



Australian Government funding for schools explained

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List of Acrynomns

ABS	Australian Bureau of Statistics
AGSRC	Average Government School Recurrent Costs
BER	Building the Economic Revolution
COAG	Council of Australian Governments
COPEs	Commonwealth Own-Purpose Expenses
DEEWR	Department of Education, Employment and Workplace Relations
ERI	Education Resources Index
FG schools	Funding guaranteed schools
FM schools	Funding maintained schools
GDP	Gross Domestic Product
GRGs	General Recurrent Grants
IGA	Intergovernmental Agreement on Federal Financial Relations
MCEECDYA	Ministerial Council on Education, Early Childhood Development and Youth Affairs
NEA	National Education Agreement
NPs	National Partnerships
OECD	Organisation for Economic Co-operation and Development
SES	Socio-economic status
SPP	Specific Purpose Payment



Introduction

The debate about the Australian Government's funding for schools has been reinvigorated by its school funding review—the first comprehensive government appraisal of school funding since the early 1970s.

In 2009, the Australian Government restructured its funding for schools, particularly for government schools, as a result of a new federal financial relations framework established by the Council of Australian Governments (COAG) through the [Intergovernmental Agreement on Federal Financial Relations](#).¹

The Government has also implemented new programs which have resulted in increased funding for schools. Of these initiatives, it is the [Building the Education Revolution](#) (BER) economic stimulus programs that have produced the greatest increase in funding.²

Although the Labor Government has significantly increased funding for schools, the majority of this increased funding (that is, the BER funding) is not ongoing and much of the remainder is the result of automatic increases as the result of indexation. The underlying historic pattern of ongoing government funding for schools remains—the Australian Government provides the majority of its funding to non-government schools, and state and territory governments provide the majority of their funding to government schools. Overall, the majority of total public expenditure (Australian, state and territory) is allocated to government schools.

The purpose of this Background Note is to explain the Australian Government's funding for schools by answering some commonly asked questions. In doing this, the Background Note provides: a brief history of the Australian Government's funding for schools, explains the system of Australian Government funding for schools, and examines expenditure trends.

What is the Australian Government's role in school education?

Constitutionally, state and territory governments have responsibility for education. They therefore take responsibility for the regulation of school education and the administration and funding of government schools. Public education is the principal means by which governments meet the

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1. Council of Australian Governments (COAG), 'Intergovernmental Agreement (IGA) on Federal Financial Relations', COAG website, viewed 1 September 2010, http://www.coag.gov.au/intergov_agreements/federal_financial_relations/index.cfm
 2. Department of Education, Employment and Workplace Relations (DEEWR), 'Building the Education Revolution', DEEWR website, viewed 1 September 2010, <http://www.deewr.gov.au/Schooling/BuildingTheEducationRevolution/Pages/default.aspx>

commitment to universal access to education, which is generally compulsory in Australia up to the age of 16.³ State and territory governments also provide supplementary funding for non-government schools.

While there is no explicit education power in the Australian Constitution, there are a number of constitutional powers that enable the Commonwealth to enter the education arena and give it significant control. Section 96 is the key power that has been used to legitimise Commonwealth intervention in the field of education. It provides that ‘the Parliament may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit’.⁴ Using this power, the Commonwealth can tie the payment of grants to the states to implement certain Commonwealth education policies.

The Australian Government also provides funding for government schools and is the major provider of public funds for non-government schools. It sees its role as providing ‘educational leadership’ and working with state and territory governments and other school education stakeholders to ensure ‘teaching and learning for all Australian school-age children is the highest quality’.⁵ In April 2010, in her capacity as Minister for Education, Julia Gillard stated, ‘We believe that every Australian child deserves to be supported in their education, regardless of where they go to school’.⁶

The [Melbourne Declaration on Educational Goals for Young Australians](#), agreed to by all education ministers in 2008, underpins the formulation of school education policy and programs.⁷

When did the Australian Government first provide funding for schools?

Prior to 1964 there was no direct Australian Government funding for school education in the states—the Commonwealth was responsible only for schooling in the Australian Capital Territory,

3. Under the terms of COAG’s Compact with Young Australians, all young people are required to participate in schooling (or an approved equivalent) to Year 10, and then participate full-time (at least 25 hours per week) in education, training or employment, or a combination of these activities, until age 17. DEEWR, ‘Compact with Young Australians’, DEEWR website, viewed 17 November 2010, <http://www.deewr.gov.au/Youth/YouthAttainmentandTransitions/Pages/compact.aspx>
4. Australian Constitution section 96.
5. DEEWR, *Annual report 2009–10*, DEEWR, Canberra, 2010, p. 30, viewed 10 November 2010, <http://www.annualreport2010.deewr.gov.au/2010/Pages/Home.aspx>
6. J Gillard (Minister for Education), *A future fair for all – school funding in Australia – address to Sydney Institute*, media release, 15 April 2010, viewed 16 November 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2FVMGW6%22>
7. Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA), ‘Melbourne Declaration on Educational Goals for Young Australians’, MCEECDYA website, viewed 3 September 2010, http://www.mceecdya.edu.au/mceecdya/melbourne_declaration,25979.html

the Northern Territory and in Australia's overseas territories, including Papua New Guinea. The only other form of Australian Government assistance for schooling was through taxation concessions for school fees and donations towards school buildings.

The early history of Australian Government funding for schools

1964: capital funding for schools introduced

A pivotal change occurred in 1964 when the *States Grants (Science Laboratories and Technical Training) Act 1964* was passed. This Act, which provided grants for science laboratories and equipment in government and non-government secondary schools, marked the Australian Government's substantive entry into school funding. In 1969, the *States Grants (Secondary School Libraries) Act 1969* extended Australian Government capital assistance to finance library facilities in both government and non-government secondary schools. Capital assistance for schools was broadened in 1972 by the *States Grants (Capital Assistance) Act 1971-72* which authorised \$20 million for capital expenditure on government primary and secondary schools. This Act was amended in 1973 to include non-government schools.

1970: the beginning of recurrent funding for school students

Australian Government general recurrent per student grants for non-government schools were introduced in 1970, the rationale being to assist the struggling Catholic school sector. The *States Grants (Independent Schools) Act 1969* authorised payments to non-government schools at the flat rates of \$35 per primary school student and \$50 per secondary school student. From 1973, these grants were fixed at a rate equivalent to 20 per cent of the cost of educating a child in a government school.

1973: the Interim Committee for the Australian Schools Commission

The report of the Interim Committee for the Australian Schools Commission, chaired by Professor Peter Karmel, marked a turning point for the funding of school education.⁸ The Committee was established in December 1972 by the Whitlam Labor Government to examine the needs of schools and advise on school financing. The Committee's recommendations advocated needs-based funding to ensure that all schools achieved minimum acceptable standards. As a result of these recommendations, Australian Government recurrent funding was extended to government schools

