

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**SCHOOL FUNDING INVESTMENT INQUIRY 2015-16**

**Prime Minister and Cabinet Portfolio**

**Department:** Department of the Prime Minister and Cabinet  
**Outcome/Program:** 1.1 Prime Minister and Cabinet  
**Topic:** Schools funding

**Senator:** Senator Deborah O'Neill

**Question reference number:** 1

**Type of question:** FPA, Friday, 8 April 2016, Pages 34 and 39.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

(Page 34) Senator O'NEILL: There were four options that were clearly articulated here this morning by Mr Cook, which were options for consideration about different ways of funding education as part of federation reform. One of those was for the federal government to walk away from funding government schools in the states. Did you brief the Prime Minister on that model at any point in time prior to the 30th and the 31<sup>st</sup> [of March 2016]?

**and**

(Page 39) Senator O'NEILL Did you provide advice to him [the Prime Minister] about the matters that he made public on the 30th and the 31st, at any time in the week preceding?

**Answer:**

Yes. We briefed the Prime Minister on a full range of options in relation to reforming income tax arrangements between the Commonwealth and the States, including options in relation to Commonwealth funding for government schools.

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**Senator:** Senator Deborah O'Neill

**Question reference number:** 2

**Type of question:** FPA, Friday, 8 April 2016, Page 41.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

Senator O'NEILL: I would like to ask questions in relation to advice that you have given the Prime Minister. Last week the Prime Minister said: 'I suspect no federal government would retreat from funding and continuing to support the non-government school sector because there would be a concern that they would not get a fair go from state governments, who obviously would have a competing interest with their schools'. Did you give the Prime Minister policy advice that manifested itself in that statement?

**Answer:**

No.

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**Topic:** Schools funding

**Senator:** Senator Deborah O'Neill and Senator Sam Dastyari

**Question reference number:** 3

**Type of question:** FPA, Friday, 8 April 2016, Pages 38-39.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

(Page 38) Senator O'NEILL: When did you become aware of the Prime Minister's statements on the 30<sup>th</sup> and the 31<sup>st</sup> [of March 2016]? Did you have any indication that that was going to be announced on the 30<sup>th</sup> or 31<sup>st</sup> or were you first aware of it when it hit the news?

(Page 39) Senator DASTYARI: The first question, at a more micro level, is about whether you were aware of the Prime Minister's comments before the comments were made. The second question is: if you were aware, when were you made aware?

**Answer:**

There was extensive discussion and analysis of Federation reform proposals prior to the statements on 30 and 31 March. While it was anticipated that the Prime Minister would outline a proposal for COAG consideration, the Department of the Prime Minister and Cabinet was not aware of either the timing or detail of the announcement in advance.

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**Topic:** Schools funding

**Senator:** Senator Sam Dastyari

**Question reference number:** 4

**Type of question:** FPA, Friday, 8 April 2016, Page 36.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

Senator DASTYARI: Was there a prime ministerial statement or press release put out by the Prime Minister that you are aware of? I could not track one down, but that is not to say that there was not one. I was kind of going off the media comments.

Ms LARKINS: There was a statement on Federation that the Prime Minister released on 30 March.

Senator DASTYARI: The preparation of that kind of document is obviously done by the Prime Minister's office, correct?

(...)

Senator DASTYARI: Okay. Could you take on notice two questions? First, were you involved? Second, what was the role of the department in the formulation of that media statement?

**Answer:**

The Department of the Prime Minister and Cabinet was not involved in the preparation of the Prime Minister's press release: 'Statement on Federation', of 30 March 2016.

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**Topic:** Schools funding

**Senator:** Senator Deborah O'Neill and Senator Sam Dastyari

**Question reference number:** 5

**Type of question:** FPA, Friday, 8 April 2016, Pages 36 and 41.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 2

**Question:**

(Page 36) Senator GALLAGHER: I understand that. My question was: is work going to be progressed under that dot point in relation to schools education?

Ms Larkins: I do not know.

Senator GALLAGHER: I have asked this of previous witnesses, and they have said that PM&C are the people who can answer that because you have responsibility for that.

