

**Education Research Brief**

# **Funding Increases for Private Schools Continue to Outstrip Increases for Public Schools**

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## Summary & Key Points

New funding figures show that government funding increases for private schools continue to far outstrip increases for public schools. Total government funding per student in public schools was cut between 2009-10 and 2016-17 while private schools received a massive increase. Even during the Gonski funding period of 2012-13 to 2016-17 increases in funding for private schools far outstripped those for public schools.

While Commonwealth funding for public schools has increased, all state governments have cut funding since 2009-10 and all except NSW continued the cuts during the Gonski funding period. Both Coalition and Labor state governments have made large cuts in the funding of public schools.

There is little prospect that public schools will be adequately funded over the next decade. Under the new bilateral funding agreements between the Commonwealth and state governments public schools will only be ever funded at 91% of the national resource standard at best, while private schools are guaranteed to be funded at 100% of the standard or more by 2023.

The Gonski funding model aimed to provide a fair national funding system that included a large funding increase for public schools to address educational disadvantage. However, it was shattered by special deals for private schools, dismembered by the Federal Coalition government and shunned by state governments. As a result, the plan has disintegrated into a most unfair system that discriminates against public schools and favours private schools.

The prospect of indefinite under-funding of public schools is a national disaster. It threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education. Large proportions of low SES, Indigenous and remote area students do not achieve national and international standards in education. Over 80% of these students are enrolled in public schools.

It will be up to a Federal Labor Government to provide the funding necessary to support public schools and disadvantaged students because they have been abandoned by the Coalition. Labor should undertake to re-negotiate the funding agreements to ensure public schools are fully funded by 2023. State governments must stop their neglect of public schools.

### Australia

#### Funding 2009-10 to 2016-17

1. Governments increased funding for private schools while cutting funding for public schools between 2009-10 and 2016-17.
  - Total government funding (Commonwealth and state), adjusted for inflation, for public schools was cut by \$163 per student compared to an increase of \$1,451 in private schools.
2. The cut in funding for public schools was due to large cuts in state government funding.
  - State governments funding for public schools was cut by \$881 per student compared to an increase of \$126 per student for private schools.
3. The Commonwealth Government increased funding for both public and private schools but the increase for private schools was nearly double that for public schools.
  - Commonwealth funding for public schools increased by \$718 per student compared to \$1,325 in private schools.

### **Gonski funding 2012-13 to 2016-17**

4. While the introduction of the Gonski funding arrangements improved funding for public schools, funding increases for private schools continued to far outstrip that for public schools. Between 2012-13 and 2016-17, government funding of private schools increased by over three times that for public schools - \$846 per student compared to \$260 per public school student.
5. State governments cut funding for public schools between 2012-13 and 2016-17 by \$249 per student compared to a cut of \$34 dollars per student in private schools.
6. Commonwealth funding for private schools increased by \$880 per student compared to \$509 per student in public schools.

### **The states**

#### **Funding 2009-10 to 2016-17**

7. Total government funding per student in private schools increased in all states between 2009-10 and 2016-17 by around \$1,000 per student and more while funding for public schools was cut in all states except NSW, Queensland and Tasmania.
8. All state governments cut funding for public schools by large amounts while increasing funding for private schools.
9. Both Liberal-National and ALP state governments have cut funding to public schools. Coalition governments cut funding by large amounts in Victoria, Queensland, Western Australia, Tasmania and the Northern Territory. ALP Governments cut funding to public schools by significant amounts in New South Wales, South Australia, Tasmania and the ACT.
10. Commonwealth funding for private schools increased by much more than for public schools in all states except the Northern Territory. The increases for private schools were two to three times bigger than for public schools in Victoria, Western Australia, South Australia and the ACT.

#### **Gonski funding 2012-13 to 2016-17**

11. Total government funding per student in private schools increased in all states between 2012-13 and 2016-17 but was cut for public schools in all states except NSW, Victoria and Queensland. The increases for public schools in Victoria and Queensland were far less than for private schools but exceeded that for private schools in NSW.
12. All state governments except NSW cut funding for public schools while five increased funding for private schools. Large cuts for public schools occurred in Western Australia, South Australia, Tasmania, the ACT and the Northern Territory.
13. Commonwealth funding for private schools increased by much more than for public schools in all states except NSW and the Northern Territory.

#### **Public schools will remain massively under-funded**

14. Under the new bilateral funding agreements between the Commonwealth and state governments, public schools in all states except the ACT will only be ever funded at 91% of the national resource standard at best while private schools will be funded at 100% of the standard or more by 2023.
15. The Labor Party should undertake to re-negotiate the funding agreements to ensure public schools are fully funded by 2023.

## Introduction

The figures presented here are based on data published in the [2019 Report on Government Services \(ROGS\)](#). However, they differ from the ROGS figures in two ways. First, the figures here exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in the ROGS data for state/territory government recurrent funding of public schools. These items are not included in the published figures for private schools and, as a result, the ROGS over-estimates funding public schools in comparison with private schools.

Second, the ROGS uses the General Government Final Consumption Expenditure Chain price Index (GGFCE) to adjust current dollar figures for inflation. However, this price index does not distinguish between different rates of cost increase in different areas of public provision. Instead, the Wage Price Index for Public and Private Education and Training is used here to deflate nominal funding figures. The ROGS method of adjusting for inflation under-estimates cost increases for schools and, therefore, over-estimates the actual increase in real resources available to schools.

The paper examines funding over two periods – 2009-10 to 2016-17 and 2012-13 to 2016-17. The latter period is referred to as the Gonski funding period although it did not begin until January 2014. Consequently, the figures presented here include six months of pre-Gonski funding and do not include the last six months of the plan in 2017. The data sources are provided in Attachment C.

## Government funding of schools

New school funding figures show that government (Commonwealth and state) funding increases have massively favoured private schools over public schools in recent years. Between 2009-10 and 2016-17, total government funding (Commonwealth and state) for private schools increased by \$1,451 per student, adjusted for inflation, while funding for public schools was cut by \$163 per student [Chart 1]. In percentage terms, private school funding increased by 15.8% while funding for public school students was cut by 1.2%.

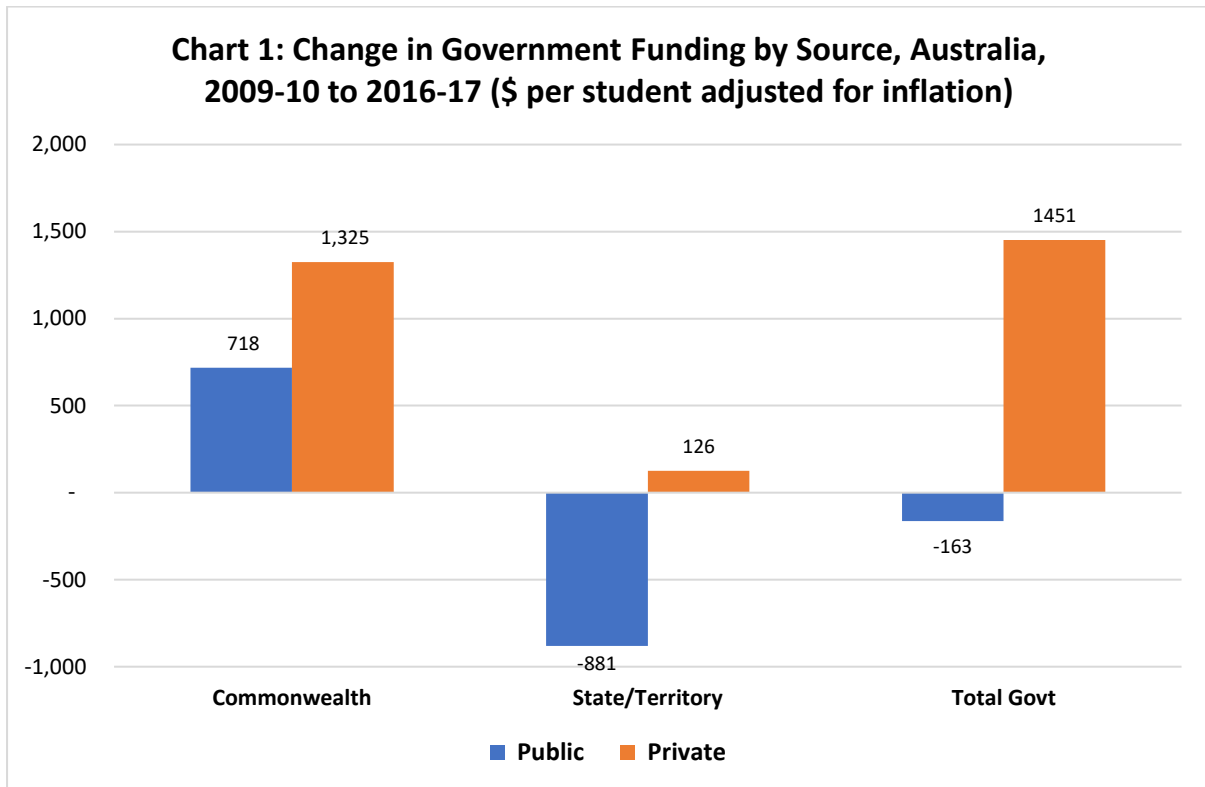
The cut in funding for public schools was due to cuts by state and territory governments (the “states”). While Commonwealth funding for public schools increased by \$718 per student, it was more than offset by decreased state funding of \$881 per student. Yet, the states still managed to increase funding for private schools by \$126 per student. The large part of the increase in government funding of private schools was due to increased Commonwealth funding of \$1,325 per student which was nearly double that for public schools.

Funding of public schools improved during the period of the Gonski 1.0 funding model from 2012-13 to 2016-17 compared to the earlier period. During the Gonski period, funding for public schools, adjusted for inflation, increased by \$260 per student compared to a cut of \$423 per student between 2009-10 and 2012-13 [Chart 2]. However, the increase was entirely due to increased Commonwealth funding. State funding was cut during this period by \$249 per student.

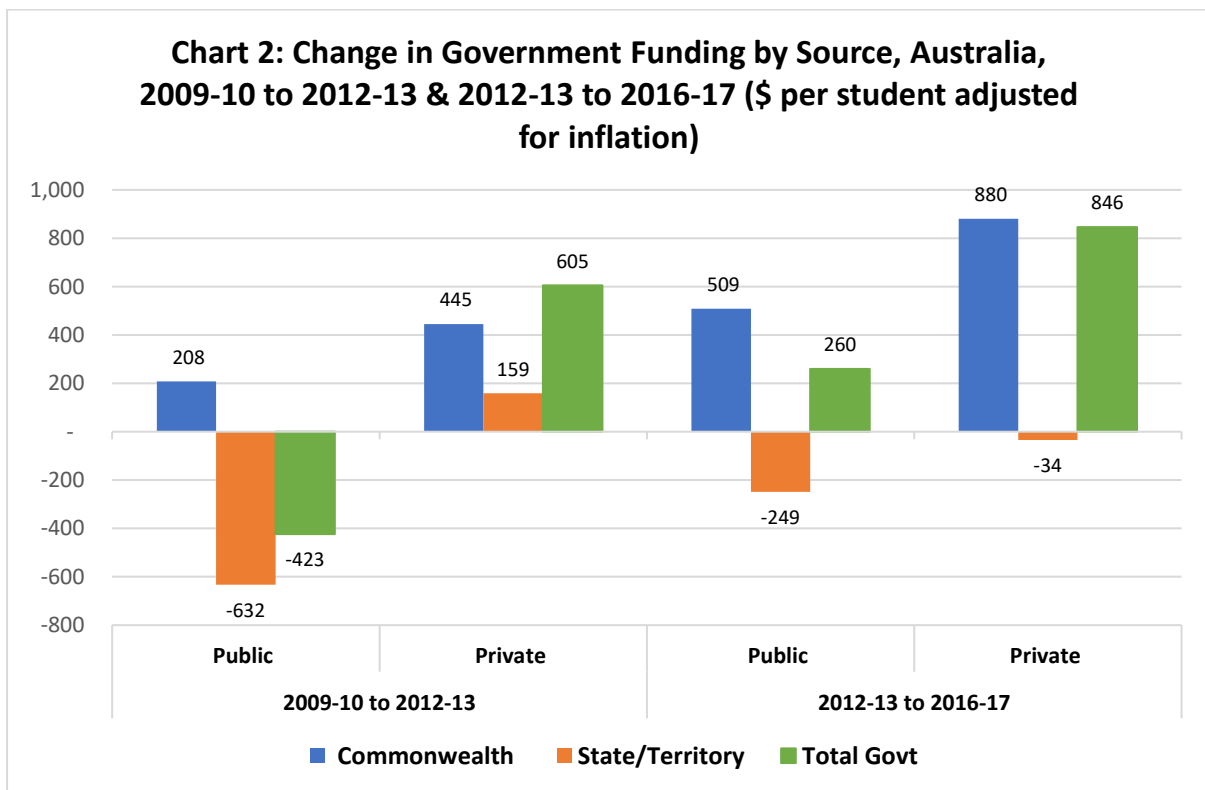
Nevertheless, funding increases for private schools continued to far outstrip that for public schools during the Gonski period. The increase for private schools was over three times that for public schools - \$846 per student compared to \$260 per public school student. Commonwealth funding increased by much more for private schools than public schools - \$880 per student compared to \$509. State funding for private schools in this period was cut by the small amount of \$34 per student, which was seven times less than the state funding cut for public schools.

