

The Rudd Government's Budget priorities for government and non-government schools: the latest evidence

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Abstract

Updated information on the Rudd Government's budgetary commitments for the five years to 2012-13 reveals that, for the first time in over a decade, Commonwealth funding for government schools is projected to increase at a higher rate than for schools in the non-government sector.

This has occurred in the context of unprecedented levels of Commonwealth funding for schools, government and non-government.

The increase for government schools reflects, in part, a boost to their Commonwealth funding by rectifying an historic anomaly in the formula for determining general recurrent grants for government primary schools. Additional Commonwealth moneys have also been allocated across both sectors for new national partnerships for quality teaching, literacy and numeracy strategies and for schools serving concentrations of students in low socio-economic communities. The bulk of the increase for both sectors will be provided for physical and ICT infrastructure.

These budget gains need to be understood in the light of longstanding and underlying trends. Commonwealth recurrent funding for non-government schools in the future is projected to continue to increase at a higher monetary amount than that for government schools, due mainly to the enduring effects of the unfair and dysfunctional general recurrent grants program the Rudd Government inherited from its predecessor. As a consequence, Commonwealth recurrent funding is projected to continue to finance increases in the number of teachers in non-government schools at a higher level than in government schools, over and above the increases that will flow from student enrolment shifts between the sectors.

A comprehensive review of public funding policies for schools across all sectors and governments is increasingly urgent.

Introduction

The Commonwealth Budget of May 2009 was the Rudd Government's first real opportunity to make clear its policy intentions and priorities for schools.

Its first Budget, in May 2008 was brought down too early in the electoral cycle to do more than express the new Government's election promises, including its commitment to extend the former Howard Government's flawed and inequitable schools funding policies.

In my earlier analysis of that Budget¹, I concluded that its funding projections were dominated by the financial implications of the former Government's funding policies for schools, overshadowing the increases arising from the new Government's election commitments². In particular, the Budget figures for the outer years were projecting a cut in real terms in Commonwealth funding for government schools. And the Budget papers were silent on the Government's policy intentions for government and non-government schools for the longer term. For these reasons, I described the 2008 Budget in my earlier paper as a 'transition' document.

The Government clarified its funding commitments for schools in the months following this first budget, through a number of policy decisions.

The first of these was the announcement in November 2008 of new national education agreements between the Commonwealth and the States. The Commonwealth committed to providing an additional \$3.5 billion over five years in its funding for schools, including new moneys for such priorities as general recurrent grants for government primary schools, quality teaching and low socio-economic status (SES) schools³. In my updated paper on the budgetary impact of this agreement, I noted that the COAG funding package was the first serious investment in public schooling for more than a decade⁴.

Second, the Commonwealth decided to make fundamental changes to the form and structure of its financial arrangements with the states. Commonwealth programs for schools from 2009 were to be authorised through separate legislation for government and non-government schools, rather than under the auspices of earmarked legislation and related administrative guidelines covering both sectors. Treasury, and not the Minister's own department, assumed overall responsibility for the national education agreements, which included moneys for both government and non-government schools.

¹ J F McMorrow, *Reviewing the evidence: Issues in Commonwealth funding of government and non-government schools in the Howard and Rudd years*, AEU, August 2008, p31. The Parliamentary Library in its *Budget Review 2008-09*, May 2008, makes a similar point.

² The largest increases from these election promises were the Education Tax Refund (\$4.4 billion over four years) and the Digital Education Revolution (then costed at \$1.2 billion over five years), *ibid.* Table 11, page 31.

³ Council of Australian Governments (COAG), *Communiqué*, 29 November 2008.

⁴ J F McMorrow, *Updating the evidence: the Rudd Government's intentions for schools*, AEU, December 2008.

Although these appeared to be simply structural changes, they had potentially significant implications for the operation of Commonwealth programs for schools and for their presentation in formal documentations, including Commonwealth Budget papers. In particular, there was potential for the Minister's department to become consumed with its administrative and legal responsibilities for non-government school programs at the expense of a proper focus on policy implications for all schools, especially public schools. These risks should be monitored to avoid exacerbating current imbalances in federal-state responsibilities for schools.

Third, the Government made a significant investment in the capital infrastructure of schools through its stimulus package responding to the global financial crisis⁵. In the name of creating and protecting jobs, essentially in the building industry, the Government committed to spending almost \$15 billion for building or upgrading all of Australia's 9,560 government and non-government schools.

But the impact of these decisions on Commonwealth funding for government and non-government schools was not readily apparent from the traditional 'functional' tables in Paper No. 1 of the May 2009 Budget papers, for a number of reasons. The sector shares of schools funding in this paper were obscure and inconsistent with other representations in the Budget based on national education agreements and schools assistance legislation. Some of the discrepancies in the May Budget have been clarified in subsequent papers and are likely to be rectified in future budgets.

More useful information on Commonwealth funding for schools was also provided in Budget Paper No. 3. This document reported government decisions on Commonwealth financial relationships with the States and Territories. Although these data were less inclusive of all Commonwealth funding commitments for primary and secondary education than in Budget Paper No. 1 – for example, assistance for school students is omitted – it is a better guide to the distribution of Commonwealth programs for schools.

The financial data in Budget Paper No. 3 of May 2009 reporting Commonwealth funding for government and non-government schools directed through National Education Agreements (NEAs) with the States and Territories, and through them with non-government school authorities, have also been updated since that time by two regular financial reports: the *Final Budget Outcomes 2008-09* publication issued in September 2009, which reports on the final school expenditures figures for that financial year; and the *Mid-Year Economic and Fiscal Outlook 2008-09 (MYEFO)* statement of November 2009, which updates the economic and fiscal outlook and the budgetary position since the May Budget, including the effect of Government decisions on expenses and revenues.

The financial data from those reports are used in the analysis of funding trends for national specific purpose programs and national partnership payments in the remaining sections of this paper.

⁵ Kevin Rudd and Julia Gillard, *Building the Education Revolution – new and upgraded buildings in every Australian school*, Joint Media Release, 3 February 2009.

National Payments

Commonwealth funding for the States is provided through three categories of payment:

- National specific purpose payments – including the traditional recurrent, capital and targeted programs for schools
- National Partnership payments – including priority strategies and new infrastructure
- General revenue assistance – essentially Goods and Service Tax (GST) payments to the States and Territories from GST revenue.

