



## Schools Assistance Amendment (Financial Assistance) Bill 2011

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This Digest replaces an earlier version dated 4 March 2011. It contains updated information about the Bill's financial implications.

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## Schools Assistance Amendment (Financial Assistance) Bill 2011

**Date introduced:** 23 February 2011

**House:** House of Representatives

**Portfolio:** Education, Employment and Workplace Relations

**Commencement:** The day after Royal Assent

**Links:** The links to the [Bill, its Explanatory Memorandum and second reading speech](#) can be found on the Bill's home page, or through <http://www.aph.gov.au/bills/>. When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the ComLaw website at <http://www.comlaw.gov.au/>.

### Purpose

The Schools Assistance Amendment (Financial Assistance) Bill 2011 (the Bill) proposes to amend the *Schools Assistance Act 2008* (the current Act) to extend Australian Government funding for non-government schools from 2012 to 2013 for recurrent funding (including general recurrent grants and grants for targeted programs), and from 2012 to 2014 for capital grants.

### Background

Historically, most Australian Government funding for non-government schools has been provided on a four-year basis under the one Commonwealth Act. The current Act authorises funding for non-government schools for the period 2009 to 2012.<sup>1</sup>

In normal circumstances, a new Act would be legislated to provide funding for the next four-year period of funding, 2013 to 2016. However, with a [review of government funding for schooling](#) underway<sup>2</sup>, the Prime Minister committed to extending the existing funding arrangements under the current Act, pending the outcomes of the review.<sup>3</sup>

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1. Prior to 2009 and the introduction of a new federal-state financial relations framework, funding for government schools was also included in these arrangements. For more detailed information about Australian Government funding for schools, see M Harrington, *Australian Government funding for schools explained*, Background note, Parliamentary Library, Canberra, 2011, viewed 28 February 2011, <http://www.aph.gov.au/library/pubs/BN/sp/SchoolsFunding.pdf>
  2. Department of Education, Employment and Workplace Relations (DEEWR), 'Review of funding for schooling', DEEWR website, viewed 1 March 2011, <http://www.deewr.gov.au/Schooling/ReviewofFunding/Pages/default.aspx>
  3. J Gillard and S Crean, *Delivering school funding certainty*, Australian Labor Party policy document, Election 2010, viewed 28 February 2011, <http://www.alp.org.au/federal-government/news/delivering-school-funding-certainty/>

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If the Bill is passed, then presumably the funding agreements between the Australian Government and each non-government education authority, which are required under the current Act, will have to be similarly amended.

There is also another possible consequence of the proposed extension of the current Act. Under the Government's Socioeconomic Status (SES) System for general recurrent funding of non-government schools, a school's funding amount is determined by its SES score. These scores are based on a measure of a school community's socioeconomic capacity to support its school. Usually, non-government schools' SES scores are reassessed before the introduction of each new four-year funding period. However, with the proposed interim funding arrangements for non-government schools, presumably these reassessments will be in abeyance.

## Financial implications

The Bill's Explanatory Memorandum states that the Bill provides for the appropriation of '\$8.2 billion in 2012–13 and \$8.9 billion in 2013–14'.<sup>4</sup> The proposed appropriation reflects the figures in the current forward estimates.<sup>5</sup>

The forward estimates do not quite align with the scope of the Bill. The forward estimates are in financial year terms and the Bill's provisions are in program (calendar) year terms. This raises a question as to whether any payments for capital expenditure that may need to be made in the second half of 2014 will be covered by the proposed measures. However, this minor discrepancy will be resolved when the forward estimates for 2014–15 become publicly available with the 2011–12 Budget.

## Key provisions

**Item 1 of Schedule 1** of the Bill proposes to change the long title of the current Act to reflect the proposed extension of the existing Australian Government funding arrangements for non-government schools. Although the proposed new wording is 'from 2012', which implies an open-ended arrangement, **items 2 to 4** clarify the proposed end times of the Bill's provisions.

**Item 2 of Schedule 1** of the Bill proposes to amend **subsection 3(3)** of the current Act to extend financial assistance for recurrent and targeted expenditure from 2012 to 2013 and, for capital expenditure, from 2012 to 2014.

