

**Education Research Paper**

# **The State of School Funding in Australia 2017**

**Trevor Cobbold**

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**Save Our Schools**

<http://www.saveourschools.com.au>

<https://twitter.com/SOSAust>  
[saveourschools690@gmail.com](mailto:saveourschools690@gmail.com)

# Summary

***New figures published by the Australian Curriculum, Assessment and Reporting Authority (ACARA) show that total government funding per student in public schools adjusted for inflation (“real funding”) was cut between 2009 and 2017 while funding for Catholic and Independent schools increased massively. Even during the Gonski funding period of 2013-2017 the funding increase for private schools was over three times the increase for public schools.***

***All states took the opportunity of increased real Commonwealth funding for public schools to cut their own real funding of public schools over 2009 to 2017 and most increased funding for private schools. Both Coalition and Labor state governments cut funding for public schools while increasing funding for private schools.***

***The total income per student of Independent and Catholic schools is now significantly higher than in public schools – \$14,215 in public schools compared to \$15,740 in Catholic schools and \$22,108 in Independent schools.***

***Australia has an inequitable school funding system that continues to discriminate against public schools and disadvantaged students. Government funding increases have been badly mis-directed in favouring the more privileged, better-off school sectors and students. Over 80% of disadvantaged students are in public schools and over 90% of disadvantaged schools are public schools.***

## **Funding 2009 to 2017**

- The income disparity between public and private schools has widened substantially since 2009. Total real income per student in public schools fell by \$58 per student (-0.5%) but increased by \$1,888 (17.8%) in Catholic schools and by \$2,306 (15.1%) for Independent schools.
- The increased income disparity between public and private schools was due to much larger Commonwealth Government funding increases for private schools than for public schools, reduced funding of public schools by state governments and fee increases above cost increases by private schools.
  - Government funding increases have massively favoured private schools. Real funding for public schools was cut by \$17 per student (-0.2%) while funding for Catholic schools increased by \$1,420 per student (18.4%) and for Independent schools by \$1,318 (20.9%).
  - The Commonwealth funding increase for private schools was over double that for public schools. It increased funding for Catholic schools by \$1,309 (22.7%) per student and by \$1,205 (26.3%) for Independent schools compared to \$560 (34.9%) for public schools.
  - Every state cut funding for public schools. Several cuts were very large as in Western Australia (-\$1,575) and the Northern Territory (-\$4,777). Average state funding for public schools was cut by \$577 (-6.4%) per student while increasing funding for Catholic schools by \$112 (5.7%) and \$113 (6.5%) for Independent schools.
  - Private schools also increased fees and other income by more than cost increases. After allowing for inflation, Catholic schools increased fees and other income by \$466 (16.1%) per student and Independent schools by \$988 (11%).

## **Funding 2013 to 2017**

- The income disparity between public and private schools also widened since the introduction of the Gonski funding plan in 2014. Total income per student in public schools increased by only \$202 (1.8%) compared to \$1,005 (8.7%) in Catholic schools and \$1,267 (7.8%) in Independent schools.

- The increased income disparity between public and private schools in this period was also due to much larger Commonwealth Government funding increases for private schools than for public schools, reduced funding of public schools by state governments and fee increases above cost increases by private schools.
  - Total real government funding per student in Catholic and Independent schools increased by over three times that in public schools: \$216 (2.1%) in public schools compared to \$773 (9.2%) in Catholic schools and \$799 (11.7%) in Independent schools.
  - The Commonwealth increased real funding for Catholic schools by \$749 (11.8%) per student and \$737 (14.6%) for Independent schools compared to \$449 (26.2%) in public schools.
  - All states except Victoria and Tasmania cut funding for public schools. The average state funding was cut by \$233 (-2.7%) per student compared to an increase of \$24 (1.2%) per student in Catholic schools and \$62 (3.4%) in Independent schools.
  - Private schools also increased fees and other income by more than cost increases. After allowing for inflation, Catholic schools increased fees and other income by \$232 (7.4%) per student and Independent schools by \$468 (4.9%).

## **Public schools will remain under-funded indefinitely while private schools are over-funded**

- Public schools will only ever be funded at 91% of their Schooling Resource Standard (SRS) at best while private schools will be funded at over 100% from 2023 if not earlier.
- The Commonwealth has guaranteed that private schools will be funded at 80% of their SRS by 2023. Every state except the Northern Territory currently funds private schools at over 20% of their SRS and there are caveats in all agreements except the ACT (the Victorian agreement is yet to be published) that allows them to continue to be funded at above 20%. Thus, private schools will be funded at over 100% of their SRS by 2023 if not earlier and it will very likely continue indefinitely.
- In contrast, public schools will remain well under-funded indefinitely. The Commonwealth is committed to funding public schools to 20% of the SRS, but state governments are only required to fund public schools to 75% of their SRS. However, accounting tricks in the agreements allow every state except the ACT to claim other non-school based expenditure up to 4% of the SRS towards their commitment so that they only have to fund public schools to 71% of their SRS. It means that public schools will only be funded at 91% of the SRS at best. They will be defrauded by a cumulative total of about \$60 billion to 2027.
- In addition, private schools will receive an additional \$4.6 billion under the funding arrangements announced by the Morrison Government last year to apply over ten years from 2020. It will ensure that private schools are even more over-funded in the future.

## **Policy direction**

- There is no prospect that the new Morrison Government will fund public schools beyond 20% of their SRS. The immediate priority is to pressure the states to commit to funding public schools at 80% of the SRS by 2023 and to reduce their over-funding of private schools.
- Public education organisations must to continue to advocate for a nationally integrated funding model directed at reducing disadvantage in education, ending special deals and over-funding of private schools, and boosting funding for public schools.

## 1. Introduction

New figures published by the Australian Curriculum, Assessment and Reporting Authority (ACARA) on its [National Report on Schooling data portal](#) show that the total recurrent income of Catholic and Independent schools is significantly higher than that of public schools. The income disparity has widened substantially since 2009.

The new data also show that governments have increased funding per student (adjusted for inflation – hereafter referred to as “real”) in Catholic and Independent schools since 2009 while cutting funding for public schools. While the Commonwealth Government increased funding for public and private schools, all state and territory governments (hereafter referred to as “states”) cut funding for public schools by more than the Commonwealth increase while nearly all increased funding for Catholic and Independent schools.

The introduction of the Gonski funding arrangements in 2014 made little difference to this trend. While the Commonwealth increased funding for public schools (and private schools) from 2013 to 2017, all states except Victoria and Tasmania cut funding for public schools. The Commonwealth increase was sufficient to offset the state cuts in some jurisdictions but not in others.

The recurrent income and funding figures published by ACARA have been adjusted here for rising costs using a combined index of the Wage Price Index for public and private education and training and the Consumer Price Index published by the Australian Bureau of Statistics (see Attachment A). Total recurrent income per student used here refers to gross income figures published by ACARA (see Attachment A). Income and funding adjusted for rising costs reflects the real human and material resources available to schools. An increase in real income and funding means that more teaching, non-teaching and material resources are available for schools while a decrease means less.

## 2. Total income of schools 2017

The total recurrent income per student of Catholic and Independent schools in Australia was higher than in public schools in 2016. The average total income per student in public schools in Australia was \$14,215 compared to \$22,108 per student in Independent schools and \$15,740 in Catholic schools [Chart 1].

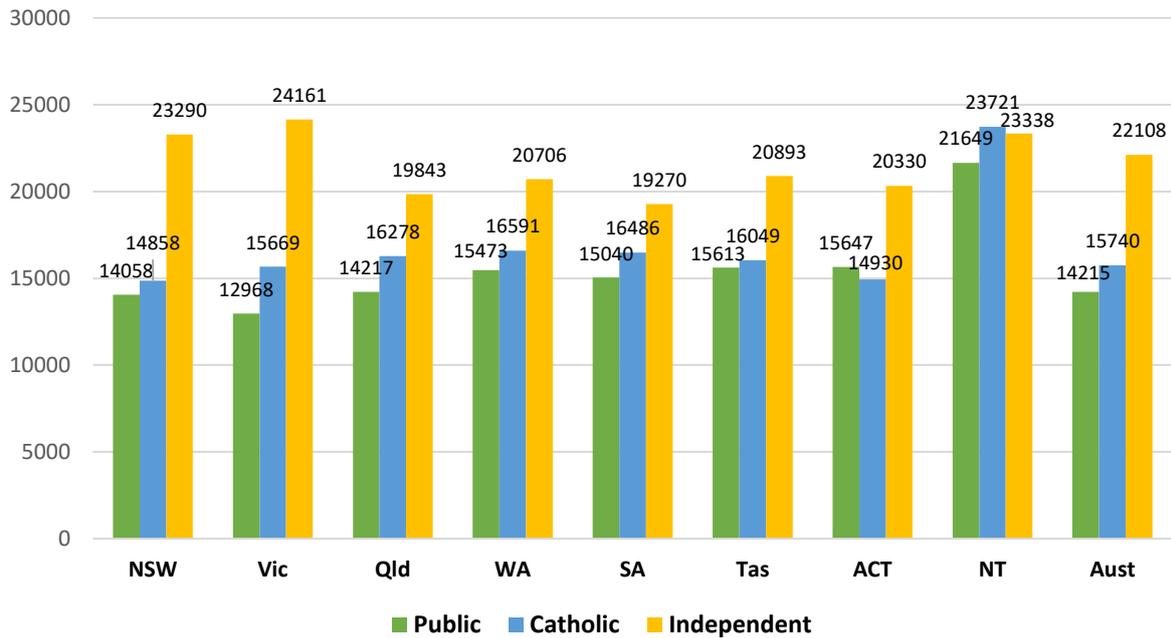
The total income of Independent schools far exceeded that of public schools in all states. The gap between the income of Independent and public schools is particularly large in Victoria and NSW. In Victoria, the income of Independent schools is nearly double that of public schools – \$24,161 compared to \$12,968 per student. In NSW, the per student income of Independent schools is \$9,232 (66%) higher than that of public schools.