The latter type of payment – general revenue – is extremely important for schools, especially government schools, as it largely shapes the financial capacities of the states to deliver their key services. It also underscores the Rudd Government's reform agenda for federal-state relations, including through the new national agreements. But this is a complex area, and outside the scope of this paper.

National Specific Purpose Payments (SPPs)

The bulk of Commonwealth funding for schools is provided under this heading:

- the large general recurrent grants programs for government schools (around \$2 billion) and non-government schools (around \$6 billion), which provide per student grants to support the general operation of schools.
- recurrent funding for targeted schools and students, including programs for English as a Second Language instruction, Country Areas and Indigenous Education
- general capital grants for government and non-government schools.

These are, in the main, ongoing and long-standing programs for government and non-government schools, allocated by state and sector according to standard criteria for measuring student numbers and relevant formulae.

Funding over the Budget period to 2012-13 for these programs is summarised in Table 1 below. This table incorporates the final Budget figures for 2008-09 and the revised estimates for the future published in the 2009 Mid-Year Economic and Fiscal Outlook (MYEFO) report. It also includes the financial year 2007-08 as a base, for a fair assessment of the Rudd Government's funding priorities over time.

The Budget papers report that just over \$9 billion will be spent on these programs in 2008-09, rising to almost \$12 billion in 2012-13. Table 1 shows that of the \$9 billion in SPPs in 2008-09, some two-thirds, or just under \$5.8 billion, was allocated to non-government schools. This reflects the long-term increase in funding responsibility for non-government schools assumed by successive Commonwealth governments, but particularly the Howard Government.

Total funding for SPPs over the six-year period to 2012-13 is projected to provide over \$60 billion for schools: around \$20 billion for government schools and \$40 billion for non-government schools. By 2012-13, Commonwealth SPPs are projected to increase since 2007-08 by around \$3.9 billion: just over \$1.4 billion for government schools (a 57% increase) and \$2.4 billion for non-government schools (a 44% increase).

Table 1
Commonwealth funding for schools: Specific Purpose Payments
current year prices

	Actual		Estimates		Projections		Increase	
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08 to 2012-13	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
government schools	2,519	3,353	3,287	3,486	3,710	3,954	1,435	57%
non-government schools	5,531	5,769	6,372	6,857	7,394	7,973	2,442	44%
total	8,051	9,122	9,658	10,343	11,103	11,927	3,876	48%
% government schools	31%	37%	34%	34%	33%	33%	37%	

Note: Includes schools grants and targeted programs in 2007-08 and part of 2008-09, as the new national agreements came into effect on 1 January 2009.

Sources:

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Table 2.51

Department of Education, Employment and Workplace Relations.

W Swan and L Tanner, *Final budget Outcome*, September 2009, Table A1.

MYEFO, November 2009, Table A.2

The higher percentage increase for government schools is largely due to the Rudd Government's decision to bring the rate of general recurrent per capita grants for government primary schools to 10 per cent of the primary Average Government Schools Recurrent Cost (AGSRC) measure from 2009. This decision removed a long-standing anomaly in Commonwealth general recurrent funding arrangements and will provide an estimated additional \$150 million in Commonwealth general recurrent grants by 2012-13; or more than \$630 million aggregated over five years. Complementing this increase was the decision to bring indexation arrangements for targeted programs into line with AGSRC indexation for general recurrent grants. For government schools, the new indexation arrangements are projected to provide an additional \$175 million by 2012-13, or a total of more than \$400 million over five years⁶.

For non-government schools, the increases result mainly from the combination of continued growth in student numbers and the application of AGSRC indexation across all recurrent programs. The increases in Commonwealth SPPs for the period ahead, however, continue to be largely driven by the policy framework set by the Howard Government, in particular its dysfunctional and inequitable general recurrent grants scheme for non-government schools⁷.

⁶ See J F McMorrow, *Updating the evidence....*, AEU, December 2008, Table 5, page 16.

⁷ See J F McMorrow, *Reviewing the evidence: Issues in Commonwealth funding of government and non-government schools in the Howard and Rudd years*, AEU, August 2008, pp27-30 for a discussion of these policy faults.

National Partnership Payments (NPPs)

From 2009, the Commonwealth will provide most of its ‘new’ moneys for schools under the rubric of National Partnership Payments (NPPs). These are explained in the Budget Papers in the following words:

The Commonwealth will provide National Partnership payments to the States to support the delivery of specified projects, to facilitate reforms, or to reward those jurisdictions that deliver on nationally-significant reforms. Some payments for specific purposes under the previous federal financial arrangements have become National Partnership project payments⁸.

The bulk of NPP funding is organised around two areas:

- (1) *Smarter Schools* programs, for the support of teaching, school leadership and learning strategies
- (2) *School infrastructure* programs, for the supply and building of physical resources, including computers, in schools.

There are also smaller funding commitments for supporting the transition of young people to senior secondary school, vocational training and employment.

Funding through NPPs is outlined in Table 2 below. As before, the money amounts in Table 2 incorporate revised figures announced in the *Final Budget Outcomes 2008-09* and *MYEFO 2009* documents.

Note that some of the NPPs reported in the Budget Papers are omitted from this table, on the grounds that they do not directly target primary and secondary schools. They may, of course, produce an indirect effect, such as improved early childhood education or the potential outcome for schools and teachers from the Commonwealth’s higher education investment fund.

Table 2 indicates that the Commonwealth will provide a total of almost \$22 billion for schools through NPPs over the six-year period to 2012-13. Of this, more than \$16 billion will be allocated for the *Building the Education Revolution* economic stimulus funding; over \$2 billion for the *Digital Education Revolution* program; \$1 billion for the building of trade training centres in secondary schools; and \$2 billion for programs designed to improve quality and equity in schools.

But the Budget Papers do not directly distribute the NPP moneys across the government and non-government school sectors. To do this, it is necessary to consider each of the NPP programs in turn.

⁸ Commonwealth of Australia, *Budget Paper No.3*, page 28.

