

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

Press Release 1055

Trevor Cobbold from Save our Schools Vindicated

It's Official! Accounting Tricks Denied Public Schools Over \$2 Billion in Funding in 2023

For many years Trevor Cobbold from [Save Our Schools](#) has been producing facts and figures on their website which prove that while Australian private schools are overfunded, public schools are underfunded

Part of the reason for this is that State Treasurers and private school sympathisers in State bureaucracies have literally ‘cooked the books’.

But a new report by the [National School Resourcing Board \(NSRB\)](#) has vindicated Trevor Cobbold and all his hard work.

Under the [Australian Education Act 2013](#) (the Act), the National School Resourcing Board is required to conduct an annual review of state and territory compliance with section 22A of the Act.

Section 22A of the Act states that as a condition of Commonwealth financial assistance, states and territories are required to meet minimum school funding contributions. These are set out in their Bilateral Agreements with the Commonwealth under the [National School Reform Agreement](#).

The Terms of Reference for the review ask the Board to take into account:

- the terms of Bilateral Agreements with individual jurisdictions under the National School Reform Agreement
- mitigating and contributing factors that have contributed to any non-compliance, and
- timing of state budget processes and impact on compliance and reporting arrangements.

Trevor Cobbold points out that the 2024 report reveals that public schools lost over \$2 billion in funding in 2023 because of accounting tricks used by state governments under the Commonwealth-State funding agreements operating at the time.

The accounting tricks are continued under the new funding agreements signed this year. They mean that public schools will remain underfunded for the next ten years.

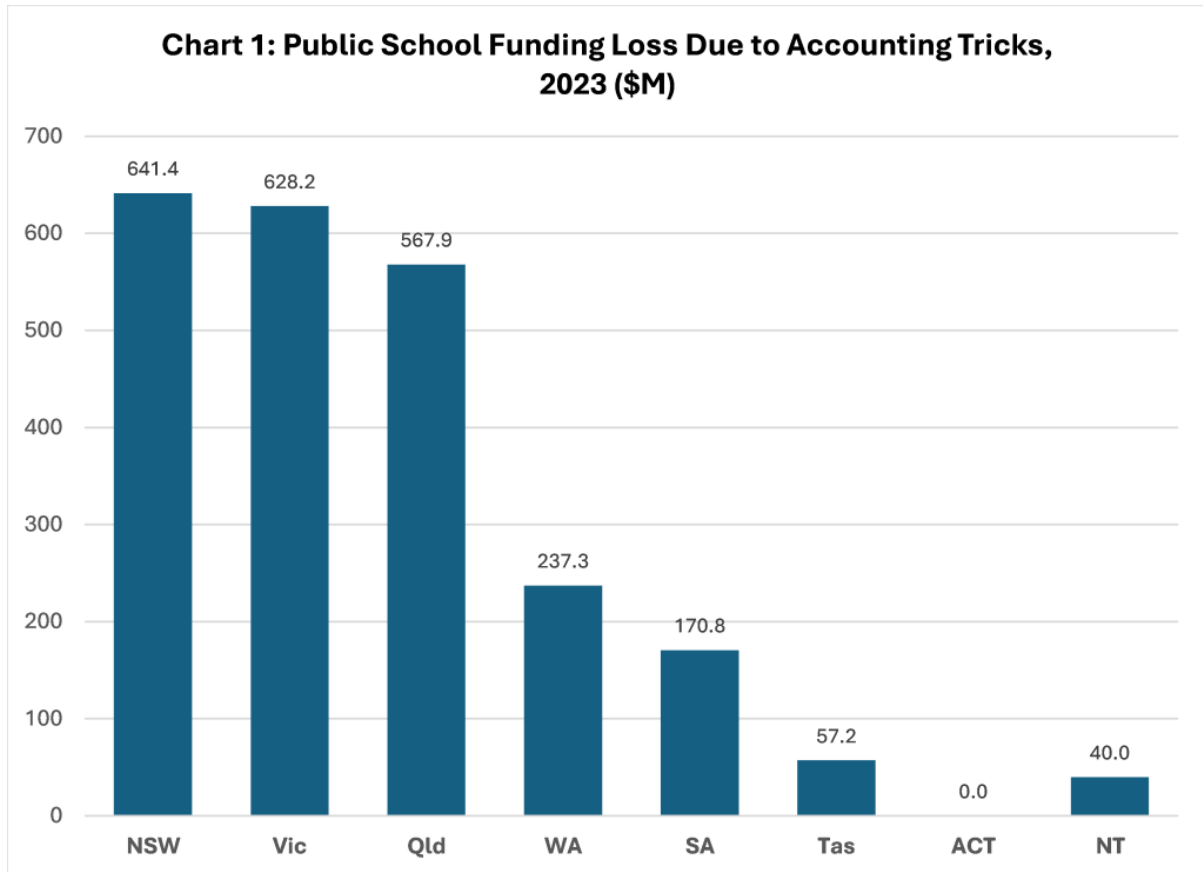
The report reviewed compliance by state and territory governments with requirements of the funding agreements for 2023. The agreements outline funding transition pathways for each year from 2018 until 2023, later extended to 2024. Each state and territory must meet a minimum funding requirement based on the relevant Schooling Resource Standard (SRS) shares specified for their agreed transition pathways for public and private school sectors.

