2011c).
- In accordance with the median Student Family Occupation (SFO) index threshold, this funding increment was spread across 50 per cent of government schools (VCEC 2011, 42).
- The Commission understands the quantum of equity funding is not based on a needs assessment.

The Commission recognises that the equity funding referred to above does not constitute the full extent of targeted support for disadvantaged students in Victorian government schools. For example, as noted earlier, funding through the Wannik program to help meet the learning needs of Indigenous students sits outside the SRP. And adding in the more than \$380 million a year provided for students with disabilities under the Program for Students with Disabilities (PSD) component of the SRP, would see the share of equity funding as a percentage of total recurrent expenditure across government schools, rise to about 12 per cent (DEECD 2013p).

Overall, the practicalities of better targeting are far from straightforward and are currently subject to considerable debate. The *Review of Funding for Schooling* recommended loadings for students of low SES and when such students are concentrated in particular schools, and loadings for indigeneity, students with disabilities, English language proficiency and for the size and location of schools (particularly remote schools and small schools in remote areas) (Gonski et al. 2011). The Commonwealth Government proposed a package of reforms in response to the *Review of Funding for Schooling* in September 2012, and the Victorian Government subsequently prepared its own funding proposals to:

- increase funding to government schools which exhibit high concentrations of disadvantage
- introduce funding which 'follows' educationally disadvantaged students in both the government and non-government schools sectors (a 'pupil premium')
- make funding for students with a disability more consistent across sectors. (Victorian Government 2013, 3)

Participants asserted that Victoria already has significant levels of autonomy and that the funding arrangements provide the greatest opportunity for improvement, for example:

Further improvement will not necessarily be achieved by new governance models or greater autonomy, but rather appropriate funding loadings (as suggested in Gonski) for disadvantaged students. (sub. DR20, p 14)

As discussed in the draft report, with the outcomes of the reforms to Commonwealth and State school funding yet to be finalised, it would be inappropriate for this inquiry to specify the funding loadings required to support default autonomy.

11.4.2 Governance and accountability

The configuration and emphasis in the governance and accountability regimes affect all students but particularly disadvantaged students (noting that funding is a significant issue as outlined above). Poorly performing schools often have higher proportions of students from low SES backgrounds and/or experiencing other sources of disadvantage because their parents may be less willing or capable of moving their children to another school. The Commission has heard of examples of dysfunctional schools being able to operate for extended periods without action from above, indicating that the system-wide accountability arrangements do not prevent poor practice and outcomes from continuing.

The Commission has also heard that the quality of school-level governance varies considerably across schools. Councils in schools populated mainly by higher SES students are more often able to access parents with more relevant skills and experience, but those in schools catering predominantly for low SES students more often struggle to find people with the skills and experience needed to form a school council that is able to lead school improvement. This is not to understate the contribution school councils make to the school and community but to highlight the challenges some councils may face in fulfilling the expanded roles in driving school strategy and improvement envisaged in *Towards Victoria as a Learning Community* (TVLC) (DEECD 2012a).

To recognise the needs of disadvantaged students the governance and accountability regimes must:

- (1) be cognisant of the pool of skills and expertise available to all schools and be practical to implement in areas with high concentrations of disadvantaged students
- (2) ensure disadvantaged students continue to have access to high quality education
- (3) ensure outcomes for disadvantaged students are monitored and action is taken where acceptable standards are not being achieved.

Chapter 9 sets out the Commission's views on improving governance, and addresses the critical issue of ensuring governance bodies have the necessary skills, including schools in disadvantaged areas.

To help manage the risk of reduced access to education opportunities for disadvantaged students in a default autonomy regime, the Commission considers it is important that the policy of enrolling 'within catchment' students is maintained. In New Zealand, deficiencies in the governance regime have allowed schools to work around 'non-discrimination' provisions. Similarly in the United Kingdom with the rise of the academies 'there is a risk — supported by evidence to the [Academies] Commission' that while most academies are committed to social inclusion, some have poor admission practices that unfairly exclude some pupils and increase social segregation (Academies Commission 2013, 83). The Commission expects that compliance with Victoria's policies on access and equity would be monitored by the relevant governance bodies.

Finally, as noted in section 11.2.1, improving outcomes for disadvantaged students is a stated priority for the State and Commonwealth governments. It is therefore reasonable to expect that this would be one of the outcomes monitored through schools' accountability regimes. This would address some of the accountability issues raised by the VEOHRC (sub. 5, see discussion below). In addition, as part of its role in overseeing the system-wide effects of default autonomy, it would be appropriate for the Department of Education and Early Childhood Development (DEECD) to monitor any

changes in student stratification across government schools. The outcomes of that monitoring should be included in the Commission's proposed '10-year' review of the new regime (chapter 12).

