

Overview of Government school funding – transition to Year 12

Approach to determining and distributing funding, and reporting 2025 - 2029

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1. Purpose

This document has been prepared to provide an overview of how the Government school, transition to Year 12 system is funded in the Northern Territory (NT), including:

- components of the Schooling Resource Standard (SRS)
- the role of bilateral funding agreements, including for calculating system level targets
- what the SRS is intended to fund
- the role of system authorities and needs-based models in distributing funding
- reporting and accountability requirements.

While the budget for NT Government schools includes both transition to Year 12 funding and preschool funding, this document does not detail:

- the approach to preschool funding, which is subject to a separate agreement with the Australian Government, *Preschool Reform Agreement 2022-2025*, and allocated to NT Government schools using a different methodology than for transition to Year 12
- the approach for funding the early childhood education and care sector and other funding agreement obligations
- the approach for funding the NT Non-government schooling sector.

Future updates to this document may extend to all aspects of the funding of the NT Education System.

2. Introduction

The *Australian Education Act 2013 (Cth)* (the Act) provides the framework for funding agreements between state and territory governments, and the Australian Government for the delivery of transition to Year 12 education by systems.

The Act was updated in 2018 to give effect to recommendations from the Australian Government's *Review to Achieve Educational Excellence in Australian Schools (Gonski 2.0 Review)*. This included the introduction of a consistent SRS to replace all previous government recurrent school funding arrangements. The SRS is calculated based on certain school and student attributes with the contribution targets being calculated at the system-level.

The *Better and Fairer Schools Agreement (2025-2034) (BFSA)* is the current agreement between states and territories, and the Australian Government.

The BFSA sets out the share of the SRS that the Australian Government will provide to state and territory education systems, and the conditions for receiving this funding. These include the requirement for education systems to continue or build on efforts in relation to three agreed national priority areas, and requirements relating to transparency and reporting. The accountability requirements for systems under the BFSA build upon those included under the previous *National School Reform Agreement*.

The BFSA reaffirmed the commitment to the vision for Australian schooling outlined in the *Alice Springs (Mparntwe) Education Declaration* for a world class education system that encourages and supports every student to be the very best they can be, no matter where they live or what kind of learning challenges they may face.