Under the agreements, all states except the ACT could claim expenditures specifically excluded from how the SRS is measured as part of their share of funding the SRS of public schools. They could claim two types of non-SRS expenditures:

- Up to 4% of the total SRS for school transport, capital depreciation as well as pre-school in Western Australia and early childhood education in the Northern Territory.
- Expenditures by regulatory authorities such as curriculum and standards bodies but not in the Northern Territory. NSW could only claim this as part of its 4% allowance.

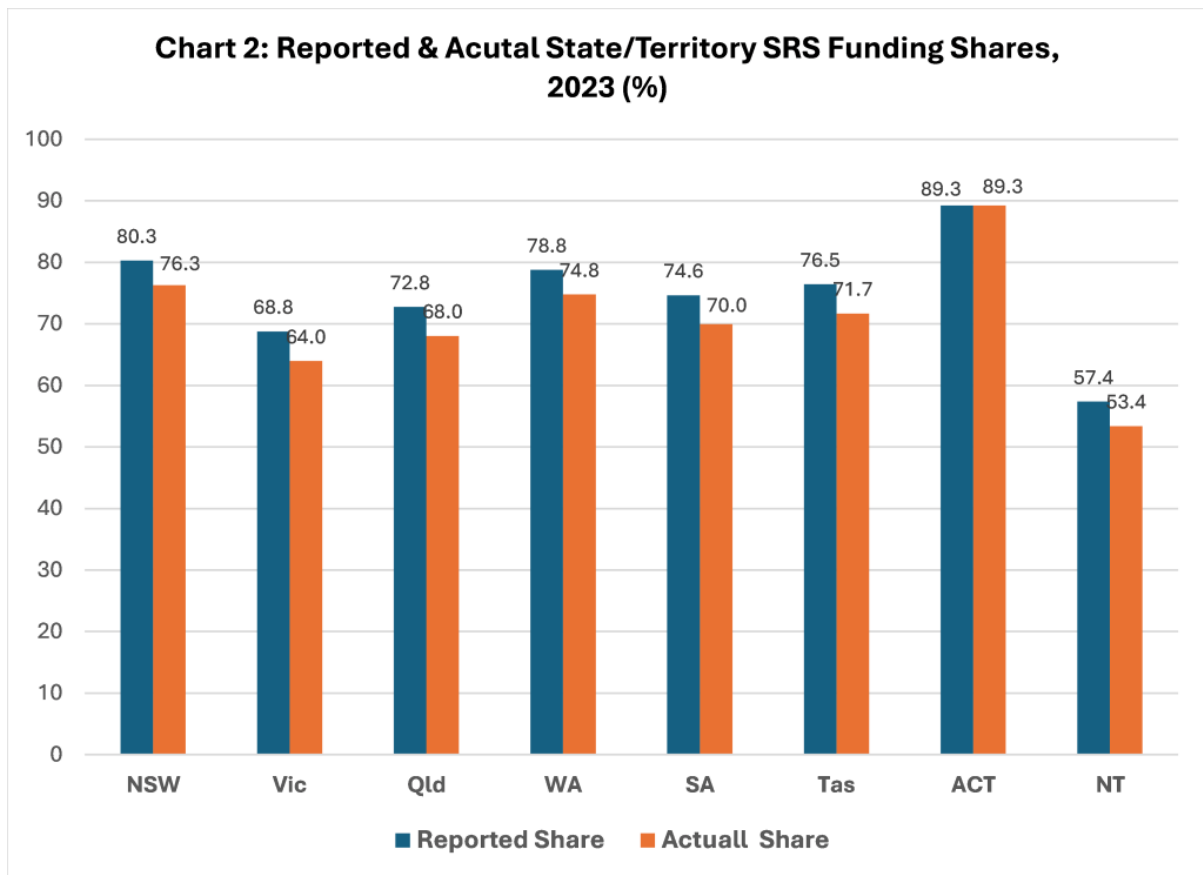
The Board reported that the states claimed \$2.34 billion for these expenditures in 2023. It represents a loss of funding for public schools because the states have used non-SRS expenditures instead of eligible SRS funding in meeting their share of the SRS of public schools. The funding loss estimated by the NSRB is only slightly less than the \$2.35 billion previously estimated by Save Our Schools.

