

Education Research Paper

Close the Gaps Between Rich and Poor

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Summary

The latest NAPLAN results show shocking inequalities in school outcomes between highly advantaged and disadvantaged students in Australia. 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 29% of low SES Year 9 students were below the national reading standard in 2022, 38% were below the writing standard and 16% were below the numeracy standard. One-third of Indigenous students were below the reading standard, 44% were below the writing standard and 19% were below the numeracy standard. Nearly one-quarter of remote area students were below the reading standard, 35% were below the writing standard and 13% were below the numeracy standard. By contrast, 3% of Year 9 high SES students did not achieve the reading standard, 7% did not achieve the writing standard and 2% 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 students not achieving the standard is 11 times that of high SES students. Remote area 8 times.

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 years or more behind high SES students in reading, writing and numeracy. The NAPLAN scores of Year 9 low SES and Indigenous are similar to or below those of Year 5 high SES students while those of remote area students are only slightly above.

There has been no learning improvement amongst low SES students since 2008 and declines in many cases. None 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 in all in Year 9. 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 11 out of 18 indicators. The percentage not achieving national standard decreased in Year 5 reading and numeracy and in Year 9 numeracy. NAPLAN scores also increased significantly in Year 5 reading and numeracy and in Year 9 numeracy. Achievement gaps between high SES and Indigenous students decreased at both Year levels in all domains except Year 9 reading.

There were some learning improvements amongst remote area students but generally there was no significant changes or decreases in learning. Only 5 of the 18 indicators showed any improvement. There was no significant change in the percentage not achieving national standards in Year 5 and increased proportions below standard in Year 9 reading and writing. NAPLAN scores increased in Year 5 reading and numeracy and Year 9 numeracy but there was no improvement in the other learning domains in Years 5 and 9. There was no reduction in the achievement gaps between high SES and remote area students in Year 5 and Year 9 reading. The gaps in Year 9 writing and numeracy fell but this was mainly due to declining results for high SES students.

These are an appalling inequity that have continued for far too long. They are an indictment on our education system, governments, and society. Australia has a highly inequitable, discriminatory, class-ridden education system that makes nonsense of the idea that we are an egalitarian country.

Funding failures by successive Commonwealth and state 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.

Combined government funding per student, adjusted for inflation, increased by \$830 per student in public schools compared to \$2,839 per student in Independent and \$2,490 per student in Catholic schools. In percentage terms, the increase in funding for Independent school (45%) was nearly six times that of public schools (7.8%) and the increase for Catholic schools (32.2%) was over three times that of public schools

Public schools across Australia are vastly under-funded to meet the challenges they face. They are currently funded on average at 87.1% of their Schooling Resource Standard (SRS). Public schools in all states except the ACT are funded at well under their 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. On average, they are currently funded at 104.3% of their SRS and will remain over-funded for the rest of the decade. Private schools in all states except the Northern Territory are funded at over 100% of their SRS.

[The decision by the Education Ministers Meeting](#) to extend the current National Schools Reform Agreement to 2024 is disastrous for public schools because the current funding agreement is blatantly biased in favour of private schools. First, the funding agreement only provides for public schools to be funded at 95% of their SRS by 2029 while private schools are funded at over 100% of their SRS until at least 2029. Second, the agreement allows state governments claim certain non-school expenditures as part of its share of the SRS of public schools but not for private schools. The effect is that public schools will be funded at less than 91% of their SRS until at least 2029 while private schools are funded at over 100% of their SRS for the rest of the decade.

At present, there is no indication when public schools will be fully funded. Numerous studies show that money matters in education, especially for disadvantaged students. Yet, public schools and the vast majority of disadvantaged students continue to be denied the funding needed to achieve greater equity in education outcomes. 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 will continue for even longer.

Key Points

Education inequity

- The latest NAPLAN results show shocking inequalities in school outcomes between highly advantaged and disadvantaged students in Australia.
 - Very high proportions of low socio-economic status (SES), Indigenous and remote area students do not achieve national reading, writing 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 2008 but virtually none by low SES students.

Many disadvantaged students do not achieve minimum literacy and numeracy standards

- In 2022, 17-22% of Year 5 low SES students, 22-29% of Indigenous student and 16-22% of remote area students did not achieve national reading, writing and numeracy standards;
 - By contrast, only 2-3% of high SES students did not achieve the standards;
- 29% of low SES Year 9 students were below the reading standard, 38% were below the writing standard and 16% were below the numeracy standard.
- 33% of Year 9 Indigenous students were below the reading standard, 44% were below the writing standard and 19% were below the numeracy standard.
- 24% of Year 9 remote area students were below the reading standard, 35% were below the writing standard and 13% were below the numeracy standard.
- By contrast, only 3% of Year 9 high SES students did not achieve the reading standard, 7% did not achieve the writing standard and 2% did not achieve the numeracy standard.

Mixed NAPLAN results for disadvantaged students from 2008 to 2022

- NAPLAN scores for low SES students fell in Year 5 writing and in Year 9 reading, writing and numeracy and did not improve in Year 5 reading and numeracy.
- The proportion of low SES Year 9 students below the reading standard doubled from 14% to 29% and the proportion below the writing standard increased from 28% in 2011 to 38%
- NAPLAN scores for Indigenous students increased significantly in Year 5 reading and numeracy and in Year 9 numeracy but did not improve in Year 5 writing of Year 9 reading and writing.
- NAPLAN scores for remote area students increased in Year 5 reading and numeracy and in Year 9 numeracy but did not improve in Year 5 writing of Year 9 reading and writing. There were large increases in the proportion of Year 9 students below the reading and writing standards.

Large achievement gaps continue between advantaged & disadvantaged students

Year 5 achievement gaps

- Year 5 low SES, Indigenous and remote area students are about 2 years behind Year 5 high SES students in reading, writing and numeracy.
- The achievement gaps between Year 5 high and low SES students increased in reading, writing and numeracy between 2008 and 2022.
- The achievement gap between Year 5 high SES and Indigenous students decreased in reading, writing and numeracy.
- There was no significant change in the achievement gap between Year 5 high SES and remote area students

Year 9 achievement gaps

- Year 9 low SES, Indigenous and remote areas students are over four years behind high SES students in reading, writing and numeracy.

- Achievement gaps between high and low SES Year 9 students increased in reading and there was no statistically significant change in writing and numeracy.
- Achievement gaps between high SES and Indigenous Year 9 students decreased in writing and numeracy but there was no significant change in reading.
- Achievement gaps between high SES and remote area Year 9 students decreased in writing and numeracy but there was no significant change in reading.