The system for performance monitoring and accountability are discussed in chapters 6 and 7. The Commission proposed that a balanced scorecard be used to assess the performance of schools. For disadvantaged students that balanced scorecard, and the accountability system more broadly, should:

- (1) set standards for the requirements that all students are expected to achieve
- (2) identify schools that are not meeting the required standards across their student population
- (3) identify schools not meeting the needs of disadvantaged students, even if the school's overall performance is satisfactory
- (4) require schools falling into either of these categories to take action to improve the outcomes for disadvantaged students
- (5) provide support through the relevant school network or DEECD to assist the school to improve its outcomes for disadvantaged students
- (6) take action to intervene if unsatisfactory outcomes continue.

After releasing the draft report, the Commission noted recent research that highlights the risks of poorly structured accountability mechanisms for disadvantaged students. In the UK, 'government 'floor targets' are themselves flawed. They do not focus on the 'lower tail' within schools and so schools can meet them largely by ignoring the bottom third' (LSE Growth Commission 2013, 17). The Commission considers any performance indicators and targets for improving outcomes for disadvantaged students should provide incentives to support all disadvantaged students and acknowledge and manage the risks of perverse incentives. Thus the wording of the recommendation has been changed to remove reference to minimum standards, reflecting the focus in chapter 6 on educational gain for all students.

Recommendation 11.1

As part of its role in facilitating and supporting the operation of default autonomy, with a view to ensuring the system improves the outcomes for disadvantaged students, the Department of Education and Early Childhood Development draw on existing data and information to:

- monitor whether there have been any changes in the extent of student stratification on the basis of background or achievement
- assess what role, if any, default autonomy has played in those changes — including whether there is any evidence of circumvention by schools of applicable non-discriminatory enrolment requirements.

That results of that monitoring be used to inform the proposed 10-year review of the new autonomy regime (recommendation 12.2).

That the performance reporting and monitoring regime, including the balanced scorecard (recommendation 6.3), for schools include performance indicators and accountability for meeting the needs of disadvantaged and special needs students, separate from measures of the school's overall performance.

Participants largely supported the Commission's proposal to monitor the impact of changes in autonomy on outcomes for disadvantaged students. The VEOHRC suggested that the monitoring of outcomes for students with disabilities could be undertaken by the Victorian Registration and Qualifications Authority (VRQA). As well as monitoring outcomes, the VEOHRC argued that the VRQA should monitor hours attended in addition to participation (as the VEOHRC believes hours for students with disabilities are sometimes cut back due to funding constraints); and that DEECD should modify the Victorian Student Number (VSN) to facilitate monitoring of outcomes for special needs students (sub. DR25). The VPA argued it was 'offensive and pointless' to look at whether government schools discriminate against enrolment of students with disabilities in the absence of examining practices of non-government schools (sub. DR20, 14). The APF, VEOHRC and others suggested discrimination does occur and supported monitoring (sub. DR25, sub. DR28). The Commission considers the recommendation provides scope to take these views into account.

Accountability for outcomes for students with special needs

In discussions about promoting equality of educational opportunity, the emphasis is often explicitly or implicitly on students from low SES or Indigenous backgrounds. Yet the number of students whose ability to learn is compromised by disabilities or other difficulties is significant. Indeed, DEECD estimated that about 20 per cent of government school students have some form of special learning need, with four per cent of students in Victorian government schools receiving PSD funding support (VEOHRC, sub. 5, 2). Targeted disability support is also provided to about 3.5 per cent of non-government school students, primarily by the Victorian Government (DEECD 2013p).

The educational rights of students with special needs are addressed in various pieces of legislation and policy. For example, in the case of students with disabilities:

- The National Disability Strategy endorsed by COAG in 2011 — and in turn reflecting principles in the United Nations Convention on the Rights of People With Disabilities ratified by Australia in 2008 — reflects the principle that students with disabilities should have the same opportunities to realise their educational potential as other students (COAG 2011b, 22).
- The same notion is also encapsulated in the *Disability Act 2006* (Vic) and the *Disability Discrimination Act 1992* (Cth).
- Principle 1 of the Draft Compact accompanying TVLC refers to the need to 'develop the skills and abilities that will prepare all students, including vulnerable students and students with disabilities, for ... success in their chosen post-school pathway' (DEECD 2012a, 3).

But despite such requirements, concerns continue to be raised about the outcomes for students with disabilities and other special needs and the extent to which DEECD has been accountable for them. Thus, for example, a recent Victorian Auditor-General's report concluded that 'DEECD does not monitor the achievement of educational and broader outcomes of students with special learning needs and therefore does not know how effectively its policy and resource commitment is working' (VAGO 2012b, xi). In a submission to this inquiry, the VEOHRC reported on its study on the experiences of students with disabilities, informed by input from over 1800 parents, students and educators. The study characterised the current system as one where 'students' experiences depend on which school you go to, which teacher you have and attitudes of your school toward disabilities', and one that is unsupported by a system to ensure that legislative requirements are met and 'students with disabilities are making progress towards their educational goals' (sub. 5, 3).

