

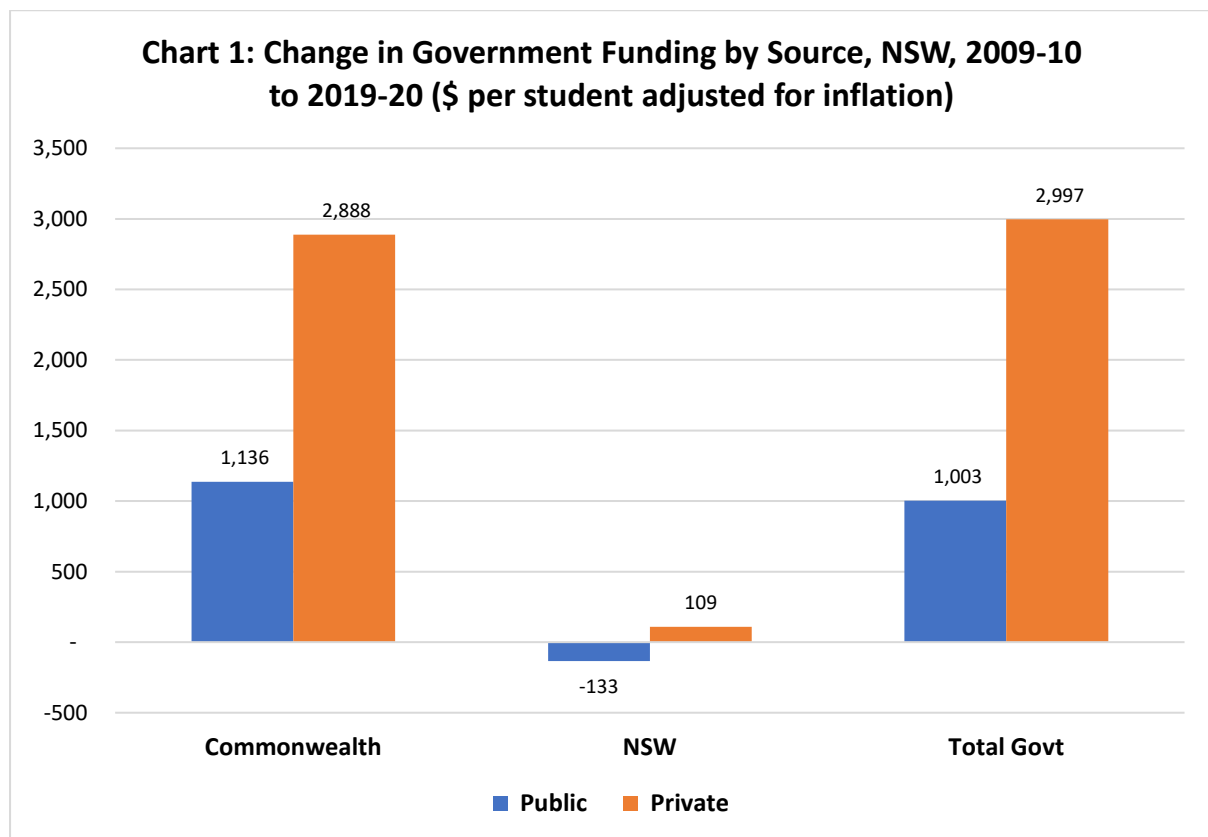
SAVE OUR SCHOOLS

Education Policy Comment

NSW Public Schools Face a Funding Crisis

Public schools in NSW face a funding crisis. Combined Commonwealth and NSW Government funding for private schools has increased by three times that for public schools since 2009-10. Projected funding estimates show that private schools will be over-funded by \$2 billion for the rest of the decade while public schools will be under-funded by \$21 billion.

New figures show that government funding increases have massively favoured private schools over public schools in NSW since 2009-10. Between 2009-10 and 2019-20 government funding for private schools increased by \$2,997 per student, adjusted for inflation, compared to \$1,003 per student for public schools [Chart 1]. In percentage terms, private school funding increased by 30% compared to only 7% for public schools.