Inequity in funding for public schools

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

Government funding increases have heavily favoured private schools

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

- Combined government funding per student, adjusted for inflation, increased by \$830 per student in public schools compared to \$2,839 per student in Independent and \$2,490 per student in Catholic schools. In percentage terms, the increase in funding for Independent school (45%) was nearly six times that of public schools (7.8%) and the increase for Catholic schools (32.2%) was over three times that of public schools
- Commonwealth Government funding for Independent schools increased by \$2,704 per student and by \$2,329 for Catholic schools compared to \$810 for public schools
- State government funding for public schools increased by \$20 per student, \$161 per Catholic student and \$135 per Independent student

Public schools are massively under-funded

- Public schools are currently funded on average at 87.1% of their Schooling Resource Standard (SRS) – 20% by the Commonwealth and 67.1% by state governments.
 - Public schools in all states except the ACT are funded at well under their SRS.
- The current Commonwealth-State funding agreements defrauds public schools:
 - They set a target funding share of only 75% by 2029.
 - They allow state governments to claim non-school expenditures as part of their share of the SRS.
 - As a result, state government funding will be less than 71% of their SRS by 2029.
- Public schools will remain under-funded until at least 2029 under current funding arrangements.
- The cumulative under-funding of public schools is estimated at \$73.7 billion from 2019 to 2029.

Private schools are over-funded

- Official figures under-estimate the actual SRS shares of private schools funded by the Commonwealth because they refer only funding provided under the Direct Measure of Income (DMI) model and ignore a host of other funding such as the \$1.2 billion Choice and Affordability Fund and \$769 million in JobKeeper payments.
- On average, private schools are funded at 104.3% of their SRS. – 82.7% by the Commonwealth and 21.6% by state governments and will be over-funded for the rest of the decade.
- Private schools in all states except the Northern Territory are funded at over 100% of their SRS.
- The cumulative over-funding from 2022 to 2029 is estimated at about \$5.2 billion.

Policy disaster

- The decision by the Education Ministers' Council to extend the current National Schools Reform Agreement to 2024 is disastrous. It will further deny public schools much needed funding increases. It is a betrayal of public schools and disadvantaged students. It will ensure that the appalling inequities in school outcomes between rich and poor will continue for even longer.

1. Introduction

The latest NAPLAN test results reveal shocking inequalities in school outcomes between highly advantaged and disadvantaged students in Australia. Very high proportions of low socio-economic status (SES), Indigenous and remote area students do not achieve national reading, writing 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 state 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 across Australia 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.

2. Many disadvantaged students fail to achieve minimum literacy and numeracy standards

Many disadvantaged students 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

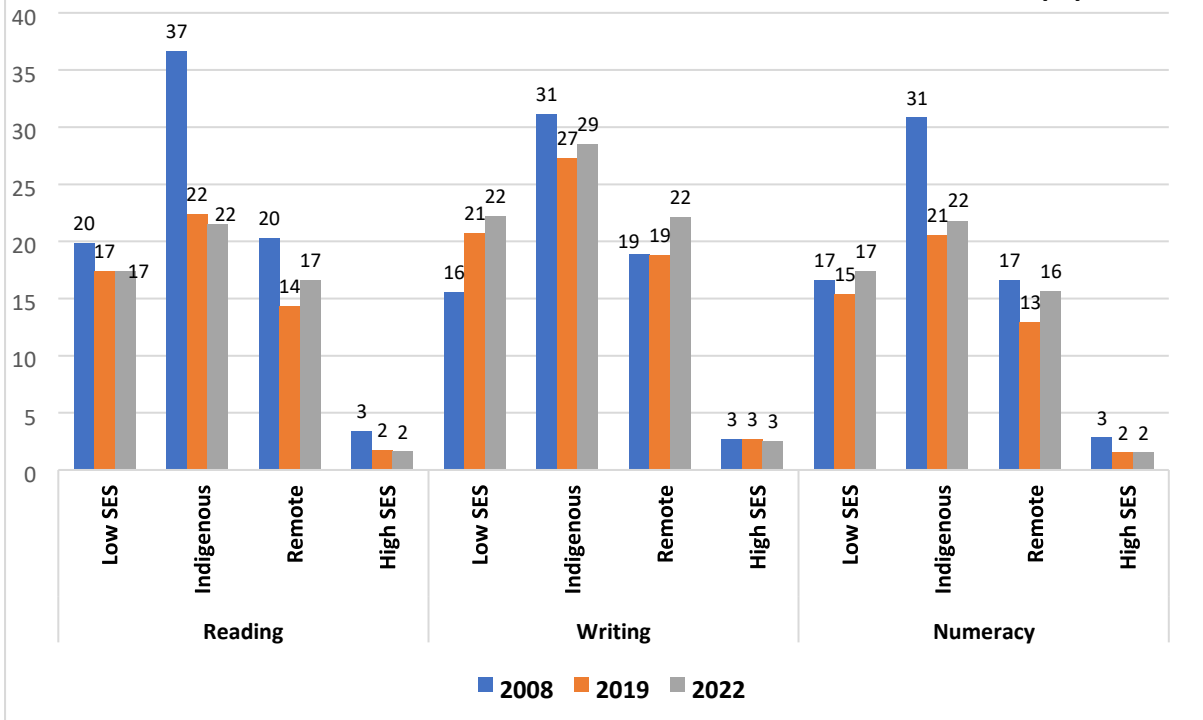
In 2022, 17% of Year 5 low SES students did not achieve the reading and numeracy standard, and 22% did not achieve the writing standard [Chart 1] There was only a slight improvement in the percentage achieving the reading standard since 2008 from 80 to 83%. However, there was a significant increase in the proportion not achieving the writing standard since 2011 when such figures were first published – from 16% to 22%. The increase was not entirely associated with COVID as the percentage below standard increased between 2008 and 2019. There was no reduction in the percentage below the numeracy standard since 2008.

Large proportions of Year 5 Indigenous students are below the standards but there have been major improvements in the proportion achieving the reading and numeracy standards since 2008. In 2022, 22% of Indigenous students did not achieve the reading and numeracy standards, and 29% did not achieve the writing standard. The percentage not achieving the reading standard is down from 37% in 2008 and the percentage not achieving the numeracy standard is down from 31%. There was only a minor decrease in the percentage below the writing standard from 31% to 29%.

A significant proportion of Year 5 remote area students also do not achieve national standards. Seventeen per cent did not achieve the reading standard, 22% did not achieve the writing standard and 16% did not achieve the numeracy standard. There was a very small increase of three percentage points in the proportion achieving the reading standard and virtually no change in numeracy since 2008. There was a small increase in the proportion not achieving the writing standard.

