



Free Public Schools That Meet Everyone's Needs

Party:

Australian Greens

Summary of proposal:

The proposal would make changes to school funding with 7 components.

- Component 1 would increase funding to all government schools to 25% of the Schools Resourcing Standard (SRS). Funding would be indexed to the wage price index (WPI) or the consumer price index (CPI), whichever is higher.
- Component 2 would replace out-of-pocket school fees paid by parents and guardians of public-school students with additional government funding. Funding is indexed in line with the SRS.
- Component 3 would wind back public funding to non-government schools. This involves phasing out non-government school funding in excess of the SRS by 1 January 2025 and abolishing the Choice and Affordability Fund.
- Component 4 would increase funding of the Capital Grants Program to \$400 million per year and redistribute that funding. There would be additional departmental expenses associated with this component.
- Component 5 would provide \$10 million over four years to co-design a National Inclusive Education Transition Plan for students with a disability.
- Component 6 would provide funding for all schools in Australia to purchase and install an air ventilation system and high-efficiency particulate air (HEPA) filter in each classroom and indoor communal space (such as libraries and break rooms).
- Component 7 would provide funding for all schools to purchase and install a carbon dioxide (CO₂) monitor in each classroom and indoor communal space.

Both Components 6 and 7 would be fully implemented within the first year of the commencement of the policy. This proposal would provide funding for purchasing and installing the required equipment and would not cover any operating or maintenance costs.

All components would have effect from 1 July 2022 with Components 1 and 2 being achieved by 1 January 2023.

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$16,398 million over the 2022-23 Budget forward estimates period. This impact reflects an increase in administered and departmental expenses associated with increased schools recurrent funding and grant funding. The impact is partially offset by savings from reduced funding to non-government schools.

Components 1, 2 and 3 of this proposal are not expected to incur departmental expenses, as these components do not involve a significant change in the complexity of administering the school funding system.

The Department of Education, Skills and Employment (DESE) advised that the Choice and Affordability fund is fully contractually committed across the forward estimates period and the medium term. Accordingly, there are no financial impacts from abolishing the fund.

The proposal would be expected to have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including a separate public debt interest (PDI) table) over the period to 2032-33 is provided at Attachment A.

The results of this analysis are sensitive to future enrolment growth (both its level and composition across schools) and to indexation rates. Under both the baseline and the alternative scenario, funding for the government and Catholic school systems would be provided to the relevant 'approved authority' (state/territory treasuries and jurisdictional Catholic education bodies) who are the ultimate arbiters of the Australian Government funding directed to individual schools.

For Components 6 and 7, the financial implications of this proposal are sensitive to the estimated number of eligible spaces the proposal would apply to, as well as the assumed take-up rate in response to this proposal. We note that the proposal as specified would not cover operating or maintenance costs and that these costs would be a significant ongoing expense that would have to be financed from school budgets which could affect take-up rates under the proposal.

The Parliamentary Budget Office (PBO) has not assessed the profitability and financial viability of the air ventilation system and HEPA filter providers. We have not included any related revenue impact.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-3,690.7	-4,107.2	-4,208.1	-4,391.9	-16,397.9
Underlying cash balance	-3,690.7	-4,107.2	-4,208.1	-4,391.9	-16,397.9

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

Components 1 to 4

- This costing only estimates impacts on the Australian Government funding commitments and does not estimate changes to the state level funding. This holds true for schools or systems with total state or territory and Australian Government funding above 100% of their SRS entitlement.
- The revised distribution of Capital Grants Program funding specified in Component 4 would continue to be administered by block grant authorities under existing administration arrangements.

Components 6 and 7

- The number of Australian students in 2022-23 would be in line with the projection of funded enrolments provided by DESE.
- In primary schools, the average number of students in each classroom would be 24. In secondary schools, the average number of students in each classroom would be 22.
- The number of schools in 2022-23 would be the same as in 2020, as published by the Australian Bureau of Statistics.
- There would be one indoor communal space for each year cohort and one library for each school.
- All schools that have not already been equipped with similar air purifying systems would opt-in to this proposal.
 - The Victorian state government announced that 51,000 air purifiers would be purchased for Victorian schools by the end of 2021. It is assumed that these schools would not opt into this proposal.
 - It has also been assumed that 10% of Independent and Catholic schools in Australia have already installed similar air purifiers or an air conditioning system, and as such, would not opt into this proposal.
- The unit cost of an air ventilation system with a HEPA filter would be around \$900 in 2022-23 including purchasing and installation costs. The unit cost of a CO₂ monitor would be around \$130 in 2022-23, which includes the purchasing and installation costs.

Methodology

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Component 1

- The impacts of the increased contribution and revised funding profile were calculated using the schools recurrent funding model provided by DESE.
- The Australian Government funding share of the SRS for government school systems was increased in equal increments from 1 July 2022 to 1 January 2023, upon which schools would be funded by the Commonwealth at 25% of the SRS.

Component 2

- The annual out-of-pocket cost was calculated based on data on income from fees, charges and parent contributions from the Australian Curriculum Assessment and Reporting Authority.
- The PBO projected the expected contributions and fees over the medium term based on the growth rate of previous contributions.
- Government funding of out-of-pocket costs was increased from 1 July 2022 to 1 January 2023 in the same fashion as in Component 1.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Component 3

- The impacts of phasing out non-government school funding above the Australian Government's SRS share were calculated using the DESE schools recurrent funding model by reducing the Australian Government funding share as a proportion of SRS to 80% by 1 January 2025.
- The funding profile and amount of funding contractually committed from the Choice and Affordability Fund was provided by DESE.