The new funding figures clearly show that the states have failed to adequately fund public schools in recent years. They have substituted increased Commonwealth funding by cuts of their own. The

states were encouraged to do this by the Abbott Government’s decision to release them from any obligation to increase their funding as initially planned under Gonski 1.0.

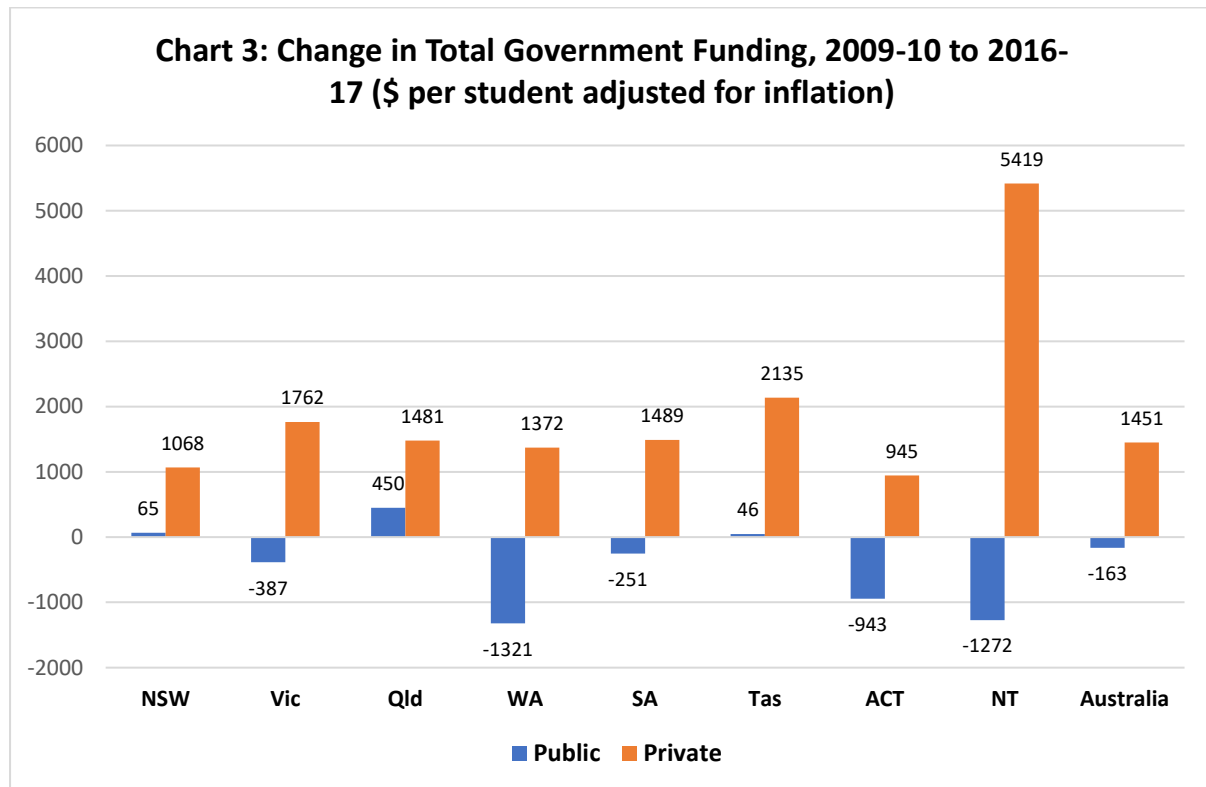


Source: See Attachment C.



Source: See Attachment C.

The pattern of much larger funding increases for private schools than public schools across Australia was repeated in all states. Between 2009-10 and 2016-17, government funding increases for private schools either exceeded \$1,000 per student or was just under as in the ACT [Chart 3]. The increase in Tasmania was over \$2,135 per student and an incredible \$5,419 in the Northern Territory. In contrast, funding for public schools was cut in all states except NSW, Queensland and Tasmania. Funding was cut by \$1,321 per student in Western Australian public schools, \$1,272 in the Northern Territory and by \$943 in the ACT. Funding was also cut in Victorian and South Australian public schools by significant amounts and barely kept pace with cost increases in NSW and Tasmania.



Source: See Attachment C.

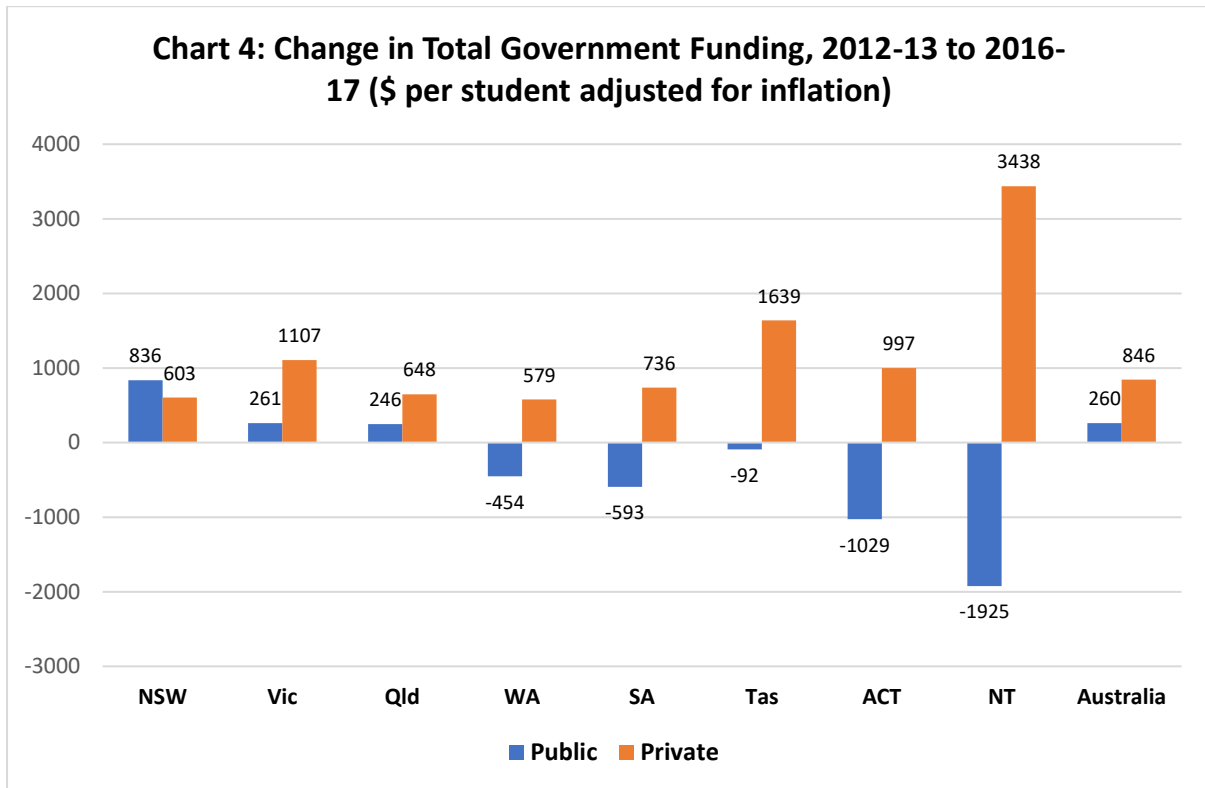
Even in the period of Gonski 1.0, government funding for public schools was cut in Western Australia, South Australia, Tasmania, the ACT and the Northern Territory while private schools received large funding increases in all states [Chart 4]. Funding for ACT public schools was cut by \$1,029 per student while funding for private schools increased by \$997 per student. In the Northern Territory, funding for public schools was cut by \$1,925 per student but increased by \$3,438 in private schools. Only in NSW did the funding increase for public schools exceed that for private schools. Further details of changes in the sources of funding by state are provided in Attachment A.

### Commonwealth Government funding

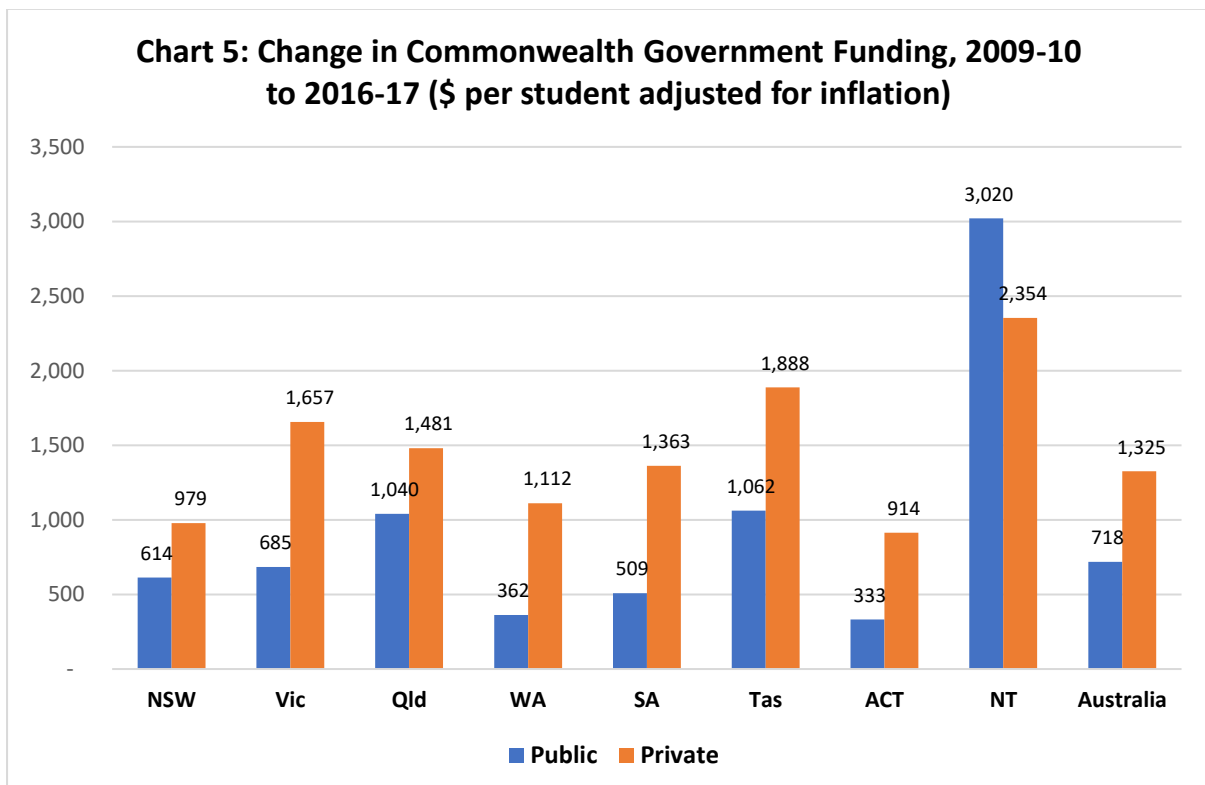
The Commonwealth Government increased funding for both public and private schools between 2009-10 and 2016-17 but the increase for private schools was nearly double that for public schools. Funding for private schools increased by \$1,325 per student compared to \$718 for public schools.

Commonwealth funding increases heavily favoured private schools in all states except the Northern Territory [Chart 5]. The Commonwealth increase for private schools in Western Australia was over three times that for public schools - \$1,363 per student compared to \$362 per student. The increase in Victoria, South Australia and the ACT was over double that for public schools.

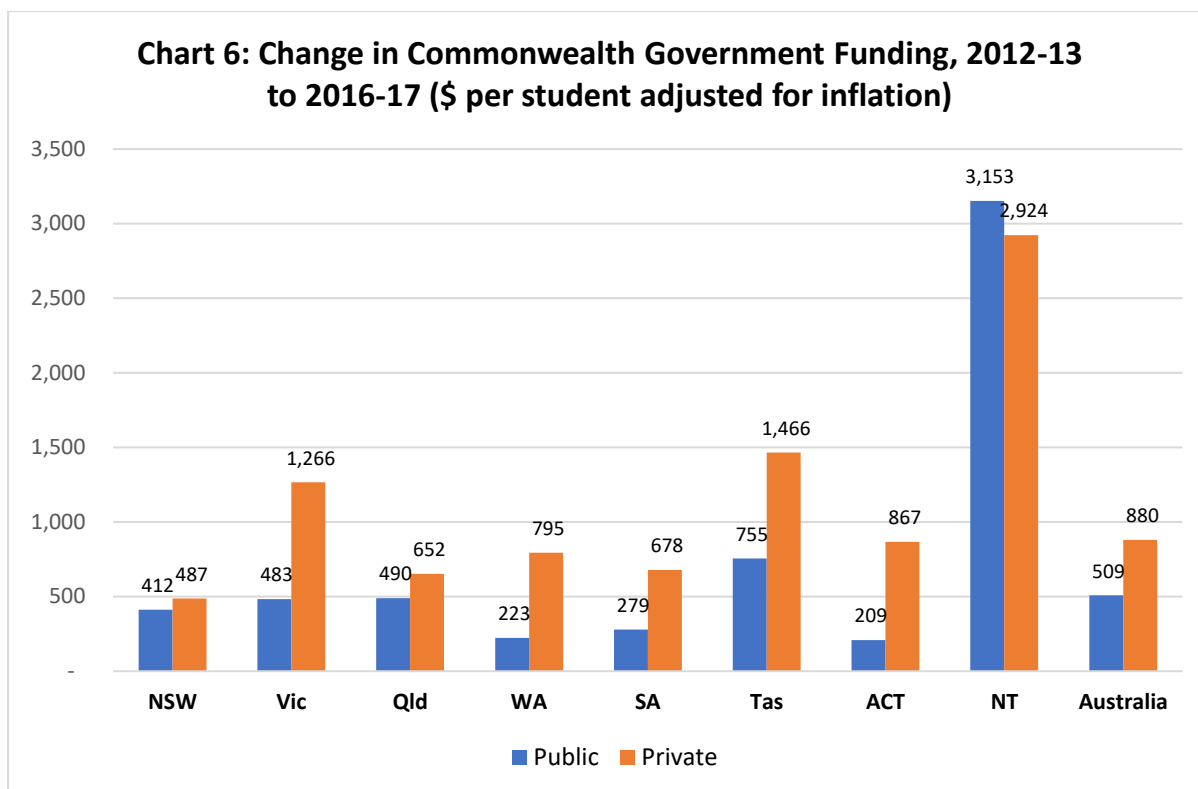
Commonwealth funding increases also favoured private schools in the Gonski 1.0 funding period except in the Northern Territory [Chart 6]. The increase for private schools in Western Australia and the ACT was over three times that for public schools, over double that for public schools in Victoria and South Australia and nearly double in Tasmania.