The income of Catholic schools exceeded that of public schools in all states except the ACT. The gap is largest in Victoria where it is \$2,701 per student higher (21%).

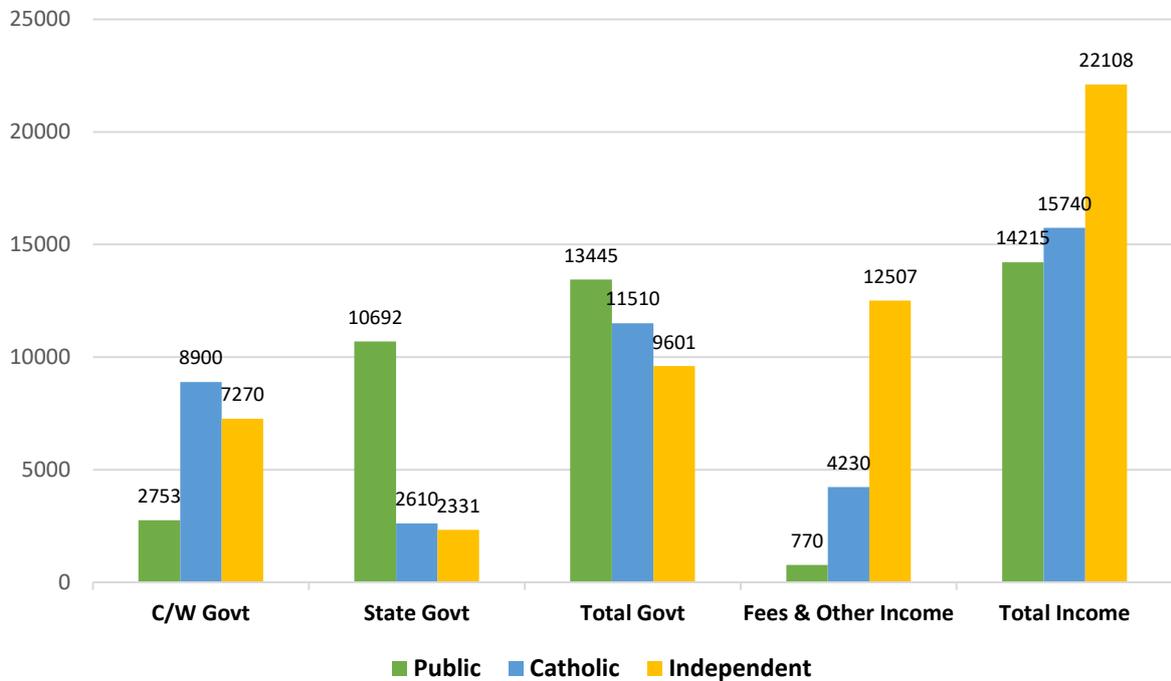
Government funding provided 95% of the total recurrent income of public schools, 73% of that of Catholic schools and 43% of that of Independent schools in 2017 [from Chart 2]. Commonwealth Government funding provided 19% of the total recurrent income of public schools, 57% of that of Catholic schools and 33% in Independent schools. In contrast, state governments provided 75% of the total income of public schools, 17% of the income of Catholic schools and 11% of that of Independent schools.

Income from fees, charges and other sources constitutes a very small proportion of the income of public schools compared to Catholic and Independent schools. Privately sourced income contributed 5% of the income of public schools, 27% in Catholic schools and 57% in Independent schools.

**Chart 1: Total Income of Public, Catholic & Independent Schools, 2017 (\$)**



**Chart 2: School Income by Source, Australia, 2017 (\$ per student)**



### 3. Total income of schools 2009 to 2013

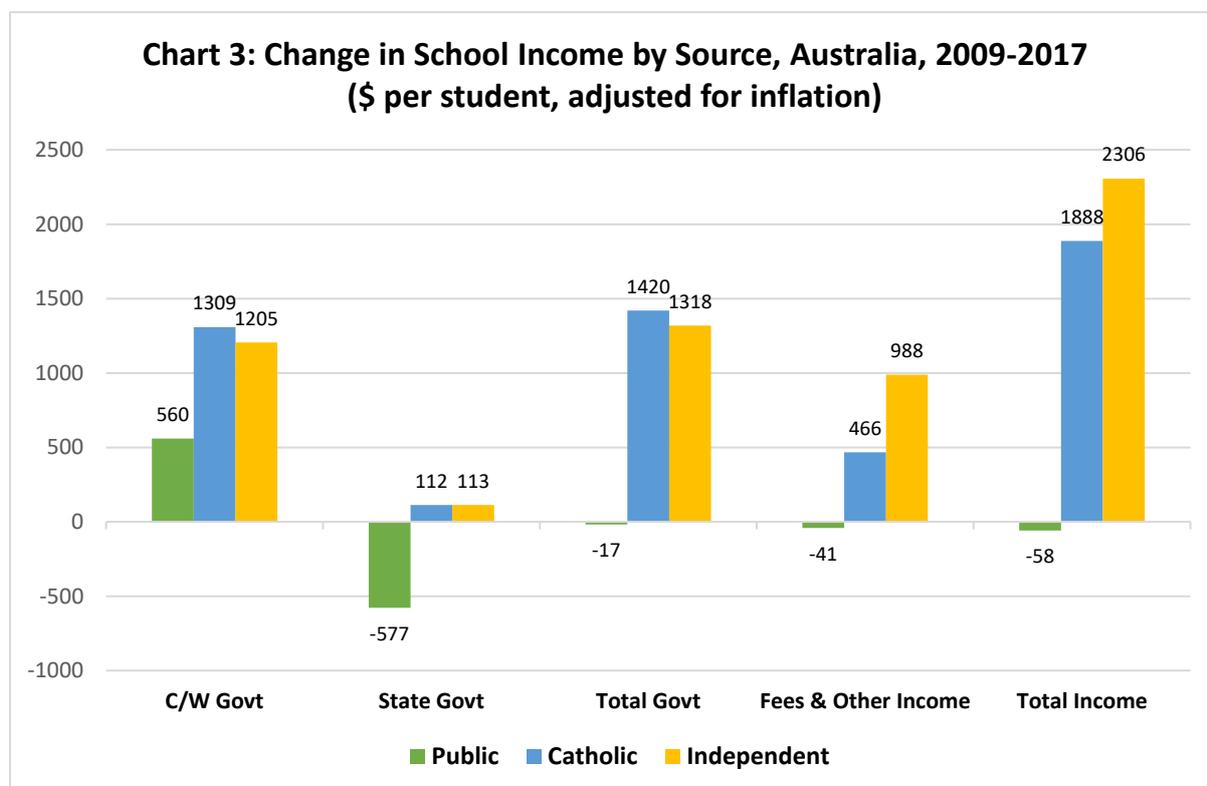
#### 3.1 Australia

Since 2009, the total income per student in public schools has been cut but has massively increased for private schools. The real total income of public schools fell by \$58 per student (-0.5%) between 2009 and 2017 but increased by \$1,888 per Catholic school student (17.8%) and by \$2,306 (15.1%) for Independent schools [Chart 3].

As a result, the resource disparity between public and private schools has widened substantially since 2009. In 2017, the total real income per student in Independent schools was 57% higher than that of public schools compared to 36% in 2009. In 2009, the real income of public schools was 6% higher than in Catholic schools, but by 2017 the income of Catholic schools was 12% higher than in public schools.

The increase in the resource advantage of private schools was due to a significant cut in state government funding for public schools and much larger Commonwealth increases for Catholic and Independent schools than for public schools (see below). The state contribution to public school funding fell from 80% in 2009 to 75% in 2017 while there was little change in the contribution to Catholic and Independent school funding.

Real increases in income from fees and donations for Catholic and Independent schools also contributed to the increase in their resource advantage. Fees and donations in Catholic schools increased by \$466 per student (16.1%) and by \$988 per student (11%) in Independent schools compared to a fall of \$41 per student (-6.4%) in public schools [Chart 3].