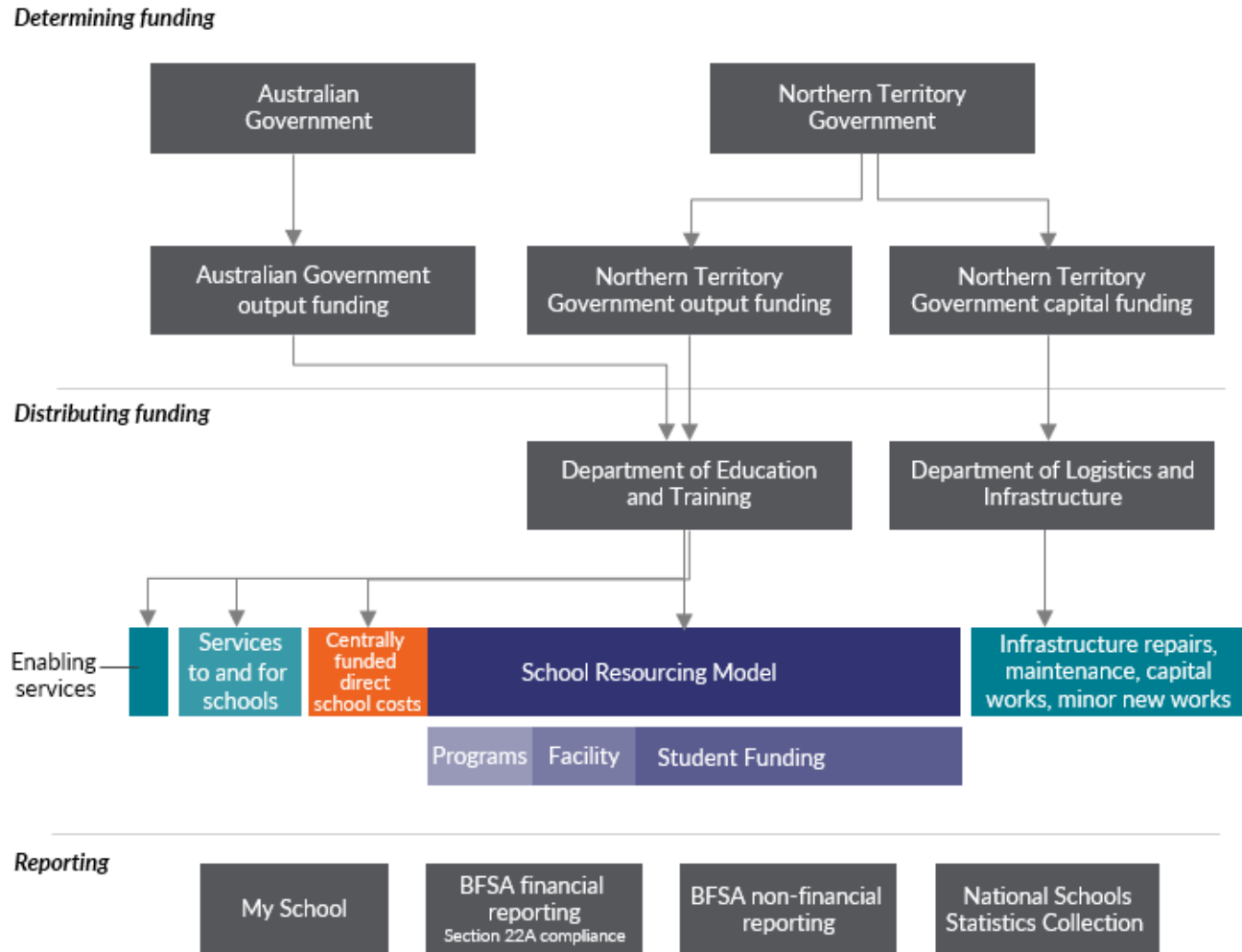
3. Overview of government school funding

The Australian Government and NT Government both contribute to the funding of NT schools. The SRS and the BFSA are the basis for determining both governments’ contributions to government schools. The NT Government is the primary funder of the government schooling system, with the funding contribution shares outlined in the BFSA.

The SRS is calculated using school and student attributes but is intended to fund the operation of the system as a whole, such as services provided to and for schools and students. Funding is provided to system authorities to administer using their specific allocation model to best reflect the needs of their unique context.

The high-level approach to how schools are funded in the NT is captured in Figure 1 below, along with the system level reporting requirements. Further information on reporting and accountability requirements of the funding are in section 8.

Figure 1: The approach to determining and distributing funding in the NT, and system-level reporting



*Output Funding is NT Government Appropriation for recurrent expenditure
 **Capital Funding is NT Government appropriation for capital expenditure

4. Schooling Resource Standard

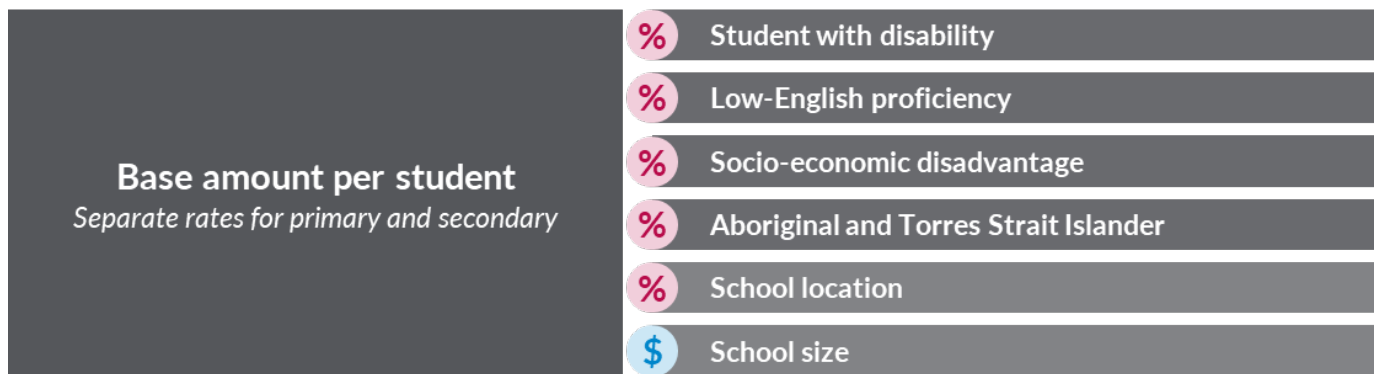
The SRS establishes the level of public funding required to deliver a system that meets the educational needs of its students.

