

SAVE OUR SCHOOLS

Education Policy Comment

Fully Funding Public Schools is Critical for the Albanese Government's Broad Education Agenda

The recent announcement by the Federal Minister for Education, Jason Clare, that the government wants to raise the percentage of young people achieving a tertiary education to 80% points to the huge stakes at issue in the current negotiations between the Federal and state governments on the next school funding agreements. To have any chance of reaching this ambitious goal, the Albanese Government must increase the low rate of Year 12 completion amongst disadvantaged students. This will be impossible if public schools remain underfunded. Fully funding public schools is critical to achieving the Government's goal.

The Government wants to increase the percentage of young people achieving a university education to 55% and those achieving a tertiary education qualification to 80% by 2050. Currently, 60% of young working people have a tertiary qualification of which 45% have a university degree. The [Federal Education Minister, Jason Clare](#), wants more children from poor backgrounds to obtain a tertiary education qualifications to prepare them for employment and a satisfying and fruitful life in a technologically advanced society.

As the education minister has acknowledged, achievement of this goal is wholly dependent on students finishing secondary school:

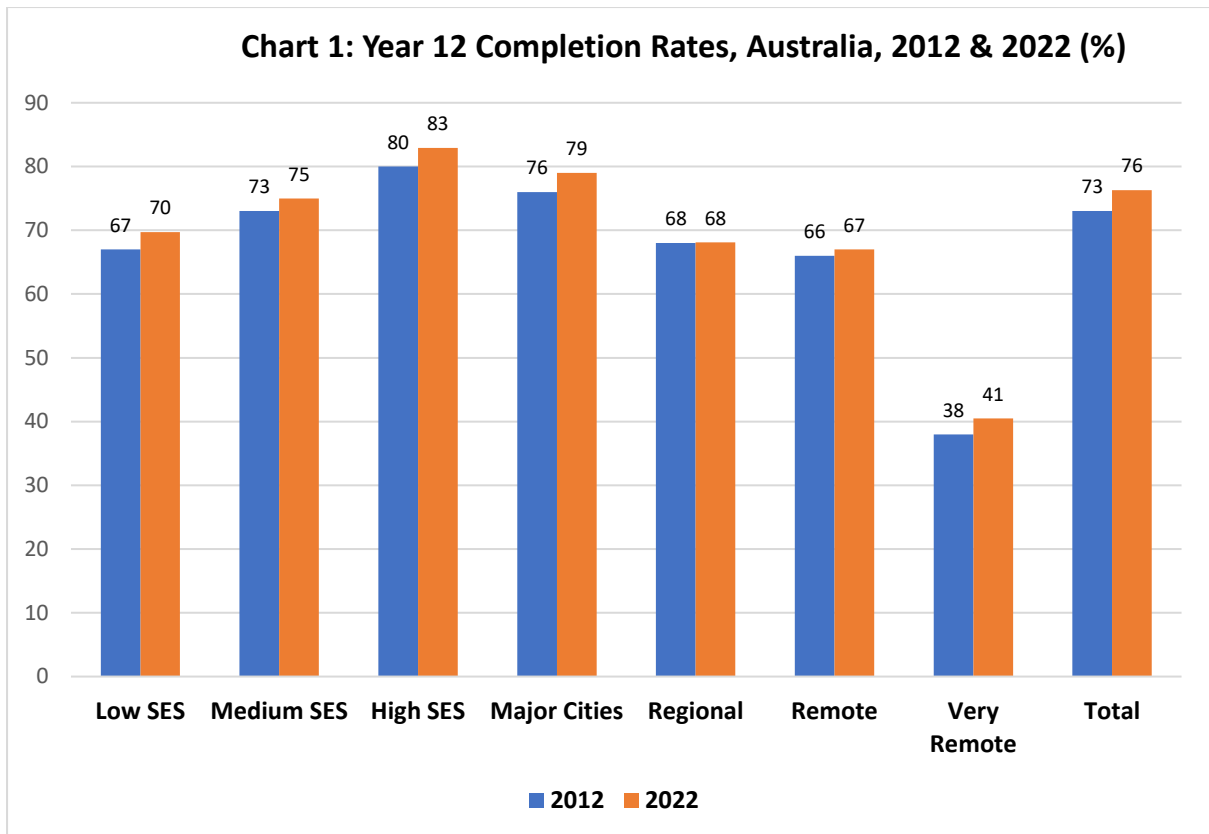
A lot of the young people that we want to make sure get a crack at university and get a crack at TAFE are the kids that aren't finishing high school today, and we've got to change that...