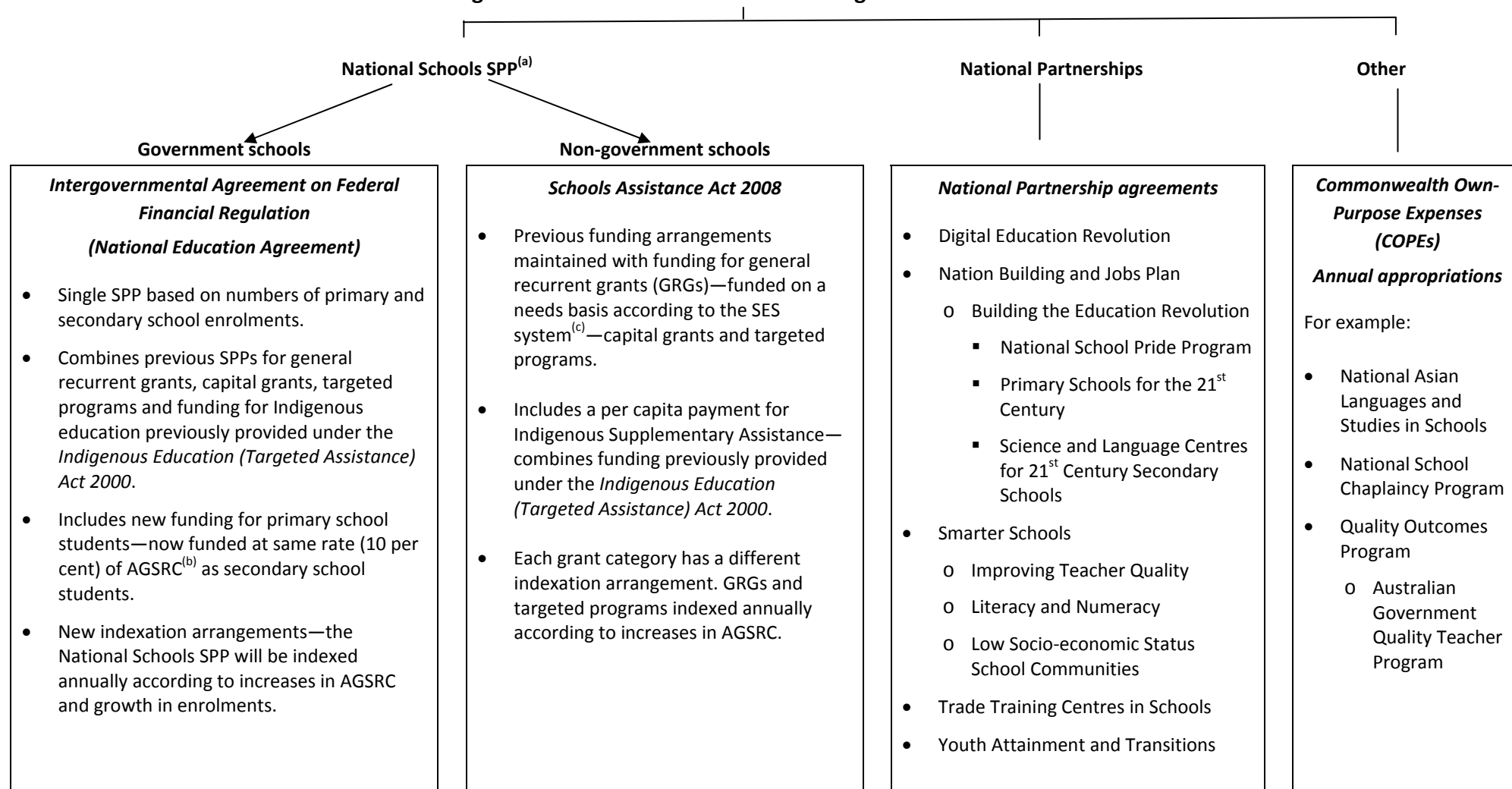
8. Interim Committee for the Australian Schools Commission, *Schools in Australia*, Canberra, 1973, viewed 10 September 2010, <http://dpl/Books/2010/SchoolsAustInterimReport1973.pdf>

in 1974. In the same year special funding programs (targeted programs) were introduced for disadvantaged schools, special education, teacher professional development and innovation.

With the establishment of the Schools Commission (1973 to 1988), payments to the states, providing general recurrent grants, capital grants and grants for targeted programs, were authorised on a triennial basis by means of annual States Grants (Schools Assistance) Acts.

This basic legislative structure continued until 2009, albeit with changes in funding formulae. Most of the funding for government and non-government schools was provided on a four-yearly basis under the one Commonwealth Act in the form of a number of specific purpose payments (SPPs) for general recurrent grants (GRGs)—with different funding systems for government and non-government schools—capital grants and grants for targeted programs. In the case of GRGs, (which constituted the majority of ongoing Australian Government funding for schools), funding was provided on a per student basis as a percentage of Average Government School Recurrent Costs (AGSRC).

Figure 1. Australian Government funding for school education



(a) Specific Purpose Payment.

(b) Average Government School Recurrent Costs.

(c) Socioeconomic Status System.

A new school funding structure from 2009

In 2009, the Australian Government restructured its funding for schools when COAG agreed to a new framework for federal financial relations.

The majority of Australian Government funding for schools is now provided under the National Schools Specific Purpose Payment (National Schools SPP), which has two components—one for government schools and one for non-government schools.

There is also additional funding provided through National Partnerships (NPs) and other school education programs funded by annual appropriations.

National Schools Specific Purpose Payment—government schools component

The National Schools SPP for government schools is provided through the [Intergovernmental Agreement on Federal Financial Relations](#) (the IGA).⁹ The previous SPPs for government schools, with some additions, were combined into an agreed base amount of \$3.3 billion for 2009–10.¹⁰ This base amount is indexed each year, according to a formula based on increases in AGSRC and growth in full-time equivalent enrolments.

Funding for Indigenous students in government schools, previously provided under the [Indigenous Education \(Targeted Assistance\) Act 2000](#), was also incorporated into the base amount. In addition, there was new funding as a result of increased per student funding for government primary school students. This funding increased from 8.9 per cent to 10 per cent of AGSRC—the same percentage rate as for government secondary school students.

The National Education Agreement

The [National Education Agreement](#) (NEA) between the Australian Government and the state and territory governments is formulated under the IGA.¹¹

The NEA sets out the objectives and outcomes for schooling, the roles and responsibilities of each level of government, performance indicators and benchmarks, reporting mechanisms and ‘policy and reform directions’.

9. COAG, ‘Intergovernmental Agreement (IGA) on Federal Financial Relations’, op. cit.

10. COAG, *Intergovernmental Agreement on Federal Financial Relations, Schedule D: payment arrangements*, COAG, 2009, p. D-3, viewed 1 September 2010, http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/IGA_FFR_ScheduleD_Payment_Arrangements.pdf The Schedule also provides the state and territory shares of the National Schools Specific Purpose Payment (government schools component) for the first five years of the IGA.

11. COAG, *National Education Agreement*, viewed 20 September 2010, http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/IGA_ScheduleF_national_education_agreement.pdf

State and territory government education authorities have discretion as to how to apply the National Schools SPP to achieve the agreed outcomes.¹²

National Schools Specific Purpose Payment—non-government schools component

Funding for the non-government schools component of the National Schools SPP (for the years 2009 to 2012) is provided under the [Schools Assistance Act 2008](#).¹³ This funding provides for the same programs—GRGs, capital grants and grants for targeted programs—that existed prior to 2009.¹⁴ The targeted programs for non-government schools include the Literacy, Numeracy and Special Learning Needs Program; English as a Second Language – New Arrivals Program; Schools Languages Program and the Country Areas Program.¹⁵

The Schools Assistance Act also provides additional recurrent funding for Indigenous students in non-government schools, non-government schools in remote areas and distance education students:

- Funding for Indigenous students in non-government schools was previously provided through a number of different programs under the [Indigenous Education \(Targeted Assistance\) Act 2000](#). This funding has been replaced by a single per student payment—Indigenous Supplementary Assistance.¹⁶ An Indigenous Funding Guarantee provides transitional funding to ensure that schools do not receive less funding than under the previous arrangements, taking into account enrolment changes.
- Non-government schools which have campuses located in defined remote areas receive a per student remoteness loading at 5 per cent, 10 per cent or 20 per cent of a school's Socioeconomic Status (SES) system funding rate for general recurrent grants, depending on the degree of remoteness of the school campus.
- Non-government schools also receive funding for distance education students, at the base rate of 13.7 per cent of AGSRC on a full-time equivalent basis.

