

Overview

In addition to the on-going Quality Schools funding (detailed below), the Government will introduce multiple new measures based on the recommendations detailed in Labor's *Plan for a Better Future*. These include (covered in more detail below) consent and respectful relationships education, an Office for Youth and youth engagement strategy, a plan for cheaper childcare, Schools Upgrade Fund, an additional 20,000 Commonwealth support places at universities, measures to address the teacher shortage, teaching First Nations languages in schools, an improved paid parental leave scheme and measures to improve digital literacy and online safety awareness among primary and secondary school students.

The Government has also redirected \$10.4 million of funding from prior budgets to assist in offsetting these new commitments (detailed further below). These include the Women's Safety measure, with funds redirected towards the new Consent and Respectful Relationships Education.

A number of announcements were made in relation to skills and training including 480,000 fee-free TAFE and community-based vocational education places and the development of a \$1 billion one-year National Skills Agreement. It is not yet clear if these announcements will involve schools.

While the Non-Government Reform Support Fund and Choice and Affordability Fund are noted as being included in 2022-23 to 2025-26 Quality Schools funding figures (see Attachment A), the detailed funding breakdown for Non-Government Schools National Support (see Program expenses 1.4) has support for Non-Government Representative Bodies ceasing at the end of 2023 as per the previous Budget.

Quality Schools funding estimates for both government and non-government sectors are slightly higher than the March 2022 budget due to changes in inflation.

Quality Schools funding

In 2022-23, the Australian Government will provide \$26.8 billion (up from \$26.4 billion in March 2022 Budget) in Quality Schools funding to government (\$10.4 billion) and non-government (\$16.4 billion) 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.

Summary of expenses – education

Table 1: Sector specific school funding provided in the 2022-23 Budget

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
Schools	\$m	\$m	\$m	\$m	\$m
Non-government schools	15,365	16,365	17,259	17,949	18,578
Government schools	9,671	10,420	11,025	11,511	12,007
School education – specific funding	721	1,177	1,080	746	801

Source: Budget Paper 1, p 185. Figures are slightly higher (1-3%) than those in the March 2022 budget due to changed inflation forecasts.

- Aggregate schools funding expenses are expected to increase by 4.2 per cent in real terms from 2022-23 to 2025-26 (up from 3.3 per cent in March 2022 budget).
- Expenses under the **schools – non-government schools** sub-function are expected to increase by 3.6 per cent in real terms from 2022-23 to 2025-26 (up from 2.7 per cent in March 2022 budget).
- Expenses under the **schools – government schools** sub-function are expected to increase by 5.2 per cent in real terms from 2022-23 to 2025-26 (up from 4.2 per cent in March 2022 budget).
- The increase in expenses for schools funding over the forward years primarily reflects the funding arrangements implemented under the Quality Schools Package.
- Expenses under the **school education – specific funding** sub-function are expected to decrease by 37.9 per cent in real terms from 2022–23 to 2025–26. This is primarily driven by the 2022–23 October Budget measures Student Wellbeing Boost and Schools Upgrade Fund, which terminate in 2023–24.

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 6.

Table 2: Major economic parameters(a)

	Outcome	Forecasts			
	2021-22	2022-23	2023-24	2024-25	2025-26
Real GDP	3.9	3 1/4	1 1/2	2 1/4	2 1/2
Employment	3.3	1 3/4	3/4	1	1 1/4
Unemployment rate	3.8	3 3/4	4 1/2	4 1/2	4 1/4
Consumer price index	6.1	5 3/4	3 1/2	2 1/2	2 1/2
Wage price index	2.6	3 3/4	3 3/4	3 1/4	3 1/2
Nominal GDP	11.0	8	-1	4 1/4	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.

