

## Chapter 3

### States and territories and school funding

#### Division of funding between states and the Commonwealth

3.1 The Productivity Commission *Report on Government Services 2014* summarises the division of school funding across states and territories and the Australian Government:

Under constitutional arrangements, the State and Territory governments have responsibility to ensure the delivery of schooling to all children of school age. They determine curricula, regulate school activities and provide most of the funding. State and Territory governments are directly responsible for the administration of government schools, for which they provide the majority of government funding. Non-government schools operate under conditions determined by State and Territory government registration authorities and also receive State and Territory government funding.<sup>1</sup>

3.2 The Gonski Review found the fact that both states and territories and the Australian Government provided funding for schools leads to duplication and confusion:

It is not always clear which level of government is providing funding, nor what role the Australian Government and state and territory governments should play in funding particular educational priorities.<sup>2</sup>

3.3 Further, the Gonski Review found because states and territories allocated different resources to school funding, it could appear that some publicly funded schools struggled both financially and academically in comparison to others.<sup>3</sup> The duplication of funding could also fuel public perception of a lack of equality between schools:

Historically, the states and territories are the primary funders of government schools and the Australian Government is the primary funder of non-government schools. These roles are divisive within significant parts of the Australian community because they can give the false and misleading impression of a preference by the Australian Government for non-government schools over government schools, and a corresponding false and misleading view of neglect by state and territory governments of the funding needs of non-government schools.<sup>4</sup>

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1 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, p. 4.4, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

2 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xv.

3 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xv.

4 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. xv.

3.4 Analysing the data around school funding in Australia, even for the last decade, is a difficult task. It is an undertaking which involves attempting to draw on state, territory and federal budgets; and datasets collected by organisations such as Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Australian Bureau of Statistics (ABS). These collections of data are not directly comparable as they each use different measures of time (financial years versus calendar years) and their reporting timeframes can vary considerably.

3.5 The Gonski Review Report, published in December 2011, represents one of the most comprehensive analysis of school funding arrangements ever undertaken. It collected comprehensive data from states, territories and the Commonwealth along with datasets from other organisations such as ACARA and the ABS. The report itself, despite the often heated public debate about its implementation, is largely well regarded, as explained by the former President of NSW Secondary Principals' Council Mr Chris Bonnor:

It was one of the most exhaustive reviews of schooling that we have had for decades, going back to the mid-1970s. It was huge. The consultation process was enormous, as was the research and the number of schools visited. The process and the recommendations were welcomed by all sectors and the media. We went through a moment when that report was delivered of enormous agreement.<sup>5</sup>

3.6 This chapter provides an outline of the school funding arrangements by the Commonwealth and by State and Territory Governments, with the purpose of demonstrating the complexities of the system and the problems identified by both the Gonski Report and other researchers and experts. Funding amounts and other data are identified by source and year throughout the chapter.

### ***School and student numbers by state and territory***

3.7 The ABS divides its data regarding schools into three groups: Government Schools, Non-Government Schools (Catholic); and Non-Government Schools (Independent). In 2013, the ABS records 9393 schools in total and notes a net fall of 34 schools from 2012.<sup>6</sup> The number of schools in each group by state is represented in Table 1 below.

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5 Mr Chris Bonnor, private capacity, *Committee Hansard*, 1 May, Sydney, p. 35.

6 Australian Bureau of Statistics, *Publication 4221.0 – Schools Australia 2013*, [www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view](http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view), (accessed on 20 June 2014).

**Table 2—Australian schools by state and sector, 2013<sup>7</sup>**

<b>Jurisdiction</b>	<b>Government Schools</b>	<b>Non-Government Schools (Catholic)</b>	<b>Non-Government Schools (Independent)</b>	<b>Total</b>
<b>NSW</b>	2164	586	331	3081
<b>VIC</b>	1526	487	206	2219
<b>QLD</b>	1238	297	184	1719
<b>WA</b>	768	160	139	1067
<b>SA</b>	527	103	92	722
<b>TAS</b>	198	37	28	263
<b>NT</b>	154	17	21	192
<b>ACT</b>	86	30	14	130
<b>Total</b>	6661	1717	1015	9393

3.8 The ABS records a total of 3 645 519 students attending school in Australia in 2013. Within this total, approximately twice as many students attend government schools (2 375 024 or 65 per cent) as attend non-government schools (1 270 495 or 35 per cent).<sup>8</sup>

### **Overall school funding**

#### *Overall school expenditure – Commonwealth, states and territories<sup>9</sup>*

3.9 In 2011-12, total Commonwealth, State and Territory government recurrent expenditure on school education was \$47.1 billion.<sup>10</sup>

7 Australian Bureau of Statistics, *Publication 4221.0 – Schools Australia 2013*, [www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view](http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view), (accessed on 20 June 2014).