12. The COAG Reform Council (CRC) produces reports on progress against the NEA's agreed objective and outcomes. See CRC, 'Reports: Education', CRC website, viewed 10 November 2010,

<http://www.coagreformcouncil.gov.au/reports/education.cfm>

13. *Schools Assistance Act 2008* (Cth), viewed 16 November 2010,

[http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/0/B102162DDE9537D2CA25752200036F07/\\$file/1532008.pdf](http://www.comlaw.gov.au/ComLaw/Legislation/Act1.nsf/0/B102162DDE9537D2CA25752200036F07/$file/1532008.pdf)

14. For further information, see M Harrington, *Schools Assistance Bill 2008*, Bills digest, no. 37, 2008–09, Parliamentary Library, Canberra, 2008, viewed 10 July 2009, <http://www.aph.gov.au/library/pubs/bd/2008-09/09bd037.pdf>

15. For information about Australian Government funding for non-government schools under the Schools Assistance Act 2008, see DEEWR, *Administrative guidelines: Commonwealth programs for non-government schools 2009 to 2012: 2010 update*, DEEWR, Canberra, 2010, viewed 3 September 2010,

<http://www.deewr.gov.au/Schooling/Programs/Documents/SchoolAdminGuidelines2010.pdf>

16. For further information, see C Dow, *Education Legislation Amendment Bill 2008*, Bills digest, no. 43, 2008–09, Parliamentary Library, Canberra, 2008, viewed 10 July 2009, <http://www.aph.gov.au/library/pubs/bd/2008-09/09bd043.pdf> and M Harrington, *Schools Assistance Bill 2008*, Bills digest, op. cit.

The Administrative Guidelines for non-government schools funding provide detailed information about the Australian Government's programs for non-government schools. See DEEWR, *Administrative guidelines: Commonwealth programs for non-government schools 2009 to 2012: 2010 update*, op. cit.

Payments to non-government school education authorities cannot be made until an authority has signed an agreement with the Australian Government. The agreements prescribe the conditions with which an education authority must comply in order to receive funding. The conditions include educational and financial performance and accountability requirements.

General recurrent funding for non-government schools—what is the Socioeconomic Status (SES) system?

Australian Government general recurrent per student funding for non-government schools is based on a measure of need. Since 2001, the rate at which non-government schools receive GRGs is determined by a measure of the capacity of a school's community to support its school; that is, its socioeconomic status (SES). This measure is calculated by linking student residential addresses to the latest Census Collection Districts and then applying an SES Index to obtain an average SES score for each school. The SES Index includes three dimensions—income, education and occupation. These SES scores are recalculated every four years, according to information from the latest Census of Population and Housing.

A non-government school's SES score determines its per student general recurrent funding rates, as a percentage of AGSRC. In total, there are 46 SES funding scores, with funding rates ranging from 13.7 per cent to 70.0 per cent of AGSRC:

- those non-government schools with the lowest SES scores (85 or less) are funded at 70.0 per cent of AGSRC
- those non-government schools with the highest SES scores (130 or greater) are funded at 13.7 per cent of AGSRC and
- those non-government schools with an SES score between 85 and 100 are funded along a continuum, with each single point change in the SES score resulting in a change in funding.¹⁷

Some non-government schools automatically receive the maximum rate of funding, regardless of their SES score. These schools include:

- non-government special schools—schools that cater for students with disabilities
- Special Assistance Schools—schools that mainly cater for students with social, emotional or behavioural difficulties and
- Majority Indigenous Student Schools—schools with 80 per cent or more Indigenous enrolments or, for very remote schools, 50 per cent or more Indigenous enrolments.

17. For a list of the SES scores with per capita funding rates, see DEEWR, 'SES funding help: SES per capita rates', DEEWR website, viewed 1 September 2010, https://schools.dest.gov.au/ssp/help/html/ses/per_capita_rates.html

Why are some non-government schools not funded according to their SES score?

When the SES system was introduced in 2001, the Howard Government made a commitment that no school would lose funding under the new system. As a result of this 'no losers' commitment, the following arrangements apply:

Funding maintained schools

- Those non-government schools which, because of their SES score, were entitled to less funding under the SES system when it was introduced in 2001, had their general recurrent funding maintained at their year 2000 per student funding rate. This funding is indexed each year according to increases in AGSRC.
- For each new funding period, all non-government schools have their SES scores recalculated according to the information in the latest Census of Population and Housing. Schools therefore had their SES scores recalculated for the 2005–2008 and 2009–2012 funding periods. Those year 2000 'funding maintained' (FM) schools which still had an SES score with a funding entitlement less than their current level of funding, continued to have their funding maintained at their year 2000 per student funding rate with indexation.
- Catholic systemic schools did not join the SES system until 2005.¹⁸ As a result of the 'no losers' commitment, funding maintained arrangements were also created for these schools. Therefore, those Catholic systemic schools which had an SES score with a lower entitlement than previously, had their funding maintained at their 2004 per student funding rates. This funding is indexed each year according to increases in AGSRC.
- The year 2004 funding maintained arrangement for Catholic systemic schools continued for the 2009–2012 funding period for those schools which still had an SES score with a lower funding entitlement than their pre-existing funding.

Funding guaranteed schools

- This arrangement does not apply to FM schools.
- Non-government schools are 'funding guaranteed' (FG) if they have, as a result of the recalculation of their SES score for the 2005–2008 and/or the 2009–2012 funding period, an SES funding entitlement lower than their previous SES funding rates (either year 2004 or year 2008 respectively).
- This means that an FG school has its general recurrent funding frozen at its year 2004 or 2008 per student funding rate. This funding is not indexed.

18. The non-government school sector includes independent self-governing schools and systemic schools, which are groups of schools administered by a central organisation, which usually has a particular religious or philosophical focus. Catholic systemic schools are administered by Catholic Diocese Education Offices. From 2001 to 2004, Catholic systemic schools had a separate agreement for general recurrent funding with the Australian Government. Catholic school systems were funded at 56.2 per cent of AGSRC (equating to SES score 96), except for the Australian Capital Territory Catholic school system which was funded at 51.2 per cent (equating to SES score 100). This was the same rate of funding that had applied prior to the introduction of the SES system.

- When the funding value of an FG school's SES score becomes equal to, or greater than, its frozen 2004 or 2008 funding rates, the school is then funded according to the funding rate for its SES score with indexation.

Box 1. Summary of funding arrangements for non-government schools

Under the SES system, non-government schools are either:

- funded according to their SES score with indexation
- 'funding maintained' at their year 2000 rate with indexation
- 'funding maintained' at their year 2004 rate with indexation
- 'funding guaranteed' at their year 2004 rate without indexation or
- 'funding guaranteed' at their year 2008 rate without indexation.

As a result of these various funding arrangements, there are schools with the same SES score funded at different rates.

