Public school funding can kicked down the road



By Trevor Cobbold

Prior to Christmas last year, the federal Education Minister, Jason Clare, announced that the current National Schools Reform Agreement (NSRA) would be extended for another year to 2024.

This has major funding implications for all schools. It stops any funding increases for public schools which enrol the large majority of disadvantaged students and it continues an absurd arrangement that defrauds public schools of funding. Private schools will also get a relatively small windfall funding gain.

The NSRA is an agreement between the Commonwealth and the states that sets the framework for national education policy and funding.

Extending the current NSRA ensures that public schools will remain massively under-funded by about $6.8 billion for another year.

Their funding will be stuck well short of their funding needs as determined by their Schooling Resource Standard (SRS).

The extension also allows absurd provisions in the current funding agreements to continue. These provisions allow the states to claim non-school expenditures, such as capital charges, depreciation and regulatory expenditure, as part of their share of funding public schools.

Such expenditures are specifically excluded from how the SRS is measured. This skulduggery defrauds public schools of over $2 billion a year.

On average, public schools across Australian will be funded at only 87 per cent of their SRS in 2023 and 2024.

The funding shortfall is estimated at about $6.8 billion a year. For example, NSW public schools will be stuck at 88 per cent

of their SRS, Victorian public schools at 86 per cent and Queensland public schools at 85 per cent. The funding shortfalls amount to about $1.95 billion, $1.8 billion and $1.78 billion respectively.

Furthermore, the extension of the funding agreements for another year gives private schools another funding windfall because planned reductions in their over-funding by state governments will be halted for a year.

In 2023, several states will fund private schools at over 20 per cent of their SRS which is the target share for the states under the bilateral funding agreements.

For example, NSW will fund private schools at 22.6 per cent of their SRS and Western Australia at 25 per cent.

The average state funding of private schools in 2023 is 21.3 per cent. Total state over-funding is estimated at $246 million and will remain at this level in 2024 instead of being reduced to $230 million – a windfall gains of $16 million.

Private schools are significantly over-funded by the Commonwealth Government until they reach a target share of 80 per cent of their SRS by 2029.

On average, private schools are funded by the Commonwealth at 84 per cent of their SRS in 2023. This estimate includes funding for the Morrison Government's $1.2 billion Choice and Affordability slush fund for private schools which is excluded from official estimates of the SRS of private schools.

Commonwealth funding is not affected by the NSRA as it is determined by Commonwealth legislation. The reduction in over-funding will continue as planned to 2029.

Minister Clare's stated reason for extending the current NSRA is to wait for the result of a new inquiry on the Agreement to report by the end of 2023.

This is despite a report on the Agreement by the Productivity Commission handed in a week after the Minister's announcement.

It is the classic government delaying ploy – when you don't want to do something, have an inquiry even if you have already had one.

Labor has kicked the public school funding can down the road since the 2019 election. Labor's 2022 election platform dropped its 2019 pledge to increase funding for public schools by $14 billion over 10 years.

It was replaced by the empty promise to put public schools on the path to full funding without any timeline of when they will get to 100 per cent of their SRS.

The policy back-flip followed the 2019 election review which concluded that the size and complexity of Labor's spending commitments including the $14 billion for public schools had exposed it to attacks by the Coalition.

The critical influence of the 2019 election review on Labor's platform for the 2022 election was explicit in then-opposition leader Anthony Albanese's address to the National Press Club in November 2019 where he endorsed the report and promised to rewrite and consolidate Labor policies.

Public schools were a major casualty. The re-written policy platform made no mention of fully funding public schools to their national resource standard. Its only commitment was that "all schools are fairly resourced to meet the needs of all students".

In December 2021, the Labor Shadow Education Minister, Tanya Plibersek, said that "the inequity at the heart of our funding system absolutely has to change" and that "every student should get 100 per cent of the fair funding level" (Geelong Advertiser, 11 December).

By February 2022 she had retreated to saying that a Labor Government would put public schools "on a path to its full and fair level of funding".

By May in the election campaign, she had retreated to saying only that public schools would be better off under Labor.

Labor ignored calls by education experts for a Labor Government to ensure full funding of public schools within five years.

The new Education Minister, Jason Clare, has repeated the refrain that all schools will be on a pathway to full and fair funding.

This is a hollow promise and public schools and disadvantaged students deserve better from a Labor Government.

Even this weak pledge has now been dishonoured by extending the current funding agreements. As a result, public schools

face a funding crisis because they continue to be massively under-funded.

Low SES, Indigenous and remote area students in public schools will continue to receive much less funding than they need. Full funding according to need is on the never-never. The government is clearly under pressure to reduce expenditure.

There is a simple solution to better funding for public schools and other human services – stop the stage three tax cuts for the rich.

These tax cuts are indefensible. According to the Parliamentary Budget Office the tax cuts will deliver over $150 billion to the top 20 per cent of income earners over 10 years from 2024.

This massive windfall for the richest people in Australia will exacerbate inequality and deny much needed funding for key services such as public education, health care, aged care and the National Disability Insurance Scheme.

New studies show that there are no trickle-down economic benefits from tax cuts for the rich. They only serve to boost inequality.

In his address to the National Press Club in November 2019 as Opposition Leader, Mr Albanese said that "…for Labor a progressive tax system is the foundation stone for building aspiration and upward mobility, as well as looking after those who need assistance."

This was just a few months after Labor voted for the stage three tax cuts that flatten the personal income tax schedule to provide billions in tax cuts for the rich. It is little wonder that lack of trust in politicians is a major issue in Australia today.

There are shocking inequalities in school outcomes between rich and poor in Australia. The delay in formulating a new NSRA and its associated funding agreements between the Commonwealth and the states just ensures that these inequalities will continue.

Many disadvantaged students and schools will suffer the direct consequences, and Australia as a whole suffers from wasted talent and greater division in society. What a legacy for a Labor Government.

Trevor Cobbold is the convenor of Save our Schools Australia. The opinions expressed in this article are those of the author and do not necessarily reflect any official policies or positions of the AEU or the SSTUWA. This article was first published on the Save our Schools Australia website and has been reproduced here with permission.

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