8 Australian Bureau of Statistics, *Publication 4221.0 – Schools Australia 2013*, [www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view](http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4221.0Main%20Features42013?opendocument&tabname=Summary&prodno=4221.0&issue=2013&num=&view), (accessed on 20 June 2014).

9 Please note that the question of capital funding is not the focus of this inquiry and therefore it has not been discussed in this report.

3.10 During the same period, total Commonwealth, State and Territory Government recurrent expenditure on government schools was \$36.5 billion, or 77.6 per cent of total government recurrent expenditure on school education.<sup>11</sup> State and Territory governments provided 87.5 per cent of total government recurrent expenditure to government schools, with the Australian Government providing 12.5 per cent.

3.11 In contrast, government recurrent expenditure on non-government schools was mainly provided by the Australian Government (73.4 per cent), with State and Territory Governments providing 26.6 per cent.<sup>12</sup>

3.12 Figure 3 below, taken from the Gonski Report, demonstrates the funding inputs which comprise funding per school type. Although the data is for 2009, the figure is included here to show clearly the average proportion of funding for each school type from each source.<sup>13</sup>

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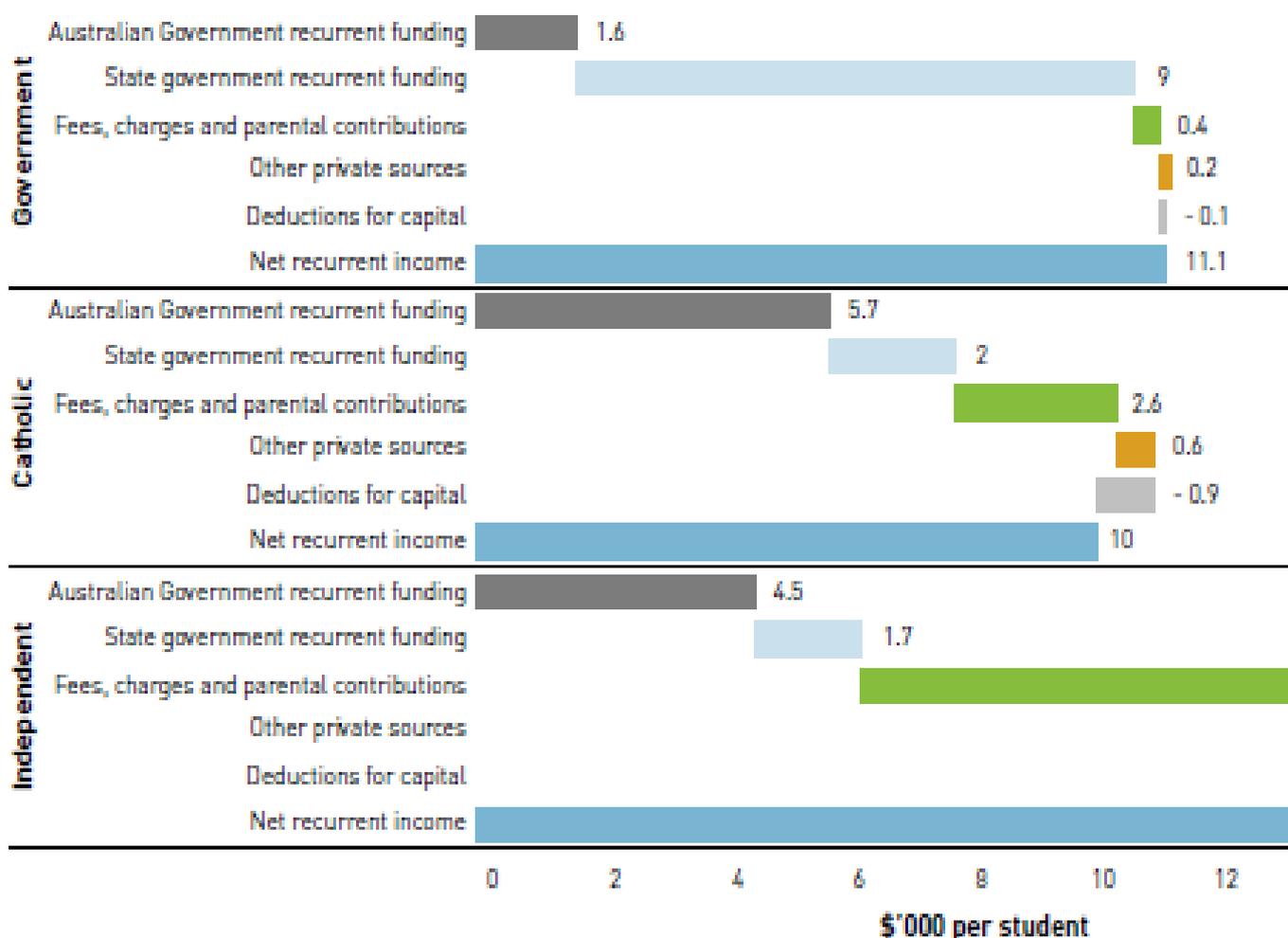
10 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, p. 4.4, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

