

Education Research Paper

Government Funding Failures Have Stoked Shocking Inequity in NSW School Outcomes

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Summary

The latest NAPLAN results show shocking inequalities in school outcomes between highly advantaged and disadvantaged students in NSW. Very high proportions of low socio-economic status (SES), Indigenous and remote area students do not achieve national literacy and numeracy standards compared to very small proportions of high SES students. By Year 9, low SES, Indigenous and remote area students are several years of learning behind their high SES peers. There has been very little progress in reducing the learning gaps between rich and poor over the last decade or so.

The paper shows that 28% of low SES Year 9 students were below the national reading standard in 2022, 35% were below the writing standard and 15% were below the numeracy standard. Nearly 30% of Indigenous students were below the reading standard, 38% were below the writing standard and 16% were below the numeracy standard. Nearly one-third of remote area students were below the reading standard, 46% were below the writing standard and 15% were below the numeracy standard. By contrast, only 3% of Year 9 high SES students did not achieve the reading standard, 5% did not achieve the writing standard and 1% did not achieve the numeracy standard.

These are shocking inequities. For example, it is totally unacceptable that the percentage of low SES Year 9 students not achieving the national reading standard is 9 times that of high SES students and the proportion of Indigenous and remote area students not achieving the standard is 10 times that of high SES students.

Year 5 low SES, Indigenous and remote area students are about two years behind Year 5 high SES students in reading, writing and numeracy. Year 9 low SES, Indigenous and remote areas students are four or more years or more behind high SES students in reading, writing and numeracy. The NAPLAN scores of Years 9 low SES, Indigenous and remote area students are significantly below those of Year 5 high SES students. That is, they are four years behind after nine years of education.

There has been no learning improvement amongst low SES students since 2010 and declines in many cases. Only one of 18 indicators of learning showed any improvement. There was no reduction in the proportion of Year 5 and Year 9 low SES students not achieving the reading, writing and numeracy national standards. NAPLAN scores fell in Year 5 writing and numeracy and in all Year domains. Achievement gaps between high and low SES students either increased or showed no statistically significant change.

There were several improvements in learning by Indigenous students. Learning improved for 12 out of 18 indicators. The percentage not achieving national standard decreased in Year 5 reading and numeracy and in Year 9 writing and numeracy. NAPLAN scores also increased significantly in Year 5 reading and numeracy and in Year 9 writing and numeracy. Achievement gaps between high SES and Indigenous students decreased in Year 5 reading and numeracy and in Year 9 reading and writing.

There were some learning improvements amongst remote area students, but mostly here was no significant improvement in learning. Only 8 of the 18 indicators showed any improvement. The percentage not achieving national standards fell in Year 5 reading and numeracy and in Year 9 numeracy but increased in Year 5 writing while there was no significant change in Year 9 reading and writing. NAPLAN scores increased in Year 5 reading and numeracy but decreased in writing and there was not significant change in Year 9 results. The achievement gaps between high SES and remote area students fell in Year 5 reading and in Year 9 writing and numeracy.

These outcomes are an appalling inequity that has continued for far too long. Funding failures by successive Commonwealth and NSW governments are a major factor contributing to these

education inequities. Over 80% of low SES, Indigenous and remote area students in NSW attend public schools. Despite this, government funding increases since 2009 have heavily favoured private schools.

Combined government funding per student, adjusted for inflation, increased by \$1,279 per student in public schools between 2009 and 2020 compared to \$2,252 per student in Independent and \$2,051 per student in Catholic schools. In percentage terms, the increase in funding for Independent school (34.8%) was nearly three times that of public schools (12.4%) and the increase for Catholic schools (25.7 %) was double that of public schools

Public schools in NSW are vastly under-funded to meet the challenges they face. In 2022, they were funded at 87.4% of their Schooling Resource Standard (SRS). They will remain under-funded until at least 2029 under current funding arrangements

By contrast, private schools, who serve only a small minority of disadvantaged students, are significantly over-funded. In 2022, they were funded at 105.9% of their SRS and will remain over-funded for the rest of the decade.

The decision by the Education Ministers Meeting to extend the current National Schools Reform Agreement (NSRA) to 2024 is disastrous for public schools. It stops any funding increases for public schools and they will be stuck at their 2023 SRS funding level for another year. It also continues the absurd arrangements that defraud public schools of funding by allowing the NSW Government to claim expenditures excluded from the measure of the SRS as part of its share of the SRS. The extension of the current arrangements also provides a small funding windfall for NSW private schools because it halts the planned reduction in state government over-funding.

At present, there is no indication when NSW public schools will be fully funded. Increased funding for public schools is of vital importance to improving school outcomes for disadvantaged students and reducing the massive achievement gaps between rich and poor. It should be a central issue in the lead up to the NSW election in March. The chronic severe under-funding of public schools cannot be allowed to continue.

The recent Productivity Commission report on the current NSRA says that governments have to do better on equity in school outcomes. It recommended that governments focus on ensuring that all students achieve basic levels of literacy and numeracy and reducing achievement gaps between different groups of students. This will require increased funding. Numerous studies show that increased funding directed at disadvantaged students increases results.

Candidates and parties contesting the NSW election must commit to ensuring that public schools are fully funded at 100% of their SRS by 2027 They must clearly answer three basic questions:

- Will you take action to reduce the shocking inequalities between the school results of advantaged and disadvantaged students?
- Will you support increase funding for disadvantaged students and schools?
- Will you support increased NSW Government funding of public schools so that they are funded at 100% of their SRS by 2027?
- Will you support removing the special allowances in the current Commonwealth-NSW bilateral funding agreement that allow the NSW Government to defraud public schools by including non-school expenditures as part of its share of the SRS?

Key Points

Education inequity

- The latest NAPLAN results show shocking inequalities in school outcomes between highly advantaged and disadvantaged students in NSW.
 - Very high proportions of low socio-economic status (SES). Indigenous and remote area students do not achieve national literacy and numeracy standards compared to very small proportions of high SES students.
 - By Year 9, low SES, Indigenous and remote area students are several years of learning behind their high SES peers.
- There have been some learning improvements by Indigenous and remote area students since 2010 but virtually none by low SES students.

Many disadvantaged students do not achieve minimum literacy and numeracy standards

- In 2022, 15-19% of Year 5 low SES students, 15-20% of Indigenous student and 14-21% of remote area student did not achieve national reading, writing and numeracy standards;
 - By contrast, only 1-2% of high SES students did not achieve the standards;
- 28% of Year 9 low SES students did not achieve the reading standard; 35% did not achieve the writing standard; 15% did not achieve the numeracy standard.
- 29% of Year 9 Indigenous students did not achieve the reading standard; 38% did not achieve the writing standard and 16% did not achieve the numeracy standard.
- 31% of Year 9 remote area students did not achieve the reading standard, 46% did not achieve the writing standard and 15% did not achieve the numeracy standard.
- By contrast, only 3% of Year 9 high SES students did not achieve the reading standard, 5% did not achieve the writing standard and 1% did not achieve the numeracy standard.

Mixed NAPLAN results for disadvantaged students from 2010 to 2022

- NAPLAN scores for low SES students fell in Year 5 writing and numeracy and in Year 9 reading, writing and numeracy.
- NAPLAN scores for Indigenous students increased significantly in Year 5 reading and numeracy and in Year 9 writing and numeracy
- . NAPLAN scores for remote area students increased in Year 5 reading and numeracy but these was no improvement in the other learning domains in Years 5 and Year 9.

Large achievement gaps continue between advantaged and disadvantaged students

Year 5 achievement gaps

- Year 5 low SES, Indigenous and remote area students are about 2 years behind Year 5 high SES student in reading, writing and numeracy.
- There was no reduction in the achievement gaps between Year 5 high and low SES students in reading, writing and numeracy between 2010 and 2022.
- The achievement gap between Year 5 high SES and Indigenous students was reduced for reading and numeracy but there was no significant change in writing.
- The achievement gap between Year 5 high SES and remote area students was reduced for reading but there was no significant change in writing and numeracy.