The Commission observes that these broad concerns about the current system and governance arrangements are not directly relevant to increased autonomy. The concern about outcomes for students with disabilities being school and class dependent is one manifestation of the more general problem that student outcomes vary in schools and between schools. That said, if governance and accountability arrangements under default autonomy are not robust, then like other disadvantaged students, the risks for students with disabilities could similarly increase.

Recommendation 11.1 is intended to strengthen accountability for the outcomes achieved by disadvantaged students, including students with disabilities. But, in the Commission's view, extensive, highly detailed reporting requirements for students with disabilities and other special learning needs are unlikely to be the best way forward. The emphasis of the monitoring and accountability system should be on the educational gain achieved. Mandating precise correlation between the funding for a student with a disability or special learning need and the acquittal of that funding on resources that primarily benefit that student carries several risks. First, such tracking and reporting can be time intensive and divert school resources away from activities that directly benefit the student. Second, it can also divert attention onto debates about compliance and how the money is spent, rather than whether the desired educational gains are being achieved. Finally, schools should have the flexibility to look at their whole budget and allocate money flexibly so that the best outcomes are achieved for every student, including those with disabilities.

However, the evidence seems reasonably clear that individual schools and the government school system as whole have not been appropriately accountable for the outcomes they deliver for students with disabilities and other special needs. Importantly, DEECD has accepted the recommendations in the Victorian Auditor-General's Office report to address the current shortcomings and has said it will implement the recommendations 'within the context of available resources, Government policies and the devolved environment in which schools operate' (VAGO 2012b, 34). These recommendations cover: monitoring learning outcomes for these students and the effectiveness of targeted support programs; clearer guidance and training for teachers on implementing effective Individual Learning Plans; and a process for examining the efficacy of related matters such as restraint and seclusion practices. The governance and accountability reforms that are adopted following this inquiry and other work being done by DEECD provide a means to progress these matters — in particular to develop mechanisms that increase accountability without unduly adding to the reporting burden for schools.

12 Other matters

As discussed elsewhere in this report, lifting the performance of Victoria's students into the global top tier in the next decade could bring very substantial economic benefits, as well as promoting the wellbeing of individuals, families and the wider community (chapter 2).

A well-implemented default autonomy regime for government schools will contribute to realising this performance goal. To this end, previous chapters have outlined a relatively small number of targeted measures to:

- build leadership skills and improve teacher's performance within a more autonomous government school system
- address constraints on the scope for principals and other school leaders to flexibly manage the teaching and other resources at their disposal
- augment the work undertaken at the middle level of the school system, and as part of this unclutter the role of the principal
- ensure that schools and principals are held properly accountable for the degree of educational gain made by their students and for the efficient use of resources in their schools.

Also relevant to pursuit of the top-tier goal will be the various other school reforms now in train or in prospect — especially those that in other ways target improvements in leadership and teaching quality.

This chapter deals with two further issues:

- Input to this inquiry has also pointed to possibilities to encourage innovation and efficiencies in the delivery of school services. As the terms of reference recognise, one aspect of this will be the scope for individual schools or groups of schools in an autonomous system to opt out of centrally provided services and instead choose a private provider that delivers better value for money.
- In looking to the future, the Commission also sees the need for much greater emphasis on robust evaluation of schools-related reforms. Indeed, given the uncertainty that necessarily attaches to prospective reforms, evaluation and iteration of policy settings becomes critical for the delivery of better performance outcomes. In the last section of the chapter, the Commission has, therefore, outlined some key characteristics of a robust evaluation regime, and detailed how these should be given effect in the new default autonomy arrangements.

12.1 Extending private sector involvement in the delivery of public school services

As noted above, the terms of reference ask the Commission to report on the scope to extend the opportunities for schools to opt-out of centrally provided services and instead choose their own private provider.

The essence of the new default autonomy regime is to allow schools to make choices that result in benefits that exceed costs. In this context, the ability of schools to opt-out of centrally provided services and find an alternative private provider, where there are net benefits, should be the default position. However, as discussed in chapter 9, for many tasks related to the delivery of school services, shifting responsibility to a higher level in the system could allow for the realisation of economies of scale. For example,

contracting out school cleaning and (non-minor) maintenance will often be more efficient than direct provision by each school. However, were site maintenance to be managed across multiple schools, then the opportunities to realise economies of scale and scope would likely mean that the cost of procuring these services from private providers would be lower again.