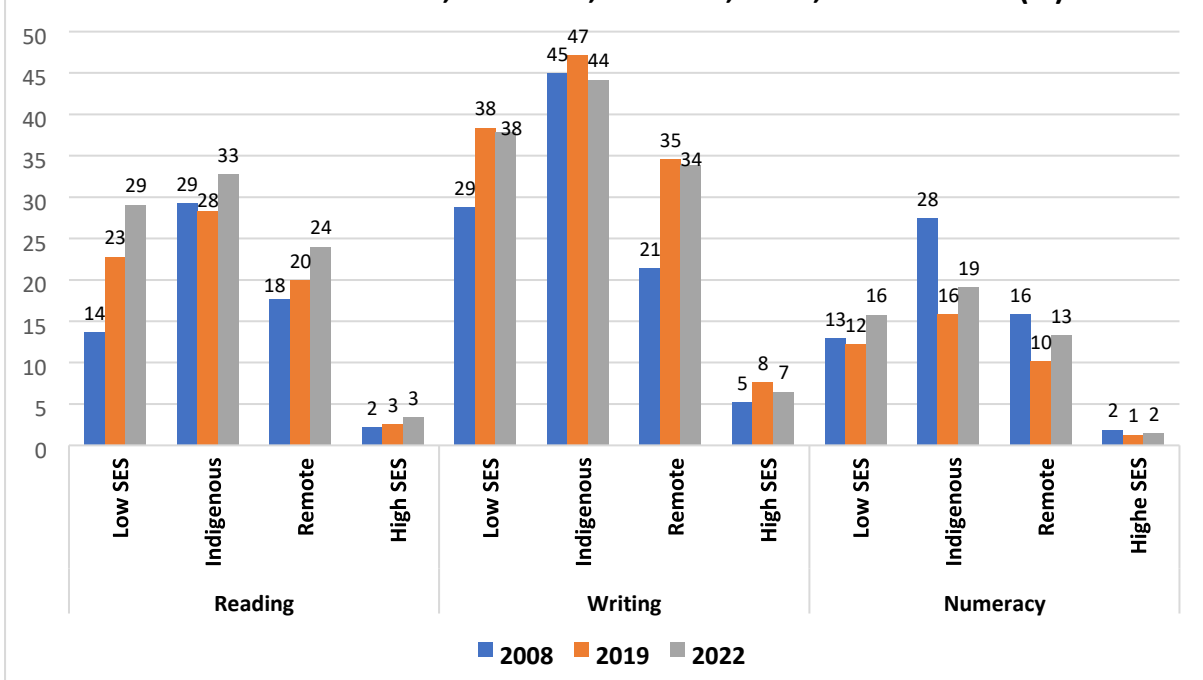
By contrast to the significant proportion of disadvantaged students below national Year 5 standards very few high SES students failed to achieve the standards. Only two to three per cent of the latter failed to meet the standards.

Chart 1: Equity Group & High SES Year 5 Students Below National Minimum Standards, Australia, NAPLAN, 2008, 2019 & 2022 (%)



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

Chart 2: Equity Group & High SES Year 9 Students Below National Minimum Standards, Australia, NAPLAN, 2008, 2019 & 2022 (%)



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

2.2 Year 9 students

Much larger proportions of Year 9 low SES students were below minimum reading and writing standards in 2022. Nearly one-third (29%) were below the reading standard, 38% were below the writing standard and 16% were below the numeracy standard [Chart 2]. There were large increases in the proportions below the reading and writing standards since 2008 (2011 in the case of writing) and a small increase in those below the numeracy standard. The proportion below the reading standard doubled from 14% to 29% and the proportion below the writing standard increased from 28% to 38%.

One-third of Year 9 Indigenous students did not achieve the reading standard, 44% did not achieve the writing standard and 19% did not achieve the numeracy standard. There was a small increase in the proportion of students not achieving the reading standard since 2008, virtually no change in those below the writing standard but a significant decrease in those below the numeracy standard.

Nearly one quarter (24%) of Year 9 remote area students did not achieve the reading standard, over one-third (35%) did not achieve the writing standard and 13% did not achieve the numeracy standard. There were large increases in the proportions below the reading and writing standards. Those below the reading standard increased from 18% in 2008 to 24% in 2022 and those below the writing standard increased from 21% in 2011 to 34% in 2022. There was a small decline in those below the numeracy standard since 2008.

By contrast, very small percentages of high SES students failed to achieve the standards – 3% in reading, 7% in writing and 2% in numeracy. There was little change in the percentage not achieving the benchmarks since 2008 and 2011.

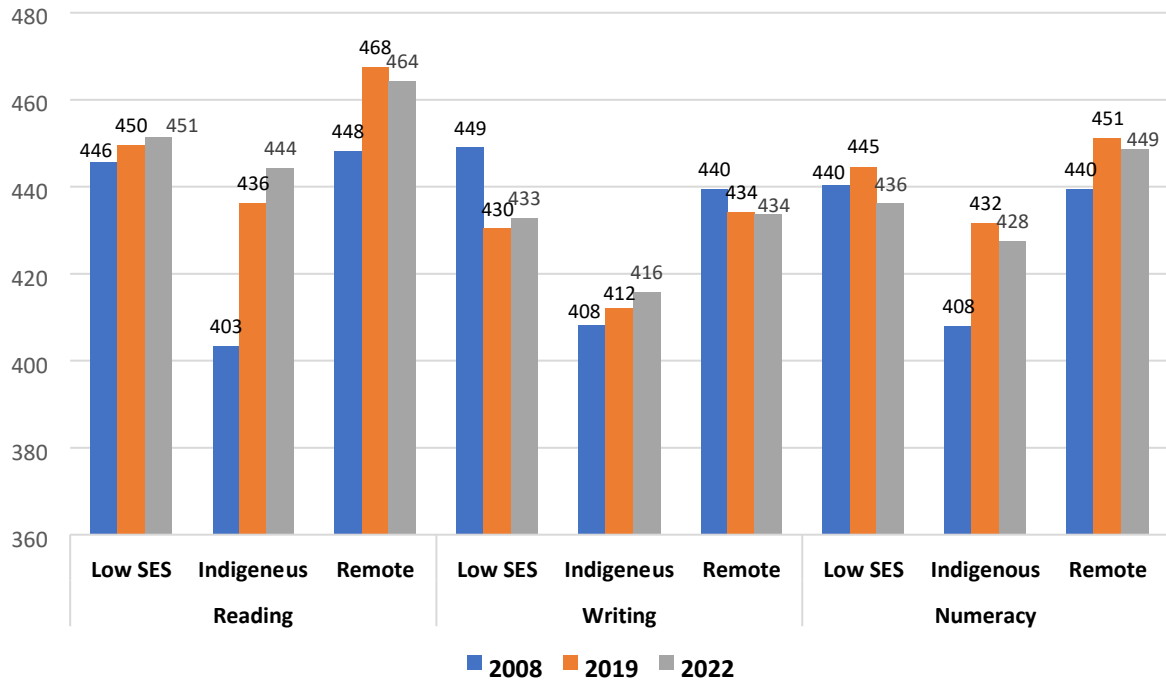
3. Mixed results by disadvantaged students

There were mixed results by disadvantaged students since 2008 with some significant declines in results by low SES students but significant improvements by Indigenous students and mixed results for remote area students.