Table 3: Major economic parameters - March 2022 budget (for comparison)

	Forecasts				
	2021-22	2022-23	2023-24	2024-25	2025-26
Real GDP	4 1/4	3 1/2	2 1/2	2 1/2	2 1/2
Employment	2 3/4	1 1/2	1 1/2	1	1
Unemployment rate	4	3 3/4	3 3/4	3 3/4	4
Consumer price index	4 1/4	3	2 3/4	2 3/4	2 1/2
Wage price index	2 3/4	3 1/4	3 1/4	3 1/2	3 1/2
Nominal GDP	10 3/4	1/2	3	5 1/4	5

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

“Since PEFO, there has been a substantial improvement in the near-term fiscal outlook. In 2022–23, the deficit is expected to be \$36.9 billion (1.5 per cent of GDP), a \$41.1 billion improvement since PEFO. High Australian dollar commodity prices and strong employment

growth have boosted forecast tax receipts. However, the improvement moderates over the forward estimates as commodity prices decline.

The Government's responsible approach to revenue upgrades and spending restraint means gross debt as a share of GDP remains lower than at PEFO in each year of the forward estimates. However, growing spending pressures drive gross debt over the medium term higher than projected at PEFO. This deterioration in gross debt can be accounted for by higher borrowing costs due to higher interest rates, the use of a lower and more realistic productivity growth assumption, and an upward revision in the estimated cost of the NDIS."

New Measures

Child Care Subsidy Reforms Integrity Package (Budget Paper 2, page 91)

The Government will achieve savings of \$173.0 million over 4 years from 2022–23 by strengthening payment integrity and accuracy of the Child Care Subsidy program.

Under changes to the family assistance legislation, electronic payment of early childhood education and care gap fees will be required. This aims to reduce fraudulent claims of Child Care Subsidy for care that is not occurring. Exceptions from electronic payments can be sought in some circumstances.

Funding of \$47.7 million over 4 years from 2022–23 will be provided to the Department of Education to support a range of activities to help reduce fraud and non-compliance, such as helping early childhood education and care providers to better understand their regulatory obligations and commencing work on a digital attendance validation solution to provide real time validation and reporting of child attendance at care.

The savings from this measure will be redirected to fund other Government policy priorities.

Consent and Respectful Relationships Education (Budget Paper 2, page 91)

The Government will provide \$65.3 million over 4 years from 2022–23 (and \$18.2 million over 2 years from 2026–27) to invest in respectful relationships education to help prevent gender-based violence and keep children safe.

The Government will partner with states, territories and the non-government school system to deliver age-appropriate and evidence-based consent and respectful relationships education in primary and secondary schools by investing in teacher training and partnerships with external providers. The Government's investment will be guided by a National Respectful Relationships Education Expert Group that will perform a rapid review identifying key areas of need in respectful relationships education across all jurisdictions and develop a framework for accrediting external providers of educational programs.

The cost of this measure will be partially met from within the existing resourcing of the Department of Education.

Government Spending Audit – Education – efficiencies (Budget Paper 2, page 92)

As a result of its Spending Audit, the Government will improve the quality of spending by redirecting funding from 2003–04 Budget, 2020–21 Budget and 2022–23 March Budget measures. This totals \$10.4 million over 4 years from 2022–23 in relation to education. Savings include:

- \$5.9 million over 4 years from 2022–23 from the partial reversal of the respectful relationships component of the 2022–23 March Budget measure titled Women's Safety, redirecting uncommitted funding that duplicates the Government's commitment to Consent and Respectful Relationships Education
- \$2.5 million over two years from 2022–23 from the partial reversal of the 2022–23 March Budget measure titled School Education Support, redirecting uncommitted funding from yet to be initiated programs

- \$1.4 million over two years from 2024–25 through the cessation of the 2003–04 Budget measure titled Endeavour Language Teacher Fellowships, redirecting uncommitted funding that could be better targeted towards school language program priorities
- \$0.6 million in 2022–23 from the partial reversal of the 2020–21 Budget measure titled National Partnership Agreement on Universal Access to Early Childhood Education – extension, redirecting uncommitted funding found to duplicate other Government expenditure.

This funding will offset the Government’s election commitments and will also be redirected to fund other education programs to realign expenditure to support Government priorities.