11 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, p. 4.4, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

12 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, p. 4.4, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

13 *Review of Funding for Schooling Final Report* (Gonski Review Report), December 2011, p. 15.

**Figure 3—Average net recurrent income per student by source of income and sector, 2009<sup>14</sup>**



Source: ACARA dataset 2011.

### ***Expenditure trend in overall total government funding***

3.13 In 2011-12, total government nominal recurrent expenditure per full-time equivalent (FTE) student in all schools (government and non-government) was \$13 255. It increased by 25 per cent from \$10 601 in 2007-08.<sup>15</sup>

3.14 Mr David Gillespie, author of the book 'Free Schools', advised caution in making a dollar for dollar comparison of the government funding for government and non-government schools:

14 *Review of Funding for Schooling Final Report (Gonski Review Report)*, December 2011, p. 15.

15 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, p. 4.38, [www.pc.gov.au/\\_data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

A lot of people run with the headline, which is that it costs \$15,000 to educate a government school student and it costs \$9,000 to educate a non-government school student, and they say, 'Well, there you go; we're saving \$6,000 per student.' But there is a lot of stuff factored into that government school student that is not factored into the non-government school student—the utilisation costs of the assets, for example, which comes in at close to \$3,000 per student, are factored into the government-school student funding, not the non-government school student funding, despite the fact that the government pays for the non-government school student's assets. The capital contribution by the government into the non-government school is not factored in, and neither is the depreciation on that capital, but the contribution to the government school is factored in. When you take all those things out, when you boil it down to what actually matters in a school—which is the people doing the teaching and administering—then the costs get very, very close. On the current numbers I think it is almost \$9,000 for a non-government school student, and for a government school student it is just a smidge over \$10,000...<sup>16</sup>

### ***Increases in Commonwealth spending on school education***

3.15 While overall government expenditure per FTE student increased over the five-year period from 2007-08 to 2011-12, there are significant differences in the level of recurrent funding provided in recent years by the Commonwealth, compared with the States and Territories.

3.16 As indicated in Table 3 below, recurrent expenditure by the Australian Government increased each year from 2007-08 to 2011-12.

3.17 In 2007-08, the Australian Government's expenditure was \$2333 per FTE student. This increased steadily to \$3470 in 2011-12.<sup>17</sup> Therefore, over this five-year period Commonwealth recurrent spending on school education increased by 49 per cent.<sup>18</sup>

### ***State and Territory spending on school education***

3.18 By comparison, Table 3 below shows that in 2007-08 the average of all State and Territory Governments' recurrent expenditure was \$8268 per FTE student. This expenditure increased to \$9785 in 2011-12. Over this five-year period, overall State and Territory recurrent spending on school education increased by 18.3 per cent in

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16 Mr David Gillespie, private capacity, *Committee Hansard*, 1 May, Sydney, p. 13.

17 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, Table 4A.18, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

18 Productivity Commission, *Report on Government Services 2014*, Volume B: Child care, education and training, Chapter 4 School education, Table 4A.18, [www.pc.gov.au/data/assets/pdf\\_file/0015/132306/rogs-2014-volumeb-chapter4.pdf](http://www.pc.gov.au/data/assets/pdf_file/0015/132306/rogs-2014-volumeb-chapter4.pdf), (accessed 20 June 2014).

nominal terms (compared to a 49 per cent increase for Commonwealth spending on school education).