Source: See Attachment C.



Source: See Attachment C.



Source: See Attachment C.

## State government funding

All state governments cut funding for public schools by large amounts between 2009-10 and 2016-17 while providing small increases for private schools [Chart 7]. State funding for public schools was cut by a massive \$4,292 per student in the Northern Territory, \$1,683 in Western Australia, \$1,276 in the ACT, \$1,072 in Victoria and \$1,016 in Tasmania with smaller but significant cuts in other states.

State funding for public schools was also cut during the Gonski 1.0 funding period of 2012-13 to 2016-17 in all states except NSW where funding increased by \$424 per student [Chart 7]. Large cuts were made in Western Australia (\$677 per student), South Australia (\$872), Tasmania (\$847), ACT (\$1,238) and the Northern Territory (\$5,079). Smaller but significant cuts were made in Victoria (\$223) and Queensland (\$243).

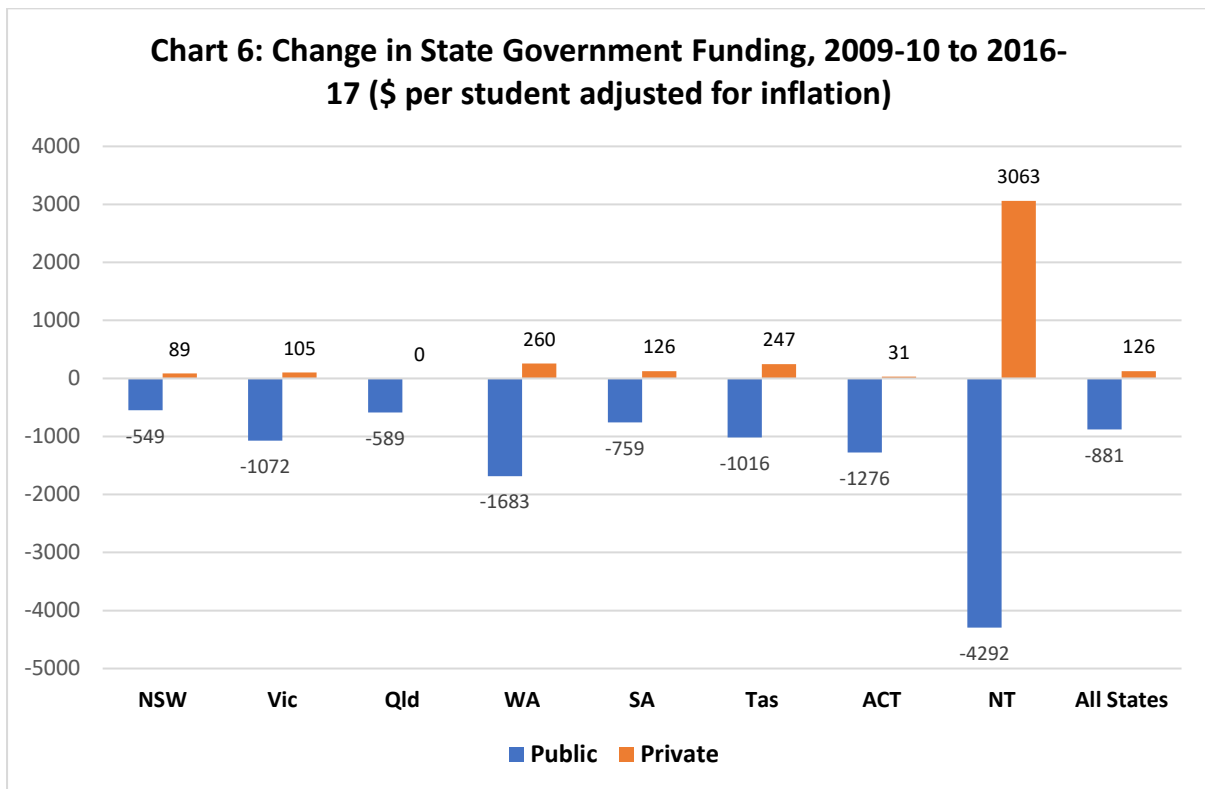
The states have clearly taken the opportunity of increases in Commonwealth funding for public schools to cut their own funding. They were encouraged to do this by the Abbott Government's decision to release them from the obligation to increase funding as initially planned under Gonski 1.0.

Cuts in funding for public schools occurred under both Liberal-National and ALP governments between 2009-10 and 2016-17 [Chart 8]. Coalition governments cut funding by large amounts in Victoria, Queensland, Western Australia, Tasmania and the Northern Territory: \$1,074 per student in Victoria over four Budgets; \$645 in Queensland over three Budgets, \$1,683 in Western Australia over eight Budgets; \$588 in Tasmania over three Budgets and \$5,078 in the Northern Territory over four Budgets. While the NSW Coalition Government increased funding by \$11, it cut funding by \$537 in 2016-17 which almost offset the increase from 2010-11 to 2015-16 of \$548.

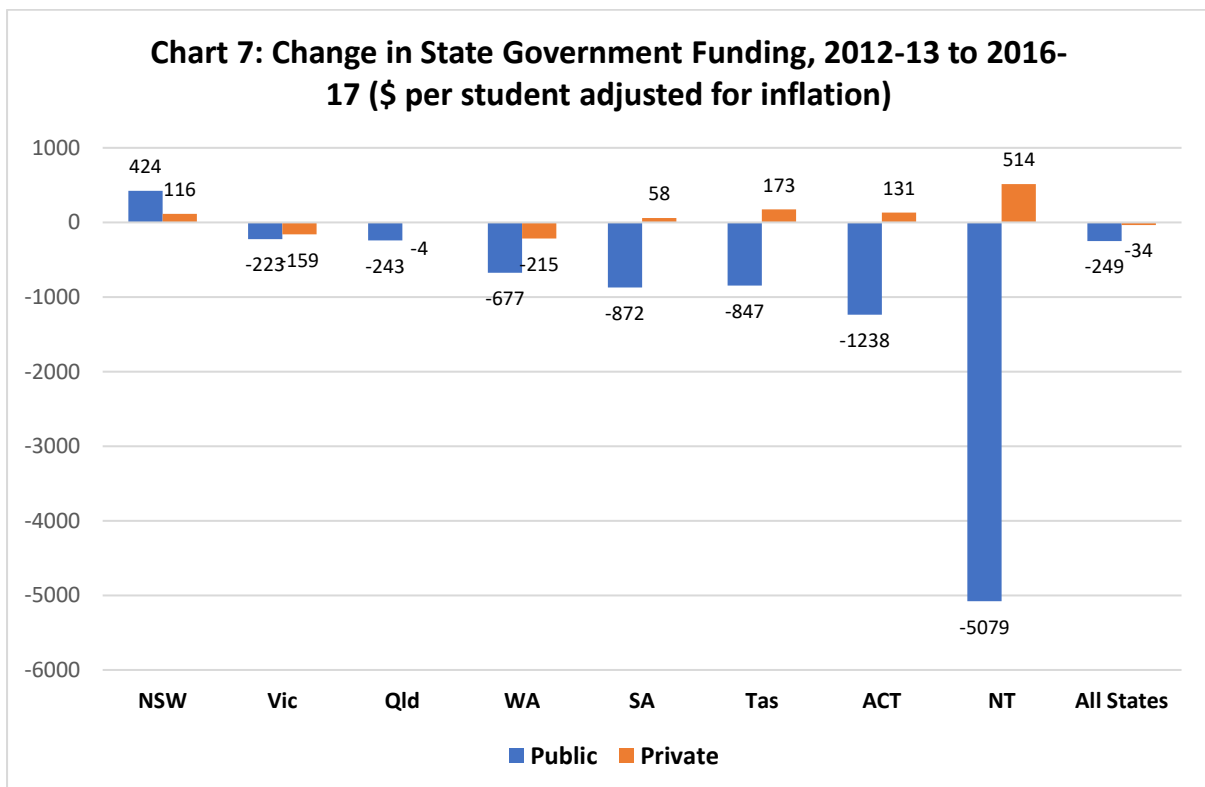
ALP Governments also cut funding to public schools by significant amounts in New South Wales (\$560 over two Budgets), South Australia (\$759 over eight Budgets), Tasmania (\$428 over five



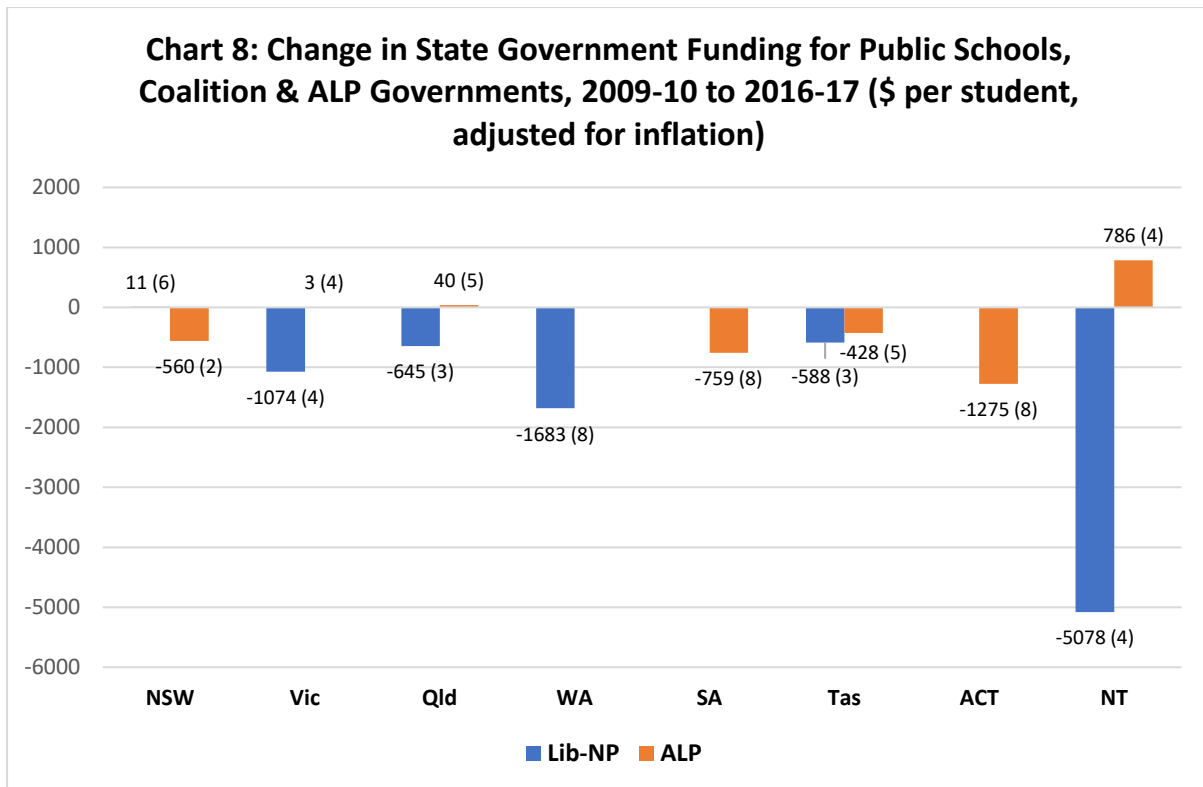
Budgets) and the ACT (\$1,275 over eight Budgets). The Victorian ALP Government cut funding by \$307 over two Budgets to 2010-11, but increased funding by \$310 between 2014-15 and 2016 although \$304 of this increase was in 2015-16.



Source: See Attachment C.



Source: See Attachment C.



Source: Attachments B & C.

**Notes:**

1. Funding change is from financial year after election to financial year of leaving government.
2. Figures in parentheses are the number of budgets while in government.