Year 9 achievement gaps

- Year 9 low SES, Indigenous and remote areas students are about four years behind high SES students in literacy and numeracy.
- Achievement gaps between high and low SES Year 9 students either increased or showed no statistically significant change since 2010.
- Achievement gaps between high SES and Indigenous Year 9 students decreased in reading and writing but there was no significant change in numeracy.

- Achievement gaps between high SES and remote area Year 9 students decreased in writing and numeracy but not in reading.

Inequity in funding for public schools

Funding failures by successive Commonwealth and NSW Governments are a major factor contributing to the inequity in school outcomes.

Government funding increases have heavily favoured private schools

Government funding (Commonwealth and NSW) per student (adjusted for inflation) in Catholic and Independent schools has far outstripped that for public schools since 2009.

- Combined government funding for public schools increased by \$1,279 per student compared to \$2,252 per student in Independent and \$2,051 per student in Catholic schools. In percentage terms, the increase in funding for Independent school (34.8%) was nearly three times that of public schools (12.4%) and for Catholic schools (25.7%) it was double that of public schools.
- Commonwealth Government funding for Independent and Catholic schools increased by about double that for public schools. Its funding of Independent schools increased by \$2,200 per student and by \$1,992 for Catholic schools compared to \$1,041 for public schools.
- NSW Government funding for public schools increased by only \$234 (2.1%) per student since 2009. Funding under the Coalition Government increased by \$501 (5.8%) per student from 2011 to 2020 following cuts under the previous Labor Government.

NSW public schools are massively under-funded

- In 2022, NSW public schools were funded at only 87.4% of their Schooling Resource Standard (SRS) – 19.6% by the Commonwealth and 67.8% by the NSW Government.
- The current Commonwealth-NSW funding agreement defrauds public schools:
 - It allows the state government to claim non-school expenditures as part of its share of the resource standard
 - NSW Government funding will only be at 71% of their SRS by 2027 and thereafter.
- The cumulative under-funding from 2022 to 2029 is estimated at \$14.9 billion. NSW private schools are over-funded because of special deals introduced by the Morrison Government and substantial over-funding by the NSW Government. They will remain over-funded until at least 2029.
- Private schools were funded at 105.9% of their SRS in 2022 – 82.82% by the Commonwealth and 23% by the NSW Government and will be over-funded for the rest of the decade.
- The cumulative over-funding from 2022 to 2029 is estimated at about \$1.9 billion.

Policy priorities

Increased funding for NSW public schools is of vital importance to improving school outcomes for disadvantaged students and reducing the massive achievement gaps between rich and poor. It should be a central issue in the NSW election campaign. The chronic under-funding of public schools cannot be allowed to continue.

Candidates and parties contesting the NSW election must commit to ensuring that public schools are fully funded at 100% of their SRS by 2027 They must clearly answer three basic questions:

1. Will you take action to reduce the shocking inequalities between the school results of advantaged and disadvantaged students?
2. Will you support increase funding for disadvantaged students and schools?
3. Will you support increased NSW Government funding of public schools so that they are funded at 100% of their SRS by 2027?
4. Will you support removing the special allowances in the current Commonwealth-NSW bilateral funding agreement that allow the NSW Government to defraud public schools by including non-school expenditures as part of its share of the SRS?

1. Introduction

The latest NAPLAN test results reveal shocking inequalities in school outcomes between highly advantaged and disadvantaged students in NSW. Very high proportions of low socio-economic status (SES), Indigenous and remote area students do not achieve national literacy and numeracy standards compared to very small proportions of high SES students. Low SES, Indigenous and remote area students are several years of learning behind their high SES peers by Year 9.

Funding failures by successive Commonwealth and NSW Governments are a major factor contributing to these education inequities. Over 80% of low SES, Indigenous and remote area students attend public schools. Despite this, government funding increases since 2009 have heavily favoured private schools. Public schools in NSW are vastly under-funded to meet the challenges they face. By contrast, private schools, who serve only a small minority of disadvantaged students, are significantly over-funded as a result of Commonwealth and NSW Government funding policies.

A new National Schools Reform Agreement (NSRA) and a new Commonwealth-NSW Government funding agreement are due to be negotiated next year for implementation in 2024. It is critical for the future learning of disadvantaged students that clear and precise equity goals are included in the NSRA. It must set ambitious goals to increase the proportion of low SES, Indigenous and remote area students who achieve national minimum standards and reduce the large achievement gaps between these students and high SES students. Increased funding for public schools is central to this task. Governments must ensure that public schools are fully funded by 2027.

2. High proportions of disadvantaged students do not achieve national minimum standards

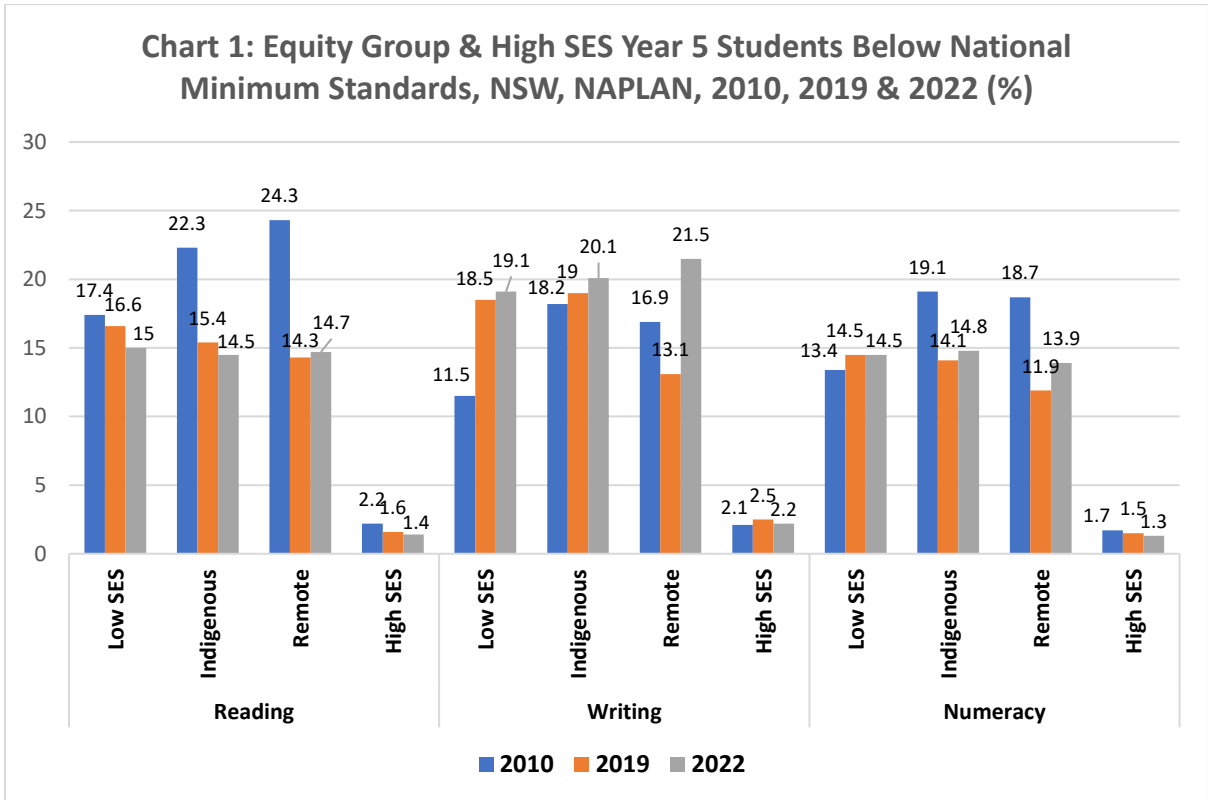
Very high proportions of disadvantaged students in NSW do not achieve national standards in reading, writing and numeracy. By contrast, very few highly advantaged students do not achieve minimum standards.