There was no significant learning improvement by Year 5 low SES students in reading and numeracy from 2008 to 2022 and a large decline in writing since 2011 (Chart 3). However, there was an all-round improvement in Indigenous results and improvement in reading and numeracy by remote area students.

There were large declines in reading and writing scores by Year 9 low SES students from 2008 to 2021 and a smaller decline in numeracy [Chart 4]. The declines were apparent before COVID. There was no significant change in reading and writing scores by Indigenous students and a small improvement in numeracy. There was a significant increase in reading scores by remote area students but little change in writing and numeracy.

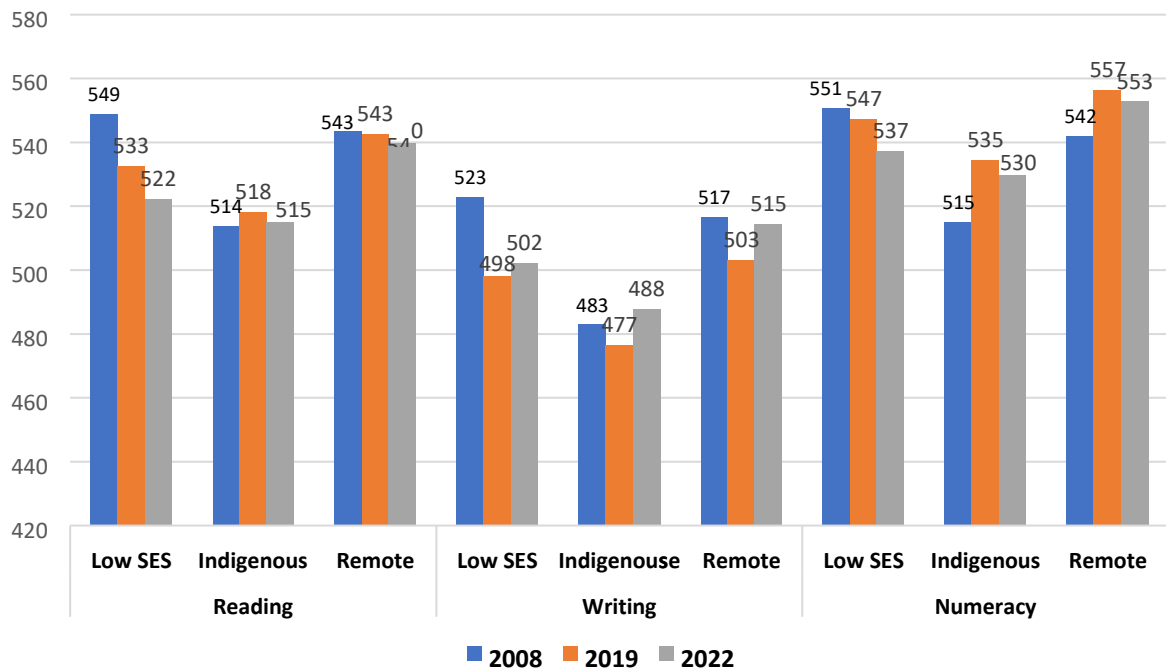
Chart 3: Year 5 Equity Group Students, NAPLA N Scores, Australia, 2008, 2019 & 2022



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

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

Chart 4: Year 9 Equity Group Students, NAPLAN Scores, Australia, 2008, 2019 & 2022



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

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

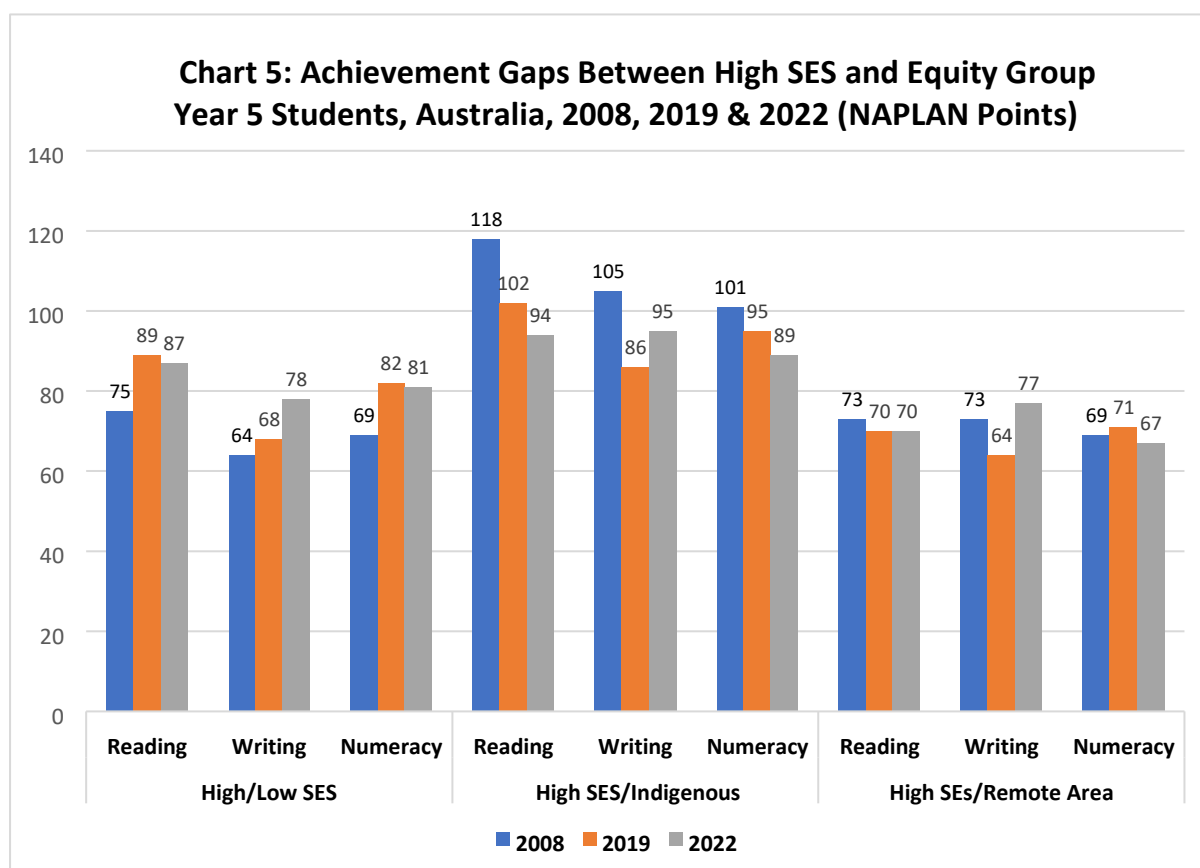
4. Large achievement gaps continue between advantaged and disadvantaged students

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 87 points in reading, 78 points in writing and 81 points on the NAPLAN scale for reading and numeracy [Chart 5]. These gaps represent a little over two years of learning.

