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States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2001

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I N F O R M A T I O N   A N D   R E S E A R C H   S E R V I C E S

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States Grants (Primary and Secondary Education  
Assistance) Amendment Bill (No. 2) 2001

Marilyn Harrington  
Social Policy Group  
23 August 2001

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# States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2001

**Date Introduced:** 8 August 2001

**House:** House of Representatives

**Portfolio:** Education, Training and Youth Affairs

**Commencement:** Royal Assent

## Purpose

The Bill will amend the *States Grants (Primary and Secondary Education Assistance) Act 2000* (the current Act) to increase the total funding available for establishment assistance for new non-government schools for the program years 2001 to 2004.

## Background

The provisions in this Bill were first introduced through the Innovation and Education Legislation Amendment Bill 2001. On a motion of the Australian Labor Party, the Senate moved that the Bill be split into three separate bills to enable further consideration of the separate provisions within the Bill.

Establishment assistance for new non-government schools was introduced under s. 75 of the current Act. The purpose of this assistance, as stated by the Minister for Education, Training and Youth Affairs, is 'to assist new non-government schools with the costs incurred in their formative years and to enable them to be competitive with existing schools'.<sup>1</sup>

The Quadrennial Administrative Guidelines for Schools (the Guidelines) state that the grants are available for all newly commencing non-government schools that are approved for Commonwealth general recurrent grants, except those new schools formed as a result of the amalgamation or separation of existing funded schools.<sup>2</sup> The grants were also made retrospective for those newly commencing non-systemic schools that applied for Commonwealth general recurrent funding after 11 May 1999 and which were approved with effect from 1999 or 2000.

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The grants are paid automatically to eligible schools with no requirement for schools to apply for the grants. They are paid at a rate of \$500 per full-time equivalent (FTE) student for the first year of a school's operation and \$250 per FTE student for the second year of operation. These rates are not legislated but are a matter for ministerial determination. As at 6 July 2001, \$749 200, (50 per cent of the estimated total 2001 entitlement), had been paid to 49 schools, 33 of which are new non-systemic schools that commenced in the 1999 and 2000 program years, and 16 are new systemic and non-systemic schools approved for general recurrent funding in 2001.<sup>3</sup>

This Bill does not alter the per student rates but increases the allocation for the grants from \$4.726 million for the 2001 to 2004 program years to \$14.260 million, an increase of \$9.534 million. This increase, as stated by the Minister in his second reading speech to this Bill, has been necessitated by 'parameter change'.

The original allocation for these grants was projected using 1999 FTE census enrolments for new non-government schools. However, while the number of new non-government schools approved for Commonwealth general recurrent funding in 2000 was less than the number approved in 1999, (38 compared to 39), the numbers of students in these new non-government schools escalated, from 1692.4 FTE census enrolments in 1999 to 3399.4 in 2000. This increase is attributable to the atypically large enrolments of three new non-government schools in that year.

For the purposes of forward estimates for establishment grants for 2001-2004 the Department of Education, Training and Youth Affairs has estimated 37 new schools in each of the program years, and enrolments of 7387 for 2001, 12 028 for 2002, and 8433 for 2003 and 2004.<sup>4</sup> (The reason for the larger number in 2002 relates to the way the grants are paid over two years. Therefore the 2002 projections include students from those non-systemic schools that applied after 11 May 1999 and were approved for funding in 1999 and 2000, and those students from 2001 and 2002 new schools.)

Another reason for the increase in funding is that the original estimates did not allow for those new non-systemic schools that had lodged applications after 11 May 1999 and were approved for funding in 1999 and 2000.<sup>5</sup>

## The Issues

In the context of the debate on the Innovation and Education Legislation Amendment Bill 2001 concern was expressed about the changes to the original estimates for the grants, with the subsequent percentage increases of 330 per cent for 2001, 262 per cent for 2002 and 128 per cent for 2003. There was also questioning as to why these amendments were not introduced when the current Act was legislated and questioning of the legislative method of their original introduction, through an omnibus bill rather than a specific schools bill.

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The principal ongoing issues in relation to establishment grants for new non-government schools relate to the guidelines and accountability provisions for the grants, and the issue of equity vis-à-vis government schools.