Table 2
Commonwealth funding for schools: national partnership payments
current year prices

	Final Budget Outcomes			Estimates			Aggregate 6 years \$m
	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	
Smarter Schools programs							
<i>Improving teacher quality</i>		6	13	34	216	175	444
<i>Literacy and Numeracy</i>		88	80	175	175	0	518
<i>Low SES school communities</i>		11	152	205	375	364	1,107
<i>s/total</i>		105	245	414	766	539	2,068
School infrastructure programs							
<i>Building the Education Revolution</i>		1,012	9,161	5,408	500	0	16,081
<i>Digital Education Revolution</i>	100	1,162	277	200	200	200	2,139
<i>Trade Training Centres</i>		96	353	143	264	275	1,130
<i>National solar schools plan</i>		0	82	40	39	50	211
<i>Schools security program</i>		1	9	7	0	0	18
<i>s/total</i>	100	2,271	9,883	5,798	1,003	525	19,579
Youth attainment and transition programs:							
<i>Quality on-the-job workplace learning</i>		0	13	27	27	27	93
<i>Year 12 attainment and transition</i>		0	0	0	50	0	50
<i>s/total</i>		0	13	27	77	27	143
Total National Partnership Payments	100	2,375	10,141	6,239	1,845	1,090	21,791

Notes:

The current national agreement on literacy and numeracy extends to 2011-12 only pending a review of the allocation methodology.

Excludes non-school national payments: higher education investment fund; early childhood and youth training programs

Excludes funding retained by the Commonwealth for national projects: *Improving Teacher Quality* (\$106m over 5 years) and *Literacy and Numeracy* (\$40m over 4 years).

Sources: Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Table 2.51; DEEWR

Final Budget Outcomes 2008-09, Table A1;

MYEFO 2009, Table A.2

Some differences due to rounding

Smarter School programs

The first batch of NPPs is primarily concerned with improving quality and equity in government and non-government schools - the *Smarter School* strategies - in the following areas:

- *Improving teacher quality*
- *Literacy and numeracy*
- *Low SES school communities*

Although some of the funds for these programs were transferred from former targeted programs, they are projected to increase significantly over the budget period. The Government's position is that the total funding for the *Smarter Schools* programs will be given to the States for them to advise on their distribution to government and non-government schools. These allocations will not be known until the Commonwealth formally authorises and publicly releases the detail of the final agreements for these programs.

When final figures for these programs are released publicly, they should be examined closely to ensure consistency with the evidence brought forward to justify allocations across individual schools and sectors.

National agreements for the *Smarter Schools* programs also involve State contributions, to varying degrees. The wording of the agreements, however, allow for States to include re-directed funding from existing commitments, as well as new funding. It is also unclear whether any of the re-directed or new State contributions for the programs would be available for non-government schools and, if so, at what level.

State governments should clarify the details of their contributions to the *Smarter School* programs, preferably before the agreements are finalised to ensure that the interests of the large numbers of teachers and students in government schools, who are dependent on the programs, are protected.

Improving Teacher Quality

The Commonwealth has allocated \$550 million over five years to 2012-13 for the purpose of attracting, developing and retaining teachers and school leaders of the highest quality⁹. The proposed national partnership in this area provides for a contribution from the States and Territories of \$30 million over four of those years.

The financial elements of the proposed agreement are outlined in Table 2.1 below.

⁹ COAG, *Smarter Schools – Quality Teaching National Partnership* fact sheet, November 2008.

Table 2.1: Improving Teacher Quality

	Final 2008-09 \$m	2009-10 \$m	Estimates			Aggregate 5 years \$m
			2010-11 \$m	2011-12 \$m	2012-13 \$m	
COMMONWEALTH CONTRIBUTIONS						
Payments to States under NEAs						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	6	13	34	216	175	444
% government schools	n/a	n/a	n/a	n/a	n/a	n/a
Funding retained by the Commonwealth:						
<i>joint national activity</i>	10	15	15	15	5	56
<i>professional development for principals</i>	6	12	11	12	5	50
s/t	16	27	26	27	10	106
Total Commonwealth Contributions	22	40	60	243	185	550
STATE CONTRIBUTIONS*						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	3	6	11	10	0	30
% government schools	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL NATIONAL CONTRIBUTIONS						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	25	46	71	253	185	580
% government schools	n/a	n/a	n/a	n/a	n/a	n/a

*State contributions could be 'new' or 'redirected' moneys: subject to final agreements

Sources:

COAG, *National Partnership Agreement on Improving Teacher Quality*, December 2008, Table 2, page 12.

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Table 2.51 and 2.54

Budget Statements 2008-09, DEEWR Outcomes and Performance, Outcome 2, Table 2.2.9; Department of the Treasury Table 1.3, page 28

Final Budget Outcomes 2008-09, Table A1; MYEFO 2009, Table A.2

Some differences due to rounding

The early stages of the implementation of this program include some potentially helpful reforms: nationally-agreed teaching standards, stronger partnerships with universities for the development of quality teacher training programs, and the integration of programs for teachers and school leaders.

Although the specific funding commitments from States and Territories required under this aspect of the national education agreements are comparatively small, it is likely that those authorities will provide 'in kind' support, such as the research backing for the development of national teaching standards, in-school mentoring, teacher aides and teaching materials and technologies.

As noted above, it is not yet possible to report on the distribution of these moneys across the government and non-government sectors. Nor is it possible to indicate the level of 'in kind' support from non-government school authorities.

Literacy and Numeracy

For this element of the NPPs, the Commonwealth has allocated almost \$560 million over four years to 2011-12, including \$40 million retained by the Commonwealth for national activities and the Australian Curriculum and Reporting Authority (ACARA), and \$518 million for literacy and numeracy support. Governments have not yet reached agreement on the allocation methodology for this program beyond 2011-12, but it is likely that funding will be committed in future budgets.

Schools in the government, Catholic and independent sectors will be identified for support under this program through student achievement data revealed by the National Assessment Program Literacy and Numeracy (NAPLAN) tests. Commonwealth Budget papers and related documents indicate that government schools would receive 80 per cent of the total allocation for 2008-09. But no sectoral allocations are indicated for 2009-10 and beyond. Final allocations will presumably depend on the results of future NAPLAN tests, or subsequent assessment measures.

Table 2.2 Literacy and Numeracy

	Final 2008-09 \$m	2009-10 \$m	Estimates		2012-13 \$m	Aggregate 5 years \$m
			2010-11 \$m	2011-12 \$m		
COMMONWEALTH CONTRIBUTIONS						
Payments to States under NEAs						
government schools	70	n/a	n/a	n/a	0	n/a
non-government schools	18	n/a	n/a	n/a	0	n/a
all schools	88	80	175	175	0	518
% government schools	80%	n/a	n/a	n/a		n/a
Funding retained by the Commonwealth:						
<i>National strategic activities</i>	6	7	7	7	0	27
<i>ACARA</i>	3	3	3	4	0	13
s/t	9	10	10	11	0	40
Total Commonwealth Contributions	97	90	185	186	0	558
STATE CONTRIBUTIONS*						
government schools	n/a	n/a	0	0	0	n/a
non-government schools	n/a	n/a	0	0	0	n/a
all schools	70	80	0	0	0	150
% government schools	n/a	n/a				n/a
TOTAL NATIONAL CONTRIBUTIONS						
government schools	n/a	n/a	n/a	n/a	0	n/a
non-government schools	n/a	n/a	n/a	n/a	0	n/a
all schools	167	170	185	186	0	708
% government schools	n/a	n/a	n/a	n/a		n/a

Note: The current national agreement on literacy and numeracy extends to 2011-12 only pending a review of the allocation methodology.