3.19 Recurrent expenditure per FTE student by individual State and Territory Governments over the same five-year period has generally increased, as set out in Table 3 below. The table shows that the rate of increase in Commonwealth expenditure has been more than double that of any of the states or territories and more than 2½ times the state average.

**Table 3—Funding and percentage increase by jurisdiction**

Jurisdiction	Funding year 2007-08	Funding year 2011-12	Percentage increase
NSW	\$8154	\$9805	20.2
QLD	\$8400	\$9938	18.3
VIC	\$7137	\$8177	14.6
SA	\$7908	\$9745	23.2
WA	\$10553	\$12131	15.0
TAS	\$8642	\$10372	20.0
NT	\$12841	\$15712	22.4
ACT	\$9426	\$11603	23.1
<b>State average</b>	\$8268	\$9785	18.3
<b>Commonwealth average</b>	\$2333	\$3470	49.0

*Spending on schools as a proportion of all State/Territory expenditure*

3.20 While in 2011-12 State and Territory Governments spent \$42 billion on school education services (including all recurrent and capital expenditure), 20 per cent of total State/Territory expenses, there was in fact a decrease in real terms of school funding by State and Territory Governments as a proportion of overall expenditure.

3.21 Figure 3 below shows that the proportion of State/Territory spending devoted to school education has decreased as a proportion of total state expenditure over recent years from 21.6 per cent in 2006-07 to 20.0 per cent in 2011-12.<sup>19</sup>

3.22 In comparison, as discussed above, over this time Commonwealth funding for schools has increased. Further discussion of individual state funding arrangements

19 Commonwealth Grants Commission, *Schools Education* (2013), p. 1.

under the NPSI is detailed in Chapter 5, with information on the recent state and territory budgets in Chapter 6.

**Figure 4—State/Territory spending on school education, 2006-07 to 2011-12<sup>20</sup>**

***Examples of State Government decreases in school funding since 2011***

3.23 Before considering specific examples of State Government decreases in school funding it is important to note that the structure of state and territory budgets can vary considerably in their presentation of government spending. Further, the variance in timing between the handing down of state and territory budgets and the Australian Government budget also poses problems in ascertaining how states have allocated, or in some cases combined, Australian Government funds with state funds.

***New South Wales***

3.24 In September 2012, the New South Wales Government announced that it would be making savings to the education budget amounting to \$1.7 billion over the next four years. These cuts entailed reductions in administrative staff, an increase in TAFE fees and capping of funding for non-government schools.<sup>21</sup>

3.25 In April 2013, as part of signing the National Education Reform Agreement (NERA), the New South Wales Government committed 'about' \$1.7 billion in additional funding over the term of the agreement. The Premier of New South Wales

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20 Commonwealth Grants Commission, *Schools Education* (2013), p. 1.

21 New South Wales Government, Department of Education and Communities, 'Saving measures to meet our budget', [www.det.nsw.edu.au/media/downloads/about-us/news-at-det/media-centre/media-releases/yr2012/savingmeasurestomeetbudget.pdf](http://www.det.nsw.edu.au/media/downloads/about-us/news-at-det/media-centre/media-releases/yr2012/savingmeasurestomeetbudget.pdf), (accessed 20 June 2014).

described this amount as a coincidence that this was the same amount as the cuts announced in 2012.<sup>22</sup>

3.26 In October 2013, as a result of the New South Wales Government introducing its new needs-based funding system, the Resource Allocation Model,<sup>23</sup> it was revealed that 'more than 200 schools in New South Wales, many in low socio-economic areas' would receive less funding. However, other schools would receive more funding.<sup>24</sup>

3.27 Recently, NSW Premier Mike Baird has stated his commitment to NERA and called on the Abbott Government to maintain the agreement for the full six year period.<sup>25</sup> The committee invited the NSW Department of Education and Communities to appear at three different hearings, but the department declined each invitation. NSW has however, been the only state to publish a breakdown across forward estimates (out to 2019) of the allocation of funds from the NERA and the matching state funding.<sup>26</sup>

### **Victoria**

3.28 The 2012-13 Victorian budget reduced funding for Support Services Delivery from \$337.8 million in 2011-12 to \$303.6 million in 2012-13. This involved removing the school component of the Education Maintenance Allowance for schools with a high percentage of disadvantaged students. The budget papers explain the reduced funding as reflecting 'the completion of fixed-term budget initiatives, redirection of Education Maintenance Allowance funding to the School Education output group, and the achievement of government savings'.<sup>27</sup>

3.29 The Victorian Government was the only state government which had handed down its 2014-15 budget prior to the Abbott Government's 2014-15 budget, and the Victorian Premier joined the other state and territory heads of government in arguing against the measures announced for school funding in the Abbott Government's budget.<sup>28</sup>

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22 Mark Kenny, Josephine Tovey, Daniel Hurst, 'Gonski reforms O'Farrell secures extra \$3.3b – NSW leads the way', *Sydney Morning Herald*, 24 April 2013.