**General revenue assistance to the states and territories**

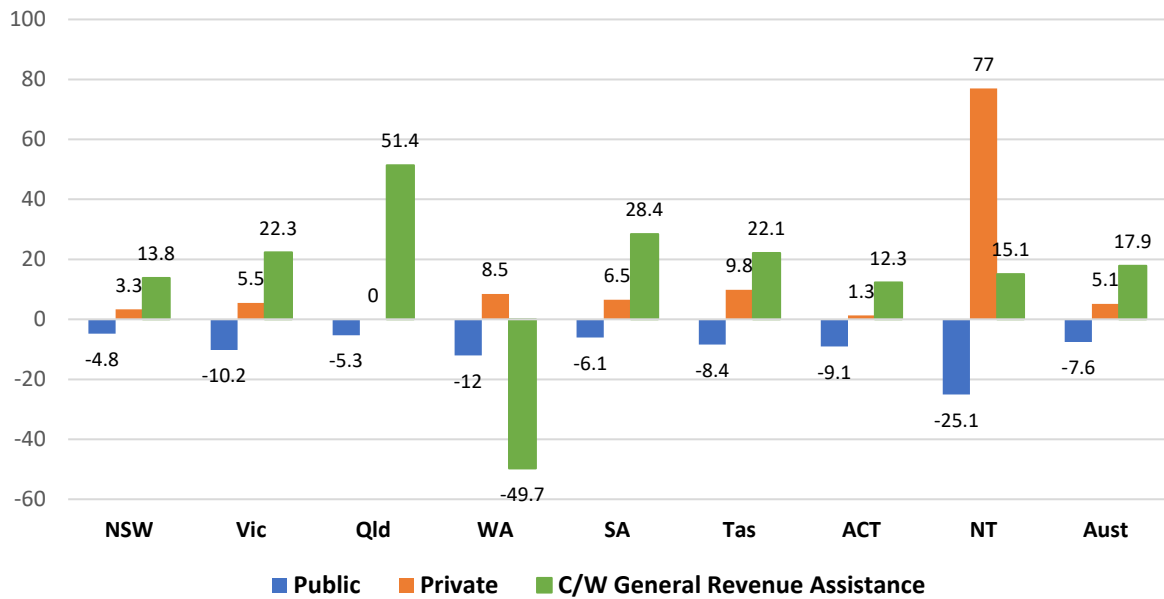
A possible explanation for the cuts in real funding for schools by state and territory governments is that the Commonwealth Government has restricted its general revenue assistance grants, which account for a large part of state budgets, and this put pressure on state/territory finances. However, total Commonwealth general revenue assistance, adjusted for inflation, increased by 17.9% between 2009-10 and 2016-17 [Chart 9]. Moreover, state/territory governments managed to increase real funding per student in private schools by 5.1% while cutting funding of public schools by 7.6% over this period.

This was the case in every state and territory, except Western Australia. The NSW, Victorian, Queensland, South Australian, Tasmanian, ACT and Northern Territory governments all received substantial real increases in Commonwealth Government general revenue assistance, including a very large increase for Queensland. All these governments cut funding for public schools and all except Queensland increased funding for private schools. The percentage increase in Northern Territory government funding for private schools was far higher than its increase in their general revenue assistance.

Western Australian government had a very large cut to its general revenue assistance of 50%, but even in these circumstances it managed to increase its funding of private schools by 8.5%. In contrast, it chose to cut public school funding by 12%.

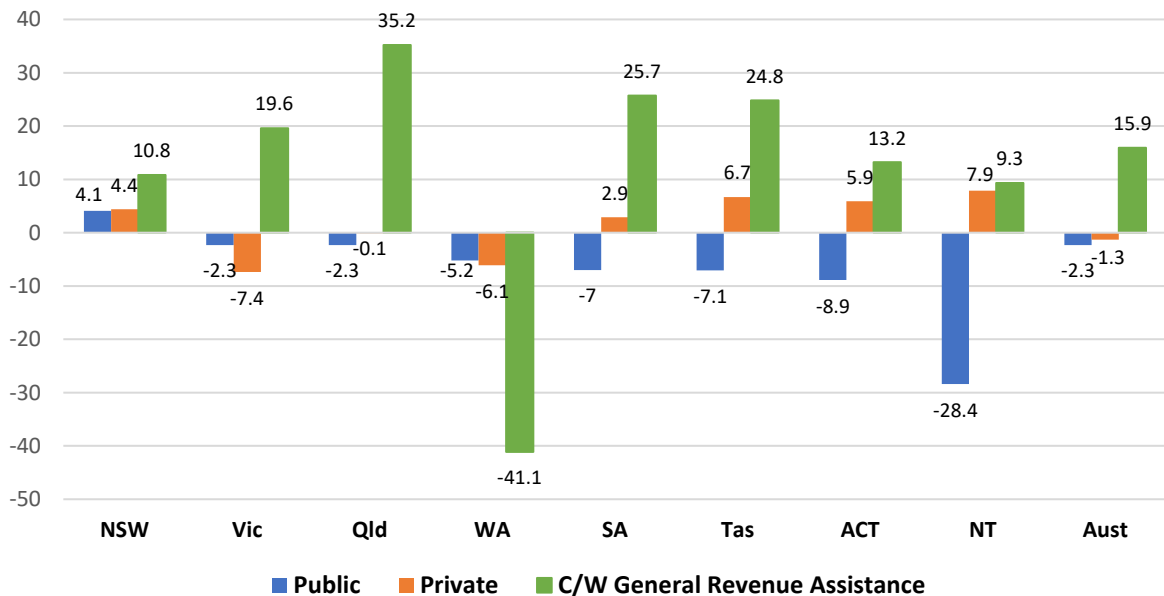
During the Gonski funding period of 2012-13 to 2016-17 Commonwealth general revenue assistance adjusted for inflation increased by 15.9%. However, state and territory governments cut funding of public schools by 2.3% and funding of private schools by 1.3% [Chart 10].

**Chart 9: Change in State/Territory Government Funding per Student and General Revenue Assistance for the States (adjusted for inflation), 2009-10 to 2016-17 (%)**



Source: See Attachment C.

**Chart 10: Change in State/Territory Government Funding per Student and General Revenue Assistance for the States (adjusted for inflation), 2012-13 to 2016-17 (%)**



Source: See Attachment C.

Every state and territory except Western Australia received large increases in general revenue assistance, but every government except NSW cut funding for public schools while every government except Victoria and Western Australia increased funding for private schools.

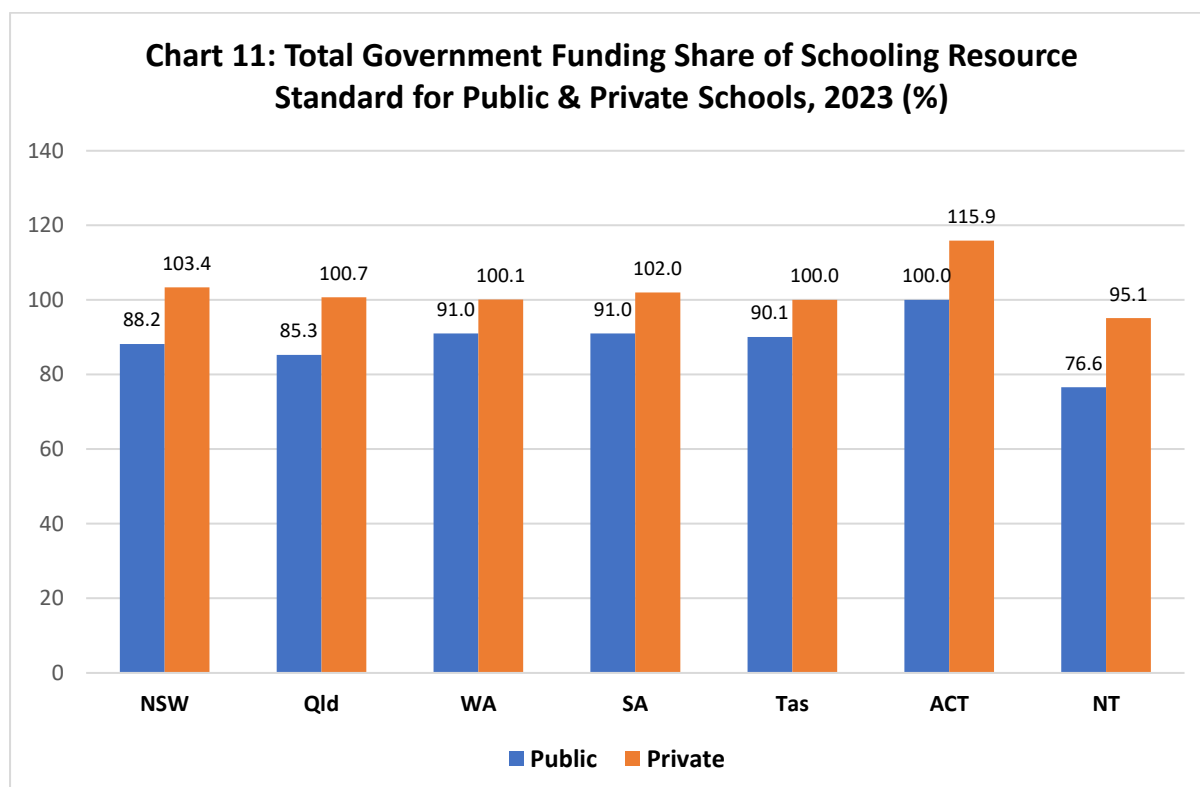
Apart from Western Australia, state and territory governments have not been squeezed by the Commonwealth. They have made a deliberate policy choice to cut funding for public schools and while continuing to increase funding of private schools in most cases.

### Bleak future for public school funding

There is little prospect that public schools will be adequately funded over the next decade. The new bilateral funding agreements between the Commonwealth and state governments ensure that [public schools will be massively under-funded indefinitely](#). Public schools will only be ever funded at 91% of the national resource standard at best while private schools are guaranteed to be funded at 100% of the standard or more.

The Commonwealth has committed to funding public schools to 20% of the Schooling Resource Standard (SRS) by 2023 while the states are only committed to funding public schools to 75% by 2027, and later in some cases. In addition, the states (apart from the ACT) can claim up to four percentage points for other expenditures not included in the measure of the SRS as part of their share. Therefore, at best, the states will only ever fund public schools to 71% of the SRS, leaving them a long way short of being fully funded.

The current bilateral funding agreements apply until 2023. By then, private schools will be fully funded or more in all states except the Northern Territory [Chart 11]. In contrast, public schools will be massively under-funded in all states except the ACT – 88.2% in NSW, 85.3% in Queensland, 91% in Western Australia and South Australia, 90.1% in Tasmania and only 76.6% in the Northern Territory.



**Note:** The shares are the total of the Commonwealth shares published in an FOI document released by the Department of Education in August 2018 and the state shares set out in the bilateral funding agreements. They incorporate the allowance for additional expenditures of up to four percentage points to be included in the state shares of the SRS as per the bilateral agreements. The bilateral agreement for Victoria is subject to ongoing negotiation.

The Commonwealth guarantees funding for private schools to 80% of their SRS by 2023 and they are currently funded at above 20% of their SRS by all state governments except the Northern Territory and possibly Victoria. There are caveats in the bilateral NSW, Queensland, South Australian and Western Australian bilateral agreements whereby governments can continue to fund private schools at above 20% of their SRS.

The Gonski funding model aimed to provide a fair national funding system that included a large funding increase for public schools to address educational disadvantage. However, it was shattered by special deals for private schools, dismembered by the Federal Coalition government and shunned by state governments. As a result, the plan has disintegrated into a most unfair system that discriminates against public schools and favours private schools.

