

**Education Research Brief**

# **Private School Funding Increase is Six Times the Public School Increase**

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## Key Points

1. Government (Commonwealth and state) funding for private schools increased by over six times that for public schools between 2009-10 and 2018-19:
  - Private school funding increased by \$2,164 per student, adjusted for inflation, compared to \$334 per student for public schools;
  - Government funding of private school increased by 22.4% while funding for public school students increased by only 2.4%.
2. Both the Commonwealth and state government funding changes strongly favoured private schools over public 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:
  - The Commonwealth increase for private schools was \$1,943 per student compared to \$994 per student in public schools;
  - Commonwealth funding increases heavily favoured private schools in every state.
4. State governments took advantage of increased Commonwealth funding to cut their own funding of public schools but increased their funding for private schools despite the large increase in Commonwealth funding.
  - State government funding for public schools was cut by an average of \$660 per student compared to an increase of \$221 per student for private schools.
  - All state governments, both Labor and Liberal-NP, cut funding for public schools by significant amounts between 2009-10 and 2018-19 while providing small increases for private schools.
5. Under the 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 their Schooling Resource Standard (SRS).
  - The cumulative under-funding to 2029 is estimated at \$60 billion.
6. The combination of new special deals for private schools by the Morrison Government and continuing over-funding by several state governments will ensure that private schools will be funded at over 100% of their SRS until at least 2029.
  - The cumulative over-funding to 2029 is estimated at \$6 billion.
7. The chronic underfunding of public schools threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education. Over 80% of disadvantaged students are enrolled in public schools and over 90% of disadvantaged schools are public schools.
8. Increased funding for public schools is fundamental to improved education outcomes for disadvantaged students because it provides the human and material resources needed to make a difference in learning. This is supported by numerous overseas and Australian studies and most recently by a comprehensive analysis of the most rigorous studies of the relationship between school funding and student outcomes.

## Introduction

This paper updates the state of school funding in Australia based on new data published in the [2021 Report on Government Services \(ROGS\)](#). The figures here 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 have no bearing on the classroom and are not included in the published figures for private schools. Consequently, the ROGS over-estimates funding for 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.

Charts detailing changes in funding sources in each state are provided in Attachment A. The data sources are provided in Attachment B.

## Government funding of schools

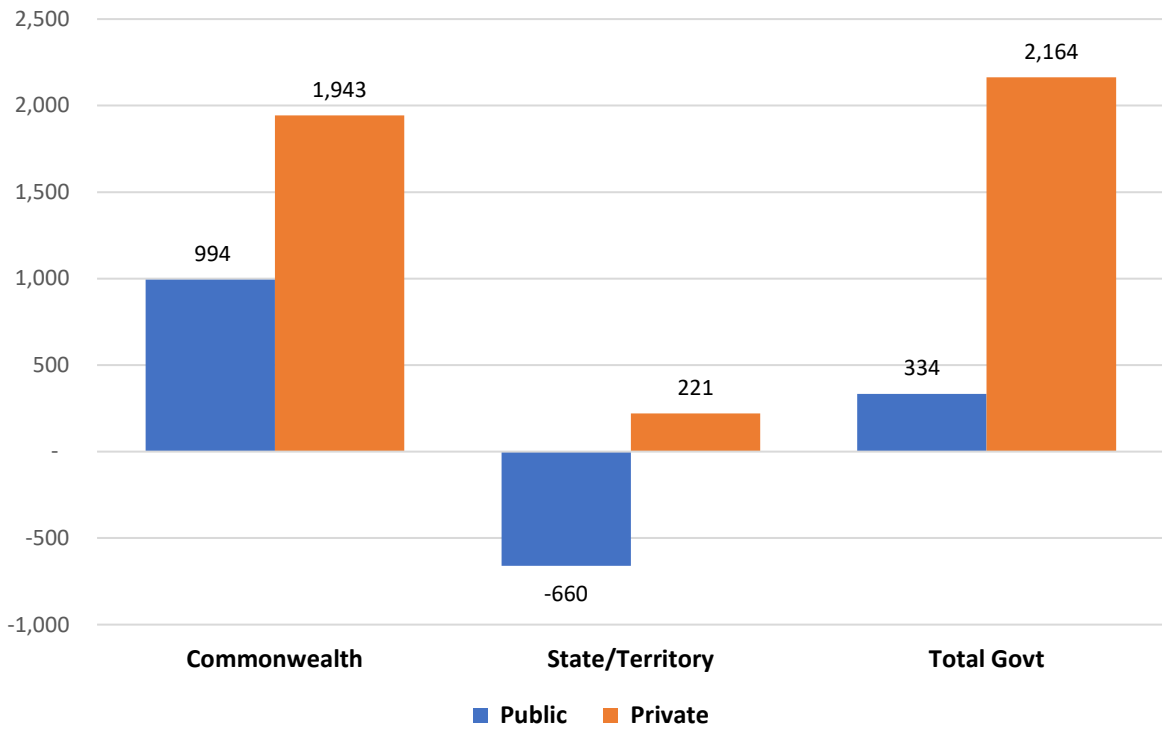
Government funding increases have massively favoured private schools over public schools in recent years. Between 2009-10 and 2018-19, total government funding (Commonwealth and state/territory) for private schools increased by over six times that for public schools. Private school funding increased by \$2,164 per student, adjusted for inflation, compared to \$334 per student for public schools [Chart 1]. In percentage terms, private school funding increased by 22.4% while funding for public school students increased by 2.4%.

State and territory governments (the “states”) took advantage of increased Commonwealth funding to cut their own funding of public schools. Commonwealth funding for public schools increased by \$994 per student (49.1%), but it was partially offset by a reduction in state funding of \$660 per student (-5.4%).

Both the Commonwealth and state funding changes strongly favoured private schools over public schools. The Commonwealth increase for private schools was double that for public schools; \$1,943 compared to \$994 per student, although in percentage terms the increase for public schools was much larger than for private schools because it was from a much lower base; 49.1% and 27.5% respectively. The states increased funding for private schools by \$221 per student (8.5%) while cutting funding for public schools.

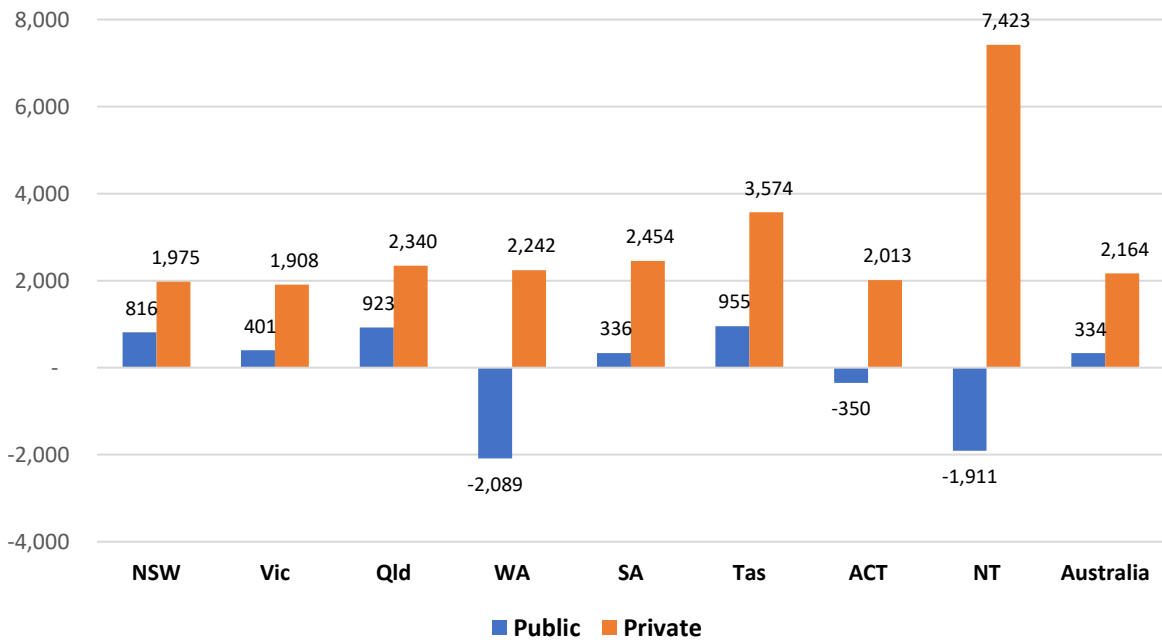
The pattern of much larger funding increases for private schools than public schools across Australia was repeated in all states. Government funding (Commonwealth and state) increases for private schools mostly exceeded \$2,000 per student while funding for public schools was cut in three states and increases in the other five states were much smaller than for private schools [Chart 2]. The increase in funding for private schools in South Australia was seven times that for public schools and in Victoria it was nearly five times. The funding cuts for public schools in Western Australia and the Northern Territory were severe; \$2,089 per student in Western Australia and \$1,911 per student in the Northern Territory. Funding for ACT public schools was also cut by \$350 per student.

