



Legislative Council  
Legal and Social Issues Committee

# Public school funding

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**Inquiry**

May 2026

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# About the Committee

## Functions

The Legal and Social Issues Standing Committee will inquire into and report on any proposal, matter or thing concerned with community services, education, gaming, health, and law and justice.

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# Terms of reference

## Inquiry into public school funding

On 28 May 2025, the Legislative Council agreed to the following motion:

That this House requires the Legal and Social Issues Committee to inquire into, consider and report, by 30 April 2026, on the impact of the Allan Labor Government's decision to delay raising Victoria's school funding to 75 per cent of the Schooling Resource Standard until 2031, effectively cutting \$2.4 billion from what was previously committed to Victorian government schools, including but not limited to—

1. the State and Commonwealth funding per student in Victorian government schools relative to funding in other states and territories;
2. the impact of this delay on Commonwealth funding;
3. the impact of this delay and funding cut on the education of students enrolled at Victorian schools today and those starting prior to 2031;
4. the consequences of this funding cut on Victoria's teaching and school workforce; and
5. the effect the funding cut will have on the ability of Victorian government schools to purchase educational resources, teaching materials and capital equipment, as well as fund much needed building and school grounds maintenance.



# Chair's foreword

This report is the Committee's second Inquiry looking at public education this Parliament, a reflection on how important government schools are to Victorians. Unfortunately, this also reflects community anger at how Commonwealth and State Governments continue to underfund public education.

It is now more than ten years since David Gonski first determined how much funding schools need to deliver high-quality education – the Schooling Resource Standard, or SRS. Yet to this day, public schools in Victoria, as in most of Australia, remain underfunded.

This report is divided into two chapters. The first explains how funding works and unravels the confusion around when Victorian public schools can expect to be fully funded. The second captures the voices of stakeholders explaining the impact this underfunding continues to have on teachers and students.

This is why the Committee has recommended that the Victorian Government must finally state unequivocally when it will reach its full level of funding for public schools (i.e. 75 per cent of the SRS). Our schools and their communities deserve this certainty.

The Committee follows this with a strong three-part recommendation that the Victorian Government:

- determine the amount by which it has underfunded government schools since signing the bilateral agreement with the Commonwealth in 2018; and
- compensate the government school system in Victoria appropriately; and
- advocate to the Commonwealth to also compensate the amount it has underfunded the government school system in Victoria since 2014.

The strength of this recommendation is not lost on the Committee. Yet it believes it is justified.

Of course, the Committee understands that SRS funding is for students at a particular time – the lack of funding in the past can never be undone. The Committee also acknowledges the capital funding the Victorian Government has put into government schools in recent years, including building a large number of new schools, and that this funding is not included in the SRS funding model.

This is why it has worded the recommendation such that it is up to the Victorian Government to determine both the actual amount that has been underfunded and the best way of making up for this.

The Committee believes that this will achieve two important outcomes. Firstly, the effects of this underfunding are ongoing. Public schools have been forced to delay

improving both their staffing numbers and infrastructure. These ongoing effects can be ameliorated through access to the funding that they have been denied.

Secondly, providing this funding also sends an important signal that the years of underfunding should not have happened and that Victoria is committed to righting this wrong.

Critically, the Commonwealth Government must also come to the table. For far too long, the Commonwealth has abrogated its responsibility to public schools. This has meant that these schools have had to achieve more with less.

The Committee believes that public schools are the real elite schools in our system. They educate the majority of our young people, including the most disadvantaged and the students who need extra help getting the education we all deserve. Our teachers and students deserve better than what we have given them.

I thank my fellow Committee Members for their work throughout the Inquiry and acknowledge the contribution of the Secretariat: Sylvette Bassy, Julie Barnes, Jamie Huffer, Jessica Summers and Patrick O'Brien.

A handwritten signature in black ink that reads "Joe McCracken". The signature is written in a cursive style with a horizontal line underlining the name.

**Joe McCracken MLC**  
**Chair**

# Findings and recommendations

## 1 How Victorian government schools are funded

**FINDING 1:** Victorian government schools have only been funded at around 90 per cent of the recommended Gonski amount since December 2018. **11**

**FINDING 2:** It is unclear when Victoria will reach the 75 per cent of Schooling Resource Standard funding share government schools that it has committed to provide. The Committee has found reference to three dates: 2028, 2031 and 2034. **11**

**FINDING 3:** The Victorian Government has not yet met its obligation to fund 75 per cent of the Schooling Resource Standard funding benchmark, which has resulted in Victoria having one of the lowest funded Schooling Resource Standard compared to other jurisdictions. **11**

**FINDING 4:** The Victorian Government has not yet secured a long-term bilateral agreement with the Commonwealth Government, contributing to uncertainty in Schooling Resource Standard funding and the ability to plan and deliver consistent supports for students. **12**

**RECOMMENDATION 1:** That the Victorian Government confirm unequivocally when it will reach the 75 per cent of Schooling Resource Standard funding for government schools. **12**

**RECOMMENDATION 2:** That when reaching its 75 per cent of Schooling Resource Standard funding share the Victorian Government:

- determine the amount by which it has underfunded government schools since signing the bilateral agreement with the Commonwealth on 17 December 2018; and
- compensate the government school system in Victoria appropriately; and
- advocate to the Commonwealth to also compensate the amount it has underfunded the government school system in Victoria since 2014. **12**

**RECOMMENDATION 3:** That the Victorian Government immediately finalise a long-term bilateral agreement with the Commonwealth Government so that both parties commit to fully funding their share of the Schooling Resource Standard. **12**

**FINDING 5:** It is extremely challenging for Victoria to determine how much money to allocate in the budget for education because of how often the Commonwealth Schooling Resource Standard output target changes. Victoria has frequently made this point to the Commonwealth Government.

20

**RECOMMENDATION 4:** That the Victorian Government continue to advocate to the Commonwealth to provide more certainty in Schooling Resource Standard output targets for schools.

20

**FINDING 6:** The Commonwealth has not implemented Recommendation 31 of David Gonski AC's 2011 *Review of Funding for Schooling* regarding funding capital works programs in government schools.

28

**RECOMMENDATION 5:** That the Victorian Government continue to advocate for the Commonwealth Government to significantly increase funding for capital works in government schools.

28

# What happens next?

There are several stages to a parliamentary inquiry.

## The Committee conducts the inquiry

This report on the Inquiry into public school funding is the result of extensive research and consultation by the Legislative Council Legal and Social Issues Committee.

The Committee received written submissions, spoke with people at public hearings, reviewed research evidence and deliberated over a number of meetings. Experts, government representatives and individuals expressed their views directly to us as Members of Parliament.

A parliamentary committee is not part of the Government. The Committee is a group of members of different political parties (including independent members). Parliament has asked us to look closely at an issue and report back. This process helps Parliament do its work by encouraging public debate and involvement in issues.

You can learn more about the Committee's work at: <https://www.parliament.vic.gov.au/lisic-lc>.

## The report is presented to Parliament

This report was presented to Parliament and can be found at: <https://www.parliament.vic.gov.au/get-involved/inquiries/publicschoolfundinginquiry/reports>.

## A response from the Government

The Government has six months to respond in writing to any recommendations made in this report.

The response is public and put on the inquiry page of Parliament's website when it is received at: <https://www.parliament.vic.gov.au/get-involved/inquiries/publicschoolfundinginquiry/reports>.

In its response, the Government indicates whether it supports the Committee's recommendations. It can also outline actions it may take.



# Chapter 1

## How Victorian government schools are funded

Every Australian has a right to a high-quality education, regardless of their background or where they live. This principle underpins Australia's system of government-funded schooling.<sup>1</sup>

Governments have acknowledged that the achievement of agreed educational outcomes for students depends on providing a minimum funding level. The Schooling Resource Standard (SRS) is the Commonwealth model used to calculate this funding amount. It is based on recommendations made in David Gonski AC's 2011 *Review of Funding for Schooling*<sup>2</sup> and a subsequent 2018 *Review to Achieve Educational Excellence in Australian Schools*.<sup>3</sup>

Achieving this minimum funding level, commonly referred to as 100 per cent of the SRS or full SRS funding, is a shared responsibility of both state or territory governments and the Commonwealth Government set out in multilateral agreements. How much each state or territory and the Commonwealth contributes is negotiated periodically and set out in bilateral agreements. All states and territories<sup>4</sup> are moving toward funding arrangements in which they contribute at least 75 per cent of the SRS, with the Commonwealth contributing the remaining 25 per cent, allowing schools to reach full SRS funding. (See Section 1.4 below.)

Victoria is currently the only Australian state or territory that has not finalised its trajectory to reaching 100 per cent of the SRS before the current multilateral agreement expires at the end of 2034.<sup>5</sup> The reasons why remain unclear.

This Inquiry was initiated in response to reports that Victoria had 'pushed back' plans to fully fund government schools. However, the main challenge for this Inquiry – and for government schools and parents – was determining when exactly government schools will be funded to 100 per cent of the SRS.

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- 1 Although 'public schools' and 'government schools' are terms that can be used interchangeably, the Committee uses 'government schools' throughout this Report. This matches the most common terminology in agreements and other official documents.
  - 2 David Gonski AC et al., *Review of Funding for Schooling—Final Report*, report for the Australian Department of Education, Employment and Workplace Relations, Canberra, 2011.
  - 3 David Gonski AC et al., *Through Growth to Achievement: Report of the Review to Achieve Educational Excellence in Australian Schools*, report for the Department of Education and Training, 2018.
  - 4 Reflecting its distinct socioeconomic and geographic challenges and history of underfunding, the Northern Territory has a different funding arrangement from other jurisdictions, under which it has committed to contribute 60 per cent of the SRS, and the Commonwealth contributing 40 per cent, by 2029.
  - 5 Australian Department of Education, *The Better and Fairer Schools Agreements Progress Report*, March 2026, p. 6.

An earlier bilateral agreement between the Victorian and Commonwealth identified 2028 as the year in which Victoria would reach a 75 per cent share of SRS funding.<sup>6</sup> However, the current interim bilateral agreement, which expires on 31 December 2026, appears to extend this timeframe to no later than 2034.<sup>7</sup>

Media reporting in May 2025 then alleged that the Victorian Government had ‘delayed’ its 75 per cent commitment from 2028 until 2031,<sup>8</sup> although the Committee has not been provided with the documents underpinning this claim.

At present, it remains unclear when Victoria will reach a 75 per cent contribution of the SRS.

The longer full SRS funding is delayed, the longer students miss out on the basic resources governments have agreed are needed for high quality educational outcomes. The impacts on students, teachers and parents are explored further in Chapter 2.

This Chapter explores:

- The SRS
- The SRS’s distribution to Victorian schools through the Victorian Student Resource Package, and
- When Victoria is expected to reach full SRS funding, including an examination of multilateral and bilateral agreements and funding arrangements across other jurisdictions.

The Chapter also outlines factors related to SRS funding, such as changes to SRS targets throughout the year and the fact that spending on capital works does not count toward Victoria’s SRS share.

## 1.1 The Schooling Resource Standard

The SRS is a Commonwealth Government funding model that estimates ‘how much total public funding a school needs to meet its students’ educational needs’.<sup>9</sup> It is based on recommendations made in David Gonski AC’s 2011 *Review of Funding for Schooling*. Since December 2018, the SRS has been the basis of the Commonwealth Government’s recurrent per-student funding model for schools nationwide.<sup>10</sup>

6 Australian Department of Education, *Victoria Bilateral Agreement*, signed on 17 December 2018 and revised on 5 July 2022, <<https://www.education.gov.au/download/4413/victoria-bilateral-agreement/28366/victoria-bilateral-agreement/pdf>> accessed 13 April 2026, s 27.

7 Australian Department of Education, *Victoria Bilateral Agreement*, signed 8 December 2025, <<https://www.education.gov.au/download/19918/victoria-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025-2034/43289/document/pdf>> accessed 13 April 2026, s 26.

8 Chip Le Grand, ‘Victoria secretly slices \$2.4b from public schools, delays funding promise’, *The Age*, 12 May 2025 <<https://www.theage.com.au/politics/victoria/victoria-secretly-slices-2-4b-from-public-schools-delays-funding-promise-20250507-p5lxem.html>> accessed 13 April 2026.

9 Australian Department of Education, *Schooling Resource Standard*, 2026. <<https://www.education.gov.au/recurrent-funding-schools/schooling-resource-standard>> accessed on 31 March 2026.

10 Department of Education, presentation, public hearing, Melbourne, 25 March 2025, p. 5.

Under Section 29 of the Australian Education Regulations 2023, government schools can use recurrent funding in the year it is received for the following purposes:

- salaries and other expenses relating to staff at the school, including expenses related to the professional development of the staff
- developing materials related to the school's curriculum
- general operating expenses of the school
- maintaining the school's land and buildings
- purchasing capital equipment for the school, and
- administrative costs associated with the authority's<sup>11</sup> compliance with the Act and this instrument.<sup>12</sup>

Schools cannot use SRS funding to fund major capital works.<sup>13</sup> As a result, state and territory expenditure on major capital works does not count toward their SRS contribution.

The SRS consists of a base funding amount per student, with extra funding added through six loadings to enable extra support for students with additional needs. The following student groups are covered by the four student-based loadings:

- students with disability
- Aboriginal and Torres Strait Islander students
- students with socio-educational disadvantage, and
- students with low English language proficiency.

There are also two school-based loadings which take into account:

- school size, recognising that small schools are unable to replicate the economies of scale of larger schools, and
- school location, to provide greater equity for students in regional, rural and remote areas.

For non-government schools, the base SRS funding target – not including loadings – is discounted by between 10 per cent and 80 per cent based on the Capacity to Contribute score (CTC), a measure of parental/guardian capacity to contribute to ongoing school costs. The CTC is based on parental/guardian income as recorded in tax data, referred to as the Direct Measure of Income (DMI). Each school's CTC score is calculated from its average DMI for the last three years.<sup>14</sup>

<sup>11</sup> As set out in the Australian Education Act 2013 s 4, 'Each school has an approved authority, which is approved by the Minister. For a government school located in a State or Territory, the approved authority is the State or Territory. For a non-government school, the approved authority is a body corporate that is approved by the Minister for the school.'

<sup>12</sup> Australian Education Regulations 2023 s 29.

<sup>13</sup> Australian Education Regulations 2023 s 29(3)(c).

<sup>14</sup> Department of Education, *Submission 43*, p. 3.

### 1.1.1 Funds are distributed to Victorian schools using the Victorian Student Resource Package

State and territory education departments manage recurrent funding from both the Commonwealth Government and their own governments to schools in their jurisdictions. Education departments are considered best placed to decide how available funding is used.

In Victoria, the Commonwealth and Victorian Governments direct all recurrent school funding to the Department of Education. The Department then allocates funding to individual government schools or passes on funding to the relevant approved authorities that allocate funding for the Catholic and Independent school systems. Individual states and territories are free to determine their own methods for doing so.

The Victorian Department of Education's needs-based allocation model is the Student Resource Package (Victorian SRP). It was introduced in 2005 and reflected the first form of a needs-based school funding model in Australia. The amount of funding each school receives is based on how many students are enrolled, the demographics of the students (such as family education and jobs) and the location of the school. This means that funding for each school changes from year to year as enrolments change. In addition, there are a range of other loadings and targeted supports provided.<sup>15</sup>

The Victorian SRP is tailored to the specific needs of Victorian government schools and is informed by system and student data<sup>16</sup> held by the Department.<sup>17</sup> Tony Bates PSM, Secretary of the Department of Education, expressed his confidence in the Victorian SRP to more accurately deliver funding to government schools in Victoria based on their needs. He said:

If you are looking for what is the best one-size-fits-all benchmark for the country that covers both government and non-government sector, the SRS definitely is a step forward from what was there before. But in terms of how I make sure that I am getting the best impact, the best equity and the best learning in Victorian government schools, [the Victorian SRP] is better.<sup>18</sup>

The Victorian SRP is comprised of three funding streams:

- Student-based funding, for:
  - core student learning, leadership, teaching support, professional development, relief teaching, and payroll tax and superannuation costs for the school

<sup>15</sup> For more information see: Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System in Victoria*, October 2024, p. 234.

<sup>16</sup> The Department of Education's management of the Victorian SRP was the subject of a 2020 report by the Victorian Auditor-General's Office (VAGO). A follow-up report was tabled on 1 May 2024. This review found that the Department had fully addressed five of the seven recommendations made by VAGO in 2020. It noted that the Department had 'work to do' to improve its approach to assuring the quality of the data it uses to calculate SRP funding allocations and in updating its guidance for schools to fully explain SRP funding allocations.

<sup>17</sup> Department of Education, *Submission 43*, p. 3.

<sup>18</sup> Tony Bates PSM, Secretary, Department of Education, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 56.

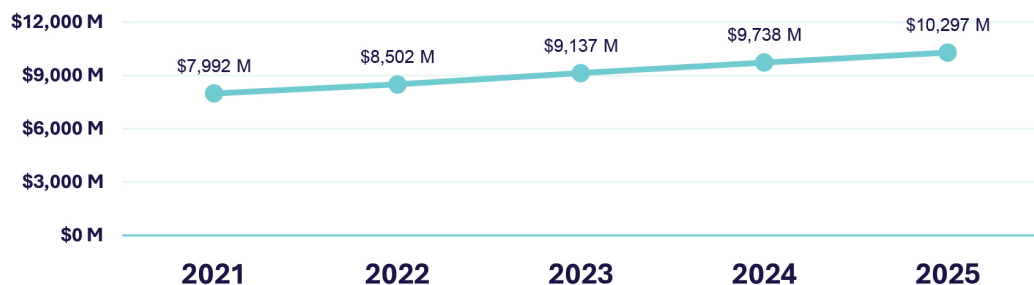
- equity funding to ensure that students with additional learning needs receive extra support. This includes funding for social disadvantage, for students with disability, and catch-up funding.
- School-based funding, for school-specific programs and infrastructure such as maintenance and minor works and grounds allowance.
- Targeted initiatives funding, for programs with specific criteria or defined lifespans, such as the Mental Health in Primary Schools and Respectful Relationships programs.

This funding reaches schools either as:

- credit or a 'notional salary allocation'<sup>19</sup> for teachers who are employed centrally by the Department on behalf of schools, or
- cash for schools to purchase materials, resources, and other additional supports, including the contracting of casual relief teachers (CRTs).<sup>20</sup>

In 2025, the Department of Education distributed \$10.3 billion through the Victorian SRP.<sup>21</sup> Per capita allocations amounted to \$6.94 billion (67 per cent), equity funding was \$2.06 billion (20 per cent), school-based funding was \$0.63 billion (6 per cent), and \$0.67 billion (6 per cent) was allocated to targeted initiatives. The Department told the Committee that cash sums distributed to schools typically amount to around \$1 billion per year.<sup>22</sup>

**Figure 1.1 Total Victorian SRP expenditure from 2021–2025**



Source: Department of Education, presentation, public hearing, Melbourne, 25 March 2026, p. 4.