The Commission's proposed approaches to governance would help ensure that the option to opt-out of centrally provided services will likely be exercised only when there are significant benefits.

The ability of schools to opt-out of centrally provided services is one manifestation of a broader suite of possibilities to harness private sector involvement in the delivery of government school services. As has been demonstrated in a variety of other contexts, involving the private sector can increase benefits — including greater cost efficiency, improved quality, and greater access to a wider and potentially more innovative range of ways to meet particular demands. In addition, where such involvement extends to public private partnerships (PPPs), it can provide a means to overcome government funding constraints that may inefficiently defer new projects or see them drip funded.

Reflecting these sorts of benefits, the Government's recent economic statement — *Securing Victoria's Economy* — emphasised the need to market test government services, and noted that the Department of Education and Early Childhood Development (DEECD) will review the services it provides to schools to facilitate the potential for greater contestability in the delivery of these services (Victorian Government 2012c, 50).

12.1.1 Potential opportunities to further enhance private involvement

Notwithstanding already significant private involvement in the delivery of government schools services, including capital works, most school cleaning and maintenance and some training and professional development, there are further opportunities to extend that involvement to improve cost efficiency and enhance service quality:

- As discussed in chapter 6, principals and other school staff must devote time to a range of 'back office' administrative, planning and reporting functions. While collectively these require a considerable commitment of time and resources, individually they may be too small to warrant contracting out. But were some of these functions to be managed across multiple schools, then the greater scale of the task could make private involvement in their provision more feasible and beneficial. The wider application of the Local Administration Bureau model, as discussed in chapter 9, could be one method to leverage off the network level benefits.
- Currently, DEECD provides various services to schools, including: performance-related information and analysis; information technology services (such as administrative systems support, network provision and technical support); and human resources systems (such as edumail and edupay). It also audits maintenance needs across the system. As indicated above, DEECD will review which of these services might be rendered contestable and therefore open to private sector provision. Prima facie most, if not all, of the examples above would fall into this category.
- Also, as discussed in section 12.2, DEECD has foreshadowed involving outside entities in future program evaluations.

Moreover, experience with the first major school PPP (box 12.1) will help to identify whether further PPPs should be employed in the future and how, given the features of

the school sector, such arrangements should be configured to maximise the benefits to the community. The Commission notes in this context that the rationale for government involvement in the schooling system — the economic and social externalities that attach to schooling — underpins the case for government funding of teaching and education and not for who should provide non-teaching services. As the current PPP exemplifies, private provision and operation of schools does not of itself undermine any of the requirements that help to define the 'character' of government schools and the workforce and other conditions under which they operate. Some schools are also investigating how they can augment existing facilities with private sector involvement, such as by accessing private capital to fund infrastructure such as sports arenas and arts centres. Schools' decisions on taking up such opportunities should not be unnecessarily constrained.

Box 12.1 The government school Public Private Partnership

In 2007, the Victorian Government announced that 11 new government schools would be delivered under the *Partnerships Victoria* framework, reflecting the State's commitment to encourage private sector investment in public infrastructure where such investment brings clear benefits to the community.

The following year *Axiom Education Victoria Consortium* was selected to design, build, finance and maintain the 11 new schools located in Melbourne's west, south and north for 25 years as a public-private partnership valued at \$255 million. The Consortium comprised ABN AMRO as sponsor, Abigroup as builder, United Group Services as facilities manager and architects Hayball and Gray Puskand.

The Government estimated a savings of 2.6 per cent compared with the public sector comparator. Some additional benefits, which were not included in the savings estimate, include:

- additional music practice rooms, science laboratory and a larger theatre at each secondary school
- high capacity wireless networking at all schools
- a dedicated services officer at each site responsible for a number of services including janitorial services, day-to-day maintenance and minor works, and inspections
- provision of Plexipave at each school in place of bitumen for outdoor play surfaces.

The schools opened for the 2010 school year were Casey Central Secondary College, Cranbourne North East Primary School, Derrimut Primary School, Point Cook North P-9 School and Taylors Hill Primary School. The seven remaining schools, Craigieburn West Primary School, Cranbourne East P-12 School, Kororoit Creek Primary School, Lyndhurst Primary School, Mernda Central Primary School and Truganina South Primary School, were opened in 2011.

The Consortium's ongoing role (for the term of the agreement) is maintenance and other facilities management related services. Teaching services in these schools are provided under the same requirements and in the same legislative and regulatory framework as government-operated schools. And their teaching staff are employed in the government system with the same rights and pay structures as teachers in other government schools.

Source: DEECD and DTF 2009.