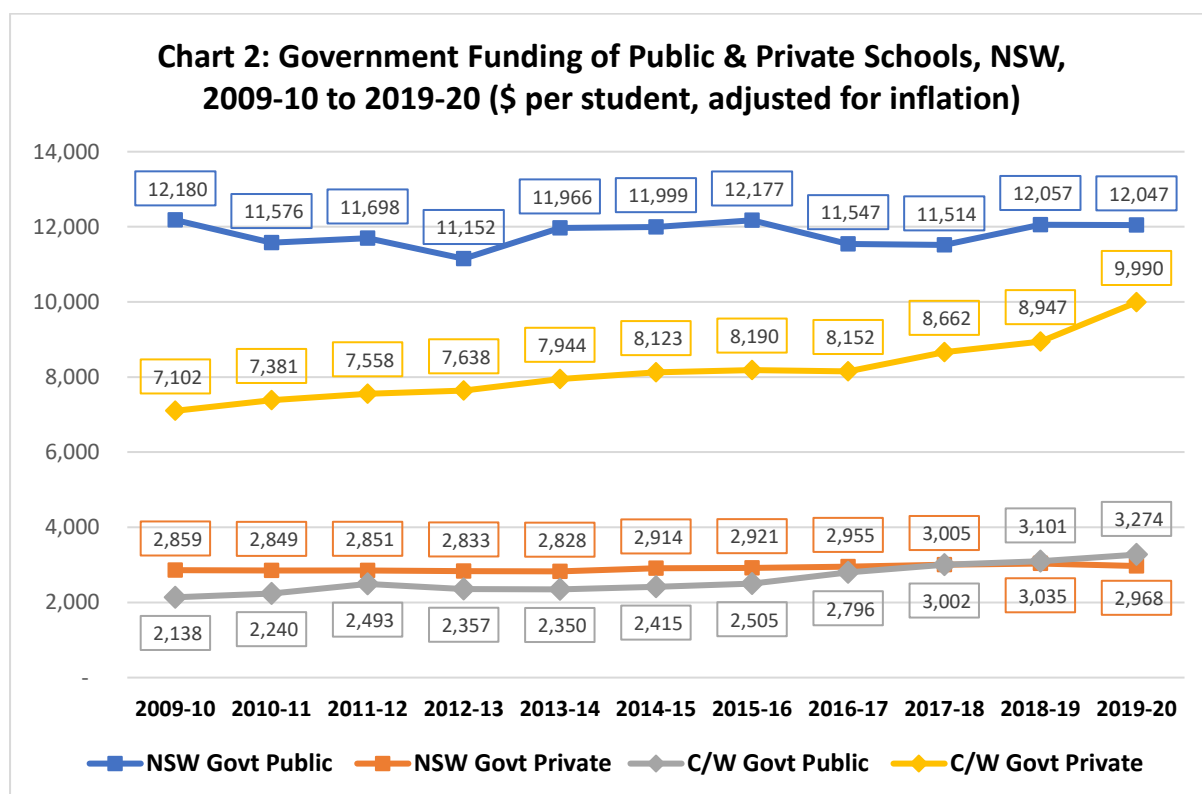


Source: Report on Government Services 2022. The figures have been adjusted to exclude book entry items (user cost of capital, depreciation) and other items (payroll tax, school transport) which are included in the Report's data for state/territory government recurrent funding of public schools but are not included in the figures for private schools. The Wage Price Index for Public and Private Education and Training was used to adjust for inflation.

Both the Commonwealth and NSW Government funding changes strongly favoured private schools over public schools. The Commonwealth increase for private schools was over double that for public schools - \$2,888 compared to \$1,136 per student. The NSW

Government increased funding for private schools by \$109 per student but cut funding for public schools by \$133 per student.

There were significant differences in funding trends between the Commonwealth and NSW Governments. Commonwealth funding for public and private schools has continually increased since 2009-10, albeit at a faster rate for private than public schools. In contrast, NSW Government funding for public schools fell by \$1,028 per student, adjusted for inflation, under Labor and Liberal-National Party governments over only three years from 2009-10 and 2012-13 [Chart 2]. Since then, funding for public schools under successive Liberal-NP governments has fluctuated but has never recovered to the level in 2009-10.



