Senate Standing Committee on Education Employment and Workplace Relations

QUESTIONS ON NOTICE
Budget Estimates 2013-2014

Outcome 2 - Schools and Youth

DEEWR Question No. EW0001_14

Senator Back provided in writing.

Question

Education expenditure increases/indexation

1. Please confirm the following details - in relation to future school education expenditure by governments it is reported that under the proposed arrangements in addition to annual increases to rise to the Student Resource Standard (SRS): a. state and territory governments will increase their expenditure on school education by 3 per cent per year b. the Australian government will increase expenditure on education by 4.7 per cent per year. 2. What do these annual increases in education expenditure imply for the indexation of per student SRS funding each year and the SRS loadings? 3. Will indexation rates for the SRS and schools vary depending on which state they are located in? 4. What are the estimated indexation rates for the SRS in each state over the time of the proposed agreement? 5. How was the annual increase in school education expenditure by the Australian Government of 4.7 per cent derived? 6. What is the effect of indexation assumptions between 2011 and 2014 on funding estimates and projections?

Answer

1a. state and territory governments will increase their expenditure on school education by 3 per cent per year

1b. the Australian government will increase expenditure on education by 4.7 per cent per year.

As the government will match the Commonwealth funding committed by the previous government over the forward estimates, this ensures an increase in Commonwealth funding for all states and systems in 2014.

Future arrangements will ensure that states and independent schools are provided the flexibility to distribute funding where it is needed most.

The Commonwealth is responsible for ensuring that it grows commonwealth school funding by a minimum of 3% for 2014.

2. What do these annual increases in education expenditure imply for the indexation of per student SRS funding each year and the SRS loadings? 3. Will these vary between states?

The SRS per student amount is grown each year by 3.6 per cent, constant across states and sectors. This rate was derived from a five year forward estimate of an Average Schools Recurrent Cost (ASRC) to reflect the estimated increases in the costs of all schools from all sources. No, these indexation rates will not vary by state.

As the government will match the Commonwealth funding committed by the previous government over the forward estimates, this ensures an increase in Commonwealth funding for all states and systems in 2014.

Future arrangements will ensure that states and independent schools are provided the flexibility to distribute funding where it is needed most.

The Commonwealth is responsible for ensuring that it grows commonwealth school funding by a minimum of 3% for 2014.

The government will negotiate a fair and sustainable funding model during 2014.

4. What are the estimated indexation rates for the SRS in each state over the time of the proposed agreement?

As indicated above, the indexation rates will not vary by state.

5. How was the annual increase in school education expenditure by the Australian Government of 4.7 per cent derived?

Beyond 2014, the new funding arrangements grow Commonwealth current funding at 4.7 per cent. This rate was informed by the estimated ten-year rolling average of state and Commonwealth expenditure on all schools from all sources. It has been informed by data on current and proposed education spending by states and territories, provided through State and Commonwealth Treasuries.

6. What is the effect of indexation assumptions between 2011 and 2014 on funding estimates and projections?

Indexation assumptions between 2011 and 2014 will impact the estimated ‘current’ level of funding for schools and systems in 2014. Beyond 2014 States have been asked to grow their current funding by at least 3 per cent.