The SRS is a formulaic needs-based funding model introduced following the Australian Government's Gonski 2.0 Review. It comprises a base level of funding per student, and 6 loadings that provide additional funding based on certain school and student attributes. Each year the Australian Government Department of Education calculates the SRS for each school inclusive of the base amount and loadings.

4.1. Components of the Schooling Resource Standard

The SRS is made up of a per student base rate, and school and student loadings. The SRS funding calculation for each school comprises both the base funding and all loadings.

Figure 2: Components of the SRS



4.1.1. Base rate

The SRS base rate for primary and secondary school students is published on the Australian Government Department of Education's website. It changes annually to reflect indexing.

Non-government schools typically do not receive the full SRS base rate. A capacity to contribute score is calculated based on parent median income to determine the ability of parents to contribute financially to school operations. The SRS base rate is discounted progressively based on this score, up to a maximum of 80 per cent. Some non-government schools may be exempt from discounting including specialist education settings, schools with a majority of students who identify as Aboriginal and Torres Strait Islander, and sole-provider schools in remote areas.

4.1.2. Additional loadings

On top of the SRS base rate, loadings are provided to cover the higher costs associated with meeting the educational needs of certain student groups and delivering education in specific settings. Loadings are calculated each year, and schools and certain students can receive multiple loadings.

The school size loading is provided as a set dollar amount while all other loadings are a percentage of the SRS base rate. The specific approach to calculating each loading is available on the Australian Government Department of Education's website.

The four student-based loadings are:

- students with disability
- low-English proficiency
- Aboriginal and Torres Strait Islander
- socio-economic disadvantage.

The two school-based loadings are:

- school location
- school size.

Unlike the SRS base rate, loadings are not reduced by a school's capacity to contribute score.

5. Bilateral agreements

Bilateral agreements determine the proportion of the SRS the Australian Government, and state and territory governments will each contribute.

The BFSA is the current agreement, with the NT Government signing its bilateral agreement with the Australian Government on 31 July 2024. The BFSA determines the funding share each government will make to the SRS, with targets and shares set at the system-level, rather than the school-level. This will see the NT government school system funded at 100 per cent of the SRS from 2029.

The BFSA introduces additional requirements around transparency of funding models as well as three areas of national priority that all states and territories must take specific action on. These are:

- Equity and excellence
- Wellbeing for learning and engagement
- A strong and sustainable workforce.

As shown in Table 1, the NT Government is the majority funder of NT government schools.

Table 1: Agreed funding shares for NT government schools 2025 to 2029

Sector	2025	2026	2027	2028	2029
NT Government	59.00%	59.15%	59.30%	59.55%	60.00%
Australian Government	24.92%	28.69%	32.46%	36.23%	40.00%

To be compliant with the BFSA, the NT Government must ensure its funding contributions are within 0.6% of its SRS sectoral target each year. This margin acknowledges that state budget processes are finalised the year prior and in the absence of the confirmed census data needed to determine the exact expenditure required. For example, the 2024-25 NT Budget must estimate and commit the expenditure required to meet the 2025 SRS contribution targets.