The gaps between high SES students and Indigenous are even higher. The reading gap in 2022 is 94 points, 95 points for writing and 89 points for numeracy. These gaps represent about 2½ years of learning. The gaps between high SES students and remote area students are equivalent to about two years of learning.

The gaps between Year 5 high and low SES students in reading, writing and numeracy all increased between 2008 and 2022. By contrast, the gaps between high SES and Indigenous students all decreased. The gaps between high SES and remote area students are similar to those in 2008 (2011 for writing).



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

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

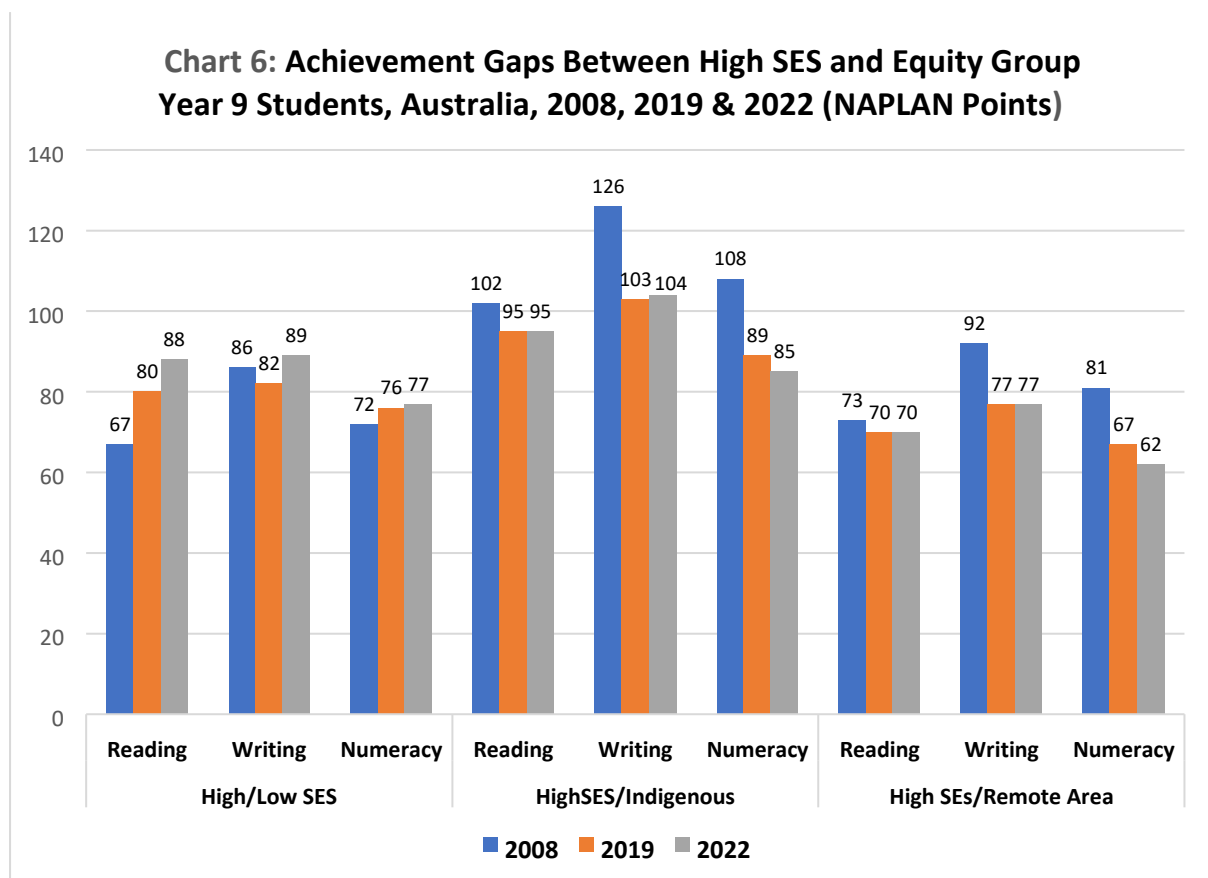
4.2 Year 9 achievement gaps

The achievement gaps between Year 9 high and low SES students were over four years of learning in reading, writing and numeracy in 2022. The reading and writing scores of Year 9 low SES students were actually less than those for Year 5 high SES students. While the respective score gaps of 88, 89

and 77 points [Chart 6] are only slightly higher than those of Year 5, they represent larger learning gaps because of the manner in which the NAPLAN scale is constructed. The reading gap has increased significantly since 2008 and there has been little change in the writing and numeracy gaps.

The gaps between high SES students and Indigenous students are significantly higher than the high/low SES gaps. However, there were large reductions in the writing and numeracy gaps since 2008 and a smaller reduction in the reading gap. The reductions 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, writing and numeracy. There was little change in the reading gap between 2008 and 2022 but there were significant reductions in the writing and numeracy gaps. However, the reduction in the writing gap was due to declining results by high SES students.



Source: Australian Curriculum Assessment and Reporting Authority, NAPLAN National Reports. **Note:** The writing scores 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 2008 to 2020. It shows relatively few improvements in outcomes over the period. The main improvements occurred for Year 5 Indigenous students. Achievement gaps have mostly decreased for Indigenous and remote area students.

There has been no learning improvement amongst low SES students and declines in many cases. Not 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 in all in Year 9. 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 11 out of 18 indicators. The percentage not achieving national standard decreased in Year 5 reading and numeracy and in Year 9 numeracy. NAPLAN scores also increased significantly in Year 5 reading and numeracy and in Year 9 numeracy. Achievement gaps between high SES and Indigenous students decreased at both Year levels in all domains except Year 9 reading.

There were some learning improvements amongst remote area students but generally there was no significant changes or decreases in learning. Only 5 of the 18 indicators showed any improvement. There was no significant change in the percentage not achieving national standards in Year 5 and increased proportions below standard in Year 9 reading and writing. NAPLAN scores increased in Year 5 reading and numeracy and Year 9 numeracy but there was no improvement in the other learning domains in Years 5 and 9. There was no reduction in the achievement gaps between high SES and remote area students in Year 5 and Year 9 reading. The gaps in Year 9 writing and numeracy fell but this was mainly due to declining results for high SES students.