**Chart 1: Change in Government Funding by Source, Australia, 2009-10 to 2018-19 (\$ per student adjusted for inflation)**



Source: See Attachment B

**Chart 2: Change in Total Government Funding, Australia & States 2009-10 to 2018-19 (\$ per student adjusted for inflation)**

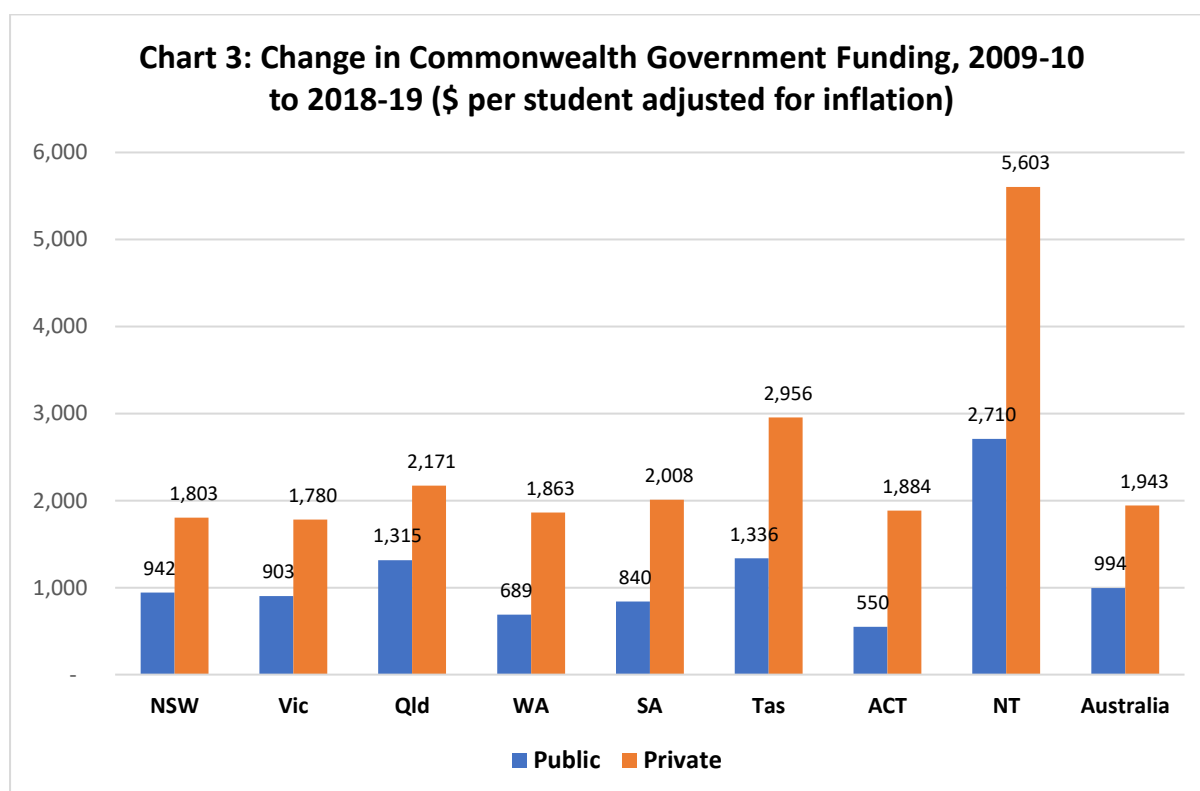


Source: See Attachment B

## Commonwealth Government funding

The Commonwealth Government increased funding for both public and private schools in all states between 2009-10 and 2018-19 but the increases heavily favoured private schools [Chart 3]. The increases for private schools ranged from \$1,780 per student in Victoria to \$5,603 in the Northern Territory while those for public schools ranged from \$550 in the ACT to \$2,710 in the Northern Territory.

The Commonwealth increase for private schools in the ACT was over three times that for public schools - \$1,884 per student compared to \$550. In Western Australia the increase for private schools was nearly three times that for public schools - \$1,863 per student compared to \$689. The increase for private schools in the other states was about double or more of that for public schools.



Source: See Attachment B

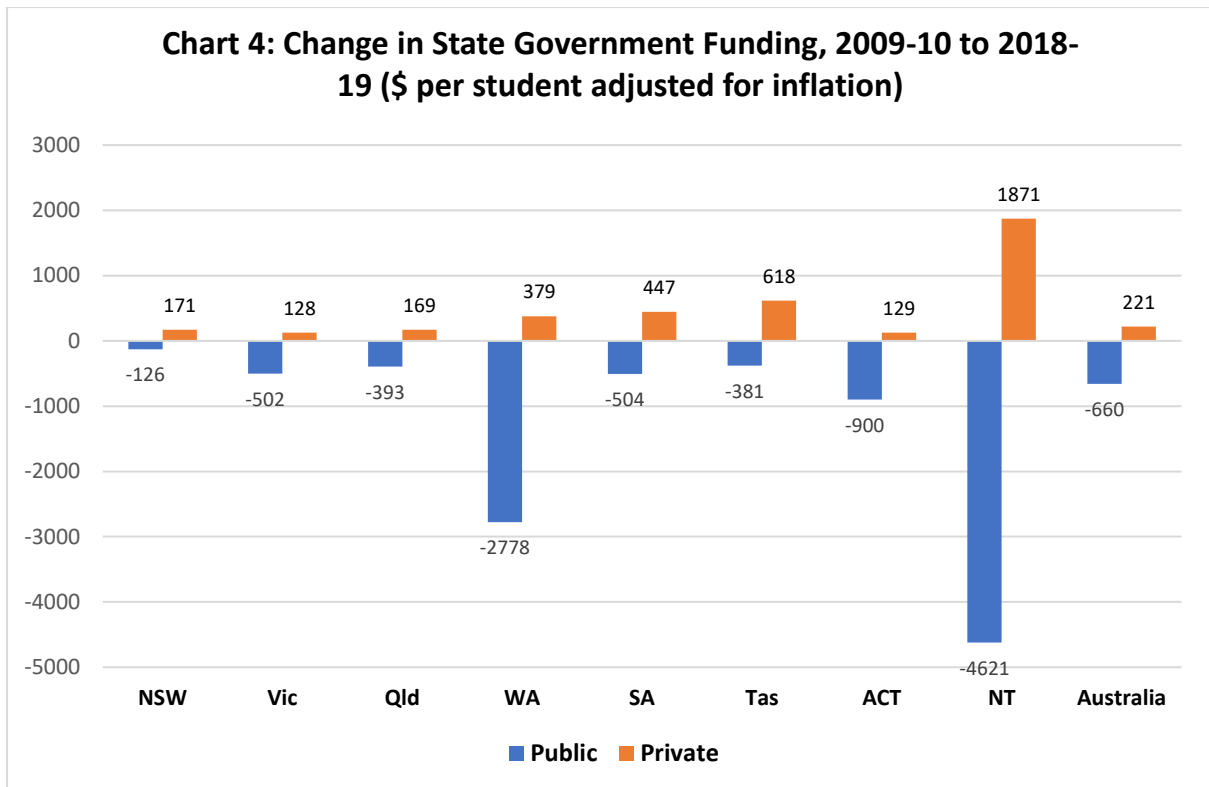
## State government funding

The states have taken the opportunity of increases in Commonwealth funding for public schools to cut their own funding, but they have not taken a similar opportunity to cut their funding of private schools. It seems that state governments also view funding of private schools as sacrosanct.

All state governments cut funding for public schools between 2009-10 and 2018-19, in some cases by very large amounts, while providing small increases for private schools [Chart 4]. State funding for public schools was cut by a massive \$4,621 per student in the Northern Territory, \$2,778 in Western Australia, \$900 in the ACT, \$504 in South Australia, \$502 in Victoria, \$393 in Queensland, \$381 in Tasmania, and \$126 in NSW.

In contrast to their cuts to public school funding, every state increased funding for private schools. The increases ranged from \$128 per student in Victoria to \$1,871 in the Northern Territory.

Further details on the sources of funding changes in each state are shown in Attachment A.



Source: See Attachment B

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

There is little prospect that public schools will be adequately funded over the next decade unless there is a dramatic change in Commonwealth and state government funding policies.

Under the bilateral funding agreements between the Commonwealth and state governments [public schools will be massively under-funded indefinitely](#). Public schools will only be funded at 91% of their SRS by 2029 at best.

The Commonwealth has committed to funding public schools to 20% of their 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. However, the total target share of 95% is a deception. The Morrison Government has allowed all state governments except the ACT to claim other expenditure not included in the calculation of the SRS up to four percentage points of the SRS. Therefore, the states will only ever fund public schools to 71% of the SRS. Consequently, public schools will only ever be funded at 91% of their SRS. Total under-funding from 2021 to 2029 will amount to [nearly \\$60 billion](#).

In contrast, private schools will be funded at [over 100% of their SRS](#) in all states except the Northern Territory from 2022 to 2029 because of over-funding by the Commonwealth and several state governments.

Under the Australian Education Act, the Commonwealth Government is committed to funding private schools to 80% of their SRS by 2023 with the remaining 20% to be funded by state governments. However, the new method of funding private schools introduced by the Morrison Government will increase the Commonwealth share to over 80% from 2022 and schools have until 2029 to adjust to the 80% target. This over-funding will amount to about \$2.4 billion to 2029.

