

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY BUDGET ESTIMATES HEARING

Outcome: 1
Output Group: 1.1 – Funding for schools

DEST Question No. E426_04

Senator Carr asked on 6 November 2003

Question:

Final report on 2002-03 Budget outcomes, released September 2003.

Appendix B of this report (extract attached) reveals a variation in Budget estimates for 2002-03 from that reported in the May Budget papers, including:

Non-government schools:	-\$106 million
Government schools:	+\$3 million
School education – specific funding:	-\$11 million
Total	-\$114 million

- (a) Please provide details and explanations of these variations, including:
- *Enrolments*: reasons for changes from original projections, for both government and non-government schools.
 - Demographics for the school-age cohort as a whole?
 - Changes in rate of transfer from non-government to government schools?
 - Changes in assumptions for school retention in government and non-government schools?
 - *Indexation*
 - *Under-spending* – by program; and reasons
 - *Other* – please explain.
- (b) And please provide a reconciliation statement of each element.
- (c) Are there any effects of these changed projections, etc, for the Budget figures for:
- 2003-04
 - The other years in the Budget forward estimates.

If so, please outline these effects.

Answer:

Final report on 2002-03 Budget outcomes, released September 2003

(a) to (c)

The summary of expenses outlined in Appendix B, Table B1 of the 2002-03 Final Budget Outcome relates to the Education Function of the Australian Government. This table has been derived by the Department of Finance and Administration (DoFA) and consists of administered and departmental expenses from a number of portfolios, including DEST. Any further questions regarding the formulation of this table, especially in relation to funding to portfolios other than DEST, should be directed to DoFA. The following response relates to the DEST administered items for each function. A breakdown of items is at [Attachment A](#).

An explanation is provided below of material variances for each DEST programme (of plus or minus 5 per cent or \$1 million).

General Recurrent Grants

The reported over expense for general recurrent grants to government schools was largely due to a payment relating to a funding commitment from a previous programme year. This payment was not reflected in the Budget estimate. Funding relating to previous programme years may continue to be spent in future years under the *States Grants (Primary and Secondary Education Assistance) Act 2000* (the SGA).

The reported under expense for general recurrent grants to non-government schools is largely due to the estimated initial 2004 expense being based on projected 2003 non-government school enrolments while the actual expense raised was based on initial 2003 enrolments (2002 final enrolments). In 2004, it is intended that the actual expense raised will be based on the estimated 2004 non-government enrolments.

As stated in the response to question on notice E424_04, enrolment projections for General Recurrent Grants 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 2003-04 Budget were provided in response to E424_04.

All education institutions and beneficiaries received the general recurrent grants to which they were entitled under the SGA during the reporting period.

Capital Grants

The reported over expense for capital grants to government schools is caused by the payment of funding commitments from previous programme years which was not reflected in the Budget estimate. Funding relating to previous programme years may continue to be spent in future years under the SGA.

Strategic Assistance for Improving Student Outcomes (SAISO)

The reported under expense for SAISO is due mainly to supplementation for some elements not being reported. Inclusion of this supplementation eliminates any material variance for SAISO.

All State and Territory governments, education institutions and beneficiaries received the SAISO funding they were entitled to during the reporting period.

English as a Second Language New Arrivals

ESL New Arrivals (ESLNA) is a demand-driven programme of a once only per capita payment. Funding is the same for students attending government and non-government schools. Estimates of enrolment numbers are based on the previous year's actual enrolments. Fluctuation in enrolment numbers is affected by DIMIA policies and domestic demographic changes.

National Literacy and Numeracy Strategies and Projects

The National Literacy and Numeracy Strategies and Projects programme is project-based. Expenses are recognised on receipt by the Department of suitable information from funding recipients in accordance with contracts signed by both parties. Payments from previous programme years will continue to be made in future years under the SGA. It is anticipated that these appropriations will be fully-expensed.

Indigenous Education Strategic Initiatives Programme (IESIP)

The reported underspend for IESIP is due to an accrual adjustment from 2001-02 to 2002-03. Funding appropriated under the *Indigenous Education (Targeted Assistance) Act 2000* for 2002 and 2003 is expected to be fully spent in respect of each programme year.

Indigenous Education Direct Assistance (IEDA)

IEDA consists of three elements: Aboriginal Tutorial Assistance Scheme (ATAS), Aboriginal Student Support and Parent Awareness Programme (ASSPA), and Vocational and Educational Guidance for Aboriginals Scheme (VEGAS). Funding may be transferred between elements and Budget estimates are only indicative of the split. While ATAS and VEGAS are included in School Education – Specific Funding, ASSPA is included in Student Assistance. IEDA was fully expensed for 2002-03.

Book Subsidy – Schools

The Educational Textbook Subsidy Scheme (ETSS) is a demand-driven element of the Book Industry Assistance Plan. Any under expense as a result of there being fewer beneficiaries than expected under ETSS is transferred to the Grants to Primary School Libraries programme for the purchase of Australian books for primary school libraries.

Grants to Primary School Libraries

Due to a reported over expense in 2001-02, a negative adjustment was made in 2002-03 to ensure that, over the two periods, the correct expense is reflected for the programme. This resulted in an apparent under expense in 2002-03. Payments under the Grants to Primary School Libraries programme totalled \$11.7 million in 2002-03. This included expenditure relating to unexpensed funding transferred from the ETSS.

Quality Outcomes

Due to a reported over expense in 2001-02, a negative adjustment was made in 2002-03 to ensure that, over the two periods, the correct expense was reflected. This resulted in an apparent under expense in 2002-03. The Quality Outcomes Programme was fully spent in 2002-03.

There were no material variances for the following programmes:

- *Country Areas Programme,*
- *Special Education Non-government Centre Support,*
- *Languages other than English,*
- *Projects to Enhance Literacy Outcomes,* and
- *Grants and Awards.*

Final Budget Outcome – DEST Funding

2002-03	Budget \$'000s	Actuals \$'000s	Variance	
			\$'000s	%
Non-government				
		3,537,22		
General Recurrent Grants	3,645,258	6	-108,032	-3.0%
Capital	93,612	93,518	-94	-0.1%
SAISO	122,968	118,675	-4,293	-3.5%
Country Areas	3,675	3,678	3	0.1%
ESL New Arrivals	5,124	6,200	1,076	21.0%
Special Education Non-government Centre Support	28,151	28,530	379	1.3%
Languages other than English	10,317	11,307	990	9.6%
Indigenous Education Strategic Initiatives	55,322	55,690	368	0.7%
Government				
		1,434,35		
General Recurrent Grants	1,431,822	8	2,536	0.2%
Capital	238,118	265,111	26,993	11.3%
SAISO	240,610	242,870	2,260	0.9%
Country Areas	19,602	19,609	7	0.0%
ESL New Arrivals	42,136	38,791	-3,345	-7.9%
National Literacy and Numeracy Strategies and Projects	10,906	4,187	-6,719	-61.6%
Languages other than English	14,654	13,841	-813	-5.5%
Indigenous Education Strategic Initiatives	131,732	117,493	-14,239	-10.8%
School Education - Specific Funding				
Indigenous Education Direct Assistance	25,979	21,972	-4,007	-15.4%
Book Subsidy - Schools	10,614	7,929	-2,685	-25.3%
Projects to Enhance Literacy Outcomes	606	599	-7	-1.2%
Quality Outcomes	46,267	45,189	-1,078	-2.3%
Grants and Awards	3,539	3,597	58	1.6%
Grants to Primary School Libraries	7,444	2,920	-4,524	-60.8%