# Educational Inequality and Justice as Fairness: Rethinking Commonwealth Funding of Private Schools in Australia

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*Abstract*—**This paper argues that in the Australian context, Commonwealth government funding of private schools in excess of their requirements, along with the shortfalls in Commonwealth and State funding of public schools due to perverse incentives, are responsible for the rising inequality when it comes to primary and secondary education across the nation. The analysis adopts John Rawls's Theory of Justice as Fairness as its methodological framework. From a Rawlsian perspective, education is central to fair equality of opportunity, and inequalities are only justifiable if they benefit the least advantaged. Current funding arrangements fail this test, as unequal educational outcomes today translate into unequal life chances tomorrow, entrenching intergenerational disadvantages. Moreover, since education underpins informed citizenship, persistent inequality of opportunity poses long-term risks to Australia's democratic character. Based on this analysis, the essay advances three policy recommendations: increasing the Commonwealth's share of public-school funding from 20 per cent to at least 50 per cent; redirecting funding provided to private schools above the Schooling Resource Standard (SRS) toward underfunded public schools; and strengthening state accountability to ensure all public schools receive 100 per cent of SRS funding annually.**

*Index Terms*—**Australia & educational inequality, private & public-school funding, Rawlsian Theory of Justice, Justice as Fairness, intergenerational inequality & democracy.**

## I. INTRODUCTION

Education policy plays a central role in shaping equality of opportunity and the long-term distribution of social advantage in Australia. Yet despite a formal commitment to needs-based funding (Gonski & Ministry of Education, 2011; 51), Australian primary and secondary education have become increasingly stratified along socioeconomic lines. Commonwealth government funding arrangements, particularly the provision of public funds to private schools in excess of their educational requirements alongside persistent underfunding of public schools, have contributed to widening disparities in educational resources and outcomes. These disparities are reinforced by perverse federal state funding incentives (Hare, 2024) that leave public schools where the majority of disadvantaged students are educated systematically under-resourced. This paper evaluates these developments through the lens of John Rawls's Theory of Justice as Fairness, which places fair equality of opportunity and the advancement of the least advantaged at the core of a just social order (Rawls, 1971). It argues that current school funding arrangements fail to meet Rawlsian standards of justice, exacerbate intergenerational inequality, and pose long-term risks to Australia's democratic character, before advancing policy reforms aimed at restoring equity in school funding.

## II. METHODS

This paper employs a normative policy analysis grounded in John Rawls's Theory of Justice as Fairness to evaluate Australian school funding arrangements. Rather than conducting original quantitative analysis, the study synthesizes existing government reports, funding data, and secondary academic literature to assess whether current Commonwealth and state funding practices for public and private schools satisfy Rawlsian principles of justice.

The analysis proceeds in three stages. First, the paper outlines the institutional features of Australia's school funding system, with particular attention to the Schooling Resource Standard (SRS) and the distribution of Commonwealth and state contributions

across public and private schools. Second, these funding outcomes are assessed against Rawls's principles of fair equality of opportunity and the difference principle, which permit inequalities only where they demonstrably benefit the least advantaged members of society. Educational funding is treated as a key social institution that shapes opportunities and intergenerational mobility, making it a suitable subject for Rawlsian evaluation. Third, the analysis examines the broader implications of funding inequality for democratic equality, drawing on Rawls's account of the social bases of self-respect and informed citizenship.

Policy recommendations are derived normatively from this theoretical assessment. Funding arrangements that fail to improve the position of the least advantaged are identified as unjust, and reforms are proposed to realign Australian school funding with Rawlsian standards of justice and fairness.

### III. RISING EDUCATIONAL INEQUALITY IN AUSTRALIA



**Figure 2.1**

**Proportion of schools by school sector, Australia, 2022 (%)**

- Government 69.7%
- Catholic 18.4%
- Independent 12.0%
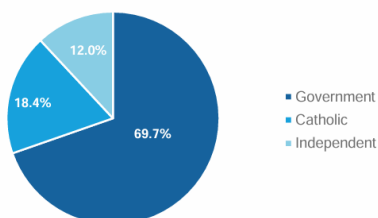
Note: Percentages may not add to 100 due to rounding.
*Source:* ABS, *Schools,* 2022.