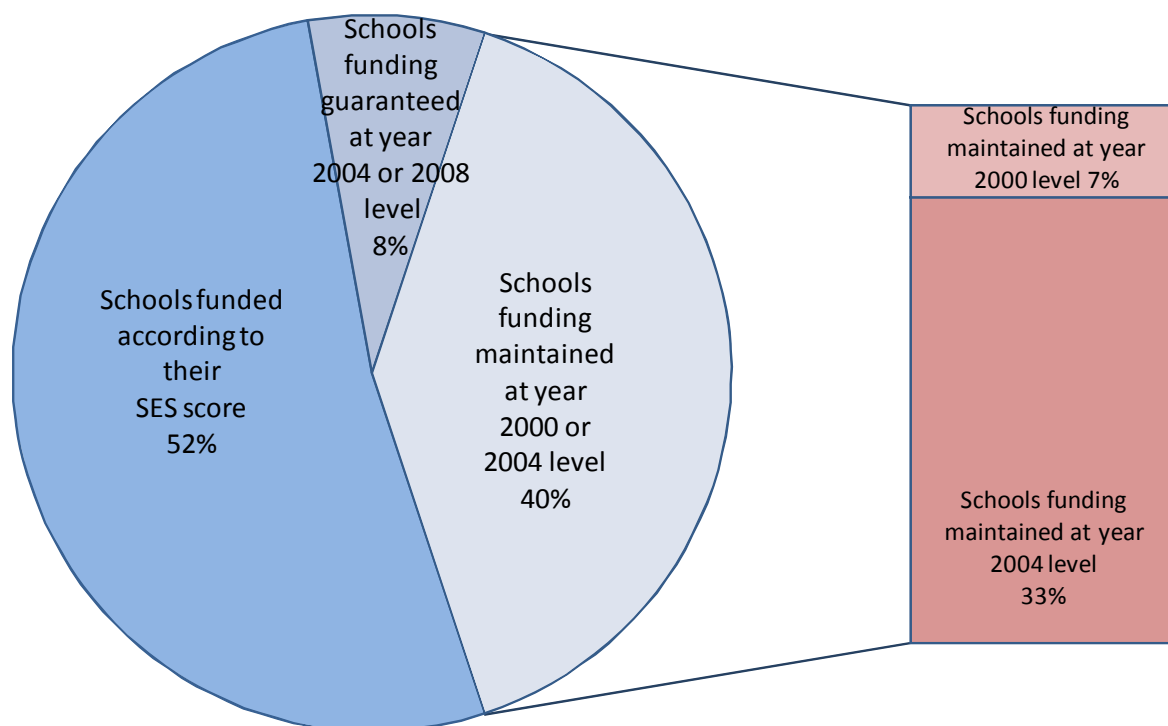
How many schools are funded according to their SES score?

Figure 2 (below) shows that as at 1 January 2010, under the various funding arrangements described above, of the 2699 non-government schools funded by the Australian Government:

- 1409 schools (52.2 per cent) were funded according to the per student rate for their SES score
- 1075 schools (39.8 per cent) were funding maintained (with indexation). Of these:
 - 185 schools (6.9 per cent) were funding maintained at their year 2000 per student rate and
 - 890 schools (33.0 per cent) were funding maintained at their year 2004 per student rate
- 1 school was funding guaranteed (without indexation) at its year 2004 per student rate and
- 214 schools (7.9 per cent) were funding guaranteed (without indexation) at their year 2008 per student rate.¹⁹

19. Note: percentage figures do not add to 100 per cent due to rounding. Source: Unpublished DEEWR data.

Figure 2. Funding status of non-government schools, as at 1 January 2010, per cent



Trends in the funding status of non-government schools since 2001

Table 1 (below) shows the number of non-government schools by their funding status for the years 2001 (when the SES system was introduced); 2005 (the beginning of the second funding period under the SES system and when Catholic systemic schools joined the SES system); and as at 1 January 2010.

Some of the movements in funding status (not quantifiable) reflected in Table 1 would be accounted for by school changes (such as new, closed and merged schools), the inclusion of Catholic systemic schools in the SES system from 2005 and changes in school SES scores.

From 2001 to 2004, Catholic systemic schools continued to be funded according to the previous system of general recurrent funding for non-government schools (see Box 2 below). ACT Catholic systemic schools were funded at 51.2 per cent of AGSRC and Catholic systemic schools in other states and territories were funded at 56.2 per cent of AGSRC. This funding equated to the per student rates for SES scores 100 and 96 respectively.

Box 2. The Education Resources Index

There have been a number of systems for determining the need of non-government schools for Australian Government general recurrent funding. The previous system, based on what was termed the Education Resources Index (ERI), determined need according to a measure of the capacity of a non-government school to generate its own income through fees, investments, fundraising and donations, compared to a standard level of resources. The higher a school's ERI rating, the lower the level of general recurrent funding. There were 12 funding categories under the ERI system with Category 1 schools rated as in least need of assistance.

Disregarding the non-quantifiable factors mentioned above, it would appear that from the figures in Table 1:

- in 2010, about half of non-government schools were funded according to the per student rate for their SES score compared to 90 per cent of non-government schools that were funded according to either the per student rate for their SES score or ERI funding category in 2001. Of the 1028 'other non-government schools' assessed under the SES system in 2001 (that is, the sum of those schools that were funded according to the per student rate for their SES score and those that were funding maintained), 75.3 per cent were funded according to the per student rate for their SES score)
- the number of non-government schools which were funding maintained at their year 2000 per student rate fell from 254 schools in 2001 to 185 schools in 2010
- in 2010, one-third of all non-government schools were funding maintained at their year 2004 per student rate, a slight drop from 36.7 per cent in 2005 and
- from 2005 to 2010, all year 2004 FG schools, except for one school, appear to have transitioned to their SES score funding rates.²⁰

It appears that with each new exception to the SES system (because of the 'no losers' commitment), the percentage of non-government schools funded according to the per student rates for their SES score has fallen. Given the trends in Table 1, it is likely that the number of funding maintained schools will remain significant, especially those maintained at their year 2004 funding rate, at least until the end of 2013.²¹ However, if the trend for FG schools continues, it is likely that most FG schools will be funded according to the per student rate for their SES score within three to four years. It thus appears that the funding guaranteed arrangement is achieving its purpose as a transition measure.

20. It is possible that year 2004 FG schools which transitioned to their SES score between 2005 and 2008, may now be funding guaranteed at their year 2008 rate if a recalculation of their SES score for the 2009–2010 funding period resulted in a reduced SES funding entitlement.

21. The Government has committed to maintaining the current system of non-government school funding until 2013. See J Gillard (Prime Minister) and S Crean (Minister for Education), *Delivering school funding certainty*, media release, viewed 9 September 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F3VKX6%22>

Table 1. Funding status of non-government schools, 2001–2010

Year	Schools funded according to ERI category or SES score ^(a)		Schools funding maintained at year 2000 rate		Schools funding maintained at year 2004 rate		Schools funding guaranteed at year 2004 rate		Schools funding guaranteed at year 2008 rate		Total non-gov't schools
	no.	^(b) %	no.	^(b) %	no.	^(b) %	no.	^(b) %	no.	^(b) %	no.
2001	2385	90.4	254	9.6	na	na	na	na	na	na	2639
<i>Catholic systemic schools</i>	1611	61.0	na	na	na	na	na	na	na	na	
<i>Other non-government schools</i>	774	29.3	254	9.6	na	na	na	na	na	na	
2005	1355	51.0	226	8.5	976	36.7	100	3.8	na	na	2657
as at 1 January 2010	1409	52.2	185	6.9	890	33	1	0	214	7.9	2699

na: not applicable.

(a) Catholic systemic schools were not part of the SES system until 2005. From 2001 to 2004, they continued to be funded according to the previous ERI system. All other non-government schools were funded under the SES system.

(b) Percent of all non-government schools.

Sources: Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA), *National report on schooling in Australia 2001*, Curriculum Corporation for MCEETYA, Melbourne, 2001, pp. 166–8;

A Vanstone, 'Answer to Question on Notice: Education: funding', [Questioner: L Allison], Senate, *Debates*, 30 August 2004, p. 26715; Unpublished data, Department of Education, Employment and Workplace Relations, Canberra, 2010.

National Partnerships

Additional funding for both government and non-government schools is provided by a number of special purpose National Partnerships (NPs). Most of the NPs have been formulated through COAG and have as their basis an agreed national goal. The structure and conditions of the NPs vary, and include, in some cases, co-payments with state and territory government and non-government education authorities, performance rewards and the creation of pilot programs.

The major NPs are:

- [Building the Education Revolution](#), the largest element of the Australian Government's Nation Building Economic Stimulus Plan²²
- [Digital Education Revolution](#)²³

22. 'Building the Education Revolution', DEEWR website, op. cit.

