

## Briefing Note

The Honourable John-Paul Langbroek MP  
Minister for Education, Training and Employment

**Action required: For Noting**

**Action required by: N/A**

**Urgent – Information on the Federal Budget 2014–15**

**SUBJECT: FEDERAL BUDGET 2014–15 “Delivering Balanced and Credible Budget Repair”**

### Summary of key objectives

- An overview of the Federal Budget 2014–15, key initiatives and savings in relation to the early childhood, schooling, training, higher education, and skills and employment portfolio areas.

### Key issues

#### General Budget Overview

##### 1. The key economic features of the Budget include:

- tax receipts revised up by \$1.8 billion since the 2013–14 Budget;
- 2014–15 underlying cash deficit of \$29.8 billion, estimated to reduce to a \$17.1 billion deficit in 2015–16, \$10.6 billion deficit in 2016–17 and \$2.8 billion deficit in 2017–18;
- Real Gross Domestic Product (GDP) forecast to grow at 2.75% in 2013–14 compared with growth of 2.6% in 2012–13;
- Consumer Price Index (CPI) forecast to grow from 2.4% in 2012–13 to 3.25% in 2013–14, then falling to 2.25% in 2014–15 and 2.5% in 2015–16;
- unemployment to rise from 5.6% in 2012–13 to 6% in 2013–14, then to 6.25% in 2014–15 and 2015–16; and
- return to surplus from 2018–19 and assumption of future tax relief.

##### 2. Headline savings items include:

- \$80 billion reduction in health and education spending over the next decade compared with previous spending arrangements, driven by changes in school funding indexation rates and removing funding guarantees for public hospitals;
- temporary Budget Repair Levy raising \$3.1 billion over the forward estimates by increasing taxation on those earning over \$180,000;
- changes to the funding of the Official Development Assistance programme, to be maintained at nominal 2013–14 levels of \$5 billion in 2014–15 and 2015–16 and growing in line with CPI from 2016–17;
- increase in the age for receiving the Age Pension to 70 by 2035 — from 2017 pensions including the Age Pension and Disability Support Pension will be indexed to inflation rather than wages; and

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Senate Education and Employment Legislation  
Committee  
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Tabled by: Senator O'Neill

- reduction in the income threshold for repayment of Higher Education Loan Programme (HELP) debts commencing in 2016–17 and adjustment to indexation of HELP debts from 1 June 2016 — estimated to achieve savings of \$3.2 billion over four years from 2014–15.

3. Headline expenditures include:

- establishment of a Medical Research Future Fund from 1 January 2015, growing to \$20 billion by 2020; and
- an additional \$11.6 billion to transport infrastructure spending through the Infrastructure Growth Package (\$5 billion on Asset Recycling Initiative, \$3.7 billion on Infrastructure Investment Programme and \$2.9 million on Western Sydney Infrastructure Plan).

*Key Impacts on Portfolio Areas*

- Detailed impacts for early childhood, school education, training, higher education and employment are provided at **Attachments 1–3**.
- The Budget also announced rationalisation of 150 Indigenous programs/services, leading to savings nationally of \$534.4 million over five years. While this is likely to affect program delivery in Queensland, the minimal detail provided to date means this impact is yet to be fully analysed.

**Early Childhood**

- Funding under the National Partnership for Universal Access to Early Childhood Education (NP UAECE) is due to cease at the end of 2014. Inclusion in Federal Budget Paper 3 of funding amounts for 2014–15 only represents funding already allocated under the NP UAECE. Future arrangements are dependent on the outcome of the current Review of the NP UAECE.
- Given there is no identification of funding, either specifically or 'not for publication' in 2016–17 or 2017–18, the 'not for publication' line for 2015–16 may signal the potential exit of the Australian Government from funding kindergarten with a short-term offer of an unspecified amount of additional funding to continue support of kindergarten services until 2015–16.
- There is no funding allocated in the Budget to continue operation of 10 Children and Family Centres (CFCs) following expiry of the National Partnership for Indigenous Early Childhood Development in June 2014. This represents a reduction in Australian Government funding to Queensland of approximately \$9.97 million per annum.
- Withdrawing from support for CFCs is counter to the strong position the Australian Government has taken in relation to Aboriginal and Torres Strait Islander policy and program delivery at the Council of Australian Governments. It also has the potential to represent to the Aboriginal and Torres Strait Islander community another example of funding removed from a successful program at a critical stage of operation.
- Notably, funding under the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NP NQA) has been extended into the 2014–15 financial year (at \$19.1 million nationally), but is noted as 'not for publication' in the out years. It is anticipated that further funding will be determined following the 2014 Review of the NP NQA.
- The Budget also includes reinstatement of occasional care funding (\$12.6 million nationally), consistent with Assistant Minister Ley's 3 March 2014 letter to the Minister seeking Queensland's participation in this program (Ref: 14/82222).

### School Education

12. Students First funding commitments for the period 2014–15 to 2016–17 are unchanged. Aggregate Australian Government school funding is projected to increase by 17.3% in real terms from 2014–15 to 2017–18, comprising 24.8% real growth in state school funding and 13.1% real growth in non-state school funding.
13. Australian Government recurrent funding allocations for Queensland state schools are \$1.12 billion in 2014–15, \$1.3 billion in 2015–16 and \$1.493 billion in 2016–17.
14. From 1 July 2017, Students First funding will be indexed by CPI, with an allowance for changes in enrolments, to maintain real Australian Government school funding. The 2017–18 allocation for Queensland state schools is \$1.626 billion.
15. The Budget foreshadows a reduction of growth in school funding over the next decade (compared with previous arrangements), starting in the 2018 school year and driven by changes to indexation rates. This has significant future implications for the Queensland Government budget.
16. With regard to recurrent funding distribution between states and sectors from 2018 onward, the Budget proposes that the Australian Government will provide equal per student base funding and even proportion of existing loadings to address disadvantage. Final State allocations for the 2018 school year are subject to formal negotiations between the Australian Government and the states and territories and the non-government sector.
17. Other key items of note for the Department of Education, Training and Employment (DETE) with respect to school education include:
  - extension of the Remote School Attendance Strategy (an additional \$18.1 million nationally over two calendar years from 1 April 2014) to a further 30 remote Indigenous communities. The seven additional Queensland schools are Cherbourg State School, Kowanyama State School, Lockhart State School, Normanton State School, Northern Peninsula Area State College, Pormpuraaw State School and Woorabinda State School;
  - cessation of funding to non-government organisations for the Youth Connections, School Business Community Partnership Brokers and National Career Development activities at the end of the 2014 calendar year. The loss of Youth Connections will have implications for support available to young people at-risk of disengaging or who have disengaged from education and may increase demand for the Queensland Government's Youth Support Coordinator Initiative;
  - early cessation of the National Partnership Agreement for Preventive Health on 30 June 2014. DETE had been expecting to receive approximately \$0.5 million per annum in 2014–15 to support all Queensland schools to implement Smart Choices, the Healthy Food and Drink Supply Strategy for Queensland Schools;
  - \$245 million nationally over five years for continuation of the National School Chaplaincy Program until December 2018;
  - \$70 million nationally for the Australian Government's Independent Public Schools initiative, with \$12.88 million available to Queensland for four years to 2016–17 as anticipated; and
  - cessation of Online Diagnostic Tools (\$38.4 million nationally over five years from 2013–14) which is not in line with the Australian Government's commitment to work with jurisdictions to deliver the National Assessment Program – Literacy and Numeracy and National Assessment Program online and may have considerable implications for the delivery of this commitment.

### Skills and Training

18. The National Partnership for Training Places for Single and Teenage Parents (NP TPSTP) guarantees a training place for single and teenage parents who will transition to the NewStart allowance as a result of their youngest child reaching a particular age. Funding provides support services and contributes towards the cost of course fees for participants training to gain or upgrade skills.
19. The Budget indicates cessation of this agreement on 31 December 2014 (originally due for completion December 2015). This represents a loss of \$5.7 million for Queensland.
20. While disappointing, it is noted that the NP TPSTP requires special arrangements to be in place for this cohort, inconsistent with Queensland VET reforms. From 1 July 2014, all Government VET investment will be through fully contestable arrangements, with subsidised training available for delivery of priority qualifications outlined in the 2014–15 Annual VET Investment Plan (subject to Ministerial approval). Training outcomes for single and teen parents could be supported through the Certificate 3 Guarantee or other programs in the VET Investment Plan.
21. The National Partnership on the Commonwealth/State and Territory Joint Group Training Program shows no funding for Queensland (or other states/territories) in 2014–15. The Commonwealth has indicated that the amount of funding for the programme for 2014–15 will be confirmed once the review currently underway (due for completion at the end of May 2014) has been finalised.
22. A drop of \$0.6 million for Queensland (\$27.0 million nationally) in SPP funds, compared with last year's projection for 2014–15 has yet to be explained by the Commonwealth. The Department will continue to pursue this issue with the Commonwealth, including at a national meeting of Senior Skills Officials being held on 27 May 2014.
23. Ten skills and training programmes will cease, creating a saving of \$1.0 billion over five years. However, a new four-year \$476 million Industry Skills Fund and a new five-year \$439 million Trade Support Loans Programme for apprentices have been introduced.
24. Overall, the changes are unlikely to have a major impact on the Queensland Government's 10,000 additional apprentices target as there do not appear to be any changes to the incentives that encourage employers to commence and retain apprentices. The Department will continue to work with the federal Department of Industry on the proposed changes to mitigate any impact as much as possible.

### Higher Education

25. The Budget foreshadows deregulation of fees for university students, enabling universities to set their own tuition fees. Full fee deregulation will start from 1 January 2016.
26. It is unclear at this stage what impact this may have on Queensland's participation rate in higher education.

### Background

27. The Federal Treasurer, the Honourable Joe Hockey MP, delivered the Federal Budget 2014–15 on 13 May 2014.
28. The theme of the 2014–15 Budget is "Delivering Balanced and Credible Budget Repair".

### Right to information

29. I am of the view that the contents or attachments contained in this brief are not suitable for publication.

**Recommendation**

That the Minister note the information in the brief on the impact of the Federal Budget 2014–15 on the early childhood, schooling, skills and training, higher education and employment portfolio areas.

