

# SAVE OUR SCHOOLS

## Education Policy Brief

### Education Ministers Must Renounce Accounting Tricks and Fully Fund Public Schools

Education Ministers meet at the end of this week in the context of ongoing negotiations over a new school funding agreement. The Ministers may not finalise their negotiations at the meeting, but it is important that they agree to three basic principles as the foundation for the new agreements. They are:

- All public schools will be fully funded by 2028;
- The accounting tricks perpetrated in the current agreements that swindle public schools of billions in funding will be abandoned;
- The Commonwealth Government should increase its share of funding public schools.

These simple principles must be agreed on if ministers are serious about delivering a quality public education system for the future. Their adoption would secure the future of funding for public schools and give confidence to principals, teachers and parents for the future of public schools.

#### Full funding for public schools by 2028 at the latest

Fully funding public schools means funding all public schools at 100% of their Schooling Resource Standard (SRS) by 2028. At present, there is no nationally agreed timeline for full funding. Under the current agreements, the Commonwealth has achieved its self-imposed share of 20% while the states have only agreed to achieve 75% by various dates. The state/territory commitments in the current agreements are as follows:

- NSW: 72.65% in 2024 and 75% by 2027;
- Victoria: 70.23% by 2024 and 75% by 2028;
- Queensland: 70.5% by 2024 and 75% by 2032;
- South Australia: 75% in 2024;
- Western Australia: 75% in 2024;
- Tasmania: 74.31% in 2024 and 75% by 2027;
- ACT: 80% in 2024;
- Northern Territory: 59% in 2024 and no date for 75%.

This leaves a funding shortfall of 5%, to which must be added the accounting tricks that allow the states to effectively underfund public schools by another 4% or more. Public schools in all jurisdictions except the ACT will only be funded at 95% of their SRS by various future dates. There is a missing 5% in state commitments and NSW, Victoria, Queensland and Tasmania are below their 75% target at present. The Commonwealth and the states must commit to fully funding public schools at 100% of their SRS by 2028 at the latest. In contrast, private schools in all jurisdictions except the Northern Territory are funded at over 100% of their SRS in 2024.

[The new agreement](#) between the Albanese and Western Australian Governments makes some progress. The Commonwealth will increase its share by 2.5 percentage points to 22.5% and the Western Australian Government will increase its target share to 77.5%. Under this agreement, public schools are supposed to be funded at 100% of their SRS by 2026.

However, all the current agreements, apart from the ACT, and the new Western Australian agreement are compromised by accounting tricks introduced up by the Morrison Government and the states in 2018-19 (see below). They condemn public schools to ongoing under-funding.

### **End the accounting tricks**

Public schools have lost billions in funding over the last six years because of accounting tricks conjured up between the Morrison and state/territory governments in bilateral funding agreements. They have lost about \$13 billion over the six years from 2019 to 2024.

Under the agreements, all states except the ACT can claim as part of their SRS share for public schools some expenditures that are specifically excluded from how the SRS is officially measured. Two types of non-SRS expenditures can be claimed for public school:

- Up to 4% of the total SRS for school transport, capital depreciation and for pre-school in Western Australia and early childhood in the Northern Territory;
- Expenditures by regulatory authorities such as curriculum and standards bodies, but not for NSW;

These provisions do not apply to state funding of private schools. Yet, state governments provide school transport for private school students and their curriculum and standards regulations apply to private schools as well as public schools. As a result, private schools receive their full funding entitlement from state governments but public schools do not. It is another example of how the current school funding system is heavily biased against public schools.

Annual reviews of state compliance on their funding contributions by the [National Schools Resourcing Board](#) show that the eligible jurisdictions are claiming the 4% allowance and expenditure on regulatory functions.

