

**Senate Standing Committee on Education Employment and Workplace Relations**

**QUESTIONS ON NOTICE  
Budget Estimates 2013-2014**

**Outcome 2 - Schools and Youth**

**DEEWR Question No. EW0223\_14**

**Senator Mason asked on 5 June 2013, Hansard page 66**

**Question**

**School funding**

Senator MASON: So whose idea was it to adopt this approach, looking forwards rather than backwards, Ms Paul? Whose idea was this new methodology? Ms Paul: It was discussed broadly in government. It was also recognised, as I said at the very beginning, that this is the first time that states are being asked to in any way match or relate their funding to Commonwealth funding. So, historically, there has been no influence from the Commonwealth over state schools' expenditure, except of course what the Commonwealth has paid the states. This is the first time states are being asked both to match the Commonwealth's additionality, or additional funding, and to reach certain indexation rates for the first time ever—and, indeed, to fund non-government school to certain levels. The two funding systems are really one funding system now, if the offer is accepted. In terms of your question about who would have made that decision, I do recall a lot of discussion within government, so I would have to take on notice precisely who. It was probably a government decision informed by advice from us and Treasury et cetera about what the most reliable data would be—and of course the most reliable data about costs is state costs and hence state treasuries.

**Answer**

The decision to move to a forward looking fixed indexation rate was made by the previous Government. This approach to indexation was a core component of the Government's offer as it believed that moving to fixed indexation provides greater certainty for schools.

In addition to the extra funding on offer, the Commonwealth committed to maintain its ongoing funding for schools and to grow this funding by 4.7 per cent from 2014.

The rate of 4.7 per cent was informed by the estimated ten-year rolling average of state and Commonwealth expenditure on all schools from all sources. It was informed by data on current and proposed education spending by States and Territories, provided through State Treasuries.

In proceeding with negotiations with the Commonwealth, states were asked to contribute 3.0 per cent indexation for schools below the SRS from 2014 onwards. This rate was estimated based on a weighted five-year Average Government Schools Recurrent Cost (AGSRC) index.