This measure was identified as part of the Spending Audit, which has focused on the quality of spending, uncommitted funding, duplicative measures and reprioritising existing funding towards higher priority initiatives and budget repair.

Office for Youth and Youth Engagement Strategy

The Government will provide \$10.5 million over 4 years from 2022–23 (and \$2.9 million per year ongoing) to implement a new youth engagement model to enable young Australians to influence the policies and programs that affect them.

Funding will establish an Office for Youth to improve and harmonise youth policy outcomes across government through a new Youth Engagement Strategy to embed the diversity of youth voices in policy and program design on an ongoing basis.

The development of the Strategy will be informed by a steering committee of young people as well as consultation with youth and youth advocates. The model will also deliver 5 youth advisory groups to work directly on new policies and programs across government, and funding for the Australian Youth Affairs Coalition to support its critical role in youth advocacy, engagement, and research.

Plan for Cheaper Child Care (Budget Paper 2, page 93)

The Government will provide \$4.7 billion over 4 years from 2022–23 (and \$1.7 billion per year ongoing) to deliver cheaper child care, easing the cost of living for families and reducing barriers to greater workforce participation. This includes \$4.6 billion over 4 years from 2022–23 to:

- increase the maximum Child Care Subsidy (CCS) rate from 85 per cent to 90 per cent for families for the first child in care and increase the CCS rate for all families earning less than \$530,000 in household income
- maintain current higher CCS rates for families with multiple children aged 5 or under in child care, with higher CCS rates to cease 26 weeks after the older child’s last session of care, or when the child turns 6 years old
- task the Australian Competition and Consumer Commission to undertake a 12-month inquiry into the cost of child care and the Productivity Commission to conduct a comprehensive review of the child care sector
- improve the transparency of the child care sector by requiring large providers to publicly report CCS-related revenue and profits.

The Government will also provide \$43.9 million over 4 years from 2022–23 for measures that support the National Agreement on Closing the Gap targets and improve early childhood outcomes for First Nations children. Funding includes:

- \$33.7 million over 4 years from 2022–23 to introduce a base entitlement to 36 hours per fortnight of subsidised early childhood education and care for families with First Nations children, regardless of activity hours or income level
- \$10.2 million over 3 years from 2022–23 to establish the Early Childhood Care and Development Policy Partnership with Coalition of Peaks partners and First Nations representatives to develop policies on First Nations early childhood education and care.

The Government will also provide \$9.5 million over two years from 2022–23 to communicate the changes to the CCS system to families and child care providers.

Schools Upgrade Fund (Budget Paper 2, page 94)

The Government will provide \$270.8 million over two years from 2022–23 to implement the Schools Upgrade Fund to provide grants to support capital works projects for upgrades to school equipment and to improve ventilation in classrooms to keep students and school staff safe following disruptions caused by COVID-19.

The grants will be delivered during 2022 and 2023. In 2022, grants rounds will be open to all schools to apply for funding to undertake small-scale capital projects to improve ventilation and school facilities. Targeted grants will also be delivered as part of this round to schools identified with priority needs.

In 2023, under a second grants round, government schools will receive the same amount of funding as non-government schools for new buildings and major facilities upgrades. Grants to government schools will be allocated in consultation with state and territory governments.

Strengthening Australia's Higher Education Sector (Budget Paper 2, page 95)

The Government will provide \$491.8 million over 4 years from 2022–23 (and \$570.1 million over 11 years) to boost higher education and strengthen Australia's university system. Funding includes:

- \$485.5 million over 4 years from 2022–23 (and \$563.8 million over 11 years) for 20,000 additional Commonwealth supported places at universities and other higher education providers commencing in 2023 and 2024. These places are dedicated to students under-represented in higher education, including First Nations peoples, those who are the first in their family to study at university, and students from rural and remote Australia. The places are for courses in areas of skills shortage, including teaching, nursing and engineering
- \$3.6 million in 2022–23 to the Department of Education to develop a business case for a new university and schools payment system, to manage the timely and accurate administration of entitlements
- \$2.7 million over two years from 2022–23 to deliver an Australian Universities Accord, a review of Australia's higher education system by a panel of eminent Australians delivering recommendations to drive accessibility, affordability, quality, certainty, sustainability and prosperity.

