

What fully funded public schools could do

International comparisons and domestic evidence consistently highlight the structural unfairness of Australia's education system. Educational, health and social inequalities are deeply entrenched and manifest across schools and communities nationwide.¹ Available data on schools reveal that disparities in academic achievement between students from the lowest and highest socio-economic quartiles are not only substantial but worsening. Increasingly, students from socio-educationally disadvantaged backgrounds are concentrated in under-resourced public schools.^{2,3} Ensuring equitable and high quality early childhood education and schooling for all, as described in the Alice Springs (Mparntwe) Education Declaration in 2019,⁴ remains one of the most urgent policy challenges in contemporary Australia.

A complex interplay of out-of-school and in-school factors contributes to poorer education and health outcomes for disadvantaged children and youth. These include low household income, limited parental education, insecure employment, housing stress, and poor family health. Within schools, high absenteeism, shortages of teachers and support staff, inadequate infrastructure, and limited learning resources further constrain educational opportunity. Importantly, school composition intensifies these effects: almost one-third of Australian public schools enrol student populations in which more than half are from the lowest socio-educational advantage (SEA) quartile.⁵ This creates what Willms⁶ calls a "double jeopardy" effect, where both individual disadvantage and the concentration of disadvantage in schools depress student achievement and wellbeing.

A robust body of international research confirms that equitable investment in early childhood education and schooling can substantially improve educational and health outcomes for all children. For example, a recent meta-analysis⁷ found that nearly all major studies since 2000 reported positive effects of increased school expenditure on student achievement and attainment, particularly for students from disadvantaged backgrounds.

Yet despite the clear evidence and the equity goals articulated in the Gonski Review back in 2011⁸ — namely, that all children should complete Year 12 or its equivalent, and that students from disadvantaged groups should achieve outcomes comparable to their more advantaged peers — Australia's policy and funding settings have failed to deliver. Public schools, with the exception of the Australian Capital Territory, continue to be systematically underfunded relative to their needs, while recent funding increases have disproportionately benefited already advantaged schools.^{9,10} Achieving a genuinely fair and inclusive education system that effectively contributes to learning and employment pathways of all Australians requires reversing this trend through targeted, needs-based investment and structural reform.

New commitment to fully fund public schools

All schools in Australia receive funding from the Commonwealth, state and territory governments and various private sources. The proportion from each source varies between public, Catholic and Independent schools. Federal government recurrent funding is mainly determined by the Schooling Resource Standard (SRS), which is a measure of the amount of taxpayer funding needed by each school to meet the educational needs of its students.¹¹ It is based on the recommendation of the Gonski Review in 2011.⁸

The SRS includes a base amount that is calculated separately for primary and secondary schools and indexed annually and supplemented by loadings for various forms of disadvantage, including low socio-economic status, Indigenous status, disability, English language proficiency, and school size and location. The Gonski Review in 2011 intended that all public schools would be funded at 100% of their SRS, but this has never been achieved apart from in the ACT public schools.^{9,12}

Most private schools are not funded at the full base SRS amount. Instead, their base funding is adjusted according to the capacity of families to pay school fees. Schools are assigned a capacity to contribute (CTC) score, which is based on the median adjusted taxable income of families in the school.¹³ Funding ranges from 90% of the base SRS for schools with a very low CTC score to 20% for those with the highest scores.

This system of funding private schools has two major flaws. First, it ignores other income received by families from grandparents — the so-called "Bank of Mum and Dad".¹⁴ Many grandparents pay school fees fully or partially, and also contribute funds for expenses such as house deposits, childcare, cars and household assets.

Second, private sources of income of private schools, especially for high fee schools, are also not accounted for in determining the level of government funding. For example, figures obtained from the Australian Charities and Not-for-profits Commission show that 60 private schools serving the wealthiest families in Australia received over \$350 million from donations, investment income and other income in 2023.¹⁵

The failure to consider these income sources in determining the funding of private schools means that their financial needs are overestimated and, consequently, many of these schools are substantially overfunded by the taxpayer. This overinvestment in private schools is concerning, given the ongoing underinvestment in public schools, which enrol over 80% of disadvantaged students.¹⁶

In a 2025 address to the National Press Club, the Prime Minister acknowledged this persistent underfunding and committed to ensuring that all public schools receive 100% of their SRS by 2034.¹⁷ He also said that a longstanding loophole that allowed state and territory

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doi: 10.5694/mja2.70073

governments to count up to 4% of their public school funding share as non-school expenditure, most notably capital depreciation and school transport, would be ended. Removal of this loophole means that the state governments and the Northern Territory government have to replace it with eligible SRS funding for their schools.

To operationalise this commitment, the Commonwealth government has secured a Heads of Agreement with all states and territories — formally titled the *Better and Fairer Schools Agreement full and fair funding 2025–2034*.¹⁸ Under this arrangement, the Commonwealth will increase its share of public school funding from 20% to 25% of each school's SRS, while states and territories (excluding the NT) will contribute the remaining 75%. For the NT, which faces more acute levels of disadvantage, the Commonwealth's contribution will rise to 40%, with the NT responsible for the remaining 60%. Funding mechanisms for non-government schools remain governed by separate agreements.