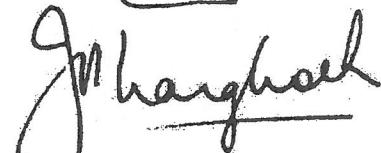
**NOTED**


**FIONA CRAWFORD**  
**Chief of Staff**  
**Office of the Hon John-Paul Langbroek MP**  
**Minister for Education, Training and Employment**

12/6/14

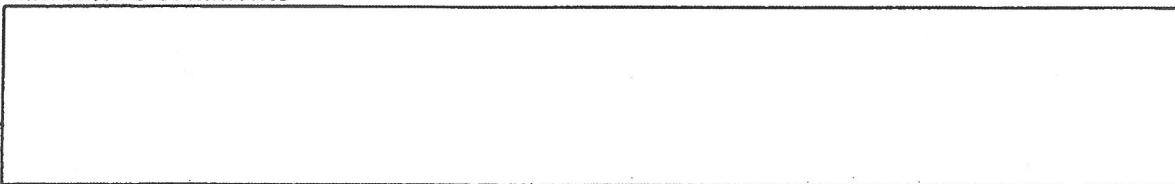
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**APPROVED/NOT APPROVED**  
**ENDORSED/NOTED**



**JOHN-PAUL LANGBROEK MP**  
**Minister for Education, Training and Employment**

15/6/14

**Minister's comments**

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## Early Childhood and Schooling

### *Early childhood education and care*

#### New Initiatives

##### *Paid Parental Leave*

- New Paid Parental Leave (PPL) Scheme with income cap of up to \$100,000 commencing from 1 July 2015.
- This Scheme has not been costed individually and is only listed as part of the 'contingency reserve'. Similarly, the planned 1.5% tax levy on big business to fund the PPL scheme has not been individually costed.

##### *Neighbourhood Model Occasional Care (Limited Hours Care) – reinstatement*

- Reinstatement of former national funding program for occasional care services across Australia, which aligns to a 2013 federal election commitment, totalling \$12.6 million.

##### *Long Day Care Professional Development Support*

- \$200 million nationally from the former Australian Government's Early Years Quality Fund (EYQF) funding redirected to the Long Day Care Professional Development Program.
- A further \$30 million nationally will be redirected from the EYQF to support professional development of long day care educators working with vulnerable and disadvantaged children in 2014–15.

##### *Online language learning for preschools*

- \$9.8 million nationally for Early Learning Languages Australia to trial online foreign language learning for children in preschool programmes in 2015.

##### *Ministerial Advisory Council on Early Childhood*

- A new Ministerial Advisory Council on Early Childhood and Early Learning will provide recommendations on proposed legislation or policies affecting the child care sector.

### **Savings and cessations**

#### *Children and Family Centres*

- No further funding under the National Partnership Agreement for Indigenous Early Childhood Development (NP IECD) for Children and Family Centres (CFCs) beyond 30 June 2014 (existing arrangement ceases).
- This represents a reduction in Australian Government funding to Queensland of approximately \$9.97 million per annum.
- The NP IECD will continue to provide \$25.9 million in 2014–15 to support the Indigenous teenage sexual and reproductive health element of the NP.

#### *Reduction in Child Care System Supports*

- Redirection of \$39.3 million over five years from the following programmes to the Support for the Child Care System Program:
  - \$14.7 million over four years from 2014–15 through a reduction in activities and other efficiencies from Child Care Early Learning Projects;
  - \$12.0 million over two years from 2016–17 by streamlining programme delivery of the Inclusion and Professional Support Programme;
  - \$3.7 million over three years from 2015–16 by suspending funding for professional development of staff in Budget Based Funded child care services;
  - \$3.6 million over two years from 2014–15 by terminating the Child Care Accessibility Fund;
  - \$3.1 million over four years from 2014–15 through a reduction in funding for the Stronger Quality Element of the Child Care Services Support Programme;
  - \$1.2 million over two years from 2013–14 through efficiencies in the National Career Development Programme; and
  - \$1.0 million in 2014–15 by restricting access to the Recognition of Prior Learning Programme to non-long day care child care staff in that year.
- New \$250,000 cap on Operational Support payments per financial year per Family Day Care (FDC) service, bringing new FDC services in line with community support program eligibility criteria for other service types (e.g. long day care).

#### *Child Care Benefit (CCB)*

- Indexation of child care benefit income thresholds to be 'maintained' for three years from 2014–15. This measure means family income levels will remain frozen for a further three years, rather than this being adjusted with CPI increases. CCB payments will still be indexed, but families' eligibility for these payments will continue to move outside income threshold limits over time.

#### *Family Tax Benefit B cap reduction*

- Reduction in the income threshold for Family Tax Benefit B (which impacts single parents and families with one income) from \$150,000 to \$100,000.

**Continuing**

*Universal Access to Kindergarten*

- Unspecified amount allocated in contingency reserve only under the National Partnership Agreement for Universal Access to Early Childhood Education (NP UAECE) for 2014–15 and 2015–16 — subject to the NP Review and negotiations with the States.
- The amount listed in Budget Paper 2 for 2014–15 represents the amount already allocated under the NP UAECE, which expires 31 December 2014.

*National Quality Framework*

- Maintenance of funding for 2014–15 (\$19.1 million). Additional unspecified funding in the contingency reserve for 2015–16 onwards following the NP Review and subject to negotiations with the States.

*Child Care Rebate*

- No obvious change to the child care rebate (i.e. indexation continues to be frozen at 2011 levels).

## **School Education**

### **New Initiatives**

#### *Indexation of school funding from 2018*

- Aggregate Australian Government school funding is projected to increase by 17.3% in real terms from 2014–15 to 2017–18, comprising 24.8% real growth in state school funding and 13.1% real growth in non-state school funding.
- From 1 July 2017, Students First funding will be indexed by CPI, with an allowance for changes in enrolments, to maintain real Australian Government school funding. The 2017–18 allocation for Queensland state schools is \$1.626 billion.
- Anticipated reduction of growth in school funding over the next decade (compared with previous arrangements), starting in the 2018 school year and driven by changes to indexation rates.
- From 2018, the Commonwealth will '*provide equal per student base funding, as well as an even proportion of existing loadings to address disadvantage, noting that final State allocations for the 2018 school year are subject to formal negotiations between the Commonwealth and the States and Territories and the non-government sector*'.

#### *Australian Research Alliance for Children and Youth*

- \$1.0 million per annum from 2014–15 to the Australian Research Alliance for Children and Youth for operational support and to undertake research and develop resources in the area of parental engagement.

#### *Improving the take-up of foreign languages*

- \$1.8 million over two years from 2014–15 to the Australian Curriculum, Assessment and Reporting Authority to develop Foundation Year to Year 10 curricula for foreign languages to revive the teaching of languages in Australian schools.

#### *Enhancing Online Safety for Children*

- \$10 million over four years nationally to improve protection of children online, provided in three parts: \$7.5 million to provide online safety programmes for schools; \$0.1 million to support Australian-based research and information campaigns on online safety; and \$2.4 million to establish and operate the Office of the Children's e-Safety Commissioner.

#### *Remote Indigenous Students Attending Non-government Boarding Schools*

- \$6.8 million nationally in 2014–15 to specific non-government schools for the additional costs associated with boarding and educating Indigenous students from remote communities.
- The assistance will be provided to non-government schools with more than 50 Indigenous boarding students from remote or very remote areas, or where 50 per cent or more of their boarding students are Indigenous students from remote or very remote areas.

### *Sporting Schools Initiative*

- \$100.3 million over three years from 2014–15 to the Australian Sports Commission (ASC) to encourage school students to participate in physical activity before, during and after school.
- The ASC will provide grants and resources to schools and sports groups to administer sporting programmes in up to 5,760 sites across Australia, with approximately 860,000 children participating each year.

### *Remote School Attendance Strategy – additional funding*

- Additional \$18.1 million over two calendar years from 1 April 2014 to extend the Remote School Attendance Strategy to a further 30 remote Indigenous communities across the Northern Territory, Western Australia, South Australia, Queensland and New South Wales.
- The Strategy commenced in the second school term of 2014 and will conclude at the end of the 2015 school year.
- The seven additional Queensland schools (negotiated with the Australian Government in April 2014) are: Cherbourg State School, Kowanyama State School, Lockhart State School, Normanton State School, Northern Peninsula Area State College, Pormpuraaw State School and Woorabinda State School.

### *Remote Community Advancement Network*

- New Remote Community Advancement Network established in the Department of the Prime Minister and Cabinet, headed by a National Director. The Network focus will include demonstrable improvements in school attendance, employment and community safety.

### Savings and cessations

#### *Australian Curriculum, Assessment and Reporting Authority (ACARA)*

- Funding reduction of \$2.6 million per annum from 2017–18 through efficiencies in the operation of ACARA.

#### *Australian Baccalaureate*

- Development of the Australian Baccalaureate is discontinued to achieve savings of \$9.6 million over four years.

#### *Australian Institute for Teaching and School Leadership (AITSL)*

- Savings of \$19.9 million over five years from 2013–14 through efficiencies in the operations of AITSL. This includes savings of \$9.5 million over five years from 2013–14 from funding allocated to AITSL by the former Government for its National Plan for School Improvement.

#### *Education Grant Programmes*

- Savings of \$59.7 million over five years from 2013–14 by reducing uncommitted funding for various grant programmes across the Education portfolio.

#### *Improving Educational Outcomes*

- Savings of \$29.8 million nationally over four years from 2013–14 by not proceeding with funding for the *Improving Educational Outcomes* measure published in the *Pre-Election Economic and Fiscal Outlook 2013*.

### *Migration Programme*

- Savings of \$305.2 million (including a reduction in revenue of \$112.9 million) over five years by modifying the size and composition of the 2014–15 Migration Programme. For education nationally, this will be \$6.8 million in 2014–15; \$13 million in 2015–16; \$20 million in 2016–17; and \$28 million in 2017–18.

### *Online Diagnostic Tools*

- Cessation of the Online Diagnostic Tools Programme to achieve savings of \$38.4 million over five years from 2013–14.

### *Teach for Australia*

- Teach for Australia program reduced to achieve savings of \$0.4 million over three years from 2015–16.

### *National Partnership on Youth Attainment and Transitions (NP YAT)*

- NP YAT expired at the end of 2013, but Youth Connections, School Business Community Partnership Brokers and National Career Development activities were continued in the 2014 calendar year. Funding for these programmes will cease at the end of 2014.

### *National Partnership Agreement for Preventive Health*

- Through the National Partnership Agreement for Preventive Health, DETE currently receives funding to support all Queensland schools to implement Smart Choices, the Healthy Food and Drink Supply Strategy for Queensland Schools.
- DETE were receiving approximately \$0.5 million annually over four years from Queensland Health who manage the NP, with the NP due to continue to 30 June 2015.

## Continuing

### *National School Chaplaincy Programme*

- \$245.3 million nationally over five years (including \$1.5 million in 2018–19) to continue the *National School Chaplaincy Programme* until December 2018.
- All Australian schools will be invited to apply for base grants of \$20,000 per annum (and up to a further \$4,000 per annum for schools in remote areas) to help engage school chaplains, with priority going to schools with higher levels of disadvantage.

### *National Partnership on the Independent Public Schools (IPS) initiative*

- \$70 million nationally to support around 1500 government schools to become IPS by 2017. Queensland will receive \$1.8 million in 2013–14, and \$3.7 million for 2014–15, 2015–16 and 2016–17.

### *National Partnership on MoneySmart Teaching*

- Queensland will receive \$0.2 million per annum through until 2016–17 to support delivery of professional learning to teachers in primary and secondary schools and the development of teacher support materials, to improve financial literacy in schools.