*State contributions could be 'new' or 'redirected' moneys: subject to final agreements

Sources: COAG, *National Partnership Agreement on Literacy and Numeracy*, December 2008, page 13.

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Tables 2.51 and 2.55

DEEWR amended Budget Statements 2008-09, Outcomes and Performance, Outcome 2, Table 2.2.6

Department of the Treasury Budget Statements 2009, Table 1.3, page 28

Final Budget Outcomes 2008-09, Table A1. MYEFO 2009, Table A.2

Low socio-economic status school communities

Commonwealth and State contributions under national partnerships for the support of schools from low socio-economic status (SES) communities are outlined in Table 2.3 below.

This table reveals the significant funding available for this program: matching commitments of \$1.1 billion from the Commonwealth and the States and Territories.

Note that it is not yet possible to identify sectoral allocations from these commitments. Given the high concentration of students with low SES backgrounds in the public sector, it is logical to anticipate that government schools should receive a high proportion of these funds.

Table 2.3: Low SES school communities

	Final 2008-09 \$m	2009-10 \$m	Estimates		2012-13 \$m	Aggregate 5 years \$m
			2010-11 \$m	2011-12 \$m		
COMMONWEALTH CONTRIBUTIONS						
Payments to States under NEAs						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	11	152	205	375	364	1,107
% government schools	n/a	n/a	n/a	n/a	n/a	n/a
STATE CONTRIBUTIONS*						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	11	152	205	375	364	1,107
% government schools	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL NATIONAL CONTRIBUTIONS						
government schools	n/a	n/a	n/a	n/a	n/a	n/a
non-government schools	n/a	n/a	n/a	n/a	n/a	n/a
all schools	23	304	410	750	727	2,214
% government schools	n/a	n/a	n/a	n/a	n/a	n/a

*State contributions could be 'new' or 'redirected' moneys: subject to final agreements

Sources:

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Tables 2.51 and 2.53

DEEWR Budget Statements 2008-09, Outcomes and Performance, Outcome 2, Table 2.2.8, page 87.

Department of the Treasury Budget Statements 2009, Table 1.3, page 28

Final Budget Outcomes 2008-09, Table A1. MYEFO 2009, Table A.2

Some differences due to rounding

School infrastructure programs

The second batch of NPPs includes very substantial funding for the provision and building of physical infrastructure in schools:

- *Building the Education Revolution*
- *Trade Training Centres in Schools*
- *Digital Education Revolution*

The first of these, the *Building the Education Revolution* program, is the largest single Commonwealth investment in capital works for schools since the Commonwealth began to fund schools in the 1960s. The latest Budget allocations for this program are outlined in Table 2.4 below.

Table 2.4: *Building the Education Revolution*

	Final		Estimates			Aggregate
	2008-09	2009-10	2010-11	2011-12	2012-13	4 years
Commonwealth contributions	\$m	\$m	\$m	\$m	\$m	\$m
government schools	655	6,309	3,703	350	0	11,017
non-government schools	357	2,852	1,705	150	0	5,064
Total	1,012	9,161	5,408	500	0	16,081
% government schools	65%	69%	68%	70%	n/a	69%

Sources:

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Tables 2.51 and 2.59; DEEWR

Some differences due to rounding

Final Budget Outcomes 2008-09, Table A1.

MYEFO 2009, Table A.2

Although some would see this program as more an economic, or more specifically employment, strategy than an education program, it would be churlish not to welcome its potential to redress the significant underinvestment by governments in the physical infrastructure of public schools, in particular; and to begin to deal with the educational outfall of ageing buildings and equipment in public schools¹⁰.

Since the May 2009 Budget, the Government has decided to extend the *BER* program from three to four years, with the final \$500 million allocated for 2011-12. This could allow time for projects in the outer years to be subject to a more strategic and architectural approach to educational design than might have been possible in the immediate response to the global financial crisis in early 2009. Overall, government schools are budgeted to receive close to 70 per cent of the total *BER* moneys, or just over \$11 billion over four years. This share reflects the number of schools and students across the sectors, taking into account the focus on primary schools for the bulk of funds provided.

¹⁰ See A. Rorris, *Rebuilding Australian Schools – Possibilities and Implications*, National Public Education Forum, Canberra, March 2009. and *Rebuilding Public Schools: 2020 Investment Targets*, report to the Australian Education Union, June 2008.

The *Digital Education Revolution* program aims to provide access to high speed information and communication technology for all secondary students in years 9–12 by the year 2011. The Commonwealth’s overall commitment from the time of its initial funding for computers in schools in 2008 to the end of the current budget estimates period in 2012-13 will be over \$2.1 billion. Table 2.5 outlines the annual (financial year) and overall allocations under this program

Table 2.5:
Digital Education Revolution

	Final outcomes			Estimates			Aggregate
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	6 years
Commonwealth contributions	\$m	\$m	\$m	\$m	\$m	\$m	\$m
government schools	60	738	122	63	126	126	1,235
non-government schools	40	423	155	137	74	74	903
Total	100	1,162	277	200	200	200	2,139
% government schools	60%	64%	44%	32%	63%	63%	58%

Sources:

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Tables 2.51 and 2.60

Budget Statements 2008-09, DEEWR Outcomes and Performance, Outcome 2, Table 2.2.7, page 81; Treasury Table 1.3, page 28.

Final Budget Outcomes: 2007-08 Table 34 and 2008-09. Table A1. MYEFO 2009, Table A.2

Some differences due to rounding

Budget papers suggest that the distribution of the \$2.1 billion provided for this program will be allocated across the sectors according to relative enrolments in the senior secondary years: around 60 per cent for government schools and 40% for non-government schools. The ‘dip’ in government schools’ share of the total funding in 2008-09 and 2009-10 shown in Table 2.5 is not explained in the formal papers, but may reflect ongoing negotiations with the States on implementation issues.