Table 1: Summary of School Outcomes: 2008 to 2022

Percentage Below Standard	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	NSC	Decrease	NSC	Increase	NSC	Increase
Writing	Increase	NSC	NSC	Increase	NSC	Increase
Numeracy	NSC	Decrease	NSC	NSC	Decrease	NSC
NAPLAN Score	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	NSC	Increase	Increase	Decrease	NSC	NSC
Writing	Decrease	NSC	NSC	Decrease	NSC	NSC
Numeracy	NSC	increase	increase	Decrease	Increase	Increase
Achievement Gap with High SES	Year 5			Year 9		
	Low SES	Indigenous	Remote	Low SES	Indigenous	Remote
Reading	Increase	Decrease	NSC	Increase	NSC	NSC
Writing	Increase	Decrease	NSC	NSC	Decrease	Decrease
Numeracy	Increase	Decrease	NSC	NSC	Decrease	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 state governments. Government funding increases have heavily favoured private schools over the last decade and more with the result that public schools are massively under-funded while private schools are over-funded. As many studies have shown in recent years, [money matters in education](#), especially for disadvantaged students. However, 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

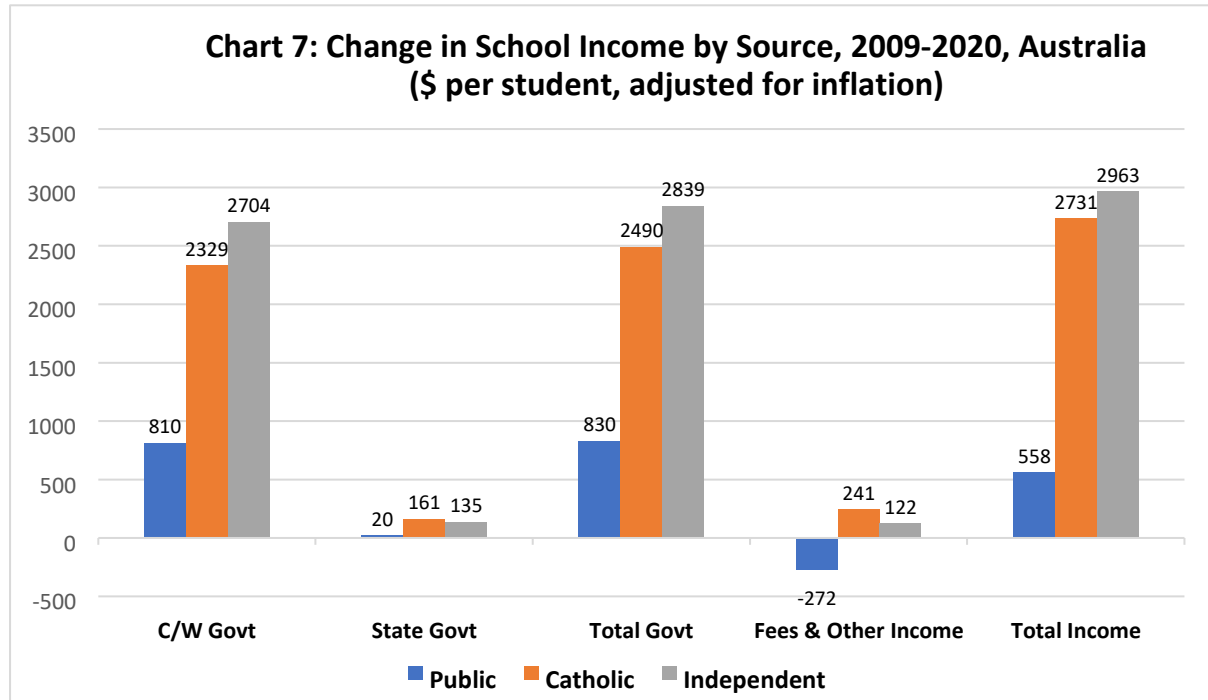
Government (Commonwealth and state) funding per student in Catholic and Independent schools in Australia has far outstripped that for public schools since 2009. Funding for independent schools increased by over three times that for public schools and the increased for Catholic schools was three times that for public schools.

Funding adjusted for inflation increased by \$830 per student in public schools compared to \$2,839 per student in Independent and \$2,490 per student in Catholic schools [Chart 7]. In percentage terms, the increase in funding for Independent school (45%) was nearly six times that of public schools (7.8%) and the increase for Catholic schools (32.2%) was over three that of public schools

The Commonwealth Government has been the primary source of funding increases for both public and private schools. The state/territory (hereafter referred to as “state”) governments have the main responsibility for public schools but have 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 four times that for public schools. Its funding of Independent schools increased by \$2,704 per student and by \$2,329 for Catholic schools compared to \$810 for public schools.

State government funding, adjusted for inflation, increased by \$20 per student in public schools, \$161 per Catholic student and \$135 per Independent student.



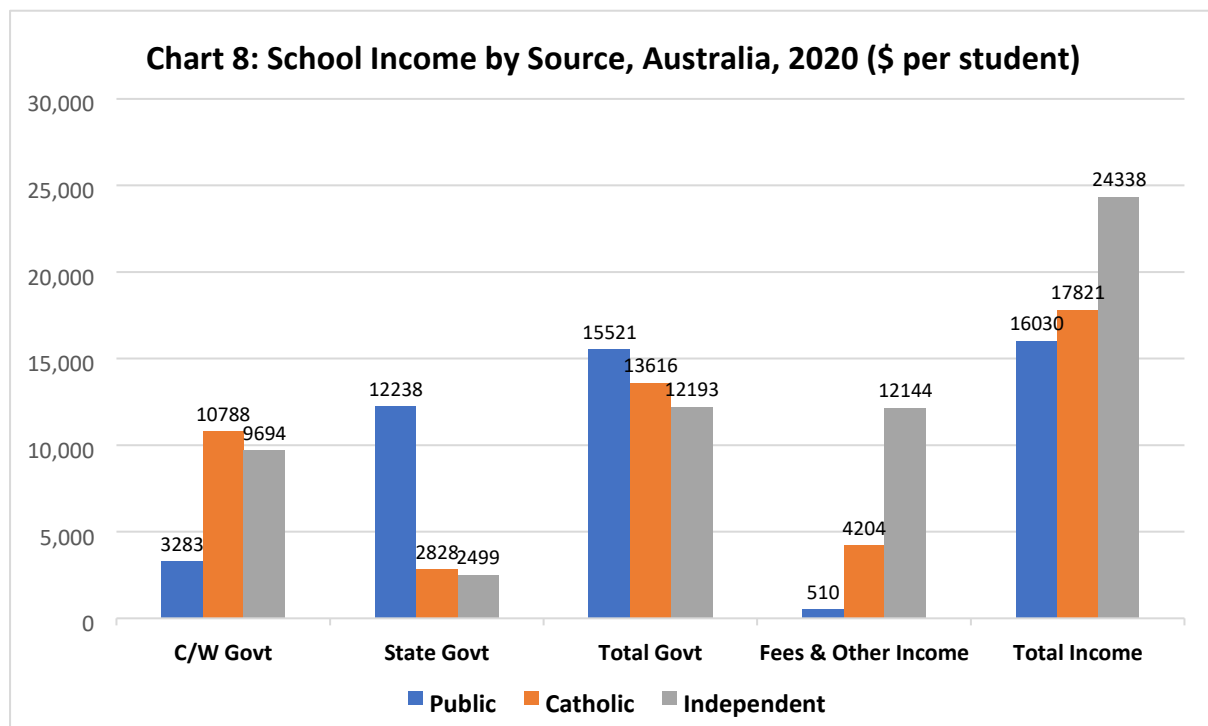
Source: ACARA, National Report on Schooling data portal. The figures are adjusted for inflation by a combined index of the Wage Price Index for Public and Private Education and the Consumer Price Index.