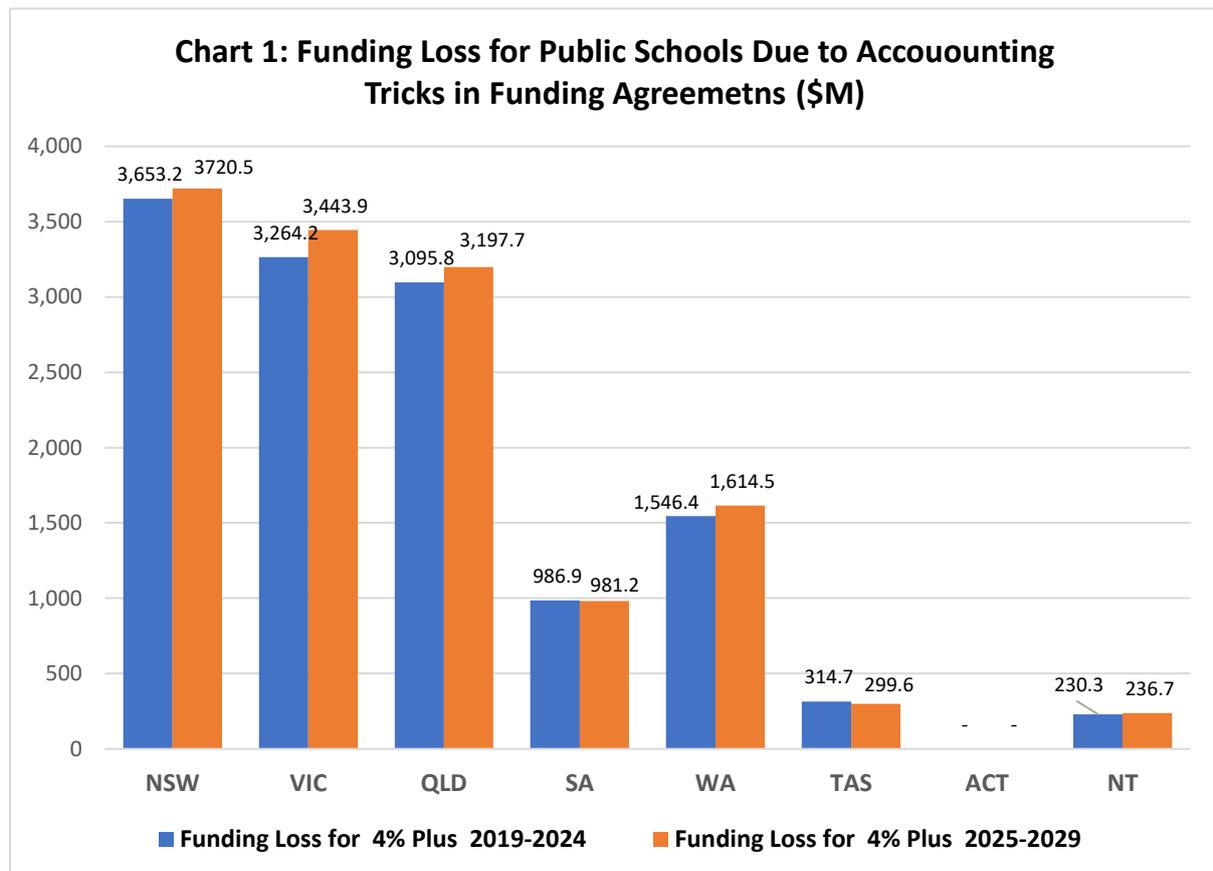
These provisions allow the states and the Northern Territory to reduce the actual funding necessary to meet their annual target funding shares by substituting non-SRS expenditures. As a result, public schools were defrauded by over \$3 billion in NSW, Victoria and Queensland [Chart 1]. Public schools in Western Australia were denied \$1.5 billion and those in South Australia nearly \$1 billion with lesser amounts in Tasmania and the Northern Territory.

Regrettably, the new school funding agreement between the Albanese and Western Australian Governments has set a precedent for the other agreements being negotiated. It signals the continuation of accounting tricks that will defraud public schools of billions in funding over the next five years. It will mean that public schools in NSW, Victoria, Queensland and Western Australia will lose even more funding while those in South Australia, Tasmania and the Northern Territory will lose almost as much as under the previous agreements. If these arrangements continue, public schools will lose another \$13.3 billion over 2025 to 2029.

