



How are schools funded in Australia?

School education in Australia's federation

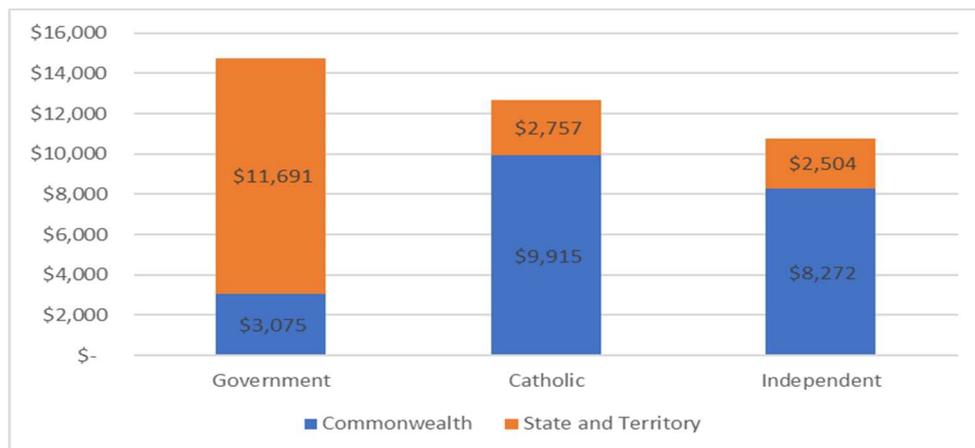
State and territory governments have been responsible for delivering school education in their jurisdiction since federation. This includes registering and regulating schools (whether government or non-government) and operating government schools.

The Australian Government has a role in education funding and national policy. While the Commonwealth does not operate any schools or employ any teachers, funding responsibility is shared between the Australian Government and state and territory governments, and national education policy is decided by all governments working together through the National Cabinet.

Schools receive funding from both the Australian Government and their state or territory government:

- **Government schools** account for **64.8%** of students in 2022. States and territories are the majority public funder of the government sector in line with their constitutional responsibility. The Australian Government is the minority public funder.
- **Non-government schools** account for **35.2%** of students in 2022. The Australian Government has historically been the majority public funder, reflecting its commitment to supporting parental choice and diversity in the schooling system. State and territory governments are the minority public funders.

National average government per student funding by sector, 2019



Source: Australian Curriculum, Assessment and Reporting Authority (ACARA) (2021). My School Finance Data Collection, as published on ACARA's National Report on Schooling in Australia: [Data Portal](#)

Australian Government funding to non-government schools takes into account the capacity of school communities to contribute to school’s operating costs, for example, the ability of parents to pay school fees.

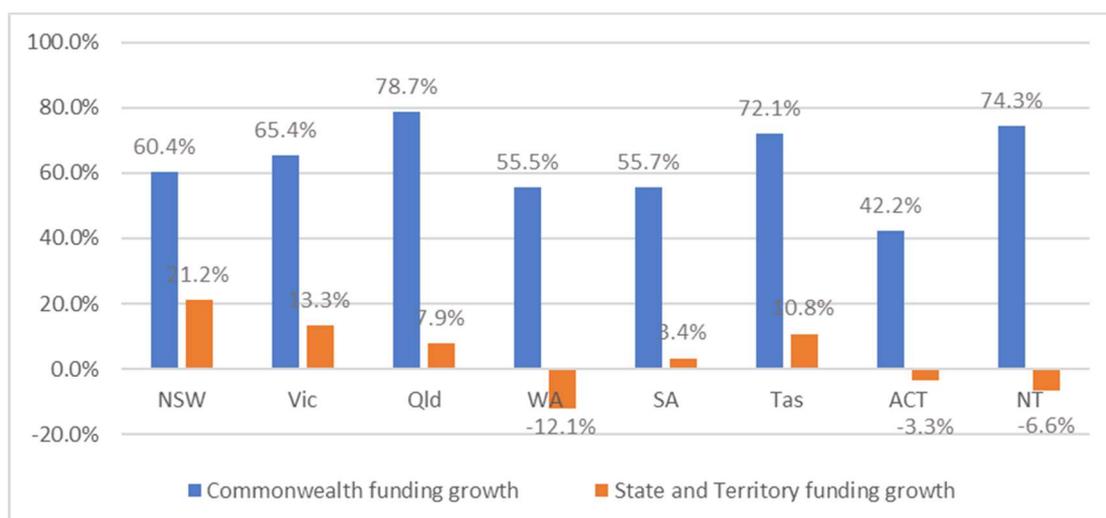
While 4 out of every 5 school funding dollars comes from public sources, it is not evenly distributed across sectors. On average, around three quarters of funding for Catholic schools and less than one half of funding for independent schools is from public sources. In contrast, almost 95% of funding for schools in the government sector comes from the Australian Government and state and territory governments. The government sector receives around 71% of total combined public funding.

