



Policy costing

Fully funding Public Schools	
Person/party requesting the costing:	Mr Andrew Wilkie MP, Member for Clark
Date costing completed:	12 July 2023
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period
	<input type="checkbox"/> Confidential <input checked="" type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal would increase the Australian government’s share of funding for public schools from approximately 20% (some schools are funded at a slightly higher rate) of the Schooling Resource Standard (SRS) in 2023 to 25% in 2028.</p> <p>The Australian government’s share of the SRS amount for each school would increase in equal proportions between 2024 and 2028.</p> <p>The policy would commence on 1 January 2024 and would be ongoing.</p>	

Costing overview

The proposal would decrease the fiscal and underlying cash balances by around \$4.7 billion over the 2023-24 forward estimates (Table 1). This impact entirely reflects an increase in administered expenses associated with an increased share of the SRS for public schools provided by the Australian government.

The proposal would have an impact beyond the 2023-24 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2033-34 is provided at Attachment A.

The results of this analysis are sensitive to future enrolment growth (both its level and composition across schools), proportions of student priority cohorts and disadvantaged schools¹, and indexation rates.

This costing only estimates impacts on the Australian government’s funding commitments. While the Australian government’s funding for public schools is set as a percentage of the SRS, state and territory governments are not obligated to fund the full remaining amount to ensure public schools

¹ Student priority cohorts and disadvantaged schools are provided with additional funding. Types of loadings are outlined on the Department of Education’s [Schooling Resource Standard](#) website.

are funded at 100% of their SRS. Therefore, under this policy there is no guarantee that state and territory governments would continue to provide the same levels of public school funding.

Table 1: Fully funding Public Schools – Financial implications (\$m)^{(a)(b)}

	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
Fiscal balance	-277.0	-847.0	-1,466.8	-2,123.9	-4,714.7
Underlying cash balance	-277.0	-847.0	-1,466.8	-2,123.9	-4,714.7

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- In each calendar year, half of the funding provided to each state or territory would be provided in the first half of the year, with the remaining funding provided in the second half of the year.
- Any additional departmental costs associated with changing the level of funding for public schools would be funded from within the Department of Education’s existing resources.

Methodology

The Schools Recurrent Schools Funding Model, provided by the Department of Education, was used to calculate the additional Australian government funding that would be required through to the 2032 calendar year. The PBO then projected funding for each public school in 2033 and 2034 based on funding estimates from 2028 to 2032.

The increase in the Australian Government funding share of the SRS between the current level and 25% was evenly distributed from 1 January 2024 to 1 January 2028 for each school. From 2028 onwards, the Australian Government funding was fixed at 25% of the SRS.

Financial implications were rounded consistent with the PBO’s rounding rules as outlined on the PBO Costings and budget information webpage.²

Data sources

The Department of Education provided the School Recurrent Funding Model as at the *2023-24 Budget*.

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Fully funding Public schools – financial implications

Table A1: Fully funding Public Schools – Fiscal and underlying cash balances (\$m)^(a)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
Expenses													
<i>Additional funding by state and territory</i>													
<i>New South Wales</i>	-80.0	-250.0	-440.0	-630.0	-850.0	-970.0	-1,010.0	-1,040.0	-1,080.0	-1,120.0	-1,160.0	-1,400.0	-8,630.0
<i>Victoria</i>	-70.0	-210.0	-360.0	-530.0	-710.0	-820.0	-860.0	-890.0	-930.0	-970.0	-1,000.0	-1,170.0	-7,350.0
<i>Queensland</i>	-61.0	-187.0	-323.0	-467.0	-621.0	-713.0	-738.0	-764.0	-793.0	-820.0	-847.0	-1,038.0	-6,334.0
<i>Western Australia</i>	-31.0	-94.0	-162.0	-235.0	-314.0	-361.0	-374.0	-387.0	-401.0	-415.0	-428.0	-522.0	-3,202.0
<i>South Australia</i>	-19.0	-57.0	-98.0	-141.0	-186.0	-212.0	-218.0	-225.0	-232.0	-239.0	-245.0	-315.0	-1,872.0
<i>Tasmania</i>	-6.2	-18.9	-32.1	-46.1	-60.7	-69.1	-70.9	-72.7	-74.6	-76.4	-78.2	-103.3	-605.9
<i>Northern Territory</i>	-5.6	-17.1	-29.4	-42.5	-54.2	-60.1	-62.2	-64.4	-66.7	-69.0	-71.1	-94.6	-542.3
<i>Australian Capital Territory</i>	-4.2	-13.0	-22.3	-32.3	-42.9	-49.2	-50.8	-52.4	-54.1	-55.7	-57.4	-71.8	-434.3
Total – expenses	-277.0	-847.0	-1,466.8	-2,123.9	-2,838.8	-3,254.4	-3,383.9	-3,495.5	-3,631.4	-3,765.1	-3,886.7	-4,714.7	-28,970.5
Total (excluding PDI)	-277.0	-847.0	-1,466.8	-2,123.9	-2,838.8	-3,254.4	-3,383.9	-3,495.5	-3,631.4	-3,765.1	-3,886.7	-4,714.7	-28,970.5

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Fully funding Public Schools – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
Fiscal balance	..	-20.0	-60.0	-120.0	-210.0	-330.0	-460.0	-600.0	-750.0	-930.0	-1,110.0	-200.0	-4,590.0
Underlying cash balance	..	-20.0	-60.0	-110.0	-200.0	-310.0	-430.0	-570.0	-730.0	-890.0	-1,080.0	-190.0	-4,400.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- .. Not zero but rounded to zero.

³ [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)