At the time of writing (September 2025), new bilateral school funding agreements between the Commonwealth and all states and the ACT, except Victoria, covering funding for 2025 to 2034 had been published. An agreement with the NT for 2025–2029 was published in 2024.¹⁹

Despite the promises of the Prime Minister, Premiers and Ministers for Education, the funding schedules and provisions in the new bilateral agreements show that, apart from the ACT, public schools will not be fully funded by 2034.¹⁸ State and territory governments are required to end the 4% loophole for capital depreciation by 2034, but they are permitted to claim up to 1.8% of their SRS (1.5% for Western Australia and Tasmania) for direct school transport for public school students as part of their share of funding public schools. Furthermore, they can also claim expenditure on regulatory bodies such as curriculum and standards authorities. Both items are specifically excluded by the official agreement between governments on how the SRS is measured.^{20–22}

Another concern is that the proposed increase in Commonwealth funding and the reduction of the 4% allowance is largely postponed until the last five years of the agreements, that is until 2030–2034. For example, the Commonwealth share of funding Queensland public schools will increase by only a 0.5 percentage point by 2029. The 4% allowance will remain in place until 2028 and it will take another six years to be removed. Similarly, the Commonwealth share of funding New South Wales public schools will increase by only a 1.25 percentage point by 2029, and the 4% allowance will be reduced by only one percentage point by then. This backloading of Commonwealth and state funding increases compromises the prospects of achieving the equity targets for the Future Healthy Countdown 2030 and in the Heads of Agreement.

Nevertheless, the new agreements provide a substantial funding boost for public schools over

the decade to 2034. The additional Commonwealth funding is projected at \$16.5 billion²³ and the state governments will have to replace the 4% allowance with eligible SRS funding for public schools. The overall funding increase is indeterminate at present, but it is likely to be over \$20 billion. Applied to the current public school population of about 2.6 million students, this represents a funding increase of about \$7700 per student over the ten years. In other words, there will be, on average, \$770 more for each student per year, but the backloading of new funding mentioned above means that the per student funding increase will be smaller during the first five years and larger during the next five years than the average \$770. Additional funding is available to employ more staff but will also have to cover increased salary costs for existing staff. Nevertheless, if allocated and used effectively, this additional resourcing has the potential to considerably improve student learning, wellbeing, and long term health outcomes, particularly in schools serving communities with high levels of socio-educational disadvantages.

Re-resourcing a better and fairer school system

The Future Healthy Countdown 2030 highlights a dual challenge for Australia's education system: to raise the proportion of students — particularly those from disadvantaged backgrounds — completing Year 12 or its equivalent, and to close the persistent achievement gaps between students in different equity groups and their more advantaged peers. These twin goals, first articulated in the 2011 Gonski Report,⁸ must remain central to education policy. Realising them will require not just improved academic test scores, but also enhanced student wellbeing, health and engagement. The key question is how to direct new funding in ways that produce sustained and equitable educational and wellbeing outcomes.

A wide body of evidence from international organisations^{24,25} and academic research^{26,27} offers guidance on how education systems can become more equitable. In Australia, recent inquiries by the Productivity Commission and the Australian Government have proposed reforms to better target support for disadvantaged students. The Better and Fairer Schools Agreement¹⁹ mandates that increased Commonwealth funding be directed to schools with the highest levels of need. Ensuring that public schools serving concentrations of disadvantage receive 100% of their SRS to recruit more educators, specialists and support staff is a necessary condition for meeting the equity targets of the Heads of Agreement for the Better and Fairer Schools Agreement.²⁸

More teachers, other professionals and support personnel are critical to improving learning, health and wellbeing for disadvantaged students, especially in schools with high concentrations of socio-educational disadvantage. Additional staff can be used in a variety of roles, such as classroom support, small group learning, reduced class sizes, student wellbeing and health support, and offline programs to engage

students. But there is no one-size-fits-all approach to improving students' learning and wellbeing in schools. Low-income, First Nations, and refugee students and those who live with disabilities all have different needs, and the demographic profile of schools with high concentration of disadvantage can vary considerably. Learning and wellbeing support needs to be adaptable and vary within different student groups, and it should be built on professional experience and expertise in each school.

A central challenge for policy makers and politicians is to determine how the additional funding can be invested most effectively to improve student learning, wellbeing, and life opportunities. Based on national and international evidence, we identify four examples of how increased funding could be spent to deliver real improvements in equity of education and health outcomes by 2030: (i) implementing full-service school models, (ii) strengthening family engagement, (iii) providing healthy school meals, and (iv) decreasing or eliminating families' voluntary contributions to public schools.

