

ISA Overview of Federal Budget

As foreshadowed in the lead up to the Budget, there is very little new funding for school education in the 2021-22 Federal Budget. The new measures in the Education portfolio relate to the Vocational Education and Training and Early Childhood areas. The Early Childhood measure will be of interest to some schools.

In addition to the on-going Quality Schools funding (detailed below) under the cross-portfolio measure *Schools and Youth – supporting students, teachers and young Australians* the Government will provide \$77.5 million over four years from 2021-22 (and \$5.5 million per year ongoing) for further initiatives to support teachers, students and young Australians including funding to improve the quality of the NCCD and funding for Indigenous boarding providers (details below).

Quality Schools funding

In 2021-22, the Australian Government will provide \$24.4 billion in Quality Schools funding to government and non-government schools in all states. Quality Schools funding includes recurrent funding, capital funding, funding for non-government school reform funding, Choice and Affordability funding and other prescribed purpose funding.

The Government estimates that it will provide \$315.2 billion from 2018 to 2029, under the Government's Quality Schools Package for recurrent funding to Australian schools distributed on the basis of need through the current funding methodology.

Summary of expenses – education

Below is the breakdown of sector specific school funding provided in the 2021-22 Budget.

	Actual	Estimates			
	2020-21	2021-22	2022-23	2023-24	2024-25
Schools	\$m	\$m	\$m	\$m	\$m
Non-government schools	13,010	14,710	15,509	16,200	16,752
Government schools	9,052	9,727	10,423	11,002	11,447

Source: Budget Paper 1, p 169

- Aggregate schools funding expenses are expected to increase by 8.7 per cent in real terms between 2020-21 and 2021-22 and increase by 7.6 per cent in real terms from 2021-22 to 2024-25.
- Expenses in the **schools — non-government schools** sub-function are expected to increase by 11.0 per cent in real terms between 2020-21 and 2021-22, and increase by 6.1 per cent in real terms from 2021-22 to 2024-25.
- Expenses under the **schools — government schools** sub-function are expected to increase by 5.5 per cent in real terms between 2020-21 and 2021-22, and increase by 9.7 per cent in real terms from 2021-22 to 2024-25.
- The increase in expenses for schools funding over the forward years is primarily due to the funding arrangements implemented under the *Quality Schools* package and increased funding for non-government schools in the Government's response to the National School Resourcing Board's *Review of the socio-economic status score methodology*.

A detailed breakdown of Quality Schools funding by sector and state and territory is below at Attachment A.

Economic Outlook and Parameters

Budget Paper No 1 includes information on the following major economic parameters including forecasts and projections.

The table below is an extract from Budget Paper No 1, p 9.

Table 2: Major economic parameters(a)

	Outcome	Forecasts				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Real GDP	-0.2	1 1/4	4 1/4	2 1/2	2 1/4	2 1/2
Employment	-4.2	6 1/2	1	1	1 1/4	1/ 1.4
Unemployment rate	6.9	5 1/2	5	4 3/4	4 1/2	4 1/2
Consumer price index	-0.3	3 1/2	1 3/4	2 1/4	2 1/2	2 1/2
Wage price index	1.8	1 1/4	1 1/2	2 1/4	2 1/2	2 3/4
Nominal GDP	1.7	3 3/4	3 1/2	2	4 3/4	5

(a) Real GDP and nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; and Treasury.

Budget Paper 1 also notes the following in relation to the economic outlook.

While the outlook is positive, considerable risks remain. The continued economic recovery will rely on the effective containment of COVID-19 outbreaks both here and abroad and will be a key factor in the timing of the reopening of international borders, which could weigh on the outlook for the tourism and education sectors. Internationally, ongoing global trade tensions and the potential for further trade actions continue to pose risks to the outlook for Australian exports. More broadly, downside risks to the outlook for the global economy from ongoing outbreaks of the virus in major economies, including India, could have implications for Australia's domestic economy.

New Measures – Education

Early Childhood Education

Guaranteeing Universal Access to Preschool

Payments (\$m)	2020-21	2021-22	2022-23	2023-24	2024-25
Treasury		136.0	459.3	479.0	519.7
Department of Education, Skills and Employment	-16.0	20.3	12.9	7.7	3.6
Total - Payments	-16.0	156.4	472.2	486.7	523.3

The Government will provide \$1.6 billion over four years from 2021-22 (and \$589.0 million per year ongoing) to make an ongoing Commonwealth funding contribution to preschool. The first four years of funding, covering the 2022 to 2025 preschool years, will be delivered through a new four-year funding agreement to be negotiated with the states and territories to replace the National Partnership Agreement on Universal Access to Early Childhood Education. The new agreement will support continued universal access to at least 15 hours of preschool each week (600 hours per year) for children in the year before they start school.