It is difficult justify the overall ratio of just under 60 per cent funding for government schools and to see how adequately this reflects the different capacities of schools across the public, Catholic and independent school sectors to realise the Government’s objective.

The Government should reconsider its allocative criteria for this program, to achieve a more equitable and strategic outcome from its investment in this area, taking into account the greater needs of students lacking background and resources in computing for educational purposes. On these criteria, public schools, which are likely to be serving a higher proportion of these students, should be in receipt of more than 70 per cent of available funds. *This would suggest that public schools’ share of the aggregate funding of \$2, 139 million over 6 years should be closer to \$1,600 million – an increase of some \$400 million over the current commitment.*

Funding for *Trade Training Centres in Schools* extends and improves the previous government's *Australian Technical Colleges* program, by committing to building accredited training facilities in all secondary schools. Table 2.6 below outlines the latest Budget allocations for these programs.

Table 2.6: Trade Training Centres in Schools

	Final	2009-10	Estimates			Aggregate
	2008-09		2010-11	2011-12	2012-13	5 years
	\$m	\$m	\$m	\$m	\$m	\$m
Trade Training Centres in Schools						
government schools	44	247	100	158	165	715
non-government schools	51	106	43	105	110	416
Total	96	353	143	264	275	1,130
% government schools	46%	70%	70%	60%	60%	63%
Australian Technical Colleges						
government schools	21	53	0	0	0	74
non-government schools	76	68	0	0	0	144
Total	96	121	0	0	0	217
% government schools	21%	44%	0	0	0	34%
Total Vocational Centres and Colleges						
government schools	65	300	100	158	165	788
non-government schools	127	174	43	105	110	559
Total	192	474	143	264	275	1,348
% government schools	34%	63%	70%	60%	60%	58%

Sources:

Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Tables 2.51 and 2.61

Budget Statements 2008-09, DEEWR Outcomes and Performance, Outcome 2, Table 2.2.4, page 78; Treasury Table 1.3, page 28.

Final Budget Outcomes 2008-09, Table A1. MYEFO 2009, Table A.2

Some differences due to rounding

It appears from these figures that funding for the new facilities will be allocated across the sectors in line with relative senior secondary enrolments.

But such a sectoral split does not take account of current and likely future patterns of enrolments in vocational education and training programs in senior secondary classes. Nor does it attempt to correct the funding bias built into the former Australian Technical Colleges program.

If more comprehensive data based on relative need were used for sectoral distributions, government schools would receive more than 70% of the funding for the Trade Training Centres in Schools program¹¹. This would suggest that public schools should be receiving a further \$100 million over the current aggregate commitment for Trade Training Centres in Schools - a total of some \$815 million over the five years for this program.

¹¹ NCVER, *Vet in Schools 2006*, Table 2, page 7.

The remaining infrastructure programs, for solar and security systems in schools, were expected to be allocated according to relative overall enrolments. But, as can be seen in Table 2.7 below, the reported allocations by sector for these programs are uneven.

Table 2.7
Other school infrastructure programs

	Final 2008-09 \$m	2009-10 \$m	Projections			Aggregate 5 years \$m
			2010-11 \$m	2011-12 \$m	2012-13 \$m	
National solar schools plan						
government schools	0	47	28	27	46	148
non-government schools	0	36	12	12	4	63
all schools	0	82	40	39	50	211
% government schools	n/a	57%	70%	70%	92%	70%
Schools security program						
government schools	1	2	0	0	0	3
non-government schools	0	7	7	0	0	14
all schools	1	9	7	0	0	18
% government schools	n/a	22%	0%	n/a	n/a	18%

Sources:
Budget Paper No. 3, Tables 2.62, 2.63
and 2.64; DEEWR
Final Budget Outcomes: 2007-08 Table 34 and 2008-09. Table A1. MYEFO 2009,
Table A.2

Note the \$14 million in Commonwealth support for security measures in non-government schools shown in this table. These funds are in addition to the \$3 million announced for this program in the May 2009 Budget.

The Government is also funding improved access to quality workplace learning for all school students undertaking vocational education and training courses, and to support the transition of students to Year 12.

**Table 2.8:
Youth Attainment and Transitions
programs**

	Final	Projections				Aggregate
	2008-09	2009-10	2010-11	2011-12	2012-13	5 years
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Quality on-the-job workplace learning</i>						
government schools	0	n/a	n/a	n/a	n/a	n/a
non-government schools	0	n/a	n/a	n/a	n/a	n/a
all schools	0	13	27	27	27	93
% government schools	n/a	n/a	n/a	n/a	n/a	n/a
<i>Year 12 attainment and transition</i>						
government schools	0	0	0	n/a	0	0
non-government schools	0	0	0	n/a	0	0
all schools	0	0	0	50	0	50
% government schools	n/a	n/a	n/a	n/a	n/a	n/a

Sources:

Budget Paper No. 3, Tables 2.62, 2.63 and 2.64;
DEEWR

Final Budget Outcomes: 2007-08 Table 34 and 2008-09. Table A1. MYEFO 2009, Table A.2

As with other equity programs, the allocations in Table 2.8 have yet to be distributed across schools and sectors. In finalising the distribution of these funds, the Government should give appropriate weight to the actual participation of school students in senior schooling and in accredited training courses, similar to the point made above for trades training centres in schools.

Funding trends

From the above analysis of funding shares in Commonwealth SPPs and NPPs, it is clear that the Commonwealth intends to spend unprecedented amounts on schools over the next few years. As set out in Table 3 below, the Budget figures indicate that Commonwealth spending on schools over the next funding quadrennium, 2009 -2012 will total around \$62 billion. This will increase Commonwealth funding for schools over that quadrennium by over \$27 billion – an 81% increase on the aggregate funding provided over the previous funding period 2004 -2008.

Table 3 Commonwealth Schools Funding: Quadrennial aggregates

	government schools				non-government schools			
	2004-2008 \$ bn	2009-2012 \$bn	Increase \$bn	%	2004-2008 \$bn	2009-2012 \$bn	Increase \$bn	%
ongoing programs	11	14	3	32%	23	28	5	20%
new programs								
<i>Smarter Schools</i>	0	1	1		0	0	0	
<i>New Infrastructure</i>	0	13	12		0	5	5	
<i>s/t</i>	0	14	14		0	6	6	
all programs	11	28	17	161%	23	34	10	44%
sector share (%)	31%	45%			69%	55%		
	all schools							
	2004-2008 \$bn	2009-2012 \$bn	Increase \$bn	%				
ongoing programs	34	42	8	24%				
new programs								
<i>Smarter Schools</i>	0	2	2					
<i>New Infrastructure</i>	0	18	18					
<i>s/t</i>	0	20	19					
all programs	34	62	27	81%				
sector share (%)	100.0%	100.0%						

Sources:

Julia Gillard, 'Record investments in Australian Schools', , 12 May 2009

Brendan Nelson, 'The Australian Government's Agenda for Schools', 22 June 2004.

