

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 25-26 February 2009

Question: aet 30

Topic: Funding for Education

**Hansard Page: Education, Employment & Workplace Relations
Committee
25 February 2009, Page 58**

Senator MILNE asked:

Senator MILNE—Is there any requirement that the states maintain their level of commitment to education, or can they just downsize to take advantage of the increase in Commonwealth funding and therefore not increase overall education funding?

Dr Nicoll—With an outcomes approach they will not be able to achieve outcomes or targets they have signed up to without a considerable continuance of the investment that they have made in education.

Senator MILNE—That being the case, what happens when they do not meet their targets? This is nothing to do with what we are talking about, but Tasmania has a \$130-million shortfall in GST revenue and a \$200-million black hole in its income stream. The whole public service is now on notice. They are going to try to shield education, health, police and another area from that, but the rest of the public service will take a big hit. My concern is that we have locked in four years of funding for non-government schools and they will be able to maintain their funding. However, if the states cost shift and take advantage of the increased Commonwealth funding and reduce their own inputs, the gap between non-government and government schools will widen, particularly in terms of staff.

Ms Paul—Of course, the COAG Reform Council will hold them to account as well. What states have signed up to is that the outcomes will be measured by the COAG Reform Council. I think there is quite a bit of pressure to meet the outcomes across every state. I am not denying that states have budgetary pressures.

Senator MILNE—When you say that there will be pressure to meet the outcomes, what sort of pressure do you mean? We have just heard that there are no enforcement or penalty provisions or whatever. What sort of enforcement will be involved if they fail to meet the outcomes? What will happen to them?

Ms Paul—We can provide more information. However, as I understand it, under this COAG global approach to financial relations reform, any action required will be taken via COAG. These things now all rest not just between us and the states, of course, but between the premiers and the Prime Minister. It has all been elevated to COAG. We can probably get some more information on that question. I think it is will be a global answer and not just in regard to schools but to all of those—

Answer:

Improved accountability is a key objective of the new framework for federal financial relations. Commonwealth and state and territory governments committed to

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improving service delivery by ensuring that the appropriate government is accountable to the community – not just for expenditure in delivering services, but more importantly for the quality and efficiency of the services it delivers and the outcomes it achieves.

Under the new arrangements there has been a move away from Commonwealth prescriptions on service delivery in the form of financial or other input controls to mutually-agreed objectives, outcomes, outputs and performance indicators and clarification of roles and responsibilities. The performance of all governments in achieving mutually-agreed outcomes and benchmarks specified in National Agreements will be monitored and assessed by the independent COAG Reform Council, which will report publicly on an annual basis. Specifically the COAG Reform Council will be responsible for:

- publishing performance information for all jurisdictions against National Agreement outcomes and performance benchmarks;
- producing a comparative analytical overview of performance information for each National Agreement, and National Partnership to the extent it supports the objectives in a National Agreement highlighting examples of good practice;
- independently assessing whether predetermined performance benchmarks have been achieved before an incentive payment to reward nationally significant reforms under National Partnerships is made;
- monitoring the aggregate pace of activity in progressing COAG's agreed reform agenda; and
- other matters referred by COAG.

Any action that will be taken in response to these reports will be a matter for COAG.