

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2017 - 2018

Outcome: Schools and Youth

Department of Education and Training Question No. SQ17-SY009

Senator Collins, Jacinta asked on 1 June 2017, page 40 Proof Hansard.

Horizontal fiscal equalisation

Question

Senator JACINTA COLLINS: I am interested in what other precedents there are, and the extent to which, for example, the recommendation in the Gonski review panel around recommendation 11 applies to these issues. There, the recommendation is that the GST allocations as a result of their cooperation, which is not existent yet at this point, with the Australian government in implementing the schooling resource standard—Mr Cook, we have talked about this before. This is in relation to the non-application of horizontal fiscal equalisation. So does that apply in the minister's hospital example?

Senator Birmingham: In the hospital example, we would have to take it on notice as to how that does or does not impact on horizontal fiscal equalisation.

Answer

National Health Reform funding is included in the Commonwealth Grants Commission's GST distribution calculations for horizontal fiscal equalisation purposes. This is consistent with the GST treatment of most Commonwealth funding to the States, recognising that these payments provide the States with budget support for providing standard state services.

With regards to education and the implementation of the current arrangements under the *Australian Education Act 2013* and Recommendation 11 of the Review of Funding for Schooling, the Commonwealth Treasurer, after consulting the states and territories, provided the Commission with Terms of Reference asking for a report on appropriate relativities. In relation to school funding, the Terms of Reference asked the Commission to:

... ensure that the GST distribution will not have the effect of unwinding the recognition of educational disadvantage embedded in the National Education Reform Agreement (NERA) funding arrangements. The Commission will also ensure that no State or Territory receives a windfall gain through the GST distribution from non-participation in NERA funding arrangements.

In order to preserve the needs-based arrangements, the Commission assesses the distribution of Commonwealth funding provided to the States on the basis of the Schools Resourcing Standard.

Further, with regards to ensuring no states were disadvantaged as a result of their cooperation, it was found that as all states were treated as participating in NERA from 2014-2017, no action was required to ensure a non-participating state received any windfall gain through the GST distribution.