The biggest funding losses were incurred by public schools in NSW, Victoria and Queensland – \$641 million, \$628 million and \$568 million respectively (see Chart 1). Public schools in Western Australia lost \$237 million but this is an under-estimate of the full loss because the NSRB report does not include expenditure by the WA Government on education regulatory authorities. Public schools in South Australia lost \$171 million.



Source: National School Resourcing Board

Prior to amendment of the Education Act in 2024, Commonwealth Government funding of public schools was limited to 20% of their SRS and state and territory governments were responsible for the other 80%. However, the previous funding agreements failed to ensure full funding by state and territory governments. The funding shares for the states and the Northern Territory for 2023 were all less than 80%. The specified shares failed to take account of the accounting tricks. In reality, state governments except the ACT were funding public schools at far less than 80% [Chart 2]. For example, while the reported NSW Government share met the 80% target, the actual share was only 76%.



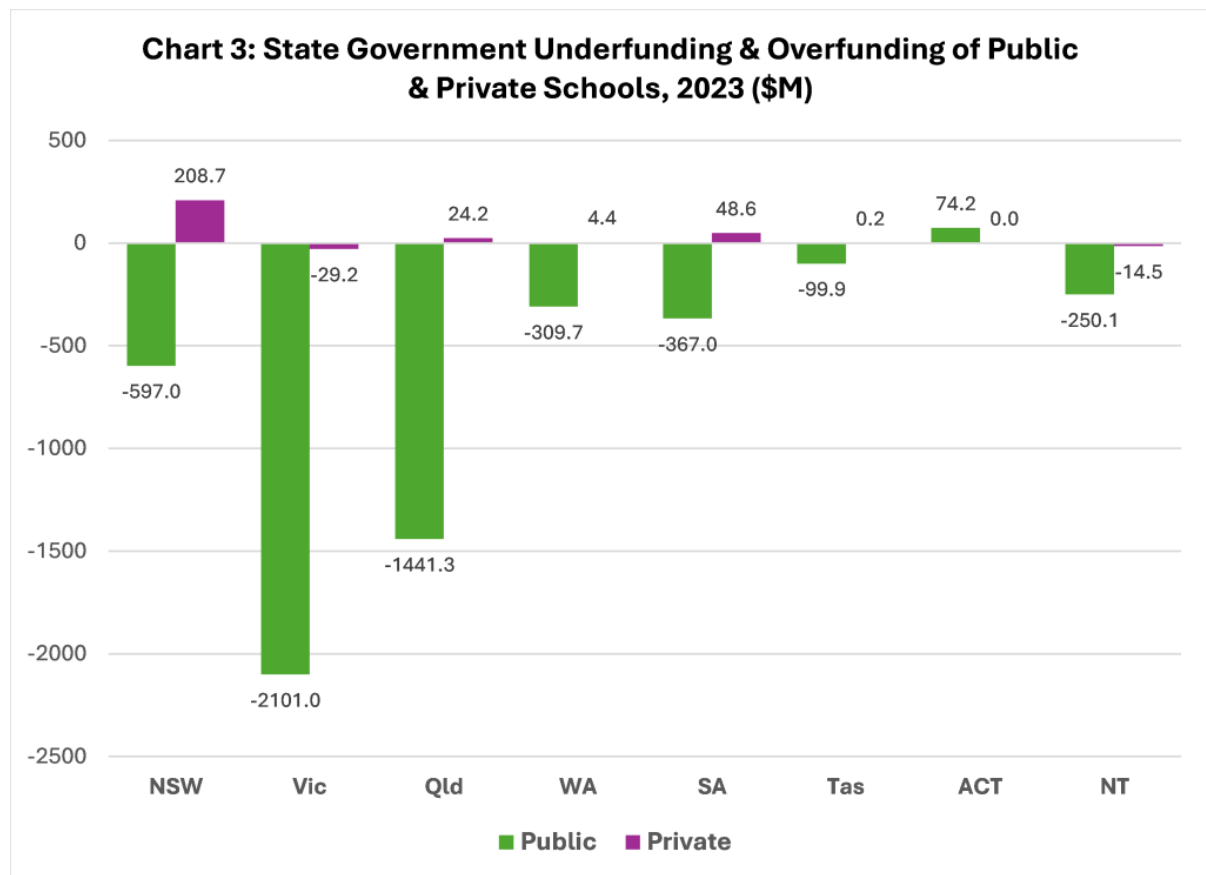
Source: National School Resourcing Board