2.1 Year 5 students

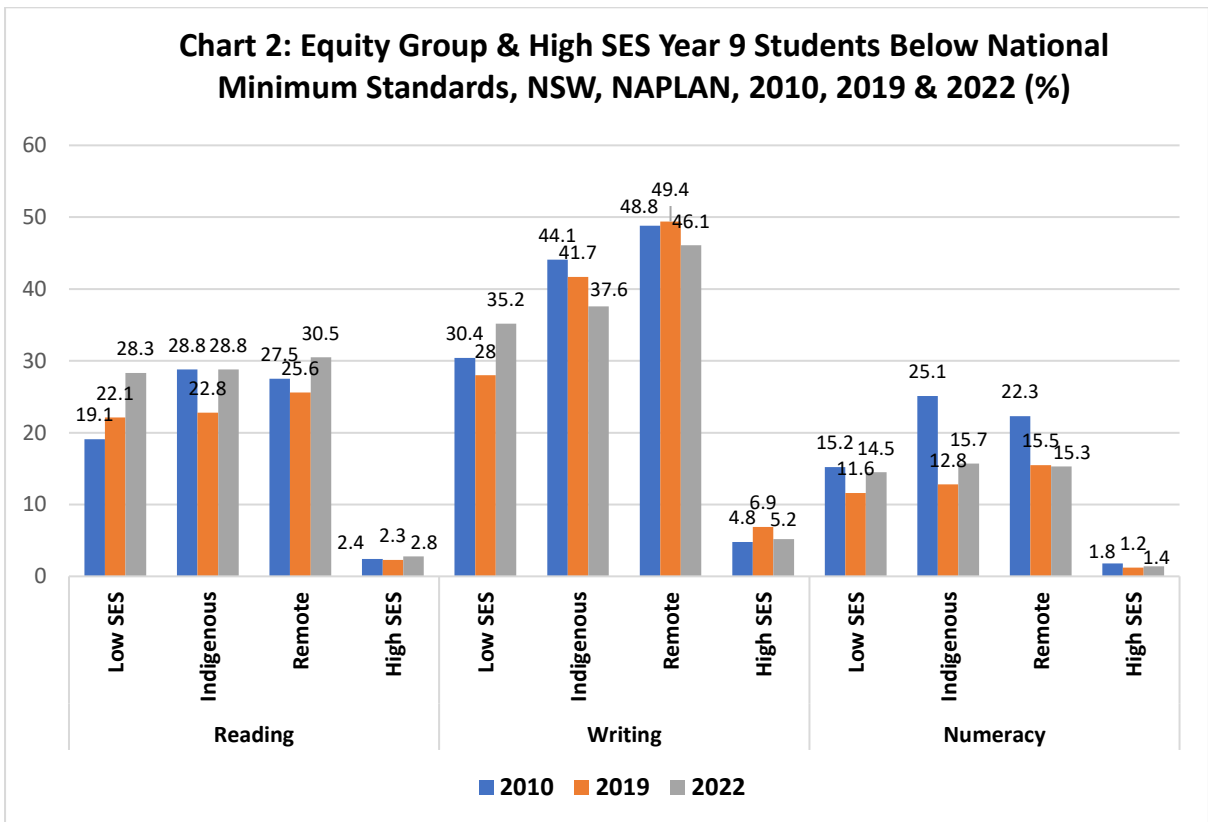
In 2022, 15% of Year 5 of students of low education status parents (hereafter referred to as low socio-economic status or low SES students) did not achieve the reading standard, 19.1% did not achieve the writing standard and 14.5% did not achieve the numeracy standards [Chart 1] The percentage below the reading standard is slightly lower than in 2010 when it was 17.4%. There has been a large increase in the percentage below the writing standard from 11% in 2011 when figures for persuasive writing were first published. There was little change in the percentage below the numeracy standard compared to 2010.

Similar percentages of Year 5 Indigenous and remote area students were below the reading and numeracy standards in 2022. In the case of Indigenous students, 14.5% were below the reading standard, 20.1% were below the writing standard and 14.8% were below the numeracy standard. There was a significant decrease in the percentage below the reading and numeracy standards from 2010 – down from 22.3% for reading and from 19.1% in numeracy. There was little change in the percentage below the writing standard.

In the case of remote area students, 14.7% were below the reading standard, 20.1% were below the writing standard and 13.5% were below the numeracy standard. There were large decreases in the percentage below the reading and numeracy standards since 2010, but there was an increase in the percentage below the writing standard. The percentage below the reading standard was down from 24.3% and down from 18.7% for numeracy.



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.
Note: The writing gaps are for 2011, 2019 & 2022



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.
Note: The writing gaps are for 2011, 2019 & 2022

By contrast to the significant proportion of disadvantaged students below national Year 5 standards, very few high SES students failed to achieve the standards. Only one to two per cent of high SES students failed to meet the standards.

2.2 Year 9 students

Much larger proportions of Year 9 low SES students were below minimum reading and writing standards in 2022. Nearly 30% (28.3%) were below the reading standard and over one-third (35.2%) were below the writing standard while 14% were below the numeracy standard [Chart 2]. The proportion below the reading and writing standards have increased significantly since 2010 and 2011. The percentage not achieving the reading standard increased from 19.1% in 2010 to 28.3% in 2022 and the percentage below the writing standard increased from 30.4% in 2011 to 35.2% in 2022. There was little change in the percentage below the numeracy standard

Very large proportions of Year 9 Indigenous students also did not achieve the reading and writing standard. Nearly 30% (28.8%) did not achieve the reading standard and 37.6% did not achieve the writing standard, while 15.7% did not achieve the numeracy standard. There was little change in the percentage not achieving the reading standard from 2010 to 2022 but there was a significant decrease in the proportion below the writing and numeracy standards. The percentage not achieving the writing benchmark fell from 44.1% in 2011 to 37.6% in 2022. The proportion not achieving the numeracy standard fell from 25.1% in 2010 to 15.7%.

Similar percentages of remote area Year 9 students also did not achieve the national standards – 30.5% did not achieve the reading standard, nearly half (46.1%) did not achieve the writing standard, and 15.3% did not achieve the numeracy standard. There was little change in the proportion not achieving the reading and writing standards since 2010 and 2011 respectively. The proportion not achieving the numeracy standard fell from 25.1% in 2010 to 15.3% in 2022.

