

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2006-2007 BUDGET ESTIMATES HEARING

Outcome: 1

Output Group: 1.1 – Funding for Schools

DEST Question No. E302_07

Senator Wong asked in June 2006, in writing.

Question:

Budget Assumptions: Table 7, Budget Paper No. 1 Page 6-9

1. Please provide details of the elements determining the estimates and projections for each of the financial years in Table 7, as follows:

a) Non-government schools:

- i. Supplementation/indexation (\$m):
 - I. General recurrent grants
 - II. Capital grants
 - III. Targeted programs
- ii. Enrolments (number of primary and secondary enrolments)
- iii. New or increased programs (other than for supplementation/indexation)
- iv. Cash flows – carry-over or bring forward (if any)
- v. Other as appropriate

b) Government schools:

- i. Supplementation/indexation (\$m):
 - I. General recurrent grants
 - II. Capital grants
 - III. Targeted programs
- ii. Enrolments (number of primary and secondary enrolments)
- iii. New or increased programs (other than for supplementation/indexation)
- iv. Cash flows – carry-over or bring forward (e.g. *Investing in our schools*)
- v. Other as appropriate

Answer:

Budget Assumptions: Table 7, Budget Paper No. 1 Page 6-9

The summary of expenses outlined in Table 7 of the 2006-07 Budget Paper No. 1 relates to the Education Functions of the whole of the Australian Government. An analysis of the administered expenses outlined in table 7 for non-government and government schools relate to this portfolio, and has identified the programmes included are from Outcome Group 1: Individuals achieve high quality foundation skills and learning outcomes from schools and other providers. These programmes are outlined in the 2006-07 Portfolio Budget Statements (PBS) and the 2006-07 Budget Paper No. 3.

Statement 6 of Budget Paper No. 1 provides an overview of trends across the budget and forward estimates in Government Finance Statistics (GFS) expenses and net capital investment. The statement includes information on the allocation of Australian Government funds to the various functions of government.

Functions are broad categorisations of areas of government activity based on an international standard classification of government functions incorporated into the GFS framework. The functions are intended to allow financial information from different countries and jurisdictions to be presented on a consistent basis for comparison and analysis. Some

of the high level published functions are made up of a number of sub-functions. The functional data series is reported:

- o At the functional level in the Final Budget Outcome, and in the Mid-Year Economic and Fiscal Outlook (MYEFO);
- o At the sub-function level in the Final Budget Outcome and at the sub-function level with commentary in Statement 6 of Budget Paper No. 1.

The functional classification system is based on the International Monetary Fund (IMF) classification system, also used by the Australian Bureau of Statistics (ABS) in their data collections. Finance reports to the ABS using the IMF classification system, who in turn reports to the IMF. The ABS also collects data from the State Governments and forwards the data to the IMF.

Information relating to DEST Outcome 1 administered expenses contributing to the figures contained in Table 7 is provided below in Tables 1 and 2.

Table 1: Non Government Schools

Source	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
2006-07 Budget Paper No. 3 Table B1 page 46 Non-Government Schools * ¹	4,752,178	5,207,454	5,594,949	5,991,800	6,400,604
2006-07 Budget Paper No. 3 Table B1 page 46 Targeted Programmes Non-Government Schools *	209,389	223,183	235,024	247,876	260,865
2006-07 Budget Paper No. 3 Table B1 page 56 Non-Government Schools (Capital Purposes) * ²	265,665	207,857	210,711	125,812	128,228
2006-07 PBS Appendix 1 page 115 Indigenous Education Strategic Initiatives Programme Non-Government Schools ³	110,684	114,821	101,363	101,412	102,002
2006-07 PBS Appendix 1 page 115 Tiwi Islands Secondary College ⁴	10,000	0	0	0	0
2006-07 PBS Appendix 1 page 115 Australian Technical Colleges (Output 1.1) ⁵	28,451	46,842	64,100	67,716	54,602
Total Non Government Schools Administered Expenses	5,376,367	5,800,157	6,206,147	6,534,616	6,946,301

* The 2008-09 and 2009-10 estimates are not published in the 2006-07 Budget Paper No. 3

¹ Includes estimates for Non-Government Schools General Recurrent Grants and School Term Hostels

² Includes estimates for Non-Government Schools Capital Grants Programme and Investing in Our Schools Programme

³ Includes amounts for IESIP SRA and Targeted Projects, Indigenous Education Direct Assistance (IEDA) and Away from Base (AFB) appropriated under the Indigenous Education (Targeted Assistance) Act 2004. Prior to 2005-06 IEDA was classified under the functions: Student Assistance and School Education Specific Funding.

⁴ 2006-07 Budget Measure appropriated under the *Annual Appropriations Act No. 1*

⁵ ATC estimates have a notional Government/Non-Government split applied. The ATC Government Estimates in Tables B2 and B3 of the 2006-07 Budget Paper No. 3, reflect estimates where agreements have been signed with State/Territory Governments.