#### 3.2 States

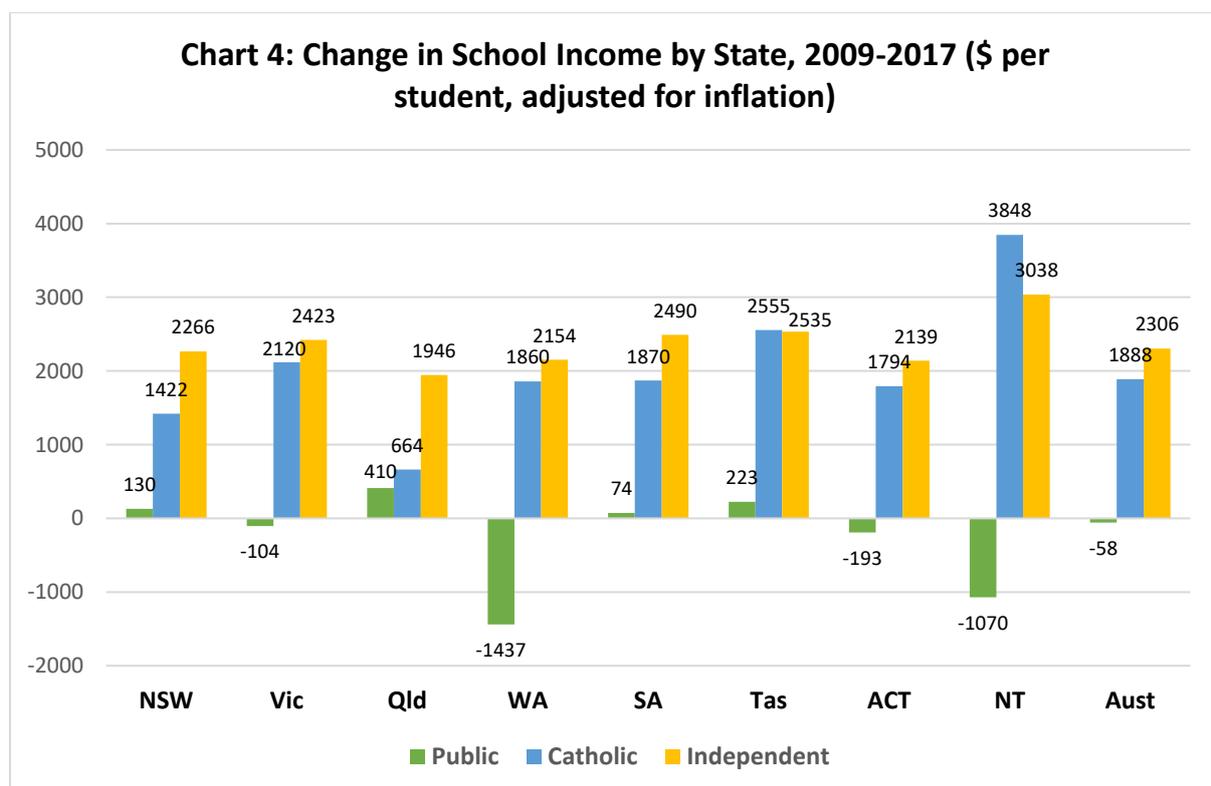
Real total income per student in private schools increased massively in all states between 2009 and 2017 while real income in public schools fell in four states and the increases in the other four states were far less than in private schools.

Real total income of Independent schools increased by about \$2,000 per student and more in all states, the largest increases being in Victoria (\$2,423; 14.4%), South Australia (\$2,490; 19.4%), Tasmania (\$2,535; 18%) and the Northern Territory (\$3,038; 19.6%) [Chart 4]. The real income of Catholic schools also increased by large amounts in nearly every state. The largest increases were in Victoria (\$2,120; 20.5%), Tasmania (\$2,555; 25%) and the Northern Territory (\$3,848; 25.6%).

The real income of public schools increased by much smaller amounts in NSW (\$130; 1.2%), Queensland (\$410; 3.8%), South Australia (\$74; 0.6%) and Tasmania (\$223; 1.8%). The increase for Independent schools was about 17 times that for public schools in NSW, 5 times more in Queensland, 33 times more in South Australia and 11 times more in Tasmania. The increase for Catholic schools 11 times that for public schools in NSW, 24 times more in South Australia and 11 times more in Tasmania.

Real income fell by very large amounts in Western Australia (-\$1,437; -10.6%) and the Northern Territory (-\$1,070; -5.9%) and smaller reductions occurred in Victoria (-\$104; -1%) and the ACT (-\$193; -1.5%).

As a result, the resource disparity between public and Independent widened substantially in all states. Catholic schools have also gained a resource advantage over public schools in all states except the ACT. In 2009, the total income per student in public schools exceeded that of Catholic schools in all states except Victoria. By 2017, the situation was reversed with the income of Catholic schools exceeding that of public schools in all states except the ACT.



## 4. Government funding 2009 to 2017

### 4.1 Australia

Government funding increases since 2009 have massively favoured private schools. Real total government (Commonwealth and state) funding per student in public schools across Australia was cut by \$17 per student between 2009 and 2017 while funding for Catholic schools increased by

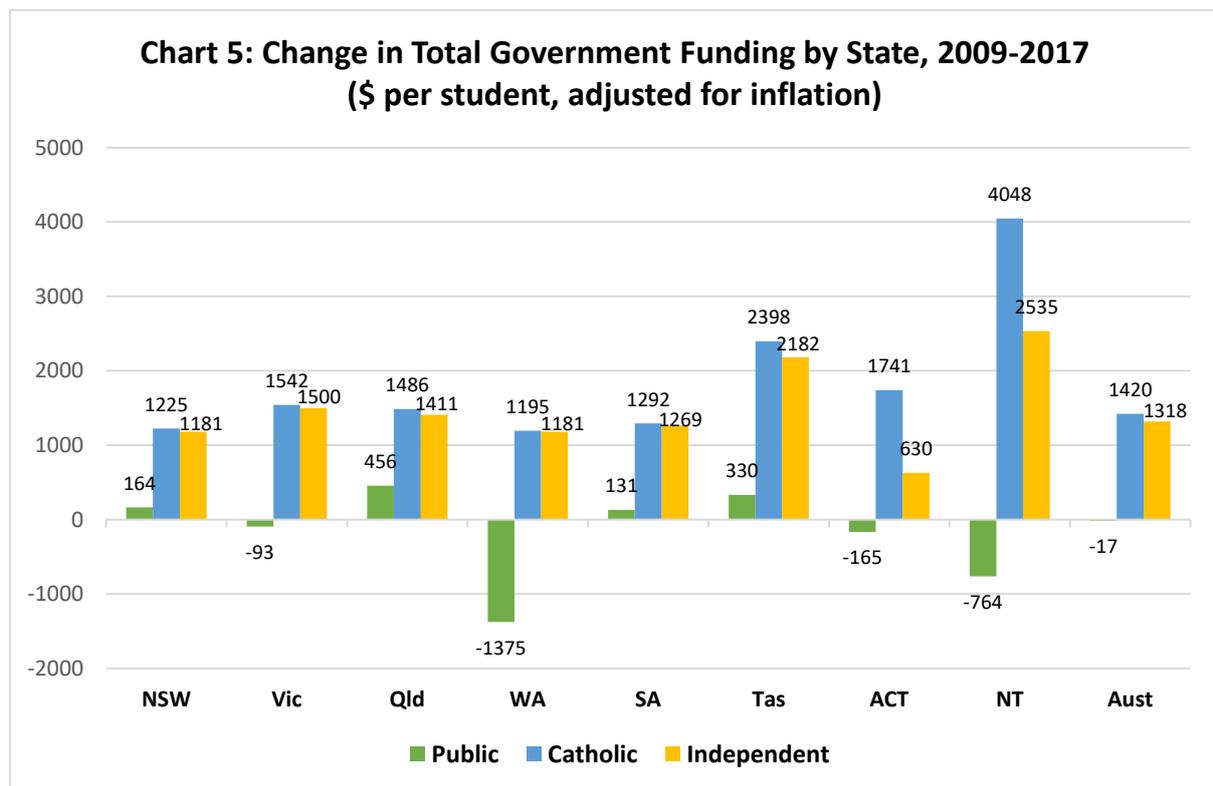
\$1,420 per student and for Independent schools by \$1,318 [Chart 3]. In percentage terms, government funding for public schools was cut by 0.2% while it increased by 18.4% in Catholic schools and by 20.9% in Independent schools.

The cut in real government funding for public schools was due to significant cuts by state governments which more than offset increased Commonwealth Government funding. Real Commonwealth funding for public schools increased by \$560 per student (34.9%), but state government funding was cut by \$577 (-6.4%).

Both the Commonwealth and state governments increased funding for private schools. Real Commonwealth funding for Catholic schools increased by \$1,309 per student (22.7%) and by \$1205 per student in Independent schools (26.3%). This was over double the increase for public schools. State government funding for Catholic schools increased by \$112 per student (5.7%) and by \$113 per student (6.5%) in Independent schools.

## 4.2 States

Government funding changes massively favoured private schools in all states between 2009 and 2017. Private schools received large funding increases in all states while public schools in NSW, Queensland, South Australia and Tasmania received much smaller increases and funding was cut for public schools in Victoria, Western Australia, the ACT and the Northern Territory [Chart 5]. Funding increases for Catholic and Independent schools were similar in all states except the ACT and the Northern Territory where Catholic schools received much larger increases.