The data provided by the NSRB report allows estimation of the full extent of this underfunding of public schools by state and territory governments in 2023. Based on the report's figures, SOS now estimates that public schools were underfunded by \$5.1 billion in 2023. This is substantially less than the SOS's previous estimate of \$6.9 billion. The difference is largely due to the NSW Government funding public schools by \$1.3 billion more than required by its bilateral agreement with the Commonwealth. The report also shows that Queensland, Western Australia, Tasmania and the ACT contributed slightly more funding than required by their agreements.

Public schools in Victoria were underfunded by \$2.1 billion, \$1.4 billion in Queensland and by nearly \$600 million in NSW [Chart 3].

By contrast, all governments except Victoria and the Northern Territory were funding private schools at the level required by the agreements or were overfunding private schools. The level of underfunding of private schools in Victoria and the Northern Territory was negligible compared to that of public schools. The NSW Government overfunded private schools by \$209 million. The total overfunding of private schools by state governments in 2023 was \$242 million.

It should be noted that the Commonwealth Government also overfunded private schools in 2023 by an estimated \$766 million. Total Commonwealth and state overfunding amounted to \$1 billion.



Source: Updated SOS estimates based on NSRB data

The refusal of state governments to fully fund public schools, which are their primary responsibility, while continuing to overfund private schools is deplorable. It is another indication of the extent to which the school funding system is biased against public schools.

But, the discrimination in favour of private schools runs even deeper. State governments defrauded public schools by claiming non-SRS expenditures such as depreciation, school transport and expenditure on regulatory authorities as part of their share of funding public schools. However, they did not claim such expenditures as part of their share of funding private schools. Private school students also receive school transport subsidies and private schools are also regulated by state government authorities.

The new NSRB report is official confirmation that the previous Commonwealth-State funding agreements were heavily biased against public schools. Under the agreements, public schools incurred major losses of funding each year because of accounting tricks in the agreements.

Incredibly, the new funding agreements signed earlier this year continue the underfunding of public schools for another ten years. The agreements do provide for the removal of the 4% allowance on capital depreciation but it will not be fully removed until 2034. Governments can continue to claim expenditure on regulatory authorities and they have a new separate allowance to claim expenditure on school transport for public school students.

[SOS estimates](#) that public schools will still be underfunded by over \$1.7 billion in 2034. The underfunding estimates are NSW – \$888 million; Queensland – \$425 million; South Australia – \$120; Western Australia – \$192 million; Tasmania – \$37 million; Northern Territory – \$53 million (2029). The cumulative underfunding over ten years is \$34.6 billion. These estimates exclude likely underfunding of Victorian public schools because the funding agreement is not published.

It is scandalous that there is still no Victorian agreement when the school year is nearly over. Commonwealth Government officials told Senate Estimates earlier this month that no agreement had been signed to date. The Victorian Government is notorious for its neglect of public schools. It has long underfunded public schools and they are likely to be underfunded by at least \$1.5 billion in 2025. The claim by the Victorian Government that Victoria is the “education state” is a complete misnomer. The Government continues to fail public schools.

By 2034, it will be 23 years after the Gonski Report recommended that public schools be fully funded according to a schooling resource standard. The continuing underfunding of public schools represents lamentable and egregious failure by governments to support greater equity in education. The situation demands that the funding agreements be revised to ensure public schools are fully funded by 2029.

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