<sup>19</sup> Tony Bates PSM, *Transcript of evidence*, p. 50.

<sup>20</sup> Department of Education, presentation, p. 4.

<sup>21</sup> Ibid.

<sup>22</sup> Department of Education, *Transcript of evidence*, p. 50.

## 1.2 Funding agreements with the Commonwealth Government

To receive recurrent funding, state and territory governments must be party to:

- a multilateral agreement with all other jurisdictions and the Commonwealth Government, and
- a separate bilateral agreement with the Commonwealth Government.<sup>23</sup>

Multilateral agreements set out shared national reforms, criteria for measuring outcomes and reporting requirements. Bilateral agreements, on the other hand, establish state level school reforms and the funding obligations – expressed as a percentage of the SRS – that each party will contribute to government and non-government schools.<sup>24</sup>

### 1.2.1 Multilateral National School Reform Agreement 2019–2024

The *National School Reform Agreement 2019–2024* was a multilateral agreement committed to by the Council of Australian Governments in December 2018. It implemented recommendations from the 2011 and 2018 Gonski reviews.<sup>25</sup>

Under this agreement, the Commonwealth Government committed to a funding contribution of 20 per cent of the SRS for government schools in all states and territories by 2023. Passed on 27 November 2024, *The Better and Fairer Schools (Funding and Reform) Act 2024* amended the *Australian Education Act 2013* to make the Australian Government’s commitment to fund 20 per cent to the SRS for all government schools a legislated minimum contribution.<sup>26</sup>

Under the *National School Reform Agreement 2019–2024*, each state and territory negotiated a bilateral agreement with the Commonwealth Government outlining respective funding responsibilities to achieve the Agreement’s outcomes.<sup>27</sup>

Each bilateral agreement also binds state or territory governments to a set of national reform initiatives that align with the National School Reform Agreement. These reform initiatives broadly relate to:

- educational reform on student learning and achievement

<sup>23</sup> *Australian Education Act 2013* s 22

<sup>24</sup> Department of Education, *Submission 43*, p. 1.

<sup>25</sup> Department of Education, *The National School Reform Agreement*, December 2023, <<https://www.education.gov.au/recurrent-funding-schools/resources/national-school-reform-agreement-0>> accessed on 9 April 2026.

<sup>26</sup> Australian Department of Education, *The Better and Fairer Schools legislation passed by Australian Parliament*, 27 November 2024, <<https://www.education.gov.au/review-inform-better-and-fairer-education-system/announcements/better-and-fairer-schools-legislation-passed-through-australian-parliament>> accessed on 2 April 2026.

<sup>27</sup> For more information see: Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System in Victoria*, October 2024.

- teacher support and school improvement, and
- improvements in data and the national evidence base.

On 6 December 2023, all parties finalised a Variation Agreement to extend the expiry of the National School Reform Agreement from 31 December 2023 to 31 December 2024. This was to allow for a review that would inform the reform priorities of the next multilateral agreement.<sup>28</sup>

## 1.2.2 Bilateral agreement between Victoria and the Commonwealth Government on Quality Schools Reform 2019–2024

On 17 December 2018, Victoria finalised its bilateral agreement with the Commonwealth following the *National School Reform Agreement 2019–2024*.<sup>29</sup> It was the last state or territory to do so.

This bilateral agreement established targets for increasing the funding contributions of the Victorian Government over the life of the agreement and beyond, specifically that the Victorian Government committed to funding 75 per cent of the SRS for government schools by 2028.<sup>30</sup>

### Box 1.1 Clauses 26 and 27 of bilateral agreement between Victoria and the Commonwealth 2019–2024

26. The SRS is an estimate of how much total public funding a school requires to meet the educational needs of its students. Over the term of this agreement both Commonwealth and Victorian funding for government and schools in Victoria will make progress towards, and not away from, the SRS.
27. The funding contributions outlined above have been agreed having regard to clauses 32 and 40 and based on the following rationale:
- Victoria will meet the funding requirements as set out in section 22A of the *Australian Education Act 2013* and this bilateral agreement.
  - The Victorian final share for government schools will be 75 per cent of the SRS by 2028.
  - The Victorian final share for non-government schools will be 20 per cent of the SRS by 2023.

<sup>28</sup> Australian Department of Education, *National School Reform Agreement*, February 2026 <<https://www.education.gov.au/recurrent-funding-schools/national-school-reform-agreement>> accessed on 9 April 2026.

<sup>29</sup> Australian Department of Education, *Victoria Bilateral Agreement*, signed on 17 December 2018 and revised on 5 July 2022.

<sup>30</sup> *Ibid.*, cl 27(b).

Clause 32(A) of this agreement allowed Victoria to claim non-standard SRS inclusions amounting to:

Up to 4 per cent of the total SRS for the government sector each year for costs contributing to the provision of education in schools, which may only include, at the State's full discretion, depreciation of capital assets and the School Bus Program for rural and regional Victoria.<sup>31</sup>

This bilateral agreement was originally set to expire on 31 December 2023, however it was extended by an additional 12 months following an agreement between the Victorian and Commonwealth education ministers in December 2022.<sup>32</sup> This bilateral agreement did expire on 31 December 2024.

### 1.2.3 Multilateral Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034

*The Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034* is the current multilateral agreement between the Commonwealth and all state and territory governments. It has been in effect since 24 January 2025 and will expire on 31 December 2034.

Under this agreement, the Commonwealth Government committed to increasing its contribution to government school funding to 25 per cent of the SRS, subject to states and territories:

- maintaining a share of at least 75 per cent of the SRS by no later than 2034
- reducing the 4 per cent indirect school expenditure attributed to their total SRS share for the government sector to zero, and replacing it with recurrent funding by 2034. States and territories will outline their approach to meet this requirement in their bilateral agreements, and
- directing the increase in Commonwealth funding to be provided in this Agreement to schools with the highest levels of need according to their needs-based funding arrangements.<sup>33</sup>

### 1.2.4 Interim bilateral agreements between Victoria and the Commonwealth Government 2025–2026

At present, Victoria does not have a long-term bilateral agreement in place with the Commonwealth Government that covers the full duration of the current multilateral agreement. Instead, the Victorian Government has agreed two consecutive interim

<sup>31</sup> Ibid., cl 32(a).

<sup>32</sup> Australian Department of Education, *Victoria Bilateral Agreement*, December 2023 <<https://www.education.gov.au/recurrent-funding-schools/resources/victoria-bilateral-agreement>> accessed on 9 April 2026.

<sup>33</sup> Australian Department of Education, *Better and Fairer Schools Agreement 2025–2034*, 2024, p. 18.

bilateral agreements to secure yearly funding as it continues its negotiations with the Commonwealth Government over a long-term agreement:

- 2025 interim bilateral agreement, which commenced on 1 January 2025 and was due to expire 31 December 2025, and
- 2026 bilateral agreement, which commenced on 8 December 2025 and is due to expire 31 December 2026, unless a variation is agreed.

Like the earlier bilateral agreement, these interim bilateral agreements set out the agreed funding shares for Commonwealth and Victorian governments. Importantly, these interim bilateral agreements have kept funding shares for both parties the same as they have been since 2023. For the period from 2023 to 2026:

- Victoria has funded Victorian government schools at 70.43 per cent of the SRS
- The Commonwealth Government has funded Victorian government schools at 20.00 per cent of the SRS.

**Table 1.1 The Victorian Government’s agreed funding contribution for government schools, 2023–2026**

Sector	2023 (%)	2024 (%)	2025 (%)	2026 (%)
Government	70.43	70.43	70.43	70.43

Source: Australian Department of Education, *Victoria Bilateral Agreement*, signed on 4 December 2023, cl 25; Australian Department of Education, *Victoria Bilateral Agreement*, signed 8 December 2025, cl 25.

**Table 1.2 The Commonwealth Government’s agreed funding shares for Victorian government schools, 2025–2026**

Sector	2023 (%)	2024 (%)	2025 (%)	2026 (%)
Government	20.00	20.00	20.00	20.00

Source: Australian Department of Education, *Victoria Bilateral Agreement*, signed 8 December 2025, cl 27; *Australian Education Amendment Act 2017* (Cth).

Further, this 2026 bilateral agreement extends the timeframe for Victoria achieving the 75 per cent SRS funding target, with the commitment shifting from 2028 to no later than 2034. The Committee found no explanation for this change during the Inquiry.

### Box 1.2 Clause 26 of bilateral agreement between Victoria and the Australian Government 2026

The Commonwealth and Victoria are aligned on the importance of getting all government schools on a pathway to full and fair funding by 2034, and are committed to negotiating a longer-term bilateral agreement to deliver this. To support all public schools on a path to 100 per cent of the SRS, *Victoria has committed to contributing at least 75 per cent of the SRS for government schools in their jurisdiction by no later than 2034* [emphasis added] and reducing the 4 per cent indirect school expenditure attributed to their total SRS share for the government sector to zero, and replacing it with recurrent funding on eligible expenditure by 2034. In return, the Commonwealth has committed to increasing its share of the SRS from 20 per cent to up to 25 per cent for all government schools by no later than 2034. Funding contributions for the remaining years will be settled in 2026.

## 1.3 When will Victoria fund its 75 per cent share of the SRS?

As stated at the beginning of this Chapter, when exactly Victorian government schools will be funded to 100 per cent of the SRS is unclear.

While an earlier bilateral agreement identified 2028 as the target year for the Victorian Government to fund 75 per cent of the SRS, the current bilateral agreement provides that the Victorian Government will reach this level by no later than 2034.

The Victorian Government's commitment to funding 75 per cent of the SRS by 2028 was also reflected in the Department of Education's submission to this Committee's previous *Inquiry into the state education system in Victoria*. The submission stated:

The Victorian Government has committed to increase its funding share for government schools to 75% of the SRS by 2028.<sup>34</sup>

By contrast, the Department of Education's submission to this Inquiry states that Victoria:

will lift its share to 75% of the SRS and phase out the 4% allowance for non-standard inclusions in SRS and replace it with recurrent funding on eligible SRS expenditure by 2034.<sup>35</sup>

Further, on 12 May 2025, *The Age* published a story stating that the Victorian Government had effectively reduced government school funding by \$2.4 billion by 'delaying' its commitment to fund 75 per cent of the SRS until 2031.<sup>36</sup> This report

<sup>34</sup> Victorian Department of Education, submission to the Parliament of Victoria Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System in Victoria*, 2024, p. 9.

<sup>35</sup> Department of Education, *Submission 43*, p. 5.

<sup>36</sup> Le Grand, 'Victoria secretly slices \$2.4b from public schools, delays funding promise'.

was based upon documents provided to the newspaper which were said to relate to a decision of the state's Budget and Finance Committee made in March 2024. The Committee is unable to interrogate the story in *The Age*, as it has not been shown the documents that informed the article.

It is unclear to the Committee when Victoria will reach 75 per cent of SRS funding. At a public hearing, Tony Bates, the Secretary of the Department of Education, placed notable emphasis on the fact that negotiations with the Commonwealth Government are ongoing:

Negotiations for the next bilateral agreement are ongoing ... Once those negotiations are finalised, that will give us our trajectory for the years going forward.<sup>37</sup>

The evidence before the Committee indicates that Victoria has changed its commitment to reach a 75 per cent SRS funding share from 2028 to no later than 2034. However, no formal confirmation of this change, or explanation for it, was provided to the Committee during the Inquiry.

The Committee expects that the exact trajectory towards 75 per cent of its SRS funding share will be clarified before the expiry of the current bilateral agreement, due to end no later than 31 December 2026. Indeed, in its 2026 Progress Report for the Better and Fairer Schools Agreement, the Australian Department of Education set out its expectation that Victoria's funding trajectory 'will be settled in 2026'.<sup>38</sup>

Regardless, the Committee cannot ignore the fact that government schools in Victoria have been underfunded since Victoria's first bilateral agreement with the Commonwealth in December 2018. The Committee believes that the Victorian Government has an obligation to make up for this underfunding.

**FINDING 1:** Victorian government schools have only been funded at around 90 per cent of the recommended Gonski amount since December 2018.

**FINDING 2:** It is unclear when Victoria will reach the 75 per cent of Schooling Resource Standard funding share government schools that it has committed to provide. The Committee has found reference to three dates: 2028, 2031 and 2034.

**FINDING 3:** The Victorian Government has not yet met its obligation to fund 75 per cent of the Schooling Resource Standard funding benchmark, which has resulted in Victoria having one of the lowest funded Schooling Resource Standard compared to other jurisdictions.

<sup>37</sup> Tony Bates PSM, *Transcript of evidence*, p. 50.

<sup>38</sup> Australian Department of Education, *The Better and Fairer Schools Agreements Progress Report*, March 2026, p. 6.

**FINDING 4:** The Victorian Government has not yet secured a long-term bilateral agreement with the Commonwealth Government, contributing to uncertainty in Schooling Resource Standard funding and the ability to plan and deliver consistent supports for students.

**RECOMMENDATION 1:** That the Victorian Government confirm unequivocally when it will reach the 75 per cent of Schooling Resource Standard funding for government schools.

**RECOMMENDATION 2:** That when reaching its 75 per cent of Schooling Resource Standard funding share the Victorian Government:

- a. determine the amount by which it has underfunded government schools since signing the bilateral agreement with the Commonwealth on 17 December 2018; and
- b. compensate the government school system in Victoria appropriately; and
- c. advocate to the Commonwealth to also compensate the amount it has underfunded the government school system in Victoria since 2014.

**RECOMMENDATION 3:** That the Victorian Government immediately finalise a long-term bilateral agreement with the Commonwealth Government so that both parties commit to fully funding their share of the Schooling Resource Standard.

## 1.4 Current bilateral funding agreements in other states and territories

Victoria is currently the only Australian state or territory that has not finalised its trajectory to reaching 100 per cent of the SRS before the current multilateral agreement expires at the end of 2034.<sup>39</sup>

This is a key issue, as Commonwealth funding increases is contingent on Victoria committing to a pathway to 75 per cent of the SRS by 2034. As a result, static Victorian funding constrains Commonwealth contributions, leaving Victoria's students at a disadvantage compared with other jurisdictions that have already secured increases in Commonwealth funding by locking in their long-term funding trajectories.

Across all other states and territories (excluding the Northern Territory) the Commonwealth Government has agreed to increase its contribution to government schools so that it reaches 25 per cent of the SRS by 2034. While trajectories vary

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<sup>39</sup> Ibid.

between jurisdictions, Commonwealth funding broadly scales up to reach 25 per cent in 2034. State and territory commitments vary more significantly over the period of the bilateral agreements:

- The Australian Capital Territory is the only jurisdiction exceeding 100 per cent of the SRS, having agreed to increase its territory contribution from 80 per cent to 81.5 per cent, resulting in a total of 106.5 per cent of the SRS by 2034.
- New South Wales and South Australia have both committed to maintaining a 75 per cent state contribution though the bilateral agreement period, reaching 100 per cent of the SRS in 2034 as Commonwealth funding increases.
- Tasmania and Western Australia were scheduled to reach 100 per cent of the SRS earlier in 2026, with state contributions scaling down as Commonwealth contributions scale up, remaining at 100 per cent overall.
- Queensland has agreed to increase its state contribution from 70.5 per cent to 75 per cent by 2028, reaching 100 per cent of the SRS in 2034 as the Commonwealth contribution rises to 25 per cent.
- Victoria has committed to a 70.43 per cent share of the SRS in 2025 and 2026, while the Commonwealth share is 20 per cent.

Reflecting its unique socioeconomic and geographic challenges, as well as longstanding underfunding, the Northern Territory operates under a different funding share arrangement from other jurisdictions. The Northern Territory is scheduled to meet 100 per cent of the SRS by 2029, with the Commonwealth scaling up its contribution from 24.92 per cent to 40 per cent by 2029.

**Table 1.3 Agreed state, territory and Commonwealth Government SRS funding share of the government school sector 2025–2034**

Contribution (%)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Northern Territory – signed 31 July 2024</b>										
State	59.00	59.15	59.30	59.55	60.00	-	-	-	-	-
Commonwealth	24.92	28.69	32.46	36.23	40.00	-	-	-	-	-
<b>Total</b>	<b>83.92</b>	<b>87.84</b>	<b>91.76</b>	<b>95.78</b>	<b>100.00</b>	-	-	-	-	-
<b>Australian Capital Territory – signed 6 March 2025</b>										
State	80.00	80.00	80.00	80.00	80.00	81.50	81.50	81.50	81.50	81.50
Commonwealth	21.25	22.50	22.50	22.50	22.50	22.66	22.89	23.15	23.75	25.00
<b>Total</b>	<b>101.25</b>	<b>102.50</b>	<b>102.50</b>	<b>102.50</b>	<b>102.50</b>	<b>104.16</b>	<b>104.39</b>	<b>104.65</b>	<b>105.25</b>	<b>106.50</b>
<b>New South Wales – signed 11 March 2025</b>										
State	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Commonwealth	20.00	20.16	20.31	20.63	21.25	22.50	22.81	23.13	23.75	25.00
<b>Total</b>	<b>95.00</b>	<b>95.16</b>	<b>95.31</b>	<b>95.63</b>	<b>96.25</b>	<b>97.50</b>	<b>97.81</b>	<b>98.13</b>	<b>98.75</b>	<b>100.00</b>

Contribution (%)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>South Australia — signed 11 March 2025</b>										
State	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Commonwealth	20.00	20.37	20.37	20.37	21.25	22.50	22.89	23.15	23.75	25.00
<b>Total</b>	<b>95.00</b>	<b>95.37</b>	<b>95.37</b>	<b>95.37</b>	<b>96.25</b>	<b>97.50</b>	<b>97.89</b>	<b>98.15</b>	<b>98.75</b>	<b>100.00</b>
<b>Tasmania — signed 13 March 2025</b>										
State	75.91	77.50	77.50	77.50	77.50	77.34	77.11	76.85	76.25	75.00
Commonwealth	21.25	22.50	22.50	22.50	22.50	22.66	22.89	23.15	23.75	25.00
<b>Total</b>	<b>97.16</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Queensland — signed 24 March 2025</b>										
State	70.50	72.00	73.50	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Commonwealth	20.00	20.42	20.46	20.49	20.50	20.79	21.30	22.08	23.25	25.00
<b>Total</b>	<b>90.50</b>	<b>92.42</b>	<b>93.96</b>	<b>95.49</b>	<b>95.50</b>	<b>95.79</b>	<b>96.30</b>	<b>97.08</b>	<b>98.25</b>	<b>100.00</b>
<b>Western Australia — signed 27 June 2025</b>										
State	76.25	77.50	77.50	77.50	77.50	77.34	77.11	76.85	76.25	75.00
Commonwealth	21.25	22.50	22.50	22.50	22.50	22.66	22.89	23.15	23.75	25.00
<b>Total</b>	<b>97.50</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Victoria — signed on 8 December 2025</b>										
State	70.43	70.43	-	-	-	-	-	-	-	-
Commonwealth	20.00	20.00	-	-	-	-	-	-	-	-
<b>Total</b>	<b>90.43</b>	<b>90.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Australian Department of Education, *Northern Territory Bilateral Agreement*, signed 31 July 2024, <<https://www.education.gov.au/download/18384/northern-territory-bilateral-agreement-better-and-fairer-schools-agreement-2025-2034/38615/bilateral-agreement-signed-31-july-2024/pdf>> accessed 13 April 2026, cl 35, 38; Australian Department of Education, *Australian Capital Territory Bilateral Agreement*, signed 6 March 2025, <<https://www.education.gov.au/download/19187/australian-capital-territory-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair/41453/document/pdf>> accessed 13 April 2026, cl 31, 35; Australian Department of Education, *New South Wales Bilateral Agreement*, signed 11 March 2025, <<https://www.education.gov.au/download/19188/new-south-wales-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025/43035/document/pdf>> accessed 13 April 2026, cl 29, 33; Australian Department of Education, *South Australia Bilateral Agreement*, signed 11 March 2025, <<https://www.education.gov.au/download/19190/south-australia-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025/42064/document/pdf>> accessed 13 April 2026, cl 34, 40; Australian Department of Education, *Tasmania Bilateral Agreement*, signed 13 March 2025, <<https://www.education.gov.au/download/19449/tasmania-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025-2034/41863/document/pdf>> accessed 13 April 2026, cl 53, 57; Australian Department of Education, *Queensland Bilateral Agreement*, signed 24 March 2025, <<https://www.education.gov.au/download/19193/queensland-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025-2034/43028/document/pdf>> accessed 13 April 2026, cl 32, 36; Australian Department of Education, *Western Australia Bilateral Agreement*, signed 27 June 2025 <<https://www.education.gov.au/download/19448/western-australia-bilateral-agreement-better-and-fairer-schools-agreement-full-and-fair-funding-2025/41860/document/pdf>> accessed 13 April 2026, cl 42, 46; Australian Department of Education, *Victoria Bilateral Agreement*, signed 8 December 2025, cl 25, 27.