*National Partnership on more support for students with disabilities*

- Queensland will receive \$12.1 million in 2014–15, with no further funding noted after this period.

*National Partnership on trade training centres in schools*

- Queensland will receive \$22.4 million in 2014–15 and \$11.1 million in 2015–16.

*Quality Teacher Programme*

- \$4.9 million over two years from 2013–14 to AITSL for the continuation of the *Australian Government Quality Teacher Programme* (AGQTP). The AGQTP provides funding to non-government education authorities in each state and territory to improve the quality of education through projects and activities that offer teachers and school leaders opportunities to develop their skills.

*Primary Connections and Science by Doing*

- \$5.0 million nationally over four years to maintain the science education programmes, *Primary Connections: Linking science with literacy* and *Science by Doing*.
- The *Primary Connections: Linking science with literacy* initiative aims to enhance primary school teachers' confidence and competence in teaching science. The *Science by Doing* initiative aims to improve science learning and provides support to school-based science teaching teams.

*headspace Programme*

- Additional \$14.9 million over four years to establish ten new headspace sites and conduct a two year evaluation of the headspace Programme.
- The headspace Programme provides youth-friendly community-based services for young people aged 12 to 25 years who have, or are at risk of, mental illness.

*Schools Security Programme*

- \$18.0 million nationally over three years from 2014–15 to establish the Schools Security Programme to protect schools and pre-schools facing a unique risk of attack, harassment or violence from racial or religious intolerance.
- Funding of \$10 million will be redirected from the previous government's Secure Schools Programme to support this measure.
- Queensland will receive \$0.5 million annually for 2014–15, 2015–16 and 2016–17.

## Employment, Skills and Training

### New Initiatives

#### *SKILLS AND TRAINING: Industry Skills Fund*

- Additional \$476 million nationally over four years to establish the Industry Skills Fund (ISF) from 1 January 2015 to deliver 121,500 training places and 74,300 services (including mentoring and foundation skills) that support the training needs of small to medium enterprises. Effectively replaces National Workforce Development Fund (see cessation section below).
- Industries targeted will include: health and biomedical products; mining, oil and gas equipment technology and services; and advanced manufacturing, including defence and aerospace.

#### *SKILLS AND TRAINING: Trade Support loans*

- Additional \$439 million over five years from 2013–14 to establish the Trade Support Loans Programme, providing apprentices with financial assistance of up to \$20,000 over a four year apprenticeship (available to apprentices undertaking a Certificate III or IV qualification that leads to an occupation on the National Skills Needs List).
- Loan repayment arrangements consistent with those for university students under the Higher Education Loan Programme (HELP) once apprentices earn more than \$53,345 (in 2014–15).
- Includes \$5.8 million for Australian Apprenticeship Centres to administer the loan payments in 2014–15 and \$8.5 million over four years (including \$3.2 million in capital funding) for the Australian Taxation Office to administer loan repayments.

#### *EMPLOYMENT: Restart – boosting the wage subsidy for mature job seekers*

- Additional \$304.1 million over four years from 2014–15 to boost the wage subsidy for mature age job seekers.
- From 1 July 2014, a payment of up to \$10,000 will be available to employers who hire a mature age job seeker (including those on the Disability Support Pension) aged 50 years or over.
- Payments will commence after the worker has been employed for at least six months and be paid in instalments.

#### *EMPLOYMENT: Work for the Dole Programme*

- \$14.9 million over two years to expand the Work for the Dole Programme and pilot Jobs Brokers in 18 of 21 Priority Employment Areas.
- Work for the Dole will be mandatory for all job seekers aged between 18 and 30 years old who are in the Work Experience Phase or the Compulsory Activity Phase of Job Services Australia (JSA), unless working part-time. Job seekers will be referred to individual Work for the Dole placements through their JSA provider.

#### *SKILLS, TRAINING AND EMPLOYMENT: Indigenous training and employment*

- The Australian Government will respond to the Forrest Review of Indigenous training and employment later in 2014.

***EMPLOYMENT: Relocation Assistance to Take up a Job Programme***

- From 1 July 2014, job seekers who have been unemployed for 12 months and meet other eligibility requirements will be given up to \$6000 if they move to a regional area to take up a job, and up to \$3000 if they relocate to a metropolitan area from a regional area to take up a job. An additional \$3000 may also be made available for families with dependent children.

***EMPLOYMENT: Job Commitment Bonus***

- From 1 July 2014, job seekers aged 18 to 30 who have been receiving Newstart Allowance or Youth Allowance (other) for 12 months or more will be eligible for a \$2500 payment if they get a job and remain completely off welfare for a continuous period of 12 months.
- A further \$4000 will be available if they remain in a job and completely off welfare for a continuous period of 24 months. First payments are expected from July 2015

**Savings and cessations**

***SKILLS AND TRAINING: Australian Apprenticeships Incentives Programme – Tools for your Trade***

- Savings of \$914.6 million over four years by ceasing *Tools For Your Trade* payments from 1 July 2014. Financial assistance to help apprentices will be provided through the *Trade Support Loans Programme*.

***SKILLS AND TRAINING: Skills and Training Programs***

- Savings of \$1.0 billion over five years from 2013–14 by ceasing the following ten skills and training programmes from 1 January 2015:

- *National Partnership Agreement on Training Places for Single Parents*;
- *Accelerated Australian Apprenticeships Programme*;
- *Australian Apprenticeships Mentoring Programme*;
- *National Workforce Development Fund* (replaced by new, four-year, \$476.0 million *Industry Skills Fund* (as per above));
- *Workplace English Language and Literacy Programme*;
- *Alternative Pathways Programme*;
- *Apprenticeship to Business Owner Programme*;
- *Productive Ageing through Community Education*;
- *Australian Apprenticeships Access Programme*; and
- *Step Into Skills Programme* (including additional savings of \$0.8 million in 2013–14 by not commencing the programme as scheduled).

***EMPLOYMENT: Stronger compliance arrangements for job seekers who refuse or persistently fail to meet requirements***

- Savings of \$20.9 million over four years (2014–15 to 2017–18) by applying a stronger deterrent to job seekers who refuse work without a good reason or persistently do not comply with activity requirements.
- From 15 September 2014, all job seekers who refuse work without a good reason will lose their payment for eight weeks and no longer be permitted to waive their penalty through participation in additional activities or due to financial hardship.

*EMPLOYMENT: Strong Participation Incentives for Job Seekers under 30*

- Savings of \$1.2 billion over four years by changing access to income support for people under 30 years of age, to encourage young people with full work capacity to be earning, learning or participating in Work for the Dole.
- From 1 January 2015, all new claimants of Newstart Allowance and Youth Allowance (Other) who are under 30 years of age must demonstrate appropriate participation in employment services support for six months before receiving payments. After six months, claimants will be required to participate in 25 hours per week Work for the Dole to receive income support, and following this may continue to access employment services for a further six month period, including access to a wage subsidy in lieu of income support.
- Payment recipients who have a partial capacity to work, are the principal carer of a child, are part-time apprentices, are in education or are job seekers in Disability Employment Services or JSA Streams 3 and 4 will be exempt.

**Continuing**

*SKILLS AND TRAINING: National Skills and Workforce Development Specific Purpose Payment*

- In 2014–15, the Commonwealth will provide funding of \$1.824 billion nationally to support state skills and workforce development related services (a loss of \$27 million compared with the 2013–14 budget projection for 2014–15).
- Payments to Queensland for skills and workforce development related agreements include:
  - \$289.5 million — National Skills and Workforce Development SPP (a loss of \$0.6 million compared with the 2013–14 budget projection for 2014–15);
  - \$77.0 million — Building Australia's Future Workforce – National Partnership Agreement on Skills Reform (no change compared with the 2013–14 budget projection for 2014–15); and
  - \$2.4 million — National Partnership on TAFE Fee Waivers for Childcare Qualifications (an increase of \$1.0 million compared with the 2013–14 budget projection for 2014–15 — based on projected uptake of the program).
- The National Partnership on Training Places for Single and Teenage Parents, originally due for completion at the end of 2015, is a savings measure. Early cessation of this agreement represents a loss of \$5.7 million for Queensland compared with the 2013–14 budget projection for 2014–15.
- The National Partnership on the Commonwealth/State and Territory Joint Group Training programme shows no funding for Queensland (or other States and Territories) in 2014–15. The Commonwealth has indicated that the amount of funding for the programme for 2014–15 will be confirmed once the review currently underway (due for completion at the end of May 2014) has been finalised.

## Higher Education and Research

### New Initiatives

#### *Fee Deregulation*

- Universities will be able to set their own tuition fees for the courses they offer (student demand) and individuals will choose whether it's worth borrowing for each course through the uncapped HELP loans scheme to fund such study.
- For students already studying, existing arrangements will remain until the end of 2020. This includes those who have commenced a course, or deferred commencement, on or before 13 May 2014.
- Universities will be required to spend 20% of additional revenue on Commonwealth Scholarships which support access for disadvantaged students.
- Expected to achieve savings of \$1.1 billion over three years.

#### *Higher Education Loan Programme and Commonwealth Subsidies*

- Support for alternative pathways to higher education by providing direct financial support to all students, including:
  - access to subsidies to be extended to higher education courses at the diploma, advanced diploma, associate degree and bachelor degree levels, as long as the provider is registered with Tertiary Education Quality Standards Agency (TEQSA) and the course is accredited.
  - loan fees for FEEHELP and VET FEEHELP to be removed, with equal access to loans for all students.

#### *International Education and Research Engagement*

- Sustainable development of Australia's international education and research engagement, including through a national strategy for international education — annual budget increasing from \$38.98 million in 2013–14 to \$66.74 million in 2017–18.

### Savings and cessations

#### *HELP*

- Rebalancing of Commonwealth's contribution towards course fees for new students, with a reduction of 20% on average, with effect from 1 January 2016 — expected to save \$3.2 billion over the forward estimates.
- Graduates will begin to repay their HELP debt only once they start earning over \$50,638 per annum from 1 July 2016.
- The interest rate applied to HELP loans will be changed from an interest rate equivalent to the inflation rate to an interest rate that broadly reflects the cost of Government borrowings, with a maximum rate of 6 per cent.

*Consolidated indexation of programs*

- As part of a Government wide decision to streamline and simplify indexation for programmes, CPI will be applied to all grants and student contribution amounts under the Higher Education Support Act 2003 (saving \$202.8 million over three years from 1 January 2016).

*Reward Funding*

- Universities will no longer receive Reward Funding payments for achievement of enrolment targets. Competitive pressures and the Higher Education Participation Program (saving \$121.1 million over five years) will provide incentives for universities to enrol students, including from disadvantaged backgrounds.

*Streamlining TEQSA*

- Reduction in funding for TEQSA, commencing on a staged basis from 1 July 2014 and saving \$31.1 million over four years.
- TEQSA will focus on core quality assurance activities of registration and accreditation.

