

EXPLANATORY STATEMENT

Select Legislative Instrument 2010 No. 292

Issued by the authority of the Minister for School Education, Early Childhood and Youth

Subject - *Schools Assistance Act 2008*

Schools Assistance Amendment Regulations 2010 (No. 1)

Background

The *Schools Assistance Act 2008* (the Act) provides for Commonwealth financial assistance to the States and Territories for non-government schools for 2009 to 2012.

Authority

Section 174 of the Act provides that the Governor-General may make regulations prescribing all matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Purpose and operation

The regulations amend the *Schools Assistance Regulations 2009* (the Principal Regulations) to supplement funding for the 2010 program year for primary and secondary education under sections 36, 67, 69, 85 and 101 of the Act, through adjustments to recurrent, capital and targeted expenditure for non-government schools in line with the changes in the Average Government School Costs (AGSC); and to decrease the guarantee amount for literacy, numeracy and special learning needs under section 99 of the Act. This will provide estimated additional funding of \$463 million to non-government schools for the 2010 calendar year.

Subsection 36(3) of the Act provides that before the Governor-General makes regulations for the purposes of subsection 36(2), the Minister must consider changes in the figures known as the AGSC published by the Ministerial Council on Education, Employment, Training and Youth Affairs, now known as the Ministerial Council on Education, Early Childhood Development and Youth Affairs (MCEECDYA). The Minister has considered changes to these figures.

Subsection 67(3) of the Act provides that the regulations may specify a greater amount of 'assistance amount per student' for the purposes of supplementary assistance for Indigenous primary students at non-remote school campuses and remote and very remote school campuses for the program year (pursuant to paragraphs 67(1)(b) and 67(2)(b) respectively).

Subsection 69(3) of the Act provides that the regulations may specify a greater amount of 'assistance amount per student' for the purposes of supplementary assistance for Indigenous secondary students at non-remote school campuses and remote and very remote school campuses for the program year (pursuant to paragraphs 69(1)(b) and 69(2)(b) respectively).

Subsection 85(2) of the Act provides that the regulations may specify a number to be the **capital expenditure supplementation number** for a program year. Subsection 85(4) provides that before the Governor-General makes regulations for the purposes of subsection 85(2), the Minister must consider changes in an index of building prices specified in the regulations, and an index of wage costs specified in the regulations. The Minister has considered changes in these indices.

Subsection 99(b) of the Act provides that the regulations may specify a guarantee amount for literacy, numeracy and special learning needs for a program year. The funding guarantee relates to the special education component of the allocative mechanism for the literacy, numeracy and special learning needs program. The decrease in the guarantee amount is due to the increase in funding as a result of supplementation for the 2010 program year.

Subsection 101(2) of the Act provides that the regulations may specify a number to be the **targeted expenditure supplementation number** for a program year. Subsection 101(4) provides that before the Governor-General makes regulations for the purposes of subsection 101(2), the Minister must consider changes in the relevant figures known as the AGSC published by the MCEECDYA. The Minister has considered changes in these figures.

The regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Consultation

The regulations have the effect of increasing funding amounts under the Act for the 2010 program year, except for capital grants where there is a reduction in funding. Consultation was not undertaken prior to the regulations being made as the regulations confer an overall benefit upon the relevant stakeholders for recurrent and targeted funding.

Commencement

Regulations 1, 2 and 3 and Schedule 1 commence the day after they are registered on the Federal Register of Legislative Instruments.

Details of the Regulations:

Regulation 1 – Name of Regulations

This regulation provides that the title of the regulations is the *Schools Assistance Amendment Regulations 2010 (No. 1)*.

Regulation 2 – Commencement

This regulation provides that the regulations commence on the day after they are registered on the Federal Register of Legislative Instruments.

Regulation 3 – Amendment of *Schools Assistance Regulations 2009*

This regulation provides that the Principal Regulations are amended as set out in Schedule 1.

Schedule 1 – Amendment

Item [1] – Subregulation 7.1(1) and (2)

Item [1] would substitute subregulation 7.1(1) and (2) to insert a new table into regulation 7.1.