It is unclear why Victoria has not yet been able to reach agreement with the Commonwealth on committed SRS funding shares for the current multilateral agreement. The Committee heard criticism that education in Victoria has been allowed to deteriorate ‘due to delayed commitments and stalled negotiations’.<sup>40</sup>

<sup>40</sup> Parents Victoria, *Submission 32*, p. 2.

Stakeholders in this Inquiry expressed frustration that Victoria has not kept pace with other jurisdictions in progressing towards full SRS funding.<sup>41</sup> The Committee heard that this is far from an abstract funding debate, noting that current delays are harming students (see Chapter 2). As such, stakeholders frequently challenged Victoria’s claim to be the ‘education state’.<sup>42</sup>

With Victoria funded at only 90–91 per cent of the SRS and other states ‘already at or rapidly moving towards 100 per cent’,<sup>43</sup> the difference represents roughly \$2,000 to \$2,500 per student in real funding.<sup>44</sup> Further, the Committee heard that reaching 100 per cent of the SRS should not be seen as ‘aspirational’<sup>45</sup> given it is designed to be the minimum funding required to ensure good educational outcomes for students.

### Figure 1.2 What the Committee heard

“ The decision that the Labor government has made to delay our funding until 2031 will have significant educational outcomes and it’s up to them to put their money where their mouth is and be the education state again.

Liv Spence, *Submission 14*, p. 2.

“ The decision to defer reaching 75 per cent of the SRS exacerbates a pre-existing inequity — leaving Victorian students, particularly those with complex needs, with less access to resources and supports than their peers interstate.

Principals Association of Specialist Schools, *Submission 11*, p. 2.

“ It is disheartening to watch other states taking stronger action— New South Wales has committed to reaching its 75% share by 2025, and Queensland by 2028—while Victorian schools continue to fall behind.

Sonya Stephen, *Submission 21*, p. 1.

“ Children only get one shot at their education, and we are not holding up our end of the bargain.

Lois Knight, Parent and former school council president, Brunswick North Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 72.

41 Serpil Erdogan, *Submission 2*, p. 1; Jennifer Roper, *Submission 10*, p. 1; Principals Association of Specialist Schools, *Submission 11*, p. 2; Victorian Principals Association, *Submission 12*, p. 1; Liv Spence *Submission 14*, p. 2; Travis Eddy, *Submission 15*, pp. 1–2; Virtual School Victoria AEU Subbranch, *Submission 19*, p. 1; St Kilda Park Primary School Council and Parents Association, *Submission 20*, p. 2; Sonya Stephen, *Submission 21*, p. 1; Polly Christie, *Submission 24*, p. 1; Name withheld, *Submission 25*, p. 1; Regina Gosney, *Submission 29*, p. 1; Parents Victoria, *Submission 32*, p. 2; Australian Education Union, Victorian Branch, *Submission 37*, p. 1; Andrew Dalglish, President, Victorian Principals Association, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, pp. 12–16.

42 Christian Frahm, *Submission 23*, p. 1; Commission Children and Young People, *Submission 40*, p. 3; Justin Mullaly, President, Australian Education Union Victorian Branch, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 10; Liv Spence, *Submission 14*, p. 2; Polly Christie, *Submission 24*, p. 1; Regina Gosney, *Submission 29*, p. 1; Zoe Damman, Rural Development Coordinator, Youth Strategic Advocacy Group Great South Coast, public hearing, Melbourne (via videoconference), 12 March 2026, *Transcript of evidence*, p. 67.

43 Andrew Dalglish, *Transcript of evidence*, p. 12.

44 Ibid.

45 Youth Affairs Council Victoria, *Submission 38*, p. 1.

“ To not fully fund our government schools when other jurisdictions are fully funded sends a message to our community. And that is the wrong message: that we do not value the education of our government school students in Victoria as they do students in other countries. Again, we hear it is not all about the money. In this case, it is.

Andrew Dalgleish, President, Victorian Principals Association, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 16.

“ What is happening to public school funding in Victoria is not a small policy delay or a technical oversight, it is a quiet deferral of opportunity, a cost shift that will impact an entire generation of children. As a parent, I find that deeply troubling.

Katrina Walker, Parent, South Melbourne Park Primary School, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 41.

“ Irrespective of the political persuasion, either at the federal level or the state level, the students should not be used as those political pawns on the chessboard.

Gail McHardy, CEO, Parents Victoria, public hearing, Melbourne (via videoconference), 12 March 2026, *Transcript of evidence*, p. 3.

## 1.5 Structural challenges in reaching SRS funding

The Committee heard evidence from the Department of Education about challenges reaching SRS funding each year. One issue is that SRS output targets are only confirmed by the Commonwealth Government later in the year, which makes it difficult to align the budget cycle with school planning. The Department suggested the issue is, therefore, not a lack of willingness to meet the target, but the difficulty of achieving one that is constantly changing.<sup>46</sup>

The Department also noted that Victoria bears significant capital costs to maintain ageing schools and build new schools to meet population growth. Despite the scale of this capital expenditure, it is not recognised as part of Victoria’s SRS contribution. The Department submitted that if capital expenditure were included, Victoria’s SRS funding position would appear markedly different.<sup>47</sup>

### 1.5.1 Misaligned timing and shifting SRS targets

The Committee heard that it is difficult for the Department of Education to plan funding because the budget cycle does not line up with the school year. Some key information – such as updated SRS indexation rates and student data used to calculate extra funding – is not finalised until the end of each calendar year.

<sup>46</sup> Tony Bates PSM, *Transcript of evidence*, pp. 54–55, 59.

<sup>47</sup> *Ibid.*, p. 54.

Estimates of the funding required to meet the SRS targets are calculated by the Commonwealth Government using its Funding Estimation Tool, which is then aggregated to state dollar amounts. However, the actual funding required to meet the SRS target will shift over the course of the school year as updated data is incorporated into the Funding Estimation Tool. This includes updated school census data, changing enrolments of students that attract needs-based loadings, and changes to the SRS indexation rate.

The SRS is indexed to increase by the higher of 3 per cent or a factor calculated from movements to the Wage Price Index and Consumer Price Index. The SRS indexation rate is finalised around August each year.<sup>48</sup>

Departmental budgets are prepared a year ahead, while data on enrolments and student characteristics is not finalised until January in the year following the relevant calendar year.<sup>49</sup> In practice, this means that there is a gap of around 20 months from when the Budget Papers are published to when the student data that informs additional loading amounts is finalised. Crucially, by the time student data is finalised, the Victorian Government has already progressed into the next budget period.

Figure 1.3 below provided by the Department illustrates how SRS output targets can fluctuate over time. It shows that an initial funding estimate in May 2022 indicated that that approximately \$8.96 billion would be required to meet SRS targets for the 2023 school year. Indicative information about SRP allocations for the 2023 school year were then provided to schools in September 2022. However, the SRS target grew by \$126 million before the end of that year due to a larger than anticipated increase in the SRS indexation rate.

In July 2023, the SRS target dropped by \$37 million, but then increased by \$182 million in the final four months of the calendar year. Large increases in output targets late in the year are difficult for the Department to accommodate, as Tony Bates, Secretary of the Department of Education, stated:

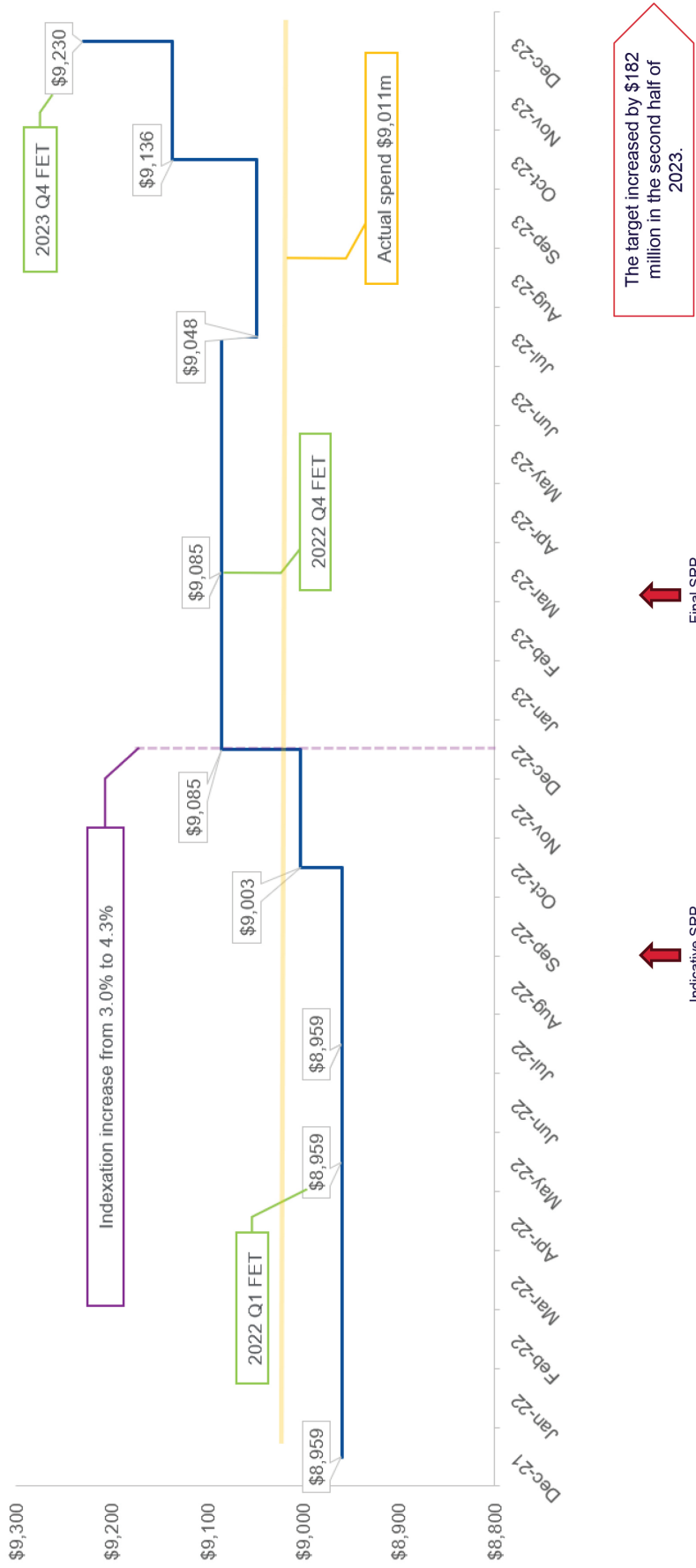
There is no way in a prudent financial system that I can give \$100 million out to schools in the last week of term. It will just land in bank accounts.<sup>50</sup>

<sup>48</sup> Department of Education, *Submission 43*, p. 3.

<sup>49</sup> *Ibid.*, p. 4.

<sup>50</sup> Tony Bates PSM, *Transcript of evidence*, p. 55.

Figure 1.3 Timeline of changes to the SRS target for government schools in Victoria (\$million), 2022–2023



Source: Department of Education, presentation, public hearing, Melbourne, 25 March 2026.

All states and territories report to the Australian Department of Education on funding provided to government and non-government schools for the previous school year. This is then reviewed by the National School Resourcing Board.

A shortfall in a state's contribution compared to its required contribution can be assessed as material or immaterial. An immaterial shortfall is defined as less than or equal to 0.6 per cent of the total SRS commitment. If a funding shortfall is within this threshold, the National School Resourcing Board will not consider it as non-compliant.

In 2023, the Department missed its SRS target because of larger than expected increases to both the SRS indexation rate and enrolments by students with disability.<sup>51</sup> In the review for the 2023 school year, Victoria put forward these unexpected increases late in the year as mitigating factors as to why it was non-compliant with the SRS targets. This was deemed acceptable by the National School Resourcing Board, and no compliance action was required.

**Table 1.4 Victoria's compliance with SRS funding targets for government schools**

Year	Agreed SRS contribution	Target contribution	Actual contribution	SRS target met?	Shortfall type (if applicable)
2018	67.80%	6,642	6,666	Yes	N/A
2019	68.02%	7,166	7,012	No	Material with reasonable mitigating circumstances
2020	68.24%	7,498	7,656	Yes	N/A
2021	68.99%	7,999	8,084	Yes	N/A
2022	69.68%	8,474	8,411	No	Immaterial
2023	70.43%	9,230	9,011	No	Material with reasonable mitigating circumstances
2024	70.43%	9,827 <sup>a</sup>	9,838	Yes	N/A

a. Preliminary target.

Sources: Department of Education, *Submission 43*, p. 7; Australian Department of Education, *Victoria Bilateral Agreement*, December 2023 <<https://www.education.gov.au/recurrent-funding-schools/resources/victoria-bilateral-agreement>> accessed 9 April 2026; Australian Department of Education, *Annual review of state and territory funding contributions*, <<https://www.education.gov.au/national-school-resourcing-board/annual-review-state-and-territory-funding-contributions>> accessed 31 March 2026.

<sup>51</sup> Department of Education, *Submission 43*, p. 5.

The Committee heard that the 2022–2023 scenario set out in Figure 1.3 ‘is replicated most years’.<sup>52</sup> Andrea Del Monaco, Deputy Secretary Financial Policy and Information Service at the Department, explained that large movements in the SRS output target during a school year are common:

It is a couple of hundred million dollars every year, and often the big movement of a couple of hundred million dollars happens in some period between October and December of the year that we are expected to have spent the money, so we need to then allocate more money. We need to seek approval to allocate, then allocate and then for the spend to happen in that very short space of time at the end of the year. It is very challenging.<sup>53</sup>

The Department told the Committee that its ongoing discussions with the National School Resourcing Board and the Commonwealth Government focus on increasing certainty with the funding model.<sup>54</sup> Victoria made ‘very, very clear’ verbal recommendations to the National School Resourcing Board during a recent review that SRS targets need to be fixed early in the school year to provide budgetary certainty both for the Department and for schools.<sup>55</sup>

Andrea Del Monaco suggested that this issue could be resolved if the Commonwealth exhibited greater confidence in its student data forecasting, thereby allowing funding targets to be fixed in Term 1:

If you are too conservative in your forecasting, it leaves us short and there are big adjustments when the data comes through. What we want is nearly more bullish forecasting so that we can plan for that. There is a conservative bias in the way they are forecasting at the moment.<sup>56</sup>

**FINDING 5:** It is extremely challenging for Victoria to determine how much money to allocate in the budget for education because of how often the Commonwealth Schooling Resource Standard output target changes. Victoria has frequently made this point to the Commonwealth Government.

**RECOMMENDATION 4:** That the Victorian Government continue to advocate to the Commonwealth to provide more certainty in Schooling Resource Standard output targets for schools.

<sup>52</sup> Tony Bates PSM, *Transcript of evidence*, p. 58.

<sup>53</sup> Andrea del Monaco, Deputy Secretary, Financial Policy and Information Services, Department of Education, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 58.

<sup>54</sup> *Ibid.*, p. 69.

<sup>55</sup> Tony Bates PSM, *Transcript of evidence*, p. 55.

<sup>56</sup> Andrea del Monaco, *Transcript of evidence*, p. 69.

## 1.5.2 Capital funding does not count towards a state's SRS contribution

As stated, although SRS funding may be used for routine maintenance issues, it cannot fund major capital works.<sup>57</sup> These projects are considered irregular, long-term and asset focused, which means they sit outside the scope of the SRS.<sup>58</sup>

Therefore, any funding that the Victorian Government provides for infrastructure or capital works at schools does not count towards its SRS funding contribution. Tony Bates, Secretary of the Department of Education, noted that if such amounts did count towards the SRS, it would provide a different perspective on the amount that Victoria is investing in education. He stated:

I think the total SRS target for Victoria in 2024 was about \$14 billion for the government school system. And we spent \$2.4 billion [on capital works], so slightly under 20 per cent ... and again, you know, very, very, very significantly larger spends than you were seeing in other states.<sup>59</sup>

The majority of infrastructure upgrades for Victorian government schools are funded separately through a dedicated Victorian Government capital funding stream. The Victorian Government also funds the construction of new government schools through this capital funding stream.

The Commonwealth Government does not provide Victorian government schools with any consistent funding to support major capital works or infrastructure, though it has supported minor works for some government schools through grants.<sup>60</sup> As was noted in the Committee's *Inquiry into the state education system in Victoria*, the Commonwealth ceased ongoing capital funding to government schools in 2017, designating its contribution to government schools as recurrent funding under the SRS.<sup>61</sup>

In the 2023–24 federal budget, the Commonwealth Government allocated \$59.9 million to provide grants for 'government schools to enable capital investments in new classrooms, buildings, or other refurbishments and upgrades via the Schools Upgrade Fund'.<sup>62</sup> This program comprised an initial funding round that was open to applications from both government and non-government schools, followed by a larger second funding round open exclusively to government schools.<sup>63</sup>

<sup>57</sup> Australian Education Regulations 2023 s 29(3)(c)

<sup>58</sup> Gonski et al., *Review of Funding for Schooling*, 2011, pp. 160–161.

<sup>59</sup> Tony Bates PSM, *Transcript of evidence*, p. 54.