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4. Explanatory Memorandum, Schools Assistance Amendment (Financial Assistance) Bill 2011, p. 2, viewed 2 March 2011, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r4514\\_ems\\_95c2e8ca-07ef-4045-a8d9-9bb75dde50a5/upload\\_pdf/352429.pdf;fileType%3Dapplication%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r4514_ems_95c2e8ca-07ef-4045-a8d9-9bb75dde50a5/upload_pdf/352429.pdf;fileType%3Dapplication%2Fpdf)
  5. For a breakdown of these forward estimates, see Australian Government, *Mid-year economic and fiscal outlook 2010–11*, Commonwealth of Australia, Canberra, 2010, pp. 90–93, viewed 2 March 2011, [http://www.budget.gov.au/2010-11/content/myefo/html/annex\\_a\\_table\\_2.htm](http://www.budget.gov.au/2010-11/content/myefo/html/annex_a_table_2.htm)

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**Item 3 of Schedule 1** of the Bill proposes to change the definition of ‘program year’ within section 4 of the current Act, so as to reflect the proposed extension of the existing Australian Government funding arrangements for non-government schools.

**Item 4 of Schedule 1** of the Bill proposes to amend **section 71** of the current Act to provide \$3.5 million for the Indigenous Funding Guarantee for 2013. This section is the only section in the current Act which prescribes funding by program year.

The current Act provides additional per student funding for Indigenous students—Indigenous Supplementary Assistance. Prior to 2009, this funding was provided through a number of different programs under the *Indigenous Education (Targeted Assistance) Act 2000*. The Indigenous Funding Guarantee provides transitional funding to ensure that schools do not receive less funding than under the previous arrangements, taking into account enrolment changes.

## Concluding comments

The measures proposed by the Bill are not controversial. The commitment to extend funding for non-government schools has been welcomed by the non-government school sector as assuring funding certainty while the future of government funding for schools is considered.<sup>6</sup>

However, the Bill’s passage is occurring at a time of considerable debate about the future of government funding for schools. The Review of School Funding is creating uncertainty and apprehension about, in particular, the funding of non-government schools beyond the period covered by this Bill. While the Prime Minister has promised that ‘no school will lose a dollar of funding in the sense that their school budget per student will not reduce in dollar terms’<sup>7</sup>, there has been no explicit assurance that funding for all schools will continue to increase in real terms.<sup>8</sup> Non-government school stakeholders are therefore concerned about the future viability of their schools if there were to be no indexation.<sup>9</sup> The Opposition has added to these concerns with claims that non-government schools will ‘lose’ funding in real terms, which it has promised to retain.<sup>10</sup>

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6. Independent Schools Council of Australia, *Funding for non-government schools assured*, media release, 24 February 2011, viewed 2 March 2011, <http://www.isca.edu.au/>
  7. J Gillard (Minister for Education), *A future fair for all – school funding in Australia – address to Sydney Institute*, media release, 15 April 2010, viewed 16 November 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2FVMGW6%22>
  8. See, for example, transcript of recent Senate Estimates hearings: Senate Education, Employment and Workplace Relations Legislation Committee, *Hansard*, Additional Estimates 2010–11, 24 February 2011, pp. 29–30, viewed 3 March 2011, [http://parlinfo/parlInfo/download/committees/estimate/13582/toc\\_pdf/7973-1.pdf;fileType=application/pdf#search=%22estimates%22](http://parlinfo/parlInfo/download/committees/estimate/13582/toc_pdf/7973-1.pdf;fileType=application/pdf#search=%22estimates%22)
  9. G O’Kelly (Chairman, Bishops Commission for Catholic Education), *Funding for Catholic schools*, media release, 1 July 2010, viewed 2 March 2010, [http://www.ncec.catholic.edu.au/index.php?option=com\\_docman&task=doc\\_download&gid=68&Itemid=53](http://www.ncec.catholic.edu.au/index.php?option=com_docman&task=doc_download&gid=68&Itemid=53)
  10. C Pyne (Shadow Minister for Education, Apprenticeships and Training), *Non-government schools face \$1.3 billion shortfall under Labor*, media release, 1 August 2010, viewed 2 March 2011,

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Given the Bill's proposed new wording for the long title of the current Act—that is, the words 'from 2009'—there may be a question as to whether the future of school funding will be resolved before the expiration of the proposed funding arrangements covered by the Bill.

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<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2FFPKIX6%22%20%20>

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