The largest cuts in real government funding for public schools occurred in Western Australia and the Northern Territory. In Western Australia, real funding per student in public schools was cut by a massive \$1,375 per student (-10.5%) but increased for Catholic schools by \$1,195 (14.7%) and by \$1,181 (17.4%) for Independent schools. There was a huge disparity between public and private schools in the Northern Territory: funding for public schools was cut by \$764 per student (-4.4%) but increased for Catholic schools by \$4,048 per student (35.3%) and by \$2,535 per student (23.3%) in

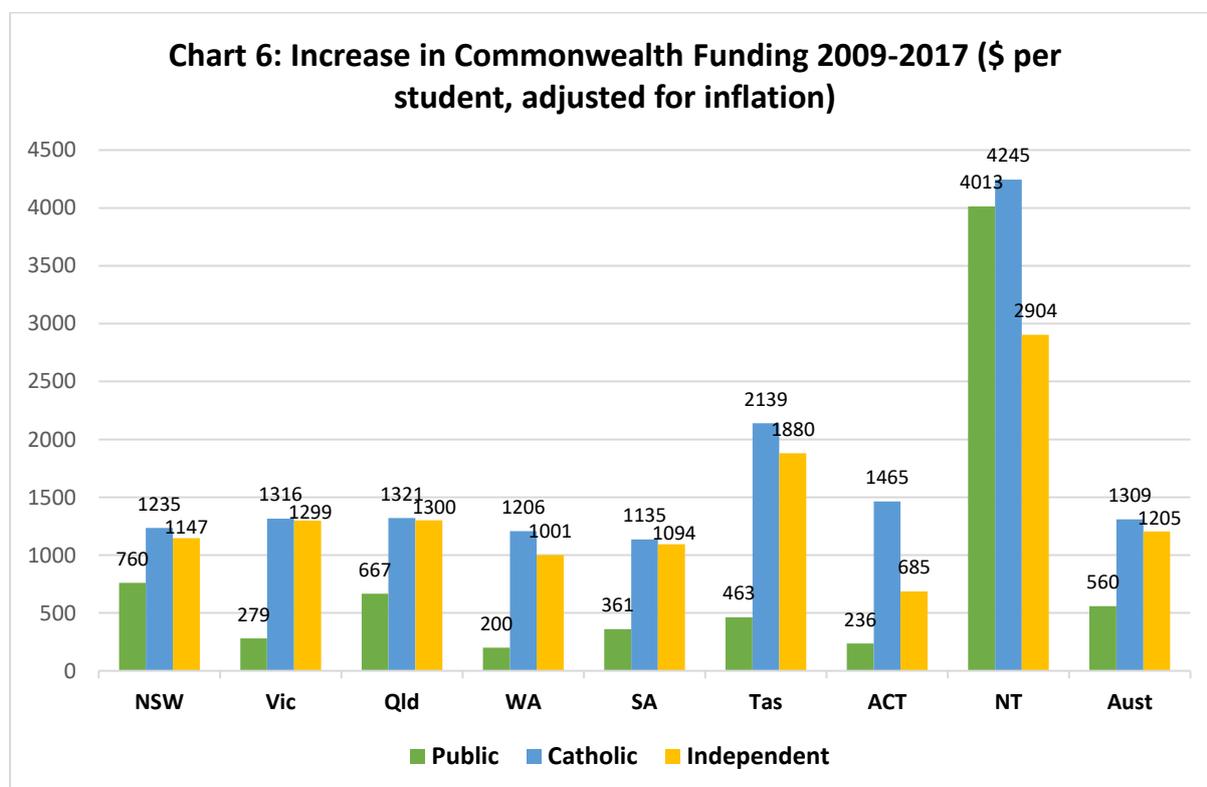
Independent schools. Government funding for public schools in the ACT was cut by \$165 per student (-1.4%) but increased for Catholic schools by \$1,741 (26.1%) and by \$630 (11%) in Independent schools.

Total government funding per student in Catholic and Independent schools in NSW and Tasmania increased by about seven times that for public schools; in Queensland by about three times; and nearly ten times in South Australia.

Public schools received cuts to their funding or much smaller government funding increases than private schools as a result of smaller Commonwealth increases and funding cuts by state governments. The Commonwealth increased funding for private schools by much more than for public schools in every state while every state government cut funding to public schools and most increased funding for private schools.

The Commonwealth increases for public schools ranged from \$200 per student (12.3%) in Western Australia to \$4,013 (200.4%) in the Northern Territory [Chart 6]. The increases for Catholic schools ranged from \$1,135 (19.5%) in South Australia to \$4,245 (48.4%) in the Northern Territory while the increases for Independent schools ranged from \$685 (16.6%) in the ACT to \$2,904 (37.8%) in the Northern Territory.

Commonwealth funding increases for Catholic and Independents schools were about double or more of that for public schools in all states except NSW and the Northern Territory. The increase in Commonwealth funding for Catholic schools in Western Australia and the ACT was six times that for public schools and five times more in Victoria. The increase for Independent schools it was five times that for public schools in Western Australia and four times more in Victoria.



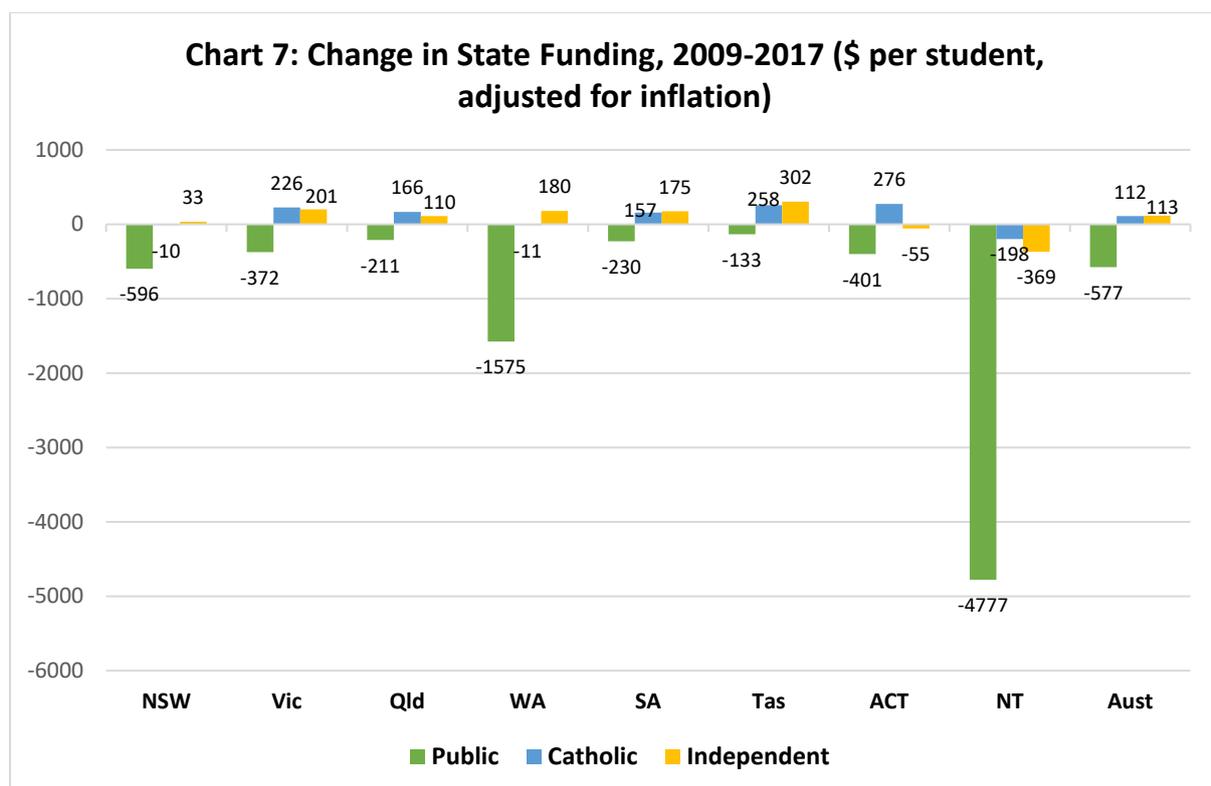
Every state government cut funding for public schools between 2009 and 2017 while five governments increased their funding for Catholic schools and six increased funding for Independent

schools [Chart 7]. Both Coalition and Labor governments cut funding for public schools while increasing funding for private schools.

Massive cuts to public schools occurred in Western Australia (-\$1,575; -13.7%) and the Northern Territory (-\$4,777; -31.2%). Large cuts also occurred in NSW (-\$596; -6.7%), Victoria (-\$372; -4.8%) and the ACT (-\$401; -3.9%) while smaller but significant cuts were made in Queensland (-\$211; -2.5%), South Australia (-\$230; -2.5%) and Tasmania (-\$133; -1.4%).

In contrast to their cuts to funding for public schools, the Victorian, Queensland, South Australian and Tasmanian governments increased funding for Catholic and Independent schools by significant amounts of up to \$300 per student. The NSW and Western Australian governments increased funding for Independent schools but cut funding for Catholic schools by a small amount. The ACT Government increased funding for Catholic schools but cut funding for Independent schools while the Northern Territory government cut its funding for both Catholic and Independent schools. The cuts to private school funding were far less than the cuts to public schools in each case.

The largest increases in state funding for Catholic schools were \$276 (16.6%) per student in the ACT, \$258 (13.1%) in Tasmania and \$226 (14.1%) in Victoria. The cuts to state funding of Catholic schools were negligible in NSW (-\$10; -0.5%) and Western Australia (-\$11; -0.5%). The largest funding increases for Independent schools were \$302 (17%) per student in Tasmania and \$201 (17.3%) per student in Victoria. The cut in state funding for Independent schools in the Northern Territory was large (\$369; -11.4%) but far less than the cut to public schools.