On top of this, the Morrison Government is providing another \$1.2 billion to private schools through its Choice and Accountability Fund which is not available to public schools. This will bring the total over-funding of private schools by the Commonwealth to about \$3.6 billion to 2029.

This over-funding is just the tip of the iceberg because the new method of funding private schools over-estimates the financial need of schools in several ways. It [vastly under-estimates family income](#) by ignoring income provided by grandparents and the 50% of income from capital gains which is non-taxable. It also ignores millions in donations to private schools. As a result, the financial need of schools is over-estimated and schools receive much more Commonwealth funding than warranted.

Commonwealth over-funding of private schools is complemented by state government over-funding. All states except Victoria and the Northern Territory currently fund private schools at over 20% of their SRS. Under the bilateral funding agreements, Tasmania and the ACT will reduce their shares to 20% by 2023 and NSW by 2029. Queensland, South Australia and Western Australia have not committed to reducing their share to 20% in the future. The total over-funding to 2029 [is estimated at \\$2.5 billion](#).

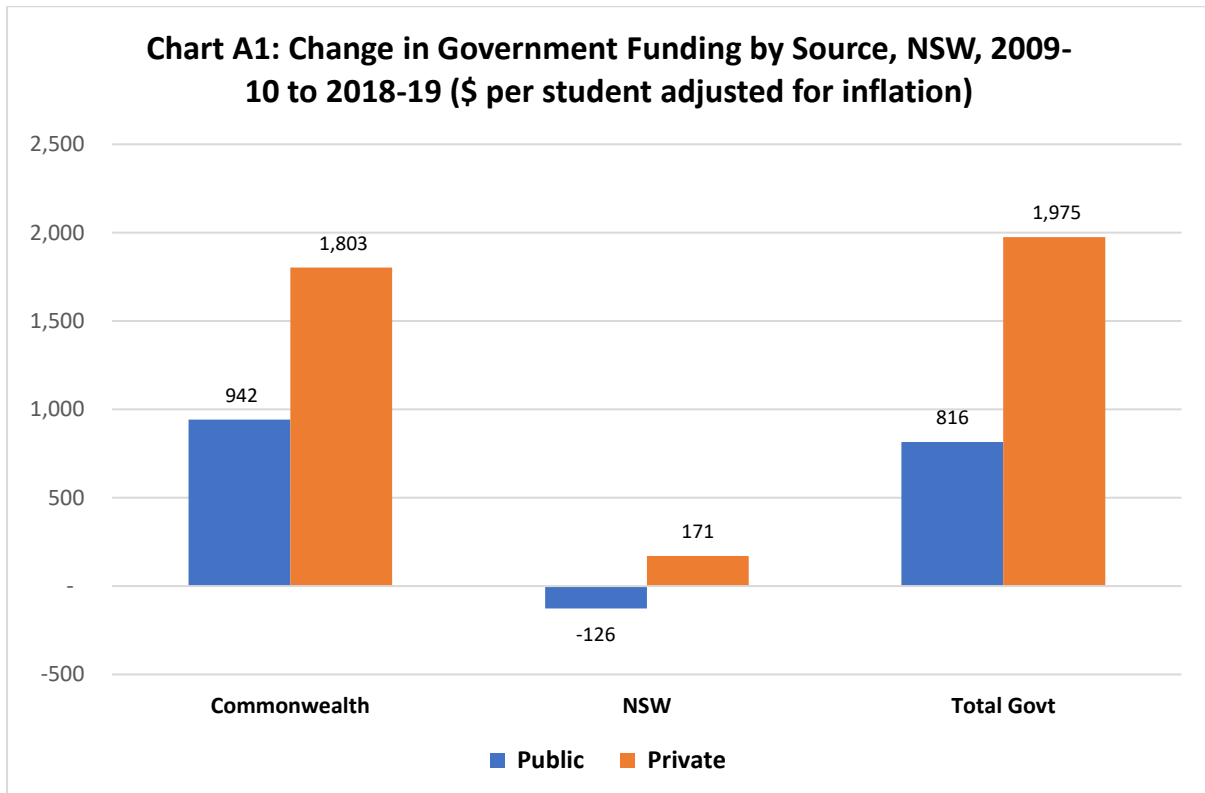
The Gonski funding model aimed to provide a fair national funding system that included a large funding increase for public schools to address educational disadvantage. However, it was shattered by special deals for private schools from the outset, dismembered by successive Coalition Governments with massive new special deals for private schools and shunned by state governments with the connivance of the Morrison Government. As a result, the plan has disintegrated into a grotesquely unfair system that discriminates against public schools and heavily favours private schools.

The chronic underfunding of public schools is a national disaster. Huge increases in funding have flowed to where they have the least effect. The misallocation threatens huge costs to individuals, society and the national economy because it means continuing failure to address disadvantage in education and life. This leads to lower school completion rates, higher unemployment, lower incomes, lower health outcomes and less access to positions of power and influence in society for disadvantaged students. School funding policies thereby contribute to the social reproduction of inequality in our society. It is an appalling social injustice, but it is also a drag on Australia's economic growth and prosperity.

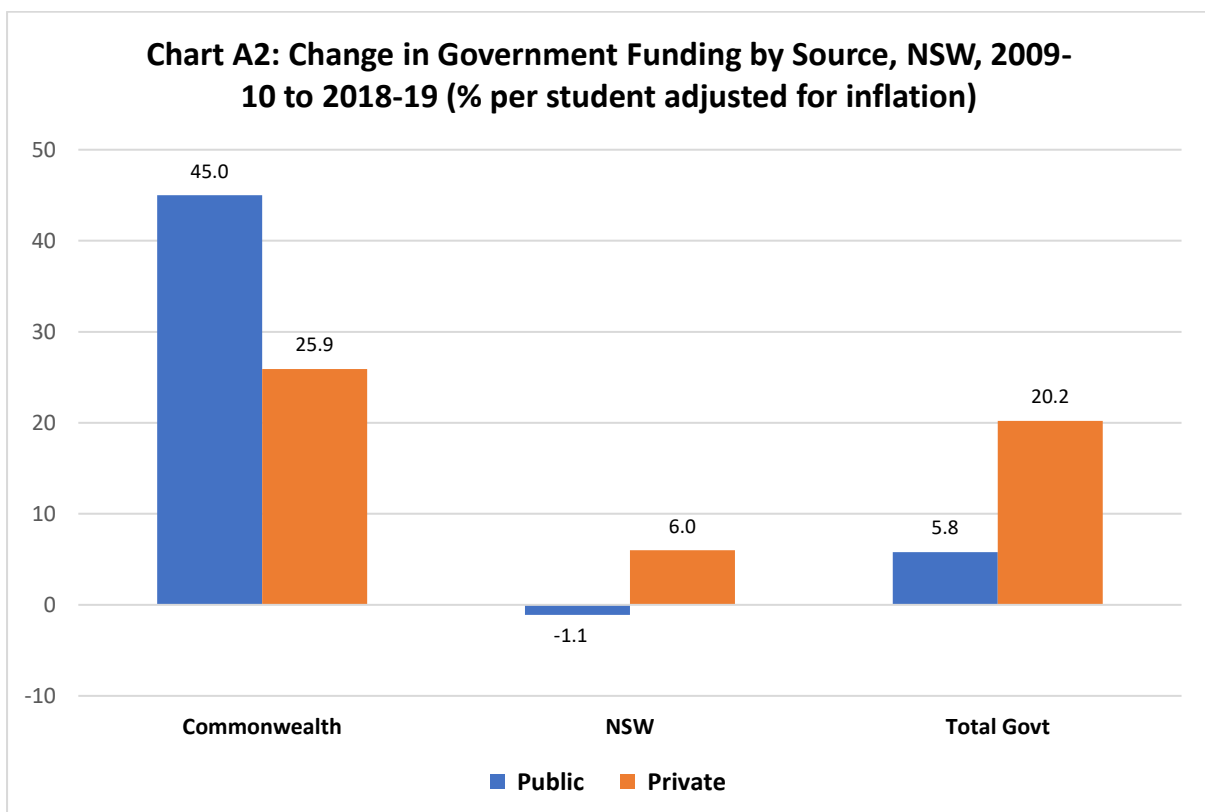
Increased funding for public schools is fundamental to improved education outcomes for disadvantaged students because over 80% are enrolled in public schools and over 90% of disadvantaged schools are public schools. [A recent review](#) of the most rigorous studies of the relationship between school funding and student outcomes since 2000 shows that money does matter in education, especially for disadvantaged students.