23 See Appendix 4.

24 New South Wales Government, Department of Education and Communities, 'Resource allocation model', <http://www.dec.nsw.gov.au/about-the-department/our-reforms/local-schools-local-decisions/reform-agenda/resource-allocation-model> (accessed 20 June 2014).

25 Alexandra Smith, 'Mike Baird to maintain push for full Gonski funding', *Sydney Morning Herald*, 29 April 2014, [www.smh.com.au/national/education/mike-baird-to-maintain-push-for-full-gonski-funding-20140429-zr1at.html](http://www.smh.com.au/national/education/mike-baird-to-maintain-push-for-full-gonski-funding-20140429-zr1at.html) (accessed 20 June 2014).

26 A copy of the breakdown information is at Appendix 4.

27 Evonne Barry, 'State schools take a hit', *Herald Sun*, 2 May 2012, p. 6; Evonne Barry, 'Students face cuts', *Herald Sun*, 25 May 2012, p. 10, Jewel Topsfield, 'Schools set to suffer as budget cuts hit hard', *The Age*, 30 January 2013, p. 3.

28 Emma Griffiths, 'Budget 2014: States accuse Federal Government of forcing them to push for GST hike', *ABC News Online*, 15 May 2014, [www.abc.net.au/news/2014-05-14/budget-2014-states-react-to-health-and-education-cuts/5452234](http://www.abc.net.au/news/2014-05-14/budget-2014-states-react-to-health-and-education-cuts/5452234) (accessed 20 June 2014).

3.30 At the Victorian Parliament's 2014-15 Budget Estimates on 13 May, the Minister for Education Mr Martin Dixon MP, advised that this budget was the first since Victoria had signed the NERA in August 2013. The minister explained the allocation of funding as it appeared in the 2014-15 budget:

The national funding agreement was signed in, I think, early August [2013], and that committed the Victorian and the Australian governments to \$12.2 billion of new funding over six years. The Victorian government's share of that is \$5.4 billion over those six years, and we are beginning to deliver that money into our schools this year. This is the first budget since that agreement was signed. There is \$1.2 billion already out there, and there is [\$1.6 billion] of initiatives in this year's budget towards that six-year goal. We know that that is backloaded. Most of the funding comes on stream in the second half, in fact in the last two years, of that six-year agreement. We will certainly do our bit, with guarantees that we will provide the \$5.4 billion over six years that we said we would put on the table, and obviously we will hold the federal government accountable to do its bit in terms of the balance of the money.<sup>29</sup>

3.31 However, the minister also advised that as the Victorian budget pooled the Australian Government school funding money and the State Government contribution. He could not provide a detailed split of the allocation of the funding over each of the forward years:

In Victoria there is no such thing as Gonski money. It is the money that the state government puts into education, it is the money that the federal government puts into education and that is the school funding. We do not treat them as two separate buckets of money. It is school funding, and we do not divide them up like that, especially in Victoria where we have a very devolved education system, where we do not have line item budgets, where we allow schools to spend the funding that they receive on the programs and services that are going to best meet the needs of their community.

In terms of why everything is not there year by year, broken down, it is the same. You mentioned capital. It is the same. There is \$500 million of capital that has gone into the forward estimates in this year's budget, but that does not mean that is the only money we are going to spend over the next four years on capital works. It is the same with output funding as well. It is exactly the same. Money is held in contingency, and then it is fed into budgets over the ensuing years.

As I said, there is a total now in the school education budget of \$2.8 billion in this year's budget—[\$1.2 billion] existing and an extra [\$1.6 billion]—and the rest of that money will roll out over the next five budgets.<sup>30</sup>

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29 The Hon Mr Martin Dixon MP, Minister for Education, *Parliament of Victoria Public Accounts and Estimates Committee Hansard*, 13 May 2014, p. 5.