## 5. Income from private sources 2009 to 2017

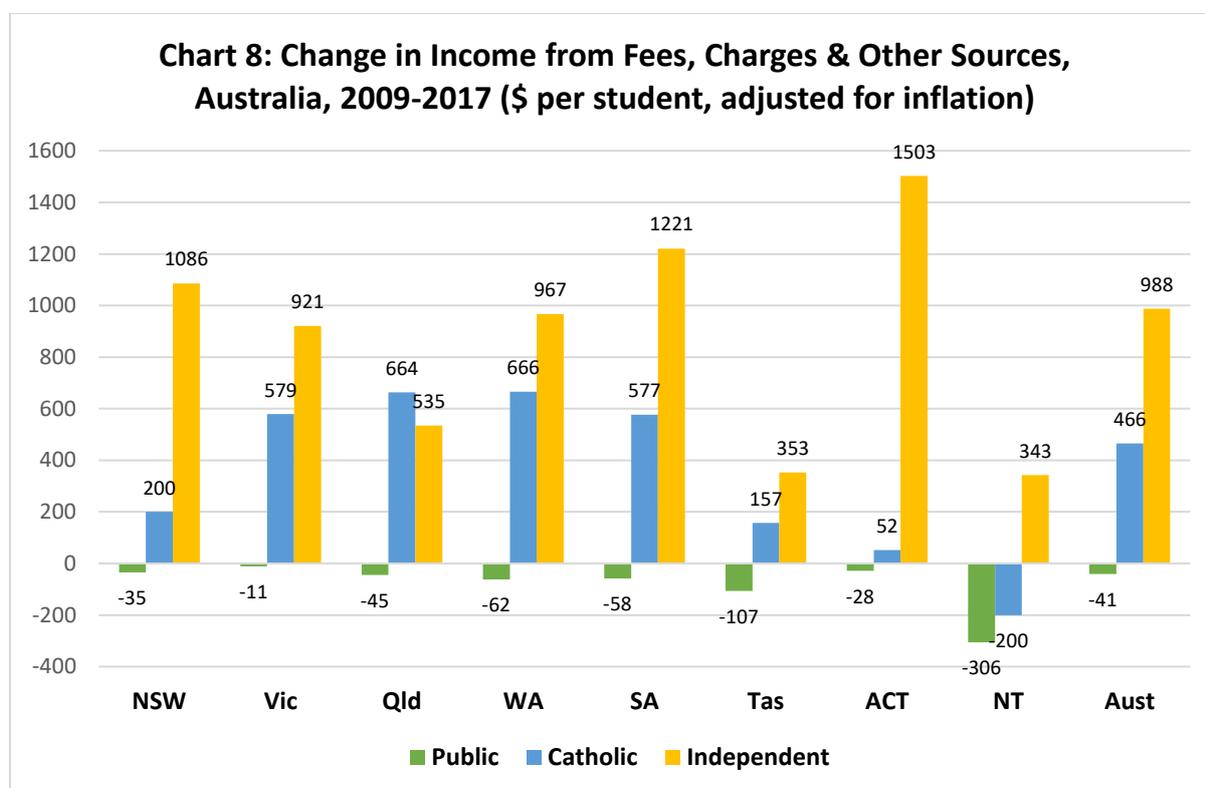
Despite receiving large increases in real government funding per student, private schools in nearly all states also increased their income from fees, charges and other income by much more than necessary to cover cost increases [Chart 8]. The ability of private schools to draw on this source of

income provides a significant means to increase human and material resources and has contributed to the widening resource gap between public and private schools.

The real increases in Independent schools were very large in most states. The largest increase was \$1,503 (18.1%) per student in the ACT. Other large increases occurred in NSW (\$1,086; 11.1%), Victoria (\$921; 8.1%), Western Australia (\$967; 12.9%) and South Australia (\$1,221; 18.7%).

Catholic schools also increased income from fees, charges and other sources by more than costs in all states except the Northern Territory. Large increases in real income from these sources occurred in Victoria (\$579; 19.3%), Queensland (\$664; 21.9%), Western Australia (\$666; 20.9%) and South Australia (\$577; 15.4%).

In contrast, income from fees, charges and other sources failed to keep pace with rising costs in public schools. It fell in real terms in every state between 2009 and 2017, most significantly in Tasmania (-\$107 per student; -20.4%) and the Northern Territory (-\$306; -40.1%).



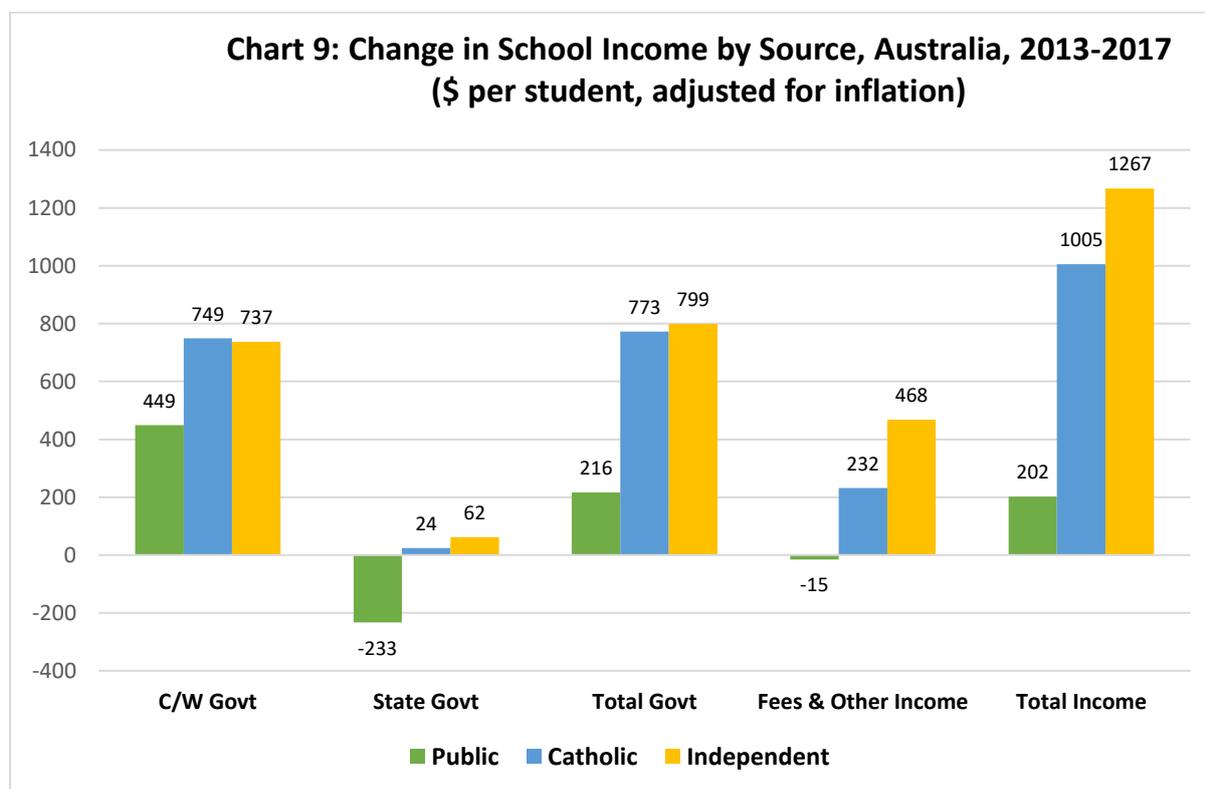
## 6. Total income of schools 2013 to 2017

### 6.1 Australia

Between 2013 and 2017, the so-called Gonski funding period, the increase in the income per student in Catholic and Independent schools increased by five and six times that for public schools. The real total income per student in public schools increased by only \$202 per student (1.8%) compared to an increase of \$1,005 (8.7%) in Catholic schools and \$1,267 (7.8%) in Independent schools [Chart 9].

As a result, the resource disparity between public and private schools has widened since 2013. In 2017, total real income per student in Catholic schools was 12% higher than in public schools compared to 5% higher in 2013. The total income per student in Independent schools in 2017 was 57% higher than in public schools compared to 52% in 2013.

The increase in the resource advantage of private schools was due to a significant cut in state government funding for public schools while Commonwealth funding for Catholic and Independent schools increased by much more than for public schools (see below). Real increases in income from fees and donations for Catholic and Independent schools also contributed to the increase in their resource advantage. Fees and donations in Catholic schools increased by \$232 per student (7.4%) and by \$468 per student (4.9%) in Independent schools compared to a fall of \$15 per student (-2.4%) in public schools [Chart 9].

