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Bills Digest

No. 43 2001–02

**Indigenous Education (Targeted Assistance)
Amendment Bill 2001**

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Indigenous Education (Targeted Assistance) Amendment
Bill 2001

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13 September 2001

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Indigenous Education (Targeted Assistance) Amendment Bill 2001

Date Introduced: 7 June 2001

House: House of Representatives

Portfolio: Education, Training and Youth Affairs

Commencement: Royal assent

Purpose

The purpose of the Bill is to amend the *Indigenous Education (Targeted Assistance) Act 2000* (the Act) to provide additional funding:

- for projects involving partnerships between communities, industry and education providers and support for vocational learning for Indigenous secondary school students, and
- to address adverse effects that amendments to the *Fringe Benefits Tax Assessment Act 1986* have on non-profit Aboriginal and Torres Strait Islander organisations.

Background

Commonwealth Assistance to Indigenous Education

In the 1970s and 1980s, Commonwealth targeted assistance to Aboriginal education was provided by a number of agencies in a sometimes fragmented and overlapping manner.¹ Various reports recommended the Commonwealth Government could improve Aboriginal participation in education by increased financial assistance and through better co-ordination of available assistance.² In response to such reports, the Government appointed the 1988 Aboriginal Education Policy Task Force, chaired by Professor Paul Hughes, whose report identified a series of national goals for Aboriginal education. The central goal was ‘to achieve broad equity between Aboriginal people and other Australians in access, participation and outcomes in all forms of education’.³

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The National Aboriginal and Torres Strait Islander Education Policy (NATSIEP), a joint initiative of the State, Territory and Commonwealth governments, was implemented by the *Aboriginal Education (Supplementary Assistance) Act 1989*.⁴ The Act marked a diversification of Commonwealth funding policy. Objectives in Aboriginal education have since been met through supplementary funding to education providers rather than solely through benefits paid to individual students. The Act established triennial funding and enabled longer term planning for Aboriginal education programs aimed at meeting the goals of NATSEIP through the Aboriginal Education Strategic Initiatives Program (AESIP).⁵

A major review of NATSEIP took place in 1994, chaired by Manduwuy Yunupingu.⁶ In response to the review, the Commonwealth, State, and Territory governments reaffirmed their commitment to the NATSIEP goals in the *National Strategy for the Education of Aboriginal and Torres Strait Islander Peoples 1996-2002*.

Implementation of Government Policy

Since 1990, when AESIP was introduced, there has been a steady increase in Commonwealth funding for Indigenous education.⁷ The commitment to AESIP, now the Indigenous Education Strategic Initiatives Program (IESIP), in both policy and funding terms, has continued under the Coalition Government. However, in section 5(g) of the *Indigenous Education (Targeted Assistance) Act 2000* (the current Act), the Government included the object of better literacy and numeracy outcomes and better attendance outcomes for Indigenous students. The Act, thus in part, implements the Government's National Indigenous Literacy and Numeracy Strategy, which expects 'education providers to give priority to improvements in literacy, numeracy and attendance when undertaking initiatives funded by the Indigenous Education Strategic Initiatives Programme'.⁸ The launch of the National Indigenous Literacy and Numeracy Strategy in March 2000 was the occasion for the Prime Minister to introduce the concept of 'practical reconciliation'.⁹ Practical reconciliation emphasises the Government's priorities of achieving improved outcomes in education, health, and employment and reducing welfare dependency.

The Bill provides additional funding for further 'practical reconciliation' through an additional \$11.4 million for non-ABSTUDY payments over the period 1 January 2002 to 30 June 2005. The additional funding is part of the 2001-2002 Budget measure 'Australians Working Together'. It provides \$8.6 million to encourage 1600 secondary school students in Indigenous communities to complete Year 12 and go on to further education. It will also assist 2300 Indigenous secondary school students to undertake vocational education and training.¹⁰

Indigenous Year 12 Retention Rates

Retention rates, correctly referred to as 'apparent retention rates', measure the percentage of students who continued to Year 12 from their respective cohort groups at the commencement of their secondary schooling. Commencement years vary from State to

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State, but are either Year 7 or Year 8. Apparent retention rates measure only those who commenced Year 12, they do not indicate successful Year 12 completion.

Although comprehensive and reliable data on Indigenous retention rates exists only since 1994, data from 1989 has been used as a base year to show improvement in apparent retention rates and successful policy implementation. A 1998 report, by Robinson and Bamblett, *Making a Difference: the Impact of Australia's Indigenous Education and Training Policy* claims improvements from 12.3 per cent in 1989 to 29.2 per cent in 1996.¹¹ Their figures have since been cited in press releases and reports to support claims of successful policy outcomes, most recently in *Katu Kalpa* the Senate Committee report on the effectiveness of education and training programs for Indigenous Australians.¹² However, Robinson and Bamblett's 1989 retention rate figure is for Aboriginal and Torres Strait Islander *male* students. The 1989 retention rate for *all* Aboriginal and Torres Strait Islander students, provided in the 1995 *National Review of Education for Aboriginal and Torres Strait Islander Peoples* is 14.4 per cent. This 'national' figure was derived from data from only three states.¹³ An alternative Aboriginal Year 12 retention rate figure of 19.4 per cent for all states in 1987 was calculated by the Parliamentary Library.¹⁴