## Attachment A:

### NSW



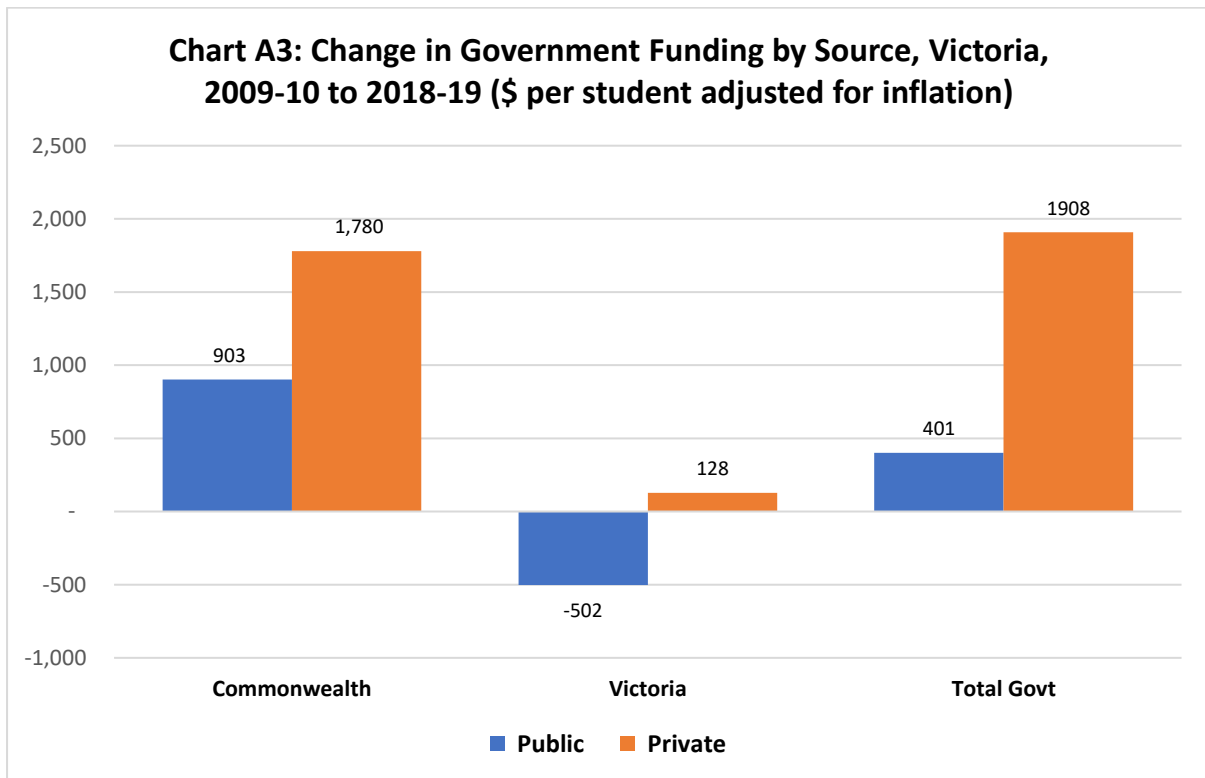
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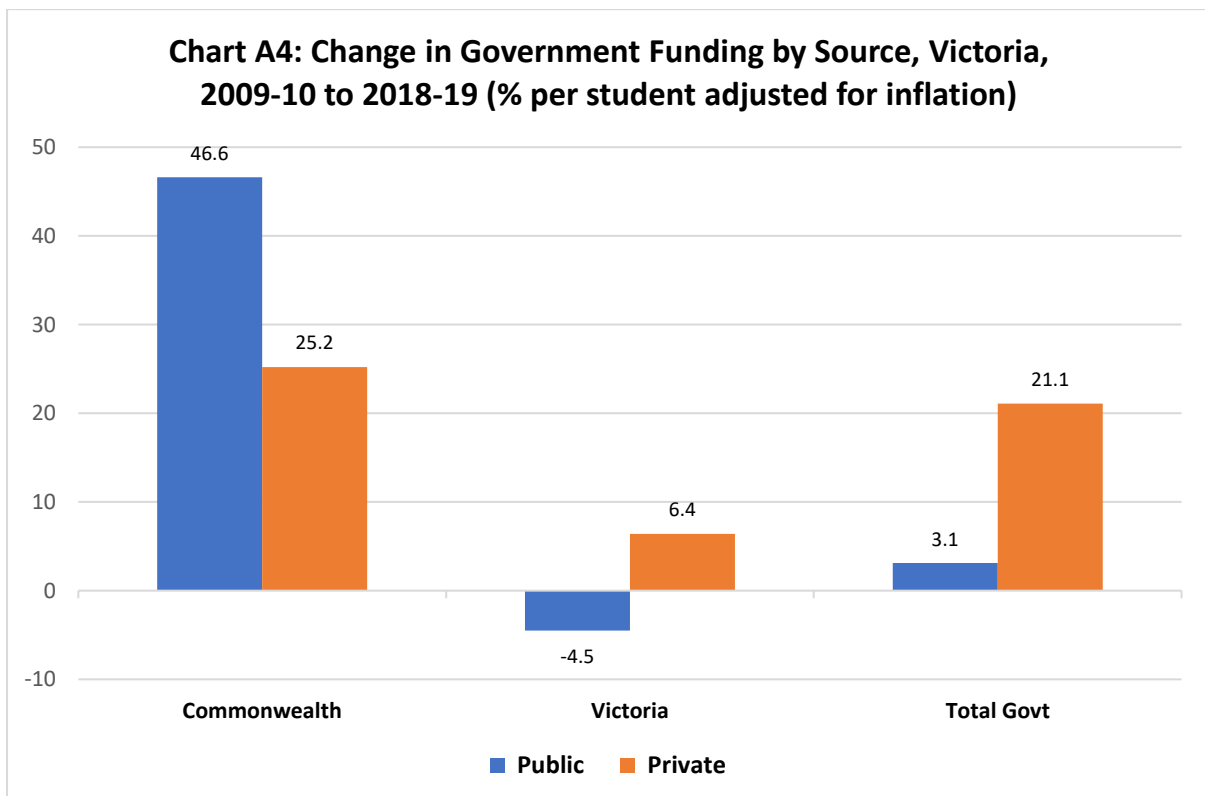
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## Victoria

