



## Policy costing

Funding for government schools											
Party:	Australian Labor Party										
Summary of proposal:											
This proposal would increase Commonwealth Government funding to government schools as specified below. These amounts represent the financial-year implications of calendar-year funding.											
	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30
(\$million)	195	924	1,442	1,374	1,387	1,495	1,624	1,768	1,903	2,049	2,057
This funding would be distributed across government school systems to achieve the following outcomes over the period to the end of the 2022 calendar year.											
<ul style="list-style-type: none"><li>• The Northern Territory would receive 23.1 per cent of the Schooling Resource Standard (SRS) in calendar years 2020 and 2021, increasing to 25.0 per cent in 2022.</li><li>• All other states and the Australian Capital Territory would receive identical Commonwealth Government funding as a proportion of the SRS for each jurisdiction in each year.<ul style="list-style-type: none"><li>– In the event that equalising shares of the SRS across these jurisdictions would result in a jurisdiction receiving less funding under the proposal than under the baseline in any year, that jurisdiction would receive funding as a share of the SRS equal to its baseline amount for that year.</li></ul></li></ul>											
The proposal would have effect from 1 January 2020.											

## Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$3,935 million over the 2019-20 Budget forward estimates period. This impact is entirely due to an increase in administered expenses.

A breakdown of the financial implications of this proposal from 2019-20 to 2029-30 is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

Departmental expenses are not expected to be significant and have not been included in the costing as the proposal does not involve a significant change in the complexity of administering the school funding system.

The financial implications of the proposal relate to a specific amount of additional funding for government schools and are certain. Over the period to 2022, funding is to be allocated as a share of the SRS. These estimates are sensitive to future growth in enrolments and changes in the SRS (which is indexed annually).

Under both the baseline and the proposed scenario, funding for government school systems would be provided to the relevant approved authorities, who are ultimately responsible for distributing Commonwealth Government funding.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-195	-924	-1,442	-1,374	<b>-3,935</b>
Underlying cash balance	-195	-924	-1,442	-1,374	<b>-3,935</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

## Key assumptions

In costing this proposal the Parliamentary Budget Office (PBO) has assumed that the specified capped funding from the 2023 calendar year onwards would be allocated across jurisdictions based on an approach to be determined at a later date.

## Methodology

The proposal was costed using the schools funding model provided by the Department of Education and Training. The PBO projected enrolment growth from 2029 onwards based on average growth over 2024 to 2028.

The share of the SRS for government school systems was increased based on total annual funding amounts specified in the proposal with an adjustment to funding allocated to the Northern Territory from 2020 to 2022. The increases were applied so that no school system has a funding decrease under the proposal.

Calculations have been made on a calendar-year basis in line with the school year and converted to financial years.

Estimates have been rounded to the nearest \$1 million.

## Data sources

The Department of Education and Training provided the schools funding model as at the 2019 Pre-election Economic and Fiscal Outlook.

## Attachment A – Funding for government schools – financial implications

**Table A1: Funding for government schools – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	2027– 28	2028– 29	2029– 30	Total to 2022–23	Total to 2029–30
<b>Total – expenses</b>	-195	-924	-1,442	-1,374	-1,387	-1,495	-1,624	-1,768	-1,903	-2,049	-2,057	<b>-3,935</b>	<b>-16,218</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.