The problem for the Government is that many are not completing Year 12 as the Minister has also acknowledged:

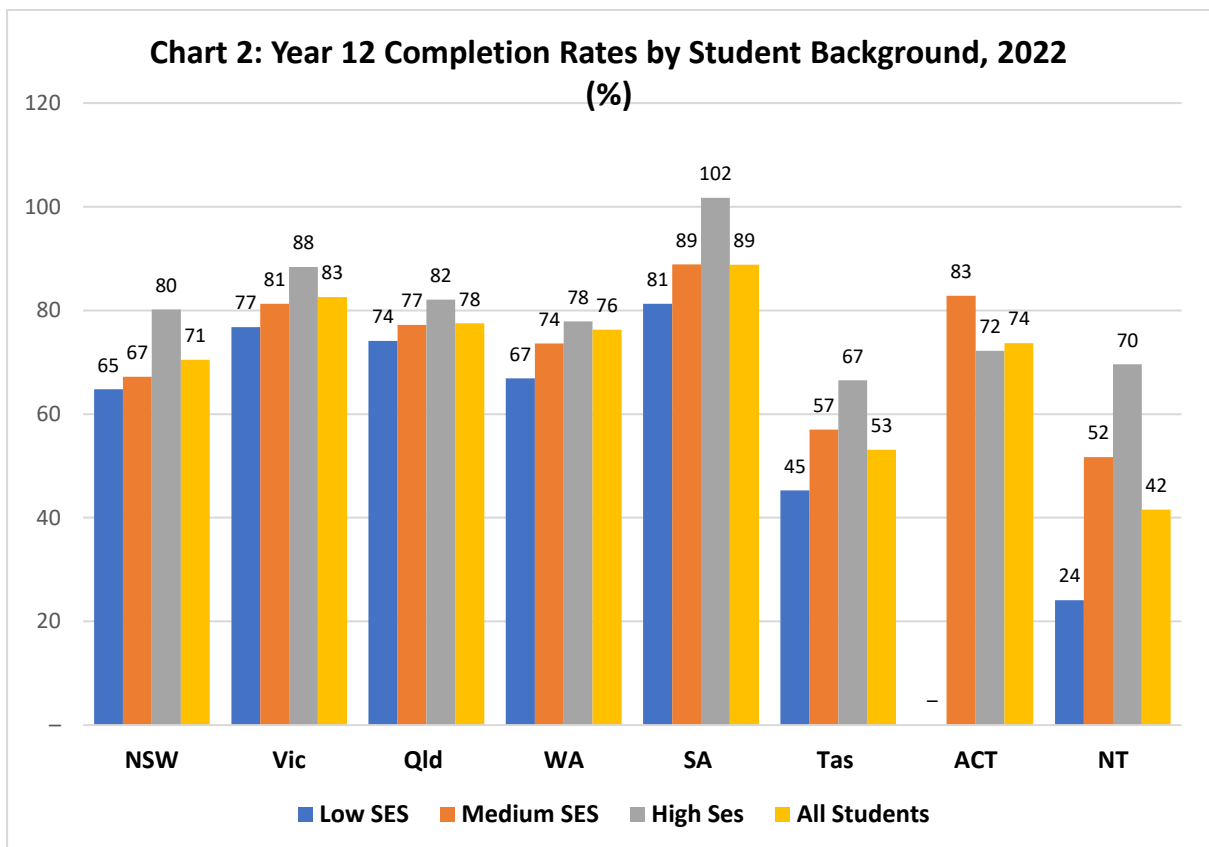
Over the course of the last six or seven years we've seen a drop in the number of kids finishing high school. Not everywhere, but in public schools and amongst poor kids and in the bush. And they're the same kids that are falling behind in primary school. They're the same kids that aren't getting the same opportunities to access early education.