30 The Hon Mr Martin Dixon MP, Minister for Education, *Parliament of Victoria Public Accounts and Estimates Committee Hansard*, 13 May 2014, pp 5–6.

### *South Australia*

3.32 In December 2013, the Prime Minister and Commonwealth Minister for Education stated that South Australia had cut its education budget despite signing up to the NERA. The South Australian Education Minister responded by stating that efficiency dividends of \$223 million were made before the NERA had been signed and that after signing the agreement the South Australian Government had agreed to increase funding.<sup>31</sup>

3.33 At the committee's public hearing on 30 April, Mr Tony Harrison, Chief Executive of the Department for Education and Child Development South Australia told the committee that South Australia had welcomed the six year NERA as it provided an opportunity for long term planning.<sup>32</sup> Mr Harrison outlined for the committee the difference between the four year funding approach (under Students First) and the six year approach (under NERA):

**Mr Harrison:** I will highlight the difference between a four-year approach and a six-year approach in the South Australian context. If you look at the total funding from South Australian and Commonwealth perspectives in years 1, 2, 3 and 4, we are talking about \$2.986 billion in year 1—2014—increasing to \$3.103 billion in 2015. In year 3 it goes to \$3.24 billion and in year 4 it goes to \$3.379 billion. That is a total of \$12.7 billion over that four-year period. If you look at years 5 and 6—

**CHAIR:** To clarify those figures: this is both Commonwealth and state contribution?

**Mr Harrison:** That is right. So the total over the four-year period is \$12.710 billion. Year 5 combined was to be a contribution of \$3.628 billion and year 6 was to be \$3.990 billion. Those two years are \$7.619 billion. You can obviously see that years 5 and 6 were an important part of the model for us in the sense of how it was ramped and how the formulas were worked out over that six-year period.<sup>33</sup>

3.34 The additionality funding from the South Australian Government had, Mr Harrison explained, been matched to the original six year funding agreement:

**Table 4—Additionality funding – South Australia**

	<b>2014 (Year 1)</b>	<b>2015 (Year 2)</b>	<b>2016 (Year 3)</b>	<b>2017 (Year 4)</b>	<b>2018 (Year 5)</b>	<b>2019 (Year 6)</b>
<b>SA additionality</b>	\$25m	\$33m	\$43m	\$51m	\$160m	\$342m

31 The Hon Christopher Pyne MP, Minister for Education' South Australia's education cuts expose Labor hypocrisy', media release, 2 December 2013; Tory Shepherd, 'Ministers bicker over education cuts claim', *Adelaide Advertiser*, 4 December 2013, p. 2.

32 Mr Tony Harrison, South Australian Department of Education and Child Development, *Committee Hansard*, 30 April 2014, p. 6.

33 Mr Tony Harrison, South Australian Department of Education and Child Development, *Committee Hansard*, 30 April 2014, p. 7.

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3.35 Mr Harrison stressed that without the funding originally allocated for years five and six, South Australian schools faced a funding shortfall:

Looking at those amounts of money, you can see that potentially, if [funding for years 5 and 6 is] not realised, there is a significant shortfall if we work on a four-year model versus a six-year model.<sup>34</sup>

3.36 Mr Harrison also provided for the committee an example of the difficulties which could arise if funding was not certain:

The fact that when we operate in three- and four-year cycles—and often it is around election cycles and government terms of three and four years—it provides a great difficulty to try to have that long-term planning for long-term teaching and learning improvements. It is hard to turn on these programs on then and turn them off. We seem to spend a lot of money in seed funding establishing programs and we seem to spend considerable time actually getting programs off the ground. We can often lose six months, 12 months or sometimes even two years before programs really start to get some traction. Before you know it, without the certainty of funding, you are having to work out whether you start winding back those programs.<sup>35</sup>




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34 Mr Tony Harrison, South Australian Department of Education and Child Development, *Committee Hansard*, 30 April 2014, p. 7.

35 Mr Tony Harrison, South Australian Department of Education and Child Development, *Committee Hansard*, 30 April 2014, p. 9.

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Senator the Hon Jacinta Collins (Chair) and Senator Deborah O'Neill with Ms Emily Sayer (Deputy Principal) during the committee's site visit at the Immaculate Heart of Mary School, Adelaide, 30 April 2014.

