The NSRA and school funding

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In March, Federal Education Minister Jason Clare announced an expert panel to advise on “key targets and specific reforms” that should be tied to funding in the next National School Reform Agreement (NSRA).

The panel, chaired by the Australian Education Research Organisation’s Lisa O’Brien, includes experts with diverse experience in school education and policy.

The panel is due to deliver a report to federal, state and territory education ministers in October.

This will include recommendations with the potential to shape the future of schooling in Australia.

What is the NSRA and why is it important?

The NSRA is a joint agreement between the Commonwealth, states and territories, designed to lift student outcomes in Australian schools. It sets out national policy initiatives and reform directions that all governments agree to implement over a five-year period.

The current agreement was due to end this year but has been extended by 12 months until December 2024.

This means the next NSRA will begin in 2025. [Minister] Clare says the expert panel is a “first step” towards shaping the new agreement.

While it is likely many teachers, parents and students will have never heard of the NSRA, it is a crucial policy.

It is a central pillar of the policy architecture shaping how schooling works in our nation. It has significant power in setting the agenda for what governments do and how they do it.

What is “in” or “out” of the agreement makes a powerful statement about what our governments value in education and deem necessary to pursue at the national level.

How does the NSRA impact school funding?

The NSRA is intimately related to school funding. However, it does not directly determine the model – known as the Schooling Resource Standard (SRS) – used by the federal government to decide how it funds schools.

The way it works currently is the NSRA sets out the initiatives and reforms that all governments agree on.

Each state and territory then signs a bilateral agreement with the federal government. This sets out the specific actions they will adopt to improve student outcomes in line with the NSRA.

Each bilateral agreement also sets out the funding individual states and territories will contribute as a condition of receiving Commonwealth school funding.

The SRS (often referred to as “the Gonski model”) is used in the bilateral agreements to measure what federal, state and territory governments contribute.

Funding is not equal

Comparing the bilateral agreements is a fascinating exercise. It reveals deep funding inconsistencies and inequities across our nation. The agreements show most private schools are funded at 100 per cent of the recommended amount under the SRS, whereas government schools fall short in every state.

This is because the federal government contributes 20 per cent of the SRS for government schools, leaving the remaining 80 per cent up to the states and territories.

Most states and territories are on a “transition path” to contribute the minimum required (75 per cent) over the coming years, but due to a so-called “loophole” for capital depreciation, recent figures suggest government schools only end up with around 91 per cent of combined funding.

This has been the source of significant criticism from experts who argue government schools are being shortchanged. [Minister] Clare has said the Albanese Government is committed to fixing this situation and will: “work with state and territory governments to get every school on a path to 100 per cent of its fair funding level.”

Aside from funding, has the NSRA made a difference so far?

Progress towards targets in the current NRSA has been underwhelming. In January this year, the Productivity Commission released a review of the current agreement, finding its initiatives “have done little, so far, to improve student outcomes”.

The report provides a rich set of recommendations that are highly valuable for the new expert panel to consider.
In addition to developing better strategies for improving and measuring student outcomes, the report says we need to double-down on initiatives relating to areas such as equity, student well-being and teaching effectiveness.

[Minister] Clare has already flagged equity as a key part of the next agreement. When announcing the panel, he said the next NSRA will include: “A particular focus on students from low socio-economic backgrounds, regional and remote Australia, First Nations students, students with disability and students from a language background other than English.”

This will be welcome news to many education experts and stakeholders, who have long lamented the deep inequities in Australian education.

The importance of states working together

Moving forward, the success or otherwise of the next NSRA will hinge on effective collaboration between governments across the federation, especially education ministers.

The past three decades of Australian schooling reform have seen unprecedented levels of intergovernmental collaboration.

But there is widespread evidence the realpolitik of Australian federalism creates barriers to effective collaboration and governments can work together more productively to pursue shared goals.

The fact that nearly all governments are now Labor might provide a good opportunity to foster such collaboration. After all, the last time Labor governments dominated the nation we saw the dawn of Kevin Rudd's so-called "education revolution", which set in train a dizzying array of national reform initiatives.

There is also a crucial need to include the diverse voices of different stakeholders when formulating the next agreement, including teachers and school leaders, as well as parents and young people.

For this reason, it's a good sign [Minister] Clare has assembled a ministerial reference group that will include experts and representation from schools, unions and the non-government sector.

Ultimately, the future of Australian schooling depends not only on governments making good decisions but also on citizens with a vested interest in our education systems having the capacity to be heard and to shape the road map moving forward.

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