Regulation 7.1 prescribes, for the purposes of subparagraph 36(1)(a)(ii) of the Act, changes to the AGSRC. AGSRC is the average recurrent cost of educating a primary student or a secondary student in a government school. It is based on recurrent government schools expenditure data maintained by MCEECDYA. The AGSRC was first implemented in 1993 and was designed to ensure that Australian schools recurrent funding is supplemented for real cost increases faced by the government school sector.

New table item 1 would set out \$8,380 and \$10,646 as the AGSRC amounts for Primary education and Secondary education respectively, for the 2009 program year. New table item 2 would set out \$9,070 and \$11,393 as the AGSRC amounts for Primary education and Secondary education respectively, for the 2010 program year.

Item [2] – Subregulation 7.2(1) and (2)

Item [2] would substitute subregulations 7.2(1) and (2) to insert a new table into regulation 7.2.

Regulation 7.2 deals with primary education funding amounts for Indigenous supplementary assistance. Regulation 7.2 prescribes, for the purposes of subsection 67(3) of the Act, changes to the assistance amount for each Indigenous primary student at non-remote school campuses, and remote and very remote school campuses, respectively.

New table item 1 would set out \$1,668 as the assistance amount for each Indigenous primary student at a non-remote school campus and \$4,012 as the assistance amount for each Indigenous primary student at a remote and very remote school campus for the 2009 program year.

New table item 2 would set out \$1,805 as the assistance amount for each Indigenous primary student at a non-remote school campus and \$4,342 as the assistance amount for each Indigenous primary student at a remote and very remote school campus for the 2010 program year.

Item [3] – Subregulation 7.3(1) and (2)

Item [3] would substitute subregulations 7.3(1) and (2) to insert a new table into regulation 7.3.

Regulation 7.3 deals with secondary education funding amounts for Indigenous supplementary assistance. Regulation 7.3 prescribes, for the purposes of subsection 69(3) of the Act, changes to the assistance amount for each Indigenous secondary student at non-remote school campuses, and remote and very remote school campuses, respectively.

New table item 1 would set out \$2,381 as the assistance amount for each Indigenous secondary student at a non-remote school campus and \$4,656 as the assistance amount for each Indigenous secondary student at a remote and very remote school campus for the 2009 program year.

New table item 2 would set out \$2,548 as the assistance amount for each Indigenous secondary student at a non-remote school campus and \$4,983 as the assistance amount for each Indigenous secondary student at a remote and very remote school campus for the 2010 program year.

Item [4] – Subregulation 8.1(1)

Item [4] would substitute subregulation 8.1(1) to insert a new table into regulation 8.1.

Regulation 8.1 prescribes, for subsection 85(2) of the Act, the capital expenditure supplementation number.

New table item 1 would set out 1.051 as the capital expenditure supplementation number for the 2009 program year. New table item 2 would set out 0.997 as the capital expenditure supplementation number for the 2010 program year. This has the effect of reducing the funding amount for capital grants by \$6.967 million for the 2010 program year.

Subsection 85(4) of the Act provides that before the Governor-General makes regulations for the purposes of the capital expenditure supplementation number, the Minister must consider changes to an index of building prices and an index of wage costs specified in the regulations.

Supplementation for capital expenditure for 2010 has been calculated by applying movements for the previous calendar year in the *Producer Price Index Non-Residential Building Construction, Australia*, a fixed weight index produced by the Australian Bureau of Statistics (Index No. 3020). The index covers non-residential new construction using a component cost method, close as possible to market prices, which reflect labour, material, plant input costs, and subcontractors' margin.

Item [5] – Regulation 9.2

Item [5] would substitute regulation 9.2 to insert a new table.

Regulation 9.2 prescribes, for subsection 99(b) of the Act, the guarantee amount for literacy, numeracy and special learning needs.

New table item 1 would set out \$1,867, 513 as the guarantee amount for the 2009 program year. New table item 2 would set out \$812,036 as the guarantee amount for the 2010 program year.

Item [6] – Regulation 9.3

Item [6] would substitute subregulation 9.3 to insert a new table.

Regulation 9.3 prescribes, for subsection 101(2) of the Act, the targeted expenditure supplementation number.

New table item 1 would set out 1.047 as the targeted expenditure supplementation number for the 2009 program year. New table item 2 would set out 1.109 as the targeted expenditure supplementation number for the 2010 program year. This has the effect of increasing the funding amount for targeted expenditure by 5.9 per cent for the 2010 program year.