Some differences due to rounding

Government schools are projected to receive more than half of this increase: \$17 billion more over the four years for government schools, compared with a projected increase of over \$10 billion for non-government schools. This would increase government schools' share of total Commonwealth funding from 31% in 2004 -2008 to 45% for the 2009-2012 quadrennium.

Investment in school infrastructure – especially buildings, trade training centres and computers – will total around \$19 billion of the \$27 billion increase in Commonwealth funding between the two quadrennia.

The new programs under the *Smarter Schools* element of the national agreements – for literacy and numeracy, quality teaching and schools serving low SES communities – will provide a further \$2 billion of the increased funding.

The remaining \$8 billion of the increased investment includes the higher primary general recurrent grants and new indexation arrangements for government schools and increases in ongoing recurrent and capital programs, including the effects of increased student numbers in non-government schools.

Comparisons over funding periods provide a sense of the aggregate investment by governments. But they do not tell us much about the resources available to schools from governments, in this case the Commonwealth government, to support their day-to-day operations. This is better seen from annual appropriations.

Tables 4.1 and 4.2 below outlines annual allocations of Commonwealth specific purpose and national partnership payments for government and non-government schools over each of the years from 2007-08 to 2012-13, as reported in the Budget papers; while Table 4.3 summarises total payments across both sectors¹².

Table 4.3 indicates that, on current Budget assumptions, total Commonwealth funding for its schools programs is projected to reach just over \$13 billion by 2012-13, an increase of almost \$5 billion, or 60 per cent, over the level spent in 2007-08.

¹² Notes for Tables 4 :

The current national agreement on literacy and numeracy extends to 2011-12 only pending a review of the allocation methodology.

Excludes non-school national payments: higher education Investment fund; early childhood and youth training programs

Excludes funding retained by the Commonwealth for national projects.

Where sectoral allocations are unavailable from Budget papers, current enrolment shares are used.

Sources: Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Table 2.51;

Final Budget Outcomes 2008-09, Table A1; MYEFO 2009, Table A.2

Table 4.1

**Commonwealth funding for schools to 2012-13: Government Schools
current year prices**

	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m	Aggregate 2007-08 to 2012-13 \$m	Increase 2007-08 to 2012-13 \$m	%
Special Purpose Payments	2,519	3,353	3,287	3,486	3,710	3,954	20,309	1,435	57%
National Partnership Payments									
Smarter Schools									
<i>Improving teacher quality</i>	0	4	9	23	144	116	295	116	
<i>Literacy and Numeracy</i>	0	70	64	140	140	0	414	0	
<i>Low SES school communities</i>	0	7	101	136	249	242	736	242	
s/total	0	82	174	299	533	358	1,445	358	
School infrastructure									
<i>Building the Education Revolution</i>	0	655	6,309	3,703	350	0	11,017	0	
<i>Digital Education Revolution</i>	60	738	122	63	126	126	1,235	66	110%
<i>Trade Training Centres</i>	0	44	247	100	158	165	715	165	
<i>National solar schools plan</i>	0	0	47	28	27	46	148	46	
<i>Schools security program</i>	0	1	2	0	0	0	3	0	
s/total	60	1,439	6,727	3,895	662	337	13,119	277	461%
Youth transition									
<i>Quality on-the-job workplace learning</i>	0	0	9	18	18	18	62	18	
<i>Year 12 attainment and transition</i>	0	0	0	0	33	0	33	0	
s/total	0	0	9	18	51	18	95	18	
Total National Partnership Payments	60	1,521	6,909	4,211	1,245	713	14,658	653	1088%
Total Payments: government schools	2,579	4,874	10,196	7,697	4,955	4,666	34,967	2,087	81%

Table 4.2

**Commonwealth funding for schools to 2012-13: Non-government Schools
current year prices**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Aggregate 2007-08 to 2012-13	Increase 2007-08 to 2012-13	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Special Purpose Payments	5,531	5,769	6,372	6,857	7,394	7,973	39,895	2,442	44%
National Partnership Payments									
Smarter Schools									
<i>Improving teacher quality</i>	0	2	4	11	72	59	149	59	
<i>Literacy and Numeracy</i>	0	18	16	35	35	0	104	0	
<i>Low SES school communities</i>	0	4	51	69	126	122	371	122	
s/total	0	23	71	115	233	181	624	181	
School infrastructure									
<i>Building the Education Revolution</i>	0	357	2,852	1,705	150	0	5,064	0	
<i>Digital Education Revolution</i>	40	423	155	137	74	74	903	34	85%
<i>Trade Training Centres</i>	0	51	106	43	105	110	416	110	
<i>National solar schools plan</i>	0	0	36	12	12	4	63	4	
<i>Schools security program</i>	0	0	7	7	0	0	14	0	
s/total	40	831	3,156	1,904	341	188	6,461	148	370%
Youth transition									
<i>Quality on-the-job workplace learning</i>	0	0	4	9	9	9	31	9	
<i>Year 12 attainment and transition</i>	0	0	0	0	17	0	17	0	
s/total	0	0	4	9	26	9	48	9	
Total National Partnership Payments	40	855	3,232	2,028	600	378	7,133	338	844%
Total Payments: non-government schools	5,571	6,624	9,604	8,885	7,994	8,350	47,028	2,779	50%

**Table 4.3
Commonwealth funding for schools to 2012-13: Summary**

current year prices

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Aggregate 2007-08 to 2012-13	Increase 2007-08 to 2012-13	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Special Purpose Payments									
<i>government schools</i>	2,519	3,353	3,287	3,486	3,710	3,954	20,309	1,435	57%
<i>non-government schools</i>	5,531	5,769	6,372	6,857	7,394	7,973	39,895	2,442	44%
<i>s/t</i>	8,051	9,122	9,658	10,343	11,103	11,927	60,204	3,876	48%
% government schools	31%	37%	34%	34%	33%	33%			
National Partnership Payments									
<i>government schools</i>	60	1,521	6,909	4,211	1,245	713	14,658	653	1088%
<i>non-government schools</i>	40	855	3,232	2,028	600	378	7,133	338	844%
<i>s/t</i>	100	2,375	10,141	6,239	1,845	1,090	21,791	990	990%
% government schools	60%	64%	68%	67%	67%	65%			
Total Payments for schools									
<i>government schools</i>	2,579	4,874	10,196	7,697	4,955	4,666	34,967	2,087	81%
<i>non-government schools</i>	5,571	6,624	9,604	8,885	7,994	8,350	47,028	2,779	50%
<i>s/t</i>	8,151	11,498	19,799	16,582	12,948	13,017	81,995	4,866	60%
% government schools	32%	42%	51%	46%	38%	36%			

