

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: ALL
Output Group: ALL

DEST Question No. E002_06

Senator Carr asked on 1 June 2005, EWRE Hansard page 11.

Refers to DEST Question No E740_04

Question:

So that I can keep my files up to date, can I get the current rates of indexation? They vary according to wage price movements, do they not? Is the AGSRC roughly around eight per cent now?

Answer:

Rates of Indexation

The rates of indexation vary depending on the purpose of the index and how the index is derived. The Wage Cost Indices (WCI), Higher Education Indexation Factor (HEIF), the Building Price Index (BPI) and the Average Government Schools Recurrent Costs (AGSRC) will all vary to some degree according to wage price movements. For example one of the components that make up the WCI and HEIF is a wage price index known as the Safety Net Adjustment factor which is determined by the Australian Industrial Relations Commission. Movement in the Consumer Price Index and Non Farm Gross Domestic Product are more related to the cost of relevant goods. It is expected that there would be some correlation to movements in wages reflected in these indexes.

The table below provides the latest indexation rates that DEST applies to its programmes. The AGSRC and BPI is for the 2004 calendar year only, as the 2005 indexes will not be available until later in the year. It is expected that the 2005 AGSRC and BPI will be announced in around October, as in previous years. The 2005 payments made up until the release of the 2005 AGSRC are based on the final 2004 prices. Subsequent payments are then adjusted to reflect the new index when it is released.

	2004-05	2005-06
AGSRC (Primary)	8.7% (2004)	NYA
AGSRC (Secondary)	7.2% (2004)	NYA
AGSRC (Other Grants)	9.3% (2004)	NYA
BPI	3.3% (2004)	NYA
HEIF (formerly known as CAF)	2.1% (2005)	1.9% (2006)
NFGDP	3.9%	4.5%
WCI 1	2.1%	2.2%
WCI 3	2.2%	2.2%
WCI 4	2.1%	2.2%
WCI 6	2.2%	2.4%
CPI	2.5%	2.5%

Key

AGSRC:- Average Government Schools Recurrent Cost

NYA:- Not Yet Available

BPI:- Building Price Index

HEIF:- Higher Education Indexation Factor

WCI:- Wage Cost Index

CPI:- Consumer Price Index