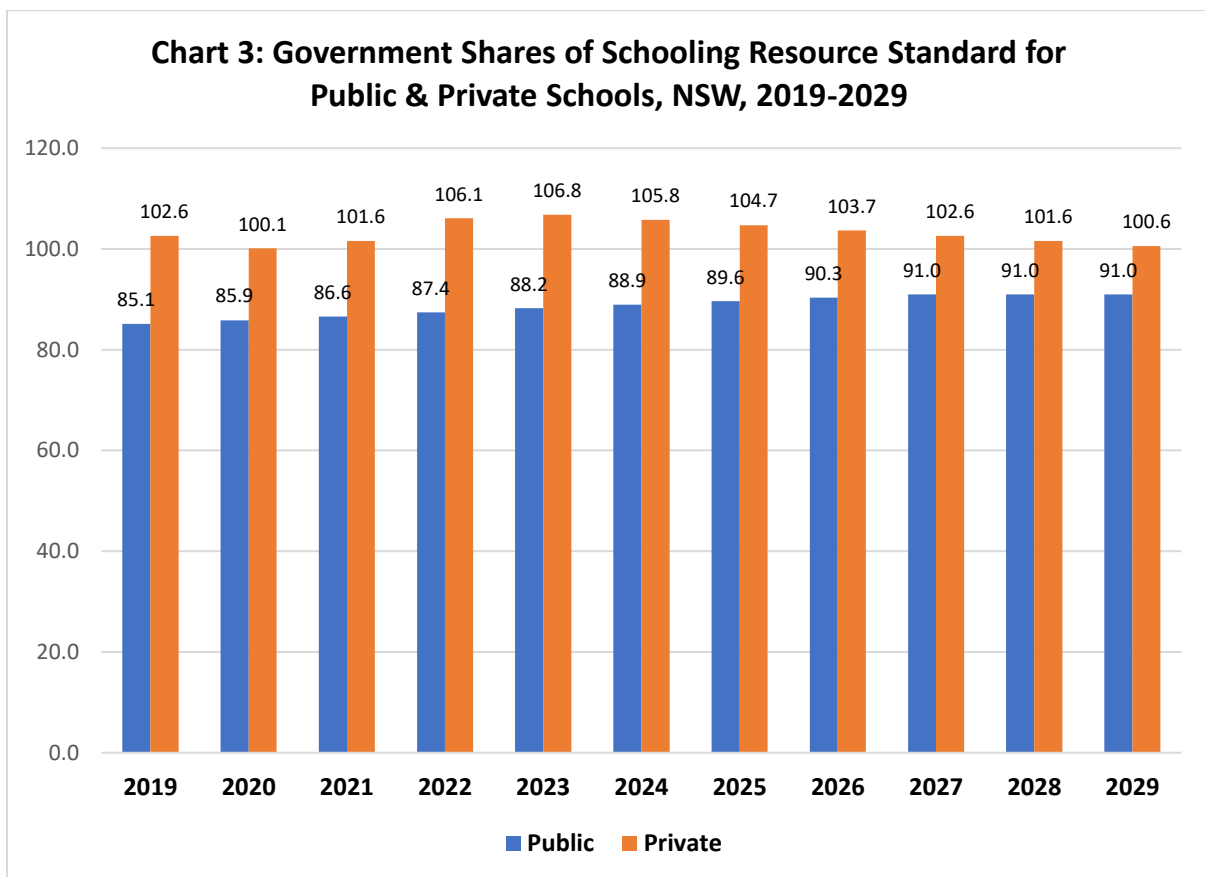
Source: See Chart 1.

Total government funding for NSW public schools in 2019-20 was \$15,321 per student compared with \$12,958 per student in private schools. The gap between government funding for public and private schools has narrowed considerably since 2009-10 as a result of the above changes. In 2009-10, government funding for public schools was 30% higher than for private schools but by 2019-20 it was only 15% higher.

Government funding allows private schools to have a huge resource advantage over public schools. Private schools supplement government funding by fees and other sources of income which result in them having much higher income per student than in public schools. For example, [fees and other private income in NSW Independent schools](#) was \$14,687 per student in 2019 and their total income per student was \$25,368 per student which was nearly \$9,500 per student more than the average for public schools.

This resource advantage translates into large differences in the availability of human and material resources between public and private schools. Public schools face greater teacher shortages, have far more teachers teaching out-of-field, have fewer educational materials and poorer quality infrastructure than do private schools.

The resource advantage of private schools is set to increase over the rest of the decade to 2029 because of special deals for private schools by the Morrison government and because the [Commonwealth-NSW bilateral funding agreement](#) allows the NSW Government to continue to massively under-fund public schools. In 2022, NSW public schools are only funded at 87.4% of their Schooling Resource Standard (SRS) while private schools are funded at 106.7% of their SRS [Chart 3]. Private schools will be funded at over 100 per cent of their SRS from 2022 to 2029 while public schools will be funded at less than 91 per cent of their SRS for the whole period from 2019 to 2029.