### *Tasmania*

3.37 As part of the 2011-12 Tasmanian Budget, it was announced that, in accordance with the Tasmanian Government's objective to return the Budget to a sustainable position, the Department of Education would implement a number of strategies to achieve the following savings:

**Table 5—Tasmanian Government, 2011-12 projected savings, education**

Year	Projected saving
2011-12	\$45.9 million
2012-13	\$56.0 million
2013-14	\$49.0 million
2014-15	\$38.9 million

3.38 Savings strategies would include:

- implementing the Renewing our Education System process;
- extending the Voluntary Workforce Renewal programme;
- establishing a single corporate services model;
- ceasing targeted funding allocated to reduce class sizes;
- reducing the level of non-government general educational grant funding;
- gaining efficiencies through revised organisational and operational structures; and
- deferring some capital investment projects.<sup>36</sup>

3.39 At the committee's public hearing on 16 May, the Department of Education Tasmania officials confirmed that despite the recent change of State Government, Tasmania would proceed with the allocations of funding and initiatives under the previously announced program.<sup>37</sup>

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36 Tasmanian Government, Budget Paper No 2, 2011-12, Government Services, Volume 1, p. 3.5, [www.treasury.tas.gov.au/domino/df/df.nsf/LookupFiles/2011-12\\_BP2\\_Volume\\_1.pdf/\\$file/2011-12\\_BP2\\_Volume\\_1.pdf](http://www.treasury.tas.gov.au/domino/df/df.nsf/LookupFiles/2011-12_BP2_Volume_1.pdf/$file/2011-12_BP2_Volume_1.pdf), (accessed 20 June 2014).

37 Mr Colin Pettit, Secretary Department of Education Tasmania, *Committee Hansard*, 16 May 2014, p. 29.

### ***Allocation of funds to non-participating states – MYEFO 2013***

3.40 The December 2013 MYEFO included the allocation of \$1.2 billion to Queensland, Western Australia and the Northern Territory under the Students First policy.<sup>38</sup> The funding followed negotiations conducted by the Abbott Government; the two states and one territory had not previously signed the NERA with the Rudd/Gillard Governments.

3.41 Overall, Queensland received \$794.4 million; Western Australia received \$120.3 million; and the Northern Territory received \$272.5 million, allocated as follows, with updates annually for current enrolment data:<sup>39</sup>

3.42 The Minister for Education, the Hon Christopher Pyne MP, wrote to the Queensland, Western Australia and the Northern Territory regarding the allocation of funding and outlining the Abbott Government's belief in states' autonomy:

The Government recognises that states and territories remain responsible for their schools and that all non-government schools should maintain their independence and autonomy. In 2014 it is the Government's intention, following consultation, to amend the command and control aspects of the *Australian Education Act 2013* to ensure jurisdictions maintain authority for their schools.

Given our joint commitment to addressing student need and improving educational outcomes for all students, it is my expectation that your Government would continue its funding effort across schools [in the relevant state or territory] through the forward estimates period.<sup>40</sup>

3.43 Discussion regarding the accountability of states for this funding is discussed in more detail in Chapter 8.

### ***Queensland***

3.44 The 2012-13 Queensland Budget listed 'fiscal repair savings measures' of about \$758 million over four years for the Department of Education, Training and Employment.<sup>41</sup> It also announced that in line with the Queensland Government's 'commitment to reduce waste and improve efficiency' savings of \$9.9 million were

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38 Australian Government, Mid-Year Economic and Fiscal Outlook 2013-14, December 2013, [www.budget.gov.au/2013-14/content/myefo/html/08\\_attachment\\_e.htm](http://www.budget.gov.au/2013-14/content/myefo/html/08_attachment_e.htm) (accessed 20 June 2014).

39 Document tabled by Mr Tony Cook, Associate Secretary, Department of Education at the public hearing in Canberra on 16 May 2014: Minister Pyne's letters to states and the Northern Territory in regards to school funding allocation. Table is reproduced from the table in each letter.

40 Document tabled by Mr Tony Cook, Associate Secretary, Department of Education at the public hearing in Canberra on 16 May 2014: Minister Pyne's letters to states and the Northern Territory in regards to school funding allocation.