Year 12 completion rates are low across a broad range of the population and there has been minor change over the past decade. In 2022, the latest year for which figures are available, only 76% of the potential Year 12 population achieved a Year 12 certificate or equivalent [Chart 1]. This was only slightly more than the 73% in 2012.

Low socio-economic status (SES), regional and remote area students have relatively low rates of Year 12 completion and students in very remote areas have very low rates. Only 70% of students from low SES families completed Year 12 compared to 83% of high SEs students. Nearly 80% of students in major cities completed Year 12 compared to 68% in regional areas and 67% in remote areas. Only 41% of students in very remote areas attained a Year 12 certificate. There have been only small increases since 2012.



Source: Report on Government Services 204, 2022.



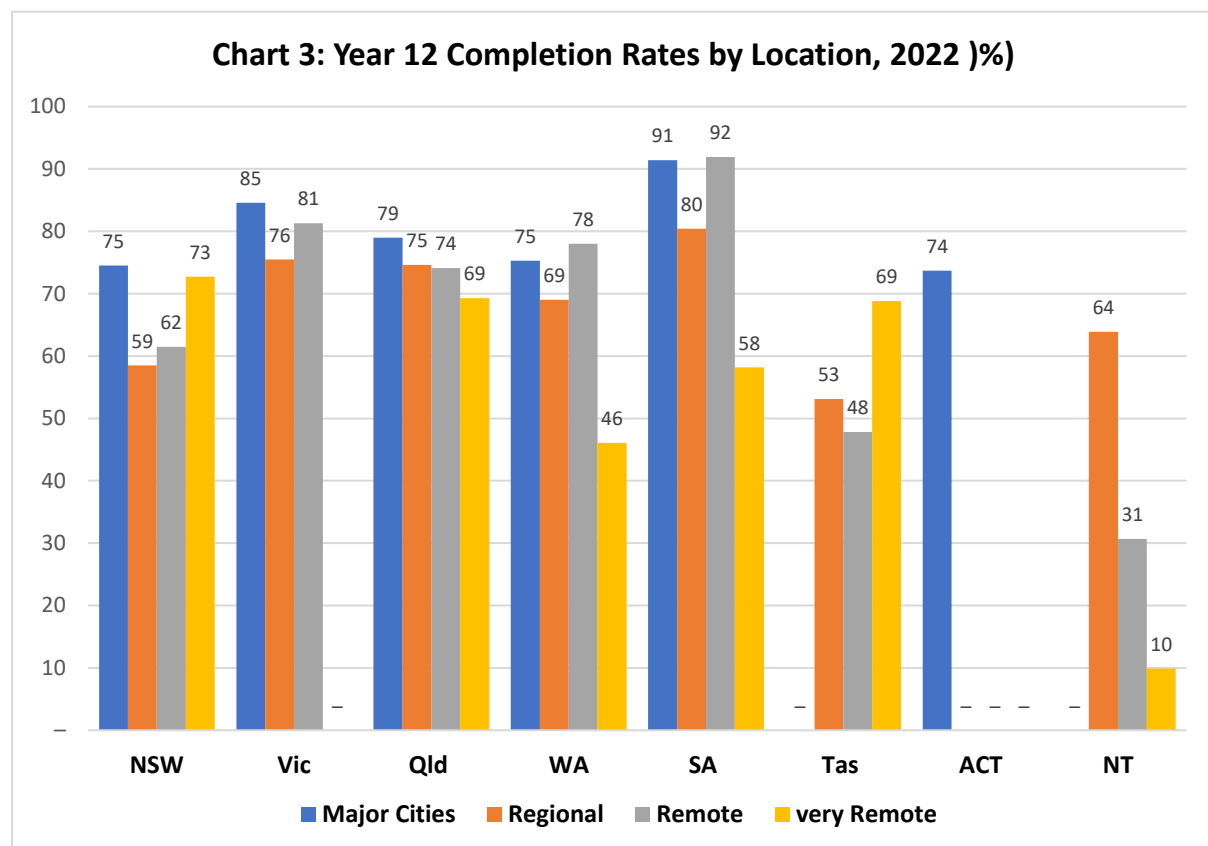
Source: Report on Government Services 204, 2022.