23. DEEWR, 'Digital Education Revolution', DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Schooling/DigitalEducationRevolution/Pages/default.aspx>

- [Smarter Schools NPs](#)—Literacy and Numeracy, Low Socio-economic Status School Communities and Improving Teacher Quality²⁴
- [Trade Training Centres in Schools Program](#)²⁵ and
- [Youth Attainment and Transitions](#)²⁶—includes the [Compact with Young Australians](#).²⁷

Other funding

There are other school education programs which are termed ‘Commonwealth Own-Purpose Expenses’ (COPEs). These are mostly administered by the Department of Education, Employment and Workplace Relations (DEEWR) and are funded through annual appropriations. Major school education programs in this category include:

- [National Asian Languages and Studies in Schools Program](#)²⁸
- [National School Chaplaincy Program](#)²⁹ and
- [Quality Outcomes Program](#), elements of which include the Australian Government Quality Teacher Program, civics and citizenship education, the National School Drug Education Strategy and values education.³⁰

What are Average Government School Recurrent Costs (AGSRC)?

Average Government School Recurrent Costs (AGSRC) are the benchmark for general recurrent funding levels; they relate to the cost of educating a student in a government school. AGSRC are the basis of Australian Government funding for government and non-government school students—all school students are funded at a percentage of AGSRC.

24. DEEWR, ‘Smarter schools’, DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Schooling/Programs/SmarterSchools/Pages/default.aspx> For the text of the NP agreements, see ‘Intergovernmental Agreement (IGA) on Federal Financial Relations’, COAG website, op. cit.

25. DEEWR, ‘Trade Training Centres in Schools Program’, DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Schooling/TradeTrainingCentres/Pages/Overview.aspx>

26. DEEWR, ‘National Partnership on Youth Attainment and Transitions’, DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Youth/YouthAttainmentandTransitions/Pages/NationalPartnership.aspx>

27. DEEWR, ‘Compact with Young Australians’, DEEWR website, viewed 16 September 2010, <http://www.deewr.gov.au/Youth/YouthAttainmentandTransitions/Pages/compact.aspx>

28. DEEWR, ‘National Asian Languages and Studies in Schools Program’, DEEWR website, viewed 3 September 2010, <http://www.deewr.gov.au/Schooling/NALSSP/Pages/default.aspx>

29. DEEWR, ‘National School Chaplaincy Program’, DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Schooling/NationalSchoolChaplaincyProgram/Pages/home.aspx>

30. DEEWR, ‘Quality Outcomes’, DEEWR website, viewed 2 September 2010, <http://www.deewr.gov.au/Schooling/Programs/Pages/QualityOutcomes.aspx>

Note: for all DEEWR school education programs, see DEEWR, ‘Schooling’, DEEWR website, viewed 3 September 2010, <http://www.deewr.gov.au/Schooling/Pages/default.aspx>

Owing to the differences in the costs associated with educating primary school students and secondary school students, there is a different primary and secondary AGSRC amount. In 2009, the Primary AGSRC amount was \$8380 and the Secondary AGSRC amount was \$10 646.

The National Schools SPP for government schools and per student GRGs for non-government school students are increased (indexed) annually in line with the increasing costs of education in government schools (that is, AGSRC).

How is the AGSRC calculated?

DEEWR provides the following explanation of the AGSRC calculation:

The AGSRC amounts for primary and secondary school students are calculated based on state and territory government expense data maintained by the Ministerial Council on Education, Early Childhood Development and Youth Affairs (MCEECDYA). These AGSRC amounts are changed annually after consideration of movements in the data reported to MCEECDYA. There are several elements included in the AGSRC calculation:

- Employee related expenses—all salaries, wages and allowances and on-costs paid to staff.
- Salary on-costs—superannuation, payroll tax, long service leave, workers compensation, insurance and fringe benefits tax.
- Out of School expenses—expenses incurred in the payment of salaries and allowances and non-salary costs for other education establishments and other items which do not fit the definition of in-school expenses such as travelling expenses for a music teacher based in a regional office, payments made by regional or central offices for freight, and postal charges.

Capital-related items, such as depreciation, are excluded from the calculation of AGSRC.³¹

How much has the AGSRC increased over time?

Table 2 (below) provides AGSRC (in actual and real prices) and percentage growth from 1999 to 2009. During this period, the Primary AGSRC amount increased from \$4674 to \$8380 per student (a percentage increase of 79.3 per cent), and the Secondary AGSRC amount increased from \$6294 to \$10 646 per student (a percentage increase of 69.1 per cent). In real terms, the percentage increase is significantly less—23.0 per cent for the Primary AGSRC amount and 16.1 per cent for the Secondary AGSRC amount.

It is difficult to speculate about the reasons for the periods of negative growth. However, what can be safely said is that in those periods the AGSRC indexation rate was lower than the inflation rate, as measured by the (non-farm gross domestic product) deflator used to convert current prices to 2009 prices.

31. Australian Government, *Review of Funding for Schooling: discussion paper and draft terms of reference*, 2010, p. 6, viewed 27 August 2010, <http://www.deewr.gov.au/Schooling/Programs/Documents/ReviewFundDiscPaper.pdf>

Table 2. Average Government School Recurrent Costs (AGSRC), 1999–2009, \$ per student and % increase^(a)

	Actual prices				Real prices ^(b)			
	Primary AGSRC		Secondary AGSRC		Primary AGSRC		Secondary AGSRC	
	\$ per student	% increase	\$ per student	% increase	\$ per student	% increase	\$ per student	% increase
1999	4 674		6 294		6 812		9 173	
2000	5 056	8.2	6 622	5.2	7 082	4.0	9 276	1.1
2001	5 378	6.4	7 101	7.2	7 289	2.9	9 625	3.8
2002	5 657	5.2	7 469	5.2	7 436	2.0	9 818	2.0
2003	6 056	7.1	8 021	7.4	7 775	4.6	10 297	4.9
2004	6 580	8.7	8 595	7.2	8 090	4.1	10 567	2.6
2005	6 787	3.1	8 994	4.6	7 960	-1.6	10 549	-0.2
2006	7 216	6.3	9 319	3.6	8 039	1.0	10 382	-1.6
2007	7 614	5.5	9 724	4.3	8 169	1.6	10 433	0.5
2008	8 044	5.6	10 061	3.5	8 083	-1.1	10 109	-3.1
2009	8 380	4.2	10 646	5.8	8 380	3.7	10 646	5.3
1999–2009		79.3		69.1		23.0		16.1

(a) Table compiled with the assistance of Stephen Barber, Statistics and Mapping Section, Parliamentary Library.

(b) Expressed in 2009 dollars using the implicit price deflator for non-farm gross domestic product.

Sources: DEEWR [author varies], Commonwealth programs for schools quadrennial administrative guidelines [title varies], DEEWR, Canberra, 1999–2008; DEEWR, Administrative guidelines: Commonwealth programs for non-government schools 2009 to 2012: 2010 update, DEEWR, Canberra, 2010, p. 99.

How does the Australian Government distribute funding to schools?

To receive Australian Government funding, all government and non-government education authorities (that is, a non-government school system authority or independent non-government school) must first be approved. To obtain approval, government and non-government schools must be approved and registered as a school with state and territory government education authorities, by meeting state and territory governments' registration requirements, which cover matters such as curriculum, buildings and staffing.³² Government and non-government school systems and independent schools must also enter into formal agreements with the Australian Government. The agreements set out the conditions for funding, including educational and financial accountability arrangements.