The Government will also achieve savings of \$144.1 million over 4 years from 2022–23 (and \$484.9 million over 11 years) by ending the 10 per cent discount for students who elect to pay their student contributions upfront rather than defer payment through the *Higher Education Contribution Scheme – Higher Education Loan Program*.

Student Wellbeing Boost (Budget Paper 2, page 96)

The Government will provide \$203.7 million over two years from 2022–23 to provide a funding boost to every Australian school to help address the adverse impacts of COVID-19 on student wellbeing.

Funding will enable the provision of additional mental health and wellbeing support for students, such as mental health professionals, sporting and social activities, and proven student wellbeing and mental health initiatives.

Funding also includes \$10.8 million for a free voluntary mental health check tool to assist teachers and schools to identify students with, or at risk of, declining mental health. The tool will be developed in consultation with experts, states and territories, peak bodies and school communities, and be implemented with parental agreement.

Teacher Shortages (Budget Paper 2, page 96)

The Government will provide \$310.4 million over 9 years from 2022–23 (and \$7.9 million per year ongoing) to attract and retain high-quality teachers and improve student outcomes.

Funding includes:

- \$160.1 million over 8 years from 2023–24 for up to 5,000 bursaries of \$10,000 per year to students, with an ATAR of 80 or above, who undertake a teaching degree. Bursaries

will be available to undergraduate and postgraduate students with an additional \$2,000 made available for students who complete their final year placement in a regional area

- \$78.8 million over 5 years from 2022–23 to expand the High Achieving Teachers program to support an additional 1,500 high achieving professionals to transition into teaching through employment-based pathways
- \$60.6 million over 9 years from 2022–23 (and \$7.1 million per year ongoing) to implement the Quality Initial Teacher Education Review’s recommendations, including the expansion and development of new micro-credentials courses in classroom management and phonics
- \$10.9 million over 9 years from 2022–23 (and \$0.8 million per year ongoing) to the Department of Education for administrative costs associated with this measure.

Teaching First Nations Languages in Schools (Budget Paper 2, page 97)

The Government will provide \$14.1 million over 4 years from 2022–23 to partner with First Nations people and primary schools to teach First Nations languages and culture.

Local First Nations community and school partnerships will be fostered to enable the placement of First Nations educators in 60 Australian primary schools. These First Nations educators will receive training in education support to complement their existing skills and cultural knowledge. The educators will work with teachers to teach local Indigenous languages as well as embed knowledge of local cultures across the curriculum. Schools will be able to apply to participate, with priority granted to schools with high First Nations student enrolments and based on need.

The cost of this measure will be partially met from within the existing resourcing of the Department of Education. This measure delivers on the Government’s election commitment as published in the *Plan for a Better Future*.

Safe Kids are eSmart Kids (Budget Paper 2, page 164)

The Government will provide \$6.0 million over 3 years from 2023–24 to the Alannah and Madeline Foundation for the national rollout of the eSmart Digital Licence+, Media Literacy Lab and a new Junior Digital Licence+ to improve media and digital literacy and online safety awareness among primary and secondary school students.

Quality Schools and National Partnership payments (Budget Paper 3, pages 37-42)

In 2022–23, the Australian Government will provide funding of \$27.6 billion to support state education services, including \$26.8 billion in Quality Schools funding and \$787.3 million through National Partnership payments.