41 Queensland Government, *State budget 2012–13: budget measures: budget paper no. 4*, <http://budget.qld.gov.au/budget-papers/2012-13/bp4-2012-13.pdf>, (accessed 18 June 2014), p. 5.

achieved as a result of lower than budgeted program costs, unfilled vacancies and reduced business costs.<sup>42</sup>

3.45 The Budget attracted media criticism which suggests that funding for school education had been cut in real terms and that the Queensland Minister for Education was quoted as having to make 'some difficult decisions' in the budget.<sup>43</sup>

3.46 The Queensland Teachers Union analysis of the Budget concluded that there were 'real cuts' to staffing allocations:

Only 270 additional teachers, teacher-aides and support staff were funded in the budget, yet the Department of Education, Training and Employment's own estimate is that 837 are needed to cater for growth...

The shortfall is being funded by redirecting existing staffing allocations that have been used by schools to limit class sizes, provide early literacy support and allow schools to offer a broader curriculum, particularly in high schools...

The overall education budget is up by a tiny 0.3 per cent, which is far short of projected inflation of 2.75 per cent...<sup>44</sup>

### ***Western Australia***

3.47 In August 2013, the Western Australian Government announced a new student-centred funding model to be implemented from 2015. Under the model, schools will have a one-line budget comprising a salaries component and a cash component, with capacity for resources to be moved between these two components.<sup>45</sup>

3.48 In his announcement, the Western Australian Minister for Education stated that the new model would be accompanied by 'reforms to improve the efficiency of WA's public education system, which include staff reductions where positions could no longer be justified'. While overall teacher numbers would be maintained in 2014, there would be reductions in central and regional office positions and education assistants.<sup>46</sup>

3.49 There have also been reports and claims that the new funding model will result in class size increases, school closures and amalgamations and that School

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42 Queensland Government, *State budget 2012–13: budget measures: budget paper no. 4*, <http://budget.qld.gov.au/budget-papers/2012-13/bp4-2012-13.pdf>, (accessed 18 June 2014), p. 40.

43 Justine Ferrari, 'Do the maths: states cut as Gonski gives', *The Australian*, 13 September 2013.

44 Queensland Teacher' Union, *Devils emerge from education budget detail*, Media Release, 12 September 2012.

45 Western Australian Government, Department of Education, *Changes to public school funding frequently asked questions*, <http://det.wa.edu.au/schoolsandyou/detcms/schoolsandyou/schools-and-you/news/facts-on-changes-to-education-assistants-in-public-schools.en> (accessed 18 June 2014).

46 The Hon. Peter Collier, Minister for Education Western Australia, 'School reforms to deliver equity and efficiency', Media release, 20 August 2013.

Support Program resource allocations which provide support for students with additional literacy and numeracy needs and with behavioural problems will be cut by a third. It has also been reported that the Education Department has put a new levy on schools to cover the cost of long service leave liability.<sup>47</sup>

3.50 The Department of Education Western Australia had, via letter on 26 March, confirmed that senior officials including the department's Director General, Ms Sharyn O'Neill, would be attending the committee's public hearing in Perth on 29 April. However, in a letter to the committee on 24 April, Ms O'Neill advised that departmental officials would not attend the public hearing 'due to a change in circumstances'.<sup>48</sup>

### ***Northern Territory***

3.51 In May 2013, the Northern Territory Education Minister stated in a newspaper interview that student-teacher ratios would be increased in middle and high schools as part of a plan to reduce the ratios in the early year of schooling.<sup>49</sup>

3.52 The 2013-14 Northern Territory budget reduced funding for government school education (comprising primary, middle years and senior years education) by \$18 million. The budget papers explain the reduction as largely due to reductions in Commonwealth-funded programmes and efficiency measures.<sup>50</sup>

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47 Mr Gareth Parker, 'School Axe: Teacher freeze and less help in education squeeze', *West Australian*, 21 August 2013; Bethany Hiatt, 'Schools warn of savage cuts', *West Australian*, 23 August 2013.

48 Document tabled by the Senate Select Committee on School Funding, at the public hearing in Perth on 29 April 2014: Correspondence from the Western Australian Department of Education regarding the Senate Select Committee on School Funding's public hearing on 29 April 2014.

49 Ms Nicole Mills, 'Teachers protest at student ration move', *Northern Territory News*, 4 May 2013.

50 Northern Territory Government, *2013–14 Northern Territory budget: budget paper no. 3: agency budget statements*, [www.treasury.nt.gov.au/PMS/Publications/BudgetFinance/BudgetPapers/I-BP03-1314.pdf](http://www.treasury.nt.gov.au/PMS/Publications/BudgetFinance/BudgetPapers/I-BP03-1314.pdf) (accessed 18 June 2014), p. 191.