32. Each year DEEWR gazettes the list of approved non-government schools, including SES funding information for each school. See DEEWR, '2009 gazette of non-government schools', DEEWR website, viewed 27 August 2010, <http://www.deewr.gov.au/schooling/recurrentgrants/nongovschools/pages/2009gazetteofnongovernmentalschools.aspx>

The Australian Government does not provide its funding directly to schools. The National Schools SPP (both the government and non-government school components) is paid by the Commonwealth Treasury to state and territory treasuries which then distribute the funds to state and territory government education departments and non-government school education authorities. Similarly, National Partnership (NP) payments are paid by the Commonwealth Treasury to state and territory treasuries according to the terms of the individual NP agreements.

National Schools Specific Purpose Payment—government schools component

The government school component of the National Schools SPP becomes part of the total state or territory government funding pool (which includes Australian and state and territory government funds). Each state and territory government then allocates funds from this total pool (or distributes resources) to schools based on its particular allocative mechanism (which is different for each state and territory).

National Schools Specific Purpose Payment—non-government schools component

The distribution arrangements for the non-government school component of the National Schools SPP vary. State and territory treasuries distribute general recurrent grants direct to independent schools. Systemic non-government schools are paid through their system authorities which, as for government education systems, have the flexibility to distribute the general recurrent grants according to their own needs-based allocative mechanisms.³³ According to an Auditor-General's report, DEEWR does not have specific information on the funding formulae that non-government school systems use to distribute funds to affiliated schools.³⁴

Australian Government funding for targeted programs and capital grants for non-government schools are distributed through non-government systemic school authorities and independent school associations in each state and territory.

How much funding does the Australian Government provide to schools?

Table 3 (below) provides Australian Government funding (actual and real expenditure) for government and non-government schools from 1999–00 (the last full financial year prior to the introduction of the SES system of general recurrent funding for non-government schools) through to the 2011–12 budget forward estimates. It also shows the proportionate share of this funding for government and non-government schools.

33. For further information see: Australian National Audit Office, 'Funding for non-government schools: Department of Education, Employment and Workplace Relations', *Audit report*, no. 45, 2008–09, pp. 85–7, viewed 29 September 2010, http://www.anao.gov.au/uploads/documents/2008-09_Audit_Report_45.pdf

34. Ibid., p. 85.

Table 3. Australian Government funding for schools^(a)

	Actual expenditure					Real expenditure ^(b)		
	Government schools		Non-government schools		All schools	Government schools	Non-government schools	All schools
	\$m	% of total funding	\$m	% of total funding	\$m	\$m	\$m	\$m
1999–00	1 909	39.8	2 883	60.2	4 792	2 751	4 155	6 906
2000–01	1 893	35.7	3 405	64.3	5 297	2 613	4 701	7 313
2001–02 ^(c)	2 058	35.5	3 737	64.5	5 795	2 772	5 034	7 806
2002–03	2 143	35.6	3 869	64.3	6 013	2 808	5 069	7 878
2003–04	2 284	33.9	4 452	66.1	6 735	2 888	5 629	8 516
2004–05	2 404	32.5	4 990	67.5	7 394	2 914	6 048	8 961
2005–06	2 910	35.0	5 414	65.0	8 324	3 357	6 245	9 602
2006–07	3 071	35.1	5 677	64.9	8 748	3 372	6 234	9 606
2007–08	3 078	33.6	6 085	66.4	9 163	3 238	6 401	9 639
2008–09	4 206	36.8	7 210	63.2	11 416	4 206	7 210	11 416
2009–10 ^(d)	9 974	51.0	9 575	49.0	19 550	9 825	9 432	19 257
2010–11 (est.) ^(d)	7 610	46.4	8 779	53.6	16 389	7 053	8 137	15 191
2011–12 (est.)	4 842	38.4	7 778	61.6	12 620	4 422	7 103	11 525

(a) Table compiled with the assistance of Stephen Barber, Statistics and Mapping Section, Parliamentary Library.

(b) Converted to 2008–09 dollars using the implicit price deflator for non-farm gross domestic product.

(c) First full financial year of the SES system of general recurrent funding for non-government schools.

(d) Increased funding is mostly the result of the Building the Education Revolution programs.

Sources: Australian Government, *Budget strategy and outlook: budget paper no. 1: 2010–11*, Commonwealth of Australia, Canberra, 2010, p. 6–15; Australian Government, *Final budget outcome*, Commonwealth of Australia, Canberra, various years; W Swan (Treasurer) and L Tanner (Minister for Finance and Deregulation), *Economic statement: July 2010*, Commonwealth of Australia, Canberra, 2010; Australian Bureau of Statistics (ABS), *Australian national accounts: national income, expenditure and product June 2010*, cat. no. 5206.0, ABS, Canberra, 2010.

Expenditure trends in Australian Government funding for schools

As Table 3 (above) shows, Australian Government funding for schools will increase in real terms from \$6.9 billion in 1999–00 to an estimated \$11.5 billion in 2011–12. In GDP terms, this funding will grow from 0.72 per cent of GDP in 1999–00 to an estimated 0.84 per cent of GDP in 2011–12 (see Table 4 below).

The unusual increase in Australian Government funding for schools in 2009–10 and 2010–11 is mostly accounted for by the \$16.2 billion Building the Economic Revolution (BER) economic stimulus measures. The 2011–12 forward estimates reflect the cessation of these measures.

Reasons for funding increases

In addition to new money as the result of government initiatives, other factors influencing the increase in Australian Government funding for schools include indexation (mostly as the result of increases in AGSRC) and increases in student numbers. Of these three factors, the most significant ongoing factor in funding increases is indexation.³⁵ (See Table 2.)

Student enrolments

From 1999 to 2009, full-time student enrolments grew by 7.3 per cent, from 3 226 650 students in 1999 to 3 461 334 students in 2009. The majority of students are enrolled in government schools (65.7 per cent in 2009).³⁶

While enrolments have grown in both government and non-government schools, the enrolment growth rate in non-government schools has been greater. From 1999 to 2009:

- enrolments in government schools grew by 1.2 per cent, compared to an enrolment growth of 21.3 per cent in non-government schools and
- government school students accounted for 11 per cent (26 200) of the increase in full-time student numbers and non-government school students accounted for 89 per cent (208 500) of the increase.³⁷

The share of Australian Government funding between government and non-government schools

The fundamental pattern of ongoing Australian Government funding for schools is that most of this funding is provided to non-government schools (and state and territory governments provide the majority of their funding to government schools). Table 3 (above) shows that the government school share will decline from 39.8 per cent in 1999–00 to an estimated 38.4 per cent in 2011–12. From 2000–01 to 2004–05, government schools' proportionate share declined significantly, reaching its lowest level (32.5 per cent) in 2004–05 before starting to rise again. This decline coincided with, first, the introduction of the SES system of general recurrent funding for non-government schools in 2001; and, second, the movement of Catholic systemic schools into the SES system in 2005.

35. For instance, for the period 2001 to 2004, it was estimated that indexation and supplementation accounted for 78 per cent of Australian Government school funding increases, enrolment growth for 13 per cent and new money for 9 per cent. M Harrington, *Commonwealth funding for schools since 1996: an update*, Research note, no. 41, 2003–04, Parliamentary Library, Canberra, 2004, viewed 27 August 2010, <http://www.aph.gov.au/library/pubs/rn/2003-04/04rn41.pdf>

36. Australian Bureau of Statistics (ABS), *Schools Australia 2009*, cat. no. 4221.0, ABS, Canberra, 2010, Table 6, viewed 1 October 2010, [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/05ADAC0812C70C9DCA25775700218CA4/\\$File/42210_2009.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/05ADAC0812C70C9DCA25775700218CA4/$File/42210_2009.pdf)

37. Ibid., pp. 3 and 13.

In 2009–10 and 2010–11, the BER significantly altered the historic pattern of Australian Government funding for government and non-government schools. Overall, about two-thirds (an estimated 68.5 per cent) of total BER funds (which are allocated on the basis of enrolments) will be provided to government schools.³⁸ Consequently, in 2009–10, government schools received 51.0 per cent of Australian Government funding for schools. In 2011–12, when the BER stimulus spending is completed (an estimated \$496 million remains to be spent in that year)³⁹, the funding share reverts to its usual pattern. Government schools will receive an estimated 38.4 per cent of Australian Government funding for schools, which is a slight decline from the 1999–00 figure.