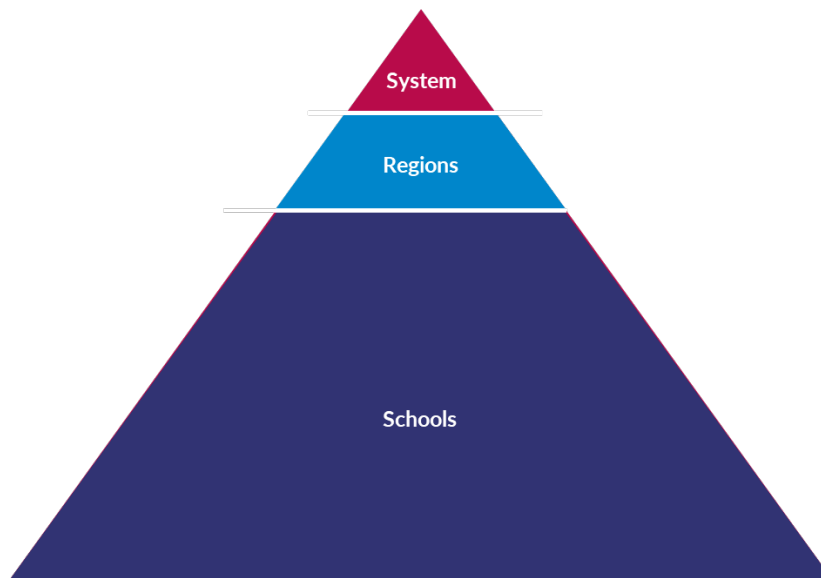
Additional streams of funding may also be included within bilateral agreements. The BFSA specifies that the funding levels to be provided to schools for the On Country Learning Measure will be maintained from 2025.

6. Purposes of the Schooling Resource Standard

The BFSA specifies what the SRS funding received from the Australian Government can be used for, and what state and territory governments can count towards their own share of SRS contributions.

The main financial contribution that counts towards the SRS is funding included in the calculation of Net Recurrent Income Per Student (NRIPS), which covers recurrent expenses for transition to Year 12 such as teaching and non-teaching staff salaries and school operating costs, along with an apportionment of the cost of services delivered by systems to schools by central and regional offices. This recognises the role of layers of the system in providing services to, and for schools and students in most states and territories.

Figure 3: Layers of the NT Government school system



6.1. Categories of Schooling Resource Standard contributions in the NT

The BFSA specifies the following categories of contributions under the SRS:

- direct funding to schools - NRIPS which also includes in-kind services provided by systems
- all funding for the purpose of delivering the required National Reform Directions and National Enabling Initiatives - excluding capital funding
- recurrent funding provided by government for the Northern Territory Board of Studies
- recurrent funding provided by government for the Teacher Registration Board of the Northern Territory
- up to 4 per cent of the total SRS to contribute to the costs of provision of education in schools for direct school transportation and capital depreciation.

The National School Resourcing Board (NSRB) is also clear that the SRS includes the cost of system services. This recognises that most schools are part of a system, either government or non-government, and that these systems typically provide functions on behalf of schools. Given schools would otherwise be responsible for these duties, as is the case for non-systemic schools, these functions are to be captured as part of the full costs of delivering schooling regardless of whether undertaken by a school, or regional or central office. Figure 3 above shows the layers of the NT government school system.

Notably, capital expenditure does not count towards the SRS and is funded separately by governments along with other non-eligible costs. For example, the BFSa is clear that the SRS is not to be used for the purpose of delivering foundational supports to children with disability under the National Disability Insurance Scheme reforms.

7. The role of system authorities

Approved system authorities distribute funding to schools using needs-based funding models.

With the exception of stand-alone non-government schools, schools receive their funding through their approved system authority. For government schools, this is the state or territory government education department. For non-government schools, this is the body corporate for the school.

Under the Act and BFSa, approved system authorities can distribute funding across schools according to their own needs-based funding arrangement. This is intended to enable greater responsiveness to local needs and priorities. The methodology used should be clear and transparent to enable accountability.

Approved system authorities retain a minority portion of the SRS in line with approved purposes. This enables them to deliver, at a minimum, curriculum, assessment and regulation functions, and to ensure their system complies with reform directions under the BFSa. Many systems will also provide additional services to schools where a greater degree of centralisation enhances quality, efficiency and access.