Funding will be contingent on the states and territories agreeing to a robust reform timeline focused on increasing participation and school readiness. From 2023 this will include ensuring that every child enrolled in an approved preschool program will see the full benefit of Commonwealth funding (around \$1,340 per child in 2022) regardless of the preschool setting. From 2024 payments to states and territories will be tied to attendance targets. A preschool outcomes measure will be developed and trialled for introduction in 2025.

The measure also includes \$33.6 million over five years from 2021-22 (and \$2.0 million per year ongoing) to improve preschool data collection and underpin a new preschool framework to support the reform. This includes funding to:

- continue undertaking the annual National Early Childhood Education and Care Collection (NECECC) from early 2023
- improve and expand the NECECC to underpin a performance framework to drive reform, with a focus on attendance
- develop and trial a method for testing the degree to which preschools achieve the outcome of getting children school ready.

This measure extends the July 2020 Economic and Fiscal Update measure titled *National Partnership Agreement on Universal Access to Early Childhood Education — extension*.

New measures – Cross Portfolio

Schools and Youth – supporting students, teachers and young Australians

Payments (\$m)

	2020-21	2021-22	2022-23	2023-24	2024-25
National Indigenous Australians Agency	-	16.6	-	-	-
Department of Infrastructure, Transport, Regional Developments and Communications	-	3.0	3.0	3.0	3.0
Department of Social Services	-	2.3	0.7	-	-
Department of Education, Skills and Employment	-2.9	14.4	8.4	9.7	11.2
Total	-2.9	36.2	12.1	12.7	14.3

The Government will provide \$77.5 million over four years from 2021-22 (and \$5.5 million per year ongoing) for further initiatives to support teachers, students and young Australians. Funding includes:

- \$20.0 million over four years from 2021-22 to continue and improve the Nationally Consistent Collection of Data on school students with disability, to ensure the quality and integrity of data that underpins ongoing funding for students with disability
- \$16.6 million in 2021-22 to assist boarding providers with a high proportion of Indigenous students to remain financially sustainable during the COVID-19 recovery period
- \$11.9 million over four years from 2021-22 (and \$3.0 million per year ongoing) to support the Australian Children's Television Foundation to continue to support the development, production and distribution of quality Australian children's screen content and educational resources
- \$8.1 million over four years from 2021-22 for Together for Humanity to deliver a program to students, teachers and parents so they are equipped for diversity, and to foster greater inter-cultural understanding and a sense of belonging
- \$5.8 million over four years from 2021-22 (and \$1.5 million per year ongoing) to continue investment in the Australian Teacher Workforce Data collection, to help improve teacher workforce planning and outcomes

- \$4.0 million over four years from 2021-22 (and \$1.0 million per year ongoing) to continue and expand the Literacy and Numeracy Test for Initial Teacher Education Students, to assist aspiring students to make informed decisions about their suitability to become teachers
- \$3.0 million in 2021-22 for the Duke of Edinburgh's International Award in Australia to encourage young people to volunteer time in their communities, participate in sport and recreational activities, and develop social skills
- \$3.0 million over two years from 2021-22 for High Resolves to deliver a learning experience to young Australians to help build social cohesion, strengthen cultural understanding and promote positive participation in their local community
- \$2.9 million in 2021-22 for the Commonwealth Scholarships Program for Young Australians to support up to 240 training scholarships for young people aged 15 to 24 years in ten regions, with funding to be redirected from unused places in the Commonwealth Scholarship Programs for South Australia
- \$1.2 million over four years from 2021-22 to co-sponsor the Young Australian of the Year Awards
- \$1.0 million in 2021-22 for youth engagement activities, including improving Year 9 and Year 10 students' learning about civics and citizenship through the annual National Schools Constitutional Convention, delivering activities for Ministerial engagement with youth, and providing greater information to young Australians on programs and services that support them.

The cost of this measure will be partially met from within the existing resources of the Department of Education, Skills and Employment. This measure builds on the 2020-21 Budget measure titled *Students Support Package*.

National Partnerships

In 2021-22, the Australian Government will provide \$409.1 million through National Partnerships, some of which are ceasing, as detailed below.

National Partnership Payments (\$m)

	2020-21	2021-22	2022-23	2023-24	2024-25
MoneySmart teaching	1.3	-	-	-	
National School Chaplaincy program	61.4	61.4	61.4	61.4	61.4
NT Remote Aboriginal Investment - Children and schooling component	30.2	29.3	-	-	
School Pathways Program	1.2	1.2	-	-	
Universal access to early childhood education	450.6	317.2	-	-	
Total	544.8	409.1	61.4	61.4	61.4

Further information on these National Partnerships is available in Budget Paper No.3 p 37

Department of Education, Skills and Employment Budget Portfolio Statement

The Portfolio Statement notes that *Program 1.4 Non-Government Schools National Support*, will be delivered through the following delivery strategies:

- Provide funding under the Choice and Affordability Fund for non-government representative bodies as a flexible means of driving government priorities including supporting parental choice and affordability of schools and assisting schools in regional, remote, and drought-affected areas.
- Provide funding for capital infrastructure for non-government schools, particularly for the most disadvantaged.