Such variation in early figures indicates that caution should be exercised in calculating gains, and more importantly, that any gains should be compared to changes in the apparent retention rates for all Australian Year 12 students. An improvement in the Indigenous rate of between ten and fifteen percentage points to 1996, depending on which figures are used for 1989, is similar to gains in the retention rate for all Australian students. That rate improved between 1989 and 1996 from 60.3 to 71.3 per cent, a gain of 11.0 per cent. Furthermore, as R.G.Schwab, in his 1999 analysis points out:

while there have no doubt been real improvements since 1989, it is important to note that Indigenous apparent retention rates declined between 1994 and 1996 before beginning to recover and climb in 1997; they have yet to return to 1994 levels. This pattern appears more akin to recovery from a stall and decline than a trend to improvement.¹⁵

Since the publication of Schwab's research, there is evidence of a recovery from the 1996 stall. Whilst the rates for all Australian Year 12 students have remained steady on 72 per cent the Indigenous rate passed the 1994 figure, increasing to 35 per cent in 1999 and 38 per cent in 2000.¹⁶ However, the wide gap in Year 12 retention rates between Indigenous and other students, supports the need for the further funding provided in the Bill.

Vocational Education and Training for Indigenous Students

The \$8.6 million additional funding provided in the Bill also aims to encourage Indigenous secondary students to increase their participation in vocational education and training (VET). In 1996, VET participation rates for Indigenous persons aged 16-24 years were comparable with non-Indigenous participation rates.¹⁷ This is partly explained by the greater pool of Indigenous students potentially available for VET due to their early school

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leaving. The Bill will encourage further participation in VET through funding projects that involve partnerships between communities, industry and education providers aimed at increasing students' ability to undertake apprenticeships and cadetships.

The Government sees possible partnerships modelled on the Gumala Mirnuwarni Education Project from the Pilbara region of Western Australia. The project aims to improve educational outcomes of Aboriginal students in the Roebourne area to the same level as the broader population to enable fair competition for vocational training and employment opportunities. Gumala Mirnuwarni's industry participation consists of financial and other commitments from Hamersley Iron, Woodside Offshore Petroleum and Dampier Salt over three years. Commonwealth funding was provided by the Dept of Education, Training and Youth Affairs (DETYA) through the Vocational and Educational Guidance for Aboriginals Scheme (VEGAS) and the Aboriginal Tutorial Assistance Scheme (ATAS). The Polly Farmer Foundation manages the project, formalised through a Memorandum of Understanding with the Western Australia Education Department signed in 1997.¹⁸

Effects of the *Fringe Benefits Tax Assessment Act*

The Bill provides \$2.86 million to alleviate the impact that amendments to the *Fringe Benefits Tax Assessment Act 1986* have on Aboriginal and Torres Strait Islander non-profit organisations. The amendments, introduced on 1 April 2001, restrict the value of fringe benefits which can be provided without incurring a Fringe Benefits Tax (FBT) liability. Employers who were previously exempt from FBT are only able to provide benefits as part of an employee's salary package to a grossed-up value of \$30,000. Benefits above \$30,000 per employee will now be liable for FBT at the rate of 48.5 cents in the dollar.¹⁹

ATSIC and Indigenous organisations had preferred a full exemption from FBT for charities and not-for-profit organisations.²⁰ Instead, a relief funding package of \$43.7 million over four years to Commonwealth agencies, including ATSIC, was announced on 30 March 2001.²¹ The package aims to assist Aboriginal and Torres Strait Islander organisations to continue to provide competitive salary packages to attract suitably qualified staff, especially in remote organisations.²² To be eligible organisations must have been established for the purpose of furthering the development of Aboriginal persons or Torres Strait Islanders and be controlled by a majority of Aboriginal persons or Torres Strait Islanders. The additional \$2.86 million in the Bill is part of the relief package. DETYA assumes that, with access to the additional funding, organisations will be able to continue to offer competitive salary packaging to professional staff such as teachers and principals.²³ During the assessment of the impact of the FBT, 121 education and training organisations receiving Commonwealth funding were surveyed.²⁴ However until applications, which close on 31 July 2001, are received, DETYA is not sure how many organisations will request additional funding.²⁵ Attracting and retaining suitable teaching staff in remote areas is regularly reported as a critical factor to Indigenous education outcomes. This measure may assist in overcoming the problem.

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Main Provisions

Section 14 of the Act deals with appropriations for Non-AUSTUDY payments. Subsections 14(1)–14(4) deal with appropriations across four overlapping eighteen month periods from 1 January 2001 to 30 June 2005. **Schedule 1** amends subsections 14(2), 14(3) and 14(4) to increase the amount of money appropriated for the three remaining periods from 1 January 2002 to 30 June 2005.