7.1. The NT School Resourcing Model

The jurisdiction-specific funding arrangement in the NT is captured in the Student Needs Based Funding Formula (SNBFF). This is the method used to determine funding based on the needs profile of students enrolled in each school. It includes weightings that apply based on various school and student characteristics. These are comparable with the SRS loading categories, while reflecting some NT-specific contextual considerations.

The NT School Resourcing Model (SRM) includes student needs based funding, based on the SNBFF, program funding and facility funding direct to schools. In addition, centrally funded direct school costs is funding administered by the system on behalf of individual schools.

For further information and detail on the SRM refer to the School Resourcing Model - overview and information guide

7.1.1. Centrally Funded Direct School Costs

Centrally funded direct school costs are administered by the system on behalf of individual schools to cover costs such as:

- teacher remoteness allowance
- principals' salaries
- workers compensation
- parental leave
- teacher relocation costs

- remote study leave
- teacher long service leave.

For further information and detail on centrally funded direct school costs, refer to the School Resourcing Model – overview and information guide.

7.2. Services provided to NT schools by the Department

In line with the purposes of the SRS, it is expected that the system retains funding to provide services to and for schools and students. Accordingly, all Australian states and territories retain a portion of the SRS, reflecting the configuration of roles and responsibilities within their system, and jurisdictional characteristics.

7.2.1. Delivering education in the unique NT context is a shared responsibility

Characteristics of the NT Government schooling system distinguish it from all other Australian jurisdictions.

These characteristics include:

- geographic dispersion with approximately 70 per cent of government schools in remote or very remote areas
- 40 per cent of government school students residing in remote or very remote areas compared to 2.5 per cent nationally
- a disproportionate number of disadvantaged students
- cultural diversity, including 44 per cent of students identifying as Aboriginal, and high student mobility, particularly in remote and very remote communities
- difficult and expensive provision of education in remote and very remote areas. This is impacted by factors such as low population density which includes school size; availability of Information and Communication Technology, community and support services; difficulties attracting and retaining staff and curriculum breadth.

Many of the above characteristics of the system highlight and contribute to significant disparity in outcomes from remote and very remote schools, and the need to continue to improve the way education is delivered across the NT and in particular remote areas.

For these reasons, the department administers a range of functions on behalf of schools. This approach is intended to support efficiencies such as savings through bulk purchasing or avoiding duplication of effort and enhance access to services and supports that are not able to be locally procured or obtained by many schools.

7.2.2. Services to and for schools and students

A range of functions are provided by the central and regional offices of the department to and for schools and students. These include but are not limited to:

- inclusion and allied health support such as hearing advisors and counsellors
- enrolment and attendance programs including attendance officers
- School Sports, Languages Centre and Music School programs

- services and programs including:
 - curriculum and assessment support
 - teaching, learning and coaching services and support
 - teacher wellbeing, attraction, retention and professional development support
 - provision of remote housing for teachers
 - regional support for school operations in each region
 - support with security, work, health and safety in schools, and early childhood programs.

7.3. Enabling services

In addition to direct services, the department performs a range of enabling services that are needed to deliver an effective education system that is compliant with legal, regulatory and policy requirements.

Enabling services and functions include but are not limited to:

- ICT systems, assets and connectivity
- emergency and critical incident management
- workforce support
- payroll and payment services
- infrastructure management and maintenance
- communications and media
- financial systems and management
- legal and regulatory assurance.

8. Reporting and accountability

A range of mechanisms support transparency and comparison of different aspects of funding allocations and use.

In accordance with the Act and the accompanying Australian Education Regulation 2023 (Cth), and BFSA NT bilateral agreement, system authorities must fulfil a range of reporting requirements relating to funding.

With their basis in the Act, these key reporting requirements are also stated in the BFSA. The BFSA includes additional non-financial reporting requirements.

Note that because data is collected and reported for a range of different purposes, information across reports is not always comparable. Reporting discussed in this section relates to delivery of school transition to Year 12 education funding only.