Full-service school models

Full-service schools, also known as community or extended service schools, are designed to provide integrated educational, health and social supports on-site. These schools partner with government and community agencies to deliver wraparound services that address the broader determinants of student success. International and Australian research has consistently shown that well implemented full-service models can improve student learning, attendance, behaviour, health, and family engagement, particularly in high need communities. Our Place, a place-based holistic model originated in Doveton College (Victoria; <https://ourplace.org.au/our-sites/doveton/>), has reduced developmental vulnerability, lifted early learning quality, and strengthened parental confidence, laying stronger foundations for long term success.²⁹⁻³¹ However, implementation requires careful planning and coordination.³²

Several Australian states, including Tasmania and Victoria, have established partnerships between schools and external service providers. In 2023, the Independent Expert Panel recommended that all jurisdictions expand such initiatives. Under the Better and Fairer Schools Agreement, governments have committed to strengthening these models where appropriate.⁵ Western Australia is currently piloting a statewide rollout of full-service schools from 2026.

Family engagement

Effective engagement of families in schooling is strongly associated with improved student outcomes in reading and mathematics across socio-economic and cultural contexts.³³ Strategies may include supporting parenting, improving school-home communication, encouraging family participation in school activities, and involving parents in learning at home and decision-making processes. Community-based schools often serve as hubs for both student and parent educational and health support.

Although family engagement is widely supported in Australian policy frameworks, implementation varies considerably. Additional funding could be used to employ staff in disadvantaged schools to build meaningful and sustained relationships with families — an investment likely to yield long term benefits in attendance, achievement and wellbeing.

Healthy school meals

Unlike many Organisation for Economic Co-operation and Development (OECD) countries, Australia does not provide universal school meals. Yet recent studies indicate that around 15% of Australian students regularly arrive at school without food or money.³⁴ School-based meal programs, such as the one at Berrima Public School (NSW), demonstrate the feasibility and benefits of providing nutritious food during the school day, especially for vulnerable students.

Research from Australia³⁵ and overseas³⁶ confirms the link between school meal programs and improved physical health, attendance, concentration, and academic outcomes. In Aotearoa New Zealand, free school meals have also been shown to deliver substantial cost savings to families.³⁷ While some countries provide free school lunches universally (eg, Finland, Sweden, Estonia), others restrict eligibility to low income families (eg, England, the United States). As Australia considers its approach, cost and equity implications must be carefully weighed, making sure that school meal programs are first targeted to schools that would need them most.

Eliminate compulsory fees and voluntary contributions

Despite being public institutions, many Australian government schools invite families to pay voluntary contributions or charge them fees for curriculum-related activities and materials. For example, NSW schools impose charges for elective subjects, and similar practices are evident in Western Australia and South Australia. Some governments have employed debt collectors to recover fees.^{38,39}

Voluntary contributions, often presented as invoices, have become a considerable and unequal source of school funding.³⁹ In 2023, according to data from the Australian Curriculum, Assessment and Reporting Authority (ACARA) database, public schools collected about \$1.2 billion in fees and voluntary contributions, averaging \$465 per student. However, schools in affluent areas can raise over \$1000 per student, while those in disadvantaged communities raise far less. With nearly 4% of public school income now derived from family payments, the principle of free public education is under threat. Removing these charges would ensure access for all to the full school curriculum, restore fairness in education and boost young people's health and wellbeing by easing financial stress, removing stigma, and ensuring every child can join in learning and enrichment that build confidence, connection and resilience. It would also protect the right to free education and the conditions for all students to thrive.

A once-in-a-generation opportunity

Achieving a better and fairer education system in Australia is not merely a matter of aspiration, it is a pressing national imperative with profound implications for social equity, population health, and economic prosperity.⁴⁰ The new commitment to fully fund public schools presents a rare opportunity to reverse decades of structural underinvestment and to redesign the system around the needs of all children, particularly those most disadvantaged.⁴¹ Unfortunately, much of the projected funding increase is delayed until the second half of the ten-year agreements.

But funding alone will not be enough. Real progress depends on how these resources are used. It also depends on how future policies prioritise student wellbeing, engagement, and learning, and on practices and services grounded in evidence about the potential of community partnerships. By investing in interventions such as full-service schools, meaningful family engagement, universal healthy school meals, and the removal of financial barriers, Australia can transform its public schools into inclusive, thriving centres of learning and thriving. The promise of equity must be realised not through rhetoric, but through bold, deliberate and sustained action.

Author contributions: Pasi Sahlberg: Conceptualization, data curation, formal analysis, writing – original draft. Trevor Cobbold: Conceptualization, data curation, formal analysis, writing – original draft.

Acknowledgements: This article is included in a supplement which was funded by the Victorian Health Promotion Foundation (VicHealth). VicHealth is a pioneer in health promotion. It was established by the Victorian Parliament as part of the *Tobacco Act 1987* and has a primary focus on promoting good health for all and preventing chronic disease. VicHealth had no role in the planning, writing or publication of this work.

Competing interests: No relevant disclosures.

Provenance: Not commissioned; externally peer reviewed. ■

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