The Australian Government share of school funding has been increasing over time

Total combined Australian Government and state and territory funding per student has grown in real terms by 21.4% over the decade from 2010-11 to 2019-20. At the same time, Commonwealth funding has grown in real terms by 54.4%.

This means that Australian Government school funding has grown at a much faster rate than state and territory government funding over this time, with the Australian Government share of total public funding increasing from 72.5% in 2010-11 for non-government schools to 77.4% in 2019-20 and 11.4% in 2010-11 to 16.1% in 2019-20 for government schools.

Growth in recurrent real per student funding for government schools 2010-11 to 2019-20



Source: Productivity Commission (2022). Report on Government Services. Table: 4A.14.

Consistent Australian Government funding arrangements

From 2018, the Australian Government introduced a funding model that is simple, transparent and based on need. Funding is based on the [Schooling Resource Standard](#) (SRS) which is a measure of the amount of public funding needed by each school to meet the educational needs of its students. Unlike the previous inconsistent arrangements where the Australian Government contribution of the

SRS varied between states and territories, the Australian Government is moving towards consistently funding:

- 20% of the total SRS for government systems, reflecting its role as the minority public funder of this sector, and
- 80% of the total SRS for non-government schools and systems, reflecting its role as the majority public funder of this sector.

Schools currently funded below their target Commonwealth share of the SRS will transition to the target by 2023, to ensure they get the support they need faster.

Schools that are currently funded above their target Commonwealth share will transition to it by 2029 at the latest.

This will ensure that, regardless of their home state or territory, students with greater needs will attract higher levels of funding from the Australian Government, and students with the same need within the same sector will attract the same support from the Australian Government.

State and territory funding requirements

Under section 22A of the [Australian Education Act 2013](#) (the Act), states and territories must meet minimum funding contribution requirements for both government and non-government sectors as a condition of receiving Commonwealth funding. State and territory governments have discretion to fund above these requirements.

Minimum state and territory funding requirements from 2018 to 2023 are outlined in [bilateral reform agreements](#) which commenced on 1 January 2019 and were signed by the Australian Government and each state and territory. The bilateral agreements also outline state-specific reform activities to improve student outcomes and sit alongside the [National School Reform Agreement](#) that sets out long term national goals for education.

State and territory funding contribution requirements are set as a percentage of the SRS. The SRS is calculated at school level and may change annually based on enrolment numbers, indexation and student or school characteristics. Consequently, state funding dollar contributions will vary from year to year, the same as Commonwealth funding.

Under section 128 of the Act, the [National School Resourcing Board](#) must undertake an annual review of each state and territory's compliance with the minimum funding contributions under section 22A of the Act and bilateral agreements relating to total funding for the government and non-government sectors. On 2 June 2020, the Board completed its first review of state and territory compliance and found all jurisdictions to be compliant for the 2018 calendar year.

The Board's assessment will inform the Minister for Education's considerations in relation to a possible compliance response. If the Minister is satisfied a state or territory is not compliant, the Minister has discretion under sections 108 and 110 of the Act to determine compliance and any sanction action, including conditional approval, delaying, and reducing funding.