*Australian Research Council (ARC)*

- One off efficiency dividend applied to the ARC, saving \$74.9 million over three years, consistent with the approach adopted to generate savings for Australian Government departments and statutory agencies.

## Briefing Note

The Honourable John-Paul Langbroek MP  
Minister for Education, Training and Employment

**Action required: For Noting**

**Action required by: N/A**

**Routine – Information on Federal Budget 2013–14**

**SUBJECT: FEDERAL BUDGET 2013–14 "STRONGER ECONOMY, SMARTER NATION, FAIRER SOCIETY"**

### **Summary of key objectives**

- This brief provides an overview of the Federal Budget 2013–14, key initiatives and savings in relation to the early childhood, schooling, training, higher education and employment portfolio areas.

### **Key Issues**

#### General Budget Overview

1. The key economic features of the Budget include:
  - Since the 2012–13 Budget, tax receipts revised down by \$17B;
  - 2013–14 underlying cash deficit of \$18 billion, estimated to reduce to a \$10.9 billion deficit in 2014–15, a balanced budget in 2015–16 and surplus of \$6.6 billion in 2016–17;
  - Real Gross Domestic Product forecast to grow at 2.75% in 2013–14, compared with 3% in 2012–13;
  - Consumer Price Index to reduce from 2.5% in 2012–13 to 2.25% in 2013–14 before increasing to 2.5% in the out-years; and
  - Unemployment rate to rise slightly from 5.5% in 2012–13 to 5.75% in 2013–14 before falling to 5% in the out-years.
2. Headline savings items include:
  - \$11.5 billion saving over four years from the introduction of a 0.5% increase in the Medicare levy;
  - \$2.37 billion saving over four years from Higher Education funding, through an efficiency dividend on higher education grants, amendments to the Student Start-up Scholarships and capping of tax deductions for work-related education expenses saving; and
  - \$2.4 billion over four years saving from changes to Family payments including the cessation of the Baby Bonus.
3. Headline expenditures include:
  - \$19.3 billion over seven years for disability care (partially funded by a 0.5% increase in the Medicare levy);
  - \$9.8 billion over six years for school reforms (more detail provided at Attachment 1);
  - \$1.3 billion for 'A Plan for Australian Jobs, 150 Future Fellowships, additional Commonwealth supported university places and to establish an Alternative Pathways Program for 4,000 completing apprentices (more detail provided in Attachment 3);

- \$950 billion on health services including cancer prevention and research, the General Practice Rural Incentive Program and new listings for to the Pharmaceutical Benefits Scheme;
- \$4.1 billion to improve access to dental services including \$2.7 billion for a Child Dental Benefits Scheme, *Growing up Smiling*; and
- \$715 million for Brisbane Cross River Rail, \$718 million towards the Gateway North Upgrade and \$4.1 billion over ten years from 2012–13 to upgrade the Bruce Highway.

Impact on Portfolio Areas

4. Key outcomes for Early Childhood and Schooling, Employment, Skills and Training and Higher Education are at **Attachments 1–3**.

**Background**

5. The Federal Treasurer, the Honourable Wayne Swan MP, delivered the Federal Budget 2013–14 on 14 May 2012.  
 6. The theme for the 2013–14 Budget is "Stronger economy, smarter nation, fairer society"

**Right to information**

7. I am of the view that the contents or attachments contained in this brief are not suitable for publication.

**Recommendation**

That the Minister note the information in the brief on the impact of the Federal Budget 2013–14 on the early childhood, education, training, higher education and employment portfolio areas.

**NOTED**

**APPROVED/NOT APPROVED**  
**ENDORSED/NOTED**

**FIONA CRAWFORD**  
Chief of Staff  
Office of the Hon John-Paul Langbroek MP  
Minister for Education, Training and  
Employment

28/5/13

Copy to Assistant Minister

**JOHN-PAUL LANGBROEK MP**  
Minister for Education, Training and  
Employment

31/5/13

**Minister's comments**

Action Officer Justin Murphy Executive Director Tertiary Education and Training Tel: 07 3237 9806	Endorsed by: ADG Gabrielle Sinclair Strategic Policy and Portfolio Relations Tel: 07 323 71327 Mob: <input type="checkbox"/> Act. Disclosure would Date: 15/05/2013	Endorsed by: Deputy Director-General Annette Whitehead Policy and Programs Tel: 07 324 73365 Mob: <input type="checkbox"/> Act. Disclosure would Date: 16/05/2013	Endorsed by: Director-General Dr Jim Watterson 
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Date: 21/5/13

## **Early Childhood and Schooling**

### **Early Childhood Education and Care**

Focus on extending funding for early childhood education and early childhood education and care workforce issues.

#### ***Early Childhood Education***

- \$660.1 million for a new 18 month National Partnership Agreement on Early Childhood Education (NP ECE) to ensure service delivery continues to 31 December 2014 - note that Budget at a Glance refers to former offer of \$1.1 billion over three years for a new NP ECE; and
- NP on the National Quality Agenda for Early Childhood Education and Care and NP on Indigenous Early Childhood Development (Children and Family Centres) funding expires in 2013-14; forward estimates beyond 2013-14 are not published.

#### ***Child Care***

- \$12.9 million over three years to trial flexible child care arrangements;
- Extension of the pause on indexation of the annual cap on the Child Care Rebate (CCR) for a further three years, providing a saving of \$105.8 million; and
- \$71.1 million for 2012-13 for the Support for the Child Care System program, comprising: \$29.0 million for Jobs, Education and Training Child Care Fee Assistance; \$22.1 million for the Community Support Program - Family Day Care; and \$20 million for Inclusion Support Subsidy.

#### ***Early Childhood Workforce***

- \$314.2 million over five years to boost the quality of early childhood education and support workplace reform, including:
  - up to \$300 million over two years to establish an Early Years Quality Fund to support eligible long day care centres to attract and retain qualified professionals;
  - \$8.2 million over three years for DEEWR to administer the fund and establish the Early Years Quality Fund Advisory Board; and
  - \$6.2 million over four years to establish a Pay Equity Unit in the Fair Work Commission, with an initial focus on the early childhood education and care sector.

### **School Education**

As expected there have been significant adjustments to accommodate national school funding National Plan for School Improvement reforms.

#### ***School funding reform***

- Additional \$9.8 billion over six years to implement the new needs-based school funding model (assumes all states and sectors sign the new National Education Reform Agreement prior to the expiry of the Commonwealth's current offer by 30 June 2012).
- \$71.8 million over six years to implement National Plan for School Improvement arrangements (includes \$25.7 million for Australian Curriculum Assessment and Reporting Authority national curriculum and assessment; \$14.9 million for Australian Institute of Teaching and Learning teacher and principal resources; \$7.5 million for Education Services Australia teacher resources; and \$21 million for an information campaign on the new arrangements);
- Cessation of the NP on Rewards for Great Teachers from 31 December 2013, with up to \$665 million over four years redirected to national education reform funding;

- Cessation of the NP on Smarter Schools — Low Socio-economic status school communities from 31 December 2013, with up to \$258.5 million over four years redirected to national education reform funding;
- The Reward for School Improvement National Partnership will not proceed, with up to \$203.2 million over four years redirected to national education reform funding;
- The next phase of the Empowering Local Schools program will not proceed, with \$412 million over three years redirected to national education reform funding;
- There will be no further literacy and numeracy NP funding, with \$567.1 million over three years redirected to national education reform funding; and
- States that do not sign the NERA will continue to receive funding consistent through the National Schools Specific Purpose Payment (SPP), as well as payments under the Rewards for Great Teachers and Low SES Status School Communities National Partnerships until those agreements expire.

#### *Other Education Measures*

- Additional \$100 million for 12 months (across 2013-14 and 2014-15) for an extension to the NP on More Support for Students with a Disability;
- Additional \$14.4 million over four years to support the nationally consistent data collection for students with disability;
- \$772.4 million over five years to continue existing capital grants to non-state schools, particularly for disadvantaged school communities, major school expansions and establishment of new schools — further clarification is required as this provision is sourced from an existing forward estimates provision; and
- \$9.2 million over six years to continue assistance funding for non-state schools following cessation of existing funding under the Schools Assistance Act 2008 from 31 December 2013.

#### *Indigenous Education*

- Budget Paper No. 2 flags \$800 million over six years to extend funding for a range of existing Indigenous programs, but this appears to relate to changes in funding arrangements, rather than additional funding - further clarification will be sought from the Australian Government;
- Additional \$24.5 million over two years to continue the Cape York Welfare Reform measures in Coen, Mossman Gorge, Aurukun and Hope Vale to December 2015 (includes new measures to improve school enrolment and attendance and support disengaged youth);
- Additional \$14.3 million for National Alliance of Remote Indigenous Schools Teach Remote Stage 2; and
- Additional \$21.9 million over five years for Indigenous education scholarships delivered through the Australian Indigenous Education Foundation and Indigenous Youth Leadership Program.

## Employment, Skills and Training

### New initiatives

Potential implications for Queensland relate to the likely increase in demand for skilling and training and hence increased demand for existing State services and programs.

#### *Enhanced Newstart Allowance for Jobseekers*

- Around \$300 million over four years to support jobseekers in the transition to work. This includes lifting the Income Free Area under Newstart Allowance to \$100 a fortnight, and indexing from 1 July 2015. Recipients will be able to keep up to an extra \$494 of their income from part-time work over a year.

#### *New pathways to apprenticeships – Alternative Pathways Program*

- \$68.8 million over four years, to deliver more flexible pathways for 4,000 Australians completing a trade or technical qualification in high demand industries facing skills shortages
- Up to \$50.6 million will be provided, under a competitive grants process, to peak industry bodies and large employers to develop and trial innovative approaches to training for approximately 4,000 apprentices over four years. An additional \$2,000 per apprentice will be available for employers to encourage their participation in the program.
- The program will allow individual industries and larger employers to develop training programs tailored to their needs that utilise more flexible combinations of on and off the job training than is currently available through traditional apprenticeships.
- A reference group consisting of representatives from the Commonwealth and state and territory governments, training providers and peak industry bodies will be established to support the development of the program.

#### *Skills Connect Fund*

- \$45.0 million will be provided in 2013-14 to establish the Skills Connect Fund, which will streamline government assistance and provide greater flexibility for Australian businesses in accessing workforce development funding.
- The Fund will streamline access to the five workforce development programs available under Australian Government Skills Connect. The five programs are the National Workforce Development Fund, the Workforce English Language and the Literacy Program, the Investing in Experience (Skills Recognition and Training) initiative, the Accelerated Australian Apprenticeships initiative and the Australian Apprenticeships Mentoring Program.
- Employers will be able to apply for funding on a co-contribution basis to increase the skill level of their workforce, based on the negotiated needs of employers and employees.
- Funding for this measure will be provided by a redirection of funding from within the Vocational Education and Training National Support program.