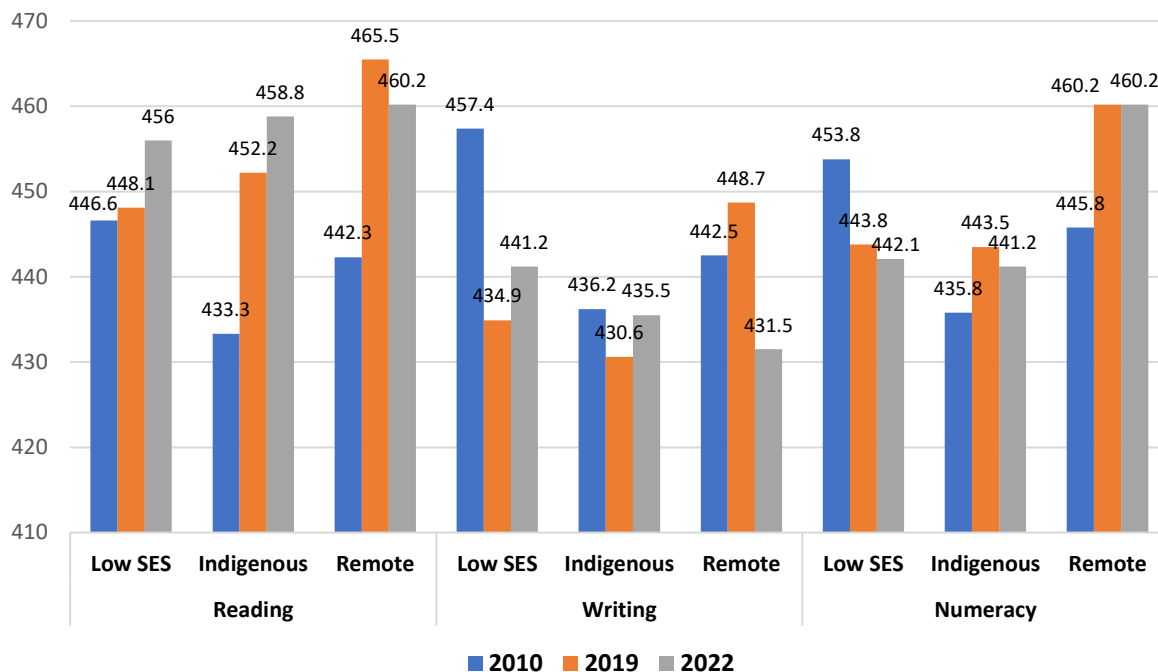
By contrast, very small percentages of high SES Year 9 students failed to achieve the standards in 2022 – 2.8% in reading, 5.4% in writing and 1.4% in numeracy. There was little change in the percentage not achieving the benchmarks since 2010 and 2011.

3. Mixed learning results by disadvantaged students

Year 5 reading and numeracy results have generally improved for disadvantaged students since 2010 but writing results have declined since 2011. There was a large improvement in reading by low SES, Indigenous and remote area students and a smaller improvement in numeracy by Indigenous and remote area students [Chart 3]. Writing scores fell significantly for low SES and remote area students and there was little change for Indigenous students. Numeracy results for low SES students also declined.

There was little improvement in results for Year 9 disadvantaged students. Reading, writing and numeracy results for Year 9 low SES students all fell [Chart 4]. Writing and numeracy results for Indigenous students improved but there was little change in reading. There was little change in reading, writing and numeracy results for remote area students

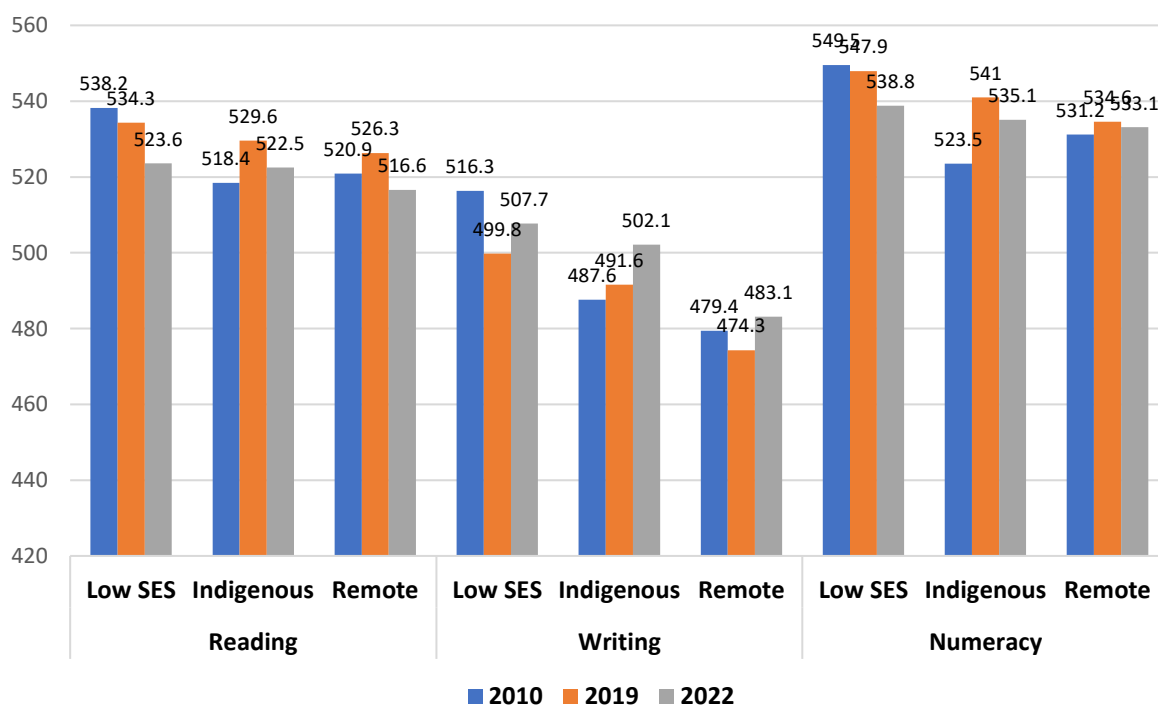
Chart 3: Year 5 NAPLAN Scores for Equity Group Students, NSW, 2010, 2019 & 2022



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.

Note: The writing gaps are for 2011, 2019 & 2022

Chart 4: Year 9 NAPLAN Scores for Equity Group Students, NSW, 2010, 2019 & 2022



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.