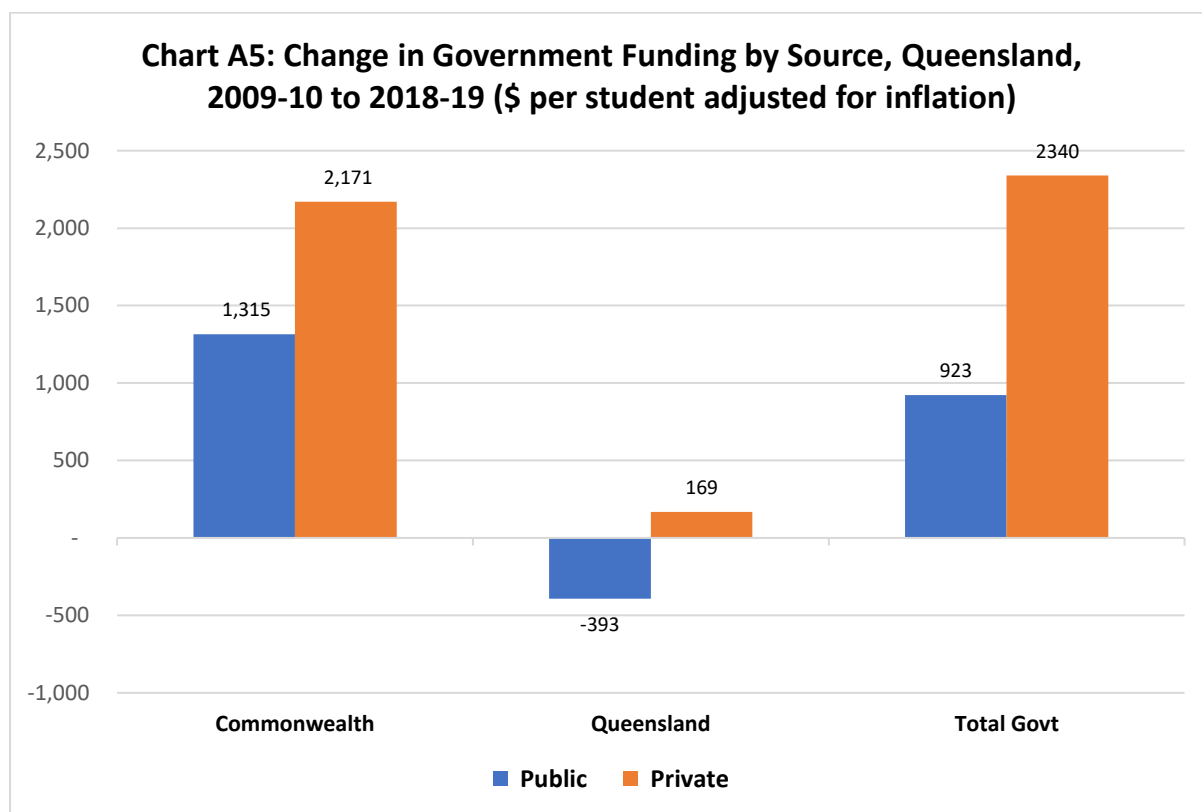


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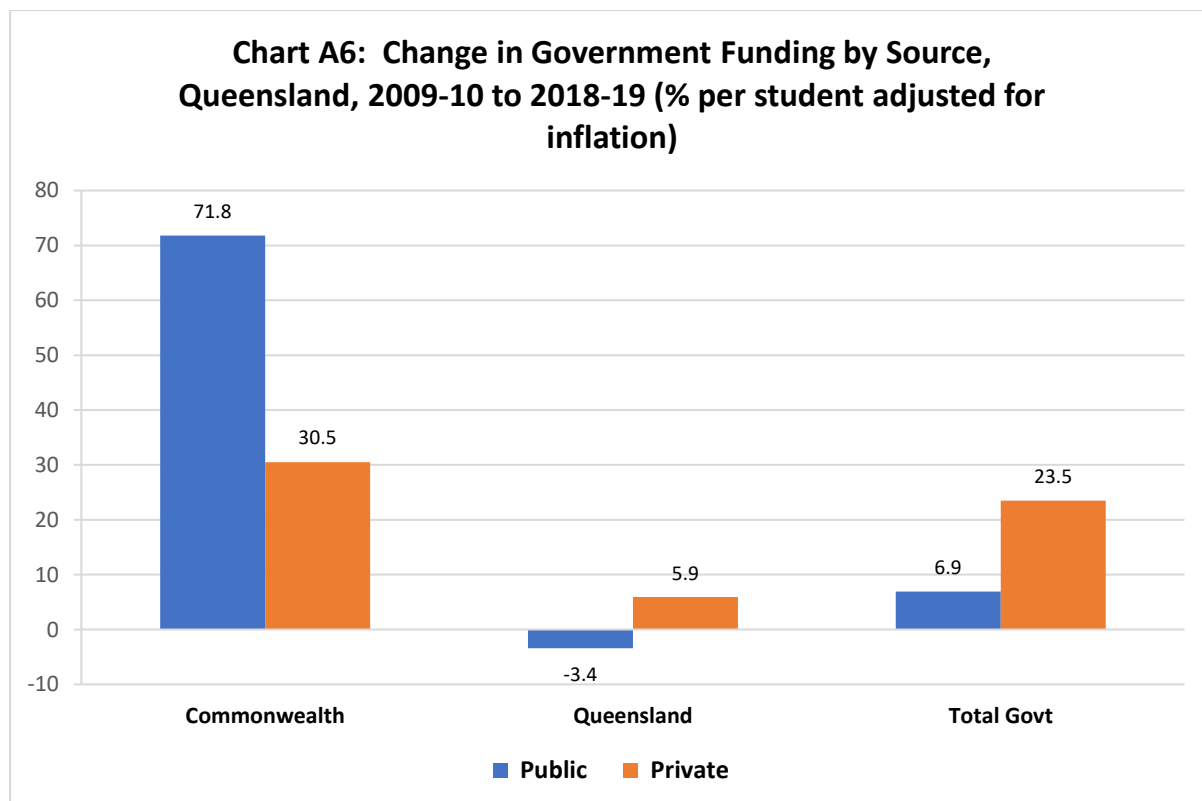


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## Queensland

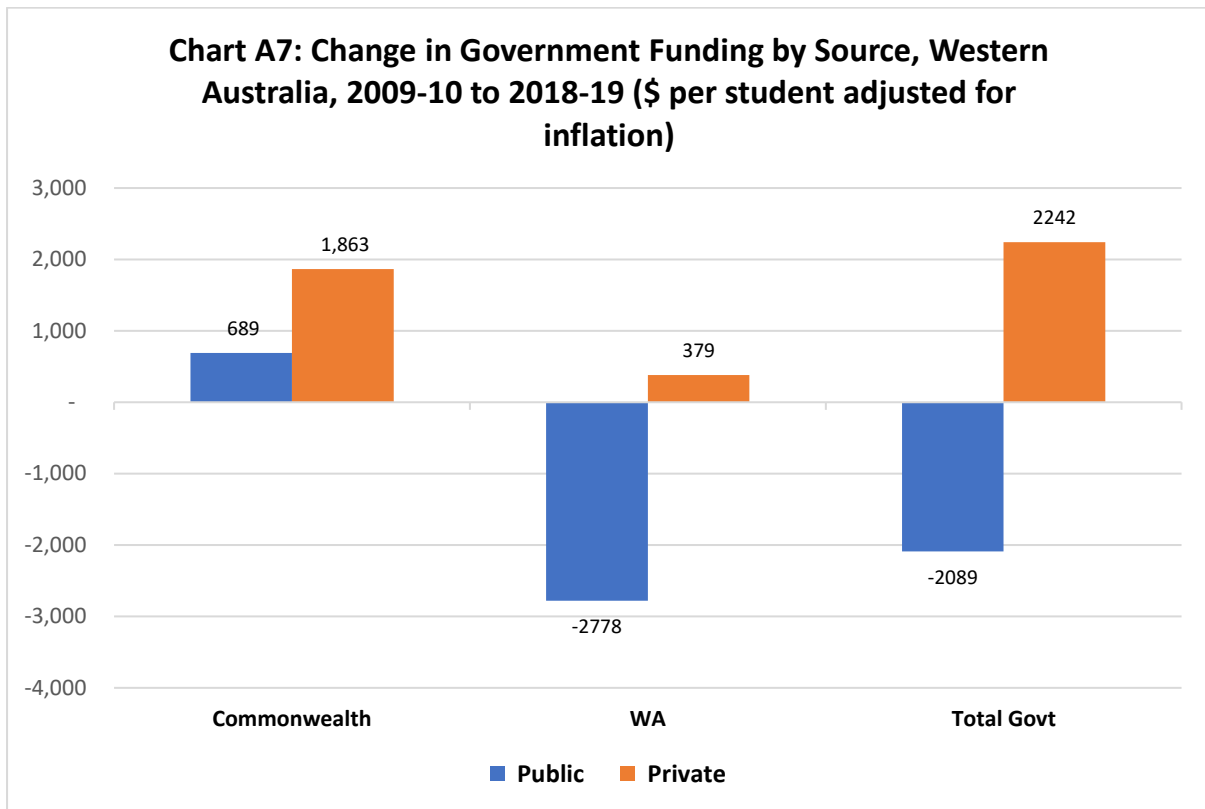


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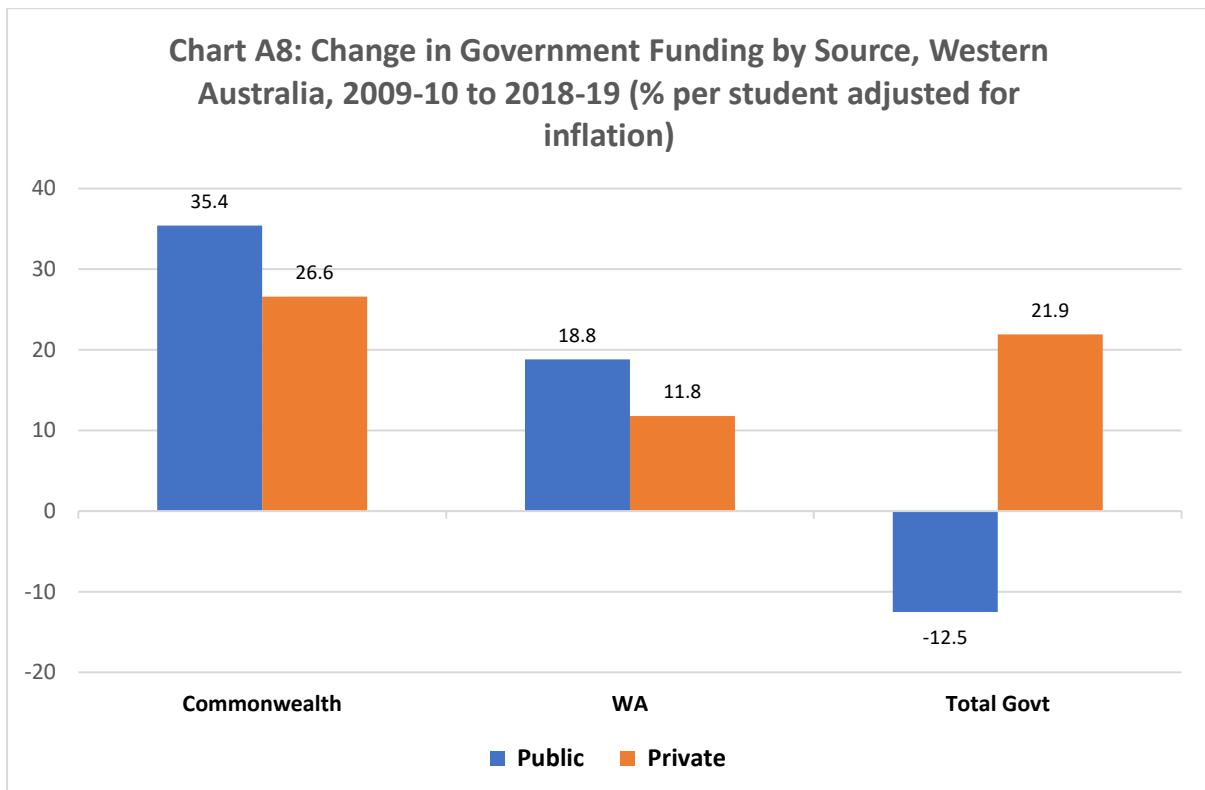