<sup>60</sup> Ibid.

<sup>61</sup> For more information see: Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System in Victoria*, October 2024, p. 265.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

Tony Bates noted that the 'original Gonski report recommended that the Commonwealth should set up a program of providing capital funding for both government and non-government schools going forward',<sup>64</sup> adding that this was a reform 'that has never been implemented'.<sup>65</sup>

While the 2011 Gonski Review did recommend that the Commonwealth 'provide an additional amount of funding to support major works and infrastructure in existing government schools'.<sup>66</sup> The Report was also clear that state and territory governments should retain 'primary responsibility<sup>67</sup> for funding capital works in government schools.<sup>68</sup>

The Victorian Government faces a significant infrastructure challenge in balancing the maintenance and upgrade of older government schools with the need to deliver new schools to accommodate population growth.

A large number of ageing government schools, including many heritage-listed buildings – particularly in inner city and established suburban areas – increases the complexity and cost of maintenance and repairs. For example, the Committee heard that St Kilda Park Primary School recently required a full replacement of its roof, which involved sourcing heritage slate from Canada.<sup>69</sup> These kinds of repairs to heritage-listed schools are a significant expense for the Victorian Government, particularly because many schools of a similar age are requiring major works at the same time.

The Committee also heard that the construction of new schools to meet growing demand carries considerable cost for the Victorian Government. Victoria has seen a significant increase government school enrolments in Victoria since 2018 and has the fastest growing government education sector of any state or territory in Australia.<sup>70</sup>

Over this period, Victoria's government school population has grown more than that of any other state or territory, with a net increase of 46,549 students in the public education system.<sup>71</sup> Enrolments increased by 25,460 in Western Australia, 12,136 in Queensland, and 2,962 in the Australian Capital Territory, but declined in the Northern Territory, South Australia, Tasmania and New South Wales. In New South Wales student numbers have decreased by nearly 25,000 in government schools since 2018.<sup>72</sup>

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64 Tony Bates PSM, *Transcript of evidence*, p. 54.

65 Ibid.

66 See Recommendation 31, Gonski et al., *Review of Funding for Schooling*, 2011, p. 189.

67 Gonski et al., *Review of Funding for Schooling*, 2011, p. 87.

68 Gonski et al., *Review of Funding for Schooling*, 2011, p. 90.

69 Elisa Webb, Parent and School Council President, St Kilda Park Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 46.

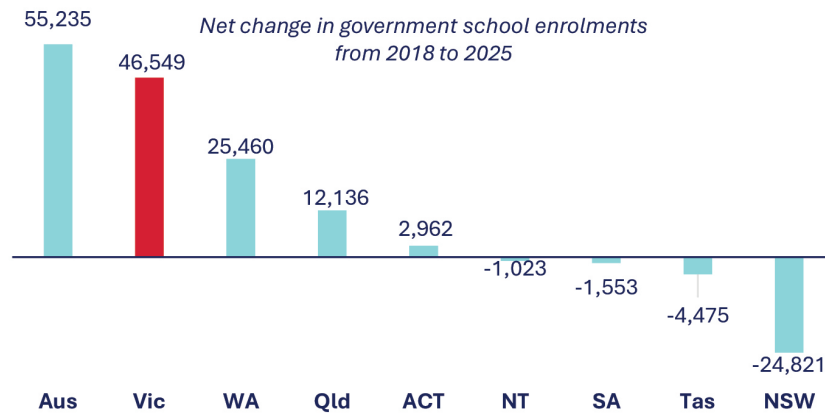
70 Department of Education, presentation, p. 6.

71 Ibid.

72 Ibid.

Figure 1.4 Net change in enrolments in government schools, 2018–2025

In Australia, there was a net increase of 55,235 enrolments in government schools between 2018 and 2025. **Victoria's government school enrolments grew by 46,000 over this time.**



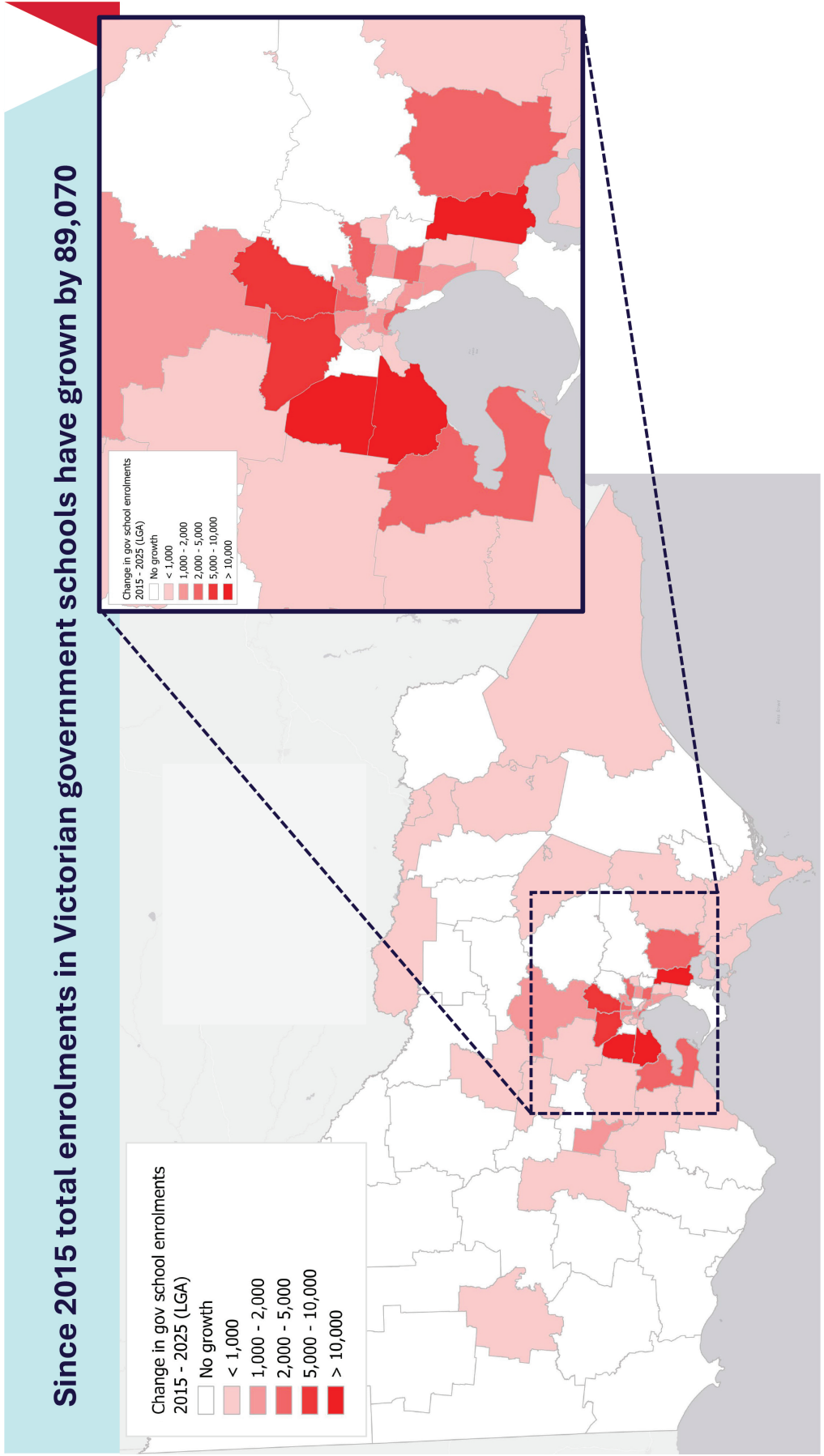
Source: Department of Education, presentation, p. 6.

Department of Education data shows that the fastest growing areas in Victoria are in outer suburban areas in the north, west, and south-east of Melbourne, where additional students in the government school system are being accommodated through a large school building program.<sup>73</sup> As a result, Victoria was responsible for 45 of the 91 government schools that were built nationwide during that seven-year window.<sup>74</sup>

<sup>73</sup> Department of Education, presentation, p. 7.

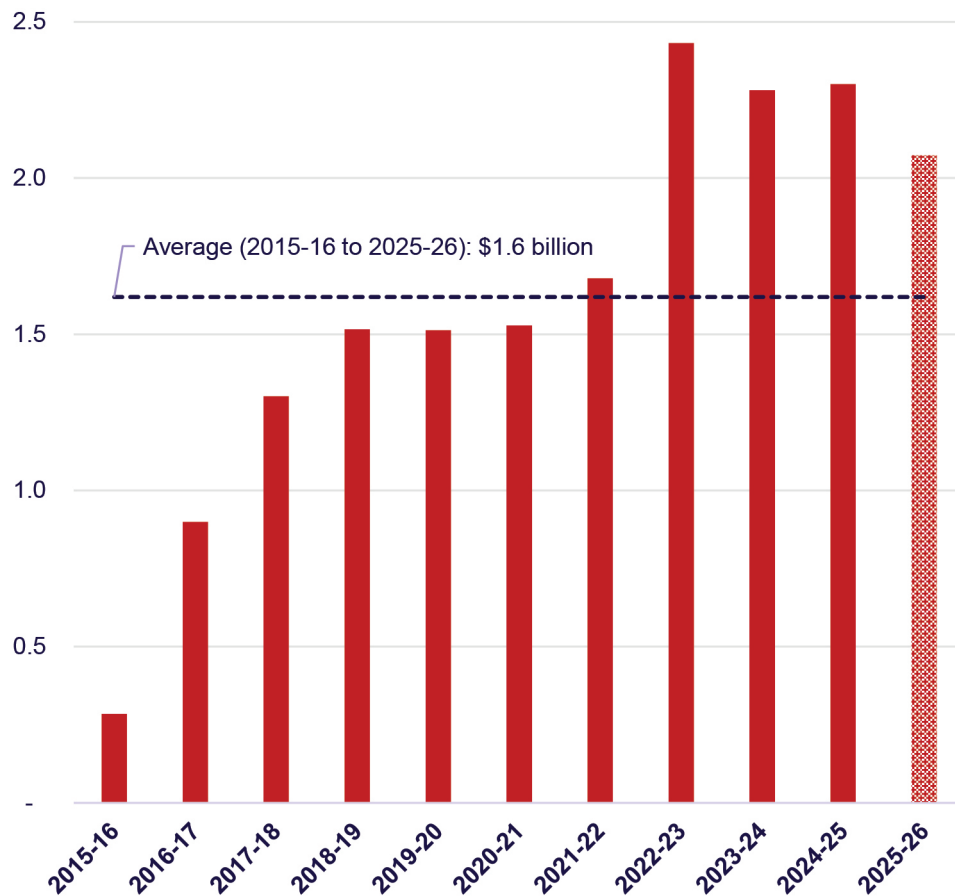
<sup>74</sup> Ibid.

Figure 1.5 Map of government school enrolment growth in Victoria, 2015 to present



The Department of Education told the Committee that it has spent \$17.1 billion on school infrastructure since the 2015–16 financial year at an average of \$1.6 billion per year. Investments in infrastructure have increased since 2022–23, surpassing \$2 billion in each of the last three financial years.<sup>75</sup>

**Figure 1.6 Department of Education expenditure on school infrastructure, 2015–16 to present (\$billion)**

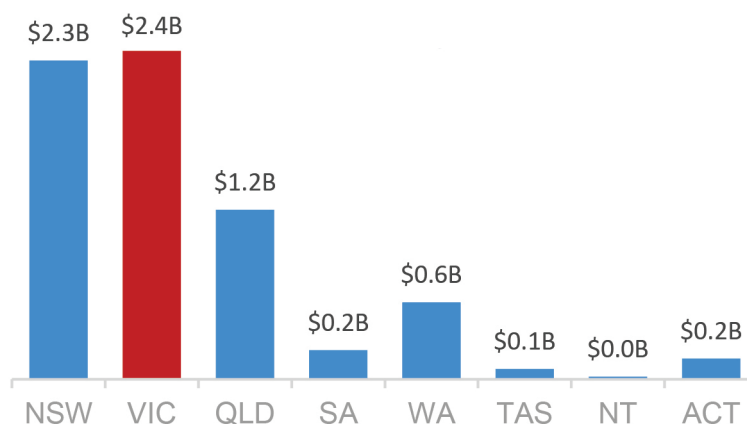


Source: Department of Education, presentation, p. 8.

The Department of Education also told the Committee that Victoria's total capital expenditure during 2023–24 was the highest in the country, at \$2.4 billion.

<sup>75</sup> Department of Education, presentation, p. 8.

**Figure 1.7 Department of Education total capital expenditure, 2023–24 (\$billion)**



Source: Department of Education, presentation, p. 8.

### Stakeholder experiences with capital funding application processes

During the Committee's previous *Inquiry into the state education system in Victoria*, it heard from schools, parents, and school councils who expressed frustration at the difficulties they faced in accessing capital funding for urgent works.<sup>76</sup>

During this Inquiry, the Committee heard similar evidence from government schools that are struggling to access funding for capital works and maintenance. Witnesses told the Committee that school communities remain frustrated by a system that leaves them:

- having to fundraise,
- make difficult choices between maintenance and educational resources, and
- navigating capital funding applications that has been described as a 'competitive, opaque process that resembles a lottery'.<sup>77</sup>

<sup>76</sup> Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System*, October 2024, p. 264.

<sup>77</sup> Regina Gosney, *Submission 29*, p. 3.

Figure 1.8 What the Committee heard

“ In the case of Streeton, capital improvements took many years to progress, and during my time works occurred through emergency maintenance rather than planned upgrades. Additionally, in some cases, issues progressed only after they were formally raised and pursued by school council, highlighting the role of local advocacy in navigating the system. Infrastructure investment, enrolment growth and operational funding are closely connected. Delays in infrastructure investment can directly affect enrolment growth, which in turn impacts funding levels, creating a cycle that is difficult for smaller schools to break ...

We have tried to go through those minor capital works, and they are quite disheartening to be honest. You go through that process – school council went through that process, there were overwhelming submissions, only to hear down the road a school gets another round of funding. The inequities are present. I think there probably needs to be a more sustainable approach.

Regina Gosney, Former school council president, Streeton Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, pp. 2–5.

“ We have toilets where the tiles are falling off the walls and the doors do not close properly and the buttons are broken. They are just pretty foul, honestly, and kids do not want to go to the toilet at school because they are just so awful. We have applied for capital works funding to repair them. We have been knocked back, so we are just kind of on our own to raise the money to fix those, which we have not managed to do yet ...

We have at least one student I know of who has permission to use the staff toilets because he was holding throughout the day, so it was something that his parents organised with the school.

Elisa Webb and Kara Barbuto, St Kilda Park Primary School Council and Parents Association, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, pp. 41–42.

“ South Melbourne Park Primary School was built without classroom walls, doors or air conditioning, features that most people would consider fundamental to a safe and functional learning environment. Parents have had to step in, contributing financially and through constant fundraising to provide what should have been there from the start.

Katrina Walker, Parent, South Melbourne Park Primary School, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 42.

The Committee's *Inquiry into the state education system in Victoria* made several Recommendations relating to the capital investment in government schools. The Government has now provided its response to the Committee's Recommendations.

**Table 1.5 Victorian Government Response to the Legal and Social Issues Committee Inquiry into the state education system in Victoria, April 2025**

Recommendation	Response	Explanation
<p><b>Recommendation 47</b></p> <p>That the Victorian Government significantly increase its investment in school capital infrastructure funding in government schools.</p>	Support in principle	The government has significantly increased investment in capital infrastructure since 2015, including state budget allocations of more than \$16.9 billion. Funding for school maintenance alone has increased by over 5 times since 2015. Future investment in capital infrastructure is subject to routine government decision-making processes.
<p><b>Recommendation 48</b></p> <p>That the Victorian Government advocate to the Commonwealth Government for significantly increased capital investment in government school infrastructure.</p>	Support in full	The Commonwealth Government currently provides ongoing infrastructure funding for non government schools within the Australian Education Act 2013. This creates an inequity between schooling sectors. Victoria is advocating for long-term Commonwealth funding for school infrastructure, as recommended by the original Gonski review.
<p><b>Recommendation 49</b></p> <p>That the Victorian Government work with the Commonwealth Government to ensure additional funding is allocated to state schools to address non-student items (such as capital depreciation costs) so that the entirety of funding allocated under the National Schools Reform Agreement is spent on student learning outcomes.</p>	Support in full	Victoria has signed the Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034 with the Commonwealth, which commits the Commonwealth Government to lift its funding from 20% to 25% of the Schooling Resource Standard for government schools. This will provide 100% of full and fair funding to government schools and students by the end of the agreement. As part of this agreement, Victoria will remove the provision that recognises 4% of government school funding for indirect school costs such as capital depreciation. This will be replaced with 4% of recurrent funding on eligible educational expenses.

Source: Government of Victoria, *Response to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the State Education System in Victoria*, 13 May 2025, pp. 20–21.

**FINDING 6:** The Commonwealth has not implemented Recommendation 31 of David Gonski AC’s 2011 *Review of Funding for Schooling* regarding funding capital works programs in government schools.

**RECOMMENDATION 5:** That the Victorian Government continue to advocate for the Commonwealth Government to significantly increase funding for capital works in government schools.

## Chapter 2

# What it means when schools are not fully funded

Receiving less than 100 per cent of Schooling Resource Standard (SRS) funding does not lessen schools' obligations to their students. Rather, government schools must continue to meet students' educational needs without the level of funding governments have identified as the minimum required.

The Committee heard that delays in reaching full SRS funding is harming students, families and teachers in the government school sector. The impacts affect access to early interventions, subject availability, class sizes, wellbeing services and the condition of school facilities with implications for social equity, population health and economic prosperity.<sup>1</sup>

The Committee heard that gaps in school funding are increasingly being filled by parents and teachers, placing extra pressure on school communities and raising concerns about fairness and sustainability.

This Chapter examines the impacts of government schools operating without the benefit of full SRS funding. It draws on stakeholder evidence to show how funding shortfalls affect students' learning and wellbeing, place additional pressures on teachers, and shift costs and responsibilities onto families and the broader school community.

The Committee considers it important that the evidence provided by stakeholders during this Inquiry, which clearly highlights the consequences of the ongoing underfunding of government schools, is clearly heard by the Victorian Parliament and the Victorian Government. Their voices are prominent in this Chapter.

The Committee heard strongly from Andrew Dalgleish, President of the Victorian Principals Association, that education funding should be viewed as an investment, not a cost:

education funding is not simply an expenditure, and unfortunately we hear that regularly. It is actually an investment. We need to change the language around that very clearly. To not fully fund our government schools when other jurisdictions are fully funded sends a message to our community. And that is the wrong message: that we do not value the education of our government school students in Victoria as they do students in other countries.<sup>2</sup>

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1 Youth Affairs Council of Victoria, *Submission 38*, p. 3.

2 Andrew Dalgleish, President, Victorian Principals Association, public hearing, Melbourne 25 March 2026, *Transcript of evidence*, p. 16.