Note: The writing gaps are for 2011, 2019 & 2022

4. Large achievement gaps continue between advantaged and disadvantaged students

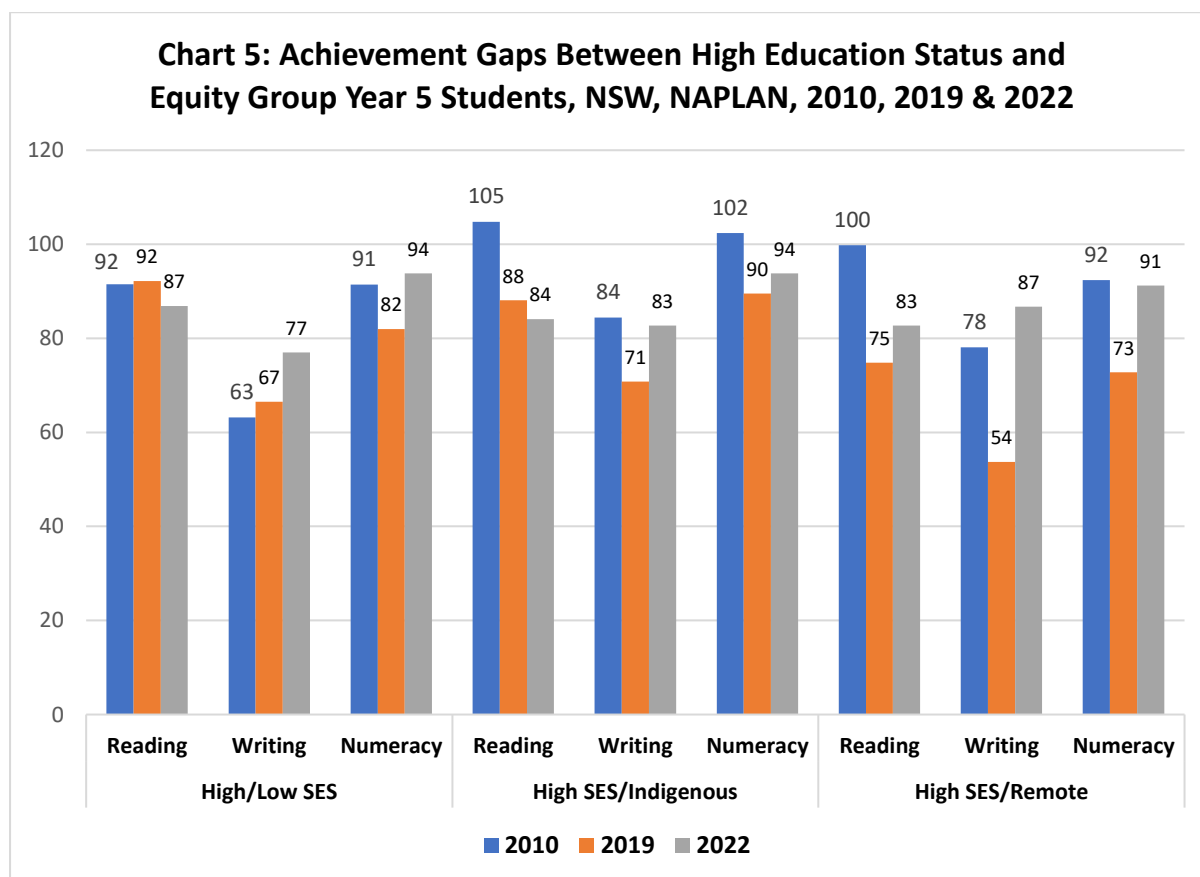
4.1 Year 5 achievement gaps

Year 5 high SES student results are well above those of low SES, Indigenous and remote area students. The achievement gaps between high and low SES students in 2022 were 86 points in reading, 77 points in writing and 93 points on the NAPLAN scale for reading and numeracy [Chart 5]. The gaps between high SES students and Indigenous and remote area students were similar. The gaps are equivalent to over two years of learning.

There was little change in reading and numeracy achievement gaps between Year 5 high and low SES students between 2010 and 2022. There was a significant increase in the writing gap due to a decline in the low SES student score.

There was a significant reduction in the reading gap between high SES and Indigenous students and a smaller reduction in the numeracy gap. These reductions were due to improved results by Indigenous students. There was also a significant reduction in the writing gap between 2019 but it was reversed during COVID.

The reading achievement gap between high SES and remote area students decreased significantly between 2010 and 2022. The writing and numeracy gaps reduced significantly to 2019 but increased during COVID.



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.

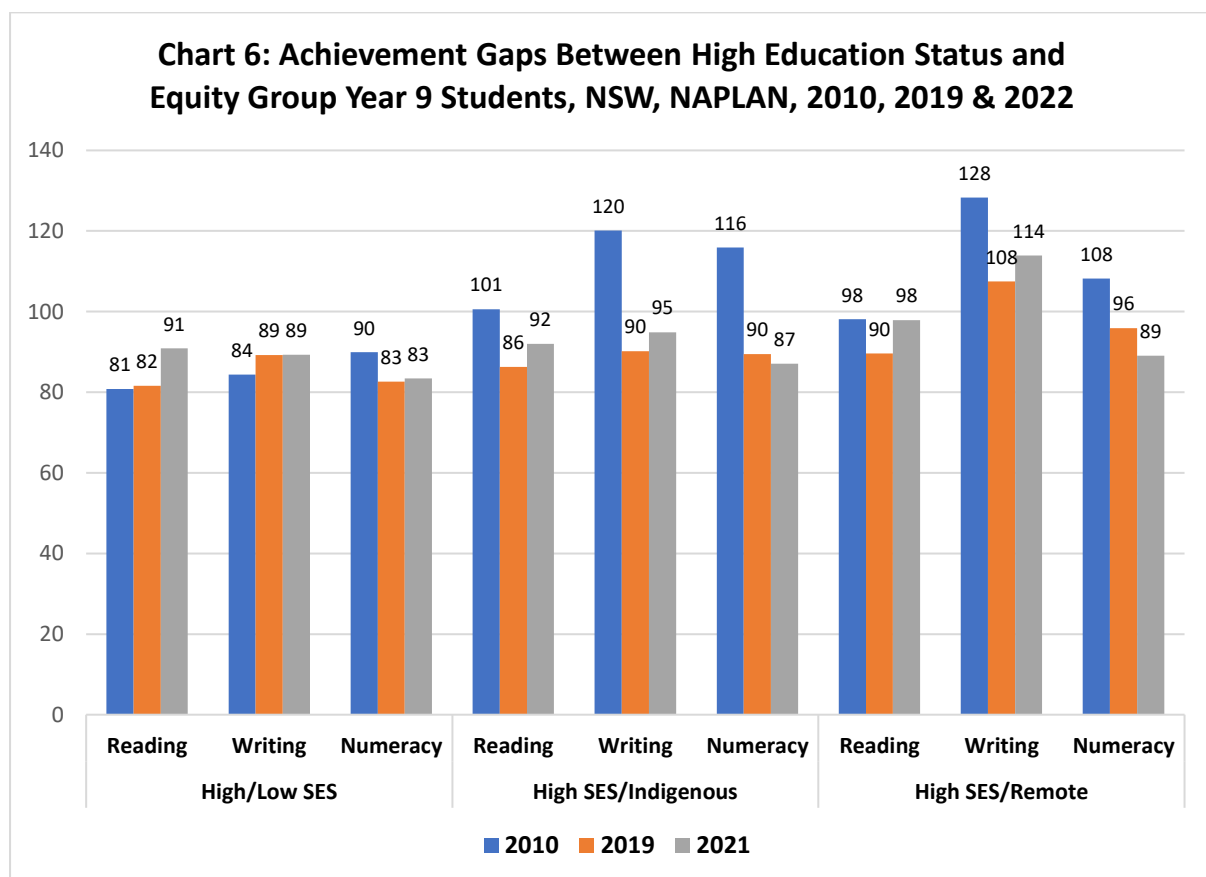
Note: The writing gaps are for 2011, 2019 & 2022

4.2 Year9 achievement gaps

The achievement gap between Year 9 high and low SES students was nearly four years of learning in reading, writing and numeracy in 2022. While the respective score gaps of 93, 89 and 83 points [Chart 6] were similar to those of Year 5, they represent larger learning gaps because of the manner in which the NAPLAN scale is constructed. There was a small increase in the reading gap between 2010 and 2022 and little change in the writing and numeracy gaps.

The gaps between high SES students and Indigenous students were broadly similar to the high/low SES gaps. However, there were large reductions in the writing and numeracy gaps since 2010 and a smaller reduction in the reading gap. The reductions in gaps were due to improved results by Indigenous students and some declining results by high SES students.

The achievement gaps between high SES and remote area students also amount to about four years of learning in reading and numeracy and nearly five years in the case of writing. There was little change in the reading gap between 2010 and 2022 but there were significant reductions in the writing and numeracy gaps. However, the reductions were mainly due to declining results by high SES students.



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports.

Note: The writing gaps are for 2011, 2019 & 2022

5. Relatively few improvements in school outcomes

Table 1 provides a summary of changes in school outcomes for disadvantaged students from 2010 to 2020. It shows relatively few improvements in outcomes over the period. The main improvements occurred for Indigenous students in Years 5 and 9 and for remote area students in Year 5.

There was virtually no learning improvement amongst low SES students. There was no reduction in the proportion of Year 5 and Year 9 low SES students not achieving the reading, writing and numeracy national standards. NAPLAN scores fell in all domains at both Year levels except for Year 5 reading. Achievement gaps between high and low SES students either increased or showed no statistically significant change.

There were several improvements in learning by Indigenous students. The percentage not achieving national standard decreased in Year 5 reading and numeracy and in Year 9 writing and numeracy. NAPLAN scores also increased significantly in Year 5 reading and numeracy and in Year 9 writing and numeracy and achievement gaps decreased in these domains as well.

There were some learning improvements amongst remote area students. The percentage not achieving national standards decreased in Year 5 reading and writing and Year 9 numeracy but there was no significant change in the other three domains. NAPLAN scores increased in Year 5 reading and numeracy but there was no improvement in the other learning domains in Years 5 and 9. Achievement gaps between high SES and remote area students fell in Year 5 reading and Year 9 writing and numeracy. However, the reduction in the Year 9 gaps was due to declining results for high SES students.

