



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 15/03/2019

Proposal No: B469
Date Published: 18/03/2019

Proposal Title: Gonski – Student Resource Standard (SRS) - including 5,065 teachers

Cluster: Education

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	40,513	128,581	169,094
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	(40,513)	(128,581)	(169,094)

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	(40,513)	(128,581)	(169,094)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	(40,513)	(128,581)	(169,094)
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Notes and costing assumptions

The policy proposes to increase state funding to government schools as a proportion of the Student Resource Standard (SRS) in calendar years 2021 to 2023, to reach 75% of the SRS by 2023. The policy costs \$169 million (m) over the forward estimates and \$653 million to the end of 2023.

The policy also proposes to use the additional funding to employ an extra 465 teachers, phased in over 4 years in equal increments from 2021. The costs of these additional teachers could be met from the additional funding provided under the policy.

Table 1 shows the current budget SRS funding as at February 2019 supplied by NSW Treasury, and the proposed new SRS funding percentages under the policy.

	2020	2021	2022	2023
Current budget SRS rates	72.44%	71.84%	72.25%	72.64%
Proposed new rates	72.44%	72.37%	73.35%	75.00%

Under the policy, funding rates are the same in 2020, increase from 71.84% to 72.37% of the SRS in 2021, increase to 73.35% of the SRS in 2022, and 75% of the SRS by 2023.

(Notes continued over the page)

Notes and costing assumptions continued:

Table 2 shows current budget funding of the SRS, as estimated by NSW Treasury. The table also shows the PBO calculations of the new funding under the proposed policy.

Table 2: NSW SRS Contribution - Existing Budget / new policy calculation by calendar year

	2019	2020	2021	2022	2023
100% SRS by Year \$ m	13,801.4	14,505.9	15,202.7	15,944.2	16,785.8
Current Budget - SRS Rates	72.65%	72.44%	71.84%	72.25%	72.64%
Current Budget - SRS Funding \$ m	10,026.9	10,508.7	10,921.1	11,518.9	12,193.7
New SRS rate		72.44%	72.37%	73.35%	75.00%
New funding \$ m		10,508.7	11,002.2	11,695.1	12,589.3
Increase in funding \$ m		-	81.0	176.1	395.6

In calendar year 2021, funding 100% of the SRS is estimated to cost \$15.2 billion. The current budget proposes to fund 71.84% of the SRS in 2021, or \$10.92 billion. Under the policy, funding rises to 72.37% of the SRS or \$11 billion in 2021, an \$81 million increase in funding. Funding increases by \$176 million in 2022 and \$396 million in 2023, or \$653 million in total from 2021 to 2023.

We have used the average of two calendar years' costs to convert to financial year costs to calculate the cost of the policy over the forward estimates.

Additional teachers employed under the policy

The policy proposes to employ 5,065 teachers in total. The policy assumes the cost of 4,600 teachers is already funded in the current budget. The Department of Education has confirmed this number, and the cost of these teachers is \$1.3 billion over the forward estimates. Therefore, the additional cost of the policy is for an extra 465 teachers phased in over four years from 1 January 2021.

The 465 additional teachers include: 150 special education teachers, 115 career advisors, and 200 other teachers.

The PBO estimates the average cost per Full Time Equivalent (FTE) teacher is \$114,000 in 2021, based on the midpoint of Band 1 to Band 2.3 salaries in 2019 (\$87,780), with 23.47% oncosts, escalated at 2.5% per year in line with NSW public sector wages policy.

Table 3 shows the costs of employing 465 extra teachers by 2024, phased in equally over 4 years. The cost is \$13 m in 2021, rising to \$57 m by 2024. The table shows these costs can be easily met by the additional funding provided under the policy, \$81 m in 2021 rising to \$396 m by 2023.

Table 3: Additional teachers, costs and funding				
Calendar year	2021	2022	2023	2024
Additional teachers	116	233	349	465
Costs of additional teachers \$ m	\$13.2	\$27.2	\$41.8	\$57.0
Additional funding \$ m	\$81.0	\$176.1	\$395.6	