Reforms initiated by the Gonski Report, intended to develop a needs-based model that channels government funds to students that need it most (Gonski & Ministry of Education, 2011; 51) have paradoxically resulted in widening the funding gap. Public schools that cater to majority of students enrolled (ACARA, 2022; 22) are persistently underfunded while private schools continue to receive surplus funding across the nation (Ibid; 129). Additionally, public schools are coming under pressure to meet a portion of their financial needs through private sources (Thompson et al, 2019; 1). Thus, students from disadvantaged backgrounds who

need the most support are being left behind (Hare, 2022).

Nearly 65 per cent of students are enrolled in public schools while 35 per cent are split between Catholic and Independent schools (grouped together as private) (ACARA, 2022; 22). The Schooling Resource Standard (SRS) in Australia is a benchmark that estimates the level of funding required for each student to receive an adequate, high-quality education. It guides Commonwealth and state contributions, with additional loadings for students with greater needs, such as those from low socioeconomic backgrounds, Indigenous students, or those with disabilities.



**Figure 9.1**

**Australian and State/Territory government recurrent funding for all schools 2012/13 to 2021/22 ($billion)**

*Notes:*

Amounts are adjusted for inflation to 2022 dollars, based on the Consumer Price Index for June of each year. Nominal values and values adjusted using the General Government Final Consumption Expenditure (GGFCE) chain price deflator and the ABS Wage Price Index (WPI) are available on the National Report on Schooling Data Portal.

The Australian Government provided increased assistance in 2020 to some non-government schools in response to COVID-19. Australian Government expenditure data in this table include only Australian Government specific purpose payments. Other Australian Government funding for schools and students is not included. For some non-government schools 2020–21 financial year payments from the Australian Government were brought forward to the 2019–20 financial year.

*Sources:* National Schools Statistics Collection (Finance), unpublished, 2022; the Australian Government Department of Education (unpublished); Steering Committee for the Review of Government Service Provision, *Report on Government Services 2024,* Productivity Commission; ABS, *Schools,* 2022; ABS, Consumer Price Index, Australia, 2023.



**Figure 9.2**

**Total government recurrent funding for school education, by funding source and school sector, Australia, 2021–22 ($ billion)**
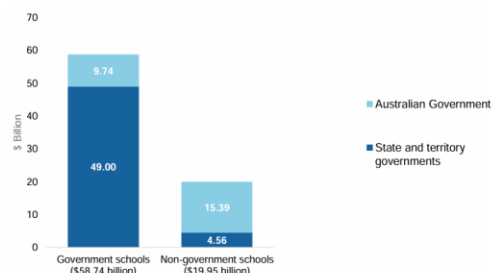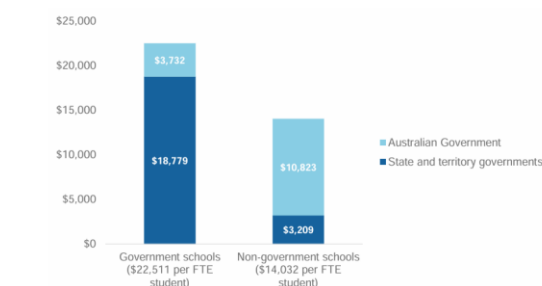
*Sources:* Government Schools Finance Statistics Group, National Schools Statistics Collection (NSSC) – Finance 2022, unpublished; the Australian Government Department of Education (unpublished); Steering Committee for the Review of Government Service Provision (SCRGSP), Report on Government Services 2024, Productivity Commission.

The Commonwealth is responsible for 80 per cent of funds received by private schools and 20 per cent of the funds that public schools receive as allocated under the SRS (Thompson et al, 2019; 3). In contrast, State governments are responsible for funding 80 per cent of the SRS requirements for public schools and 20 per cent for private schools (Ibid). This model has continued to widen the gap between the funds

available per student in public and private schools over the last decade (Thompson et al, 2019; 10). Between 2009 and 2022, combined Commonwealth and State funding increased by 37 per cent for Catholic schools, by nearly 40 per cent for independent schools, and by only about 15 per cent for public schools (Cobbold, 2024).

Overall, funding per student in public schools fell short by over 40 per cent as compared to independent schools, and by nearly 9 per cent as compared to Catholic Schools in 2020 (ACARA, 2020; 103). Government funding (Commonwealth and States combined) for public schools continues to fall short of meeting 100 per cent SRS requirements while they consistently fund over 100 per cent of the SRS requirements for private schools (Hare, 2024). Additionally, private schools are drawing advantage from private fees and donations thereby widening the gap between funds per student available across public and private schools (Thompson et al, 2019; 6).



