

# SAVE OUR SCHOOLS

## Education Policy Brief

### WA Public Schools Lose Billions Under New Education Agreement

Public schools will lose about \$6.1 billion in funding over ten years from 2018 under the new Bilateral Agreement between the Commonwealth and Western Australian Governments published last week. It means that public schools will be under-funded by about \$4.6 billion to 2027. In contrast, a special provision in the Agreement will allow private schools to continue to be over-funded. What a legacy by a Labor Government!

The loss to public schools is due to a planned large reduction in the Western Australian Government's share of the Schooling Resource Standard (SRS) for public schools. Previous Western Australian governments made a policy decision to support a higher quality public education system by funding public schools at a little over 100% of their SRS, taking account of Commonwealth Government funding. In 2017, the additional funding was only about \$55 million over the estimated total SRS for public schools in Western Australia.

In a complete reversal of this policy, the Western Australian Labor Government has taken a deliberate policy decision to degrade the quality of its public education system by implementing a massive reduction in its share of the SRS. It will progressively reduce its share from 88.15% in 2017 to 75% in 2022 and thereafter.

Under the new funding plan, state government funding for public schools will be about \$800 million less in 2027 than if it maintained its 2017 share of the SRS. The cumulative loss of funding over the ten years is about \$6.1 billion. These figures are based on yearly estimates of the total SRS derived from data provided to Senate Estimates last year on the Commonwealth shares of the SRS and aggregate Commonwealth funding.

There is a very strong case for public schools in Western Australia to continue to be funded at above their SRS. The state encompasses a huge land mass with low population density. Some 44% of public schools are located in regional and remote areas and many are small or very small. Consequently, economies of scale in service delivery are low. While there are funding loadings for small school size and location, it is arguable whether they are adequate to providing high quality education throughout the state.

Certainly, there is no case to under-fund public schools given the challenges they face in catering for the large majority of disadvantaged students. Public schools in Western Australia enrol nearly 90% of low socio-economic status students and 85% of Indigenous and remote area students.

But, that is just what will occur under the terms of the Bilateral Agreement. The progressive reduction in the state share of the SRS will cause public schools to be under-funded compared to their SRS from 2018 and the amount of the under-funding will increase each year, despite a planned increase in the Commonwealth share from 15% to 20% by 2023. Under the Agreement, public schools will be funded at 95% of their SRS from 2023 instead of the 101% in 2017.

The under-funding is estimated at in 2018 is \$16.7 million and is projected to increase to \$304.5 million in 2027 based on the terms of the Bilateral Agreement [see Chart below]. The cumulative under-funding from 2018 to 2027 is estimated at about \$2.5 billion.

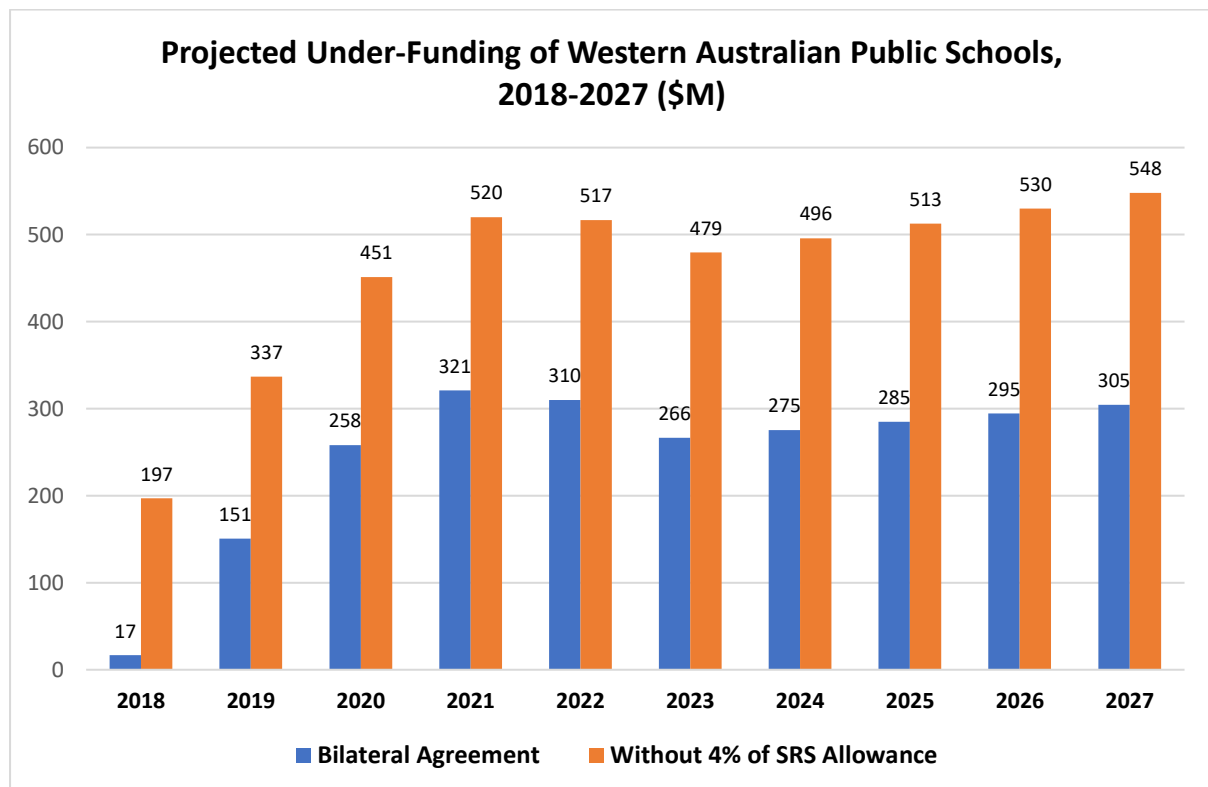
However, the actual under-funding is likely to be much more because of a special provision in the Agreement that allows the WA Government to include additional expenditures in its share of the SRS.