*Child Care - more flexible arrangements*

- \$12.9 million over three years to trial flexible child care arrangements aimed at improving access to child care, particularly for families who require care outside standard operating hours.
- This includes \$6.4 million over three years for Child Care Flexibility Trials and a Child Care Flexibility Fund which, working in partnership with parents, employers and unions, will support child care providers to deliver more flexible child care outside the traditional operating hours.

**Savings and cessations**

Saving measures and discontinuation of programs have the potential to encourage greater workforce participation and increase the load on existing Queensland training and employment programs.

*Australian Skills Centres of Excellence — redirection*

- \$18 million over three years is being redirected towards the establishment of the Apprenticeships – Alternative Pathways Program.
- Australian Skills Centres of Excellence were to be established from 1 July 2013 to support innovative production processes and teaching and learning methods in the Vocational Education and Training (VET) sector.

*Job Services Australia – changed payment arrangements for volunteer jobseekers*

- Savings of \$49.3 million over four years by changing the payment arrangements for volunteer jobseekers. Volunteer jobseekers are those who do not have a participation requirement as a result of an income support payment.

*Department of Human Services — efficiencies*

- net savings of \$62.4 million over five years by the Department of Human Services (DHS) introducing a range of process improvements and targeted communication strategies including amongst a range of measures is to reduce the frequency of Personal Contact Interviews for job seekers with a low risk of non-compliance.

**Continuing**

*Priority Employment Area Initiative*

- \$15.7 million will be provided to continue to engage local employment coordinators in 20 vulnerable labour markets to drive local solutions to unemployment and to conduct approximately 10 Jobs and Skills Expos across the Priority Employment Areas.

*Jobs, Education and Training Child Care Fee Assistance (JETCCFA) Program*

- \$27.2 million over five years to enable continuation of bridging and foundation courses as approved courses (eg. Year 12 and university enable courses) for broader program
- Program helps eligible income support recipients by paying most of the difference between child care costs and the amount of Child Care Benefit received. In 2011-12, JETCCFA assisted 36,570 parents.

*Improving incentives to study and work for single parents*

- Eligible single parents will be able to access the Pensioner Education Supplement (PES) to assist with the costs of study while they gain an initial qualification to assist them to re-enter the labour market. This is estimated to cost \$39.7 million over five years.

- Additionally, \$2.2 million over four years will be provided to enable eligible single parents to enter the labour market and retain eligibility for the Pensioner Concession Card (PCC) for a period of 12 weeks if they:
  - no longer qualify for Parenting Payment Single because their youngest child has turned eight; and
  - do not qualify for another social security benefit, pension or allowance due to earnings from employment.

*Queensland Working Women's Service*

- \$0.8 million over three years to allow the centre to continue to deliver workplace relations advisory services to disadvantages and vulnerable workers. Funded internally by DEEWR budget.

*Connecting People with Jobs program*

- Extended to provide an additional \$3.5 million over two years to provide support to job seekers who choose to relocate to secure employment or an apprenticeship (\$4,500 for those without dependents and \$6,500 for those with dependents).

*Disability Employment Services — Moderate Intellectual Disability Loading — continuation and retargeting*

- \$5.5 million over four years to continue the Moderate Intellectual Disability Loading component of the Disability Employment Services — Employment Support Service program.
- Disability loading fees are available to providers who help job seekers with moderate intellectual disability. Under the revised program, to take effect from 1 July 2013, the loading will increase from 70% to 88% for job placement fees and for 13 and 26 week outcome fees. The loading will only be available to providers who achieve successful outcomes.

*Australian Skills Quality Authority (ASQA) — cost recovery arrangements*

- \$15 million will be redirected from the National Training System Commonwealth Own Purpose Expenditure (NTS COPE) budget to offset a projected shortfall in cost recovery revenue from 2012-2013 and 2013-14, enabling ASQA to gradually transition to full cost recovery.

*Youth Attainment and Transitions — extension*

- An additional \$127.7 million in 2013-14 and 2014-15 will extend programs currently funded through the Youth Attainment and Transitions National Partnership to December 2014. The Youth Connections, School Business Community Partnership Brokers programs and initiatives under the National Career Development (NCD) Strategy (including the *myfuture* career website) will be extended under this proposal.
- The extension of these programs will allow support to continue pending a broader review of services for young people that will be considered in the 2014-15 Budget.

*National Skills and Workforce Development Specific Purpose Payments (SPP)*

In 2013-14, the Commonwealth will provide funding of \$1.8B to support state skills and workforce development related services. Total payments to Queensland for skills and workforce development SPP (including payments anticipated under skills related National Partnership Agreements) will grow steadily from \$1.717 billion in 2012-13 to 2.006 billion in 2016-17.

In 2013-14, Queensland will receive:

- \$281.8 million – National Skills and Workforce Development SPP (a loss of \$3.5 million compared with 2012-13 budget projection for 2013-14);
- \$48.7 million – Building Australia's Future Workforce – National Partnership on Skills Reform (also known as National Partnership Agreement on Skills Reform) (no change compared with 2012-13 budget projection for 2013-14);
- \$5.7 million – Building Australia's Future Workforce – National Partnership Agreement on training places for single and teenage parents (no change compared with 2012-13 budget projection for 2013-14);
- \$2.5 million – National Partnership on TAFE fee waivers for childcare qualifications (an increase of \$0.1 million compared with 2012-13 budget projection for 2013-14);
- \$2.8 million – National Partnership on youth attainment and transitions (maximising engagement, attainment and successful transitions component) (no change compared with 2012-13 budget projection for 2013-14); and
- \$10.3 million - National Partnership on youth attainment and transitions (Year 12 attainment and transitions component) (an increase of \$0.3 million compared with 2012-13 budget projection for 2013-14).

## Higher Education

### *University grants payments efficiency dividend*

- Dividend of 2% in 2014 and 1.25% in 2015 on grants paid to universities under the *Higher Education Support Act 2003* (saving \$902.7 million over four years). Grants will continue to be indexed.

### *Removal of Discounts for Up-Front Payment of HECS-HELP loans*

- Will remove the discounts applying to up-front and voluntary payments from 1 January 2014 (\$276.7 million savings over four years), specifically:
  - the 10% discount for students electing to pay their student contribution up-front; and
  - the 5% bonus on voluntary payments to the Australian Taxation Office of \$500 or more.

### *Additional places for priority post-graduate and sub-degree courses*

- \$96.7 million over five years will provide an additional 1,650 Commonwealth supported places in postgraduate and sub-bachelor courses each year from 2014 to 2017. Funding includes the cost of income support and loans under the Higher Education Loan Program.

### *Conversion of Student Start-up Scholarships to income contingent loans*

- Will convert the current grants paid in two instalments of \$1,025 per year to income contingent loans for full-time higher education students in receipt of Youth Allowance, Austudy or ABSTUDY (saving \$1.2 billion over five years to 2016-17).

### *Asia Bound Study Grants*

- Will provide \$58.1 million over four years from 2013-14 to encourage and support students to study in Asia and undertake Asian language courses.

### *Industry Innovation Precincts*

- Will provide \$238.4 million over five years to establish five Industry Innovation Precincts across Australia with applications open to industry-led partnerships involving universities and other research organisations.

### *Future Fellowships*

- The Federal Government is also providing \$135 million for 150 four year *Future Fellowships* and \$186 million for national collaborative research to ensure that Australia's research capacity continues to grow.

## Commonwealth Funding and Projections

Sources: Commonwealth School Funding Model (Better Schools) Supplied 2 July 2013  
Commonwealth Budget 2014-15

### Notes:

\* All \$ values expressed as millions

\* Better Schools funding beyond 2019 has been projected using a combination of 4.7% funding indexation and enrolment growth only. There has been no attempt to account for additional factors such as transition rates and the requirement to reach a given percentage of the SRS rate.

\* Shaded cells have been directly taken from or derived from the Better Schools Funding Model (old arrangements) and Budget Paper 3 (new arrangements)

\* The Better Schools funding model is based on calendar years. AG funding (Better Schools) financial year figures have been calculated by averaging the two component calendar years.

\* For the purposes of these projections non-state schools have been treated the same as state schools, with the exception of the enrolment growth figures.

Commonwealth (Better Schools) funding indexation rate (2014 onwards)	4.7%
Commonwealth 2014-15 Budget funding indexation rate (2018 onwards)	2.5%

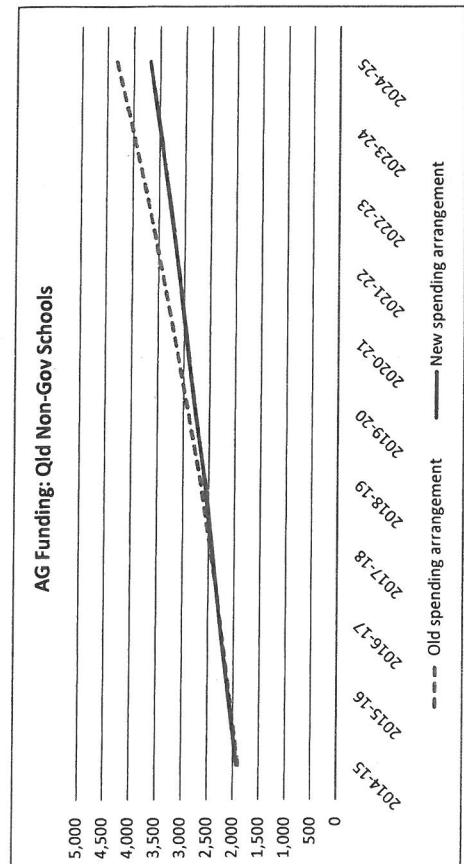
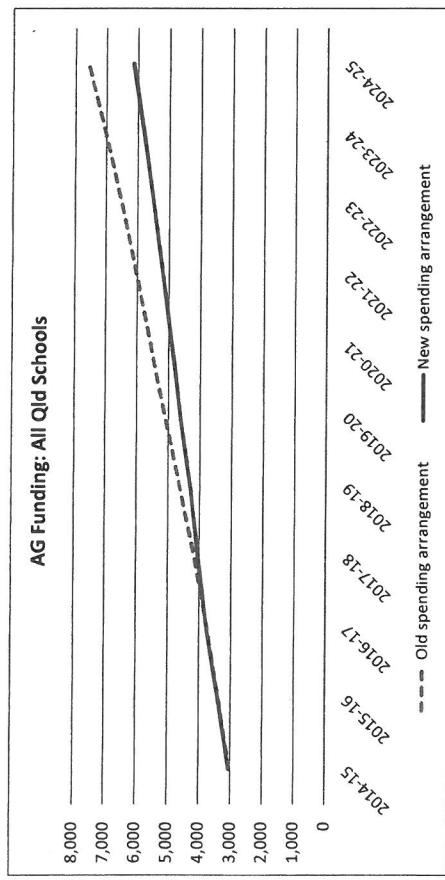
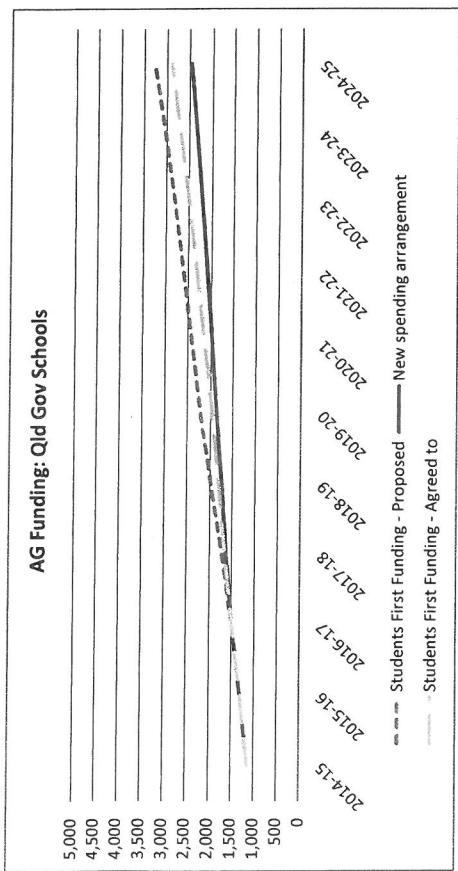
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL
AG Funding (Better Schools - Proposed)	Gov	Primary & Secondary	1,128	1,493	1,713	1,968	2,207	2,402	2,594	2,800	3,023	3,264
	Cath	Primary & Secondary	1,141	1,253	1,361	1,477	1,602	1,751	1,911	2,068	2,235	2,417
	Ind	Primary & Secondary	754	825	896	971	1,052	1,146	1,250	1,352	1,461	1,578
	Non-Gov	Primary & Secondary	1,895	2,077	2,257	2,448	2,654	2,897	3,161	3,420	3,696	3,995
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,023</b>	<b>3,377</b>	<b>3,749</b>	<b>4,161</b>	<b>4,622</b>	<b>5,104</b>	<b>5,562</b>	<b>6,014</b>	<b>6,496</b>	<b>7,018</b>
AG Funding (Better Schools - Agreed)	Gov	Primary & Secondary	1,128	1,493	1,658	1,794	1,956	2,129	2,299	2,482	2,680	2,894
	GRG	Primary & Secondary	67,219	128,235	238,285	360,653	465	616				