**Figure 9.3**

Government recurrent funding for school education by funding source and school sector, Australia, 2021/22, ($ per student)

Note: Student numbers are the average full-time equivalent (FTE) student populations for the years being reported.

Sources: Government Schools Finance Statistics Group, National Schools Statistics Collection (NSSC) – Finance 2022, unpublished; the Australian Government Department of Education (unpublished); Steering Committee for the Review of Government Service Provision (SCRGSP), Report on Government Services 2024, Productivity Commission.



**Figure 9.5**

Gross recurrent school income, by funding source and school sector, Australia, 2022 (%)
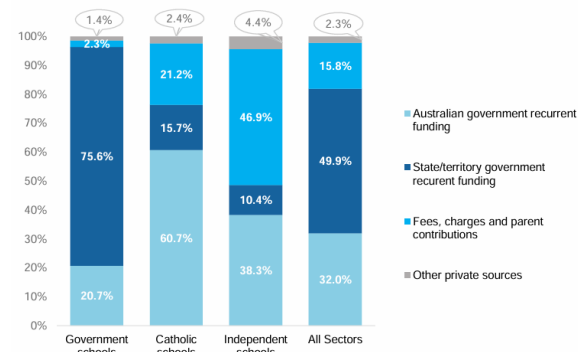
Source: ACARA, *My School* finance data collection.

State governments also utilize certain accounting measures that prevent about 4 per cent of the allocated funding from reaching public schools, resulting in shortfall of $13 billion to public schools between 2018 and 2024 (Cassidy,2024).

To summarize, inequality is increasing at two levels. Firstly, a larger proportion of students coming from disadvantaged backgrounds are compelled to attend underfunded public schools thereby segregating them based on the socioeconomic status of their parents. Secondly, the rising difference between the funding per student available to private schools and that available to public schools allows private schools to provide better quality education in terms of teachers, infrastructure, and educational programs.

## IV. WHY EDUCATIONAL INEQUALITY MATTERS: A RAWLSIAN PERSPECTIVE

A Rawlsian approach provides a suitable framework to understand the impact of inequality on future generations (Howes et al, 2024; 129). A stable home environment, supportive parents, availability of choices, and genetic makeup are critical factors that determine success (Ibid; 136), all of which are beyond the control of a child. The government is responsible when it comes to ensuring that every child, irrespective of background, receives quality education that enables them to participate as citizens in the nation-building process (The Australian Government, 2024).

Data suggests that the middle 20 per cent and the top 20 per cent of households in Australia have seen an increase in average net worth from 2003-04 to 2017-18, while the bottom 20 per cent have not witnessed any real increase over the same period (Australian Bureau of Statistics, 2019). Along with parental income, education contributes significantly to the intergenerational mobility of labour income (d'Addio, 2007). And so, "Rising inequality pulls the rungs of the socioeconomic ladder further apart, reducing social mobility by making it harder for disadvantaged Australian children to avoid becoming disadvantaged adults." (Cobb-Clark, 2019;30).

Public schools cater to a majority of students coming from disadvantaged backgrounds (Thompson et al, 2019; 7). Indigenous students, students from low socioeconomic backgrounds and those with disabilities are largely enrolled in public schools

(Ibid). Evidence strongly suggests that greater funding made available to such students improves test scores, encourages completion of schooling, and provides motivation for tertiary education (Jackson et al, 2016). Money matters when it comes to education considering it can boost student achievements and improve educational attainment (Ibid). The greatest benefit is derived by increasing funding to students coming from disadvantaged backgrounds who show more improvement per additional dollar spent as compared to students coming from high-income backgrounds (Ibid).

Many students are enrolled in public schools because their parents are unable to afford the fees for private schools (Thompson et al, 2019; 8), highlighting how inequality of income of parents today hampers the child's choices. The government's failure to create a level playing field for education translates this inequality of income of parents into inequality of opportunities for the next generation (Atkinson, 2015; 11). As the achievement gap widens, it compounds vertical inequality between individuals and horizontal inequality between social groups in the long run (Howes et al, 2024; 112).

What the government needs to do now is to revert to the true intentions of the Gonski reforms based on Rawlsian "difference principle" whereby inequality in funding is justified only as long as it benefits the child that is most deprived (Rawls, 1971; 101). Arguing against adopting a strictly utilitarian view in education, Rawls supports personal and social fulfillment, stating, "Resources for education are not to be allotted solely or necessarily mainly according to their return as estimated in productive trained abilities, but also according to their worth in enriching the personal and social life of citizens, including here the less favored" (Ibid; 107).

