How school funding works in Australia

By Laura Perry



During any federal election campaign, we can expect to hear candidates talk passionately about school funding. This is one of the most contentious areas of education policy – and one many families and voters care deeply about.

You may hear some parties talking about how they are “fully funding” schools and other commentary about schools being under or overfunded.

How does school funding work in Australia?

Where does the money come from?

All schools in Australia receive both public and private funding. Public funding is taxpayer funding and it comes from both state and federal governments.

Private funding comes from parents and households, as well as churches and other associations, which are mostly charitable. These charitable organisations receive tax breaks.

How does government funding work?

All schools in Australia receive funding from federal and state governments.

The amount they receive is based on the “schooling resource standard”. This standard – which dates back to the 2011 school funding review by David Gonski – establishes a baseline amount schools should receive based on the number of pupils they enrol.

Extra loadings are then provided for schools and students with special needs, for example students with disabilities, from low socioeconomic backgrounds or in remote areas.

The estimated baseline schooling resource standard for 2025 is A$17,565 per secondary student and $13,977 per primary student.

The latest federal school funding policy, the *Better and Fairer Schools Agreement* sets out how public schools will receive 25 per cent of the schooling resource standard from the federal government and the rest from their respective state government.

Up to 80 per cent of a non-government school's schooling resource standard funding can be provided by the federal government. But the actual amount is adjusted by something called a school's "capacity to contribute".

This measures a non-government school community's capacity to contribute to the ongoing costs of running their school. In practice, it sees lower-fee non-government schools receive more public funding than higher-fee non-government schools.

State governments also provide public funding to non-government schools. This is because school funding agreements require state governments to contribute some level of funding to non-government schools.

How are schools funded by other sources?

All schools in Australia receive private funding from parents and households.

Public schools receive private funding in the form of fees and contributions from parents. These fees and contributions can vary from a few hundred dollars at some public primary schools to thousands of dollars at some public secondary schools.

This funding is used to support building and facilities, excursions, as well as subsidise curriculum subjects, especially in secondary schools.

Non-government schools receive private funding in the form of fees. These are often many thousands of dollars per student. In NSW and Victoria in 2024, recent research on independent schools (not including Catholic schools) indicates average fees for Year 12 are at least $15,674.

Non-government schools in particular receive substantial funding from philanthropic and charitable organisations.

According to analysis by advocacy group Save Our Schools, 50 non-government schools received $461 million dollars in donations between 2017 and 2021.

What is meant by underfunded and overfunded?

In media and policy debates about schools we frequently hear talk of public schools being "underfunded" or still not "fully funded". We also hear about some independent schools being "overfunded".

This relates to whether they are receiving what they are entitled to under the schooling resource standard.

To date approximately two per cent of public schools receive the amount they are entitled to based on the schooling resource standard. This is largely because state and territory governments, other than the ACT, have not contributed their full share.

This means the vast majority of public schools are "underfunded".

The most recent national school funding agreement has set out a timeline to make sure all schools are eventually fully funded. In some cases, this may not be until the 2030s.

On the other hand, many non-government schools are "overfunded" because they are receiving more than the amount specified by the schooling resource standard.

Non-government schools that charge fees in excess of the schooling resource standard will be "overfunded". Even moderate-fee schools may be "overfunded" because of the public funding they receive on top of the private funding paid by parents.

As noted earlier, school funding agreements require federal and state governments to contribute to the schooling resource standard of all non-government schools. Even high-fee non-government schools receive substantial amounts of public

funding.

For example, my 2024 research suggests high-fee non-government schools (those charging $25,000 per year or more) receive approximately $5,000 per pupil in public funding.

Are some non-government schools at risk of losing funds?

Most non-government schools will continue to receive increases in public funding due to indexation.

But there are headlines about “private school funding cuts”.

This is because some non-government schools will see less public funding if the federal government has been paying more than 80 per cent of the schooling resource standard (due to outdated funding methods). Schools have until 2029 to transition to the current
funding system.

This will only impact a small proportion of non-government schools. For example, in January, *The Sydney Morning Herald* reported 30 schools were projected to lose funding.

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