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL	
AG Funding (2014-15 Budget, BP3)	Gov	Primary & Secondary	1,128	1,300	1,493	1,626	1,727	1,855	1,964	2,077	2,197	2,324	
	Non-Gov	Primary & Secondary	1,927	2,101	2,274	2,423	2,565	2,761	2,931	3,103	3,286	3,479	
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,055</b>	<b>3,401</b>	<b>3,767</b>	<b>4,049</b>	<b>4,291</b>	<b>4,617</b>	<b>4,895</b>	<b>5,181</b>	<b>5,483</b>	<b>5,803</b>	<b>6,142</b>
Difference - Budget vs Proposed Funding	Gov	Primary & Secondary	0	0	1	-87	-241	-351	-437	-517	-603	-700	
	Non-Gov	Primary & Secondary	33	24	18	-25	-89	-136	-230	-317	-411	-516	
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>33</b>	<b>24</b>	<b>18</b>	<b>-112</b>	<b>-330</b>	<b>-488</b>	<b>-667</b>	<b>-833</b>	<b>-1,014</b>	<b>-1,216</b>	<b>-1,441</b>
Difference Budget vs Agreed Funding	Gov	Primary & Secondary	0	0	1	-32	-67	-101	-165	-222	-285	-356	

## Enrolment Projections

Source: Commonwealth School Funding Model (Better Schools) Supplied 2 July, 2013

QLD	Gov	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025			
		Primary	Secondary	342,963	331,003	344,703	358,404	371,631	384,851	395,745	405,390	415,686	426,244	437,071	448,173	459,098	237,407	248,012	259,073	106,073	108,767	111,530	114,363	101,004	105,468	72,594	74,438
QLD	Gov	171,160	193,108	195,204	195,017	199,742	207,583	226,085	237,407	248,012	259,098	270,680	282,779														
QLD	Cath	88,338	84,456	87,904	91,405	94,798	98,201	100,986	103,444	106,073	108,767	111,530	114,363														
QLD	Ind	59,286	69,460	71,275	73,092	75,313	77,841	84,526	88,710	92,634	96,728	101,004	105,468														
QLD	Ind	60,242	55,085	57,087	59,385	61,614	63,897	65,740	67,329	69,042	70,796	72,594	74,438														
QLD	Ind	56,318	66,488	68,229	69,806	71,408	73,335	78,208	81,392	85,247	88,631	92,150	95,808														
QLD	Gov	4.01%	3.49%	4.14%	3.97%	3.69%	3.56%	2.83%	2.44%	2.44%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%		
QLD	Gov	-0.81%	12.82%	0.05%	0.94%	2.42%	3.93%	8.91%	5.01%	4.47%	4.47%	4.47%	4.47%														
QLD	Cath	4.13%	-4.39%	4.08%	3.98%	3.71%	3.59%	2.84%	2.43%	2.43%	2.54%	2.54%	2.54%	2.54%													
QLD	Cath	2.73%	17.16%	2.61%	2.55%	3.04%	3.38%	8.59%	4.95%	4.95%	4.42%	4.42%	4.42%	4.42%													
QLD	Ind	3.14%	-8.56%	3.63%	4.03%	3.75%	3.71%	2.88%	2.42%	2.42%	2.54%	2.54%	2.54%	2.54%													
QLD	Ind	2.10%	18.06%	2.62%	2.31%	2.29%	2.70%	6.64%	4.84%	3.97%	3.97%	3.97%	3.97%	3.97%													
QLD	Gov	Combined Growth			1.94%	2.63%	2.88%	3.24%	3.69%	4.96%	3.37%	3.25%	3.26%	3.27%													
QLD	Cath	Combined Growth			4.26%	3.42%	3.34%	3.41%	3.49%	5.38%	5.38%	3.41%	3.42%	3.43%													
QLD	Ind	Combined Growth			4.30%	3.08%	3.09%	2.97%	3.16%	4.89%	3.73%	3.33%	3.33%	3.34%													
QLD	Non-Gov	Combined Growth			4.28%	3.27%	3.23%	3.22%	3.35%	5.17%	3.65%	3.37%	3.38%	3.39%													





**Better Schools Model Derived Figures - QLD State Schools**

<b>Calender Years</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Aust Current	State Schools	969	1,038	1,114	1,199	1,296	1,407
Aust Proposed	State Schools	1,046	1,210	1,390	1,595	1,830	2,105
Difference		77	172	276	396	534	698

<b>Financial Years</b>		<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Aust Current	State Schools	1,004	1,076	1,157	1,248	1,352
Aust Proposed	State Schools	1,128	1,300	1,493	1,713	1,968
Difference		125	224	336	465	616

**Figures Supplied by the Commonwealth Government - QLD State Schools**

<b>Calender Years</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 *</b>	<b>2018</b>	<b>2019</b>
Aust Current	State Schools	915	1,027	1,091	617		
Aust Proposed	State Schools	1,046	1,210	1,390	797		
Difference		131	183	299	180		

<b>Financial Years</b>		<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Aust Current	State Schools	1,000	1,062	1,132		
Aust Proposed	State Schools	1,128	1,300	1,493		
Difference		128	238	361		

\* 2017 funding for half year

# New Federal school funding arrangements – Précis

21 May 2014

Financial Sustainability and Investment Unit, Finance Branch, DETE

## NATIONAL OVERVIEW – CONTEXT

### 2014-15 to 2016-17 – a period of substantial recurrent funding increases

- The Australian Government Budget 2014-15 confirmed that federal recurrent funding for schooling for the period 2014-15 to 2016-17 is essentially unchanged from the December 2013 announcements.
- The 2014-15 to 2016-17 arrangements are based on an Australian Government recurrent funding model which comprises 4.7% annual indexation plus an allowance for annual enrolment growth plus an additionality component toward the achievement of a Schooling Resource Standard (SRS), as described in the *Australian Education Act 2013*.
- Australian Government recurrent funding for schooling nationally is projected to increase by 17.3% in real terms from 2014-15 to 2017-18, comprising 24.8% real growth in government school funding and 13.1% real growth in non-government school funding.<sup>1</sup>
- At the national level, from 2013-14 to 2017-18, the Australian Government funding contribution to the government schooling sector will increase by 53.4% (including enrolment growth, indexation and additionality).<sup>2</sup>

### 2017-18 onward – a lower rate of annual funding increases

- From 2017-18 there will be a lower rate of growth in Australian Government funding for schooling. This comprises CPI inflation (projected at 2.5% per annum in the out-years) plus enrolment growth, rather than 4.7% funding indexation plus enrolment growth plus additionality for 2018 and 2019 as per the former funding arrangements.
- The Australian Government 2014-15 Budget Overview (page 7) shows projections of the new funding arrangements compared to potential funding arrangements under the former government. This indicates a decrease in school funding of approximately \$30 billion nationally over the period 2014-15 to 2024-25 compared to the former Australian Government arrangements for funding for schooling.<sup>3</sup>
- It should be noted that the Queensland Government did not sign up to the schooling funding arrangements proffered by the former Australian Government.

<sup>1</sup> Budget Paper 1, page 6-20.

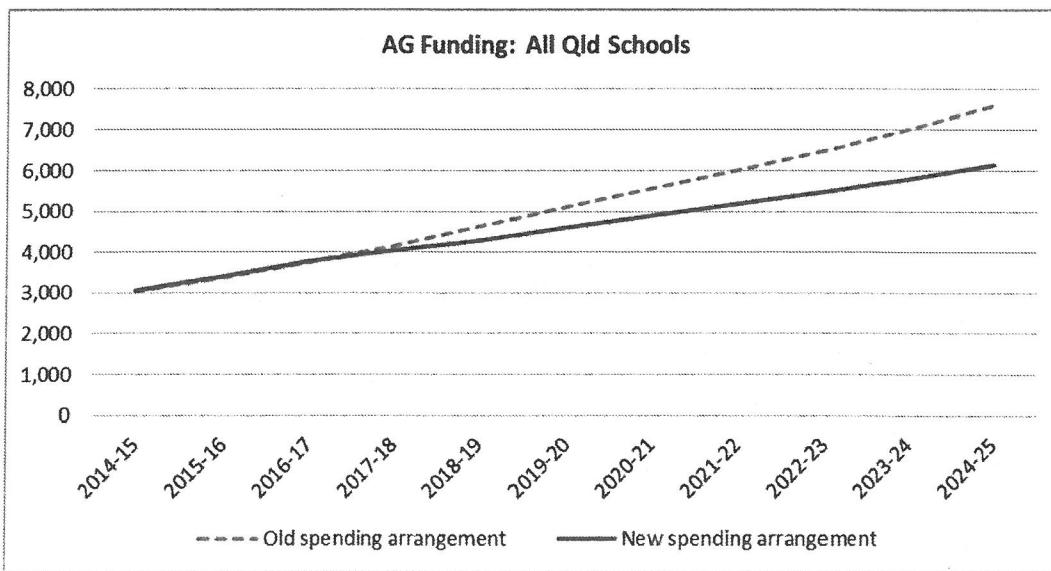
<sup>2</sup> Tony Cook, Dept of Education submission to the Senate Select Inquiry on School Funding, 16 May 2014.