The Commission also considers there is greater scope for collaboration between government and non-government schools in the provision of education services. The aims of such collaboration should, in the first instance, be broadly to enhance the quality of teaching and extend the scope of educational offerings. The specific forms of collaboration could involve sharing publicly funded facilities and conducting joint classes. It could also involve providing direct teaching support from one school to another. As discussed in the Commission's consultations, an example of how this collaboration could operate is provided by the relationship between Scotch College and Hume Central Secondary College. Over the past three years, teachers from Scotch College have teamed up with their colleagues at Hume Central to share techniques and resources to improve educational outcomes, and also conduct joint workshops with students. Both schools have indicated benefits from the relationship.

Similarly in the rural town of Nathalia the two government schools and two Catholic schools are working together to improve learning, including offering a joint VCE program (box 9.3).

In this context, when developing network arrangements it will be important to provide enough flexibility for innovative forms of collaboration and interaction to improve educational outcomes. This should include the possibility for non-government schools to collaborate with groups of government schools. Individual schools or groups of schools should also have the flexibility to involve the private sector in the delivery of educational services.

12.1.2 Barriers to private sector involvement

In addition to potential opportunities for further private sector involvement, the Commission's consultations prior to release of the draft report revealed a number of potential barriers to schools accessing these benefits. Post draft consultation confirmed these barriers were significant and also highlighted other barriers:

- Staffing rigidities that result in reduced savings for schools.
- Barriers to government schools collaborating with non-government schools sharing resources and skills, such as on-selling the services of a music teacher to a collaborating Catholic school.
- There are constraints on private sector and local government involvement in investment related to projects on school land.
- Private contributions to capital works are not tax deductible, and there are limits on government schools' capacity to raise revenue.
- Lack of recognition at the regional level and/or scope in principals' performance plans for collaborating with non-government schools, business, or the community.
- The 'approved contractor' list is centrally determined and may not include local contractors, which raises costs associated with traveling.
- Lack of economies of scale and expertise at the local level.
- A lack of understanding of the total costs of in-school provision of administrative and other non-teaching activities, which impedes direct comparison of alternative modes of provision.

In addition, the Commission understands that PPPs and related schemes are currently very difficult and slow to complete due to issues such as how to handle the fact that any privately (or jointly) owned infrastructure would be on school land. Similar issues,

namely slow approval processes and concerns about security of tenure for investments on school land, were raised in the Commission's shared facilities inquiry (VCEC 2009, 94).

While participants raised these issues, the detail provided on the nature and significance of these barriers varied. In some cases, issues seemed to include the time it took to obtain central or regional office input, or finding and navigating the processes required to engage or collaborate with the private sector. The Commission considers the red tape taskforce proposed in recommendation 6.2, could examine these barriers to greater private sector involvement. The recommendations in chapter 8 around changing processes for excess staff and part-time arrangements should also help to remove some of the barriers to collaboration.

Recommendation 12.1

That the Department of Education and Early Childhood Development (DEECD):

- establish provisions to allow schools to opt-out of centrally provided services, except where an economic case can be made by DEECD that allowing schools to opt-out would impose significant costs on the rest of the system
- explore opportunities for schools to access further private sector involvement and greater contestability in the delivery of educational and other services to Victorian schools including through:
 - wider application of the Local Administration Bureau model to bring relevant school administrative functions to the network level
 - increasing use of public-private partnerships, particularly build, operate, own, and transfer schemes, for the development of new schools and to augment existing school infrastructure
 - encouraging collaboration with the non-government sector in the provision of educational services by identifying and freeing up restrictions and recognising these arrangements in principal performance and development plans (recommendations 6.1 and 6.4).

Participants gave varying levels of support to private provision of education services in response to the draft report. The Australian Principals Federation, for example, supported increased private sector involvement, but not if it extends to legal, human resources, communications and media or Occupational Health and Safety (sub. DR28, 17). The Association of School Councils in Victoria (ASCIV) supported additional private sector partnerships and/or services that will:

- be economically viable
- provide enhanced educational services
- improve school infrastructure and the learning environment (sub. DR27, 9).

ASCIV argued that there should be a review of centrally provided services and where the review cannot show value for money, 'monies identified should be allocated directly to schools via the SRP' (sub. DR27, 9). During one of the inquiry roundtables one participant suggested that schools should also be able to opt out of the services provided by DEECD's regional offices. The Commission considers DEECD should be sensitive to stakeholder views when increasing the scope for private sector provision of education services.

12.2 Robust policy evaluation

Policy making for schools occurs in a complex environment where student outcomes are affected by a range of individual school policy settings, by policies outside the school sector (such as in health and education), and by factors that are not directly amenable to policy influence. In these circumstances, there will necessarily be uncertainty about how particular policy initiatives will play out.