Component 4

- The impact of increasing Capital Grants Program funding was calculated as the difference between baseline projected funding and the nominated annual funding.
- The costs to administer grant funding were based on the funding provided to block grant authorities as a share of total Capital Grants Program funding.
 - As block grant authorities have primary responsibility for the management of grant applications, there would be no additional departmental costs incurred by DESE.

Component 5

- The value of the grants was specified by the proposal.

Components 6 and 7

- The initial establishment costs were estimated by multiplying the estimated number of classrooms and indoor communal spaces by the assumed unit costs of the air ventilation system and CO₂ monitor.
 - The number of classrooms was calculated by the estimates of enrolments divided by the average number of students in each classroom.
 - The number of indoor communal spaces was calculated by multiplying the number of schools by the number of indoor communal spaces assumed in each school.
- The estimates of departmental expenses of the proposal were based on an existing program of similar size and complexity.

Data sources

The Department of Education, Skills and Employment provided information on the Capital Grants Program and the Choice and Affordability Fund. It also provided the Commonwealth schools recurrent funding model as at the *Budget 2022-23*.

Information on parent contributions and fee charges was sourced from the Australian Curriculum Assessment and Reporting Authority's '[School income and capital expenditure for government and non-government schools](#)' dataset, 2018, accessed 13 April 2022.

Australian Curriculum, Assessment and Reporting Authority, 2022. [Number of schools by school types and school sector, 2021](#), accessed 12 April 2022.

Premier of Victoria, 2021. [Following The Three Vs For A Safe Return To School](#), accessed 13 April 2022.

Australian Energy Market Commission, 2020. [Residential Electricity Price Trends 2020 – Final Report](#), accessed 13 April 2022.

Roofing & Building Supplies, 2021. [Roof Ventilation](#), accessed 13 April 2022.

AIRCETERA, 2020. [Air Purifier and Your Electricity Bill](#), accessed 13 April 2022.

New Sale Wales Department of Education. [Average Class Size, 2021](#), accessed on 13 April 2022.

Victoria State Government Education and Training. [Statistics on Victorian schools and teaching, 2021](#), accessed 13 April 2022.

Attachment A – Free Public Schools That Meet Everyone’s Needs – financial implications

Table A1: Free Public Schools That Meet Everyone’s Needs – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Administered													
<i>Component 1 - Increase SRS funding to 25% by 1 January 2023</i>	-2,080.0	-2,760.0	-2,880.0	-2,990.0	-3,120.0	-3,240.0	-3,370.0	-3,510.0	-3,650.0	-3,800.0	-3,960.0	-10,710.0	-35,360.0
<i>Component 2 - No out-of-pocket costs</i>	-1,380.0	-1,510.0	-1,570.0	-1,620.0	-1,670.0	-1,720.0	-1,780.0	-1,840.0	-1,900.0	-1,960.0	-2,020.0	-6,080.0	-18,970.0
<i>Component 3 - Phase out non-government schools funding in excess of SRS</i>	216.0	380.0	454.0	425.0	315.0	196.0	67.0	-	-	-	-	1,475.0	2,053.0
<i>Component 4 - Capital Grants Program</i>	-206.0	-201.0	-196.0	-191.0	-186.0	-181.0	-176.0	-171.0	-165.0	-160.0	-154.0	-794.0	-1,987.0
<i>Component 6 - Air ventilation system with HEPA filter</i>	-187.0	-	-	-	-	-	-	-	-	-	-	-187.0	-187.0
<i>Component 7 - CO2 monitor</i>	-34.4	-	-	-	-	-	-	-	-	-	-	-34.4	-34.4
Total – administered	-3,671.4	-4,091.0	-4,192.0	-4,376.0	-4,661.0	-4,945.0	-5,259.0	-5,521.0	-5,715.0	-5,920.0	-6,134.0	-16,330.4	-54,485.4
Departmental													
<i>Component 4 - Capital Grants Program</i>	-6.4	-6.2	-6.1	-5.9	-5.7	-5.6	-5.4	-5.3	-5.1	-4.9	-4.8	-24.6	-61.4
<i>Component 5 - Co-design a National Inclusive Education Transition Plan</i>	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-40.0	-110.0
<i>Components 6 and 7 - Air ventilation system with HEPA filter and CO2 monitor</i>	-2.9	-	-	-	-	-	-	-	-	-	-	-2.9	-2.9
Total – departmental	-19.3	-16.2	-16.1	-15.9	-15.7	-15.6	-15.4	-15.3	-15.1	-14.9	-14.8	-67.5	-174.3
Total (excluding PDI)	-3,690.7	-4,107.2	-4,208.1	-4,391.9	-4,676.7	-4,960.6	-5,274.4	-5,536.3	-5,730.1	-5,934.9	-6,148.8	-16,397.9	-54,659.7

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Free Public Schools That Meet Everyone’s Needs – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-40.0	-130.0	-230.0	-330.0	-450.0	-580.0	-740.0	-920.0	-1,130.0	-1,360.0	-1,650.0	-730.0	-7,560.0
<i>Underlying cash balance</i>	-40.0	-120.0	-220.0	-320.0	-430.0	-570.0	-720.0	-900.0	-1,110.0	-1,340.0	-1,620.0	-700.0	-7,390.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO’s online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)