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## Western Australia

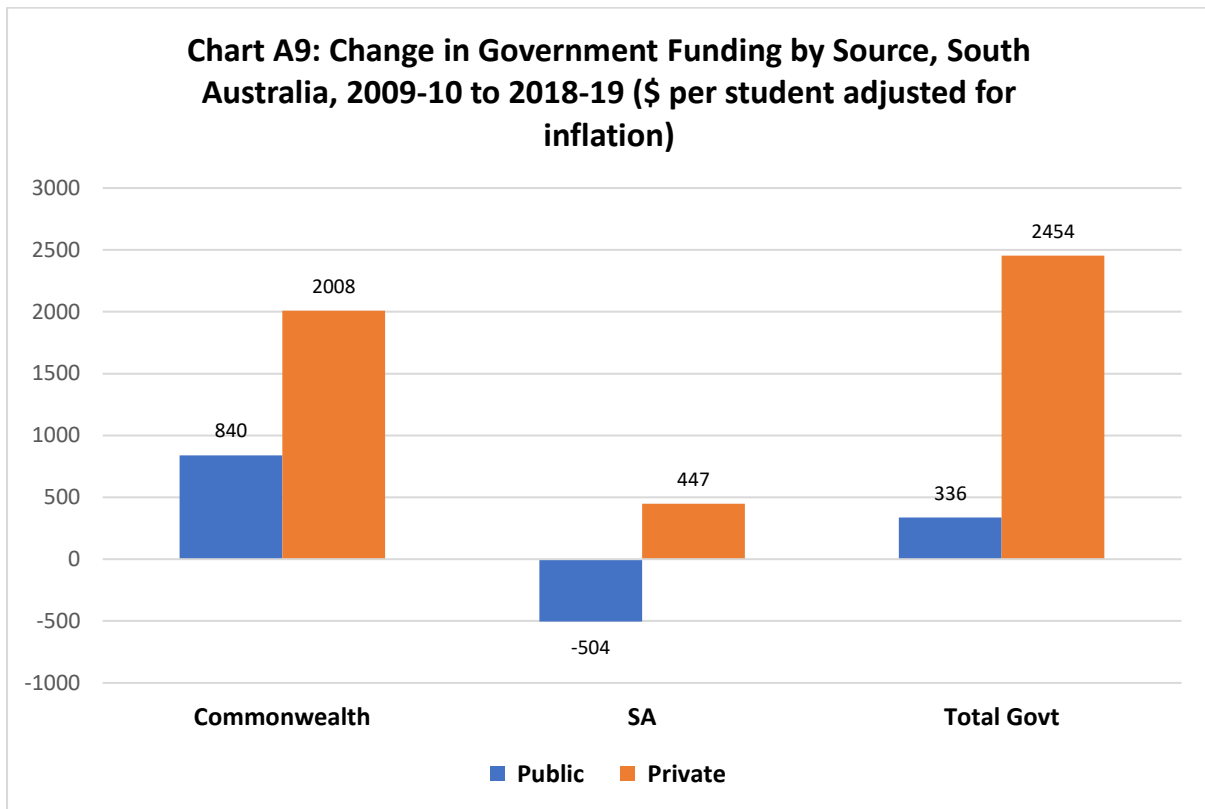


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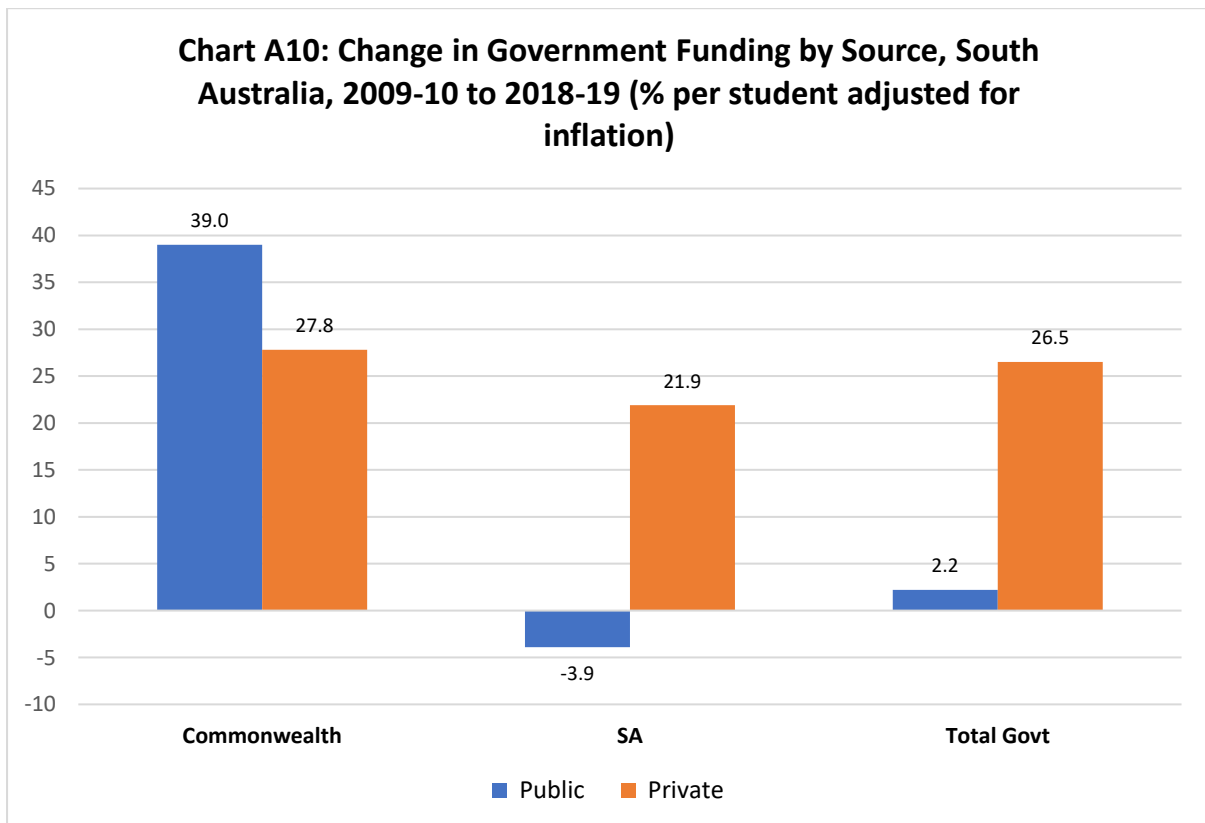