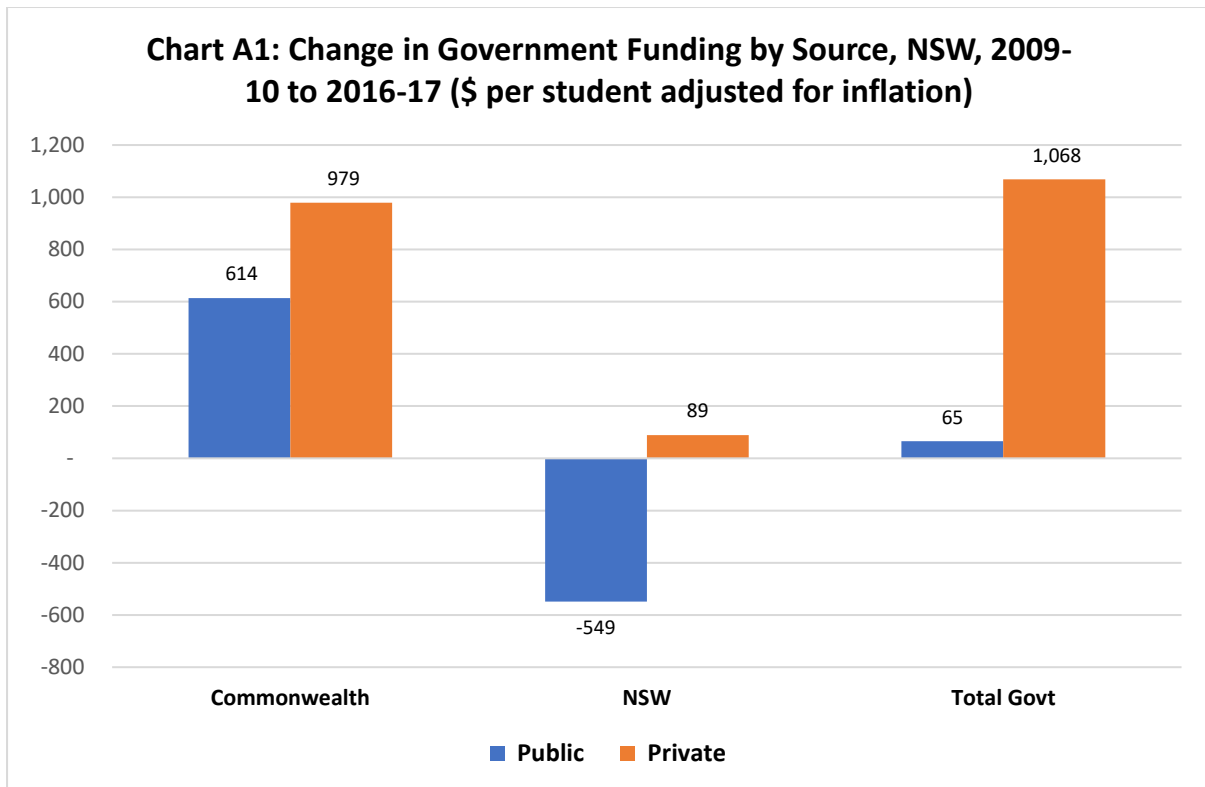
The prospect of indefinite underfunding of public schools is a national disaster. It threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education. A large proportion of low SES, Indigenous and remote area students do not achieve international minimum standards in reading, mathematics and science. About one-third of low socio-economic status (SES) students and remote area students did not achieve the minimum international standards in reading, mathematics and science in the OECD's Programme for International Student Assessment (PISA) in 2015. Forty to fifty per cent of Indigenous students did not achieve the standards.

Increased funding for public schools is fundamental to improved education outcomes for disadvantaged students because over 80% are enrolled in public schools. Numerous overseas and Australian studies show that increased funding for disadvantaged students brings improved outcomes.

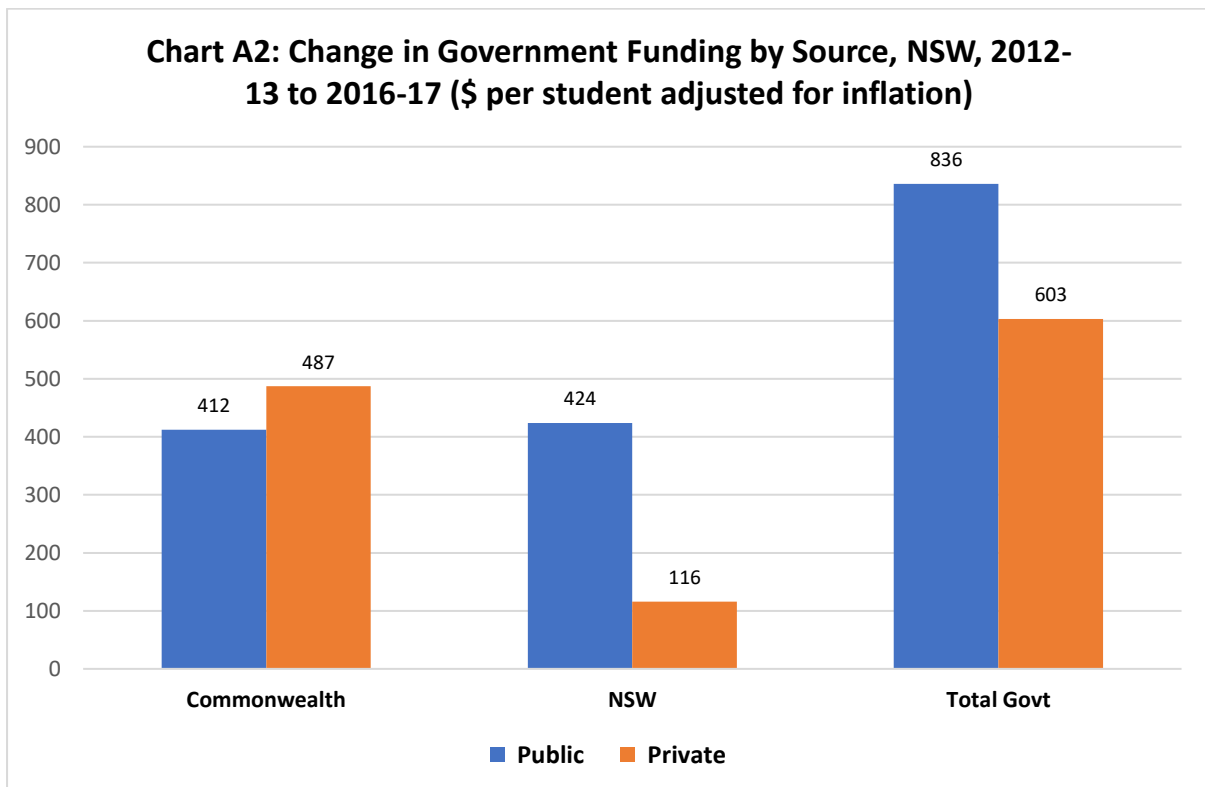
It will be up to a Labor Government to provide the funding necessary to support public schools and disadvantaged students because they have long been abandoned by Coalition governments. [Labor has promised](#) to deliver an extra \$14 billion for public schools over the next decade, with an additional \$3.3 billion in the first three school years, if it wins the next election. It has promised to increase the Commonwealth share of funding to the national resource standard, but it must ensure that the states increase their share. Labor should undertake to re-negotiate the funding agreements to ensure public schools are fully funded by 2023. State governments must stop their neglect of public schools.

## Attachment A: Source of Funding Changes by State

### NSW

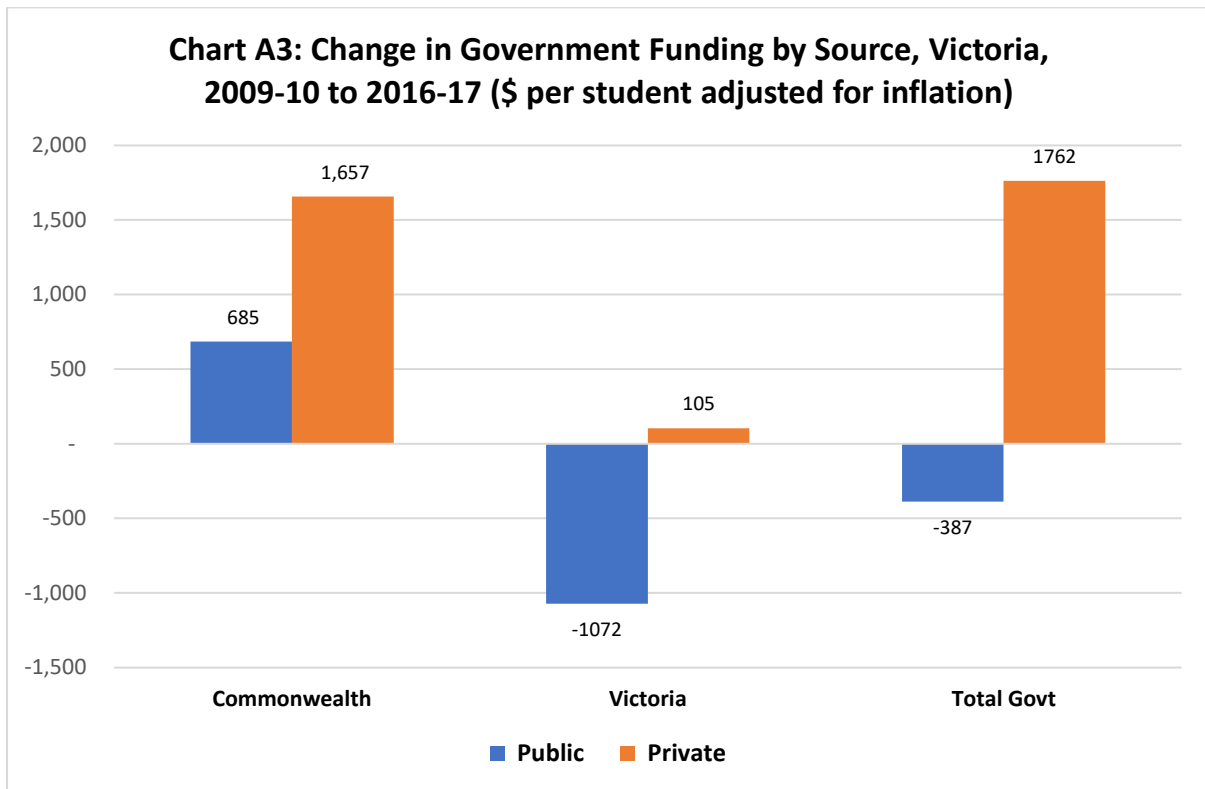


Source: See Attachment C.

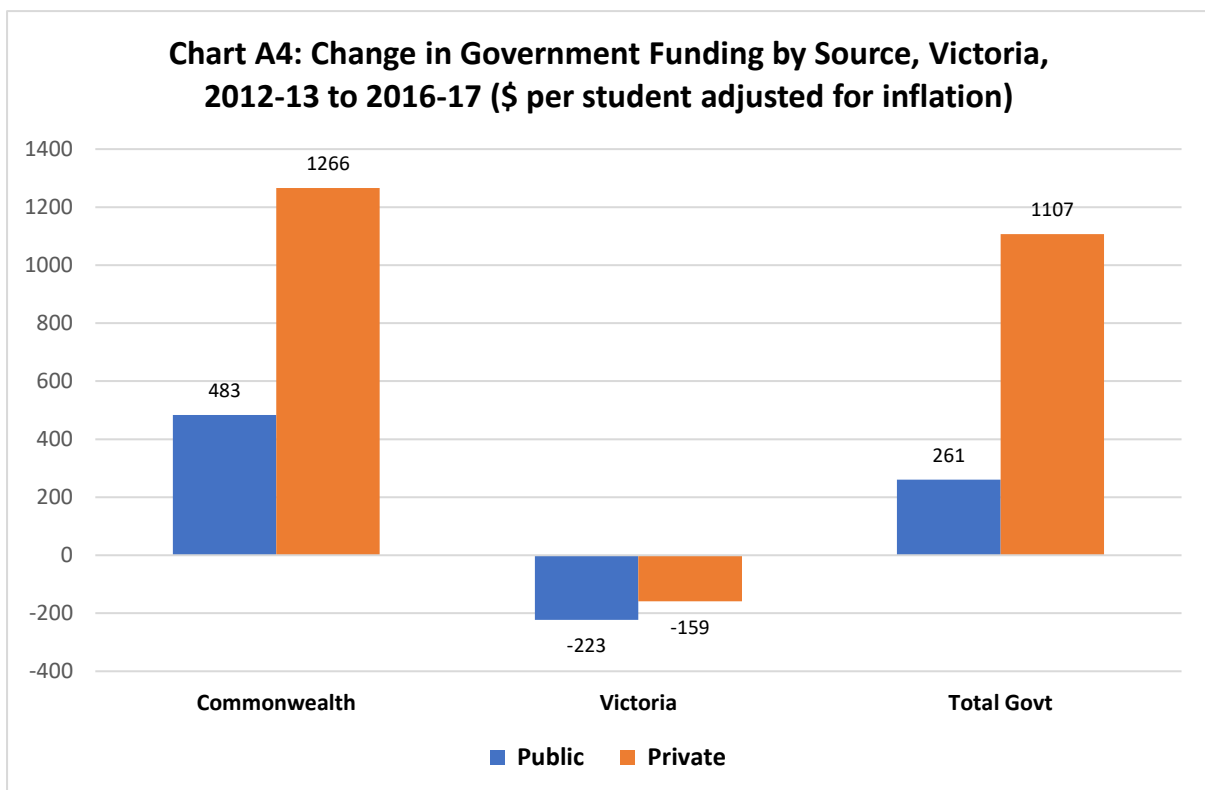


Source: See Attachment C.