While such uncertainty is not a reason to eschew school reforms that offer the prospect of improved student performance and/or greater efficiency of resource use, it makes it imperative that there is robust evaluation of policies after the event to:

- test the extent to which the potential benefits have been realised in practice
- identify whether there have been unanticipated problems
- assess whether policies should be continued and, if so, how their effectiveness might be improved.

Importantly, tracking changes in overall student achievement does not constitute robust evaluation. Indeed, if such a helicopter view of whether things are moving in the right direction is not complemented by more detailed evaluation that seeks to unpack the specific contribution of individual policies to overall outcomes, there is a risk that good policies will be lumped in the same basket as bad ones. To use a stylised example, suppose a new suite of policies is introduced of which half are successful and half unsuccessful such that the net improvement in system performance is zero. If evaluation relied on the helicopter approach, then there is a risk that all of these policies would be terminated and a new suite implemented. But had there been detailed policy evaluation, half of the specific measures would have been retained. Given the pressure on governments to deliver better school outcomes, the risk that deficient evaluation will lead to excessive chopping and changing of policy approaches is not a trivial one.

As a recent Melbourne Institute briefing paper highlights, in an area like schools, the multiplicity of policy and other influences on outcomes means that detailed policy evaluation is by no means easy (Cobb-Clark 2013). Nonetheless, that paper goes on to strongly criticise both the intrinsic quality of much of the current evaluation of social policies, and the general lack of transparency and independence in the evaluation process. Likewise, the Victorian Government's submission to the Productivity Commission's schools workforce inquiry implicitly acknowledged that the robustness of many past evaluations (in the schools workforce area at least) is open to question, not least because of lack of transparency in the evaluation process (Victorian Government 2012d). Specifically, the submission indicated that while there has been regular evaluation within departmental processes and cycles:

Since late 2010, the government has undertaken a more rigorous approach to evaluation by beginning a shift toward large scale partnerships with institutions to assess the effectiveness of major initiatives over time. (Victorian Government 2012d, 28)

The Commission welcomes this development, but emphasises the importance of hard wiring the commitment to more robust evaluation into the policy development and implementation process. This would be assisted by:

- incorporating a specific review provision into any major new school policy initiative
- making similar provision to review major programs that have not been recently evaluated

- committing to making the results of these evaluations publicly available
- making the use of independent assessors the procedural default
- building in data collection requirements for programs that would help to enable effective evaluation.

Consistent with these requirements, provision should be made to review the new default autonomy regime, its accompanying governance and accountability framework, the proposed related changes in leadership and workforce policies, and the performance management framework.

In thinking about the timing of such an evaluation, the Commission is cognisant that it may be some time before aspects of the new arrangements influence behaviour and thereby school performance. For instance, the Commission has identified opportunities to increase flexibility in local workforce arrangements (chapter 8) that may take a considerable period of time to become embedded. Conversely, a more robust governance and accountability framework might reasonably be expected to influence outcomes more quickly. In light of these considerations, the Commission is proposing that there be a full review of the default autonomy regime and related changes after the new regime has been in operation for 10 years.

It notes that this ten-year timeframe would mesh well with the Government's aspirational goal of lifting Victoria's student performance into the top global tier over the next decade. The Commission has also proposed that outcomes for disadvantaged students be more closely monitored (for individual schools and across the system) (chapter 11). This information would also inform the proposed ten-year review.

Recommendation 12.2

That, in implementing the new default autonomy regime, the Victorian Government make provision for an independent, public, review of the regime and the supporting policy changes after 10 years, including:

- examining the impacts of the suite of policy changes, collectively and individually, on student performance and the cost of school service delivery
- identifying any unwanted side effects and problems, including for disadvantaged students, having regard to the proposed monitoring by the Department of Education and Early Childhood Development of impacts on this student cohort (recommendation 11.1)
- indicating the extent to which any problems with the default autonomy regime have been due to system design issues, as distinct from inadequate capabilities at some or all levels of the system
- identifying other policy developments, or experience in other systems that could affect how the arrangements are best configured thereafter.

In response to the draft report, many participants supported evaluation but were concerned that the ten-year evaluation period was too long, and proposed shorter evaluation periods. The Commission considers that with a bottom up approach to governance change there is a strong possibility of an initially slow rate of change that gathers pace over time. This has been the experience in other jurisdictions, such as England. These changes should have a chance to come to fruition and have an impact on education outcomes. The Commission considers that a ten-year evaluation period supports the type of sustained coherent objectives and reform directions evident in the Finnish and Canadian systems (chapter 9).

The proposed reform direction does allow for dynamic responses as the monitoring arrangements allow for and facilitate continuous improvement to the Victorian education system. Since the draft report, the Commission has strengthened the recommendation on monitoring of school councils and introduced a recommendation on monitoring DEECD's contribution to the new autonomy regime. The Commission considers that the proposed evaluation and strengthened monitoring framework, taken together, offer greater flexibility and underlying stability than a shortening of the evaluation period. Progress reports within such a framework would ensure that data is being collected to support the ten-year evaluation and changes could be made to address any significant unintended consequences.