Table 2: Government Schools

Source	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
2006-07 Budget Paper No. 3 Table B1 page 46 Government Schools *	1,693,642	1,835,286	1,960,259	2,081,155	2,207,292
2006-07 Budget Paper No. 3 Table B1 page 46 Targeted Programmes Government Schools and Joint *	404,546	431,467	453,213	480,336	506,561
2006-07 Budget Paper No. 3 Table B1 page 115 Government Schools (Capital Purposes) *	537,257	689,283	412,926	319,784	326,178
2006-07 PBS Appendix 1 page 55 Indigenous Education Strategic Initiatives Programme Government Schools * ¹	230,059	216,738	193,168	191,912	191,953
2006-07 PBS Appendix 1 page 115 Australian Technical Colleges (Output 1.1) ²	11,335	19,149	28,624	30,183	26,894
Total Government Schools Administered Expenses	2,876,839	3,191,923	3,048,190	3,103,370	3,258,878

* The 2008-09 and 2009-10 estimates are not published in the 2006-07 Budget Paper No. 3

¹ Includes amounts for IESIP SRA and Targeted Projects, Indigenous Education Direct Assistance (IEDA) and Away from Base (AFB) appropriated under the Indigenous Education (Targeted Assistance) Act 2000. Prior to 2005-06 IEDA was classified under the functions: Student Assistance and School Education Specific Funding.

² ATC estimates have a notional Government/Non-Government split applied. The ATC Government Estimates in Tables B2 and B3 of the 2006-07 Budget Paper No. 3, reflect estimates where agreements have been signed with State/Territory Governments.

Enrolment projections are based on grade progression ratios, and make no assumptions about changes to retention rates. Further information on enrolment projections can be found at previous question on notice E287_02. Transfers from government to non-government schools do not form part of the methodology. Enrolment projections as at 2006-07 Budget are below in Table 3.

Table 3: Funded Student Enrolment Projections as at 2006-07 Budget

Sector	2006	2007	2008	2009	2010
Government Schools					
Primary	1,377,544	1,376,816	1,385,642	1,386,269	1,396,942
Secondary	887,860	885,097	884,349	879,612	866,275
Total Government Schools	2,265,404	2,261,914	2,269,991	2,265,881	2,263,217
Non-Government Schools					
Primary	575,695	578,266	578,777	578,039	579,175
Secondary	540,929	550,245	558,403	565,230	568,071
Total Non-Government Schools	1,116,624	1,128,511	1,137,180	1,143,269	1,147,245

Indexation in the estimates is based on indices agreed with the Department of Finance and Administration for each programme. Forward estimates for these indices are not publicly released. A list of the indices applied to each programme is provided below in Table 4.

Table 4: Indices applied to Schools Group Programs as at 2006-07 Budget

Programme	Index
Schools Assistance - General Recurrent	AGSRC
Schools Assistance - Targeted Programmes	AGSRC
Schools Assistance - Capital Grants	BPI
IESIP	WCI1

Table 5: Government Schools Estimates Accrual Change from 2005-06 Budget to 2006-07 Budget				
Description	2006-07 \$m	2007-08 \$m	2008-09 \$m	2009-10 \$m
Supplementation				
General Recurrent Grants	-1	0	-1	-1
Capital Grants	-13	-11	-19	-22
Targeted Programmes	-6	-9	-8	-9
IESIP	0	0	0	0
Total Change due to Supplementation (a)	-20	-21	-28	-32
Budget Measures				
General Recurrent Grants	8	9	10	10
Capital Grants	0	0	0	0
Targeted Programmes	3	7	4	2
IESIP	11	13	4	4
Total Change due to Budget Measures	23	29	19	16
Enrolment changes				
General Recurrent Grants	-14	-4	1	13
Targeted Programmes	0	0	0	0
Total Change due to Enrolment Changes	-14	-5	0	12
Movement of Funds				
IESIP	2	0	0	0
Capital Grants	93	-93	-93	0
Targeted Programmes	33	0	0	0
Total Change due to Movement of Funds	128	-93	-93	0
Other				
Capital Grants	4	4	5	7
Targeted Programmes	35	0	0	0
IESIP	-21	-23	-22	-22
Total Change due to Other reasons	18	-18	-16	-15
Estimated Total Change	133	-108	-118	-19

(a) Downward adjustments are the result of parameter changes and revisions to projections are a consequence of more recent data. For example AGSRC supplementation reflected lower expenditure by State governments such as Victoria which resulted in lower than forecast Australian Government payments.

**Table 6: Non-government Schools Estimates Accrual Change
from 2005-06 Budget to 2006-07 Budget**

	2006-07	2007-08	2008-09	2009-10
Description	\$m	\$m	\$m	\$m
Supplementation				
General Recurrent Grants	-125	-131	-140	-150
Capital Grants	12	15	12	12
Targeted Programmes	-3	-3	-3	-4
IESIP	0	0	0	-1
<i>Total Change due to Supplementation</i>	-116	-120	-132	-142
Budget Measures				
General Recurrent Grants	2	4	5	6
Targeted Programmes	1	1	1	1
IESIP	8	12	12	11
<i>Total Change due to Budget Measures</i>	12	17	18	18
Enrolment changes				
General Recurrent Grants	4	-1	-4	15
Capital Grants	0	0	0	0
Targeted Programmes	0	0	0	0
IESIP	0	0	0	0
<i>Total Change due to Enrolment Changes</i>	4	-1	-4	15
Movement of Funds				
Australian Technical Colleges	-11	-6	3	10
IESIP	19	0	0	0
<i>Total Change due to Movement of Funds</i>	8	-6	3	10
Transfer to VET - IESIP	-4	-4	-4	-4
Other				
General Recurrent Grants	-3	0	0	0
Capital Grants	0	0	0	0
Targeted Programmes	4	4	5	5
<i>Total Change due to Other reasons</i>	1	3	5	5
Estimated Total Change	-94	-111	-115	-98