## Victoria

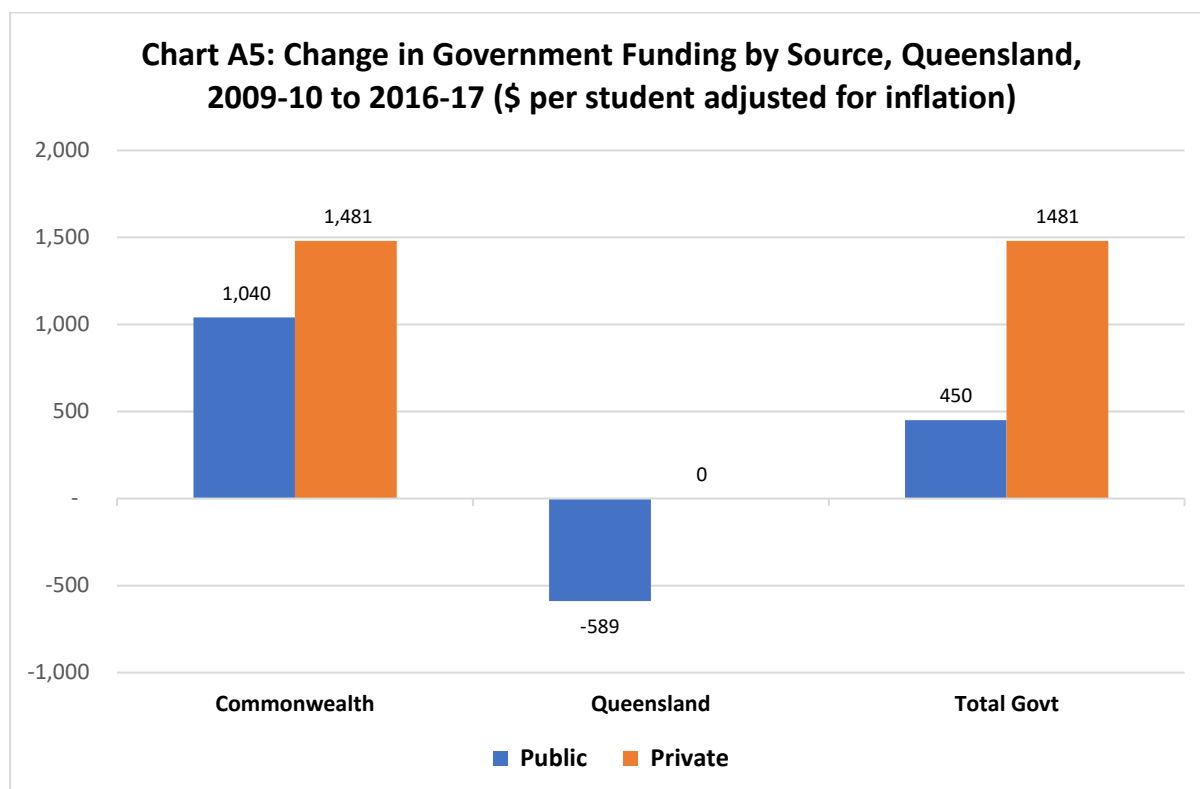


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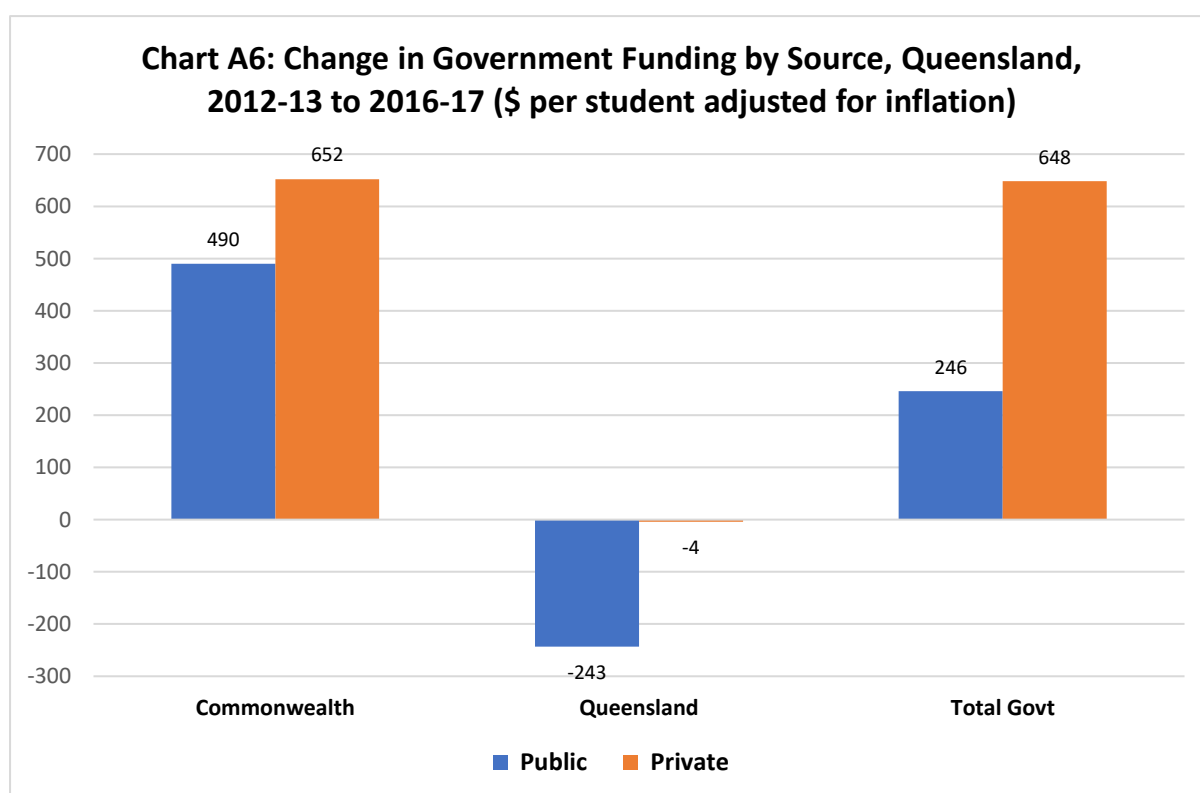


Source: See Attachment C.

## Queensland



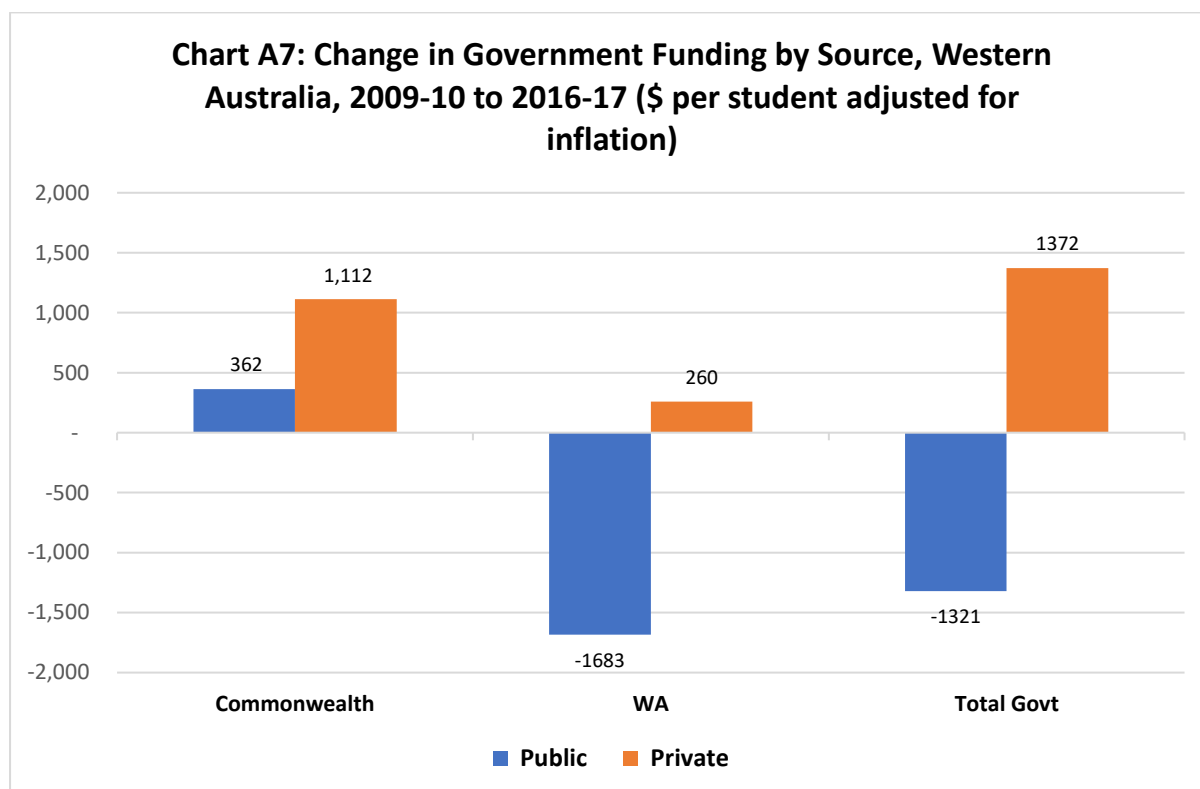
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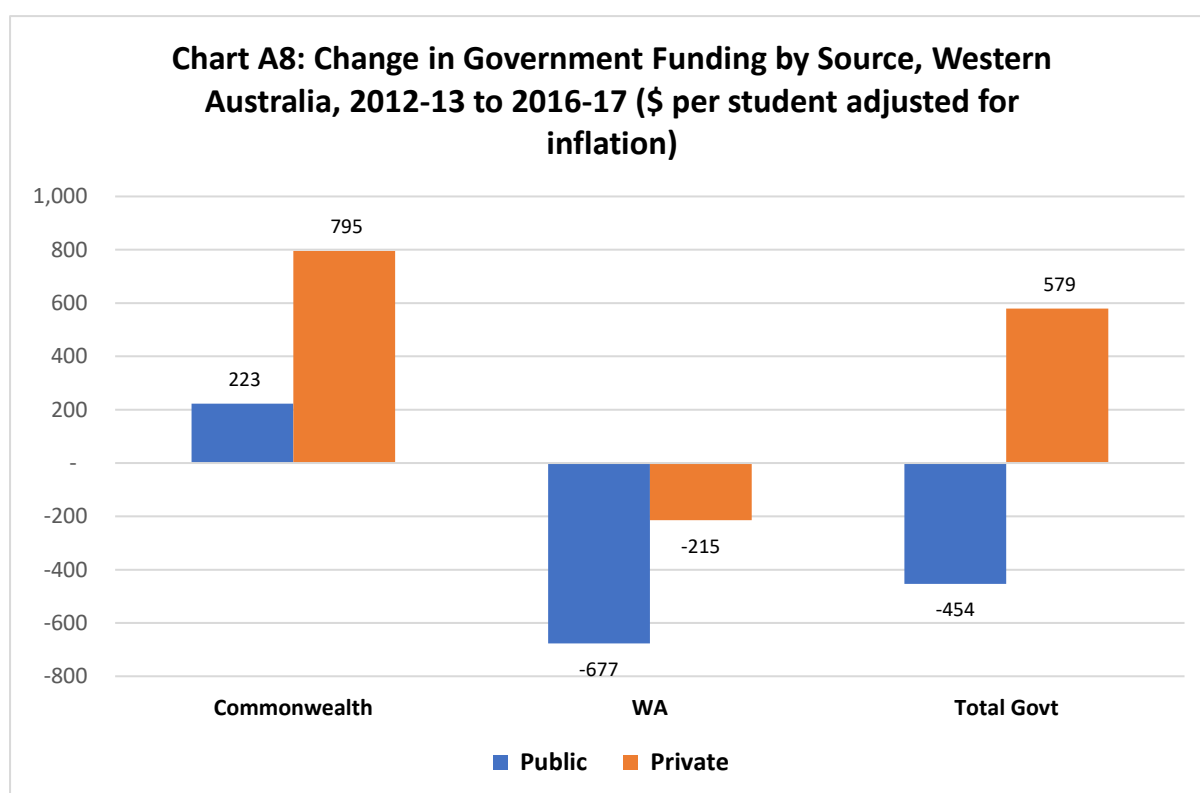
Source: See Attachment C.