Appendix A: Consultation

A.1 Introduction

The Victorian Competition and Efficiency Commission received the terms of reference to undertake an inquiry into school devolution and accountability on 17 September 2012. The Commission published an issues paper in October 2012, which outlined:

- the scope of the inquiry
- how to make a submission
- the Commission's consultation process
- the inquiry timetable.

The issues paper invited participants to register an interest in the inquiry and to make submissions. The Commission received 39 registrations of interest and 12 written submissions before the release of the draft report. A further 22 submissions were received following the release of the draft report (section A.2).

The Commission consulted widely (including workshops, roundtables, meetings, visits and telephone conversations) with Commonwealth and State government departments and agencies, schools, academics, unions, associations, consultants and individuals (section A.4). The Commission also engaged with inquiry participants through Facebook and Twitter.

The Commission thanks those people and organisations that participated in its consultation process and made a submission to the inquiry. The Commission appreciates the quality of the submissions, reflecting the thought and effort which has been put into their preparation.

A.2 Submissions and social media

All submissions that are public documents can be viewed on the Commission's website (table A.1). In addition, the Commission had access to the more than 100 submissions made to the Department of Education and Early Childhood Development in response to *its New Directions for School Leadership and the Teaching Profession* discussion paper.

The Commission also kept stakeholders up to date and had regard to views expressed through social media. The Commission's Twitter handle '@vcec_victoria' had over 650 followers, a dedicated '@schoolinquiry' Twitter handle over 130 followers, and the 'VCEC School Inquiry' Facebook page 45 likes. Social media complemented other communication channels by allowing the Commission to: reach a broader audience; engage stakeholders; and conduct more timely communications. For example, a post mentioning the Commission's school inquiry on the Today Show's Facebook page posed a question about whether teachers should be held more accountable and elicited over 100 comments and over 200 likes.

Table A.1 Submissions received

No.	Participant	No.	Participant
1	Career Education Association of Victoria	2	Melbourne Graduate School of Education
3	Association of Heads of Independent Schools of Australia	4	Dr T F Hawkes
5	Victorian Equal Opportunity and Human Rights Commission (1)	6	Parents Victoria
7	Victorian Association of State Secondary Principals (1)	8	Australian Education Union – Victorian Branch (1)
9	Victorian Principals Association (1)	10	Victorian Registration and Qualifications Authority
11	Victorian Employers' Chamber of Commerce and Industry	12	Educational Transformations Pty Ltd
DR13	Mentone Girls' Secondary College	DR14	Prof John Hattie
DR15	Nancy Sandilands	DR16	Williamstown Primary School Council
DR18	VET Development Centre	DR19	Mount Alexander College
DR20	Victorian Principals Association(2)	DR21	Annette Gayfer
DR22	Australian Institute for School Governance	DR23	Bourchier Street Primary School
DR24	Berwick Chase Primary School	DR25	Victorian Equal Opportunity and Human Rights Commission (2)
DR26	Victoria University	DR27	Association of School Councils in Victoria
DR28	Australian Principals Federation	DR29	Thornbury Primary School Council
DR30	Kingsbury Primary School Council	DR31	Victorian Association of State Secondary Principals (2)
DR32	Victorian Auditor-General's Office	DR33	Australian Education Union – Victorian Branch (2)
DR34	Country Education Project	DR35	Altona Green Primary School

A.3 Stakeholder consultations

Before and after the draft report, the Commission embarked on an extensive program of meetings and workshops, and met with representatives from 70 individual organisations, of whom 38 were school principals (table A.2). This included a regional visit, organised by the Country Education Project, to three separate school clusters, attended by principals and/or school councillors from a total of 11 schools. A further 60 school principals attended workshops or meetings, including:

- five meetings/workshops with the Victorian Association of State Secondary Principals
- four meetings/workshops with the Victorian Principals Association
- one board meeting with the Association of School Councils in Victoria
- two meetings with DEECD's governance review reference group.

