

Senate Committee: Education and Employment

QUESTION ON NOTICE
Australian Education Amendment Bill 2017 Inquiry

Outcome: Schools and Youth

Department of Education and Training Question No. SQ17-SY040

Senator Collins, Jacinta asked on 5 June 2017, page 71 Proof Hansard.

Funding for non-government representative bodies

Question

Senator JACINTA COLLINS: We were discussing Students First on the last occasion. It had previously been brought to my attention, but I was reminded of it at Friday's hearing. Further to the information we discussed during the estimates, there is this fact sheet, which provides much more information than you are able to provide last Thursday. In fact it informs some of the submissions that are before the committee around how Students First might be used and allocated. We are talking about the design of a new fund; we are talking about greater strategic direction and focus on government reform priorities; we are talking about a consistent outcomes framework to allow for measurement of outcomes, requirements for evaluation of activities, greater accountability—all of these things were welcomed by such groups as Independent Schools of Tasmania and Christian Schools Australia. But when I asked for further clarification on this last Thursday, you are unable to do so. Is that because the government is now reconsidering—as Independent Schools today suggested—the minister's assurance that a proportional break-up of this funding will occur?

Mr Cook: My understanding is that your question to me last week was actually about how the proportionate funding will be allocated.

Senator JACINTA COLLINS: No, it was beyond that.

Mr Cook: I would have to check the Hansard, because this is public information—

Senator JACINTA COLLINS: I know this is public information, which is partly why I was asking about it and asking for further information about it. I was struggling and perhaps we were on a different point at that stage.

Mr Cook: We could have been, yes. I am sorry I thought it was about—

Senator JACINTA COLLINS: In my mind I was asking for more information about how the fund would be distributed in the future. I think at the time I asked you why, for example, Christian schools—and they were confused also when they read it on the Hansard—were welcoming new criteria that were being elaborated upon. I think we might have been talking at cross purposes.

Mr Cook: The comment we made last week was that the minister has assured the Catholic sector that in the past it was the proportion of two-thirds Independent, one-third Catholic, and I think his position, as he put it on Thursday, was that he would be looking at how the funding would be allocated between the Independent and the Catholic sectors, particularly with reflection of enrolment share.

Answer

The breakdown of funding between Independent and Catholic schools for the Students First Support Fund in 2017 is provided in the table below.

From 2018, the breakdown of funding between the Independent and Catholic sectors under the new Non-government Reform Support Fund is a matter for Government, which has indicated distribution will reflect enrolment share.

| Sector | 2017 allocation of Students First Support Fund |
|---------------|---|
| Independent | \$25.0 million |
| Catholic | \$13.7 million |
| Total | \$38.7 million |

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QUESTION ON NOTICE
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Department of Education and Training Question No. SQ17-SY048

Senator Collins, Jacinta asked on 5 June 2017, page 62 Proof Hansard.

Catholic schools in the NT

Question

Mr Cook: Most of those schools, if they are in the Catholic sector, will be in the Northern Territory Catholic system and so they are part of the Catholic system amount.

Senator JACINTA COLLINS: So the figure of the amount takes into account that some of those schools receive 100 per cent because they are the sole providers?

Mr Cook: That is right, as it does in South Australia, as it does in Western Australia.

Senator JACINTA COLLINS: Can you distinguish that out? When you are talking about the amount of funding those schools receive, can you distinguish your figures from those schools that are sole providers and receiving 100 per cent as opposed to the rest of the system? Is that possible?

Mr Cook: I am sure we can look at it, yes.

Answer

Commonwealth recurrent funding for Northern Territory Catholic schools in 2017 is estimated to be \$77.0 million in total. This includes \$30.1 million for sole provider schools and \$47.0 million for non-sole provider schools.

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Department of Education and Training Question No. SQ17-SY049

Senator McKenzie, Bridget asked on 5 June 2017, page 65 Proof Hansard.

Recommendations made by the National Catholic Education Commission (NCEC) in their submission to the Review of the Low SES Loading

Question

CHAIR: The National Catholic Education Commission made a submission to that?

Mr Cook: That is my understanding, yes.

CHAIR: What were the main recommendations they suggested in 2014?

Mr Cook: I am happy to take actual recommendations on notice.

Answer

The National Catholic Education Commission submission to the 2014 Review of the Review of the Low SES Loading is not a public document. The Review was undertaken as part Education Council deliberations and consistent with other COAG-in-Confidence information is unable to be released.

The Department also provided the following advice on the Review's website: "Please note that these submissions will not be published, and will only be used for Departmental purposes".

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QUESTION ON NOTICE

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Department of Education and Training Question No. SQ17-SY052

Senator Collins, Jacinta asked on 5 June 2017, page 72 Proof Hansard.