Furthermore, parents and students coming from disadvantaged backgrounds are increasingly becoming aware of the skewed public funding that undermines their welfare to support those already well-off. Burgeoning inequality of outcomes will likely erode the quality of democracy in the future (Howes et al, 2024; 146). Research suggests that persistent upward trending inequality makes societies less democratic (Krieckhaus et al, 2013). The disillusioned poor class feel like the system is gamed to favor the rich, thereby reducing their interest to participate in policy debates (Howes et al, 2024; 112).

The rich on the other hand have more resources available to influence policy decisions (Ibid; 145), in contravention to the 'relational egalitarianism' implied in a democratic framework that "democratic political institutions should be equally responsive to the interests and concerns of, and equally accountable to all citizens." (Anderson, 2010; 2).

This applies in the present context to the role of political lobbying and the vacillation of education ministry in committing to long-lasting solutions, thereby indicating the deepening channels for policy influence wielded by the rich to preserve the status quo (Hare, 2022). Or even in the breakdown of a culture of joint responsibilities between the Commonwealth and the States where agreements regarding education are not negotiated in good faith but rather with "cost-shifting" to the Commonwealth in mind (Hare, 2024).

## V. ADDRESSING FUNDING DISPARITIES: POLICY APPROACHES

Almost all private schools in Australia currently receive over 100 per cent of their Schooling Resource Standard (SRS) allocations, while most public schools continue to be underfunded (Hare, 2024). One policy option is to redirect Commonwealth funds provided above the SRS for private schools toward under-resourced public schools. This approach would immediately improve resource equity by ensuring that existing public funding benefits the least advantaged students. From a Rawlsian perspective, this aligns with the difference principle, as resources would be redistributed to improve the situation of those most disadvantaged within the educational system.

A second policy option involves increasing the Commonwealth's share of public-school funding. Under the current 80:20 rule, the Commonwealth contributes only 20 per cent, leaving states responsible for the majority of costs, a cap set arbitrarily and inconsistently with capacity to raise revenue (Baker, 2019). Raising the Commonwealth's contribution to 50 per cent or more would reduce the fiscal burden on states with limited revenue and ensure more consistent, needs-based funding across public schools. This policy would enhance fair equality of opportunity, providing disadvantaged students with resources necessary to access quality education comparable to that in better-resourced schools.

A third option focuses on strengthening state accountability and plugging funding leakages. States have historically been given extended timelines to meet their SRS obligations, resulting in entire cohorts of public-school students being underfunded (Karp, 2022). Additionally, approximately 4 per cent of allocated funds do not reach classrooms due to administrative inefficiencies (Cassidy, 2024). Enforcing timely state contributions and eliminating these inefficiencies would ensure that all public schools receive 100 per cent of their SRS allocations, reducing structural inequities and enhancing fairness, in line with Rawlsian principles. Together, these three measures provide a coherent strategy to address educational inequality and strengthen equity in Australia's schooling system.

## VI. CONCLUSION

Inequalities of income in capitalist societies often reflect how much more capital and resources are invested in developing some individuals' talents over others (Rhode, 2021:29). In the Australian context, this dynamic is evident in education, where students from disadvantaged backgrounds are increasingly concentrated in under-resourced public schools. These schools are frequently forced to rely on private fundraising and ad hoc contributions to make up for funding shortfalls, further entrenching educational inequities (Thompson et al., 2019;12). By contrast, private schools consistently receive funding in excess of the Schooling Resource Standard (SRS), enabling them to offer superior facilities, teachers, and programs that amplify the advantages of students from wealthier families. The result is a widening achievement gap, in which inequalities of educational outcome today translate directly into inequalities of opportunity for the next generation (Atkinson, 2015;11).

Beyond individual outcomes, this growing disparity has broader social and political consequences. When elite institutions accrue disproportionate resources and influence, public education and democratic participation risk being captured by socio-economic elites, potentially undermining the quality of Australian democracy over the long term (Krieckhaus et al., 2013).

Addressing these inequalities requires systemic reform: the Commonwealth should increase its contribution to public school funding from the arbitrary 20 per cent cap to at least 50 per cent, ensuring a stable and equitable resource base. Additionally, funds allocated to private schools above the SRS should be redirected toward underfunded public schools, while state governments must plug funding leakages and guarantee that all public schools receive 100 per cent of their SRS allocations each year. Collectively, these measures would help level the educational playing field, reduce intergenerational disadvantage, and uphold both fairness and democratic principles in line with Rawlsian theory.

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