Many of the issues raised by stakeholders in this Chapter also formed part of the Committee's earlier *Inquiry into the state education system in Victoria*. As such, the Committee refers to relevant sections and Recommendations where appropriate.

## 2.1 What it means for students when schools are not fully funded

As explained in Chapter 1, the SRS is a funding model that estimates 'how much total public funding a school needs to meet its students' educational needs'.<sup>3</sup> When the SRS standard is not met, government schools must still meet students' educational needs—but without the level of funding that governments have agreed is necessary to achieve this goal. The Committee heard that delays in reaching full SRS funding mean that:

- students may miss out on timely interventions
- disadvantage may be entrenched
- students may miss out on mental and physical health and wellbeing supports
- students with disability may receive fewer necessary supports
- students may have fewer subject choices
- class sizes may be larger, and
- schools may have a reduced capacity to maintain and improve facilities.

The following sections explore the above issues raised by stakeholders throughout the Inquiry.

### 2.1.1 Some students will miss out on timely interventions

**The idea that funding can be delayed until 2031 assumes that children can wait. They cannot. Every year the support is not in place is a year of learning, development and opportunity that cannot be recovered.**

Travis Eddy, Principal, Kennington Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 13.

**Public school funding is critical for effective early intervention tools. Inadequate school funding increases the probability of children becoming disengaged and at risk of disadvantage and criminalisation.**

Youthlaw, *Submission 17*, p. 2.

<sup>3</sup> Australian Department of Education, *Schooling Resource Standard*, 18 February 2026, <<https://www.education.gov.au/recurrent-funding-schools/schooling-resource-standard>> accessed 13 April 2026.

The Committee was reminded regularly that students ‘are in the classrooms now’<sup>4</sup> and can’t afford to wait for the interventions that they need.<sup>5</sup> It heard that delays in reaching full SRS funding risk an entire cohort of students passing ‘through the system’<sup>6</sup> ‘without ever experiencing full, needs-based resourcing’.<sup>7</sup>

Stakeholders emphasised that the timeliness of intervention is key, as investment in the primary years is consistently shown to deliver the greatest returns in learning, wellbeing and long-term outcomes.<sup>8</sup> Therefore, any delay in fully funding the SRS may miss an early intervention window, weaken educational outcomes achieved by interventions and ultimately require more expensive interventions in the future.<sup>9</sup>

The Committee heard that uncertainty about when Victoria will fully fund the SRS is having ‘immediate and compounding’<sup>10</sup> impacts on students, many of whom have already ‘endured unprecedented disruption’<sup>11</sup> during their schooling. Delays will also impact the next cohort of students who are due to start their education before government schools are fully funded.

For example, if full SRS funding is not achieved until 2034, a student who began Grade 1 in 2025 would be in secondary school by the time full funding is achieved.<sup>12</sup> For students struggling with foundational learning, such a delay means that essential supports may arrive too late—likely missing the critical window for early intervention.

### Figure 2.1 What the Committee heard

“ Our children are in the classroom now. They cannot pause their education while they wait for the 2031 budget.

St Kilda Park Primary School Council and Parents Association, *Submission 20*, p. 2.

“ It is patently not fair for this generation of Victorians; it means an entire cohort of students may pass through the system without the level of resourcing that governments have agreed is necessary.

Andrew Dalglish, President, Victorian Principals Association, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 12.

4 St Kilda Park Primary School Parents Association, *Submission 20*, p. 2.

5 Travis Eddy, Principal, Kennington Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 13; St Kilda Park Primary School Parents Association, *Submission 20*, p. 2.

6 Andrew Dalglish, *Transcript of evidence*, p. 12.

7 Parents Victoria, *Submission 32*, p. 2.

8 Victorian Principals Association, *Submission 12*, p. 2; Australian Education Union Victoria Branch, *Submission 37*, p. 7; Andrew Dalglish, *Transcript of evidence*, p. 12.

9 Ibid.

10 Education Equity Alliance, *Submission 26*, p. 2.

11 Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 11

12 Australian Education Union Victoria Branch, *Submission 37*, p. 7.

“ Educational opportunity has an expiry date.

Travis Eddy, *Submission 15*, p. 3.

“ These problems build up over time. If students miss help now, they may never fully catch up.

Serpil Erdogan, *Submission 2*, p. 2.

“ Education is cumulative: missed opportunities in early years cannot be recovered later. The cost of delayed investment is borne by today’s learners.

Principals Association of Specialist Schools, *Submission 11*, p. 3.

### 2.1.2 Disadvantage may be entrenched

**Education has life-changing benefits, particularly for children and young people experiencing vulnerability, who stand to benefit the most from the support, guidance and care that school can offer**

Commission Children and Young People, *Submission 40*, p. 3.

Education lays the groundwork for lifelong social and economic participation.<sup>13</sup> For young people experiencing disadvantage, a high-quality education can be life-changing and play a critical role in helping them overcome that disadvantage.<sup>14</sup> If that opportunity is missed, a poor-quality education can instead compound their disadvantage,<sup>15</sup> leading to ‘lower earning potential, poorer health, limited social mobility and weaker problem-solving skills’.<sup>16</sup>

- Government schools in Victoria educate a higher concentration of disadvantaged students compared with non-government schools,<sup>17</sup> including:
- 90% of children from low socio-economic backgrounds
- 82% of Aboriginal and Torres Strait Islander children
- 71% of students from language backgrounds other than English
- 67% of children with a disability
- 80% of students from remote areas.<sup>18</sup>

<sup>13</sup> Social Equity Research Centre, RMIT University, *Submission 8*, p. 3.

<sup>14</sup> Social Equity Research Centre, RMIT University, *Submission 8*, p. 2; Virtual School Victoria Australian Education Union Subbranch, *Submission 19*, p. 2; Youth Affairs Council Victoria, *Submission 38*, p. 3; Commission for Children and Young People, *Submission 40*, p. 3; Samantha Nand, *Submission 46*, p. 1; Dr Michelle Lonsdale, Acting Chief Executive Officer, Centre for Excellence in Child and Family Welfare, public hearing, Melbourne 12 March 2026, *Transcript of evidence*, p. 33.

<sup>15</sup> Social Equity Research Centre, RMIT University, *Submission 8*, p. 2; Youthlaw, *Submission 17*, pp. 1–2; Youth Affairs Council Victoria, *Submission 38*, p. 2; Pavilion Epping and Pavilion Preston Australian Education Union Subbranches, *Submission 44*, p. 1.

<sup>16</sup> Social Equity Research Centre, RMIT University, *Submission 8*, p. 3.

<sup>17</sup> Commission for Children and Young People, *Submission 40*, p. 3.

<sup>18</sup> Centre for Excellence in Child and Family Welfare, *Submission 43*, p. 1.

This makes achieving full SRS funding for government schools critical to equity. These schools educate the students with the greatest levels of need and can make the greatest difference in the life trajectories of their students.

The Committee heard that delays in fully funding government schools could deepen inequality by further disadvantaging under-resourced communities and increasing disparities between government and non-government schools.<sup>19</sup> Students from low socio-economic backgrounds are already ‘six times more likely to have lower achievement in maths, four times more likely in science, and three times more likely in reading compared to their more advantaged peers’.<sup>20</sup>

Stakeholders also argued that delaying full SRS funding effectively tells students facing disadvantage that their government is unwilling to invest in their potential.<sup>21</sup>

The Committee received evidence from the Pavilion School, a Victorian school that provides a flexible curriculum for students who have disengaged or been excluded from mainstream education. The Pavilion School emphasised that delays in reaching full SRS funding is not a ‘future problem’,<sup>22</sup> but one ‘already affecting students’<sup>23</sup> who ‘depend on stable relationships, consistent staffing and the integration of wellbeing and learning’.<sup>24</sup> The Pavilion School noted that staffing interruptions ‘can undo months or years of progress’<sup>25</sup> and ‘affect the core conditions that make education possible’.<sup>26</sup>

Reductions in education funding may lead to short-term savings, but these are likely only to result in increased long-term costs.<sup>27</sup> The Committee heard that ‘funding cuts are paid for twice: first by students through reduced educational opportunity, and later by the Victorian community through higher costs in health, justice and social services’.<sup>28</sup>

For example, Lee Carnie from Youthlaw told the Committee that ‘keeping children connected to school is one of the most effective early interventions we have to reduce rates of youth offending’.<sup>29</sup> According to Lee Carnie, in ‘the 2023–24 financial year

19 Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 9; Asylum Seeker Resource Centre, *Submission 31*, p. 4; Youth Affairs Council Victoria, *Submission 38*, p. 1; Commission for Children and Young People, *Submission 40*, p. 3; Centre for Excellence in Child and Family Welfare, *Submission 42*, p. 1; Gail McHardy, Chief Executive Officer, Parents Victoria, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 1; Dr Michelle Lonsdale, *Transcript of evidence*, p. 33; Tim Warwick, Founder and Chief Executive Officer, Education Equity Alliance, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 73.

20 Centre for Excellence in Child and Family Welfare, *Submission 42*, p. 1.

21 Zoe Damman, Rural Development Coordinator, Youth Strategic Advocacy Group Great South Coast, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 68.

22 Pavilion Epping and Pavilion Preston Australian Education Union Subbranches, *Submission 44*, p. 1, 2.

23 Ibid.

24 Ibid.

25 Ibid.

26 Ibid.

27 Lee Carnie, Chief Executive Officer, Youthlaw, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 59; Pavilion Epping and Pavilion Preston Australian Education Union Subbranches, *Submission 44*, p. 1; Social Equity Research Centre, RMIT University, *Submission 8*, p. 2.

28 Pavilion Epping and Pavilion Preston Australian Education Union Subbranches, *Submission 44*, p. 1.

29 Lee Carnie, *Transcript of evidence*, p. 59.

it cost the Victorian government \$7,775.44 on average per day to detain a child in a youth prison, compared to just \$20.87 each day to educate a child in a public school'.<sup>30</sup>

The message received from stakeholders during this Inquiry was clear. As the Pavilion School wrote in its submission, 'the difference between adequate funding and underfunding is the difference between engagement and exclusion'<sup>31</sup> for students relying on flexible learning options to access an education.

## Figure 2.2 What the Committee heard

“ Delaying funding to public schools actually has a disproportionate effect on those students who are relying most heavily on the state to provide that service.

Dr Michele Lonsdale, Acting Chief Executive Officer, Centre for Excellence in Child and Family Welfare, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 33.

“ People on the ground—youth workers, local governments, service providers, teachers, parents, and young people—are expressing deep concern. Many have told YSAG they are afraid of the permanent and lifelong impacts these cuts will have.

Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 9.

“ Achieving a better and fairer education system in Victoria is not a matter of aspiration, it is an imperative with significant implications for social equity, population health, and economic prosperity.

Youth Affairs Council Victoria, *Submission 38*, p. 3.

“ Concentrations of disadvantaged students in disadvantaged schools are now a common feature of our public education system, deepening the disparity in educational outcomes between different cohorts of students.

Commission Children and Young People, *Submission 40*, p. 3.

The Committee's earlier *Inquiry into the state education system in Victoria* made several Recommendations relating to funding flexible learning options. The Government has now provided its response to the Committee's Recommendations.

<sup>30</sup> Ibid.

<sup>31</sup> Pavilion Epping and Pavilion Preston Australian Education Union Subbranches, *Submission 44*, p. 1.

**Table 2.1 Victorian Government Response to the Legal and Social Issues Committee Inquiry into the state education system in Victoria, April 2025**

Recommendation	Response	Explanation
<p><b>Recommendation 46</b></p> <p>That the Department of Education meet with all principals from flexible learning options schools to determine:</p> <ul style="list-style-type: none"> <li>a. the appropriate funding levels</li> <li>b. whether regulations are needed to support the sector</li> <li>c. how to increase community awareness of flexible learning options.</li> </ul>	Support in principle	<p>The department has a range of mechanisms for hearing from school principals, such as the Principal Check-in Survey, which includes principals of government schools that provide Flexible Learning Options.</p> <p>The department conducted a review of complementary settings, including Flexible Learning Options, in 2023 and 2024, which included consultation with a range of leaders from Flexible Learning Options. The department is currently finalising advice for the Minister for Education.</p>

Source: Government of Victoria, *Response to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the State Education System in Victoria*, 13 May 2025, p. 20.

### 2.1.3 Students may miss out on mental and physical health and wellbeing supports

**The gap between ... what schools are expected to do and what we are resourced to do is widening. That gap is not abstract.**

Travis Eddy, *Transcript of evidence*, p. 12.

The Committee's earlier Inquiry into the state education system in Victoria examined the growing expectation on schools to support students' mental health, physical health and wellbeing, alongside delivering their core educational role.<sup>32</sup> During this Inquiry, the Committee heard that when schools are not fully funded through the SRS, it becomes increasingly difficult to meet students' educational needs while also fulfilling this broader role of supporting their health and wellbeing.<sup>33</sup>

Evidence to the Committee indicated that insufficient SRS funding reduces government schools' capacity to provide wellbeing and mental health supports.<sup>34</sup> In such circumstances, schools must make difficult decisions to prioritise some students while others miss out on supports.<sup>35</sup> This limited capacity means that government schools are at times unable to fully implement the 'broad range of initiatives set by the Victorian Government to promote a strong school culture'.<sup>36</sup>

<sup>32</sup> See Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the State Education System*, October 2024.

<sup>33</sup> Travis Eddy, *Transcript of evidence*, p. 12; St Kilda Park Primary School Parents Association, *Submission 20*, p. 2; Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 6; Commission for Children and Young People, *Submission 40*, p. 6.

<sup>34</sup> Ibid.

<sup>35</sup> Elisa Webb, Parent and President, St Kilda Park Primary School Parents Association, public hearing, 25 March 2026, *Transcript of evidence*, p. 2.

<sup>36</sup> Commission for Children and Young People, *Submission 40*, p. 6.

Indeed, the Committee heard evidence that some government schools utilise ‘funding from the school’s mental health menu. This is designed to promote student health and wellbeing [to] top up teaching resources and support resources’,<sup>37</sup> such as the employment of casual relief teachers or other basic staffing reequipments.<sup>38</sup> This is problematic because it diverts funding away from its intended purpose of supporting student mental health and wellbeing, while also masking underlying staffing and funding shortfalls.

Further examination is required to determine whether this funding is being used as intended and achieving its stated objectives. Tony Bates, Secretary of the Department of Education, told the Committee that the Department is planning reviews of these relatively new programs.<sup>39</sup>

### Figure 2.3 What the Committee heard

“ Children who require psychologists, speech therapists or extra literacy and numeracy support are missing out because the funding simply isn’t there to employ the necessary staff.

St Kilda Park Primary School Council and Parents Association, *Submission 20*, p. 2.

“ In rural areas, schools are often the only place young people can access mental health support, early intervention, and trusted adults. Wellbeing programs and re-engagement pathways are not extras – they are protective factors for our children.

Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 6.

“ Maybe their families do have the means to get a tutor outside of school or somehow support them outside of the system. They might close that gap and meet their potential or achieve their potential, but the kids who do not have that option at home, the public school system lets them down. The gap is just widening and widening, and it is not the fault of those children.

Elisa Webb, President, St Kilda Park Primary School Council, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 4.

The Committee’s earlier Inquiry into the state education system in Victoria made several Recommendations relating to mental health and wellbeing supports. The Government has now provided its response to the Committee’s Recommendations.

<sup>37</sup> Leigh Bartlett, Executive Officer, Barwon Adolescent Task Force, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 61.

<sup>38</sup> Ibid; Lauren Frost, Advocacy Manager, Policy and Communications, Youth Affairs Council Victoria, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 59.

<sup>39</sup> Tony Bates, Secretary, Department of Education, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 63.

**Table 2.2 Victorian Government Response to the Legal and Social Issues Committee Inquiry into the state education system in Victoria, April 2025**

Recommendation	Response	Explanation
<p><b>Recommendation 39</b></p> <p>That the Department of Education ensure that schools are adequately resourced to respond to the needs of students, including their wellbeing.</p>	Support in full	Victoria has signed the Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034 with the Commonwealth. This will provide 100% of full and fair funding to government schools and students by the end of the agreement.
<p><b>Recommendation 40</b></p> <p>That the Victorian Government provide additional resources related to the delivery of the Mental Health Menu, so that all schools, particularly those in rural and regional areas or with complex communities and students, can access programs that meet the needs of their students.</p>	Support in full	<p>The government has invested \$200 million in the Schools Mental Health Fund to provide targeted mental health support for students when and where they need it most.</p> <p>Rural and regional schools were the first to receive full access to the Schools Mental Health Fund and also receive an additional 10% loading to their fund to cover additional expenses associated with delivering programs outside metropolitan areas.</p> <p>In November 2024 a refreshed Menu was released, following an invitation to supply process designed to ensure a suite of programs and services are available that cater specifically for rural and regional students, Koorie students, LGBTIQ+ students, students with disability and culturally and linguistically diverse students.</p> <p>49 (or over 83%) of the 59 of the programs included on the Menu are available statewide.</p> <p>There are also 10 programs offered in specific geographic areas of need, including in the rural and remote department areas of Central Highlands, Wimmera South West, Inner Gippsland, and Outer Gippsland.</p> <p>These investments in the refreshed Menu are already in-place ensuring that students in rural and regional areas and complex communities have the additional resources needed to support their needs.</p>

Source: Government of Victoria, *Response to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the State Education System in Victoria*, 13 May 2025, p. 17.

### 2.1.4 Some students with disability will receive insufficient essential supports

**Underfunded schools mean the levels of service children with disability are meant to be receiving (e.g. through individualised education plans) cannot be delivered.**

Social Equity Research Centre, RMIT University, *Submission 8*, p. 3.

Under Australian law, students with disability have the same right as other students to take part fully in education, without discrimination.<sup>40</sup> Access to a high-quality

<sup>40</sup> *Equal Opportunity Act 2010* (Vic); *Disability Discrimination Act 1992* (Cth); *Disability Standards for Education 2005* (Cth).

education acts as a ‘multiplier human right’,<sup>41</sup> improving life outcomes while reducing disadvantage and exclusion.<sup>42</sup>

When students with disability are denied a high-quality education, the long-term consequences can be severe and ultimately cost society more than providing the proper supporting.<sup>43</sup>

The Committee heard that while students with disability are expected to receive a defined and timely level of support, this is not always happening, leaving some students without the assistance they need.<sup>44</sup>

Students with disability are more likely to attend government schools, with a higher proportion of government-school students requiring significant adjustments (8.5 per cent), compared with students in Catholic schools (5.6 per cent) and independent schools (4.8 per cent).<sup>45</sup> Between 2015 and 2024, the proportion of students with disability in Victorian schools increased from 17.5 per cent to 27.2 per cent.<sup>46</sup>

Over the same period, the number of students requiring supports beyond standard teaching practices rose by 72 per cent, while the proportion of students needing extensive supports doubled.<sup>47</sup> These changes place additional pressure on the government school system to deliver the adjustments an increasing number of students require to receive the education they are entitled to receive.