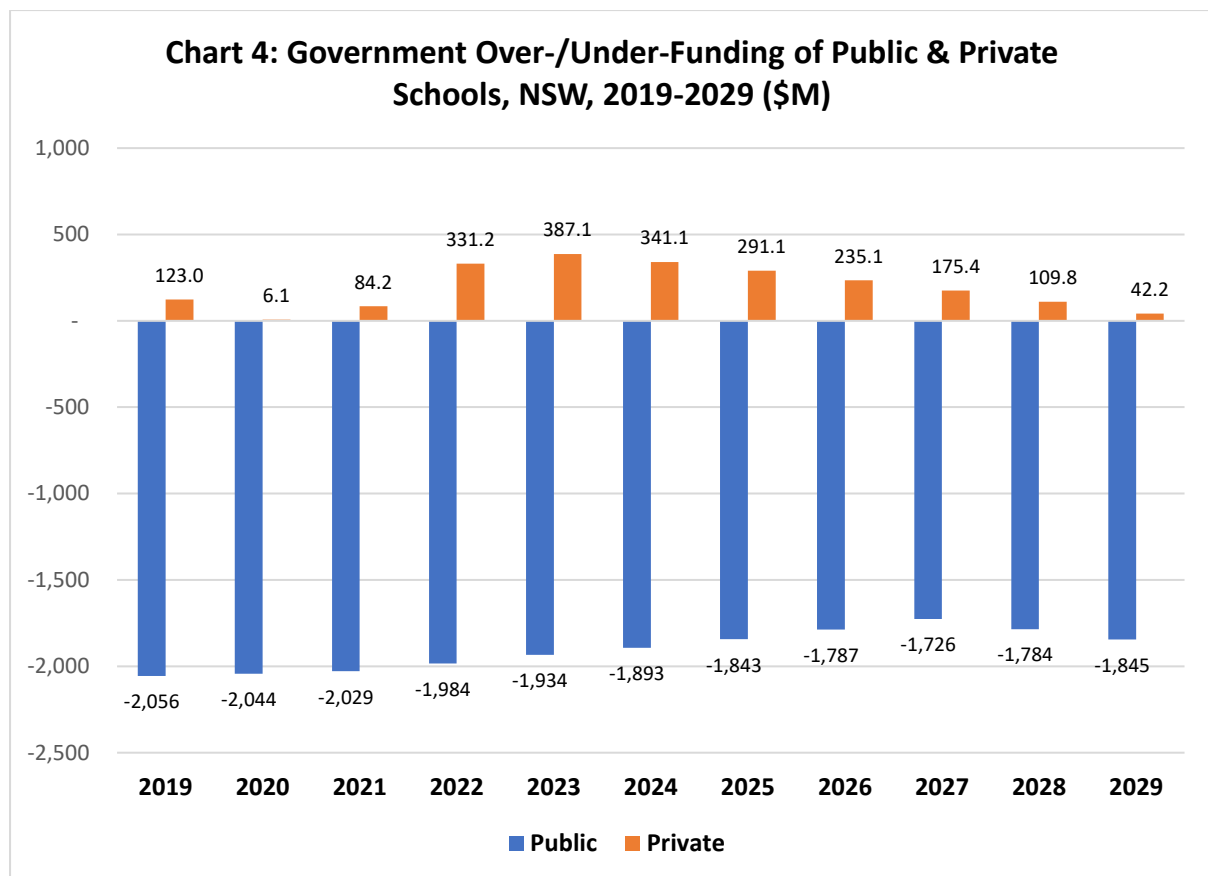


Source: Senate Estimates, 2021-22 Budget Estimates, AQON SQ21-000848; Commonwealth-NSW bilateral funding agreement; Department of Education, Skills and Training, Choice and Affordability Fund Agreements 2020.

The official Commonwealth and state projected shares of the SRS for public and private schools are misleading. The Commonwealth shares ignore funding for private schools outside the model. The actual SRS shares shown in Chart 3 include funding from the \$1.2 billion Choice and Accountability Fund for private schools. Even these shares are underestimated because other funding outside the model is not included.

The official NSW Government shares for public schools ignore special allowances for it to claim expenditures as part of its target share of the SRS that are not included in the definition of the SRS. These allowances include expenditure on depreciation and the NSW Education Standards Authority. The NSW Government can claim these expenditures up to four per cent of the SRS of public schools. The shares shown here take account of these special allowances.

Chart 4 provides estimates of the extent of under- and over-funding of public and private schools based on the adjusted Commonwealth and NSW Government shares. The cumulative under-funding of public schools from 2019 to 2029 will amount to about \$20.9 billion while private schools will be over-funded by \$2.1 billion. The annual under-funding of public schools will reduce from \$2 billion in 2019 to about \$1.8 billion in 2029.



Source: Save Our Schools estimates

In contrast, public schools in NSW face an unprecedented funding crisis. They do the heavy lifting in the school system. According to the [Report on Government Services](#), they enrolled over 80 per cent of disadvantaged students in 2019– 83 per cent of low SES, 85 per cent of Indigenous and 80 per cent of remote area students. Also, over 90 per cent of the most disadvantaged schools are public schools. National and international test results show these students are two to four years behind high SES students by Years 9 and 10.

Government funding for public schools should therefore increase much faster than for private schools. Unless there is a dramatic change in the school funding policies of the

Commonwealth and NSW governments the vast inequity in school outcomes will continue for the rest of the decade.

NSW public schools already face a growing teacher shortage. [Confidential NSW Department of Education documents](#) show that public schools face an unprecedented staffing crisis and are likely to “run out of teachers in the next five years”. The shortage will affect the quality of students’ education, particularly in subjects facing acute shortages such as maths and science. Public and private schools are now in a [resources race](#) for teachers. Increased funding for public schools will better enable them to recruit and maintain a full complement of teachers.

The chronic underfunding of public schools in NSW and the rest of Australia is an education and social 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.

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SOS - Fighting for Equity in Education

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