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## South Australia

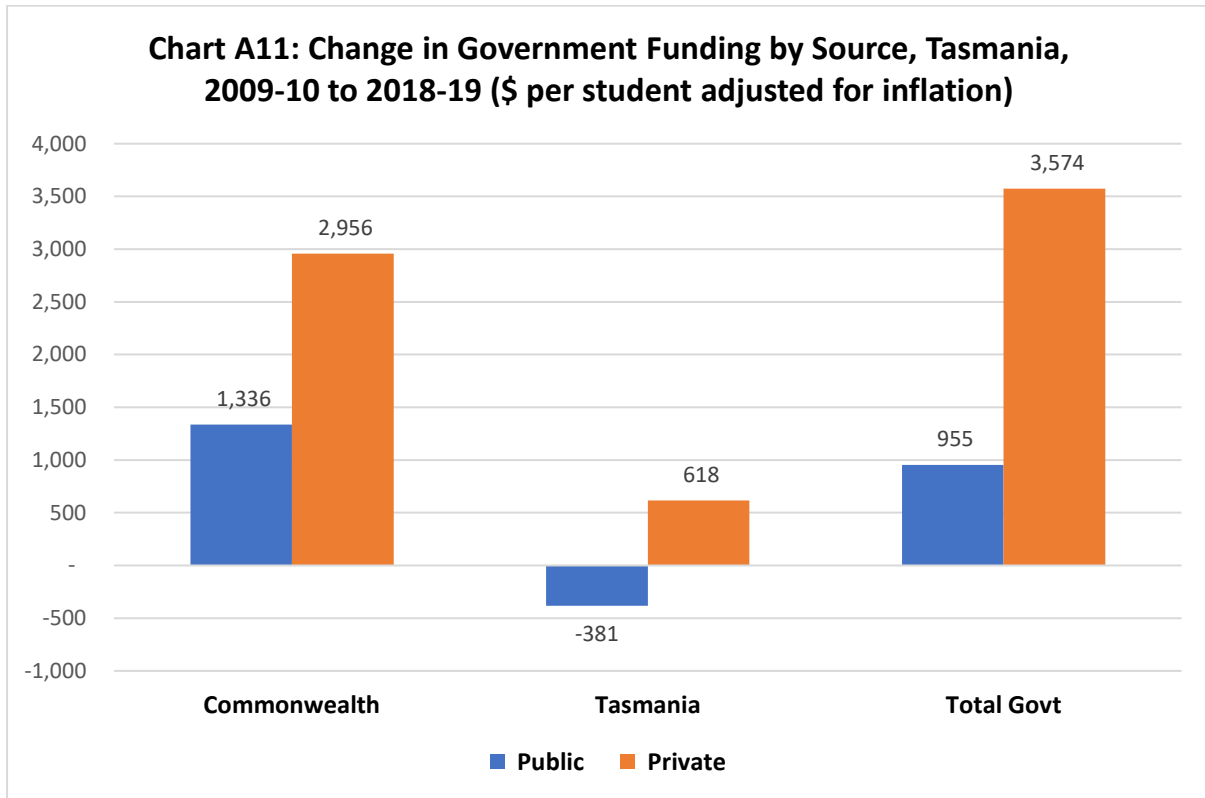


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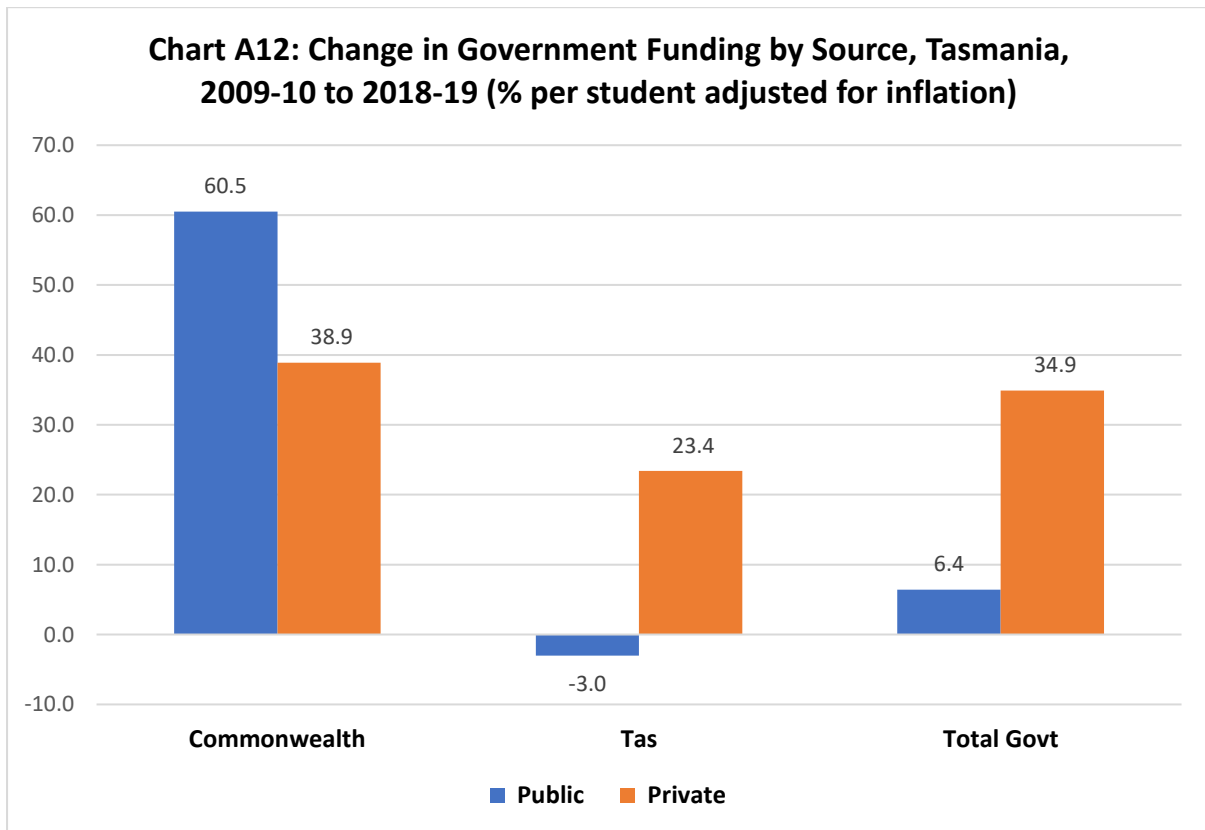


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## Tasmania

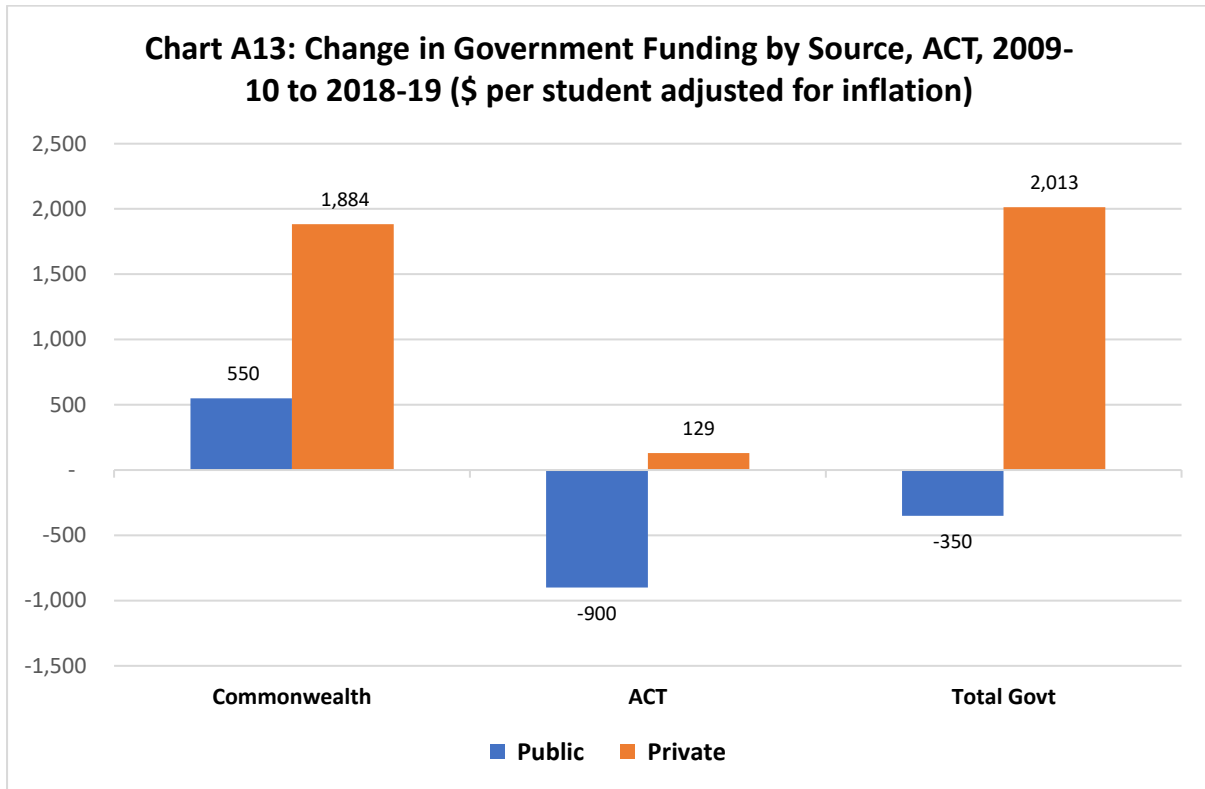


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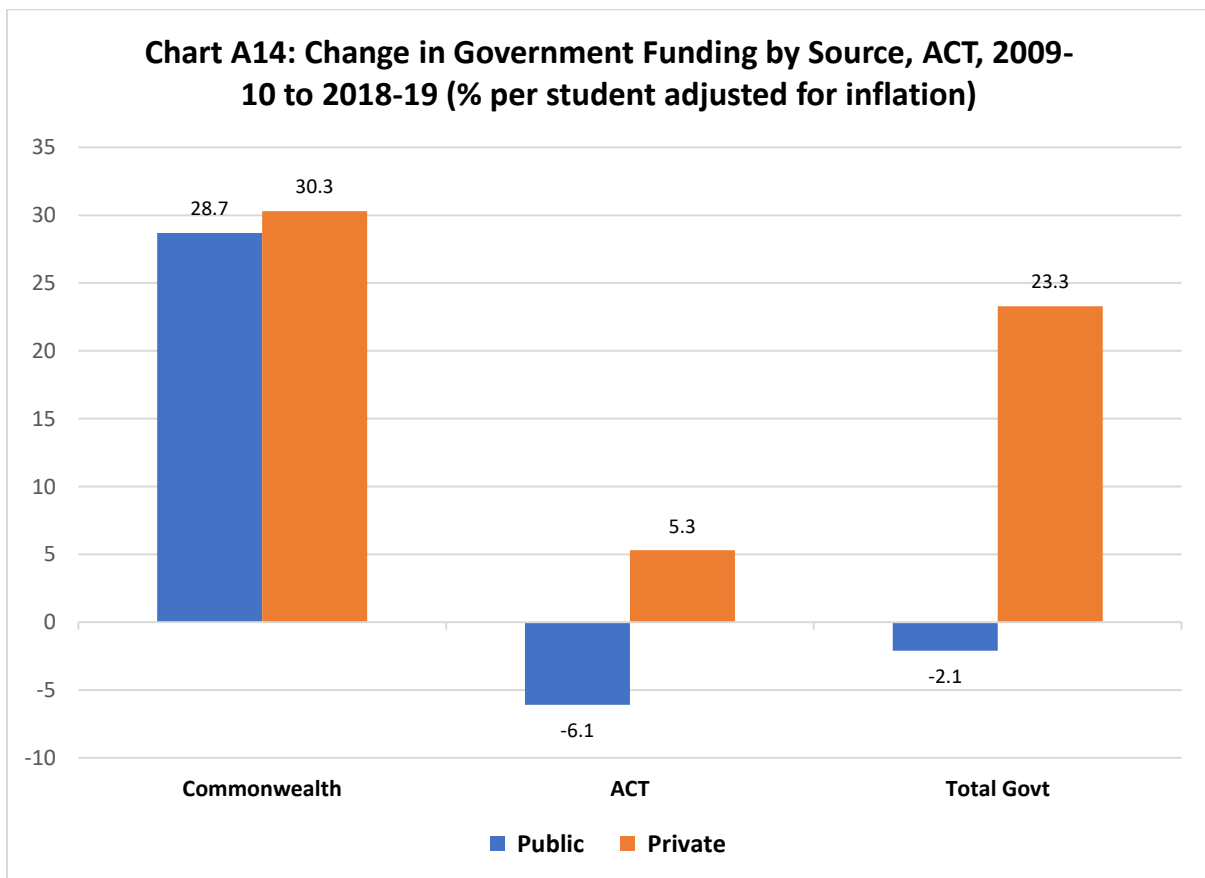