Table 1: Summary of NSW School Outcomes: 2010 to 2022

Percentage Below Standard	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	NSC	Decrease	Decrease	Increase	NSC	NSC
Writing	Increase	NSC	Increase	Increase	Decrease	NSC
Numeracy	NSC	Decrease	Decrease	NSC	Decrease	Decrease
NAPLAN Score	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	Increase	Increase	Increase	Decrease	NSC	NSC
Writing	Decrease	NSC	Decrease	Decrease	Increase	NSC
Numeracy	Decrease	Increase	Increase	Decrease	Increase	NSC
Achievement Gap with High SES	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	NSC	Decrease	Decrease	Increase	Decrease	NSC
Writing	Increase	NSC	Increase	NSC	Decrease	Decrease
Numeracy	NSC	Decrease	NSC	NSC	NSC	Decrease

Note: NSC = No Significant Change

6. Government funding failures

These education equity failures are due in no small part to several funding failures by successive Commonwealth and NSW governments. As many studies have shown in recent years, [money matters in education](#), especially for disadvantaged students, and governments have failed to adequately fund public schools which are attended by the vast majority of disadvantaged students.

6.1 Funding increases have heavily favoured private schools

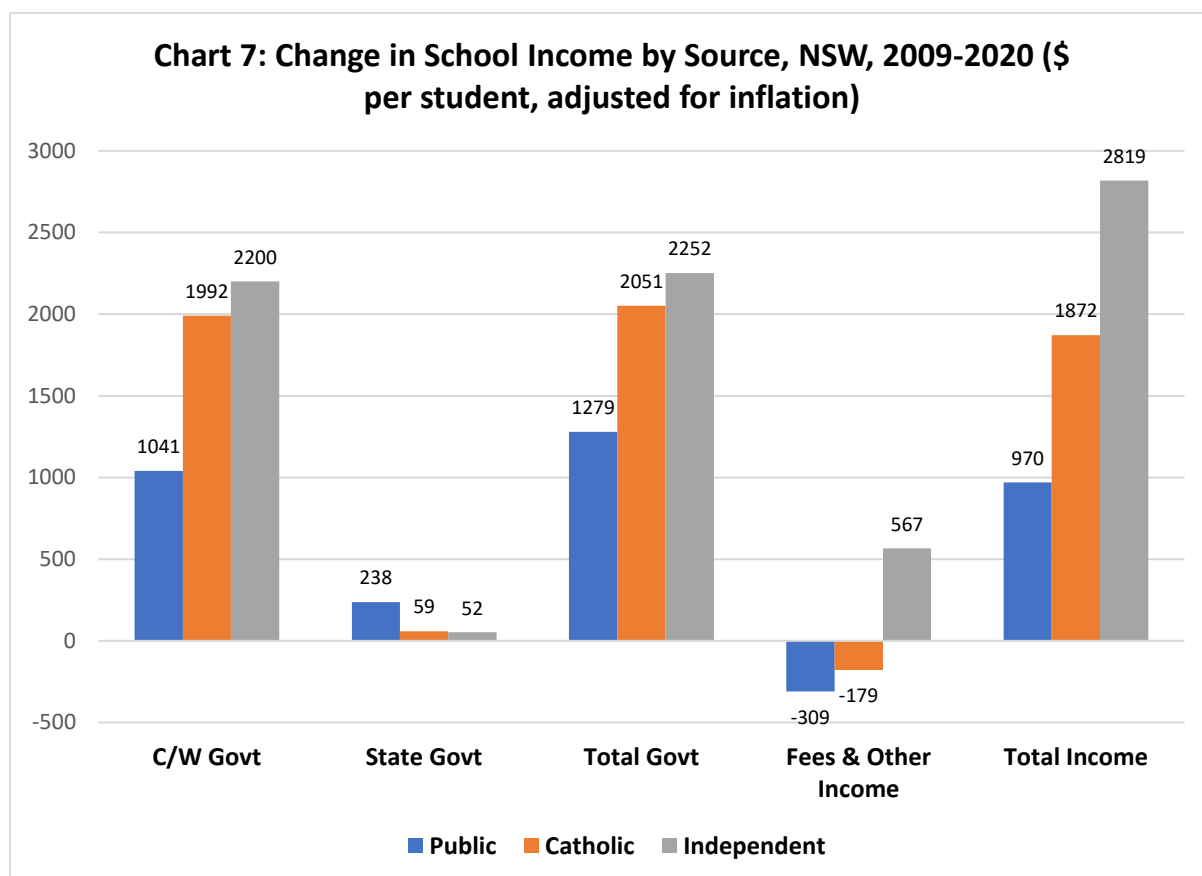
Government funding (Commonwealth and state) per student in Catholic and Independent schools in NSW has far outstripped that for public schools since 2009. Funding adjusted for inflation increased by \$1,279 per student in public schools compared to \$2,252 per student in Independent and \$2,051 per student in Catholic schools [Chart 7]. In percentage terms, the increase in funding for

Independent school (34.8%) was nearly three times that of public schools (12.4%) and the increase for Catholic schools (25.7%) was double that of public schools

The Commonwealth Government has been the primary source of funding increases for both public and private schools. The NSW Government has the main responsibility for public schools but it has provided only a small increase in funding since 2009.

Commonwealth Government funding increases have heavily favoured private schools. Its funding, adjusted for inflation, for Independent and Catholic schools, increased by about double that for public schools. Its funding of Independent schools increased by \$2,200 per student and by \$1,992 for Catholic schools compared to \$1,041 for public schools.

NSW Government funding, adjusted for inflation, increased by \$234 per student in public schools, \$59 per Catholic student and \$52 per Independent student. The Coalition Government cut funding for public schools by \$354 per student between 2011 and 2017 and these cuts were only reversed in recent years by an increase in funding of \$853 per student. Overall, funding for public schools under the Coalition increased by only \$501 per student, or 5.8%, from 2011 to 2020