These trends in Australian Government funding for government and non-government schools are also reflected in GDP figures. Table 4 (below) shows:

- From 1999–00 to 2007–08 (before the impact of the BER), Australian Government expenditure on government schools as a proportion of GDP fell from 0.29 per cent to 0.26 per cent. For non-government schools, expenditure grew from 0.43 per cent to 0.51 per cent.
- The BER's impact is reflected in the GDP figures for 2009–10 and 2010–11. From 2007–08 to 2009–10, Australian Government expenditure on government schools, as a proportion of GDP, almost trebled. For non-government schools, it increased by 45.1 per cent.
- In 2011–12 (when the effect of the BER will have mostly dissipated), Australian Government expenditure on government schools will amount to an estimated 0.32 per cent of GDP. For non-government schools, it will amount to an estimated 0.52 per cent of GDP.

38. Based on budget figures in Australian Government, *Final budget outcome 2008–09*, Commonwealth of Australia, Canberra, 2009, pp. 74–5 and *Australia's federal relations: budget paper no. 3: 2010–11*, Commonwealth of Australia, Canberra, 2009, p. 57.

39. *Australia's federal relations: budget paper no. 3: 2010–11*, op. cit.

Table 4. Australian Government funding for schools as a proportion of GDP, 1999–00 to 2011–12^{(a)(b)}

	Government schools	Non-government schools	All schools
	% of GDP	% of GDP	% of GDP
1999–00	0.29	0.43	0.72
2000–01	0.27	0.48	0.75
2001–02	0.27	0.49	0.76
2002–03	0.27	0.48	0.75
2003–04	0.26	0.51	0.78
2004–05	0.26	0.54	0.80
2005–06	0.29	0.54	0.83
2006–07	0.28	0.52	0.80
2007–08	0.26	0.51	0.78
2008–09	0.34	0.57	0.91
2009–10(b)	0.77	0.74	1.48
2010–11 (est.) (b)	0.54	0.62	1.15
2011–12 (est.)	0.32	0.52	0.84

(a) Table compiled by Stephen Barber, Statistics and Mapping Section, Parliamentary Library.

(b) Based on actual expenditure figures in Table 3.

Sources: W Swan (Treasurer) and L Tanner (Minister for Finance and Deregulation), *Economic statement: July 2010*, Commonwealth of Australia, Canberra, 2010; Australian Bureau of Statistics (ABS), *Australian national accounts: national income, expenditure and product June 2010*, cat. no. 5206.0, ABS, Canberra, 2010.

A significant factor in the shift in the funding share between the two school sectors is the growth in student enrolments in non-government schools relative to government schools. Another factor is the increase in funding for non-government schools under the SES system (just under half of non-government schools are funded at a higher rate than the per student rate for their SES score).

What is the total funding for schools?

Government funding

Table 5 (below) shows Australian, and state and territory government expenditure for schools, and per student, by school sector and by government funding source for 2007–08 (the most recent year for which comparable data is available). Capital expenditure is not included in these figures.

Table 5. Australian, and state and territory government recurrent expenditure on schools, 2007–08^(a)

	Government schools		Non-government schools		All schools	
	Total funding (\$'000)	Per student funding ^(b) (\$)	Total funding (\$'000)	Per student funding (\$)	Total funding (\$'000)	Per student funding (\$)
Australian Government ^(c)	2 485 752	1 092	5 531 064	4 767	8 016 816	2 333
State and territory government	26 272 069	11 546	2 135 703	1 840	28 407 772	8 268
Total government	28 757 821	12 639	7 666 767	6 607	36 424 588	10 602

(a) Excludes capital funding.

(b) Per full-time equivalent student.

(c) Specific purpose payments.

Source: Steering Committee for the Review of Government Services Provision, *Report on government services 2010*, Productivity Commission, Canberra, 2010, Tables 4A.7–10.

As Table 5 (above) indicates, Government schools receive the majority of government funding (Australian Government and state and territory government funding combined) for schools. In 2007–08:

- government schools received 79.0 per cent of total government funding for schools. The Australian Government provided 8.6 per cent of this funding and state and territory governments provided 91.4 per cent
- non-government schools received 21.0 per cent of total government funding for schools. The Australian Government provided 72.1 per cent of this funding and state and territory governments provided 27.9 per cent.⁴⁰

Private funding of schools

Non-government schools

Non-government schools also receive significant income from private sources—comprising fees and charges and private donations and income. According to figures published in the *National Report on Schooling in Australia 2008*, on average, private income accounts for 43.0 per cent of total non-government school income (as indicated in Table 6 below).

40. Steering Committee for the Review of Government Service Provision, *Report on government services 2010*, Productivity Commission, Canberra, 2010, Table 4A.7, viewed 3 September 2010, http://www.pc.gov.au/data/assets/pdf_file/0011/93917/13-chapter4-attachment.pdf

Table 6. Non-government school income per student, by source and school affiliation, 2008

	\$ per student	% of total income
Catholic schools		
Private income	3 059	28.5
<i>Fees and charges</i>	2 398	
<i>Private donations and income</i>	661	
State government grants	2 012	18.7
Australian Government grants	5 673	52.8
Total income	10 745	
Independent schools		
Total private income	8 774	58.3
<i>Fees and charges</i>	7 699	
<i>Private donations and income</i>	1 074	
State government grants	1 684	11.2
Australian Government grants	4 604	30.6
Total income	15 062	
All non-government schools		
Total private income	5 368	43.0
<i>Fees and charges</i>	4 540	
<i>Private donations and income</i>	828	
State government grants	1 880	15.1
Australian Government grants	5 241	42.0
Total income	12 489	

Note: figures may not add to 100 per cent due to rounding.

Source: Ministerial Council on Education, Employment, Training and Youth Affairs, 'Additional statistics on Australian schooling', *National report on schooling in Australia 2008*, Table 23.

In 2008:

- average total private income across all non-government schools amounted to \$5368 per student and
- on a percentage basis, private income accounted for 43.0 per cent of total non-government school income (state government grants accounted for 15.0 per cent, and Australian Government grants 42.0 per cent).

However, the non-government school sector is diverse and the range of private income varies:

- Catholic schools' private income, on average, accounted for 28.5 percent of total school income and
- independent schools' private income, on average, accounted for 58.3 per cent of total school income (also noting that there is considerable diversity of school resourcing within the independent school sector).⁴¹

41. MCEECDYA, 'Additional statistics on Australian schooling', *National report on schooling in Australia 2008*, Table 23, viewed 3 September 2010, http://cms.curriculum.edu.au/anr2008/pdfs/anr2008_Statistics_16-8-10.pdf

Government schools

There is no comparable data for the private income of government schools and there is a significant difference in the role of private income between the two sectors, notably that government school fees are voluntary and set at a much lower level than the compulsory fees levied by non-government schools.

The only available data on government school private income is from the Australian Bureau of Statistics (ABS) *Household Expenditure Survey, 2003-04*, and the data is for school fees only. In that year, households contributed over \$400 million in school fees to government schools.⁴²

The ABS publication, *Australian Social Trends 2006*, does provide some comparable data on average annual household expenditure on school fees from the *Household Expenditure Survey*. In 2003–04, total average (not per student) annual expenditure on school fees for households with children at government schools was \$330 and, for households with children at non-government schools, \$4720 (\$2870 for Catholic schools and \$7260 for independent schools).⁴³

International comparisons

The following international comparisons of Australia's expenditure on school education are taken from the Organisation for Economic Co-operation and Development's (OECD) latest annual *Education at a Glance* report.⁴⁴ The comparisons are for 2007 education expenditure on 'primary, secondary and post-secondary non-tertiary education'.⁴⁵

Data on Finland's educational expenditure is also provided. While Finland is also an OECD member, specific comparison is made with this country because it is one of the best-performing countries in international tests of student attainment. Its educational system and education outcomes are often cited as the benchmarks to which other countries should aspire.