Endnotes

- 1 Commonwealth funding was available through the Department of Education and Youth Affairs, Department of Aboriginal Affairs, Commonwealth Schools Commission, Curriculum Development Centre and the National Aboriginal Education Committee. See: Commonwealth Schools Commission, *Funding Priorities in Aboriginal and Torres Strait Islander Education*, Canberra, July 1984 and House of Representatives Select Committee on Aboriginal Education, *Aboriginal Education*, Canberra, September 1985, pp. 46–67.
- 2 See for example: B. H. Watts, *Aboriginal Futures, A Review of Research and Developments and Related Policies in the Education of Aborigines*, (1982); Commonwealth Schools Commission/National Aboriginal Education Committee, *Funding Priorities in Aboriginal and Torres Strait Islander Education* (July 1984); House of Representatives Select Committee on Aboriginal Education, *Aboriginal Education* (September 1985) and the *Report of the Committee of Review of Aboriginal Employment and Training Programs* (August 1985).
- 3 Department of Employment, Education and Training, *National Aboriginal and Torres Strait Islander Education Policy: Joint Policy Statement*, Canberra, 1989, p. 9
- 4 An amendment to the current Act in 1995, replaced the word 'Aboriginal' with 'Indigenous'.
- 5 For an overview of the evolution of a national Indigenous education policy see: Senate Employment, Workplace Relations, Small Business and Education References Committee, *Katu Kalpa: Report on the Inquiry into the Effectiveness of Education and Training Programs for Indigenous Australians*, Canberra, March 2000, pp. 19–40.
- 6 National Review of Education for Aboriginal and Torres Strait Islander Peoples. *Final Report*, Canberra, Department of Education Employment and Training, 1995.
- 7 See Senate Employment, Workplace Relations, Small Business and Education References Committee, *Katu Kalpa: Report on the Inquiry into the Effectiveness of Education and Training Programs for Indigenous Australians*, Canberra, March, 2000, Table 1, p. 13.
- 8 *The National Indigenous English Literacy and Numeracy Strategy*, Canberra, March 2000, p. 13.
- 9 The Hon. John Howard, Transcript of speech at the national launch of the Indigenous National Literacy and Numeracy Strategy, Sydney 29 March 2000.
- 10 Budget Paper No. 2, *Budget Measures 2001-2002*, pp. 120–132.

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- 11 Robinson, Chris and Lionel Bamblett *Making a Difference: The Impact of Australia's Indigenous Education and Training Policy*, National Centre for Vocational Education Research Ltd, Kensington Park, 1998. p. 17.
- 12 Senate Employment, Workplace Relations, Small Business and Education References Committee, *Katu Kalpa, Report on the Inquiry into the Effectiveness of Education and Training Programs for Indigenous Australians*, March, 2000, p. 3. See also Dr David Kemp 'Improving opportunities for Indigenous Australians' *Media Release* 11 May 1999.
- 13 National Review of Education for Aboriginal and Torres Strait Islander Peoples. *Final Report, Statistical Annex* Canberra, Department of Education Employment and Training, 1995, Table 16, p. 59.
- 14 Smyth, Rosaleen. *Aboriginal Economic Indicators*. Unpublished DPL paper, November 1988. Rates calculated from the numbers of Aboriginal Secondary Grants Scheme students on 30 June in each year in data from all states supplied by the Commonwealth Department of Education, Employment and Training.
- 15 R. G. Schwab *Why Only One in Three?: The complex Reasons for Low Indigenous School Retention*, CAEPR Research Monograph No. 16. Canberra: Centre for Aboriginal Economic Policy Research, 1999, p. 13.
- 16 *Schools 2000*, ABS 4221.0; also, 2001 Budget paper 'Our path together' statement by The Hon. Philip Ruddock, 22 May 2001, p. 13.
- 17 Robinson, Chris and Lionel Bamblett *Making a Difference: The Impact of Australia's Indigenous Education and Training Policy*. Kensington Park: NCVET, 1998. p. 15.
- 18 'Gumala Mirnuwarni-"Coming together to learn"' in *Learning for all* Issue 1, Department of Education Training and Youth Affairs, March 2001 pp. 21-22.
- 19 See Walter and Turnbull Chartered Accountants web site for information on FBT supplementation funding for Aboriginal and Torres Strait Islander Organisations. <http://www.walturn.com.au/fbtsf>
- 20 Aboriginal and Torres Strait Islander Commission, 'Fringe Benefit Tax Exemptions', *Media Release*, 23 May 2001.
- 21 The Hon. Peter Costello, 'Additional Funding for Indigenous Organisations', *Media Release*, 30 March 2001.
- 22 Australian Tax Office guidelines define remote as located at least 40 Kms from a population centre of 14,000 or more, or located at least 100 Kms from a population centre of 130,000 or more.
- 23 E-mail correspondence DETYA Indigenous Education Branch to author, 13 July 2001.
- 24 *Quantification of the impact of the Fringe Benefits tax (FBT) concessional limit on staff recruitment in indigenous organisations*. Office for Aboriginal and Torres Strait Islander Health and the Aboriginal and Torres Strait Islander Commission, February 2001.
- 25 E-mail correspondence DETYA Indigenous Education Branch to author, 13 July 2001.

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