The Victorian Government provides additional funding to government schools to support required adjustments for students with disability.<sup>48</sup> In 2021, a new three-tier funding model was introduced, guided by the Disability Inclusion Profile,<sup>49</sup> which helps schools understand students’ strengths, needs and required adjustments.<sup>50</sup> As of Term 1 2025, all Victorian Government schools have transitioned to this new funding and support model.<sup>51</sup>

41 Julie Phillips, Chairperson, Disability Advocacy Victoria, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 29.

42 Social Equity Research Centre, RMIT University, *Submission 8*, p. 3.

43 Social Equity Research Centre, RMIT University, *Submission 8*, p. 3; Virtual School Victoria Australian Education Union Subbranch, *Submission 19*, p. 1; Disability Advocacy Victoria, *Submission 35*, p. 4.

44 Social Equity Research Centre, RMIT University, *Submission 8*, p. 3; Principals Association of Specialist Schools, *Submission 11*, p. 2; Travis Eddy, *Submission 15*, p. 3; Virtual School Victoria Australian Education Union Subbranch, *Submission 19*, p. 1; Disability Advocacy Victoria, *Submission 35*, p. 4; Cameron Peverett, President, Principals Association of Specialist Schools, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 23, Julie Phillips, *Transcript of evidence*, p. 23.

45 Australian Education Union Victoria Branch, *Submission 37*, p. 7.

46 Ibid.

47 Ibid.

48 Victorian Government Schools, *Disability Inclusion: increased support for students with disabilities*, 13 April 2026, <<https://www.schools.vic.gov.au/disability-inclusion>> accessed 13 April 2026.

49 The profile helps schools and families detail the strengths, functional needs, and educational adjustments schools are making for individual students. This policy applies to all Victorian government schools.

50 Victorian Government Schools, *Disability Inclusion: increased support for students with disabilities*.

51 Department of Education, *Disability Inclusion Implementation*, <<https://www.education.vic.gov.au/Documents/Disability-Inclusion-Progress-2025.pdf>> accessed 13 April 2026.

Andrea Del Monaco, Deputy Secretary of Financial Policy and Information Services at the Department of Education, told the Committee that these reforms represent ‘a significant scale-up of support for disability’.<sup>52</sup> She noted that before these reforms, disability output was \$1.2 billion. In the 2025–26 budget, the Department of Education is forecasting an investment of \$2.1 billion.<sup>53</sup>

While stakeholders acknowledged that these reforms have resulted in a ‘slight uptick in the funding that is coming into schools’<sup>54</sup> the Committee heard that the funding provided remains insufficient to fully meet the level of support required.<sup>55</sup> For example, Julie Phillips, Chairperson of Disability Advocacy Victoria and Chief Executive Officer of the Disability Discrimination Legal Service, spoke about one student who is deaf and received \$22,000 for an Auslan interpreter that costs \$55,000 to \$60,000 to employ full-time.<sup>56</sup>

Disability Advocacy Victoria noted in its submission that schools are often expected to meet the full cost of student supports from their general school budgets, which may not always be feasible and can result in students missing out on the support they need to fully participate in education: The lack of appropriate funding to schools can result not only in people with disabilities not getting an education, by in much more serious consequences, and greater government spending.<sup>57</sup>

Cameron Peverett, President of the Principals Association of Specialist Schools, told the Committee that ‘significant’<sup>58</sup> delays in receiving this funding mean that schools ‘are flying blind, for want of a better term, for often three, if not four, terms while we are waiting to find out exactly how much funding support these students will get’.<sup>59</sup> The Committee heard that under the previous funding model, schools typically knew their funding allocations by April, whereas under the current arrangements funding amounts are often not confirmed until November or December.<sup>60</sup>

Because funding is uncertain and ‘frequently’<sup>61</sup> not accessible in the year it is intended to cover, some schools told the Committee that they budget conservatively.<sup>62</sup> This can mean that students do not get the support they need straight away, even if funding is provided later through disability inclusion.<sup>63</sup>

52 Andrea Del Monaco, Deputy Secretary, Financial Policy and Information Services, Department of Education, public hearing, Melbourne, 26 March 2026, *Transcript of evidence*, p. 60.

53 Ibid.

54 Cameron Peverett, *Transcript of evidence*, p. 23.

55 Julie Phillips, *Transcript of evidence*, p. 23; Disability Advocacy Victoria, *Submission 35*, p. 4; Virtual School Victoria Australian Education Union Subbranch, *Submission 19*, p. 1; Travis Eddy, *Submission 15*, p. 3; Principals Association of Specialist Schools, *Submission 11*, p. 3.

56 Julie Phillips, *Transcript of evidence*, p. 23.

57 Disability Advocacy Victoria, *Submission 35*, p. 3.

58 Cameron Peverett, *Transcript of evidence*, p. 23.

59 Cameron Peverett, *Transcript of evidence*, p. 23.

60 Ibid.

61 Principals Association of Specialist Schools, *Submission 11*, p. 2.

62 Cameron Peverett, *Transcript of evidence*, p. 23.

63 Ibid.

Tony Bates, Secretary of the Department of Education, noted that ‘more experienced principals feel a bit more comfortable with providing supports and knowing that they will be reimbursed.’<sup>64</sup> However, the Department of Education also noted ‘a number of changes’<sup>65</sup> that it is looking into to bring ‘more certainty into the model’ and give principals ‘enough confidence to fully resource their schools right up to 100 per cent of their funding’.<sup>66</sup>

Mr Bates also advised that any adjustments schools make for the required 10-week assessment period will be fully reimbursed.<sup>67</sup>

Stakeholders told the Committee that funding pressures are compounded by the Victorian Government’s decision to reduce carryover thresholds for all government schools.<sup>68</sup> The School Carryover Policy introduced limits on the amount of funding schools can carry forward each year, with the aim of encouraging schools to use their budgets to support current students.<sup>69</sup>

Under a staged transition, the threshold for mainstream government schools will reduce from 7.5 per cent in 2024 to 3 per cent from 2027 onwards and specialist schools will reduce from 10 per cent in 2024 to 6 per cent from 2027.<sup>70</sup>

The Committee heard that recent changes to the National Disability Insurance Scheme and the way supports are delivered to children under nine years of age make it even more important that young students receive timely and appropriate support through their schools.<sup>71</sup> Without timely support, there is a risk that students may fall through the gaps and miss critical early years intervention.

Stakeholders cautioned that these changes require significant cross-sector coordination, and that insufficient support for students with disability at government schools during this transitional period could cause in ‘immense’ adverse consequences.<sup>72</sup>

<sup>64</sup> Tony Bates, *Transcript of evidence*, p. 60.

<sup>65</sup> Andrea Del Monaco, *Transcript of evidence*, p. 60.

<sup>66</sup> Ibid.

<sup>67</sup> Tony Bates, *Transcript of evidence*, p. 60.

<sup>68</sup> Cameron Peverett, *Transcript of evidence*, p 23; Principals Association of Specialist Schools, *Submission 11*, p. 3.

<sup>69</sup> Tony Bates, *Transcript of evidence*, p. 61; Victorian Department of Education, *Student Resource Package – Managing the Budget*, 31 March 2026, <<https://www2.education.vic.gov.au/pal/student-resource-package-srp-managing-budget/guidance/credit-carryover-policy>> accessed 13 April 2026.

<sup>70</sup> Victorian Department of Education, *Student Resource Package – Managing the Budget*.

<sup>71</sup> Social Equity Research Centre, RMIT University, *Submission 8*, p. 3.

<sup>72</sup> Ibid.

### Figure 2.4 What the Committee heard

“ Currently schools and teachers are already struggling to effectively cater to students with disabilities and varying needs due to time and funding constraints. Without adequate funding and resourcing for these students they will languish and this will have ongoing effects.

Virtual School Victoria AEU Subbranch, *Submission 19* p. 1.

“ The lack of appropriate funding to schools can result not only in people with disabilities not getting an education, but in much more serious consequences, and greater government spending than the cost of simply supporting the student with a disability would have been.

Disability Advocacy Victoria, *Submission 35*, p. 4.

The Committee’s earlier Inquiry into the state education system in Victoria made several Recommendations relating to supports for students with disability. The Government has now provided its response to the Committee’s Recommendations.

**Table 2.3 Victorian Government Response to the Legal and Social Issues Committee Inquiry into the state education system in Victoria, April 2025**

Recommendation	Response	Explanation
<p><b>Recommendation 22</b></p> <p>That the Department of Education work with advocacy groups to devise an outcomes framework for the Disability Inclusion program.</p>	Support in principle	<p>The implementation of Disability Inclusion is monitored through an independent evaluation, which includes analysis of the impact of the reform on student outcomes. The department has committed to sharing findings from the evaluation in response to a recommendation from the Public Accounts and Estimates Committee.</p> <p>More broadly, the department is committed to strengthening data and reporting on students with disability. Victoria has accepted in part recommendation 7.9 of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, which recommended enhanced data capture and reporting on students with disability.</p> <p>The department will work with states and territories to progress the response to the recommendation, where relevant, and will also engage with disability peak bodies to seek their input as the work progresses.</p>
<p><b>Recommendation 23</b></p> <p>That the Department of Education develop a policy on how Augmentative and Alternative Communication should be delivered in schools.</p>	Support in full	<p>The department has existing policy guidance as part of the Students with Disability policy for schools on Augmentative and Alternative Communication in the Policy Advisory Library: Students with Disability: Chapter 3: Complex communication needs   education.vic.gov.au. The policy provides a set of resources which schools can use to support students with complex communication needs.</p> <p>The department is currently reviewing and strengthening this guidance.</p>

Recommendation	Response	Explanation
<p><b>Recommendation 24</b></p> <p>That the Department of Education review provision of resources to schools to ensure that exclusionary practices of students with disabilities are phased out, in addition to providing further professional development for school staff to prevent further instances of exclusion practices from occurring in the future.</p>	Support in principle	<p>The government is committed to an inclusive education system where all members of the school community are valued and supported to fully participate, learn, develop and succeed within an inclusive school culture on the same basis as students without disability.</p> <p>Disability Inclusion is introducing initiatives to help build knowledge and skills in inclusive education across the school system.</p> <p>The government has accepted in principle recommendation 7.2 of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability and continues to work to prevent the inappropriate use of exclusion against students with disability.</p>

Source: Government of Victoria, *Response to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the State Education System in Victoria*, 13 May 2025, pp. 12–13.

### 2.1.5 Students may have fewer subject choices

**Programs and electives such as art, sport, food technology, and applied learning are not optional extras, they are often the primary means through which students reconnect with education.**

Pavilion School, *Submission 44*, p. 3.

Access to a broad range of subjects can help students stay engaged at school and keeps pathways to university open.<sup>73</sup> The Committee heard that delays in achieving full SRS funding may reduce the range of subjects available to some government school students, affecting both their learning experience and post-school pathways.<sup>74</sup>

When students cannot study the subjects they care about, they are more likely to disengage and perform worse in their VCE.<sup>75</sup> Stakeholders told the Committee that specialist subjects in the creative fields are often the first to be cut, despite the ‘proven educational and wellbeing benefits’<sup>76</sup> that come with a ‘rich, well-rounded curriculum’.<sup>77</sup>

The Committee heard that some schools cannot afford to run small classes. As a result, subjects with smaller enrolments, such as specialist mathematics, are not

<sup>73</sup> Victorian Student Representative Council, *Submission 22*, pp. 5–6; Polly Christie, *Submission 24*, p. 1; Commission for Children and Young People, *Submission 40*, p. 4; Pavilion Epping and Pavilion Preston Australian Education Union Subbranch, *Submission 44*, p. 3; Student 1, Victorian Student Representative Council, public hearing, Melbourne, *Transcript of evidence*, p. 20.

<sup>74</sup> Serpil Erdogan, *Submission 2*, p. 2; Katanya Barlow, *Submission 5*, p. 1; Victorian Student Representative Council, *Submission 22*, pp. 5–6; Polly Christie, *Submission 24*, p. 1; Commission for Children and Young People, *Submission 40*, p. 4; Pavilion Epping and Pavilion Preston Australian Education Union Subbranch, *Submission 44*, p. 3; Student 1, *Transcript of evidence*, p. 20.

<sup>75</sup> Victorian Student Representative Council, *Submission 22*, pp. 5–6; Commission for Children and Young People, *Submission 40*, p. 4; Student 1, *Transcript of evidence*, p. 20.

<sup>76</sup> Polly Christie, *Submission 24*, p. 1.

<sup>77</sup> Ibid.

always available in government schools even when there is student demand.<sup>78</sup> Similar challenges were raised in relation to other specialist subjects, such as languages, which are frequently limited by teacher availability rather than student interest.<sup>79</sup> Limited access to specialist subjects—which often attract higher ATAR scaling and are prerequisites for some university courses—can disadvantage government school students by reducing their ATAR potential and narrowing post-school pathways.<sup>80</sup>

The Committee heard that full SRS funding would enable government schools to employ more specialist teachers and expand the range of subjects available to students.<sup>81</sup>

### Figure 2.5 What the Committee heard

“Reduced offerings mean students do not have opportunities to study and learn what they wish, and that makes it harder for students to get into universities and post-school education.

Student 1, Victorian Student Representative Council, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 20.

“At my daughter’s public high school, there are not enough kids wanting to do Specialist Maths or English Literature at VCE, so these classes aren’t run as the school can’t afford to run small classes. Yet these subjects are offered by all the surrounding private schools and are highly scaled, boosting ATAR scores.

Katanya Barlow, *Submission 5*, p. 1.

“I remember in primary school, it was genuinely whichever teacher was available. So if there was an Italian teacher, great, we were learning Italian for a year, and then there was a deaf teacher, so we were learning sign language for two or three years, and then in high school, a French teacher; we are learning French now.

Student 2, Victorian Student Representative Council, public hearing, Melbourne, 12 March 2026, Student 2, *Transcript of evidence*, p. 22.

## 2.1.6 Class sizes may be larger

**The average class size in Australian schools remains above the OECD average, making it difficult to provide individual attention and tailored support for students**

Youth Affairs Council Victoria, *Submission 38*, p. 2.

<sup>78</sup> Katanya Barlow, *Submission 5*, p. 1; Victorian Student Representative Council, *Submission 22*, pp. 5–6.

<sup>79</sup> Student 2, Victorian Student Representative Council, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 22; Ballarat Specialist School Australian Education Union Subbranch, *Submission 39*, p. 1.

<sup>80</sup> Katanya Barlow, *Submission 5*, p. 1; Commission for Children and Young People, *Submission 40*, p. 4; Student 1, *Transcript of evidence*, p. 20.

<sup>81</sup> Ballarat Specialist School Australian Education Union Subbranch, *Submission 39*, p. 1; Victorian Student Representative Council, *Submission 22*, pp. 5–6; Polly Christie, *Submission 24*, p. 1; Pavilion Epping and Pavilion Preston Australian Education Union Subbranch, *Submission 44*, p. 3.

Victoria continues to have the lowest teacher–student ratio in Australia, with the ratio having modestly improved since this Committee’s previous Inquiry into the education system in 2024.<sup>82</sup> While teacher–student ratios are obviously important, the practical reality is that teaching occurs in classrooms where class size directly affects learning.<sup>83</sup> The Committee heard that full SRS funding would help schools maintain appropriate class sizes.<sup>84</sup>

Stakeholders spoke about ‘having to combine classrooms because they cannot get teachers’<sup>85</sup> or having to manage ‘class sizes well over the [Victorian Government Schools Agreement] prescribed maximum’ due to being underfunded.<sup>86</sup> Bigger class sizes can add to teacher workload and can mean worse learning outcomes for students.<sup>87</sup>

### Figure 2.6 What the Committee heard

“ There’s a difference in the level of support when you’re in a class with too many students. My brother has dyslexia, but no one picked up on it. Teachers were pressuring him to drop out rather than supporting him to learn, and it really affected his confidence and motivation. (Youth Council member)

Commission for Children and Young People, *Submission 40*, p. 4.

“ Funding us fairly can allow us to reduce class sizes to a more manageable amount so we can reach every student rather than miss some during our allotted time together.

Sarah LePage, *Submission 16*, p. 1.

#### 2.1.7 Schools may have reduced capacity to maintain and improve facilities

**The physical environment tells the students how much their education is valued, and currently, the message is demoralising.**

St Kilda Park Primary School Council and Parents Association, *Submission 20*, p. 2.

Students learn best in environments that are safe, comfortable and well-maintained.<sup>88</sup> The Committee heard that delays in reaching full SRS funding may force government

<sup>82</sup> Department of Education, presentation, public hearing, Melbourne, 25 March 2025, p. 5. Department of Education, presentation, public hearing, Melbourne, 25 March 2025, p. 9.

<sup>83</sup> Justin Mullaly, President, Australian Education Union, Victorian Branch, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 12.

<sup>84</sup> Katrina Walker, *Submission 9*, p. 2; Sarah Le Page, *Submission 16*, p. 1.

<sup>85</sup> Zoe Damman, *Transcript of evidence*, p. 67.

<sup>86</sup> Liv Spence, *Submission 14*, p. 1.

<sup>87</sup> Liv Spence, *Submission 14*, p. 1; Youth Affairs Council Victoria, *Submission 38*, p. 2.

<sup>88</sup> Victorian Student Representative Council, *Submission 22*, p. 8; Katrina Walker, *Submission 9*, p. 2.

schools to defer essential maintenance or redirect funding away from facility improvements to meet day-to-day operating costs.<sup>89</sup>

As discussed in Section 1.5.2, funding for infrastructure upgrades at Victorian government schools are provided through a dedicated capital funding stream that operates separately from the SRS. However, the Committee heard that where SRS funding is below the required level, schools may need to redirect funds—such as those raised through fundraising—to cover core educational delivery and day-to-day operating costs that would otherwise be supported through SRS funding.<sup>90</sup> In these circumstances, government schools are not maintaining or upgrading their facilities as much as they would like.

The Committee heard evidence that some government school buildings ‘are leaking’,<sup>91</sup> have ‘inadequate heating/cooling’, ‘unsafe grounds’ and ‘broken’ play equipment.<sup>92</sup> Kara Barbuto, a parent of a child at St Kilda Park Primary, spoke about students at her son’s school being too scared to use toilets that require urgent repairs:

My son is in foundation, and he says he does not use the toilets at school. The general consensus is that they are scary because they have got paint peeling off the walls, the gap in the bottom of the cubicle is this big and people can look under and they are just considered not a nice place to be ... I just think it is crazy that they are not being better maintained and looked after. You have got students that are getting into years 5 and 6, when puberty hits and things are happening, and they need to feel like they can use the toilets.<sup>93</sup>

Tony Bates, Secretary of the Department of Education, noted that the Department can assist schools experiencing cash-flow difficulties through a range of support options:

We have a range of mechanisms for support. If there are schools that find that they have got cash flow challenges, they can always reach out to [the Deputy Secretary of Financial Policy and Information Services’] team and to the team in the SRP part of the department. If schools are in any sort of financial distress, we will always support them.<sup>94</sup>

<sup>89</sup> Serpil Erdogan, *Submission 2*, p. 3; Katrina Walker, *Submission 9*, p. 2; St Kilda Park Primary School Parents Association, *Submission 20*, p. 2; Victorian Student Representative Council, *Submission 22*, p. 8; Andrejka Stibilj, *Submission 4*, p. 1.