However, there has been a decline in completion rates amongst more disadvantaged students in recent years. Year 12 completion by low SES students fell from 76% in 2017 to 70% in 2022 while that for regional students fell from 75% to 68% and that for remote areas fell from 74% to 67%. The completion rate for high SES students remained the same in 2002 as in 2017 at 83%.

There is considerable variation across the states in the percentage completing Year 12. Only 42% of the eligible population in the Northern Territory completed Year 12 in 2022 and only 53% in Tasmania [Chart 2]. In NSW, 71% did so compared with 83% in Victoria and 89% in South Australia.

Low SES students have significantly lower Year 12 completion rates than higher SES students across all states. Only 24% of low SES students completed Year 12 in the Northern Territory and 45% in Tasmania. About two-thirds completed Year 12 in NSW and Western Australia while three-quarters did so in Victoria and Queensland. The highest completion rate for low SES students was 81% in South Australia. In contrast, 80% or more of high SES students completed Year 12 in most states.

There is also significant variation across the states in the proportion of students in the major cities, regional, remote and very remote areas who complete Year 12 [Chart 3]. Much lower proportions of students in regional, remote and very remote areas complete Year 12 than students in the major cities.



Source: Report on Government Services 204, 2022.

Current and future governments face a major challenge to meet the tertiary education targets in terms of both the aggregate figures and the large differences between states, student background and location. Currently, there is a gap of 16 percentage points between the average of those who complete Year 12 and those who achieve a tertiary education qualification (76% and 60% respectively). This suggests that achievement of the Government's 80% tertiary education target will

require an average Year 12 completion rates of at least 95% across all states, regions and student backgrounds. Clearly, this is a long way off.

The charts above collectively show that the increases in qualifications attained need to come from students from defined demographic groups, students from low and middle SES backgrounds, and students from the regional and remote areas. As the [Federal Education Minister says](#):

...if we're going to get that 80 per cent target and that 55 per cent target, then we need more people from the outer suburbs, more people from the regions and, in particular, more people from poorer families to get a crack at university.

These groups are overwhelmingly enrolled in public schools. However, it is a major problem that public schools are massively underfunded to begin the task of increasing the percentage of students who complete Year 12. Official figures claim that public schools are currently funded at 92% of their Schooling Resource Standard (SRS). However, this is very misleading because it fails to allow for accounting tricks in the [current funding agreements](#) that have swindled public schools of over \$13 billion in funding since 2018.

Public schools are swindled because the agreements allow all states except the ACT to claim expenditures specifically excluded from how the SRS is measured as part of their share of funding the SRS of public schools. They can claim two types of non-SRS expenditures:

- Up to 4% of the total SRS for school transport, capital depreciation as well as pre-school in Western Australia and early childhood education in the Northern Territory;
- Expenditures by regulatory authorities such as curriculum and standards bodies but not in the Northern Territory. NSW can only claim this as part of its 4% allowance.

The fact is that after adjusting for these accounting tricks, public schools are only funded at 87.6% of their SRS in 2024. This represents a funding shortfall of about \$6.8 billion.

Public schools will lose another \$13 billion over the next five years if these accounting tricks are retained in the new agreements being negotiated between the Federal and state and territory governments. Unfortunately, this seems very likely because they are included in the new in-principle agreements between the Federal and Western Australian and Northern Territory Governments. It sets a precedent for the negotiations with other states. The [Federal Minister for Education, Jason Clare](#), says the special allowances for the states will be retained in the current agreements and negotiated in the next round of agreements that will operate from 2030. So, the swindles will continue for at least another five years despite the promise of his predecessor in Opposition that a future Labor Government would end the ["accounting tricks"](#)

Any claim that public schools are fully funded while the accounting tricks remain in new agreements will be a blatant lie. It is imperative that public schools be genuinely fully funded at 100% of their SRS by 2028 to make a start on increasing the proportion of students who complete Year 12 as a necessary step increasing the proportion of young people with a tertiary education. This is not only a matter of filling the funding gap shown in official government figures. It also means ending the accounting tricks. The Albanese Government must fully fund public schools as a matter of urgency for the benefit of Australia as a whole.

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