Ms Larkins: To my understanding, this work has not—it may have started this week, but COAG was only on Friday. I do not think we have terms of reference or scoping. I am saying to you that, broadly, within the \$48 billion or \$49 billion—the bulk of money that goes annually to the states under SPPs and NPs—there is money that goes for school funding. I am saying that, depending on the scope, which I do not think has been agreed yet, it may or may not fall in. I do not think I am in a position to give you an answer.

Senator GALLAGHER: Could you please take that on notice?

Ms Larkins: I can. I may need to refer it to Treasury.

**and**

(Page 41) Senator GALLAGHER: In relation to those, the outcomes from COAG—and I accept it is only a week ago, but that is a full working week and work gets delegated pretty quickly; my experience from COAG is that the wheels are put in motion—can you explain what the next steps are around that from an educational point of view? I understand the sign off for 2017—the work—but are there any IDCs being formed?

Ms LARKINS: Again, I think I said earlier that the work on income tax sharing will be led by Treasury, and I am not aware of what work has been done this week to set that process up. I imagine there will be mechanisms for collaboration across government. That would be a usual point. I also made the point that Minister Birmingham is responsible for working with his colleagues in the states on a schools funding arrangement.

Senator GALLAGHER: I am specifically interested in the devolving of grants—that element in the communique. If you cannot tell me, is it possible for you to take on notice what arrangements are being put in place to pursue that and the time frame around it?

**Answer:**

On 1 April 2016, the Council of Australian Governments (COAG) agreed to consider proposals to share personal income tax revenue with the states to:

- provide them access to a broad revenue base that grows in line with the economy;
- reduce the number of tied Commonwealth grants to the states, providing them with greater autonomy and reducing administrative burden; and
- create flexibility for states to meet their ongoing expenditure needs.

COAG further agreed to continue pursuing initiatives that will enhance transparency by providing Australian citizens with a greater level of real time data on how government money is spent and on the outcomes and performance of government initiatives.

COAG agreed that this work, along with the work on broader opportunities for tax reform, including state tax reform, will be progressed by the Council on Federal Financial Relations, with a progress report to COAG at its next meeting.

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**Senator:** Senator Sam Dastyari and Senator Deborah O'Neill

**Question reference number:** 6

**Type of question:** FPA, Friday, 8 April 2016, Pages 37-38.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

Senator DASTYARI: The advice provided this morning was that the department had not briefed or provided advice to the Department of the Prime Minister and Cabinet during that period. Is that correct?

(...)

The Prime Minister outlined an idea, proposal or announcement—whatever you want to call it—about a new arrangement for state and federal funding of education. The Prime Minister outlined it as something that he would want to discuss with the states in the lead-up to, if not at, COAG. That is a fact, right?

Ms LARKINS: Yes.

Senator DASTYARI: The Department of Education provided information to us today that this related to an option that was part of a green paper process through the federation process and that they were involved in it up till June or so last year.

Ms Larkins: I think I need to take it on notice to answer you properly. I would need to have a look at what advice and conversations we had had with the department in relation to that specific issue.

Senator O'NEILL: Mr Cook was very clear with us this morning that, as of June, the four clear proposals that were outlined in the green paper went forward. They have done other work in the interim. They have worked with people in PM&C but not around those matters.

Ms LARKINS: Not around the particular options that were outlined in the discussion paper.

Senator O'NEILL: That is exactly right.

**Answer:**

The Department of Education and Training has provided ongoing advice to the Department of the Prime Minister and Cabinet as part of the Federation reform process, including in the lead up to the release of the discussion paper on 23 June 2015. Since that time, the Department of Education and Training has continued to provide ongoing advice to the Department of the Prime Minister and Cabinet on a range of education matters.

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**Senator:** Senator Deborah O'Neill

**Question reference number:** 7

**Type of question:** FPA, Friday, 8 April 2016, Pages 42.

**Date set by the committee for the return of answer:** 15 April 2016

**Number of pages:** 1

**Question:**

Senator O'NEILL: Have you given, in the last period, since the new Prime Minister became the Prime Minister—just in that period of time—advice about funding for government schools and non-government schools, in separate measure?

**Answer:**

Yes. We briefed the Prime Minister on a full range of options in relation to reforming income tax arrangements between the Commonwealth and the States, including options in relation to Commonwealth funding for government schools and non-government schools.