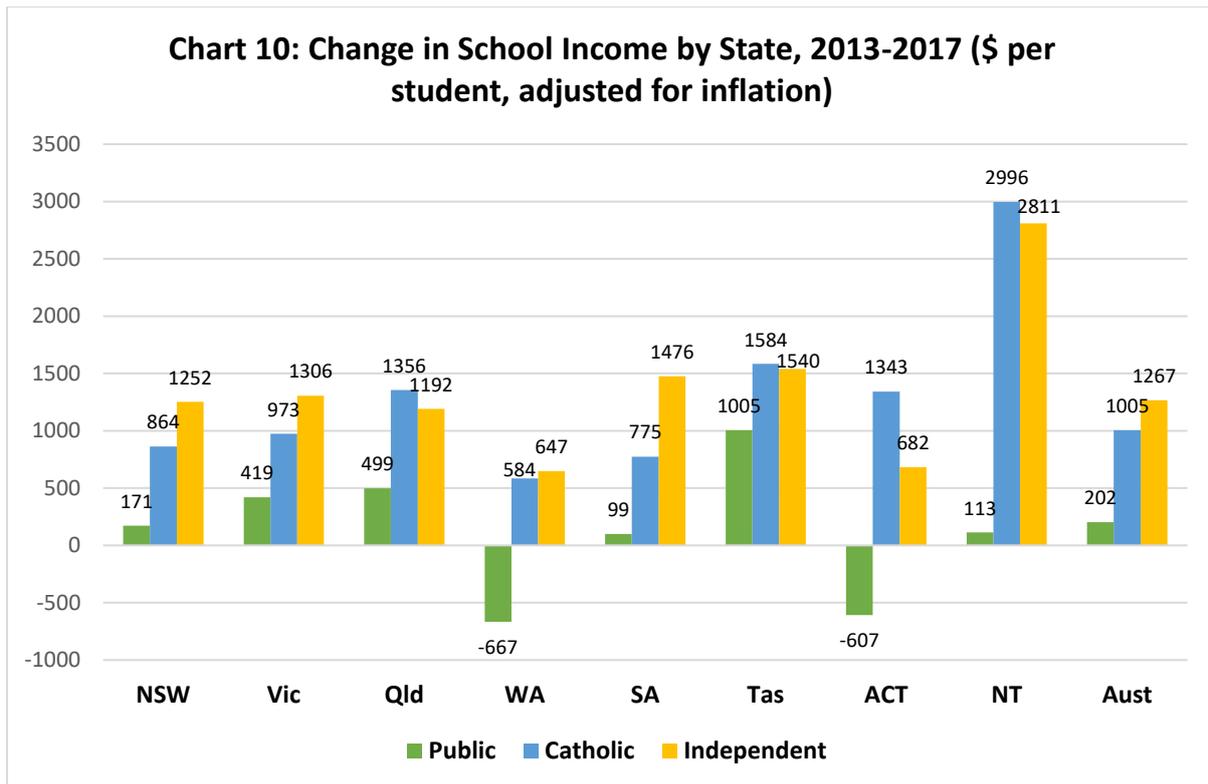


## 6.2 States

Real total income per student in private schools increased in all states between 2013 and 2017 while real income in public schools fell in two states and the increases in the other six states were far less than in private schools [Chart 10].

Real total income of Independent schools increased by over \$1,000 per student in all states except Western Australia and the ACT, the largest increases being in South Australia (\$1,476; 10.7%), Tasmania (\$1,540; 10.2%) and the Northern Territory (\$2,811; 17.9%) [Chart 4]. The real income of Catholic schools also increased by nearly \$1,000 or more in nearly every state. The largest increases were in Queensland (\$1,356; 11.7%), Tasmania (\$1,584; 14.2%) and the Northern Territory (\$2,996; 18.9%).

In contrast, there were large falls in the real income per student in public schools in Western Australia (-\$667; -5.3%) and the ACT (-\$607; -4.7%). The increases in the other states were less than \$500 per student, except in Tasmania where it increased by \$1,005.



## 7. Government funding 2013 to 2017

### 7.1 Australia

The Gonski funding model was introduced in January 2014. In the four years it operated (2013-17), real total government funding per student in Catholic and Independent schools increased by nearly four times that in public schools. Total government funding for public schools across Australia increased by \$216 per student (2.1%) compared to an increase in Catholic schools of \$773 per student (9.2%) and \$799 per student (11.7%) in Independent schools [Chart 9].

The smaller increase for public schools was due to a smaller increase in Commonwealth funding and a cut in state funding. The Commonwealth funding increase for Catholic and Independent schools was nearly 70% more than for public schools. Commonwealth funding for public schools increased by \$449 per student compared to \$749 per student in Catholic schools and \$737 per student in Independent schools. However, the increase for public schools was higher in percentage terms. Commonwealth funding for public schools increased by 26.2% compared to 11.8% for Catholic and 14.6% for Independent schools.

State governments failed to increase their funding for public schools by more than rising costs. The outcome was a real cut to funding for public schools by an average of \$233 per student (-2.7%). Yet, the states increased their real funding of private schools. State funding of Catholic schools increased by \$23 per student (1.2%) while funding for Independent schools increased by \$62 per student (3.4%).

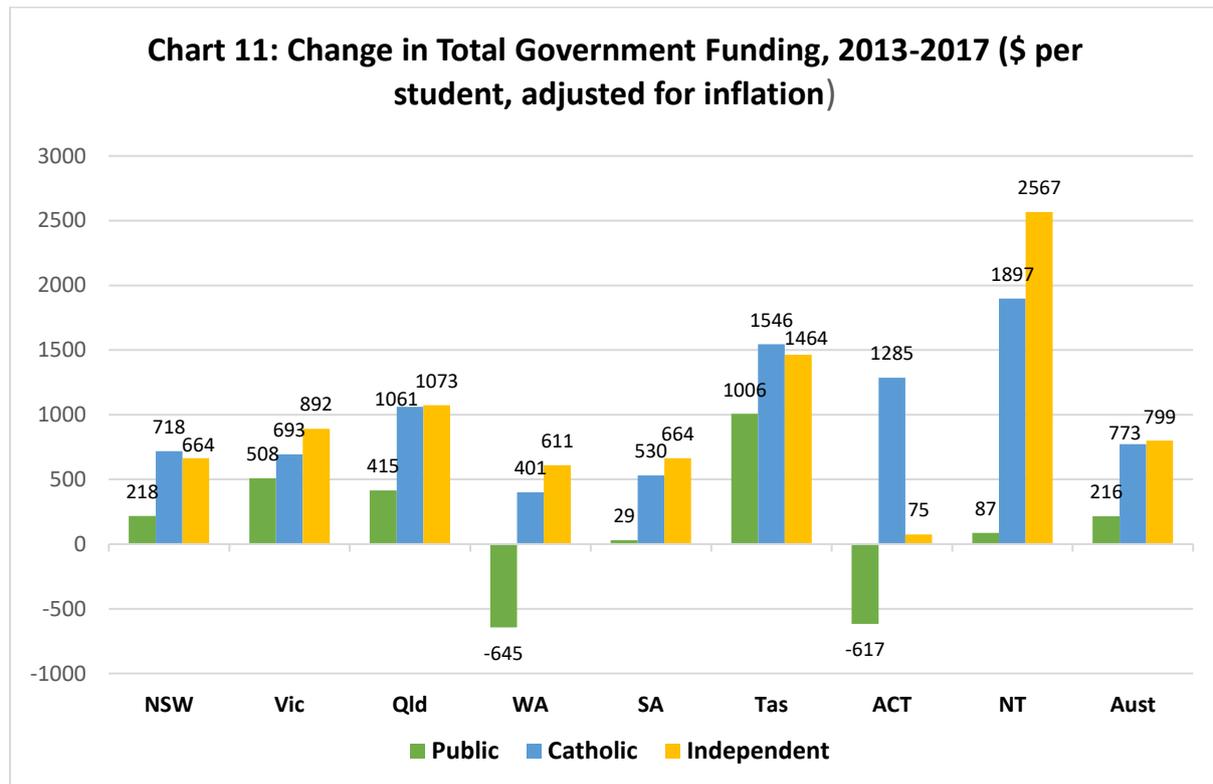
### 7.2 States

Catholic and Independent schools received much larger increases in government funding than public schools between 2013 and 2017 in all states [Chart 11].

Large cuts were made to government funding for public schools in Western Australia and the ACT. Real funding was cut by \$645 per student in Western Australia while funding for Catholic schools

increased by \$401 per student and by \$611 per student in Independent schools. In the ACT, funding for public schools was cut by \$617 per student but increased by \$1,285 per student in Catholic schools and by \$1,464 per student in Independent schools.

Public schools in South Australia and the Northern Territory only received very small funding increases compared to large increases for private schools. The increase for private schools was 20 or more times that for public schools. In NSW, the increase for private schools was three times that for public schools and in Queensland it was over double that in public schools.