Income from other sources was significantly affected by COVID. Between 2009 and 2019, income from fees and other sources in public schools fell by \$83 per student but then fell by another \$189

per student in 2020. Income from these sources in Catholic schools increased by \$496 per student to 2019 and fell by \$255 in 2020. This income of Independent schools increased by \$1,042 per student to 2019 and fell by \$920 in 2020. Many private schools also froze fees during 2021. However, there are indications that [fees increased in 2022 and more fee increases 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 over five times that of public schools since 2009 and by about five times as much in Catholic schools. Income per student in Independent schools increased by \$2,963 and by \$2,731 in Catholic schools compared to \$558 in public schools.

Private schools now have a large resource advantage over public schools. The income per student in Independent schools in 2020 was 52% higher than for public schools – \$24,338 per student compared to \$16,030 per student in public schools. Income per student in Catholic schools at \$17,831 was 11% higher than in public schools [Chart 8].



Source: ACARA, National Report on Schooling data portal.

6.2 Public schools are massively under-resourced

While private schools are being lavished with funding, public schools are being defrauded by the Commonwealth-State bilateral funding agreements. As a result, they are funded at well below their Schooling Resource Standard (SRS) which is the level of government funding nationally agreed as necessary for schools to meet students' educational needs. They will remain under-funded until at least 2029 if the current funding arrangements continue.

The Australian Education Act requires the Commonwealth Government fund public schools to 20% of their SRS and private schools to 80% of their SRS. This is complemented by the bilateral funding agreements which set out minimum state funding shares for the public and private schools as a condition for Commonwealth funding. The agreements run from 1 January 2019 to 31 December 2023 but include indicative state shares to 2029 (2032 in the case of Queensland).

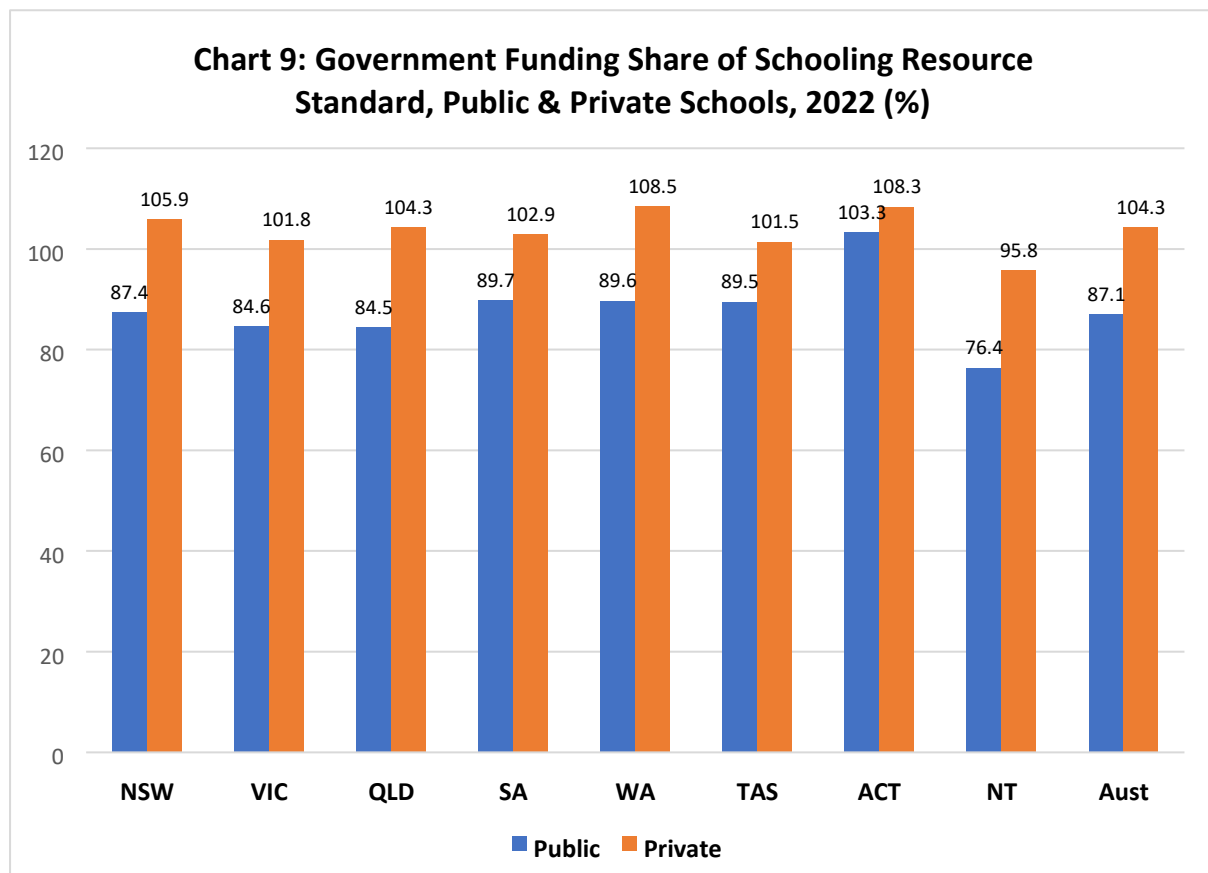
These agreements are a massive fraud on public schools. They include special allowances for the states to massively under-fund public schools. There are three sources of under-funding:

- The formal target share for state funding is 75% of the SRS of public schools, not the 80% left after Commonwealth funding to 20% of their SRS;
- Apart from the ACT, the states can claim up to 4% of their share for expenditures excluded from the long-agreed measure of the SRS;
- Several states can also include other regulatory expenditures as part of their 75% share that are also excluded from the measure of the SRS.

The additional expenditures allowed to be counted towards the achievement of the 75% target for public schools are depreciation, transport to and from school, regulatory authorities such as curriculum, assessment, registration and qualification authorities, pre-school and early childhood. These expenditure items are specifically excluded from the expenditures used to estimate the SRS.