Table A.2 Consultation participants

Organisation or individual	Organisation or individual
Appin Park Primary School	Australia and New Zealand School of Government
Australian Council for Educational Research	Australian Education Union – Victorian Branch
Australian Principals Federation	Bastow Institute of Educational Leadership
Belle Vue Park Primary School	Boston Consulting Group
Catholic Education Office Melbourne	Chandler Park Primary School
Country Education Project	Dandenong North Primary School
Department of Education and Early Childhood Development	Department of Education, Employment and Workplace Relations
Department of Treasury and Finance	Educational Transformations
Edi Upper Primary School	Emerson School
Grattan Institute	Greta Valley Primary School
Hume Central Secondary College	Independent Education Union Victoria Tasmania
Independent Schools Victoria	Jacqui Louw
John Fawkner Secondary College	Keilor Heights Primary School
Keilor Views Primary School	Merit Protection Board
Merri Creek Primary School	Mill Park Heights Primary School
Mohyu Primary School	Myrree Primary School
Nathalia Secondary College	North Geelong Secondary College
Northern Bay P-12 School	Parents Victoria
Professor John Hattie, Melbourne Graduate School of Education	Professor Peter Dawkins, Victoria University
Principals' Association of Specialist Schools, Victoria	Ringwood Secondary College
St Francis School Nathalia	St Kilda Park Primary School
St Mary of the Angels Secondary College	Victorian Auditor-General's Office
Victorian Council of School Organisations	Victorian Curriculum and Assessment Authority
Victorian Employers' Chamber of Commerce and Industry	Victorian Principals Association
Victorian Registration and Qualifications Authority	Wanganui Park Secondary College
Wangaratta Primary School	Wangaratta West Primary School
Warringa Park School	Wyndham Central Secondary College
Victorian Association of State Secondary Principals	Western Australian Department of Education
Whitfield Primary School	

A.4 Stakeholder workshops and roundtables

Before releasing its draft report, the Commission held two workshops with government school principals — one with secondary school principals on 19 February 2013, organised through the Victorian Association of State Secondary Principals (table A.3), the other with primary school principals on 21 February 2013, organised through the Victorian Principals Association (table A.4).

Table A.3 Secondary school principals workshop

Participant	School
Frank Sal	Victorian Association of State Secondary Principals
Mary Cannon	Canterbury Girls Secondary College
Judy Crowe	Melbourne Girls College
Gus Napoli	John Falkner Secondary College
John Stone	Princes Hill Secondary College
Aiden Ryan	Yarra Hills Secondary College

Table A.4 Primary school principals workshop

Participant	School
Ian Sloane	Mitcham Primary School
Jack Fisher	Oakleigh Primary School
Judith Park	Bourchier Street Primary School
Wendy Caple	Inverloch Primary School
Charles Branciforte	Keilor Views Primary School
Anne-Maree Kliman	St Albans East Primary School
Sharon Saitlik	Mont Albert Primary School
Gabrielle Leigh	Victorian Principals Association
Cheryle Osborne	Aspendale Gardens Primary School
Glenn Butler	Ormond Primary School

Following the release of the draft report, the Commission held a workshop on 12 June 2013, organised through the Bastow Institute of Educational Leadership, to discuss its draft recommendations with several government school principals (table A.5).

Table A.5 School principals workshop, Bastow

Participant	School
Tim Delany	Newborough Primary School
Andrea Duxson	Williamstown Primary School
Simone Eirth	Brighton Beach Primary School
Ian Watkins	Highvale Secondary College

Also following the release of the draft report, the Commission held two roundtable meetings. The first, on *Accountability of Principals* (table A.6), was held on 18 June 2013 and focused on the key roles of principals, how the role can be more focused and

de-cluttered, principal accountability, and the principal's role in improving student outcomes.

Table A.6 Accountability of principals roundtable

Participant	Organisation
Bruce Armstrong	Director, Bastow Institute of Educational Leadership
Dianne Bassett	Principal, Hume Valley School
Chris Cotching	President, Australian Principals Federation
Ben Jensen	School Education Program Director, Grattan Institute
Gabrielle Leigh	President, Victorian Principals Association
Kevin McKay	Principal, Dandenong North Primary School
John Mooney	Principal, Emerson School
Melanie Saba	Chief Executive, Victorian Institute of Teaching
Frank Sal	President, Victorian Association of State Secondary Principals
Arthur Townsend	Executive Director, Department of Education and Early Childhood Development

The second roundtable, on *School Governance* (table A.7), was held on 21 June 2013 and examined, among other issues, the merits of multi-school boards as a complementary or alternative governance framework.

Table A.7 School governance roundtable

Participant	Organisation
Gabrielle Leigh	President, Victorian Principals Association
Judith Crowe	Deputy President, Victorian Association of State Secondary Principals
Chris Cotching	President, Australian Principals Federation
Michael Phillips	Principal, Ringwood Secondary College
Phil Brown	Executive Officer, Country Education Project
Dr Mary Cannon	Principal, Canterbury Girls' Secondary College
Nicholas Abbey	President, Victorian Council of School Organisations
Graeme Lane	Chief Executive Officer, Association of School Councils in Victoria
Louise Collett	Manager, Department of Education and Early Childhood Development
John Sullivan	Executive Director, Department of Education and Early Childhood Development
Susan O'Leary	Executive Member, Parents Victoria

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