In total, public schools will have lost over \$26 billion in funding over eleven years from 2019-2029 inclusive as a result of the collusion between the Morrison Government and the states and its continuation in the new agreements. It is outrageous that Labor Governments around the country are prepared to prolong the swindle.

In Opposition, Federal Labor promised to end these accounting tricks. As Shadow Minister for Education, Tanya Plibersek promised that a Labor Government would end the [“accounting tricks”](#) that allowed the states to artificially boost their funding share of the SRS of public schools. Now in government, Labor has broken its promise. [Labor’s Minister for Education, Jason Clare](#), has avoided re-affirming this promise. But these tricks are clearly not justifiable, and indeed the only justification

that the Western Australian Minister for Education has come up with is the school yard excuse that [everyone else does it](#).



**Note:** These estimates are based on data derived from Senate Estimates, the bilateral funding agreements, annual reports of state regulatory agencies and National Schools Resourcing Board annual compliance reports.

It is time to end the swindle, otherwise public schools will lose billions more in funding over the next five years. Education ministers must renounce the swindle and commit to fully funding public schools in new funding agreements being negotiated between the Albanese and state governments.

### **The Commonwealth should play a greater role in funding public schools**

Since 2017, the Commonwealth Government role in funding public schools has been restricted to 20% of their SRS as a result of changes to the funding model introduced by the Turnbull Government. This arbitrary limit followed the rejection of Turnbull’s proposal to transfer all responsibility for funding public schools to the states.

It is gratifying that the Albanese Government has broken with this arbitrary limit on Commonwealth funding of public schools by agreeing to increase its share of funding Western Australian public schools by 2.5% to 22.5%. This is a signal to the other states that the Commonwealth is prepared to increase its role in funding public schools.

While the states have primary constitutional responsibility for education, the national government has a responsibility to ensure that the rights of all citizens to a quality education are upheld. It has a responsibility to ensure that all children, whatever their background and wherever they live, receive an education adequate to prepare them for full participation in the community as citizens. The joint

role of the Commonwealth and state/territory governments in school education is expressed in national goals of schooling, including improving equity in education.

Certainly, there is a case for the Commonwealth to increase its funding share to 25% to fulfill its national responsibilities for improving school outcome and greater equity in education. However, there is very strong case for a much larger C Commonwealth share of funding public schools in the Northern Territory given its high proportion of Indigenous students and the number of schools in remote and very remote areas.

The Gonski Report emphasised the joint responsibilities of the Commonwealth and the states to ensure that all children receive a quality education and to improve equity across the nation. This means that the relative funding shares have to be negotiated, hopefully in good faith rather than in a cynical game of pass the parcel as is apparent in the co-ordinated response by the states to the new Western Australian agreement. Perhaps it would be wise in future to commission the National Schools Resourcing Board to do an independent public review on the relative Commonwealth and state funding shares for each state/territory. It has proved to be highly unfortunate that such a task was ruled out by the Federal Education Minister in commissioning the expert panel review of the National Schools Reform Agreement.

Accordingly, the Commonwealth Government should take on a greater role in funding public schools to ensure that they are fully funded and not be subject to arbitrary restriction of its role. The extent of its role could vary over time and between jurisdictions in supporting greater equity in education.

## **Conclusion**

The future of public education in Australia is at stake in coming months. Education ministers meeting this week must assure its future as a quality education system serving all students whatever their background. Governments have been failing in their responsibilities for several decades. Massive under-funding of public schools is a major factor contributing to the large proportion of low socio-economic status (SES), Indigenous and remote area students not achieving national education standards and the large achievement gaps between them and high SES students.

Ministers must seize the moment to make a difference to the lives of disadvantaged students by adopting some simple principles to secure the future funding of public schools. They must agree to fully fund public schools at 100% of their SRS by at least 2028, they must renounce accounting tricks that have swindled public schools of billions of funding in the past and the Commonwealth should agree to play a greater role in the funding of public schools.

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