<sup>3</sup> Also refer The Australian 14 May 2014: '\$30bn curtain on Gonski's grand vision' and other media sources.

- The funding arrangements detailed in the Australian Government 2014-15 Budget are consistent with retaining the existing federal school funding model but no additionality increases for 2018 and 2019 and lower annual indexation from 2018. Queensland does not have access to the national funding model to be able confirm the precise projected impacts in the out-years.
- According to the Australian Government Department of Education's 16 May 2014 submission to the Senate Select Committee on School Funding: 'From 2018 on the model as it is in the act in terms of the loadings and the student price continues to be used'.<sup>4</sup> Based on this statement, actual funding levels in the out-years could differ from projections due to changing enrolment projections, changing student need profile, changing shares of government and non-government sector enrolments, and/or changing share of primary vs secondary students (due to different base per-student amounts for primary and secondary).

## FEDERAL SCHOOL FUNDING PROJECTIONS FOR QUEENSLAND

- The Queensland Department of Education, Training and Employment has sought to reproduce the methodology contained in the Australian Government 2014-15 Budget Overview to create projections for Queensland schools under the new federal school funding arrangements using available data and known assumptions.<sup>5</sup>
- This shows that over the period 2014-15 to 2024-25, there will be approximately \$6.0 billion less funding available to Queensland schools under the new arrangements than would have been available under the prior offer.

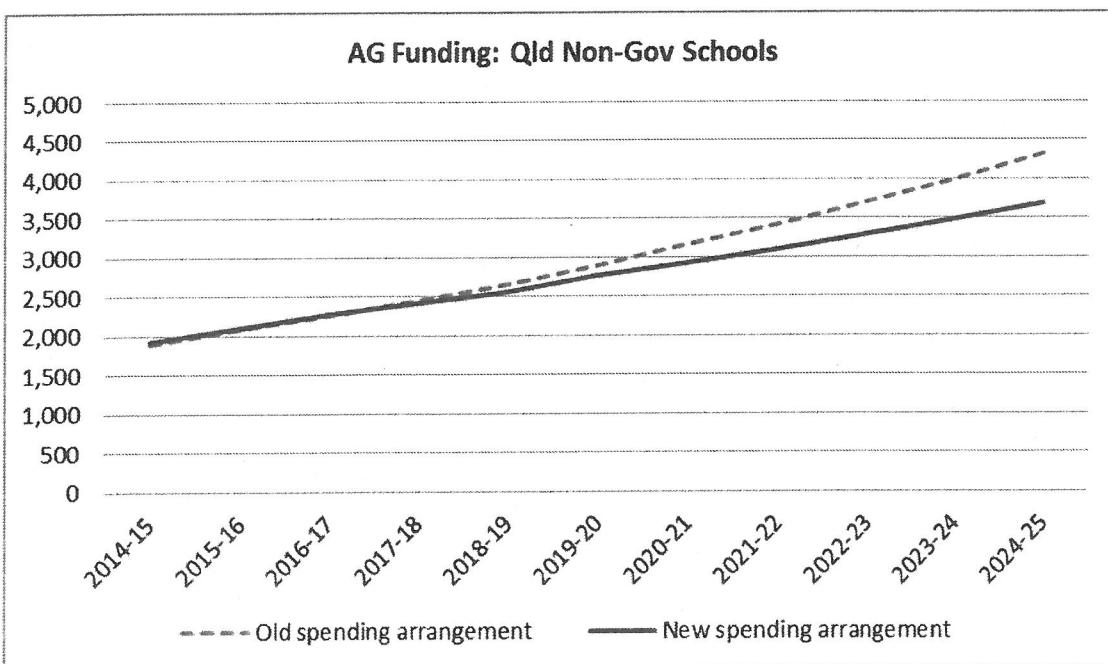
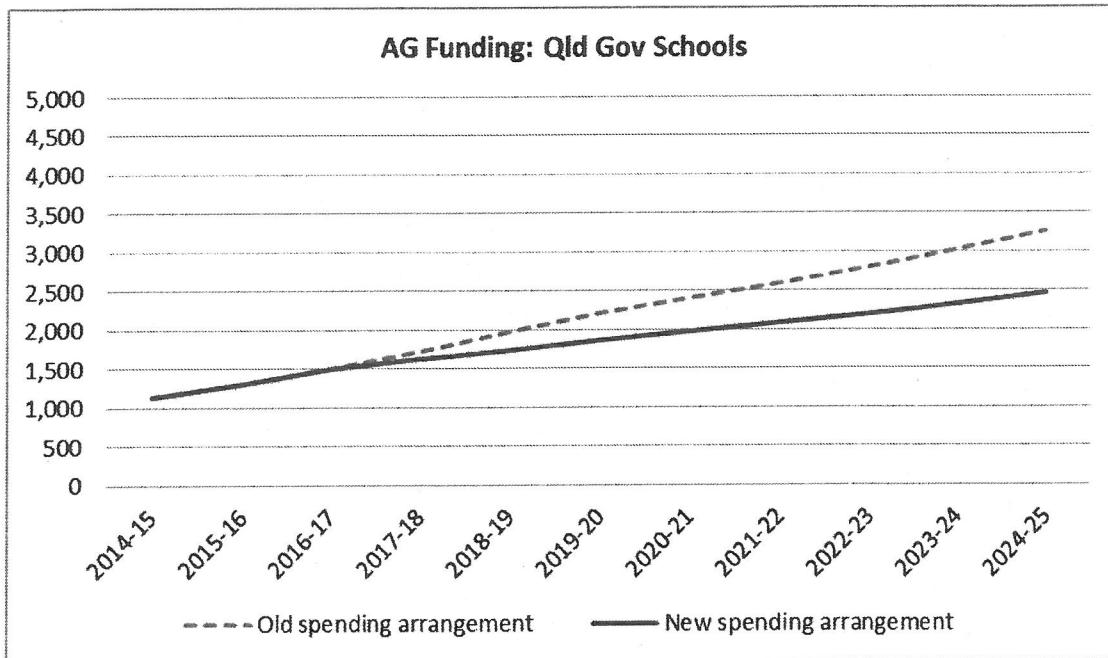


<sup>4</sup> Final allocations for 2018 onward are subject to formal negotiations between the Australian Government and the states and territories and non-government sectors (refer Federal 2014-15 Budget Paper 3, page 37).

<sup>5</sup> Beyond 2019 the *Better Schools* former funding arrangement has been projected using 4.7% per annum funding indexation (as per the *Australian Education Act 2013* indexation rate) plus projected enrolment growth.

## QUEENSLAND PROJECTIONS BY SECTOR

- Over the period 2014-15 to 2024-25, under the new arrangements compared to the prior offer, approximately \$3.7 billion less federal funding will be available for Queensland's government schooling sector and \$2.3 billion less for Queensland's non-government schooling sector.



## Commonwealth Funding and Projections

Sources: Commonwealth School Funding Model (Better Schools) Supplied 2 July 2013  
 - Commonwealth Budget 2014-15  
 AGSRC indexation assumptions

### Notes:

\* All \$ values expressed as millions

\* Better Schools funding beyond 2020 has been projected using a combination of 4.7% funding and enrolment growth only. There has been no attempt to account for additional factors such as transition rates and the requirement to reach a given percentage of the SRS rate.

Proposed Commonwealth funding indexation rate (2014 onwards)

2014-15 Commonwealth Budget funding indexation rate (2018 onwards)

AGSRC Indexation assumption (2015-16 onwards)

or  
4.0%

or  
5.0%

	Gov	Primary & Secondary	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Aust. Gov. Funding (Better Schools) Calendar Years	Gov	Primary & Secondary	1,046	1,210	1,390	1,595	1,830	2,105	2,308	2,495	2,633	2,907	3,139	3,390	26,109
	Cath	Primary & Secondary	1,081	1,200	1,305	1,417	1,537	1,667	1,835	1,987	2,148	2,322	2,511	2,715	21,726
	Ind	Primary & Secondary	718	790	859	932	1,010	1,094	1,199	1,300	1,404	1,517	1,639	1,771	14,234
	Non-Gov	Primary & Secondary	1,799	1,990	2,164	2,349	2,547	2,761	3,034	3,287	3,553	3,840	4,150	4,486	35,960
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>2,845</b>	<b>3,200</b>	<b>3,554</b>	<b>3,944</b>	<b>4,377</b>	<b>4,866</b>	<b>5,342</b>	<b>5,782</b>	<b>6,246</b>	<b>6,747</b>	<b>7,289</b>	<b>7,876</b>	<b>62,068</b>

	Gov	Primary & Secondary	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL
Aust. Gov. Funding (Better Schools) Financial Years	Gov	Primary & Secondary	1,128	1,300	1,493	1,713	1,968	2,207	2,402	2,594	2,800	3,023	3,264	23,891
	Cath	Primary & Secondary	1,141	1,253	1,361	1,477	1,602	1,751	1,911	2,068	2,235	2,417	2,613	19,928
	Ind	Primary & Secondary	754	825	896	971	1,052	1,146	1,250	1,352	1,461	1,578	1,705	12,389
	Non-Gov	Primary & Secondary	1,895	2,077	2,257	2,448	2,654	2,897	3,161	3,420	3,696	3,995	4,318	32,817
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,023</b>	<b>3,377</b>	<b>3,749</b>	<b>4,161</b>	<b>4,622</b>	<b>5,104</b>	<b>5,562</b>	<b>6,014</b>	<b>6,496</b>	<b>7,018</b>	<b>7,583</b>	<b>56,708</b>

	Gov	Primary & Secondary	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL
AG Funding (2014-15 Budget, BP3)	Gov	Primary & Secondary	1,128	1,300	1,493	1,676	1,727	1,855	1,964	2,077	2,197	2,324	2,458	20,150
	Non-Gov	Primary & Secondary	1,927	2,101	2,274	2,423	2,565	2,761	2,931	3,103	3,286	3,479	3,684	30,534
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,055</b>	<b>3,401</b>	<b>3,767</b>	<b>4,049</b>	<b>4,291</b>	<b>4,617</b>	<b>4,895</b>	<b>5,181</b>	<b>5,483</b>	<b>5,803</b>	<b>6,142</b>	<b>50,683</b>