8.1. My School reporting

The Australian Curriculum, Assessment and Reporting Authority (ACARA) is an independent statutory authority with responsibility for curriculum, assessment and reporting on Australian schooling.

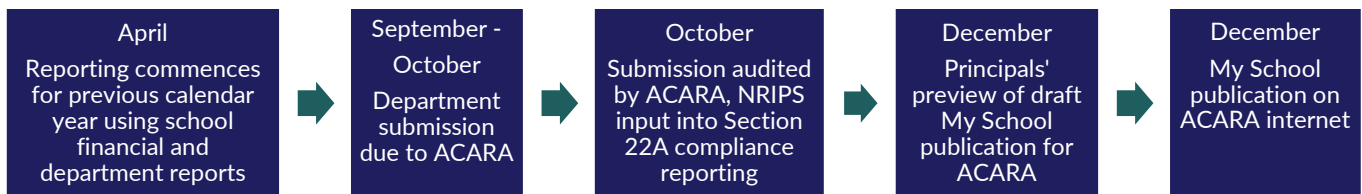
Each year, system authorities must report to ACARA for the purpose of publishing My School financial data including the NRIPS, transition to Year 12 only, for each school in the previous calendar year. ACARA produces financial data reporting methodology guidance that specifies what should be included and excluded from these calculations. See Table 2 for more information. The My School data collection is audited to ensure it has been undertaken in accordance with the agreed methodology.

In recognition of the role and value of system services and functions, the My School methodology includes an apportionment of these costs to each school. This means the NRIPS figure reported is not intended to reflect the exact value of per student funding received by the school and should not be interpreted as such.

ACARA publishes the audited information on the My School website which also identifies other sources of funding to a school such as private and locally raised funds and parental contributions, and capital expenditure. My School published financial data does not present real-time financial information for a school as a time lag exists due to the collection and reporting process, refer to Figure 4.

ACARA also publishes this information within its annual National Report on Schooling in Australia on behalf of Australian Education Ministers. This report also presents data from the National Schools Statistics Collection (NSSC), discussed in more detail below. Income-based finance data from My School is not intended to be compared to expenditure-based finance data from the NSSC as they are treated differently, as shown in Table 2, along with reflecting differences in calendar versus financial year reporting.

Figure 4: Indicative timing of My School reporting process



8.2. Section 22A - Annual review of state and territory compliance

The National School Resourcing Board (NSRB) is an independent board that provides oversight over funding arrangements under the Act and Regulations. Its purpose is to conduct reviews that help ensure:

- public confidence in the funding model, and that it reflects the best available data and methodologies
- states, territories and other approved authorities meet their obligations under the Act, including that funding is used in line with the Act.

The Northern Territory must provide its Annual Funding Report on Compliance with Section 22A of the Act for the funding year to the Commonwealth no later than 30 November the following funding year. The Bilateral Agreement sets out the reporting requirements and how the SRS contributions are measured. The measurement of contribution requirements include:

- funds provided under the Act have been spent, or are allocated to be spent, in line with intended purposes
- funds allocated for schools that are not spent within the funding year (calendar year) are spent within the financial year or subsequent years

- funds not counted towards another reporting year or towards another commonwealth and NT agreement.

Each year, the NSRB conducts an annual review on state and territory compliance with Section 22A of the Act. This assesses and reports on whether states and territories have made their minimum required contributions to the SRS in line with their bilateral agreement and that only costs eligible under the SRS are considered. This process draws on the audited NRIPS calculations prepared as part of My School reporting.

This report provides public assurance that state and territory governments have adequately contributed to their share of the SRS based on the system level targets specified in the BFSA.

Figure 5: Timing of Section 22A compliance review



8.3. Better and Fairer Schools Agreement reporting requirements

Under the BFSA all states and territories must meet a high level of transparency and accessibility in relation to the funding model used in their jurisdiction. At a minimum, information that is timely, accessible, and public must be made available, and include:

- a clear rationale and explanation of the methodology and the calculation of funding, including the period of coverage, base amount, eligibility, centralised costs and levies, and a clear explanation for how the local loadings are calculated
- meaningful and understandable information on how the needs-based funding arrangements of the system support schools and students, particularly how funding for students with greater educational needs flows to schools.

