

Senate Standing Committee on Education Employment and Workplace Relations

QUESTIONS ON NOTICE Budget Estimates 2013-2014

Outcome 2 - Schools and Youth

DEEWR Question No. EW0234_14

Senator Wright asked on 6 June 2013, Hansard page 4

Question

School funding in the 2013-14 Budget

Senator WRIGHT: Thank you, Chair. I have questions in relation to program 2.2. My first question is: over the forward estimates, what proportion of Commonwealth spending for schools education is actually new—that is, what amount did the 2013-14 budget commit to schools education that was not committed to schools education in previous budgets? Ms Paul: In the forward estimates the budget papers commit \$2.8 billion, but I will note that that is over the forward estimates and that is all additional. If you look at the budget papers—it is Budget Paper No. 1 or Budget Paper No. 3—you will see that the money grows each year. But, in terms of additionality, that is the \$2.8 billion. That, however—I do not know if you heard the evidence last night—is worked off an indexation rate assumption of 5.6 per cent, which is no longer considered realistic because current indexation is actually 3.9 per cent. So on that basis, if the real indexation rate were assumed to be lower, of course the additional money is higher. In other words, in reality it is understated in the budget papers because of this historical assumption about indexation. Senator WRIGHT: Can I just clarify what we mean by 'new'. It has been put to me that the national partnership agreement money will actually be ceasing and will not be reallocated under that program. The total of that sort of funding is about \$2.3 billion. Ms Paul: Yes. Senator WRIGHT: So in fact, although this may be nominally new funding of \$2.8 billion, if you deduct the amount that was previously allocated for schools education funding, of about \$2.3 billion, then the real new money that is sloshing around in the system is only about \$0.5 billion. Excuse my— Ms Paul: A technical term! Senator WRIGHT: use of words. I just want to test it out, because that was put to me. Ms Paul: The budget papers show that the net impact would be lower if you take those things out. However— **Senator WRIGHT: How much would it be, then?** Ms Paul: I will say a couple of things while we go for the number. Senator WRIGHT: Sure. Thank you. Ms Paul: We might have to take it on notice. There are actually only two national partnerships which will genuinely cease and be replaced by the new system: the low-SES national partnership and the National Partnership on Rewards for Great Teachers. Those things themselves are much less than \$2.3 billion. The other national partnerships either have not been signed up to or have not been started, so it is actually not a real cut, saving or however you want to put it. So, once again, the budget papers are actually understating the real additionality in real terms. If you want to look at the real additionality, the best guide is not the budget papers, because of these assumptions which really are no longer true and because most of these national partnerships have not even started. The real thing to look at is the announcement that was made on 14 April, and that is the \$9.4 billion for the Commonwealth over the six years. In our workings that is the real additionality. To put that into four-year terms we would have to take that on notice.

Answer*Additional funding for schooling*

The additional budget funding provided in the 2013–14 Budget for the new schools funding model is \$2.8 billion over 4 years. In addition the Budget provided for an additional \$184 million over 4 years in measures to support the new arrangements. This provided for an additional \$2.984 billion over the 4 years presented in the Budget.

As part of the Budget a range of decisions were made by the previous Government to redirect existing National Partnership funding to the new schools funding arrangements. The total of these measures were savings of \$2.1 billion.