Government schools are projected to receive an additional \$2.1 billion in Commonwealth funding by 2012-13 over the period, an increase of over 80 per cent. As noted previously, this reflects the Government's decision to increase Commonwealth general recurrent grants for primary students in government schools, ongoing and improved AGSRC indexation and government schools' share of increases for national partnership payments, including higher levels of funding for computers, trade training centres, teacher quality and schools serving low socio-economic status (SES) communities.

Commonwealth funding for non-government schools is projected to increase by some \$2.8 billion, or 50%, by 2012-13, due mainly to the effects of AGSRC indexation, increased enrolments, and the new moneys for national partnership programs for computers, trade training centres, teacher quality and schools serving low SES communities.

The Rudd Government's policy decisions are projected to increase the annual share of Commonwealth funding directed to government schools in both of the two broad categories of Commonwealth funding:

- (a) government schools' share of *special purpose payments* (such as general recurrent grants) moving from 31% of a total of just over \$8 billion in 2007-08 to 33% of almost \$12 billion in 2012-13; and
- (b) government schools' share of *national partnership payments* (e.g. smarter school and infrastructure programs) increasing from 60% of \$100 million in 2007-08 to 65% of just over \$1 billion in 2012-13.

When all Commonwealth funding is put together, from both the *special purpose* and *national partnership* payments, the proportion of Commonwealth funding spent on government schools is projected to increase from 32% of just over \$8 billion in 2007-08 to 36% of \$13 billion in 2012-13.

Despite the Rudd Government's record investment in schools, the projected overall share for government schools in 2012-13 of 36% is still well below the relative spending on government schools in the final year of the Keating Government in 1996: around 43% of total Commonwealth spending on schools. *It would need an additional Commonwealth investment in public schools of over \$1.5 billion in 2012-13 and beyond simply to return to this funding share, assuming no offsetting cuts in Commonwealth funding for non-government schools at that time.*

The financial data in Table 4.3 are expressed in current prices, which do not take account of the effects of likely future inflation.

Table 4.4 below summarises the presentation and adjusts the data for projected increases in inflation relating to schools, as indicated by a 'schools price index' prepared for this paper (see Appendix A).

Table 4.4
Commonwealth funding for schools to 2012-13: Summary
 est. constant year 2008-09 prices

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Aggregate 2007-08 to 2012-13	Increase 2007-08 to 2012-13	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Special Purpose Payments									
<i>government schools</i>	2,598	3,353	3,182	3,273	3,372	3,476	19,253	878	34%
<i>non-government schools</i>	5,703	5,769	6,168	6,438	6,720	7,009	37,807	1,306	23%
<i>s/t</i>	8,300	9,122	9,350	9,712	10,092	10,484	57,060	2,184	26%
% government schools	31%	37%	34%	34%	33%	33%			
National Partnership Payments									
<i>government schools</i>	62	1,521	6,688	3,954	1,132	626	13,983	565	913%
<i>non-government schools</i>	41	855	3,129	1,904	545	332	6,806	291	705%
<i>s/t</i>	103	2,375	9,817	5,858	1,677	958	20,789	855	829%
% government schools	60%	64%	68%	67%	67%	65%			
Total Payments for schools									
<i>government schools</i>	2,659	4,874	9,870	7,227	4,504	4,102	33,236	1,443	54%
<i>non-government schools</i>	5,744	6,624	9,297	8,342	7,266	7,341	44,614	1,597	28%
<i>s/t</i>	8,403	11,498	19,167	15,570	11,769	11,443	77,850	3,040	36%
% government schools	32%	42%	51%	46%	38%	36%			

Table 4.4 reports that Commonwealth funding for schools is projected to increase by over \$3 billion, or 36%, in real terms over the period 2007-08 to 2012-13: an increase of over \$1.4 billion (54%) for government schools; and an extra \$1.6 billion (28%) for non-government schools.

The contribution of the infrastructure funding, for the *Building the Education Revolution*, *Digital Education Revolution* and *Trade Training Centres* programs, to this increase should be acknowledged, particularly in the light of the substantial deficit in public sector investment on capital works in government schools when compared with private schools and with international experience.

But it is necessary also to consider the ongoing and recurrent effects of the increased funding so as to assess their impact on the quality of the human resources and related professional support directed to improved teaching and learning.

Table 4.5 re-presents the 'real terms' funding net of the new infrastructure moneys. The increases shown in this table therefore provide a better picture of the improved resources available to schools for their teaching and learning processes, albeit with improved buildings and equipment.

When adjusted for inflation and for improved infrastructure, the data in Table 4.5 indicate that Commonwealth spending on teachers and other recurrent resources across all schools programs is projected to be almost \$2.7 billion, or 32%, higher in 2012-13 than in 2007-08: a real increase of just over \$1.2 billion (47%) for government schools; and just under \$1.5 billion (26%) for non-government schools.

Some of this increase would arise from the effects of increased enrolments, especially in non-government schools, and of increased participation to Year 12.

Table 4.5

Commonwealth funding for schools to 2012-13: Net of New Infrastructure Funding
 est. constant year 2008-09 prices

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Aggregate 2007-08 to 2012-13	Increase 2007- 08 to 2012-13	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Special Purpose Payments									
<i>government schools</i>	2,598	3,353	3,182	3,273	3,372	3,476	19,253	878	34%
<i>non-government schools</i>	5,703	5,769	6,168	6,438	6,720	7,009	37,807	1,306	23%
<i>s/t</i>	8,300	9,122	9,350	9,712	10,092	10,484	57,060	2,184	26%
% government schools	31%	37%	34%	34%	33%	33%			
National Partnership Payments									
<i>government schools</i>	0	82	177	297	531	330	1,416	330	
<i>non-government schools</i>	0	23	73	117	235	167	615	167	
<i>s/t</i>	0	105	250	414	766	497	2,031	497	
% government schools		78%	71%	72%	69%	66%			
Total Payments for schools									
<i>government schools</i>	2,598	3,435	3,358	3,570	3,902	3,806	20,669	1,209	47%
<i>non-government schools</i>	5,703	5,792	6,241	6,555	6,956	7,175	38,422	1,473	26%
<i>s/t</i>	8,300	9,227	9,600	10,125	10,858	10,981	59,092	2,681	32%
% government schools	31%	37%	35%	35%	36%	35%			

Table 4.6 below presents the Budget data in per student terms, based on student enrolment trends for government and non-government schools as reported in the Budget papers.