Payments to support state education services (\$m)

	2022-23	2023-24	2024-25	2025-26
Quality Schools funding (a)	26,787.4	28,286.0	29,461.7	30,586.8
National Partnership payments				
Consent and respectful relationships education	-	20.4	20.4	20.4
National school chaplaincy program	61.4	61.4	61.4	61.4
NT Remote Aboriginal Investment – Children and schooling component	29.3	29.3		
Preschool Reform Agreement	454.6	458.7	462.4	326.6
Schools Upgrade Fund				
- Round 1	50.0			
- Round 2		215.0		
Student Wellbeing Boost	192.0			
Total National Partnership payments	787.3	784.8	544.2	408.4

(a) Includes funding for non-government representative bodies

Payments for non-government schools included in payments above

	2022-23	2023-24	2024-25	2025-26
Quality Schools funding (a)	16,365.4	17,259.1	17,948.5	18,577.7
Consent and respectful relationships education		10.2	10.2	10.2
Schools Upgrade Fund Round 1	10.7			
Student Wellbeing Boost	96.0			
Total	16,472.2	17,269.3	17,958.7	18,587.9

(a) Includes funding for non-government representative bodies

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

Department of Education, Skills and Employment Portfolio Budget Statement**Program expenses 1.4 Non-Government Schools National Support (\$'000)**

	2021-22 Estimated actual	2022-23 Budget	2023-24 Forward Estimate	2024-25 Forward Estimate	2025-26 Forward Estimate
Administered expenses					
Other services (Appropriation Bill No 2)					
- Non-Government Representative Bodies	44,954	42,013	12,004		
- Adjustment Assistance	1,676	491			
- Choice and Affordability Fund	107,681	111,716	116,790	120,829	124,940
Special appropriations					
Australian Education Act 2013	15,210,901	16,211,219	17,130,309	17,827,696	18,452,728
Total Expenses	15,365,213	16,365,439	17,259,103	17,948,525	18,577,668

Source: Department of Education, Skills and Employment Budget Portfolio Statement p 49

Further information

All the Budget Papers are available at <https://budget.gov.au/> and Minister Clare and Minister Aly's media release is provided as an **attachment**.

ISA ADMINISTRATION

INDEPENDENT SCHOOLS AUSTRALIA

Attachment A: Quality Schools Funding (Budget Paper 3, page 38)

Budget Paper 3 notes that in 2022–23, the Australian Government will provide \$26.8 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 uses a 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
2022-23									
Government schools(a)	3,159.3	2,486.4	2,306.2	1,131.7	708.8	238.8	157.5	233.3	10,422.0
Non-government schools(b)(c)(d)	5,001.6	4,161.2	3,523.5	1,651.2	1,202.3	358.3	255.8	211.6	16,365.4
Total	8,160.9	6,647.6	5,829.7	2,782.9	1,911.1	597.1	413.3	444.8	26,787.4
2023-24									
Government schools(a)	3,323.0	2,656.4	2,429.6	1,216.6	747.6	246.4	169.4	237.9	11,026.9
Non-government schools(b)(c)(d)	5,273.1	4,388.4	3,719.5	1,739.4	1,272.3	378.9	265.8	221.6	17,259.1
Total	8,596.1	7,044.8	6,149.1	2,956.0	2,020.0	625.3	435.3	459.5	28,286.0
2024-25									
Government schools(a)	3,462.7	2,793.1	2,533.9	1,275.1	776.5	252.6	178.6	240.6	11,513.2
Non-government schools(b)(c)(d)	5,478.9	4,569.4	3,870.3	1,805.8	1,327.8	394.8	273.8	227.7	17,948.5
Total	8,941.6	7,362.5	6,404.2	3,080.9	2,104.3	647.4	452.4	468.3	29,461.7
2025-26									
Government schools(a)	3,611.4	2,928	2,639.9	1,333.8	807.3	258.6	188.1	242.1	12,009.2
Non-government schools(b)(c)(d)	5,670.2	4,739.1	4,005.2	1,865.0	1,376.2	408.7	280.8	232.6	18,577.7
Total	9,281.5	7,667.1	6,645.1	3,198.8	2,183.5	667.3	468.9	474.7	30,586.8

(a) Includes Literacy Support for Tasmanian Students and funding for the Northern Territory to accelerate evidence-based reforms to improve outcomes for vulnerable 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