These additional expenditures are for depreciation, school transport, kindergarten (pre-school in Western Australia), the School Curriculum and Standards Authority and regulatory functions.

These items are explicitly excluded from the nationally agreed measure of the SRS which is the net recurrent income estimated as the minimum amount of government funding required by schools to achieve successful education outcomes. The Agreement even goes one step further than the other bilateral agreements to date in undermining the national definition of the SRS. It does so by including expenditure on a non-school function as part of school funding, namely, the expenditure on pre-schools.

As a result of the sleight of hand of including these additional expenditures in the SRS, the state government can reduce its recurrent funding of the operation of public schools and substitute expenditure on the additional items by up to 4% of the total SRS. It means that the state share of the SRS will be progressively reduced to lower levels than indicated by the schedule in the Agreement. Instead of the share being reduced to 75% by 2022 as indicated in the Agreement its actual share of the SRS measured by the nationally agreed method will only be 71%.

The estimated actual under-funding in 2018 is \$197 million and is projected to increase to \$548 million in 2027 [see Chart]. The cumulative under-funding will amount to about \$4.6 billion over the ten years to 2027.



In contrast, private schools are likely to be funded at over 100% of their SRS. The Commonwealth share will increase to 80% of their SRS by 2023. The Bilateral Agreement provides for the WA Government share to decrease from 26.86% in 2017 to 20% in 2020. However, there is a caveat. The Agreement states that the WA Government “retains the flexibility to fund non-government schools above the minimum requirements for all or part of the term of the agreement”. There is no similar caveat for its funding of public schools.

This clause strongly indicates that the WA Government intends to fund private schools at above 20% of their SRS, in which case they will be over-funded. The ‘get out’ clause is a clear signal to private school

organisations that any campaign against the proposed reduction will be successful, that the Government will cave in and maintain their funding at above 20% of their SRS.

It is very revealing that the WA Government included a proviso in the Agreement to allow private schools to continue to be funded above their SRS but did not include a similar one for public schools. Moreover, it negotiated a sleight of hand with the Commonwealth whereby it can claim expenditures not included in the national measure of the SRS as part of its contribution to the SRS of public schools but did not make a similar claim against its contribution to the SRS of private schools.

The terms of the Agreement blatantly favour private schools. The WA Government must answer two key questions: why it did not include a similar proviso to maintain funding for public schools at above their SRS and why it didn't claim depreciation on its capital grants to private schools, school transport expenditure on private schools and expenditure on the School Curriculum and Standards Authority and regulatory functions as part of its share of the SRS of private schools.

It is quite remarkable that a Labor Government has resorted to such duplicity in favouring private schools over public schools, especially when the very large majority of disadvantaged students are in public schools. It is a clear case of supporting privilege over equity. Western Australian Labor is on a 'unity ticket' with the Coalition in this regard.

It makes a mockery of the platform on which the Labor Government was elected. It states, among other things, that "Access to high quality education is the keystone to building and maintaining a just and cohesive society" and "The principles of equity and access in meeting the educational needs of all students must be appropriately addressed via resourcing and evidenced strategies". It seems this was just rhetoric to beguile the electorate.

The WA Bilateral Agreement is another case of the Commonwealth and state governments conspiring to change the rules about what is included in the SRS to meet their own respective political interests. It reduces the future state government funding commitments for public schools while the Commonwealth has the agreement of the states to implement its national education policies as a condition of Commonwealth funding.

The effect of this and the other agreements signed to date is to further fragment and undermine what is left of the national funding model. They destroy the integrity of the national measure of the SRS by selectively changing what is included in the measure. They give favourable treatment of private schools while reducing state funding commitments to public schools. They deceive the public about the level of state government funding of public schools and the extent of progress in meeting target funding shares by the states for public schools.

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