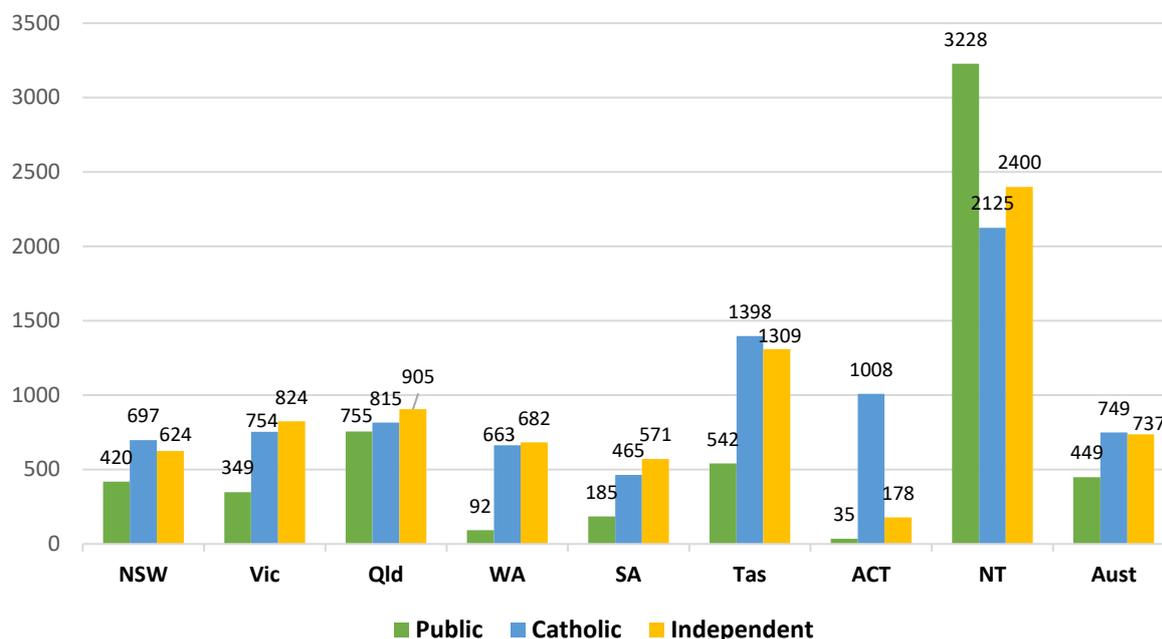


Commonwealth funding of public schools increased in all states, but by varying amounts [Chart 12]. The largest increase was in the Northern Territory (\$3,228 per student, or 115.8%). There were small increases were in Western Australia (\$92 per student, or 5.3%) and the ACT (\$35 per student, or 2%). More substantial increases occurred in several other states such as Victoria and Tasmania.

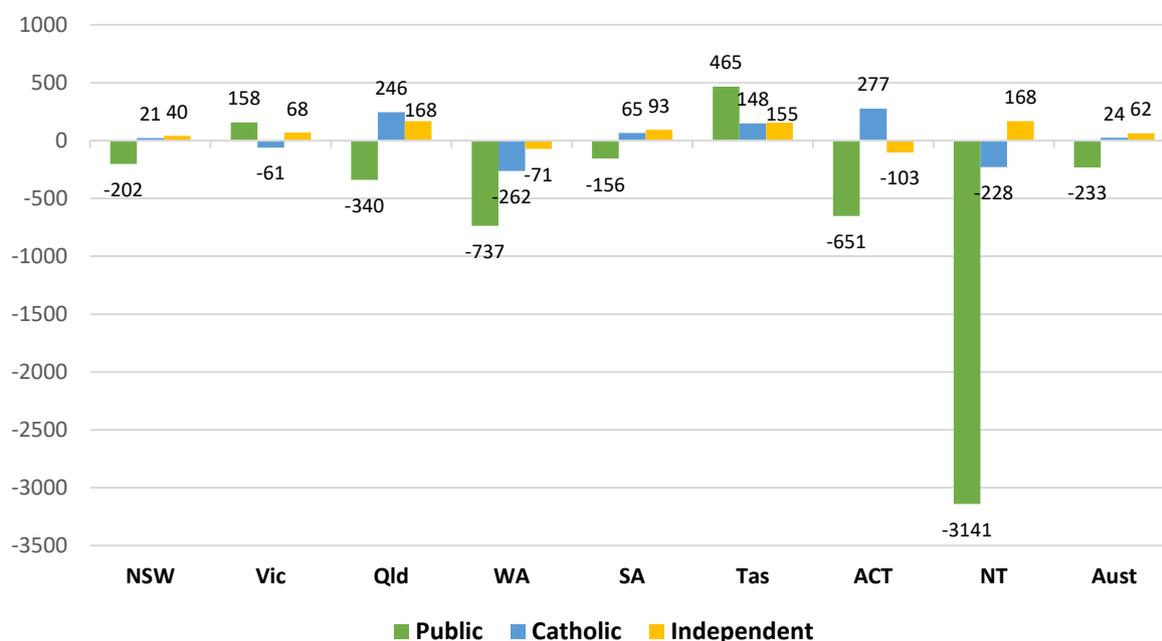
Commonwealth funding increases for Catholic and Independent schools were much larger than for public schools in all states except Queensland, where the increase for Catholic schools was similar to public schools, and the Northern Territory where the increase for public schools exceeded that for private schools.

Six state governments cut funding of public schools during the Gonski funding period [Chart 13]. The largest cuts were made by the Western Australian, ACT and Northern Territory governments - \$737 (-6.9%) per student in Western Australia, \$651 (-6.1%) per student in the ACT and a massive \$3,141 (-23%) in the Northern Territory. Substantial cuts were also made by the NSW, Queensland and South Australian governments - \$202 (-2.4%), \$340 (-3.9%) and \$156 (-1.7%) respectively. In contrast to these cuts, the Victorian Government increased funding for public schools by \$158 per student (2.2%) and the Tasmanian Government increased funding by \$465 per student (5.3%).

**Chart 12: Increase in Commonwealth Funding, 2013-2017 (\$ per student, adjusted for inflation)**



**Chart 13: Change in State Funding, 2013-2017 (\$ per student, adjusted for inflation)**



Five states increased funding for Catholic and six increased funding for Independent schools. In contrast to its significant but in funding for public schools, the NSW Government increased funding for Catholic and Independent schools by small amounts (\$21 and \$40 per student respectively). Similarly, the Queensland Government increased its funding of private schools – Catholic schools by

\$246 per student and \$168 per student in Independent schools – while making a substantial cut to public school funding. The South Australian Government also increased funding for Catholic and Independent schools by small amounts (\$65 & \$93 per student respectively) while cutting funding to public schools. The ACT Government increased funding for Catholic schools by \$277 per student while cutting funding to Independent schools by \$103 per student as well as for public schools. The Northern Territory government increased funding for Independent schools by \$168 per student while cutting funding to Catholic schools by \$228 per student as well as for public schools.

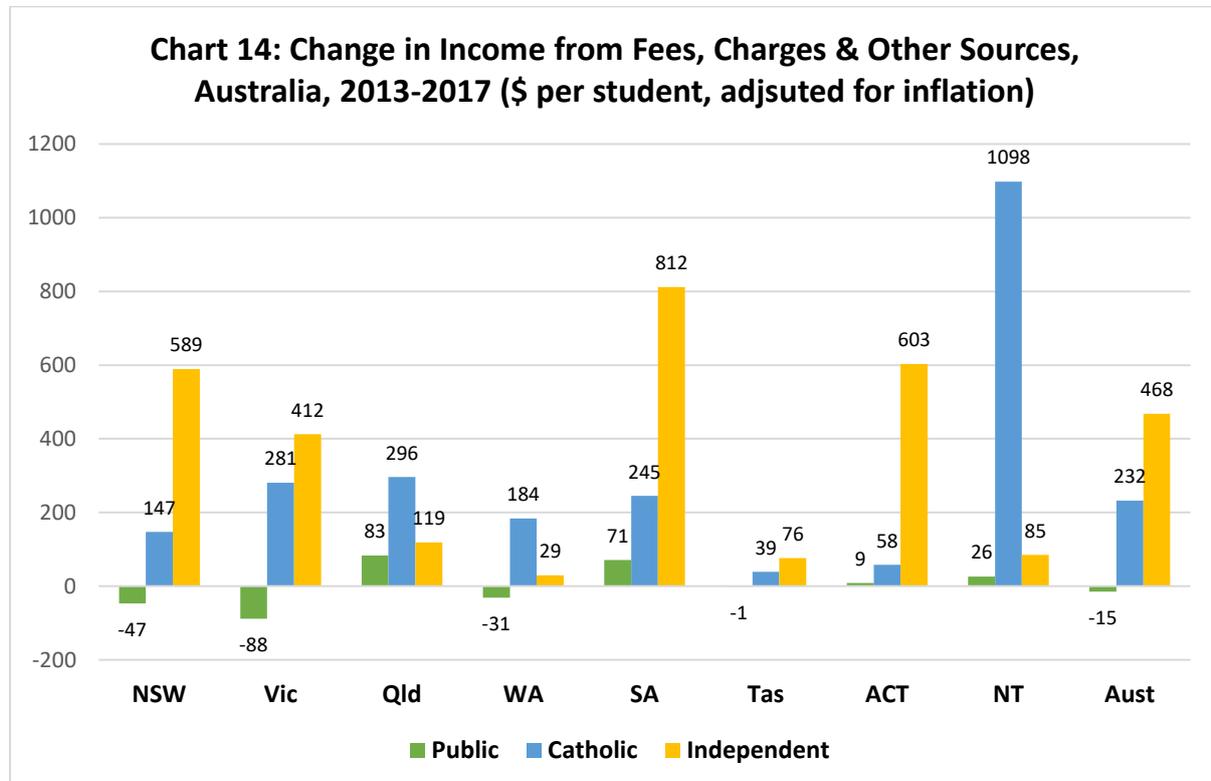
## 8. Change in income from private sources 2013 to 2017

Private schools increased income from fees, charges and other sources by more than cost increases in every state between 2013 and 2017 [Chart 14]. These increases contributed to the widening income disparity between public and private schools over the period.