Transition adjustment assistance

Question

Senator JACINTA COLLINS: It has been put to us that there are two areas where we should get quite a bit more clarity around the proposals. One of those is the transition adjustment package. There are questions over whether it will be adequate to deal with all the various demands upon it. The clarification I have sought is whether it will be available for systemic schools and, if so, on what proportion. How will we be able to evaluate whether the transition adjustment package is being delivered fairly or is just another way to deliver Christopher Pyne's version of special dirty deals?

Answer

See attached discussion paper on adjustment assistance for non-government schools.

Discussion Paper

Adjustment Assistance for non-government schools

Overview

The new recurrent funding arrangements for schools aim to create a fairer, needs-based and more sustainable funding model that addresses the current situation where the majority of schools receive more or less funding than they need. The new arrangements will redistribute funding according to need to ensure all schools receive their fair share of funding.

10 year transition

Current funding arrangements mean there is no defined end to transition. Under these arrangements some schools would not have attracted their needs-based funding entitlement for up to 150 years.

From 2018, Australian Government funding will be set as shares of the Schooling Resource Standard (SRS). Over 10 years (to 2027) all schools will be smoothly transitioned to consistent shares of the fairer SRS:

- 20 per cent for government schools (up from an average of 17.0 per cent in 2017), and
- 80 per cent for non-government schools (up from an average of 78.7 per cent for Catholic schools and 74.2 for independent schools per cent).

Negative growth schools

A small number of systems and schools are expected to experience an annual reduction in per student funding for at least one year in the ten year transition period. However, some of these schools may only experience very marginal reductions (less than 2 per cent of their Australian Government funding).

For all these schools the net reduction is expected to be less than 1 per cent of their total school recurrent income (including state and Commonwealth funding and fees).

These schools may also see growth in their total funding due to increasing enrolments or changes in student characteristics.

The final number of schools set to have reductions in any year cannot be confirmed until enrolment data is reported for that year.

Transition adjustment assistance will be available for vulnerable schools

Some schools may find it unreasonably difficult to adjust to the funding reduction. For these schools, the Government will ensure an additional \$39.8 million in financial support will be made available through an adjustment assistance fund. This will be a cash limited annual appropriation over the 10 year transition period.

Key principles for transition assistance

It is proposed that transition assistance be:

- limited to schools that are facing a net reduction in per student Commonwealth funding in any year during the transition

- targeted to disadvantaged and vulnerable schools
- provided on a case by case basis, supported by evidence
- temporary with all schools on the consistent commonwealth share by 2027
- limited to maximum amount equivalent to topping up recurrent funding to maintain 2017 nominal levels of funding per student.

Which schools will be eligible for adjustment assistance?

It is anticipated schools eligible for adjustment assistance will fall into two separate categories:

- disadvantaged schools and
- financially vulnerable schools.

For disadvantaged schools, potential criteria include:

- status of the school, including special schools, special assistance schools and majority Aboriginal and Torres Strait Islander schools;
- SES score;
- number of student attracting each of the disadvantage loadings.

For financial vulnerability resulting from the new funding arrangements, potential criteria include:

- level of school fees
- level of state funding
- total funding
- age of school (recognising newly established schools may be more vulnerable)
- SES score and capacity to contribute of the school community
- the annual reduction as a proportion of total Australian Government funding;
- the annual reduction as a proportion of total school recurrent income;
- any adjustments of state government funding in response to the new arrangements.

Questions for discussion

- *Are the proposed criteria for the Transition Adjustment Fund appropriate?*
- *Are there additional criteria that should be considered?*
- *Should the criteria be weighted in any way?*

Will funding for eligible schools be automatic?

Once eligibility criteria and funding guidelines have been finalised, the Department will contact all schools facing a net reduction in funding.

It is proposed that any special schools and special assistance schools that are impacted will be provided with an automatic guarantee of funding at nominal 2017 levels.

Other disadvantaged schools, or those that become financially vulnerable as a result of new Australian Government funding arrangements from 2018 onwards would be required to provide evidence of their financial situation in order to be assessed for adjustment assistance, based on the eligibility criteria.

Questions for discussion

- *Should all disadvantaged schools be automatically eligible for adjustment assistance?*
- *What should the threshold for determining the level of disadvantage be?*

- *What evidence of a school's financial situation should be required?*

How long will schools require adjustment assistance?

Depending on individual school circumstances, some schools may only require adjustment assistance during the initial years of transition while others may require assistance until they reach the consistent Commonwealth share of the SRS in 2027.

For schools requiring adjustment assistance over multiple years, they may be required to reapply to the Department on an annual basis. Factors to be considered when determining an adjusted transition path include ensuring schools do not experience a dramatic reduction in funding when they no longer have access to adjustment assistance.

Questions for discussion

- *Should eligible schools be required to reapply for adjustment assistance on an annual basis?*
- *Should new applications be accepted every year?*
- *When would schools ideally need to be advised of transition assistance decisions each year? (Noting that schools with reductions cannot be formally determined until their enrolment data for that year is reported to the Department).*

How much adjustment assistance will schools receive?