These data allow for the increases in per capita general recurrent grants arising from enrolment growth. They are also presented in constant year 2008-09 prices, thereby taking account of the estimated effects of inflation over time.

**Table 4.6
Commonwealth per student funding for schools to 2012-13:
Net of Infrastructure Funding**

est. constant year 2008-09 prices

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Increase	
							2007-08 to	2012-13
	\$	\$	\$	\$	\$	\$	\$	%
Total Payments for schools								
government schools	1,149	1,519	1,489	1,582	1,723	1,671	522	45%
non-government schools	4,933	5,011	5,316	5,499	5,725	5,796	863	17%
s/t	6,082	6,530	6,806	7,081	7,448	7,467	1,385	23%
% government schools	19%	23%	22%	22%	23%	22%		

Sources: Budget Paper No. 3, 2008-09, Part 2, Payments for Specific Purposes, Table 2.51; DEEWR

Final Budget Outcomes 2008-09, Table A1. MYEFO 2009, Table A.2

DEEWR Budget Statements 2008-09, pages 65 and 67

Some differences due to rounding

The overall per student figures in Table 4.6 report an increase in real terms of \$522, or 45%, in Commonwealth funding for each student in a government school by 2012-13 in comparison with 2007-08.

The real increase for each non-government school student is higher at \$863, reflecting the Commonwealth's higher funding commitments for non-government schools, but at a lower rate (17%).

These are substantial real increases in Commonwealth support for the recurrent operation of schools, on top of the infrastructure funding outlined above.

They would fund the equivalent of *three* additional teachers in a government school of around 500 students, a 9% increase in the teaching staff at such a school¹³.

The higher levels of Commonwealth funding for non-government schools would support the employment of the equivalent of *five* additional teachers at a similarly-sized non-government school, a 14% increase in teaching staff at a non-government school of around 500 students, on average.

There would, of course, be even higher total levels of funding, and possibly staffing, in non-government schools arising from projected increases in student numbers.

State governments, with around 90% of the responsibility for recurrent funding, could redress some of this kind of imbalance if they provided real per student increases for government schools over the same period. But such increases are not contained in current State budget commitments to the same extent as in Commonwealth Budget documentation.

Any such increases in State funding would also, under current arrangements, result in a proportionate increase in both Commonwealth and State grants to non-government schools, through policies linking such grants to expenditure trends in government schools, notably the Commonwealth's AGSRC indexation.

¹³ Note, however, that some of the increased funding, such as for low SES schools and for literacy and numeracy programs, would be applied to targeted schools rather than across-the-board.

A final word

From the standpoint of public schools, the substantial investment in national education agreements reported in the Budget has begun to turn around some of the funding neglect that characterised the Howard Government's years.

The Rudd Government deserves credit for this.

But its projected spending in the final years of the current Budget period continues to be haunted by the funding policies and programs put in place during the Howard years.

This legacy is demonstrated by the fact that, despite the Rudd Government's record investment in schools, the share of Commonwealth funding directed to public schools at the end of the current funding period in 2012-13 - at 36% of total schools funding - will still be lower than the 43% share that was in place at the outset of the Howard Government's term of office. By the end of the Howard years, the Commonwealth was spending less than 32% of its schools budget on public schools, a decline that could not simply be explained by enrolment shift, nor justified on educational or equity grounds.

The Commonwealth Minister has made it clear that she will honour the Government's election commitment to review those underlying policies, commencing in 2010 and concluding in 2011¹⁴. This would enable new and, it is to be hoped, equitable funding policy arrangements to be in place for the years beyond the current quadrennium ending in 2012.

The interests of all schools, but especially public schools, will depend heavily on the outcome of that review. Its form and reach would need to incorporate all levels and sources of funding, and not focus only on the Commonwealth's general recurrent grants program for non-government schools; and should be founded on principles that provide an explicit rationale for the provision of public funding in all schools against agreed educational goals and priorities.

A starting-point for the development of those principles should, of course, be Labor's long-standing commitment to supporting high quality public education, for which all governments have a primary obligation.

¹⁴ Julia Gillard, *National Public Education Forum Speech*, 27 March 2009.

Appendix A: Schools Price Index

A ‘schools price index’ (SPI) based on price movements on actual school expenditures, over the longer term, rather than the CPI, is a more robust measure for deflating the Budget allocations for analysis of the real effects of government decisions over time. These projected increases are also more consistent with current salary agreements and offers, as noted above. Any productivity offsets arising from future negotiations, in economic terms, would be more likely to affect the quality, but not the unit price, of the teaching and other staff being purchased. In these circumstances, the SPI is used in this paper to measure the effects of inflation on school expenditures. In order to construct the elements and weightings for a SPI, the chief source was the reporting by the Ministerial Council of expenditure patterns¹⁵. For each element, a surrogate index was used to provide per unit increases over time. A composite index calculated from these sources is as follows:

Schools Price Index, Recurrent : 2007-08 to 2012-13

			2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	sub-index	Weighting	index	index	index	index	index	index
Teachers salaries	Labour price index (education)	59.5%	100.00	103.21	107.24	111.42	115.76	120.28
Non--teacher salaries	Labour price index (all industries)	15.0%	100.00	103.05	106.97	111.03	115.25	119.63
Other recurrent	Consumer Price Index	25.5%	100.00	102.74	104.54	105.32	106.90	109.04
Total recurrent		100.0%						
	2008-09 prices		97.0	100.00	103.34	106.54	110.05	113.82

Sources:

ABS, Wage Cost Index, 6345.0, Dec 1997, page 6; Jun 2004, p10

ABS, Labour Price Index, 6345.0, Dec 1996 and 1997, page 10

ABS, Award rates of pay indexes, 63112.0, June 1997 and Dec 1996 Note: number for Sep 97 uses Jun 97

¹⁵ MCEETYA, National Report on Schooling in Australia, 2007, Table 19.