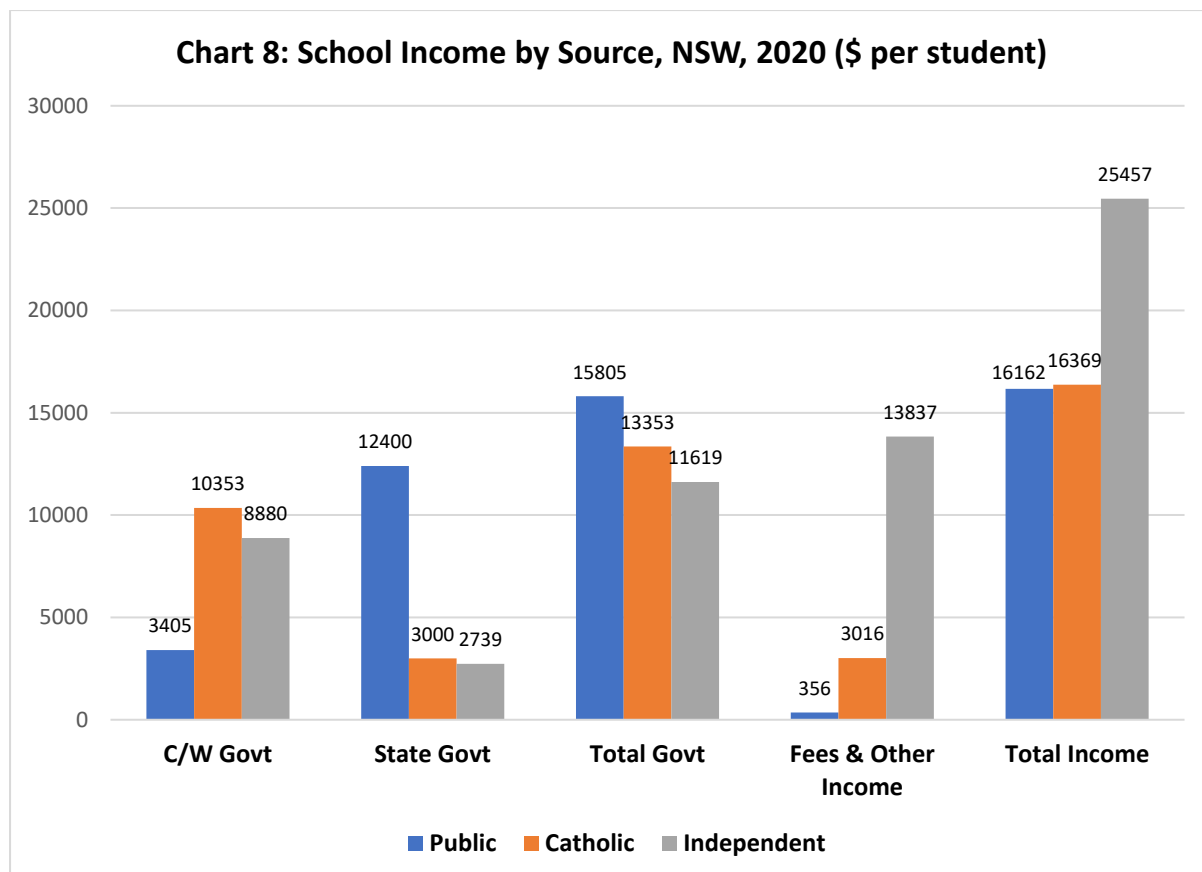


Source: ACARA, National Report on Schooling data portal. The figures are adjusted for inflation by a combined index of the Wage Price Index for Public and Private Education and the Consumer Price Index.

Income from other sources was significantly affected by COVID. Between 2009 and 2019, income from fees and other sources in public schools fell by \$121 per student but then fell by another \$188 per student in 2020. Income from these sources in Catholic schools increased by \$174 per student to 2019 and fell by \$353 in 2020. This income of Independent schools increased by \$1,103 per student to 2019 and fell by \$737 in 2020. Many private schools also froze fees during 2021. However, there are indications that [fees increased in 2022](#) and [more fee increase are expected in 2023](#).

The outcome of these changes in government funding and other sources of income is that inflation adjusted income per student in Independent schools increased by nearly three times that of public schools since 2009 and by twice as much in Catholic schools. Income per student in Independent schools increased by \$2,819 and by \$1,872 in Catholic schools compared to \$970 in public schools.

NSW Independent schools have a large resource advantage over public and Catholic schools. The income per student in Independent schools in 2020 was nearly 60% higher than for public and Catholic schools – \$25,457 per student compared to \$16,162 per student in public schools and \$16,369 in Catholic schools [Chart 8].



Source: ACARA, National Report on Schooling data portal.

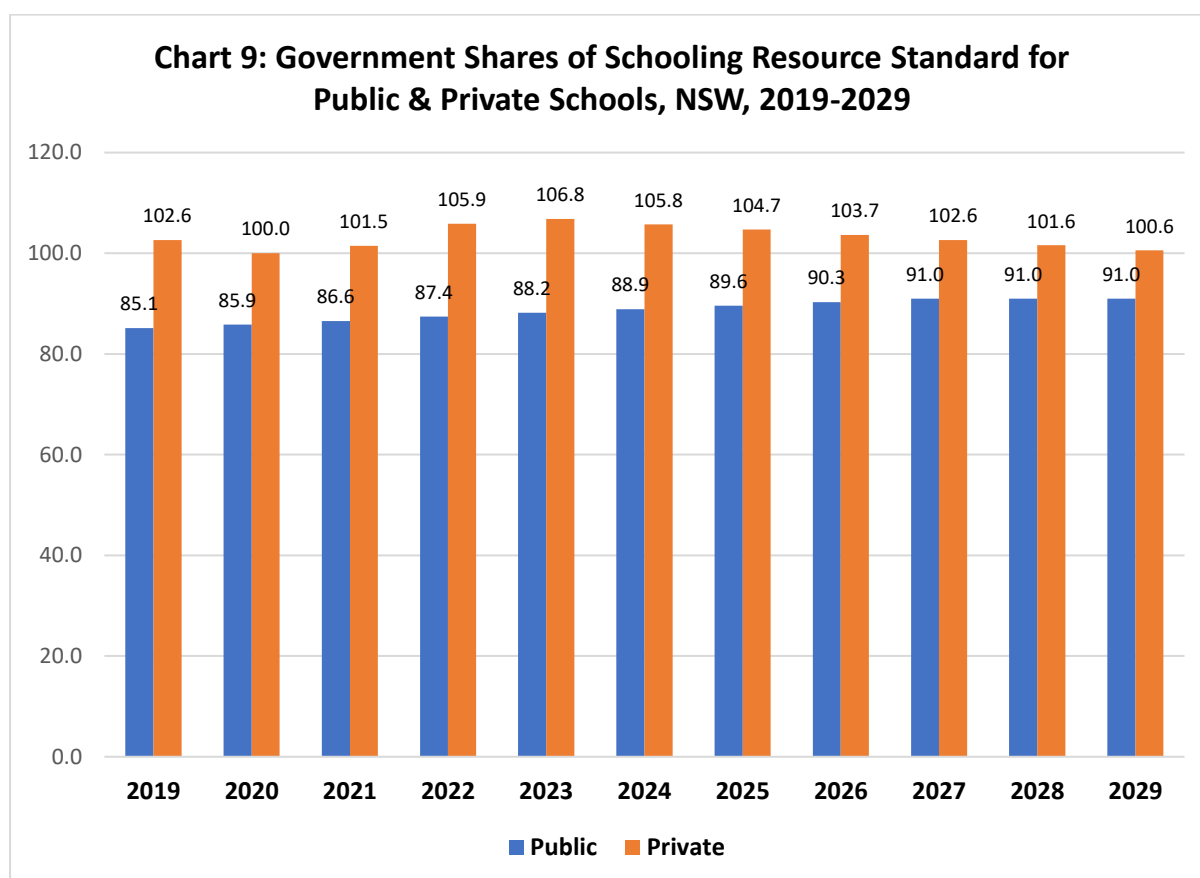
6.2 Public schools are massively under-resourced

The current bilateral funding agreement between the Commonwealth and NSW Governments has led to massive under-funding of public schools. Public schools are funded at well under their SRS, which is the level of government funding nationally agreed as necessary for schools to meet students’ educational needs. Officially, NSW public schools were funded at 91.4 % of their SRS in 2022, 19.6% by the Commonwealth and 71.8% by the NSW Government.

However, public schools are actually funded at much less than this because of a special clause in the funding agreement that allows the NSW Government to claim non-school based expenditures not officially included in the measure of the SRS as part of its share of the SRS. Under the agreement, it can claim depreciation and expenditure on the NSW Standards Authority up to 4% of the SRS as part of its share. Such expenditures are specifically excluded from the nationally agreed measure of the SRS.

This special deal between the Morrison and NSW Governments effectively reduces the NSW Government share of the SRS to only 67.8% in 2022. Taking account of the Commonwealth share of 19.6%, public schools are currently funded at 87.4% of their SRS. The funding shortfall is estimated at \$2 billion.

Unless the new bilateral agreement to apply from 2025 is substantially revised, public schools will remain under-funded indefinitely. The current agreement only requires the NSW Government to fund public schools at 75% of their SRS by 2027. The continuation of the special allowance would mean that public schools would only be funded at 71% of their SRS by the NSW Government and at 91% by combined Commonwealth and NSW Government funding [Chart 9]. In the absence of any change, the cumulative under-funding from 2019 to 2029 is estimated at \$21 billion including a funding shortfall from 2022 to 2029 of about \$14.9 billion [Chart 10]. Under-funding per student in 2021 is estimated at \$2,536.