## Western Australia

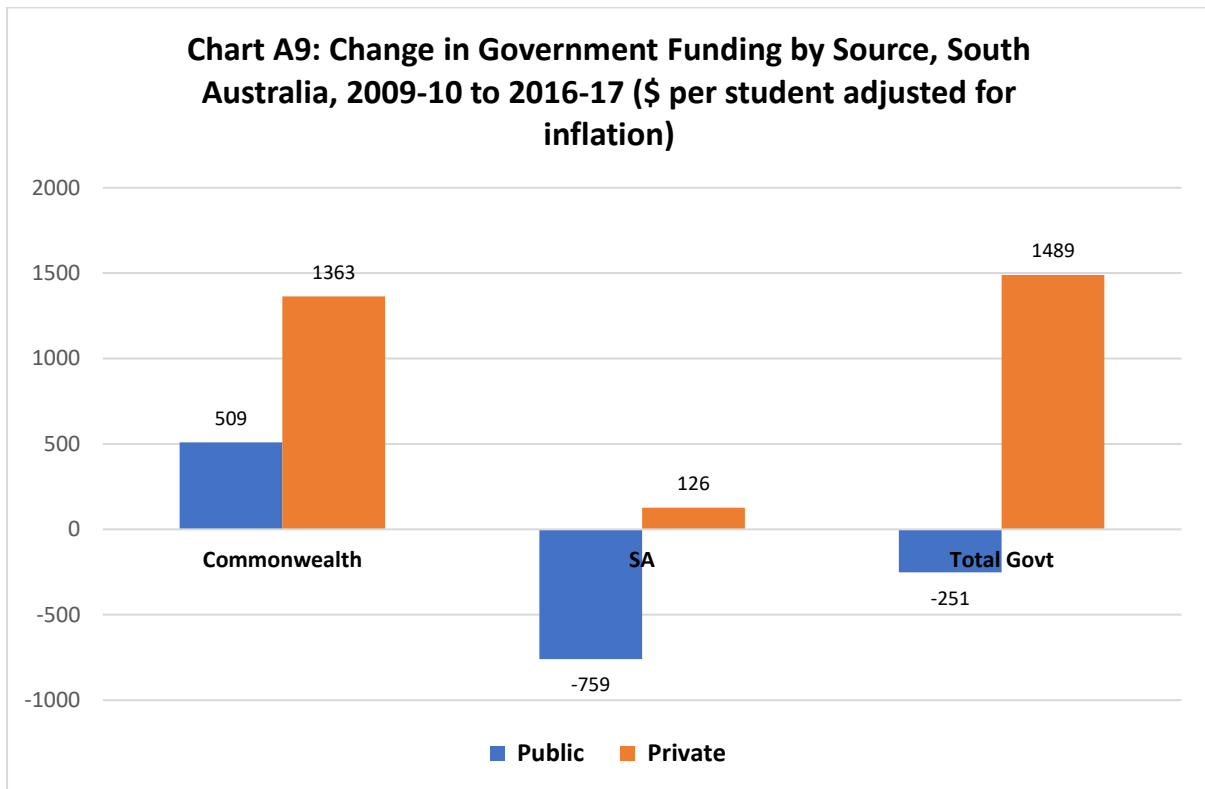


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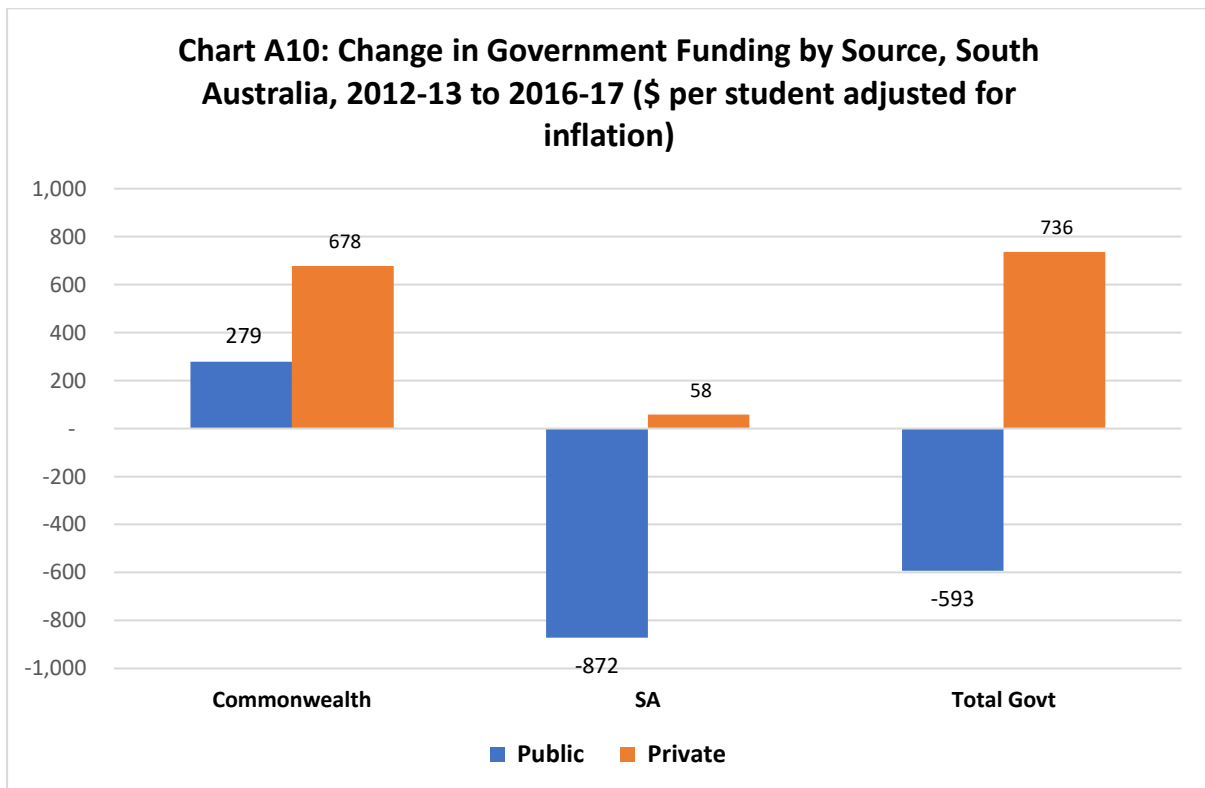


Source: See Attachment C.

## South Australia

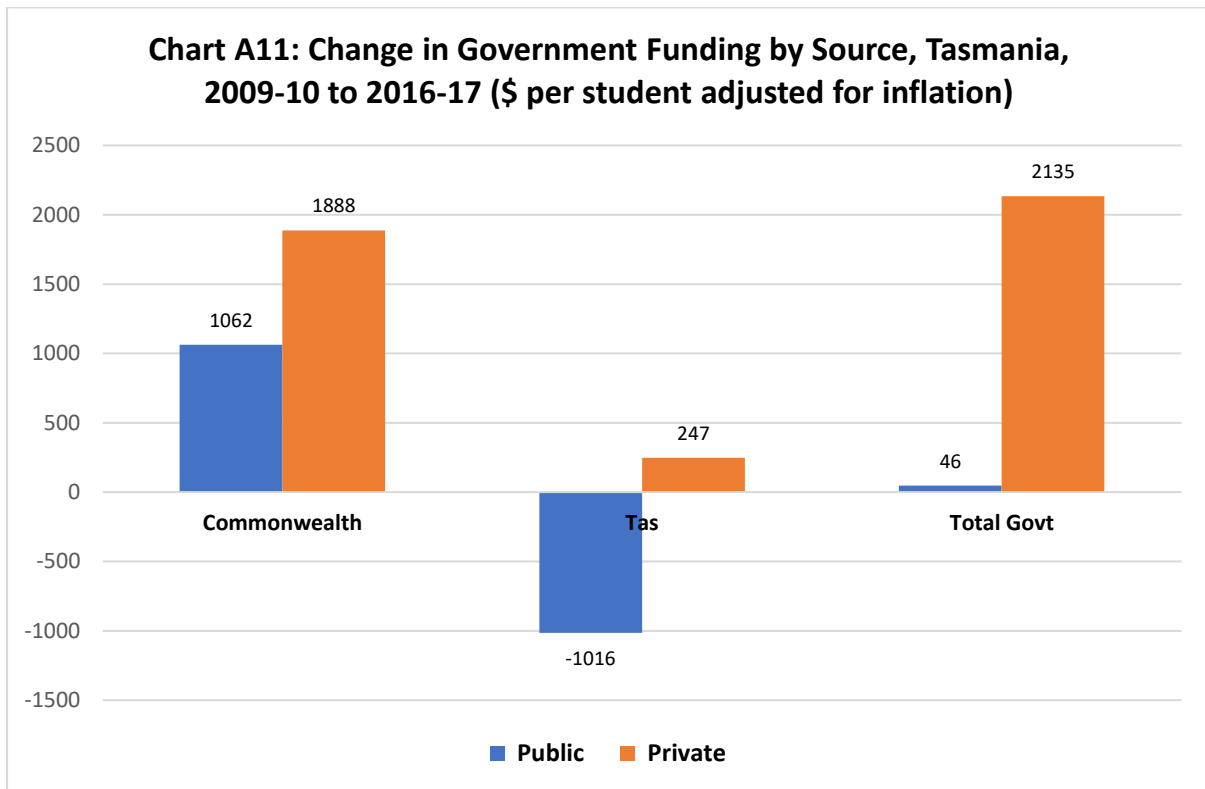


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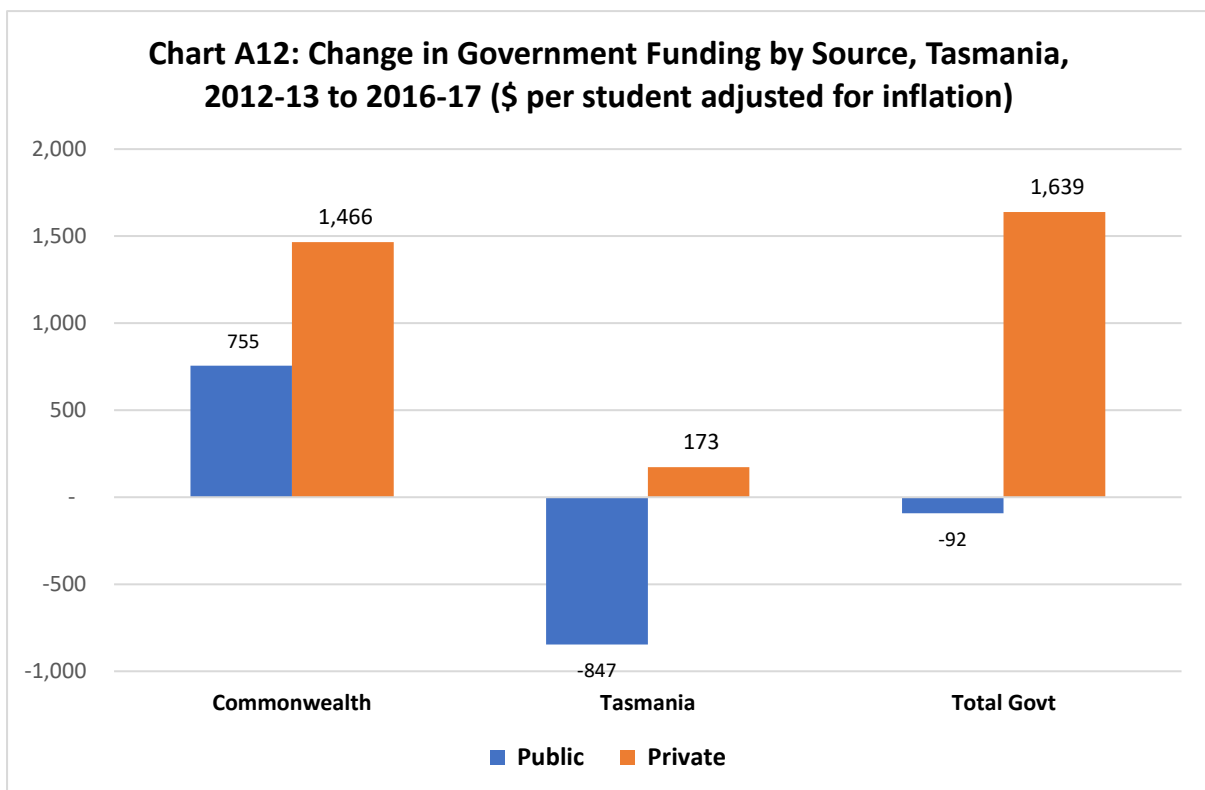


Source: See Attachment C.

## Tasmania

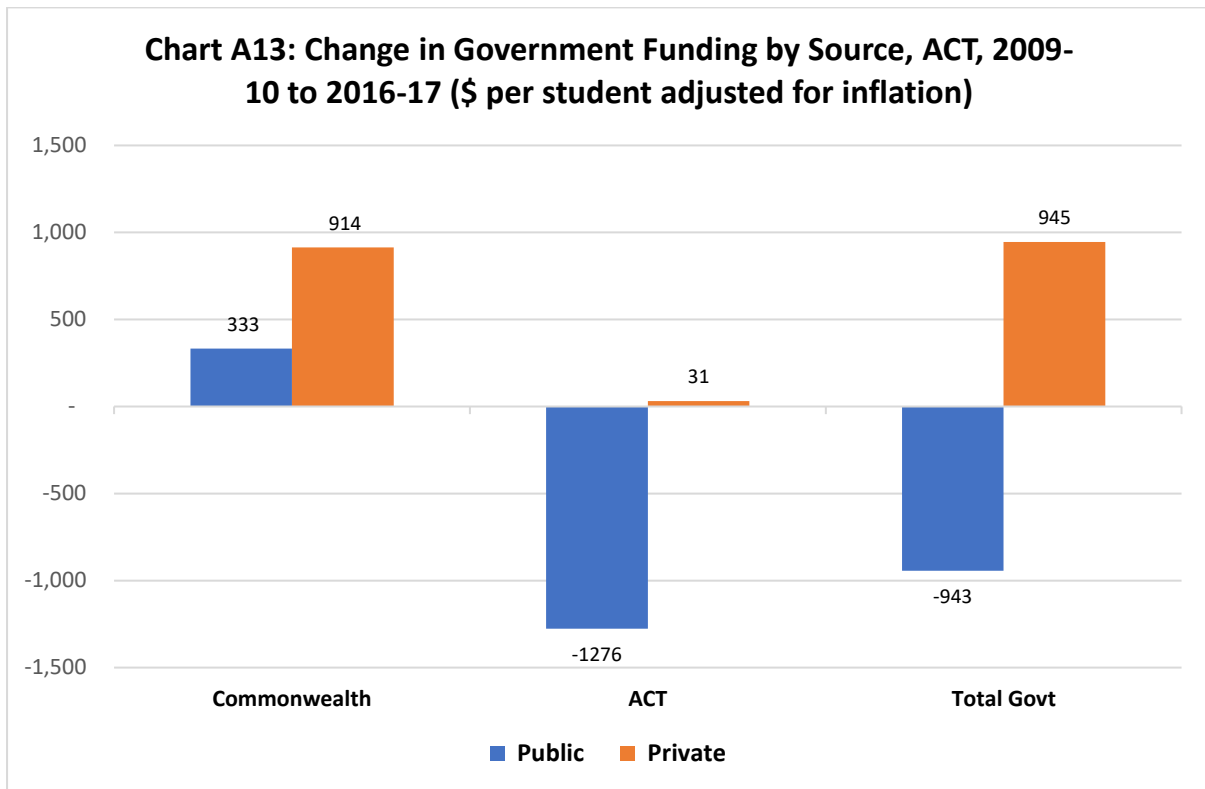


Source: See Attachment C.