<sup>90</sup> Victorian Principals Association, *Submission 12*, p. 2; Serpil Erdogan, *Submission 2*, p. 3; Regina Gosney, *Submission 29*, p. 2.

<sup>91</sup> Stephanie Green, *Submission 1*, p. 1.

<sup>92</sup> Victorian Student Representative Council, *Submission 22*, p. 8.

<sup>93</sup> Kara Barbuto, Parent and Vice President, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 48.

<sup>94</sup> Tony Bates, *Transcript of evidence*, p. 68.

### Figure 2.7 What the Committee heard

“ Many schools face outdated buildings, leaking roofs, inadequate heating/cooling, and unsafe grounds. Without the delayed \$2.4 billion, these problems persist.

Victorian Principals Association, *Submission 12*, p. 2.

“ Our children are trying to learn in facilities that require maintenance and upgrades that the school cannot afford.

St Kilda Park Primary School Council and Parents Association, *Submission 20*, p. 2.

“ Schools already struggle to cover basic costs. When funding is delayed or cut, they have to postpone buying teaching materials, fixing old equipment and repairing buildings. This can make learning spaces unsafe or uncomfortable, and parents are often asked to make up the shortfall through extra contributions or fundraising.

Serpil Erdogan, *Submission 2*, p. 3.

Section 1.5.2 examines the issue of the Commonwealth Government providing capital funding for government schools, as recommended by the original Gonski Review. In its previous *Inquiry into the state education system in Victoria*, the Committee recommended that the Victorian Government continue to advocate for greater Commonwealth investment in government school infrastructure. In its response, the Victorian Government supported this position.

However, to date, the Commonwealth has not implemented Recommendation 31 of the Gonski Review, and a consistent, long-term capital funding stream for government schools has yet to be established.

## 2.2 What it means for teachers when schools are not fully funded

**Currently there is not enough time to do the job properly. Every teacher I know is putting in at least 10 hours a week in unpaid overtime. Teaching must be one of the few professions where workers actually take a day off to catch up on work.**

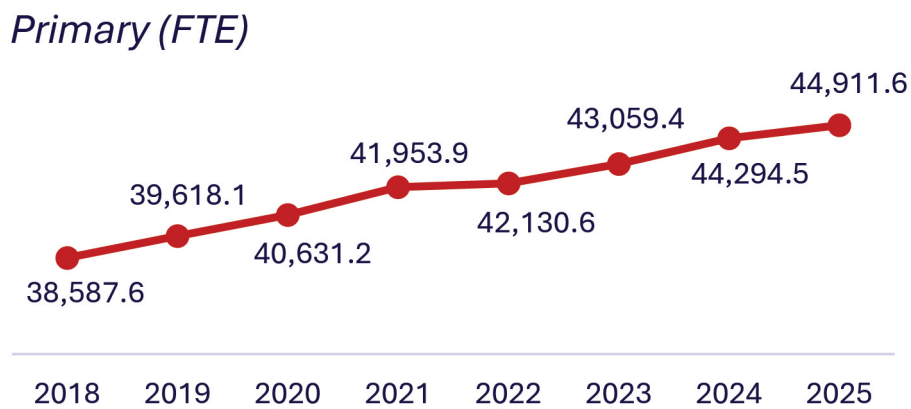
Daryl Croke, Teacher at Glenroy College and AEU subbranch president, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 53.

While teachers are driven by a desire to make a difference, there is only so far that goodwill and hard work can compensate for systemic pressures. The Committee heard that delays in achieving full SRS funding add to existing workload pressures, as schools try to do more with fewer resources, with teachers absorbing much of this increased

demand.<sup>95</sup> This undermines the wellbeing of the existing workforce and creates long-term sustainability challenges that may affect schools' ability to recruit sufficient teaching staff.<sup>96</sup>

The Committee's earlier *Inquiry into the state education system in Victoria*, tabled in October 2024, examined teacher workforce issues in detail. Since this Report was tabled, growth in the government school workforce has helped to ease some pressures, with an increase of 1,300 full-time equivalent teachers between June 2024 and June 2025.<sup>97</sup> The Department of Education told the Committee that Victoria's teaching workforce is 'growing steadily and exceeds national growth'.<sup>98</sup>

**Figure 2.8 Victoria's primary teaching workforce growth from 2018 to 2025 (FTE)**



Source: Department of Education, presentation, public hearing, 25 March 2026, p. 9.

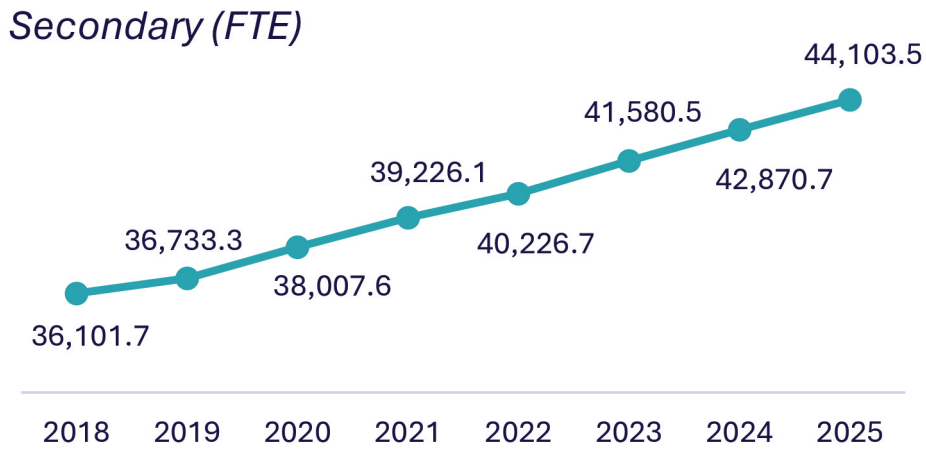
<sup>95</sup> Katrina Walker, *Submission 9*, p. 2; Victorian Principals Association, *Submission 12*, p. 2; Victorian Student Representative Council, *Submission 22*, p. 4; Mount Ridley College Australian Education Union Subbranch, *Submission 36*, p. 1; Youth Affairs Council Victoria, *Submission 38*, p. 2; Justin Mullaly, *Transcript of evidence*, p. 14; Serpil Erdogan, *Submission 2*, p. 3; Katanya Barlow, *Submission 5*, p. 1; Virtual Schools Victoria Australian Education Union Subbranch, *Submission 19*, p. 3; Travis Eddy, *Transcript of evidence*, p. 19.

<sup>96</sup> Sepril Erdogan, *Submission 2*, p. 3; Virtual School Victorian Australian Education Union Subbranch, *Submission 19*, p. 3; Gail McHardy, *Transcript of evidence*, p. 9.

<sup>97</sup> Department of Education, presentation, p. 9.

<sup>98</sup> *Ibid.*

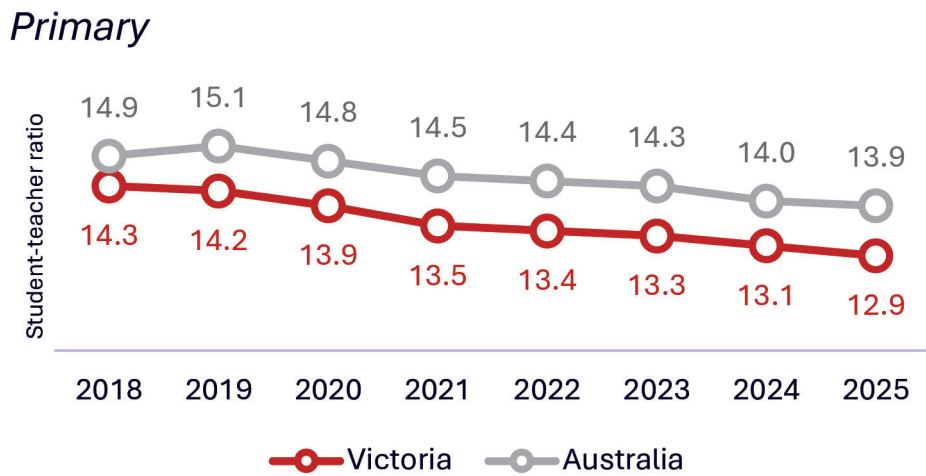
Figure 2.9 Victoria’s secondary teaching workforce growth from 2018 to 2025 (FTE)



Source: Department of Education, presentation, public hearing, 25 March 2026, p. 9.

As stated in Section 2.1.6, Victoria’s student–teacher ratios are improving and remain among the best (i.e. lowest) in the country.

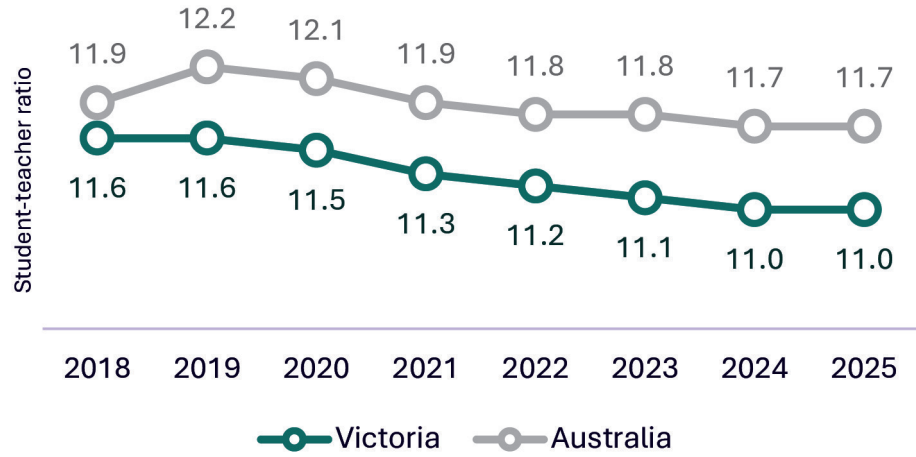
Figure 2.10 Victoria’s primary student–teacher ratios from 2018 to 2025



Source: Department of Education, presentation, public hearing, 25 March 2026, p. 9.

Figure 2.11 Victoria’s secondary student–teacher ratios from 2018 to 2025

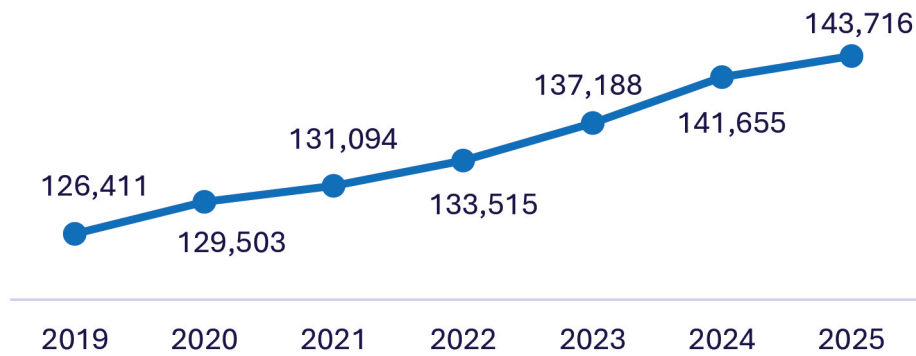
Secondary



Source: Department of Education, presentation, public hearing, 25 March 2026, p. 9.

The Department of Education also highlighted that ‘registered schoolteachers in Victoria continue to increase steadily.’<sup>99</sup>

Figure 2.12 Number of registered school teachers in Victoria from 2019 to 2025



Source: Department of Education, presentation, public hearing, 25 March 2026, p. 9.

99 Ibid.

Stakeholders argued that, despite this improvement, staff shortages persist in some government schools due to ongoing budget constraints and challenges delivering SRS outcomes without full funding.<sup>100</sup> Justin Mullaly, President of the Australian Education Union, told the Committee:

We are improving, but gee whiz, we were bad, and now we are only a mite better.<sup>101</sup>

Stakeholders emphasised that staff shortages limit teachers' capacity to do their jobs effectively, as student needs increasingly exceed what teachers are able to provide.<sup>102</sup> Daryl Croke, teacher at Glenroy College and AEU Subbranch President, noted that with more time, he would be able to give his Year 8 digital technologies students individualised support:

I have a range of abilities from grade 1 to year 9 in the one class. There are a number of students who struggle with basic sentence construction. One I think is close to being legally blind – no aide ... So I really require extra support in the classroom, and I require more time to actually develop lesson activities to cater for all the needs of students in the class. If I had more time, I would be able to do that. The above is a snapshot, but classes like this exist in all schools and in all suburbs in our region.<sup>103</sup>

The Committee heard that workload issues are extremely common throughout the teaching profession. According to the Centre for Excellence in Child and Family Welfare, in 2025 '75 per cent of school staff reported they did not have enough time to meet the learning needs of all students and more than 80 per cent said their workloads had increased due to adequate support.'<sup>104</sup>

Sustained high workloads, together with other workforce pressures, continue to contribute to conditions that challenge the long-term sustainability of the teaching workforce. Stakeholders told the Committee that teachers are 'stretched too thin'<sup>105</sup> and experiencing burnout,<sup>106</sup> despondency<sup>107</sup> and high levels of fatigue<sup>108</sup>—conditions that were characterised as unsustainable.<sup>109</sup>

<sup>100</sup> Katrina Walker, *Submission 9*, p. 2; Victorian Principals Association, *Submission 12*, p. 2; Victorian Student Representative Council, *Submission 22*, p. 4; Mount Ridley College Australian Education Union Subbranch, *Submission 36*, p. 1; Youth Affairs Council Victoria, *Submission 38*, p. 2; Justin Mullaly, *Transcript of evidence*, p. 14; Serpil Erdogan, *Submission 2*, p. 3; Katanya Barlow, *Submission 5*, p. 1; Virtual Schools Victoria Australian Education Union Subbranch, *Submission 19*, p. 3; Travis Eddy, *Transcript of evidence*, p. 19.

<sup>101</sup> Justin Mullaly, *Transcript of evidence*, p. 15.

<sup>102</sup> Oesha Mohamad, *Submission 7*, p. 1; Youth Strategic Advocacy Group Great South Coast, *Submission 30*, p. 7; Alice Thompson, Representative, Virtual School Victoria Australian Education Union Subbranch, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 12; Daryl Croke, Teacher, Glenroy College, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 53; Katy Jarvie, Youth Support Worker, Youth Strategic Advocacy Group Great South Coast, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 68; Lois Knight, Parent, Brunswick North Primary School, public hearing, Melbourne, 25 March 2026, *Transcript of evidence*, p. 72.

<sup>103</sup> Daryl Croke, *Transcript of evidence*, p. 53.

<sup>104</sup> Centre for Excellence in Child and Family Welfare, *Submission 42*, p. 2.

<sup>105</sup> Lois Knight, *Transcript of evidence*, p. 72; Oesha Mohamad, *Submission 7*, p. 1.

<sup>106</sup> Pavilion Epping and Pavilion Preston Australian Education Union Subbranch, *Submission 44*, p. 3; Principals Association of Specialist Schools, *Submission 11*, pp. 3–4; Victorian Principals Association, *Submission 12*, p. 2, Polly Christie, *Submission 24*, p. 1.

<sup>107</sup> Alice Tompson, *Transcript of evidence*, p. 12.

<sup>108</sup> Gail McHardy, *Transcript of evidence*, p. 9.

<sup>109</sup> Youth Affairs Council Victoria, *Submission 38*, p. 2; Principals Association of Specialist Schools, *Submission 11*, p. 3; Victorian Principals Association, *Submission 12*, p. 2.

The Committee heard that persistent recruitment and retention issues can create a cycle of increased workloads and further workforce attrition.<sup>110</sup> Over time, this reduces the education system's capacity to support all students, with the greatest impact felt by students with high or complex needs and those in specialist or intensive settings, who depend on stable staffing and tailored support.<sup>111</sup>

The Committee also heard that the schools that do retain experienced teachers then face increased staffing cost pressures, as staffing allocations do not adjust to reflect a workforce concentrated at the top of the pay scale.<sup>112</sup> Stakeholders argued that 'the system encourages retention but does not fund its consequences'.<sup>113</sup> As a result, principals may be left with limited options, including reducing staff numbers or restructuring roles.<sup>114</sup>

### Figure 2.13 What the Committee heard

“ As a student, there definitely were workplace shortages, and the mentors that were in my life would come and go.

Katy Jarvie, *Transcript of evidence*, p. 68.

“ When the system fails to provide enough staff, the workload doesn't disappear. It lands on principals and teachers who are already running beyond capacity.

Travis Eddy, *Submission 15*, p. 5.

“ Small schools rely heavily on dedicated staff who often go above and beyond, but without adequate funding, this goodwill is strained.

Regina Gosney, *Submission 29*, p. 3.

“ Workloads continue to rise, planning and collaboration time is squeezed, and staff wellbeing is compromised. This contributes to burnout, reduced morale, and growing difficulties in attracting and retaining experienced teachers, including specialist educators.

Polly Christie, *Submission 24*, p. 1.

“ The workforce crisis in public education cannot be separated from funding policy. Delaying adequate funding sends a signal that the public school workforce is not being prioritised, despite increasing expectations placed on teachers and school leaders.

Parents Victoria, *Submission 32*, p. 3.

<sup>110</sup> Serpil Erdogan, *Submission 2*, p. 3; Virtual School Victoria Australian Education Union Subbranch, *Submission 19*, p. 3; Australian Education Union Victoria Branch, *Submission 37*, p. 10; Gail McHardy, *Transcript of evidence*, p. 9, Travis Eddy, *Transcript of evidence*, p. 19.

<sup>111</sup> Pavilion Epping and Pavilion Preston Australian Education Union Subbranch, *Submission 44*, p. 3.

<sup>112</sup> Katherine Gilbert, *Submission 47*, p. 2; Name withheld, *Submission 27*, p. 2.

<sup>113</sup> Katherine Gilbert, *Submission 47*, p. 2.

<sup>114</sup> Katherine Gilbert, *Submission 47*, p. 2.

“ I think something that I hear from the teachers is that a lot of them are paying for things out of their own pockets when they are already the lowest paid. I feel embarrassed that that is happening. I think it is embarrassing for our society that that is happening.

Kara Barbuto, *Transcript of evidence*, p. 42.

“ Being told you matter is one thing, but as I mentioned earlier, if our jurisdiction is not fully funded as per others, it actually sends a message, and that is the wrong message.

Andrew Dalgleish, *Transcript of evidence*, p. 20.

The Committee’s earlier *Inquiry into the state education system in Victoria* made several Recommendations relating to the teaching workforce. The Government has now provided its response to the Committee’s Recommendations.