42. Review of Funding for Schooling: discussion paper and draft terms of reference, op. cit., p. 13.

43. ABS, 'Government and non-government schooling', *Australian social trends 2006*, cat. no. 4102.0, ABS, Canberra, 2006, viewed 11 November 2010, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/7d12b0f6763c78caca257061001cc588/9fa90aec587590edca2571b00014b9b3!OpenDocument>

44. Organisation for Economic Co-operation and Development (OECD), *Education at a glance 2010: OECD indicators*, OECD, Paris, 2010, viewed 16 September 2010, http://dpl/Ejournals/OECD_EducationGlance-OECDIndicators/2010.pdf

45. With primary and secondary education, 'Post-secondary non-tertiary education' is taken as a proxy for schools. According to its definition, 'post-secondary non-tertiary education' may include post-school education. See OECD, *Education at a glance 2010: OECD indicators: glossary*, OECD, viewed 16 September 2010, <http://www.oecd.org/dataoecd/44/7/43642148.pdf>

Government and private expenditure on schools as a proportion of Gross Domestic Product, 2007

- Government expenditure on Australian schools amounted to 3.1 per cent of GDP (the same as four other countries, including Canada), compared to an OECD average of 3.3 per cent. Of the 29 OECD countries for which data was available, only seven countries ranked lower than Australia.
- Private expenditure on Australian schools amounted to 0.4 per cent of GDP (the same as Canada, Germany and the Netherlands), compared to an OECD average of 0.3 per cent. Of the 26 OECD countries for which data was available, Australia ranked sixth highest.
- For Finland, government expenditure on schools amounted to 3.6 per cent of GDP and private expenditure was negligible or non-existent.⁴⁶

Proportion of government and private expenditure on schools, 2007

- 81.1 per cent of total expenditure on Australian schools was from government sources, compared to the OECD average of 90.3 per cent. Australia ranked the fourth lowest of the 25 OECD countries for which data was available.
- 18.9 per cent of total expenditure on Australian schools was from private sources, compared to the OECD average of 9.7 per cent. Australia ranked the fourth highest of the 25 OECD countries for which data was available.
- For Finland, 99.0 per cent of total expenditure on schools was from government sources and 1.0 per cent from private sources.⁴⁷

Annual government expenditure on government and non-government schools, per student, 2007

- Annual government expenditure on Australian government schools was \$US6980 per student, compared to the OECD average of \$US7262. Australia ranked 15th of the 22 OECD countries for which data was available.
- For Finland, annual government expenditure on government schools was \$US7178 per student.
- Annual government expenditure on Australian non-government schools was \$US3616 per student, compared to the OECD average of \$US4045. Australia ranked tenth of the 20 OECD countries for which data was available.⁴⁸

46. OECD, *Education at a glance 2010*, op. cit., p. 220. There are few private schools in Finland.

47. Ibid., p. 234.

48. Ibid., p. 237.

The future of Australian Government funding for schools—the school funding review

In April 2010, the Minister for Education, Julia Gillard, announced the [Review of Funding for Schooling](#).⁴⁹ This is the first comprehensive review of school funding since the work of the Interim Committee for the Australian Schools Commission in the early 1970s. The Review is examining not only Australian Government school funding, but also the school funding models of state and territory governments and the role of private funding for all schools:

Its aim is to identify those funding arrangements that are transparent, fair, financially sustainable and effective in promoting excellent educational outcomes for Australian students, especially those who are failing to reach their full potential.⁵⁰

The Government's commitment to retain the SES system until 2013 will mean that no major changes in non-government school funding will occur until 2014.⁵¹ The Government has also promised that 'no school will lose a dollar of funding', but, significantly, there is no promise that funding will rise in real terms.⁵² Non-government school stakeholders are therefore concerned about the future viability of their schools if there were to be no indexation.⁵³ The Opposition has added to these concerns with claims that non-government schools will 'lose' funding in real terms.⁵⁴

There is a diversity of opinion on the need for reform and on the appropriate model for government and non-government school funding.⁵⁵ During the 2010 election campaign the Opposition

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49. DEEWR, 'Review of Funding for Schooling', DEEWR website, viewed 6 September 2010, <http://www.deewr.gov.au/Schooling/Programs/Pages/FundingReview.aspx> Gillard, *A future fair for all – School funding in Australia – Address to Sydney Institute*, op. cit.
 50. Australian Government. Review of Funding for Schooling, *Communique*, November 2010, viewed 12 November 2010, <http://www.deewr.gov.au/Schooling/Programs/Documents/ReviewFundingSchooling.pdf>
 51. Gillard and Crean, Delivering school funding certainty, op. cit.
 52. Gillard, *A future fair for all – School funding in Australia – Address to Sydney Institute*, op. cit.; and P Karvelas, 'Crean's funding warning to private schools', *The Australian*, 31 July 2010, p. 9, viewed 9 September 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressclp%2FM9HX6%22>
 53. G O'Kelly (Chairman, Bishops Commission for Catholic Education), *Funding for Catholic schools*, media release, 2010, viewed 9 September 2010, http://www.ncec.catholic.edu.au/index.php?option=com_docman&task=doc_download&gid=68 and B Daniels (Executive Director, Independent Schools Council of Australia), *Indexation fundamental to independent schools funding*, media release, 4 August 2010, viewed 9 September 2010, http://www.isca.edu.au/html/media/Media_releases/Media%20Statement%20-%202010%20August%204%20Indexation%20Fundamental%20to%20Independent%20Schools%20Funding.pdf
 54. C Pyne (Shadow Minister for Education, Apprenticeships and Training), *Non-government schools face \$1.3 billion shortfall under Labor*, media release, 1 August 2010, viewed 9 September 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2FPIX6%22>
 55. For examples, see: J Buckingham, 'In defence of non-government schools', *Issue Analysis*, (Centre for Independent Studies), no. 112, 2 July 2009, viewed 10 September 2010, <http://www.cis.org.au/images/stories/issue-analysis/ia112.pdf> J F McMorow, *Schools funding futures*, Australian Education Union, 2010, viewed 10 September 2010, <http://www.aeufederal.org.au/Publications/2010/Schoolfundfutures.pdf> Independent Schools Council of Australia, 'The public funding of schools', *Independent Update*, iss. 7, 2010, viewed 9 September 2010, http://www.isca.edu.au/html/PDF/Indep_Updates/2010%20Independent%20Update%207%20Public%20Funding%2

committed to maintaining the SES system and non-government school funding in real terms.⁵⁶ The Greens have called for greater investment in government schools and reform of non-government school funding. This would include 'ending public subsidies to the very wealthiest private schools' and maintaining 'the total level of Commonwealth funding for private schools at 2003-04 levels ... indexed for inflation'.⁵⁷

The many and seemingly irreconcilable differences of opinion about school funding, combined with the dynamics of a minority government, will mean negotiating any changes that may be recommended by the funding review will be a challenge.

[0of%20Schools.pdf](#) J Keating, 'Funding key to school reform', *The Australian*, 1 July 2010, p. 14, viewed 10 September 2010,

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressclp%2F4B6X6%22>

56. C Pyne, op. cit.

57. Australian Greens, *Education*, Australian Greens policy document, Election 2010, viewed 9 September 2010, http://greens.org.au/sites/greens.org.au/files/policydownloads/D3%20Education%20March%202010_0.pdf

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