While the Australian Labor Party, unlike the Australian Democrats, do not oppose the concept of the grants, the two parties, together with the Australian Education Union and the Independent Education Union of Australia, have called for clearer guidelines and accountability provisions for the grants.<sup>6</sup> Those concerned about the application of the grants have not been reassured by departmental confirmation in committee hearings on the Innovation and Education Legislation Amendment Bill 2001 that the grants could conceivably be used for advertising.<sup>7</sup>

There are specific eligibility criteria for establishment grants, and application guidelines and financial accountability requirements are as for the program of General Recurrent Grants for non-government schools. The stated objective for these grants is to 'help non-government schools with the recurrent costs of school education so that they can offer students educational programmes directed towards the achievement of the Commonwealth's priorities for schools.'<sup>8</sup> The Guidelines direct that recurrent grants can be applied to teaching and ancillary staff salaries; professional development of teachers; curriculum development; and maintenance and general operation provisions. Financial accountability requirements for general recurrent grants are set out in Appendix F of the Guidelines.<sup>9</sup> These accountability mechanisms are also part of the formal agreement that non-government schools and systems are required to enter into with the Commonwealth before payment of general recurrent and establishment grants can be made.

There has also been some discussion as to what constitutes an eligible school. There is a view, as expressed in the minority report by Labor Senators on the Innovation and Education Legislation Amendment Bill 2001, that some of the new non-government schools that have qualified for establishment grants may be extensions of existing schools, thereby breaching the eligibility guidelines.<sup>10</sup> However, according to state registration practices, these schools are categorised as new schools and therefore entitled to the grants. The Australian Education Union in its submission on the Innovation and Education Legislation Amendment Bill also argued that a minimum enrolment benchmark should form part of the eligibility criteria.

Opponents of the operation of the establishment grants view the grants as further evidence for their claims relating to the disparity of Commonwealth funding for non-government schools vis-à-vis government schools. The automatic conferral of the grants without examination of the circumstances of schools has created contention. Unlike the major general recurrent grants for non-government schools, establishment grants are not scaled according to need. There is also no similar Commonwealth assistance for new government schools. Both the Australian Democrats<sup>11</sup> and the Australian Education Union have advocated establishment assistance for new government schools, while the Australian Labor Party has recommended additional capital expenditure of \$30 million for government schools to match this new funding for non-government schools.<sup>12</sup>

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## Main Provisions

**Schedule 1** amends Schedule 7 of the current Act substituting the amount of the funding available for establishment grants for each of the program years as follows:

- for 2001, \$3 693 000 is substituted for \$859 000
- for 2002, \$4 679 000 is substituted for \$1 289 000, and
- for 2003 and 2004, \$2 944 000 each year is substituted for \$1 289 000.

## Endnotes

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- 1 Dr the Hon D. Kemp, House of Representatives, *Debates*, 6 September 2000, Second Reading Speech.
- 2 Department of Education, Training and Youth Affairs (2001), *Commonwealth programmes for schools: quadrennial administrative guidelines 2001 to 2004*, DETYA, Canberra, p. 29.
- 3 Answer to Senate Estimates Question E203, 2001.
- 4 Answers to Senate Estimates Questions E72, E74, and E202, 2001.
- 5 Australia. Senate. Employment, Workplace Relations, Small Business and Education Legislation Committee, *Proof Committee Hansard*, 15 June 2001, p. 35.
- 6 See Australia. Senate. Employment, Workplace Relations, Small Business and Education Legislation Committee, *Consideration of provisions: Innovation and Education Legislation Amendment Bill 2001* (available at website [http://www.aph.gov.au/senate/committee/eet\\_ctte/ed\\_innovbills2001/ed\\_innovbills01.pdf](http://www.aph.gov.au/senate/committee/eet_ctte/ed_innovbills2001/ed_innovbills01.pdf)); and submissions by the Australian Education Union and the Independent Education Union of Australia, (available at website [http://www.aph.gov.au/senate/committee/eet\\_ctte/ed\\_innovbills2001/sublist.htm](http://www.aph.gov.au/senate/committee/eet_ctte/ed_innovbills2001/sublist.htm)).
- 7 Australia. Senate. Employment, Workplace Relations, Small Business and Education Legislation Committee, *Proof Committee Hansard*, 15 June 2001, p. 39.
- 8 Op. cit. Department of Education, Training and Youth Affairs, p. 28.
- 9 Op. cit. Department of Education, Training and Youth Affairs, pp. 168–169.
- 10 Op. cit., Consideration of provisions, note 6, pp. 12–13.
- 11 Senator Lyn Allison, ‘Government hypocritical on schools bill’, *Media release*, 29 June 2001.
- 12 Australia Senate, Employment, Workplace Relations, Small Business and Education Legislation Committee, *Consideration of provisions: Innovation and Education Legislation Amendment Bill 2001*, p. 13.

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