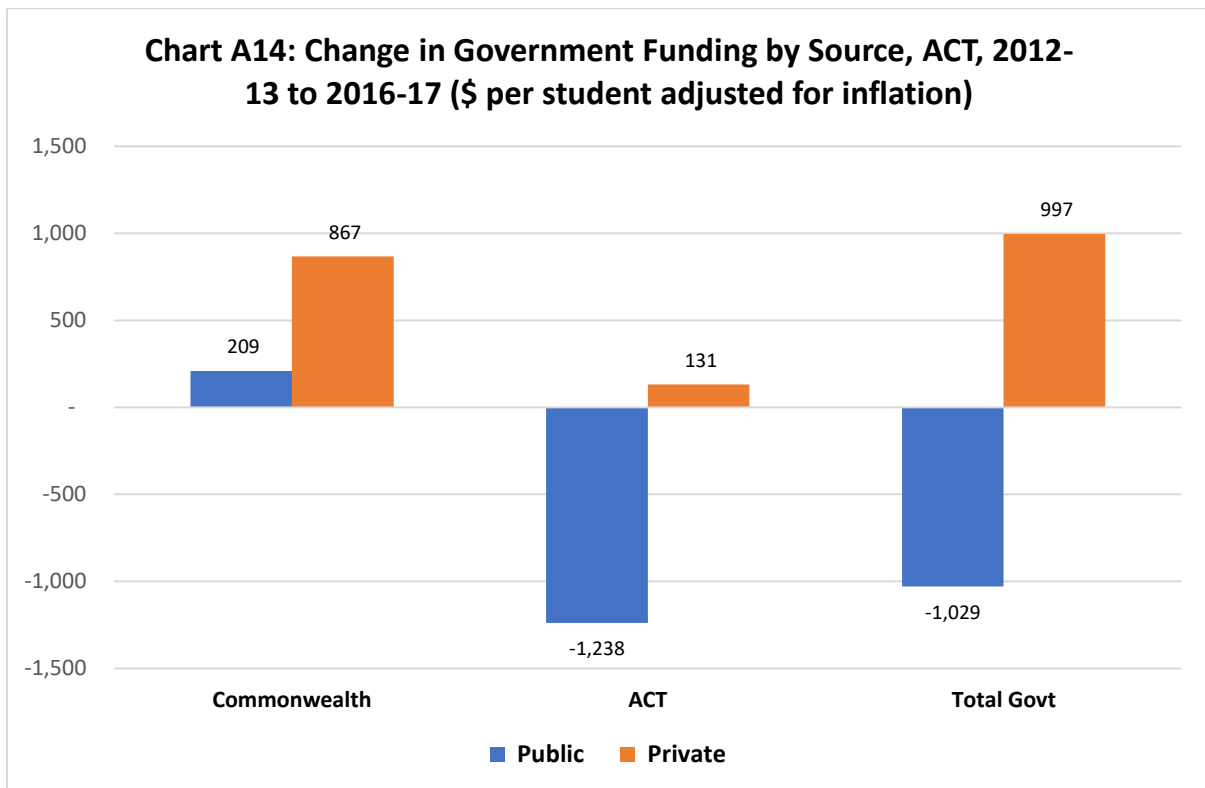


Source: See Attachment C.

**ACT**

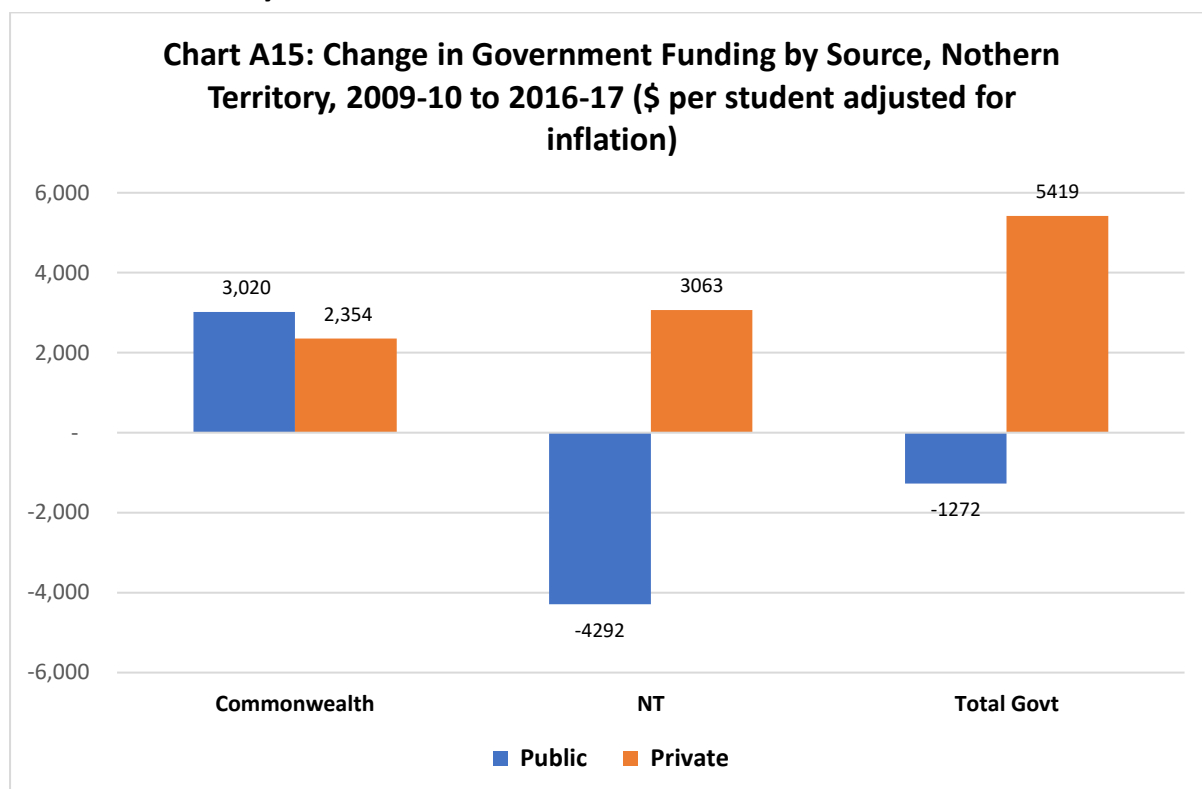


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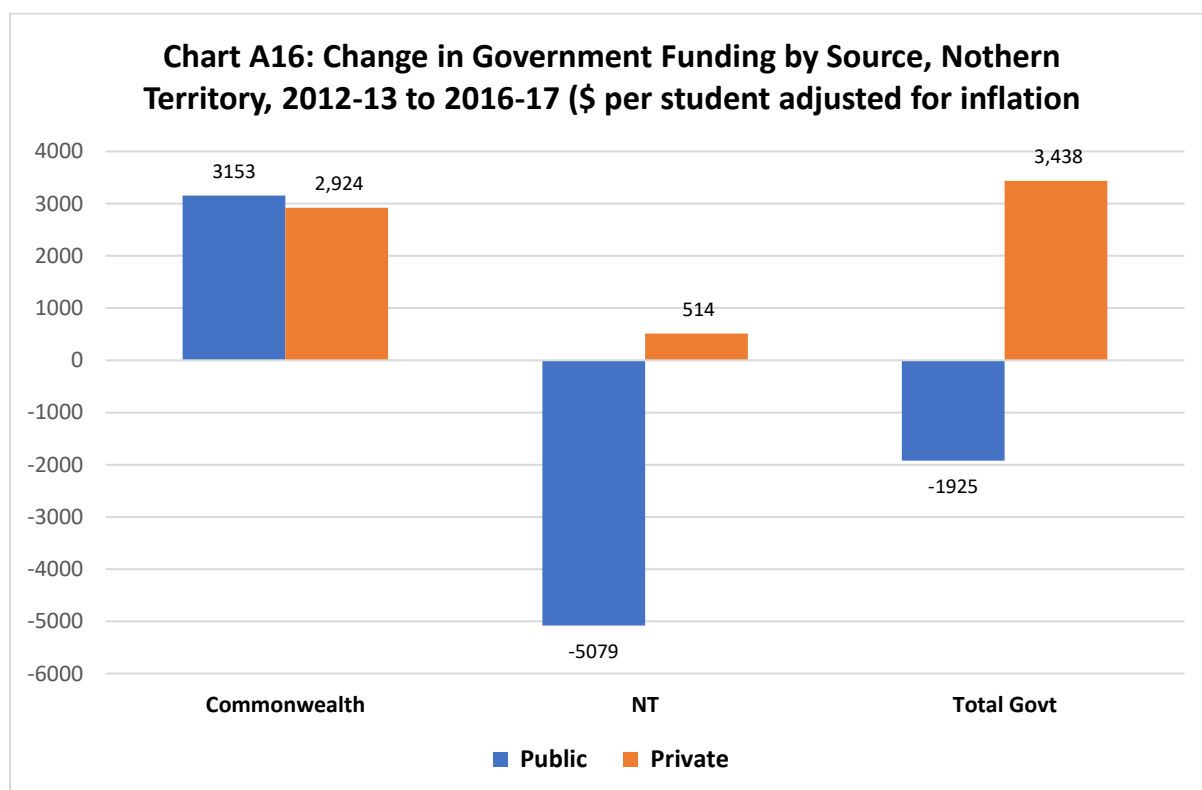


Source: See Attachment C.

## Northern Territory



Source: See Attachment C.



Source: See Attachment C.

## Attachment B: State Government Funding Changes for Public Schools Under Liberal-NP & ALP Governments, 2009-10 to 2016-17

	Lib-NP Government		ALP Government	
	Govt Period	Funding Change \$ per student	Govt Period	Funding Change \$ per student
NSW	March 2011-present (6)	11	-March 2011 (2)	-560
Vic	Dec 2010-Dec 2014 (4)	-1074	-Dec 2010 (2) Dec 2014-present (2)	-307 310
Qld	March 2012-Feb 2015 (3)	-645	-March 2012 (3) Feb 2015-present (2)	56 -16
WA	-March 2017 (8)	-1,683	March 2017-present	
SA	-		-March 2018 (8)	-759
Tas	March 2014-present (3)	-588	-March 2014 (5)	-428
ACT	-		-present (8)	-1,276
NT	Aug 2012-Aug 2016 (4)	-5,078	-Aug 2012 (4)	786

**Source:** See Attachment C.

**Notes:**

1. Funding change is from financial year after election to financial year of leaving government.
2. Number of budgets while in government.

## Attachment C: Data sources

Public school recurrent funding: Productivity Commission, *Report on Government Services*, 2019.  
Private school recurrent funding: Productivity Commission, *Report on Government Services*, 2019.  
User cost of capital: Productivity Commission, *Report on Government Services*, 2019.  
Depreciation expenditure: Productivity Commission, *Report on Government Services*, 2019.  
Payroll tax rates: NSW Treasury, *Interstate Comparisons of Taxes*, 2009-10 & 2016-17. Rates are applied to total salary expenditure for public schools sourced from the Productivity Commission, *Report on Government Services*, 2019.  
School transport: ABS, *Government Financial Statistics, Education*. Estimated for public schools by pro-rating total school transport expenditure according to the public school share of total enrolments.  
Enrolments (Full Time Equivalent – FTE): ABS, *Schools Australia*.  
Wage Price Index (WPI): ABS, *Wage Price Index for Public and Private Education and Training* (re-based to 2016-17 = 100).

The recurrent funding data used here differs from those published in the [Report on Government Services](#) in two ways. First, the figures here exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in state/territory government funding of public schools. These items are not included in funding figures for private schools published in ROGS and, as a result, funding public schools is over-estimated in comparison with private schools. These items are excluded from the funding figures for public schools published on the My School website on the [advice of the accounting firm Deloitte Australia](#).

These items accounted for 28% of total current state/territory government funding of public schools in 2015-16 and accounted for 32% of the current dollar increase in between 2009-10 and 2016-17. Inclusion of these items therefore substantially over-estimates the actual funding of public schools.

Second, the Report on Government Services uses the General Government Final Consumption Expenditure, Chain price Index (GGFCE) to adjust current dollar figures for inflation. However, this price index does not distinguish between different rates of cost increase in different areas of public service provision. Instead, the Wage Price Index for Public and Private Education and Training is used here to deflate nominal funding figures. This price index increased by nearly 50% more than the GGFCE between 2009-10 and 2016-17, indicating a higher cost increase. The GGFCE increased by 13 percentage points compared to an increase of 19.2 points for the Wage Price Index. The ROGS method of adjusting for inflation under-estimates increasing costs for schools and, therefore, over-estimates the actual increase in real resources available to schools.