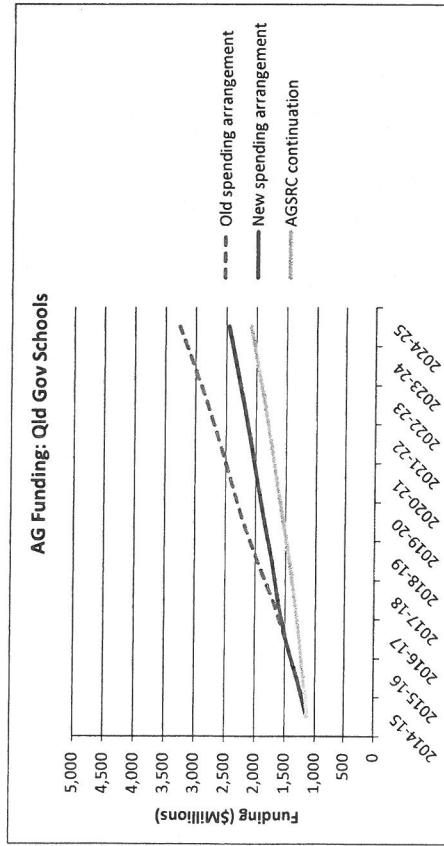
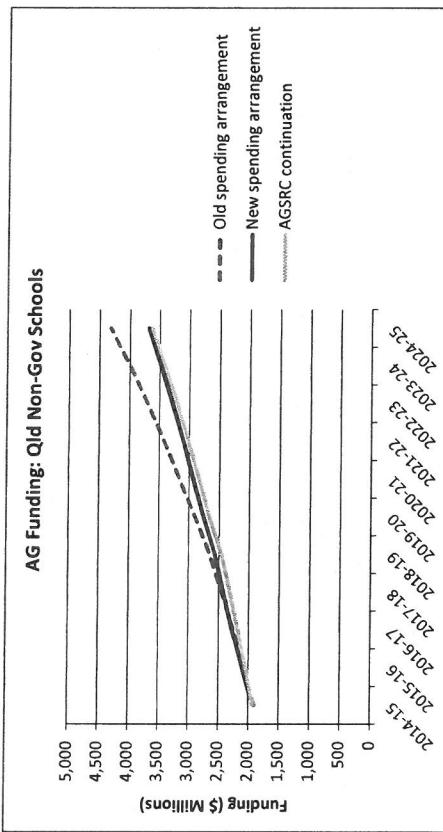
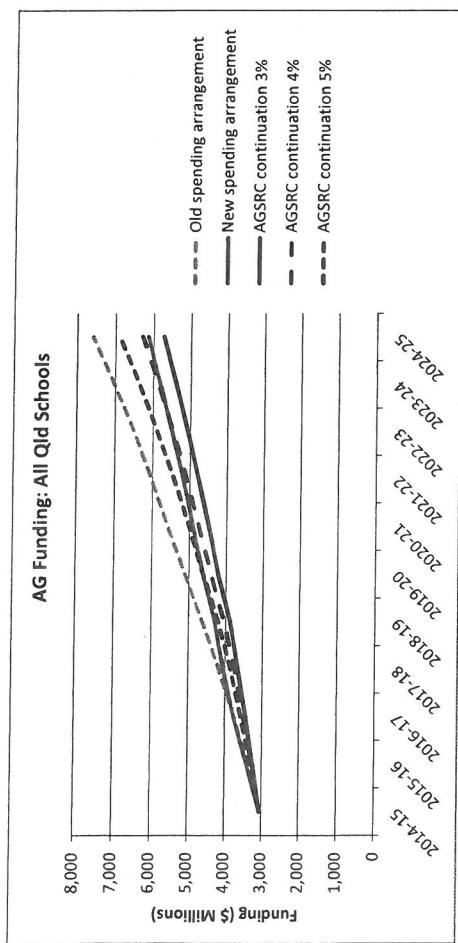
Note: a negative figure indicates more funding allocated in the 2014-15 budget than in the Better Schools model.

	Half of 2014 Total	Half of 2025 Total	Total	Total Difference
Difference	Gov	Primary & Secondary	0	-1
	Non-Gov	Primary & Secondary	-33	-24
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>-33</b>	<b>-24</b>
	Gov	Primary & Secondary	1,128	1,192
	Non-Gov	Primary & Secondary	1,927	2,048
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,045</b>	<b>3,140</b>

	Gov	Primary & Secondary	Total	Total Difference
Previous status quo (AGSRC continuation)	Gov	Primary & Secondary	1,430	1,544
	Non-Gov	Primary & Secondary	2,311	2,457
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>3,741</b>	<b>3,994</b>
	Gov	Primary & Secondary	2,658	2,835
	Non-Gov	Primary & Secondary	3,015	3,208
	<b>Total</b>	<b>Primary &amp; Secondary</b>	<b>5,663</b>	<b>5,942</b>



assumption) 3%		Total	Primary & Secondary	3,055	3,239	3,437	3,651	3,887	4,202	4,477	4,760	5,062	5,383	5,725	46,878
Previous status quo (AGSRC continuation assumption) 4%	Gov	Primary & Secondary		1,128	1,203	1,286	1,379	1,485	1,618	1,737	1,863	1,998	2,144	2,300	18,139
	Non-Gov	Primary & Secondary		1,927	2,067	2,217	2,376	2,551	2,785	2,998	3,219	3,456	3,712	3,986	31,294
	Total	Primary & Secondary	3,055	3,270	3,502	3,755	4,036	4,403	4,735	5,082	5,455	5,855	6,286	6,433	
Previous status quo (AGSRC continuation assumption) 5%	Gov	Primary & Secondary		1,128	1,214	1,310	1,418	1,541	1,694	1,836	1,988	2,152	2,330	2,523	19,134
	Non-Gov	Primary & Secondary		1,927	2,086	2,258	2,444	2,648	2,917	3,169	3,434	3,722	4,034	4,373	33,011
	Total	Primary & Secondary	3,055	3,300	3,568	3,861	4,188	4,611	5,005	5,422	5,874	6,364	6,896	6,945	



## Enrolment Projections

Source: Commonwealth School Funding Model (Better Schools) Supplied 2 July 2013

		Enrolments									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
QLD	Gov	342,963	331,003	344,703	358,404	371,631	384,851	395,745	405,390	415,586	426,244
	Gov	171,160	193,108	193,204	195,017	199,742	207,583	226,085	237,407	248,012	259,098
QLD	Cath	88,338	84,456	87,904	91,405	94,798	98,201	100,986	103,444	106,073	108,767
	Cath	59,286	69,460	71,275	73,092	75,313	77,841	84,526	88,710	92,634	96,728
QLD	Ind	60,242	55,085	57,087	59,385	61,614	63,897	65,740	67,329	69,042	70,796
	Ind	56,318	66,488	68,229	69,806	71,408	73,335	78,208	81,992	85,247	88,631
QLD	Gov	4.01%	-3.49%	4.14%	3.97%	3.69%	3.56%	2.83%	2.44%	2.54%	2.54%
	Gov	-0.81%	12.82%	0.05%	0.94%	2.42%	3.93%	8.91%	5.01%	4.47%	4.47%
QLD	Cath	4.13%	-4.39%	4.08%	3.98%	3.71%	3.59%	2.84%	2.43%	2.54%	2.54%
	Cath	2.73%	17.16%	2.61%	2.55%	3.04%	3.36%	8.59%	4.95%	4.42%	4.42%
QLD	Ind	3.14%	-8.56%	3.63%	4.03%	3.75%	3.71%	2.88%	2.42%	2.54%	2.54%
	Ind	2.10%	18.06%	2.62%	2.31%	2.29%	2.70%	6.64%	4.84%	3.97%	3.97%
QLD	Gov	Combined Growth		1.94%	2.63%	2.88%	3.24%	3.65%	4.96%	3.37%	3.25%
	Cath	Combined Growth		4.26%	3.42%	3.34%	3.41%	3.49%	5.38%	3.58%	3.41%
QLD	Ind	Combined Growth		4.30%	3.08%	3.09%	2.97%	3.16%	4.89%	3.73%	3.33%
	Non-Gov	Combined Growth		4.28%	3.27%	3.23%	3.22%	3.35%	5.17%	3.65%	3.37%

## Additional Information

During federal school funding reform negotiations it was proposed that states that did not sign up to the National Education Reform Agreement would have their funding indexed at 3% as opposed to the 4.7% of the signatories. The following scenario is based on this premise in the event that the Commonwealth Government point out that as a non-signatory state Queensland was never going to receive 4.7% funding indexation. This only applies to State schools as the Independent and Catholic sectors were always considered as participants.

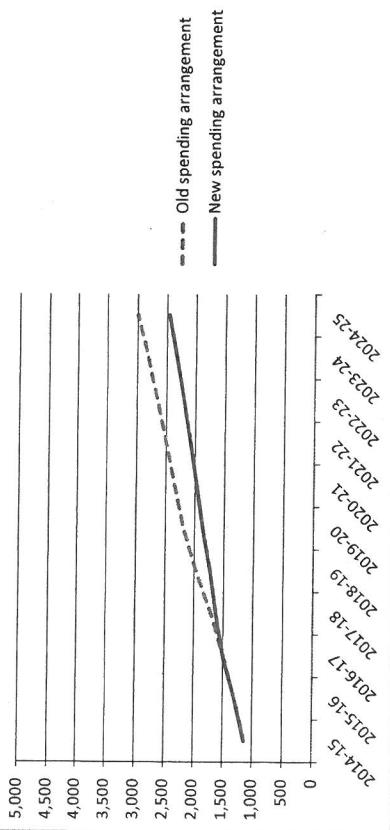
Proposed funding indexation rate for non-signatory states 3.00%

AG Funding (Better Schools, non-signatory) Calendar Yrs	Gov	Primary & Secondary	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
			1,046	1,210	1,390	1,595	1,830	2,105	2,273	2,417	2,569	2,729	2,900	3,083	25,147
AG Funding (Better Schools, non-signatory) Financial Yrs	Gov	Primary & Secondary	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL	
			1,128	1,300	1,493	1,713	1,968	2,189	2,345	2,493	2,649	2,815	2,992	23,083	
AG Funding (2014-15 Budget, BP3)	Gov	Primary & Secondary	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	TOTAL	
			1,128	1,300	1,493	1,626	1,727	1,855	1,964	2,077	2,197	2,324	2,458	20,150	
Difference	Gov	Primary & Secondary	0	0	-1	87	241	333	381	416	452	491	533	2,933	

Note: a negative figure indicates more funding allocated in the 2014-15 budget than in the Better Schools model.

Difference Calendar Year vs Financial Year	Half of 2014 Total	Half of 2025 Total	Total	Total Difference
	523	1,541	2,064	2,064

### AG Funding: Qld Gov Schools (non-signatory)





	2014-15	2015-16	2016-17	2017-18	2018-19
July 2013 Gonski Model	1,128	1,300	1,493	1,713	1,968
Gonski change per year		15%	15%	15%	15%
2014-15 AG Budget	1,128	1,300	1,493	1,626	1,772
Budget change per year		15%	15%	9%	9%
Difference	0	0	0	87	196
					283

Page 45 redacted for the following reason:

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Exempt information pursuant to section 48 and schedule 3, section 2(1)(c) of the RTI Act