- Administer recurrent funding entitlements under the *Australian Education Act 2013* (the Act) based on the Schooling Resourcing Standard that provides a base amount for every student and loadings to target disadvantage.
- Continue to implement the new direct measure of capacity to contribute, including a process to review individual school scores and a program of further refinement work.
- Support the National School Resourcing Board in undertaking reviews of the Australian Government's school funding model under the Act and implement the Australian Government's response to the board's reviews of the loading for students with a disability, reporting of section 22A obligations and the review of needs-based funding requirements.

Program expenses 1.4 Non-Government Schools National Support (\$'000)

	2020-21 Estimated actual	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
Administered expenses					
Other services (Appropriation Bill No 2)					
- Non-Government Representative Bodies	40,013	40,013	14,004		
- Adjustment Assistance	9,131	1,676	491		
- Choice and Affordability Fund	156,045	107,682	110,912	114,240	117,667
Special appropriations					
Australian Education Act 2013	12,804,610	14,560,971	15,383,946	16,085,732	16,634,577
Total Expenses	13,009,799	14,710,342	15,509,353	16,199,972	16,752,244

Source: Department of Education and training Budget Portfolio Statement p 41

Further information

The Budget Papers are available at <https://budget.gov.au/2021-22/content/documents.htm>.

The Department of Education, Skills and Employment's Portfolio Budget Statements and media releases are available at <https://www.dese.gov.au/about-us/corporate-reporting/budget>.

Attachment A: Quality Schools Funding

Budget Paper 3 notes that in 2021–22, the Australian Government will provide \$24.4 billion in Quality Schools funding to government and non-government schools in all states. This includes recurrent funding, capital funding, funding for non-government school reform support funding, Choice and Affordability Fund funding and other prescribed purpose funding.

It also notes that the Australian Government has implemented a new, needs-based funding model for schools which delivers a consistent national approach for all schools in all states.

Quality Schools funding (\$million)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2020-21									
Government schools(a)	2,815.4	2,098.1	2,030.7	924.7	611.0	222.7	130.8	220.2	9,053.6
Non-government schools(b)(c)(d)	3,893.5	3,520.3	2,840.2	1,271.4	809.4	299.2	227.9	147.9	13,009.8
Total	6,708.9	5,618.4	4,870.9	2,196.1	1,420.4	521.9	358.7	368.1	22,063.4
2021-22									
Government schools(a)	3,009.9	2,270.2	2,157.8	1,020.6	665.7	234.3	142.9	227.3	9,728.8
Non-government schools(b)(c)(d)	4,454.8	3,796.5	3,156.3	1,494.3	1,062.5	321.6	236.4	187.9	14,710.3
Total	7,464.8	6,066.7	5,314.1	2,514.9	1,728.2	555.9	379.3	415.1	24,439.1
2022-23									
Government schools(a)	3,212.0	2,451.4	2,286.1	1,121.9	722.9	244.0	156.0	231.1	10,425.4
Non-government schools(b)(c)(d)	4,705.4	4,012.1	3,323.4	1,570.1	1,116.6	339.9	244.8	197.1	15,509.4
Total	7,917.4	6,463.5	5,609.5	2,692.0	1,839.4	583.8	400.8	428.3	25,934.7
2023-24									
Government schools(a)	3,386.3	2,605.6	2,395.0	1,200.2	762.8	252.8	167.0	234.6	11,004.3
Non-government schools(b)(c)(d)	4,914.9	4,201.7	3,470.3	1,636.1	1,163.7	355.7	252.7	204.8	16,200.0
Total	8,301.2	6,807.3	5,865.4	2,836.3	1,926.5	608.5	419.7	439.4	27,204.3
2024-25									
Government schools(a)	3,525.9	2,727.0	2,481.8	1,251.4	789.6	260.5	175.3	237.3	11,448.7
Non-government schools(b)(c)(d)	5,076.3	4,359.9	3,590.4	1,687.8	1,199.5	368.9	259.4	210.0	16,752.2
Total	8,602.2	7,086.9	6,072.2	2,939.2	1,989.1	629.4	434.7	447.3	28,200.9

(a) Includes funding for the Northern Territory to accelerate evidence-based reforms to improve outcomes for vulnerable students and includes Literacy support for Tasmanian students.

(b) Includes capital funding.

(c) Includes prescribed circumstances funding.

(d) Includes funding for non-government school reform support, and the Choice and Affordability Fund.

Source: Budget Paper No 3, p 38