The real increases in Independent schools were large in four states. The largest increase was \$812 (11.7%) per student in South Australia. Other large increases were in NSW (\$589; 5.7%), Victoria (\$412; 3.5%) and the ACT (\$603; 6.5%).

Catholic schools also increased income from fees, charges and other sources by more than costs in all states. There was a huge increase in the Northern Territory of \$1,098 (48.8%) per student. Large increases occurred in Victoria (\$281; 8.5%) and Queensland (\$296; 8.7%).

In contrast, income from fees, charges and other sources per student failed to keep pace with rising costs in public schools in four states and the increases in the other states was small. It fell in real terms in NSW (-\$47; -8%); Victoria (-\$88; 9.6%); Western Australia (-\$31; -7%) and Tasmania (-\$1; -0.35). The increases in the other four states ranged from \$9 in the ACT to \$83 in Queensland.



## 9. Public schools will remain under-funded indefinitely while private schools are over-funded

The new school funding figures show that public schools continue to lose out in the funding stakes, despite the introduction of the Gonski funding model in 2014. Real government funding increases since 2009 have massively favoured private schools. During the Gonski funding period, government funding increases for public schools continued to lag far behind those for Catholic and Independent schools.

While Commonwealth funding increases continued to favour private schools, state governments spectacularly failed in their responsibility to adequately support public schools. Even during the Gonski plan years, six of the eight state governments continued to cut real funding for public schools. They were encouraged in this by the Abbott Government's decision not require them to increase funding in line with Commonwealth increases. Remember Christopher Pyne's line as education minister: "it would be up to the states to decide whether they spend their money or not because they are sovereign Governments and should be treated like adults" [[Press Conference – Adelaide, 28 November 2013](#)].

The states have proved to be far from being adults. Both Coalition and Labor state governments took the opportunity of the absence of conditions attached to their funding by the Commonwealth to short-change public schools by billions. Yet, they continued to maintain their real funding of private schools and several significantly increased their funding for private schools while cutting funding for public schools.

Government funding increases since 2009 have been mis-directed to the most advantaged school sectors while the most disadvantaged sector has been starved of the funds needed to address the serious challenges it faces. It is an appalling social injustice and a drag on Australia's economic growth and prosperity.

Disadvantaged students in Australia are two to four years of learning behind their advantaged peers by age 15. The vast majority attend public schools; only a small proportion attend private schools. Figures provided to Senate Estimates by ACARA in 2017 show that 85% of students from the lowest socio-educational advantage (SEA) quartile were enrolled in public schools in 2016 compared to 12% in Catholic schools and only 4% in Independent schools [[Senate Education and Employment Committee, Additional Estimates 2016-2017](#), Answer to Question on Notice No. SQ17-000250]. [ABS data](#) show that in 2017, 84% of all Indigenous students attended government schools while 10% attended Catholic schools and 7% attended Independent schools. Department of Education figures supplied to Senate Estimates show that 81% of remote area students attended public schools in 2016 compared to 13% in Catholic schools and 6% in Independent schools [[Senate Education and Employment Committee, Additional Estimates 2016-2017](#), Answer to Question on Notice No. SQ17-000234]. [Research drawing on My School data](#) shows that 91% of all disadvantaged schools in Australia are public schools.

The Gillard Government made a brave attempt to reduce disadvantage in education through an integrated national school funding model supported by a large increase in funding targeted at need. It was brought undone by delaying the increase in funding for electoral purposes, special deals that continued massive overfunding of private schools and sabotage by the Abbott Government. Then the Turnbull Government abandoned the concept of a national school funding model and reverted to separate funding roles for the Commonwealth and the states. Immediately after taking office, the Morrison Government provided [another special deal worth \\$4.6 billion](#) for private schools over ten years from 2020, including a \$1.2 slush fund outside the funding model.

The prospects for public schools are bleak. Under the new Commonwealth/state funding agreements public schools will be under-funded indefinitely while private schools will be over-funded. Public schools will only ever be funded at 91% of their Schooling Resource Standard (SRS) at best while private schools will be funded at or over 100% from 2023 at the latest.

Under the agreements, the Commonwealth will increase its funding of public schools to 20% of their SRS by 2023. State governments are only due to increase their share to 75% by 2027 (2028 in the case of Victoria, 2032 for Queensland and no time limit for the Northern Territory). However, an accounting trick in all agreements, apart from that for the ACT, allows the states to claim other non-school based expenditure (depreciation, school transport, regulatory agencies) up to 4% of the SRS towards their commitment. This means they only have to increase funding to 71% of the SRS by 2027. Consequently, public schools will only ever be funded at 91% of their SRS at best. The cumulative under-funding to 2027 is [estimated at about \\$60 billion](#).

The Commonwealth has guaranteed that private schools will be funded at 80% of their SRS by 2023. Every state except Victoria and the Northern Territory currently funds private schools at over 20% of their SRS and there are caveats in the agreements (except the ACT) that allows them to continue to be funded at above 20%. Thus, private schools will be funded at over 100% of their SRS by 2023 at the latest and it will very likely continue indefinitely. The additional \$4.6 billion announced by the Morrison Government to apply from 2020 will ensure that private schools are even more over-funded in the future.

Moreover, Catholic and Independent schools can continue to supplement increases in government funding with increases in fees, charges and donations in excess of rising costs to extend their resource advantage over public schools in the future.

Public education organisations must to continue to advocate for a nationally integrated funding model directed at reducing disadvantage in education, ending special deals and over-funding of private schools, and boosting funding for public schools. An immediate priority is to pressure state governments to commit to funding public schools at 80% of their SRS by 2023 and reduce their over-funding of private schools.

## Attachment A: Data sources and methodology

Data on school income and government funding in current dollars for 2009 to 2017 is published by ACARA on its [National Report on Schooling data portal](#).

### Adjustment for rising costs

The current dollar income and funding figures have been adjusted for rising costs by a combined index of the [Wage Price Index \(WPI\)](#) for private and public education and training and the [Consumer Price Index \(CPI\)](#) published by the Australian Bureau of Statistics.

According to the Commonwealth Department of Education and Training [[Submission to the Senate Select Committee into the Australian Education Amendment Bill 2017](#), May 2017, p. 13] historical school education expenditure shows that wages comprise 70-74% of private school operating costs and approximately 80% of public school operating costs. Following this, a composite index of 70%WPI and 30%CPI is used here to adjust private school income and funding figures for rising costs. However, the public school percentage is under-estimated because it is based on official figures that include user cost of capital, depreciation, payroll tax and school transport. These items are not included in the total recurrent expenditure for private schools. When adjusted for these items, wages constitute about 85% of total recurrent costs of public schools. A composite index of 85%WPI and 15%CPI is used here to adjust the income of public schools for rising costs.

### Gross and net current income

ACARA publishes figures for both gross and net recurrent income for public and private schools. The difference in income per student between public schools and Catholic and Independent schools is less for net income per student. Net income excludes income allocated to current and future capital projects and income allocated to debt servicing. The reason these items are excluded is that private schools must provide for part of their capital expenditure out of current income whereas capital expenditure for public schools is funded separately by government.

However, it is well known that many non-systemic Catholic schools and many Independent schools give high priority to upgrading their capital facilities (multiple sporting ovals, indoor swimming pools, gymnasiums, tennis courts, auditoriums, wellness centres, equestrian centres, etc.) as a way of marketing their school and attracting enrolments. Indeed, many have referred to this competition as an “arms race”. These lavish facilities provide a considerable advantage for private schools in attracting enrolments from public schools. In contrast, capital expenditure on public schools is confined to providing a base standard of facilities. Governments do not provide funding for multiple sporting ovals, indoor swimming pools, gymnasiums, tennis courts, auditoriums, wellness centres and equestrian centres in public schools.

While private schools are prohibited from using recurrent funding for capital purposes, increasing recurrent government funding allows private schools to reduce the proportion of income from fees and donations devoted to staff and other recurrent costs and direct more of this income to capital projects. Exclusion of recurrent income allocated to plush, over-standard school facilities from income comparisons of schools reduces the apparent funding advantage of Catholic and Independent schools over public schools, even though expenditure of this income provides a significant advantage for these private schools.

The total income of Catholic and Independent schools is also under-estimated by the exclusion of several items from the figures. While the total income of public and private schools includes notional allocations for various central administration costs, a number of other items are excluded which are of considerable financial benefit to private schools such as the cost of tax deductible donations, the

cost of Australian and state government administration of private school funding and the cost of private school regulation by state governments.

Most private schools offer tax deductibility on contributions to building and library funds set up by the school and allows parents of private school students to reduce the level of personal tax they pay. This cost to government is not included in private school income. The Commonwealth Government administers the large part of government funding of private schools, but the cost of this is not included in private school income whereas the cost of state/territory government administration of public schools is notionally allocated to schools. In addition, the cost of state government services and regulation of private schools, such as school registration and accreditation, are not included as part of their income.

The exclusion of private school own-funding of over-standard school facilities and the exclusion of several Commonwealth and state government costs for administration and services specifically related to private schools means that the current measure of net recurrent income under-estimates the real resources available to private schools compared to public schools. On the other hand, the inclusion of private school own funding of standard facilities in total recurrent income over-estimates the income of private schools compared to public schools. Given these considerations, it is likely that total recurrent income is a reasonably comparable measure of public and private school income. For this reason, gross income is used here to compare the total income of private schools instead of net income.