The purpose of adjustment assistance is to ensure transition is manageable for disadvantaged and vulnerable schools. The amount of eligibility assistance required will vary depending on each eligible school's individual circumstances.

The maximum amount of funding of transition adjustment funding for a school would be limited to the difference between the recurrent funding amount for the school and their 2017 per student entitlement (i.e. so that total school funding is not brought above their 2017 funding amount per student).

What can adjustment assistance be used for and what assurance processes apply?

In line with all recurrent funding, the regulations will stipulate that transition adjustment funding must:

- be used (spent or committed to be spent) within the year in which it is provided;
- only be distributed to the school for which the application is made and for which the funding is determined;
- be reported as part of the financial assurance process.

Questions for discussion

- *Should schools receiving adjustment assistance be automatically audited to ensure funding is expended consistent with the fund's intent?*
- *Should the Transition Adjustment Fund operate similarly to the Short Term Emergency Assistance Fund?*

Other avenues for assistance

Review of SES scores

Socio-Economic Status (SES) scores are used to determine the 'capacity to contribute' and are calculated based on student residential addresses collected by the Department of Education and Training and ABS census data related to income, employment and qualifications.

The current SES scores were calculated in 2013 using student residential addresses collected by the department in 2012 and data from the 2011 ABS census. The Department is in the process of updating these scores including the collection of 2017 residential addresses and the use of 2016 ABS census data.

Where a school considers their SES score does not reflect the socioeconomic circumstances of the school's community, there are provisions for the school to request a review of their score. This is a long standing practice and guidelines will be made available to provide information about the processes involved.

Short Term Emergency Assistance

While not an alternative to transition assistance, non-government schools should note the ongoing availability of Short Term Emergency Assistance. Provision of this funding requires the approved authority to apply and satisfy all of the following special circumstances criteria:

- that the special circumstance was unexpected such that it would not have been reasonably foreseen by a competent approved authority.
- the special circumstances would, or are likely to, result in severe financial difficulty requiring the school to cease a large part of its educational activities, or significantly lower the quality of the education it provides, during the year
- the financial difficulty is short term such that if the approved authority were to receive special circumstances funding the school would be able to:
 - resume operating satisfactorily within two years, or
 - continue operating until the end of the year
- the approved authority has exhausted all other options to remedy the financial situation of the school (including all alternative sources of financial assistance) and there is still a need for financial assistance under special circumstances funding to address the school's immediate financial difficulties.
- Other supporting information on the approved authority's and the school's governance, financial management, enrolments and staffing will be assessed.

Approved authorities will not be eligible for special circumstances funds if they are found to not be compliant with the Act or Regulations, if the use of the funding is to solely reduce the level of indebtedness, to pay tax debts, or if the approved authority is already in the process of winding down. Other exclusions apply.

Next steps

The provision of adjustment assistance will be included in amendment to the Australian Education Regulation 2013.

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Department of Education and Training Question No. SQ17-SY065

Senator Collins, Jacinta provided in writing 6 June 2017.

Question

What proportion of the \$18.6 billion package announced by the Government is committed over the forward estimates period?

Answer

The Government's commitment to Quality Schooling over the forward estimates period is outlined in the 2017-18 Budget Papers including Budget Paper 2, page 87, and Budget Paper 3, page 30.

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QUESTION ON NOTICE
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Department of Education and Training Question No. SQ17-SY066

Senator Collins, Jacinta provided in writing on 5 June 2017.

Estimated proportion of the Schooling Resource Standard (SRS) that will be publicly funded in 2027

Question

What proportion of total public funding of the SRS each state and territory government school system will be at in 2027, assuming each state meets the Government's proposed requirement that they must keep their SRS share for these schools constant?

Answer

The Commonwealth share of the Schooling Resource Standard (SRS) will be 20 per cent for all government schools in 2027.

The starting state share of the SRS under the new arrangements has been estimated based on the 2017 state funding amounts in the current Commonwealth funding model that assumes states have met the state funding contributions from 2014 to 2017 under the National Education Reform Agreement and associated bilateral agreements or the final Commonwealth offers made to non-participating states. These 2017 funding amounts are divided by the 2017 SRS for each state as calculated under the new funding settings.

The table below shows the proportion of the SRS that will be publicly funded for government schools in 2027, assuming each state and territory government maintains the estimated 2017 share of the SRS in 2027.

Table 1: Estimated proportion of the SRS that will be publicly funded in 2027 (%)

| | NSW | VIC | QLD | SA | WA | TAS | ACT | NT | AUS |
|----------------------|------|------|------|------|-------|-----|-------|------|------|
| Commonwealth | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| State* | 70.1 | 65.3 | 70.9 | 73.6 | 94.7 | 80 | 96.8 | 65.8 | 72.6 |
| Total public funding | 90.1 | 85.3 | 90.9 | 93.6 | 114.7 | 100 | 116.8 | 85.8 | 92.6 |