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# ACT

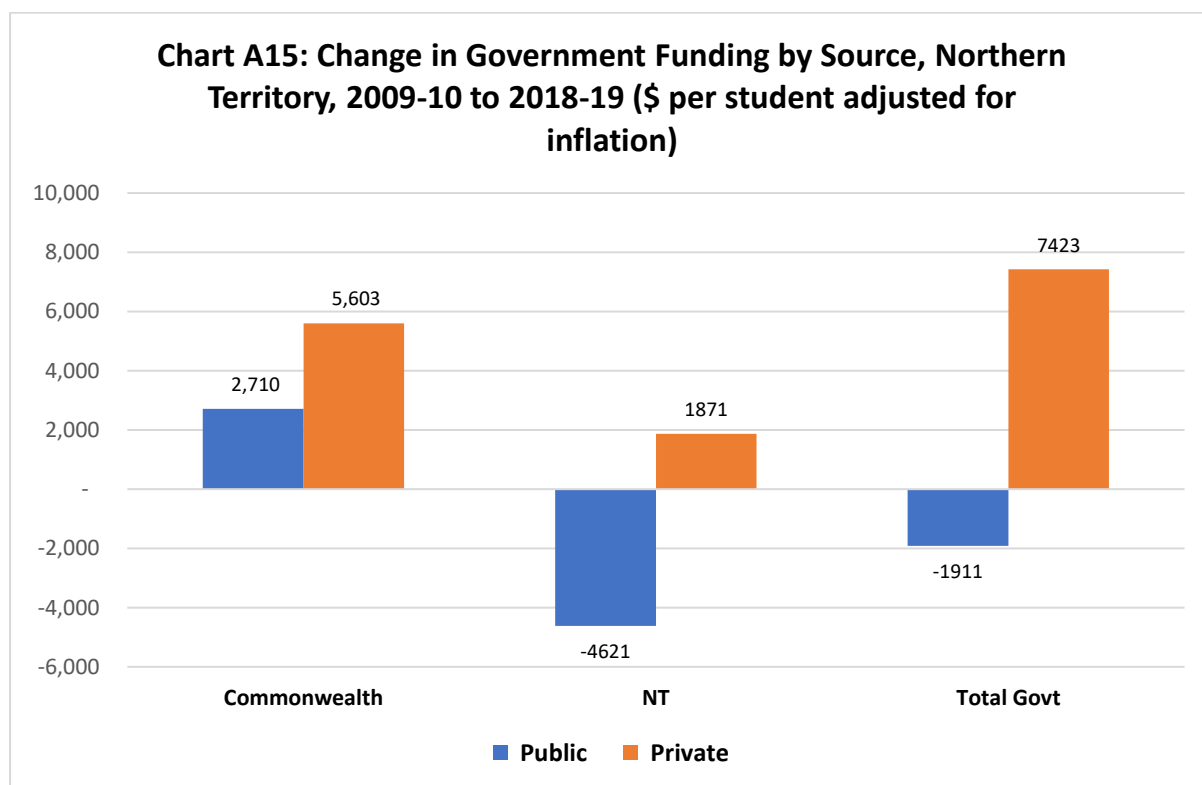


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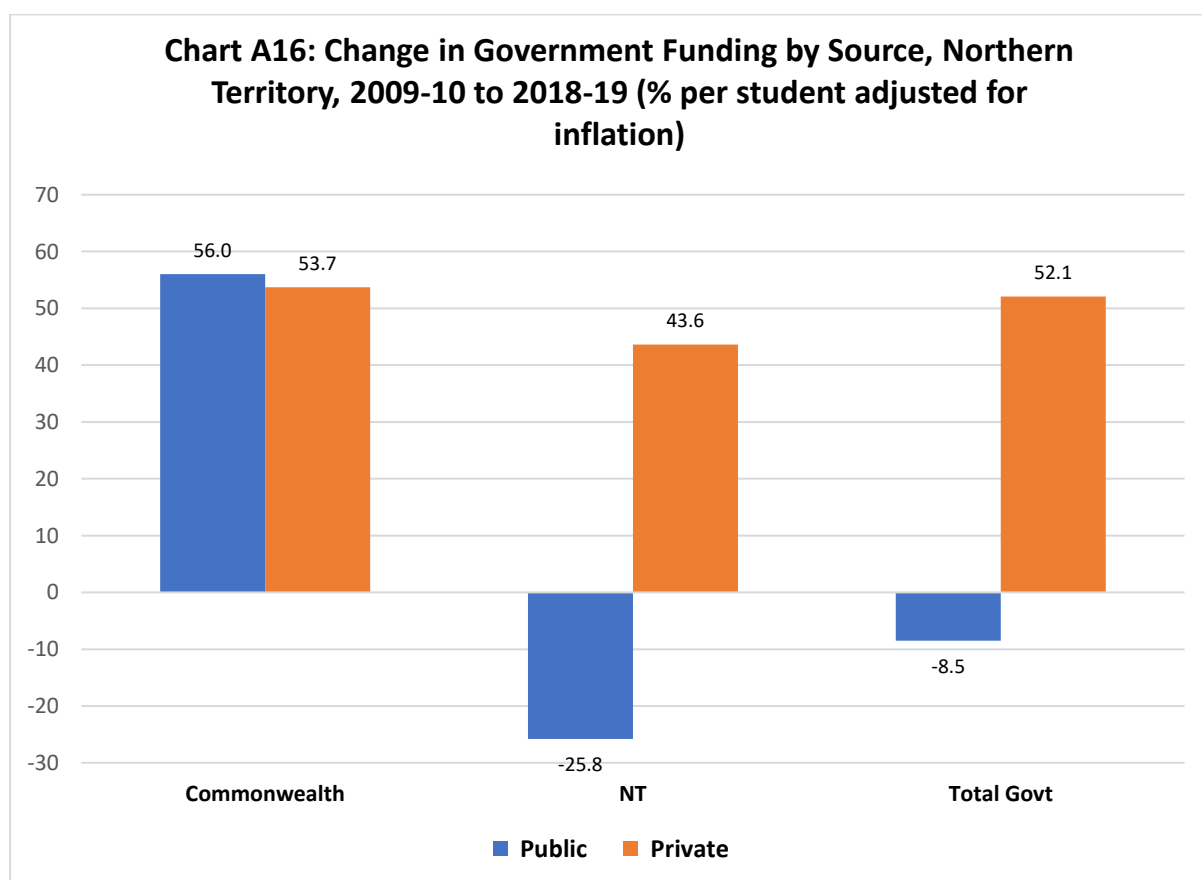


Source: See Attachment B

## Northern Territory



Source: See Attachment B



Source: See Attachment B

## Attachment B: Data sources

Public school recurrent funding: Productivity Commission, *Report on Government Services*, 2021.

Private school recurrent funding: Productivity Commission, *Report on Government Services*, 2021.

User cost of capital: Productivity Commission, *Report on Government Services*, 2021.

Depreciation expenditure: Productivity Commission, *Report on Government Services*, 2021.

Payroll tax rates: NSW Treasury, *Interstate Comparisons of Taxes*, 2009-10 & 2018-19; [Payroll Tax Australia](#). Rates are applied to total salary expenditure for public schools sourced from the Productivity Commission, *Report on Government Services*, 2021.

School transport: ABS, *Government Financial Statistics, Education*. The series is no longer published but figures for 2017-18 and 2018-19 were supplied by the ABS.

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 2018-19 = 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 30% of total current state/territory government funding of public schools in 2018-19 and accounted for 35% of the increase between 2009-10 and 2018-19. 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 50% more than the GGFCE between 2009-10 and 2018-19, indicating a higher cost increase. The GGFCE increased by 14 percentage points compared to an increase of 21.1 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.