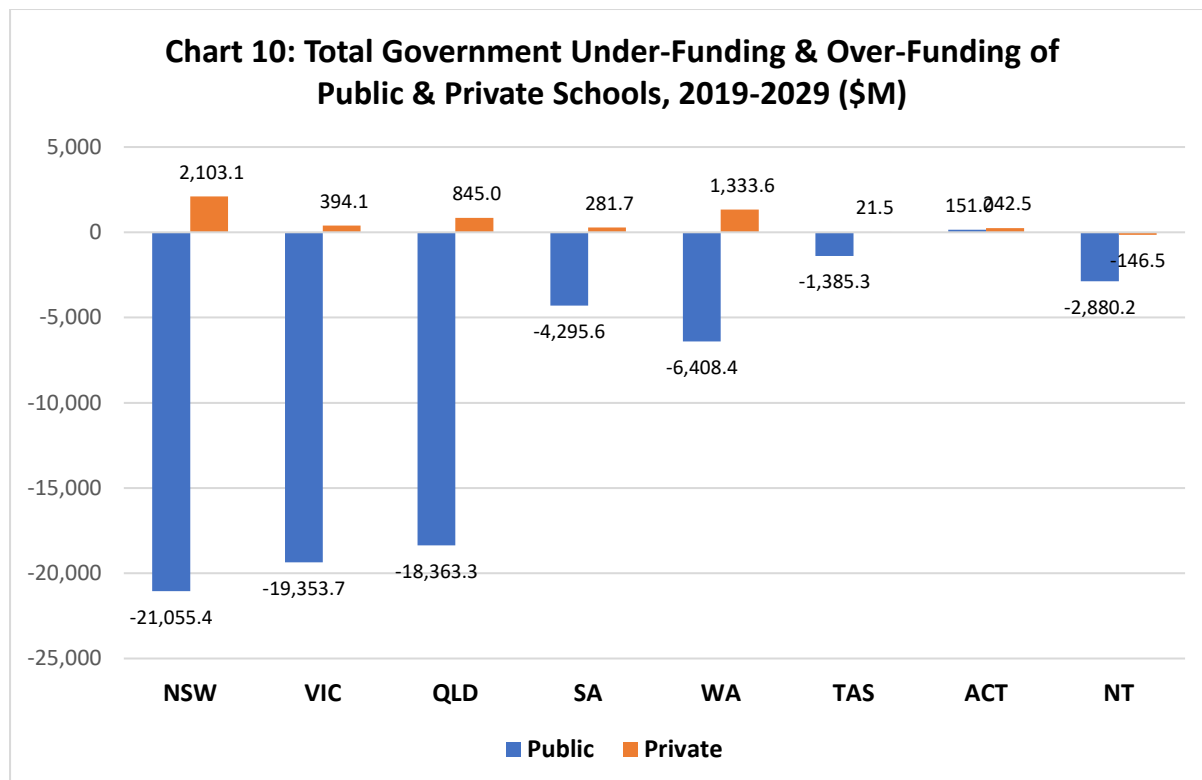
As a result of this skulduggery, public schools in all states except the ACT are funded at well under their SRS [Chart 9]. Public schools in the Northern Territory are only funded at 76.4% of their SRS. Victoria and Queensland public schools are the equal second most under-funded systems at 84.6% and 84.5% respectively. On average, public schools across Australia are currently funded at 87.1% of their SRS.

Under the current funding arrangements public schools in all states except the ACT will be funded at 91% of their SRS or less by 2029 because of under-funding by state governments. The average funding level across all states in 2029 its estimated at 91.4%.



Source: SOS estimates based on data provided in Senate Estimates, various. Commonwealth-State bilateral agreements and annual reports of regulatory agencies

The under-funding of public schools amounts to billions of dollars for each year from 2019 to 2029. The cumulative under-funding over this period is estimated at \$73.7 billion of which about 80 per cent will be incurred by public schools in NSW, Victoria and Queensland [Chart 10]. This is an average of \$6.7 billion per year over the 11 years. Almost all this under-funding is attributed to state governments. Their cumulative under-funding to 2029 will amount to about \$71.5 billion.



Source: SOS estimates.

6.3 Private schools are over-funded

As noted above, the Education Act requires the Commonwealth Government to fund private schools at 80% of their SRS. This is due to occur by 2023 for schools that were funded at less than 80% while schools that are funded at above 80% will have their over-funding reduced to that level by 2029. According to official figures provided to Senate Estimates by the Commonwealth Department of Education, private schools in all states except the Northern Territory are currently funded at over 80% of their SRS.

However, these figures under-estimate the actual shares of private schools funded by the Commonwealth because they refer only to recurrent funding provided under the Direct Measure of Income (DMI) model of funding private schools. The figures ignore a host of other funding programs for private schools outside the model. For example, they do not include the [\\$769 million in JobKeeper payments](#) to private schools in 2020, stimulus payments to schools, COVID assistance and drought assistance payments. A major ongoing special funding program for private schools outside the DMI funding is the \$1.2 billion [Choice and Affordability Fund](#) that continues until 2029. None of these special funding arrangements apply to public schools. The estimates of the funding shares in Chart 8 include funding under the Choice and Affordability Fund.

All state governments except Victoria and the Northern Territory are also over-funding private schools by funding them at over 20% of their SRS. While the states have agreed to fund private schools at 20% of their SRS by 2029, there are caveats in the NSW, Queensland, South Australian and

Western Australia agreements that allow these governments to continue to fund private schools above 20% of their SRS.

As a result of over-funding by the Commonwealth and most states, private schools in all states except the Northern Territory are funded at over 100% of their SRS in 2022 (Chart 9). Western Australian and ACT private schools are the most over-funded, being funded at 108% of their SRS. On average, private schools across Australia are funded at 104.3% of their SRS. The cumulative overfunding of private schools from 2019 to 2029 is estimated at \$5.2 billion.

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

Australia has a highly iniquitous school system. 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 learning improvements by Indigenous and remote area students since 2008, but virtually none by low SES students.

Funding failures by successive Commonwealth and state 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 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 state 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. It is a disaster for public schools because the current funding agreement is blatantly biased in favour of private schools. First, the agreement only provides for public schools to be funded at 95% of their SRS by 2029 while private schools are funded at over 100% of their SES until at least 2029. Second, the agreement allows state governments claim certain non-school expenditures as part of its share of the SRS of public schools but not for private schools. The effect is that public schools will be funded at less than 91% of their SRS until at least 2029 while private schools are funded at over 100% of their SRS for the rest of the decade.

At present, there is no indication when public schools will be fully funded. Numerous studies show that money matters in education, especially for disadvantaged students. Yet, public schools and the vast majority of disadvantaged students continue to be denied the funding needed to achieve greater equity in education outcomes. 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 will continue for even longer.