



Queensland Treasury Response to
Commonwealth Grants Commission
Draft Report Attachment 9

Schools Education

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SUMMARY OF QUEENSLAND'S POSITION

Queensland broadly supports the methodology proposed in the Draft Report for the assessment of the Schools Education category. However, some technical issues remain, in particular around the measurement of assessed student numbers.

Queensland has supported the use of population aged 5 to 17 years as a broad indicator of the service population, as it provides a more policy neutral measure compared with actual enrolments. Work done by the Commission's consultant, Professor Lamb suggests that if the Commission is to use actual enrolments an adjustment would be required to remove, or at least reduce, state policy influences.

Queensland notes the move towards a more uniform policy by states in relation to the legal 'school leaving age' and the retention of children in the education system. In 2008 the Australian average 'school leaving age' will be 16 years as will broader 'learning or earning' policies. The Commission will need to monitor the impact of the implementation of these policies in future Annual Updates to ensure a post-compulsory adjustment remains valid.

Queensland's Position on Key Issues

Before finalising the methodology for the Schools Education category proposed in the Draft Report, Queensland suggests the further consideration of the following issues:

- Use of population aged 5 to 17 years as the broad indicator, rather than actual enrolments, or if actual enrolments are used, an adjustment to reflect policy influences identified by Professor Lamb; and
- Ongoing monitoring of retention policies to ensure the case for a post-compulsory adjustment remains.

PROPOSED METHODOLOGY

The single Schools Education assessment replaces the five 2004 Review schools assessments: pre-school education; government primary schools; non-government primary schools, government secondary schools; and non-government secondary schools.

The Commission proposes assessing Schools Education in three components:

- A 'service delivery expense' component, including a socio-demographic composition (SDC) factor, a cross-border factor, a service delivery scale factor and a location factor;
- A 'transport expense' component, including urban and rural transport factors, which are combined to derive a single student transport factor; and,
- An 'other expenses' component, including administrative scale and non-government specific purpose payments (SPPs).

Socio-demographic composition (SDC) factor

The Commission intends to make adjustments for the additional costs of providing school services to some student groups, including: Indigenous, low English fluency and low Socio-Economic status and non-government school students in the pre-compulsory, compulsory and post-compulsory enrolment groups.

Other Expenses

The other expenses category includes two disabilities: administrative scale and non-government specific purpose payments (SPPs). The non-government SPP expense reflect Commonwealth payments through States for non-government schools - the Commission proposes assessing these on an actual per capita (APC) basis.

ASSESSMENT APPROACH

Service Delivery Expenses

Population is the most appropriate broad indicator for the Schools Education category because State education policies influence actual enrolments. Therefore, Queensland does not support the Commission's decision to use enrolment data for students aged 5 to 17 years, as the broad indicator for the Schools Education assessment.

Queensland supports the Commission not extending the age range to 18 years, given the low proportion of 18 year olds enrolled at school (13.3 percent as opposed to 61.2 percent for 17 year olds). While there may be a material difference if 18 year olds were included, it would not accurately reflect what states do. Further, Queensland agrees with the Commission's decision not to include 4 year olds as part of its broad indicator because this age group does not meet the materiality threshold.

Measuring student numbers

Pre-compulsory students

Queensland acknowledges the Commission's approach is to apply the average policy for these students, until states align pre-compulsory student enrolment policies.

Compulsory students

Queensland considers that actual enrolments for students aged 6 to 14 years are not an appropriate measure of compulsory student numbers in this assessment. Differences in state education policies including, but not limited to truancy, class size, teacher training, facilities including Information Technology, homework and community involvement, heavily influence actual enrolment data. This means the data do not provide a policy neutral measure of service use. If the Commission intends using actual enrolment data, Queensland suggests it either adjusts for state policy differences based on the work done by Professor Lamb in his *Modelling of school enrolments* consultancy paper from April 2009 or at the very least use its judgement and apply a discount to allow for these policy variations.

Queensland understands the Commission will reflect what States do by extending the compulsory age range to 15 years from the 2008 calendar year, once average policy is to have 'earning or learning' policies.

Post-compulsory students

Queensland notes the Commission will apply a post-compulsory adjustment to enrolments for students aged 16 to 17 years from the 2008 calendar year, reflecting most states will have an 'earning or learning' policy in place. This policy requires children remain in, school, full-time employment or training. Queensland suggests the Commission monitor states' policy development in this area to determine whether a post-compulsory adjustment will continue to be required in future Annual Updates.

Socio-Demographic factor

The SDC factor is comprised of cost weights for Indigeneity, low English fluency (LEF), low socio-economic status (SES), and non-government students. Queensland understands these cost weights will not be updated annually. Queensland supports the Commission's decision not to apply urbanisation or age grade cost weights on materiality grounds.

Location factor

Queensland supports the application of a regional location factor to the Schools Education assessment category and notes that the Commission intends using state collected data on the wage and non-wage costs associated with providing education services within and across states. A regional location factor is appropriate as it recognises, in part, the additional costs states face in providing school services to a dispersed population.

Service Delivery Scale

Queensland supports the application of a Service Delivery Scale (SDS) factor as it reflects the diseconomies of scale associated with the provision of small schools in sparsely populated areas. This is because a SDS factor reflects the higher costs per unit of service in small schools compared with large schools, principally arising from higher staff to student ratios; and the effects of differences in the pattern of population settlement on the numbers of small schools.

Transport Expenses

Queensland supports the assessment of transport expenses via rural and urban transport factors to recognise the difference incurred by states in the cost of providing transport services to schoolchildren. Defining urban centres as UC/Ls with more than 20,000 people and rural centres as UC/Ls with less than 20,000 people is an appropriate approach and is consistent with other assessment categories. Queensland notes the Commission intends to include students from 'rural balance' UC/Ls in the rural students population.

Other Expenses

Non-government school SPP expenses

Queensland supports the inclusion of a non-government school SPP in the other expenses component of the Schools Education assessment because it is simple and transparent. Further, an actual per capita assessment is appropriate for non-government school SPPs because the distribution is solely a result of Commonwealth policy, and should have no impact on relativities.