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

6.3 Private schools are over-funded

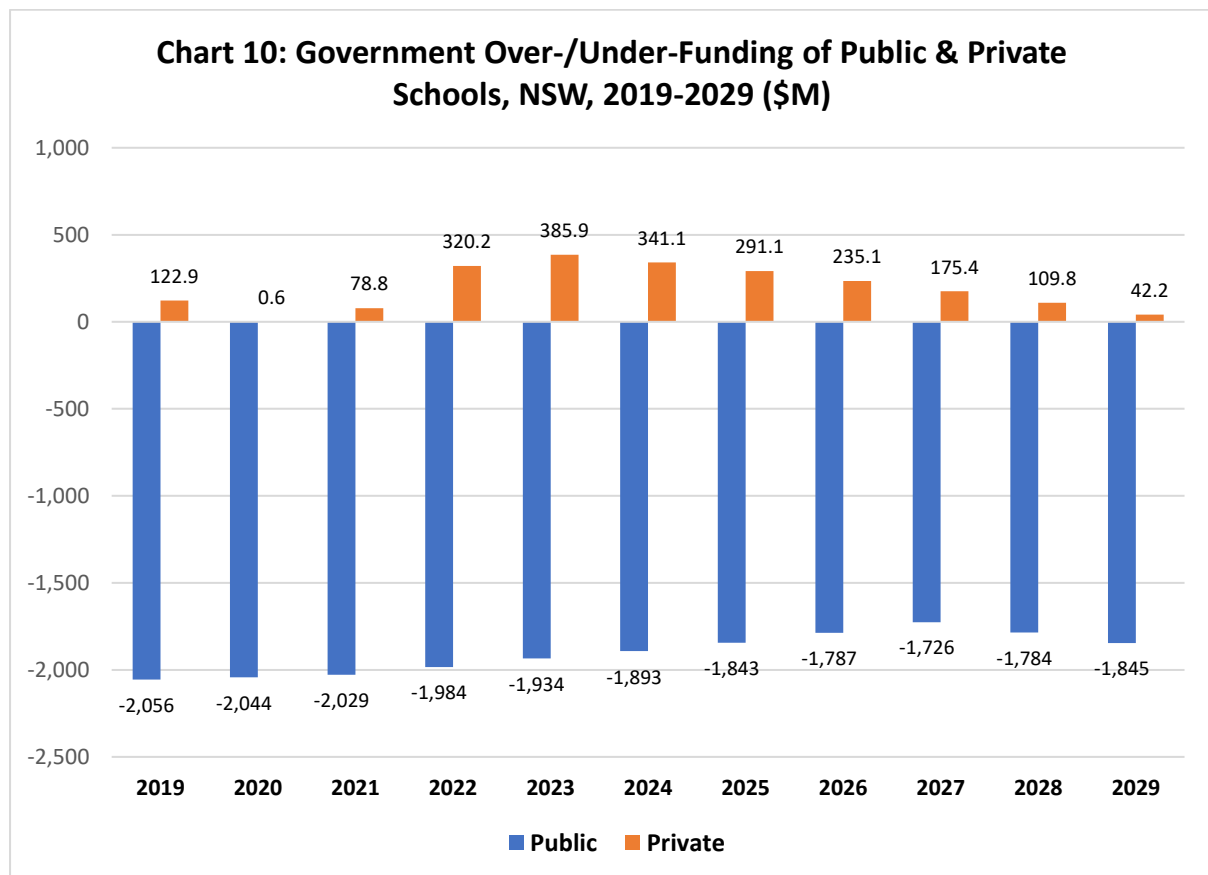
The resource advantage of private schools is projected to accelerate over the rest of the decade to 2029 under the current arrangements. Commonwealth funding for private schools will increase under special deals provided by the Turnbull and Morrison Governments.

Under the current funding arrangements, the Commonwealth will fund private schools at 80% of their SRS and the NSW Government will fund the remaining 20%. However, official figures show that the Commonwealth is funding private NSW schools at 82.8% of their SRS in 2022 and their funding will remain above 80% until 2029. However, these figures do not include the many special deals for private schools introduced by the Morrison Government such as the \$1.2 billion [Choice and](#)

[Affordability Fund](#) which operates until 2029. This funding boosts the Commonwealth share to 82.9% in 2022 and will only reduce to 80.5% in 2029.

The NSW Government is also over-funding private schools. In 2022, it is funding them at 23% of their SRS in 2022 and they will remain over-funded to at least 2029. The current Commonwealth/NSW funding agreement states that the NSW Government will fund private schools to **at least 20%** of their SRS by 2029. This leaves open the possibility that the NSW Government will continue to fund private schools at over 20% of their SRS.

In total, NSW private schools are funded at 105.9% of their SRS in 2022 and will be over-funded for the rest of the decade, reaching 100.5% in 2029. The cumulative over-funding from 2022 to 2029 is estimated at about \$1.9 billion.



Source: SOS Estimates.

7. Equity in school outcomes and funding is the fundamental priority

As in other states, the NSW school system is highly inequitable. The latest NAPLAN results show shocking inequalities in school outcomes between advantaged and disadvantaged students. Very high proportions of low SES, Indigenous and remote area students do not achieve national literacy and numeracy standards compared with very small proportions of high SES students. Low SES, Indigenous and remote area students are several years of learning behind their high SES peers by Year 9. There have been some learning improvements by Indigenous and remote area students since 2010, but virtually none by low SES students.

Funding failures by successive Commonwealth and NSW Governments are a major factor contributing to the education equity failures. Over 80% of low SES, Indigenous and remote area students attend public schools. Despite this, government funding increases since 2009 have heavily

favoured private schools. Public schools in NSW are vastly under-funded to meet the challenges they face. By contrast, private schools who serve only a small minority of disadvantaged students are significantly over-funded as a result of Commonwealth and NSW Government funding policies.

The [Education Ministers Meeting](#) has delayed the introduction of a new National Schools Reform Agreement (NSRA) and new Commonwealth-State Government bilateral funding agreements. The current NSRA has been extended for another year so that new agreements will not apply until 2025. It is a disaster for public schools in NSW which enrol the large majority of disadvantaged students. It stops any funding increases for public schools and they will be stuck at their 2023 SRS funding level for another year. It also continues the absurd arrangements that defraud public schools of funding by allowing the NSW Government to claim expenditures excluded from the measure of the SRS as part of its share of the SRS. The extension also provides a small funding windfall for NSW private schools because it halts the planned reduction in their over-funding by the state government.

At present, there is no indication when NSW public schools will be fully funded. The decision of the Education Ministers Meeting is a betrayal of public schools and disadvantaged students. It will ensure that the appalling inequities in school outcomes between rich and poor in NSW will continue for even longer.

Increased funding for NSW public schools is of vital importance to improving school outcomes for disadvantaged students and reducing the massive achievement gaps between rich and poor. It should be a central issue in the NSW election in March. The chronic severe under-funding of public schools cannot be allowed to continue.

The recent [Productivity Commission report](#) on the current NSRA says that governments have to do better on equity in school outcomes. It recommended that governments focus on ensuring that all students achieve basic levels of literacy and numeracy and reducing achievement gaps between different groups of students. This will require increased funding. [Numerous studies](#) show that increased funding directed at disadvantaged students increases results.

Candidates and parties contesting the NSW election must commit to ensuring that public schools are fully funded at 100% of their SRS by 2027 They must clearly answer three basic questions:

1. Will you take action to reduce the shocking inequalities between the school results of advantaged and disadvantaged students?
2. Will you support increase funding for disadvantaged students and schools?
3. Will you support increased NSW Government funding of public schools so that they are funded at 100% of their SRS by 2027?
4. Will you support removing the special allowances in the current Commonwealth-NSW bilateral funding agreement that allow the NSW Government to defraud public schools by including non-school expenditures as part of its share of the SRS?