In addition, systems must prepare an Annual Implementation Report that identifies how the additional Australian Government funding provided under the BFSA has been used to contribute to the National Reform Directions.

The Australian Government will also publish an annual report outlining the Northern Territory's progress towards national and NT BFSA specific improvement measures. This information will be collated from existing national data sources.

8.4. National Schools Statistics Collection

The NSSC is an annual census that includes financial statistics such as expenditure, and non-financial statistics such as school, student, and staff numbers for the financial year.

Financial data collected is published in summary form in the schools' chapter of the Productivity Commission's Report on Government Services and ACARA's National Report on Schooling in Australia.

The purpose of the NSSC financial data tables and statistics collection is to report government expenditure of states and territories on government schools.

Note that My School income-based data is not able to be compared with NSSC expenditure-based data as they are treated differently, as shown in Table 2, along with reflecting differences in calendar versus financial year reporting. Similar to NRIPS, the average per-student expenditure reported using NSSC-collected data is not intended to capture the per-student rate of funding received by schools.

Figure 6: Timing of the NSSC reporting process

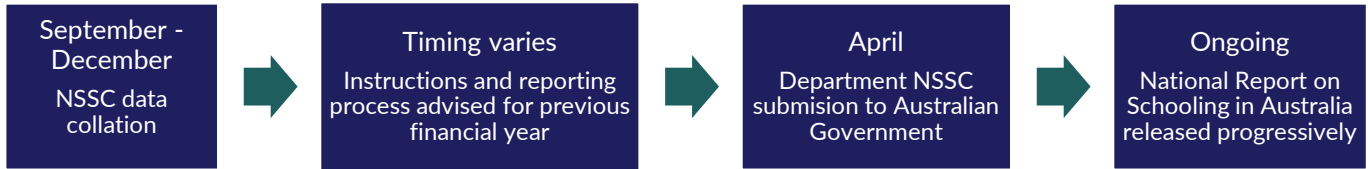


Table 2: Differences between My School and NSSC data collection

Costs	My School Financial Data Collection	National Schools Statistics Collection (NSSC)
Collection data set	Calendar year data	Financial year data
Primary education	Included	Included
Secondary education	Included	Included
VET in schools	Included	Included
Teacher housing	Included	<i>Excluded</i>
Payroll tax	<i>Excluded</i>	Included
Depreciation	<i>Excluded</i>	Included
Regulatory expenses	<i>Excluded</i>	Included
Boarding	<i>Excluded</i>	<i>Excluded</i>
Tertiary	<i>Excluded</i>	<i>Excluded</i>
Student transport	<i>Excluded</i>	Included
Long Service Leave	Included	Included
Repairs and maintenance	Included	Included

9. Related resources

Australian Education Act - [AUSTRALIAN EDUCATION ACT 2013 \(austlii.edu.au\)](https://www.austlii.edu.au/au/other/dfat/page/aeact2013.html)

School Resourcing Standard - <https://www.education.gov.au/recurrent-funding-schools/schooling-resource-standard>

National School Reform Agreement - [National School Reform Agreement](https://www.education.gov.au/national-school-reform-agreement)

Better and Fairer Schools Agreement (2025-2034) - <https://www.education.gov.au/recurrent-funding-schools/national-school-reform-agreement/better-and-fairer-schools-agreement-20252034>

Acronyms	Full form
ACARA	Australian Curriculum and Reporting Authority
Act, the	Australian Education Act 2013
BFSA	Better and Fairer Schools Agreement 2025-2034
Department	Department of Education and Training
ICT	Information and Communication Technology
NRIPS	Net Recurrent Income Per Student
NSRB	National School Resourcing Board
NSSC	National Schools Statistics Collection
NT	Northern Territory
SNBFF	Student Needs Based Funding Formula
SRM	School Resourcing Model
SRS	Schooling Resource Standard

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