**Table 2.4 Victorian Government Response to the Legal and Social Issues Committee Inquiry into the state education system in Victoria, April 2025**

Recommendation	Response	Explanation
<p><b>Recommendation 31</b></p> <p>The Department of Education should thoroughly evaluate its teacher recruitment intervention programmes in addressing expected teacher shortfall.</p>	Support in full	<p>The department is currently undertaking a comprehensive strategic evaluation of Victorian school workforce attraction and retention initiatives.</p> <p>The department notes that other public reporting mechanisms, such as the Report on Government Services and the Victorian Teacher Supply and Demand report, are robust mechanisms for monitoring the attraction and retention of teachers.</p>
<p><b>Recommendation 32</b></p> <p>That the Victorian Institute of Teaching adjust the employer requirements of the ‘permission to teach’ category of teacher registration to fast-track the employment of subject matter experts in Victorian schools.</p>	Under review	<p>The Victorian Institute of Teaching (VIT) is currently undertaking a review of its Permission to Teach policy and its application. As part of that review, the VIT will consider whether the Permission to Teach policy is fit for purpose and whether the requirements to grant each category of Permission to Teach are clear and appropriate. The VIT’s report on the review is due to the Minister for Education by the end of April 2025.</p>
<p><b>Recommendation 33</b></p> <p>That the Department of Education work with initial teacher education providers to investigate the feasibility of an internship model.</p>	Support in full	<p>The department has trialled and invested in several different models of ‘internship-like’ teacher training, which include several postgraduate employment-based teaching degree programs (known as the Teach Today and Teach Tomorrow programs).</p> <p>The department has also recently commissioned 2 providers (Federation University Australia and La Trobe University) to introduce and deliver new undergraduate level employment-based teaching degree programs, which commenced in 2025.</p>
<p><b>Recommendation 34</b></p> <p>That the Department of Education conduct a review into the effectiveness of the Targeted Financial Incentives program in achieving the objectives of recruiting new teachers to rural and regional areas.</p>	Support in full	<p>The department is currently undertaking an evaluation of the Targeted Financial Incentives program.</p>

Recommendation	Response	Explanation
<p><b>Recommendation 35</b></p> <p>That the Department of Education collect, analyse and regularly publish data at a regional level on the effectiveness of Targeted Financial Incentives, including the aggregated retention rates of teachers who receive a Targeted Financial Incentive payment.</p>	Support in principle	The department is currently undertaking an evaluation of the Targeted Financial Incentives program.
<p><b>Recommendation 36</b></p> <p>That the Department of Education review its policy on teacher housing, with a view to considering group housing in regional areas to address housing shortages in areas with high demand for teaching staff but few accommodation options.</p>	Support in principle	The department is supportive of undertaking a review of teacher housing arrangements, acknowledging ongoing efforts to maintain and improve teacher housing.
<p><b>Recommendation 38</b></p> <p>That the Department of Education develop a standalone teacher retention policy in order to ease current workforce pressures.</p>	Support in principle	<p>In recent years, the government has invested in several initiatives to support retention of the workforce including:</p> <ul style="list-style-type: none"> <li>• providing teachers with more time for planning and collaboration by reducing maximum face-to-face teaching time</li> <li>• establishing new time in lieu arrangements for staff supervising camps and extracurricular activities</li> <li>• investing in supporting teacher and school leader health and wellbeing</li> <li>• supporting school leaders and classroom teachers to take up flexible working arrangements</li> <li>• investing in the Career Start induction initiative, which aims to retain more graduates in the profession.</li> </ul> <p>The department will provide updated information on its website and/or to schools regarding existing investments in retention initiatives.</p>

Source: Government of Victoria, *Response to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the State Education System in Victoria*, 13 May 2025, pp. 14–16.

The Committee acknowledges the efforts undertaken by the Department of Education to address challenges within the teaching workforce. However, the evidence received during this Inquiry indicates that substantial gaps exist and the benefits of these policies are yet to be fully realised.

The Committee notes that at the time this report was adopted, negotiations for a new workplace agreement between the Victorian Government and Victorian teachers were ongoing. It also notes the evidence from Mr Bates that at the end of the previous agreement Victorian teachers were some of the highest paid in Australia and Victorian principals remain ‘the best paid in the country’.<sup>115</sup>

<sup>115</sup> Tony Bates, *Transcript of evidence*, p. 56.

While the Committee recognises the positive steps taken to date, it strongly encourages continued action to address workforce pressures, particularly in the period before full SRS funding is achieved and while government schools in Victoria struggle to manage the ongoing underfunding.

## 2.3 What it means for parents when schools are not fully funded

**It is exhausting for families to be continually asked to reach into their pockets, particularly when we have some very vulnerable families in our community who simply cannot afford to contribute financially.**

Elisa Webb, *Transcript of evidence*, p. 39.

Victorian government schools may invite parents to make voluntary contributions towards the cost of schooling in limited categories, including:

- curriculum contributions, for items and activities which the school deems necessary for students to learn the curriculum, and
- other contributions, for non-curriculum items or activities that relate to the school's functions and objectives.<sup>116</sup>

Government schools may also ask parents to pay for optional extra-curricular items and activities on a user-pays basis or ask them to supply educational items for their child to use and own.<sup>117</sup>

Regardless of whether a parent makes a contribution, students must not be disadvantaged and must be given 'free access to instruction'.<sup>118</sup> While some parents may choose to contribute voluntarily, parental payments should not be required to compensate for government decisions not to fully fund schools to a minimum standard.<sup>119</sup>

The Committee heard that when government schools are unable to meet basic operating costs, parents are asked to make financial contributions to cover these

<sup>116</sup> Victorian Department of Education, *Parent Payments*, 23 October 2025, <<https://www2.education.vic.gov.au/pal/parent-payment/policy>> accessed 13 April 2026.

<sup>117</sup> Ibid.

<sup>118</sup> Ibid.

<sup>119</sup> Jennifer Roper, *Submission 10*, p. 2; Liv Spence, *Submission 14*, p. 1; St Kilda Park Primary School Parents Association, *Submission 20*, p. 1; Sonya Stephen, *Submission 21*, p. 1; Name withheld, *Submission 25*, p. 1; Katrina Walker, Parent, South Melbourne Park Primary School, public hearing, Melbourne, 12 March 2026, *Transcript of evidence*, p. 42; Lois Knight, *Transcript of evidence*, p. 72.

core educational needs.<sup>120</sup> As not all families are able to make these contributions,<sup>121</sup> some parents raised concerns about being asked to subsidise the education of other students for costs that are the responsibility of government.<sup>122</sup>

Parents expressed the view that fundraising should be used to support optional extras that enrich students' educational experiences, rather than cover the basic day-to-day costs of running a school.<sup>123</sup> The Committee heard of instances where funds provided by parents have been used to pay for:

- basic teaching materials and classroom resources<sup>124</sup>
- school nurses<sup>125</sup>
- maintenance of facilities<sup>126</sup>
- basic infrastructure like classroom walls, doors or air-conditioning<sup>127</sup>
- furnishings and carpeting<sup>128</sup>
- tissues<sup>129</sup>
- lockers<sup>130</sup>
- first aid training,<sup>131</sup> and
- purchasing technology that is mandated by the Department of Education.<sup>132</sup>

Some stakeholders argued that this creates a 'cycle of underfunding and reliance on parent fundraising',<sup>133</sup> which also hide broader funding shortfalls in the government school system.

<sup>120</sup> Serpil Erdogan, *Submission 2*, p. 3; Katrina Walker, *Submission 9*, pp. 1–2; Jennifer Roper, *Submission 10*, p. 2; Victorian Principals Association, *Submission 12*, p. 2; Liv Spence, *Submission 14*, p. 1; St Kilda Park Primary School Parents Association, *Submission 20*, p. 1; Sonya Stephen, *Submission 21*, p. 1; Name withheld, *Submission 25*, p. 1; Gail McHardy, *Transcript of evidence*, p. 7; Student 1, *Transcript of evidence*, p. 27; Katrina Walker, *Transcript of evidence*, p. 42; Elisa Webb, *Transcript of evidence*, pp. 38–39; Lois Knight, *Transcript of evidence*, p. 72.

<sup>121</sup> Name withheld, *Submission 3*, p. 1; Leigh Bartlett, *Transcript of evidence*, p. 63; Zoe Damman, *Transcript of evidence*, p. 67; Elisa Webb, *Transcript of evidence*, p. 39.

<sup>122</sup> Elisa Webb, *Transcript of evidence*, p. 39; Katrina Walker, *Submission 9*, p. 2; Sonya Stephen, *Submission 21*, p. 1; Name withheld, *Submission 25*, p. 1; Katrina Walker, *Transcript of evidence*, p. 42; Lois Knight, *Transcript of evidence*, p. 72; Liv Spence, *Submission 14*, p. 1.

<sup>123</sup> Jennifer Roper, *Submission 10*, p. 2; St Kilda Park Primary School Parents Association, *Submission 20*, p. 1; Sonya Stephen, *Submission 21*, p. 1; Name withheld, *Submission 25*, p. 1; Katrina Walker, *Transcript of evidence*, p. 42.

<sup>124</sup> Serpil Erdogan, *Submission 2*, p. 3; Jennifer Roper, *Submission 10*, p. 2.

<sup>125</sup> Elisa Webb, *Transcript of evidence*, pp. 38–39; Lois Knight, *Transcript of evidence*, p. 76.

<sup>126</sup> Name withheld, *Submission 25*, p. 1.

<sup>127</sup> Katrina Walker, *Submission 9*, p. 2.

<sup>128</sup> Lois Knight, *Transcript of evidence*, p. 72.

<sup>129</sup> Gail McHardy, *Transcript of evidence*, p. 7; Student 1, *Transcript of evidence*, p. 27.

<sup>130</sup> Gail McHardy, *Transcript of evidence*, p. 7.

<sup>131</sup> *Ibid.*

<sup>132</sup> Elisa Webb, *Transcript of evidence*, p. 39.

<sup>133</sup> Katrina Walker, *Submission 9*, p. 1.

The Committee also heard that, amid cost-of-living pressures, the proportion of parents making voluntary contributions is declining in some schools.<sup>134</sup> This suggests that relying on parental contributions to supplement the government school system may not be sustainable over time.

### Figure 2.14 What the Committee heard

“ When public school funding is inadequate, the burden falls on school communities.

Jennifer Roper, *Submission 10*, p. 2.

“ Parent contributions could return to enhancing opportunities – be it through music, sport, enrichment or wellbeing – rather than paying for the basics of education.

Katrina Walker, *Transcript of evidence*, p. 42.

“ Even with both parents working and school mandatory, families are under increased pressure to provide. We are all aware the cost of living has skyrocketed and even purchasing the weekly grocery shop for a family of 5 is a minimum \$250 per week.

Name withheld, *Submission 3*, p. 1.

“ State education is supposed to be low cost. Five kids – I bought 19 laptops, okay? For a family that are working, that is a huge ask.

Leigh Bartlett, *Transcript of evidence*, p. 63.

“ The funding gap is not an abstract concept at SKiPPS; it is a tangible deficit that is currently being covered by the wallets of our families. When government funding stops short, parents are asked to step in. We are constantly fundraising, not for ‘nice-to-haves’ or extras, but to meet the basic needs of our students and to keep the school running safely.

St Kilda Park Primary School Parents Association, *Submission 20*, p. 1.

“ To me, that seems a bit ridiculous that parents and that families are having to take money out of their pockets to buy tissue boxes.

Student 1, *Transcript of evidence*, p. 27.

“ The families who do pay the voluntary contribution are subsidising the education of the families who either choose not to contribute or do not have the means to do so.

Elisa Webb, *Transcript of evidence*, p. 39.

**Adopted by the Legislative Council Legal and Social Issues Committee  
Parliament of Victoria, East Melbourne  
29 April 2026**

<sup>134</sup> Katanya Barlow, *Submission 5*, p. 1; Banyule Primary School Council, *Submission 41*, p. 1; Elisa Webb, *Transcript of evidence*, p. 39; Kara Barbuto, *Transcript of evidence*, p. 40.

# Appendix A

## About the Inquiry

### A.1 Submissions

Submissions are published on our website: <https://www.parliament.vic.gov.au/get-involved/inquiries/publicschoolfundinginquiry/submissions>.

No.	Author	No.	Author
1	Stephanie Green	26	Education Equity Alliance
2	Serpil Erdogan	27	Name withheld
3	Name withheld	28	Women's Health and Wellbeing Barwon South West (WHWBSW)
4	Andrejka Stibilj	29	Regina Gosney
5	Katanya Barlow	30	Youth Strategic Advocacy Group Great South Coast (YSAG)
6	Glenroy Secondary College	31	Asylum Seeker Resource Centre (ASRC)
7	Oesha Mohamad	32	Parents Victoria
8	Social Equity Research Centre (SERC), RMIT University	33	Safe and Equal
9	Katrina Walker	34	Brunswick South Primary School Council
10	Jennifer Roper	35	Disability Advocacy Victoria Inc.
11	Principals' Association of Specialist Schools (PASS)	36	Mount Ridley College AEU Sub Branch
12	Victorian Principals Association (VPA)	37	Australian Education Union Victorian Branch
13	Name withheld	38	Youth Affairs Council Victoria (YACVic)
14	Liv Spence	39	Australian Education Union: Ballarat Specialist School (Gillies Street Campus) Sub-Branch
15	Travis Eddy	40	Commission for Children and Young People
16	Sarah Le Page	41	Banyule Primary School Council
17	Youthlaw	42	Centre for Excellence in Child and Family Welfare
18	Mary Ebbott	43	Department of Education
19	Virtual School Victoria AEU Subbranch	44	The Pavilion School
20	St Kilda Park Primary School (SKiPPS.)	45	Campbell Gome
21	Sonya Stephen	46	Samantha Nand
22	Victorian Student Representative Council (VicSRC)	47	Katherine Gilbert
23	Christian Frahm		
24	Polly Christie		
25	Name withheld		

## A.2 Public hearings

Transcripts of public hearing are published on our website: <https://www.parliament.vic.gov.au/get-involved/inquiries/publicschoolfundinginquiry/hearings>.

### 25 March 2026

Committee Hearing Room 2, 55 St Andrews Place, East Melbourne, VIC

Witness	Position and Organisation
Regina Gosney	former School Council President, Streeton Primary School
Andrew Dalgleish	President, Victorian Principals Association
Travis Eddy	Principal, Kennington Primary School
Cameron Peverett	President, Principals Association of Specialist Schools
Julie Phillips	Chairperson, Disability Advocacy Victoria Inc.
Tara Burnett	Teacher
Elisa Webb	Parent & School Council President, School Council and Parents Association, St Kilda Park Primary School
Kara Barbuto	Parent, School Council and Parents Association, St Kilda Park Primary School
Tony Bates PSM	Secretary, Department of Education
Scott Widmer	Deputy Secretary, Strategy and Secondary School Reform, Department of Education
Andrea Del Monaco	Deputy Secretary, Financial Policy and Information Services, Department of Education
Lois Knight	Parent and former School Council President at Brunswick North Primary School
Tim Warwick	Founder and Chief Executive Officer, Education Equity Alliance

### 12 March 2026

Committee Hearing Room 2, 55 St Andrews Place, East Melbourne, VIC

Witness	Position and Organisation
Gail McHardy	Chief Executive Officer, Parents Victoria
Justin Mullaly	President, Australian Education Union Victorian Branch
Briley Stokes	Deputy President, Australian Education Union Victorian Branch
Justin Bowd	Research Officer, Australian Education Union Victorian Branch
Alice Thompson	VCE Teacher & AEU Subbranch Representative, Virtual School Victoria AEU Subbranch
Nastashjia Katu	Policy and Advocacy Manager, Victorian Student Representative Council
Anastasia Magriplis	Head of Humanitarian Operations and Resilience, Asylum Seeker Resource Centre
Moin Zafar	Manager Vocational & Empowerment Pathways Program, Asylum Seeker Resource Centre

<b>Witness</b>	<b>Position and Organisation</b>
Dr Michele Lonsdale	Acting Chief Executive Officer, Centre for Excellence in Child and Family Welfare
Pearl Goodwin-Burns	Senior Manager – Education, Centre for Excellence in Child and Family Welfare
Katrina Walker	Parent at South Melbourne Park Primary School
Daryl Croke	Teacher at Glenroy College and AEU Subbranch President
Lee Carnie	Chief Executive Officer, Youthlaw
Lauren Frost	Advocacy Manager (Policy and Communications), Youth Affairs Council Victoria
Leigh Bartlett	Executive Officer at Barwon Adolescent Taskforce, Youth Affairs Council Victoria
Zoe Damman	Rural Development Coordinator, Youth Strategic Advocacy Group Great South Coast
Katy Jarvie	Youth Support Worker, Youth Strategic Advocacy Group Great South Coast



# Extract of proceedings

Extracts of proceedings Legislative Council Standing Order 23.20(5) requires the Committee to include in its report all divisions on a question relating to the adoption of the draft report. All Members have a deliberative vote. In the event of an equality of votes, the Chair also has a casting vote.

The Committee divided on the following questions during consideration of this report. Questions agreed to without division are not recorded in these extracts.

## Committee meeting – 29 April 2026

Mr Galea moved, that in Chapter 1 the following text be deleted:

The Committee believes that the Victorian Government has an obligation to make up for this underfunding when it finally reaches its 75 per cent share of SRS funding.

The question was put.

### The Committee divided.

Ayes 2	Noes 3
Michael Galea	Joe McCracken
Ryan Batchelor	Ann-Marie Hermans
	Anasina Gray-Barberio

### Question negatived.

Ms Gray-Barberio moved, that in Chapter 1 the following Finding be added:

The Victorian Government has not yet met its obligation to fund 75 per cent of the Schooling Resource Standard funding benchmark, which has resulted in Victoria having one of the lowest funded Schooling Resource Standard compared to other jurisdictions.

The question was put.

### The Committee divided.

Ayes 3	Noes 2
Joe McCracken	Michael Galea
Ann-Marie Hermans	Ryan Batchelor
Anasina Gray-Barberio	

### Question agreed to.

Mr Galea moved, that in Chapter 1 the following Recommendation be deleted:

That when reaching its 75 per cent of SRS funding share the Victorian Government:

- a. determine the amount by which it has underfunded government schools since signing the bilateral agreement with the Commonwealth on 17 December 2018; and
- b. compensate that amount to the government school system in Victoria; and
- c. advocate to the Commonwealth to also compensate the amount it has underfunded the government school system in Victoria.

The question was put.

**The Committee divided.**

<b>Ayes 2</b>	<b>Noes 3</b>
Michael Galea	Joe McCracken
Ryan Batchelor	Ann-Marie Hermans
	Anasina Gray-Barberio

**Question negated.**

Mr Galea moved, that in Chapter 1 the following Finding be added:

Victoria spends more on capital expenditure for government schools than any other state or territory. In the seven years to 2025, 45 of the 91 new government schools built nationwide were built in Victoria.

The question was put.

**The Committee divided.**

<b>Ayes 2</b>	<b>Noes 3</b>
Michael Galea	Joe McCracken
Ryan Batchelor	Ann-Marie Hermans
	Anasina Gray-Barberio

**Question negated.**