



Schools Assistance Bill 2008

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Social Policy Section

Contents

Purpose	2
Background	2
General recurrent grants	2
Grants for capital expenditure and targeted programs	3
Funding for Indigenous students	4
Conditions of funding	4
Funding for government schools	6
Financial implications	7
Key issues	7
Main provisions	10
Concluding comments	12

Schools Assistance Bill

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Links: The *relevant links* to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The Schools Assistance Bill 2008 (the Bill) provides Australian Government funding for non-government schools for the years 2009 to 2012. It succeeds in part the *Schools Assistance (Learning Together—Achievement Through Choice and Opportunity) Act 2004* (the current Act), which provided funding for both government and non-government schools for the years 2004 to 2008.

The Bill also provides funding for Indigenous students attending non-government schools. This funding was previously appropriated under the *Indigenous Education (Targeted Assistance) Act 2000* (the IETA Act). A separate bill, the Education Legislation Amendment Bill 2008, amends the IETA Act for this purpose.¹

Background

The Bill marks a major departure in Commonwealth funding arrangements for schools. The current Act and its predecessors provided funding for both government and non-government schools. This Bill provides the funding arrangements for non-government schools only. Future Commonwealth funding for government schools will be provided through the National Education Agreement which is currently being negotiated with the states and territories through the Council of Australian Governments.

General recurrent grants

The Bill fulfils the Government's commitment to retain the current system of general recurrent funding for non-government schools (the Socioeconomic Status (SES) funding

1. For further information, see Coral Dow, 'Education Legislation Amendment Bill 2008', *Bills Digest*, Parliamentary Library, Canberra, 2008.

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system) for the next four years. There is a minor modification to the system, necessitated by the routine revision of SES funding scores for the next four years and the requirement that no school receives less funding because of the re-assessment of its SES score. Under the SES system, the higher a school's SES score the lower the per student funding rate. Therefore, those schools with a 2009 to 2012 SES score that is higher than their current score will continue to be funded at their 2008 per capita amounts until the funding value of the new score is equal to, or greater than, their 2008 entitlement unless the school is already funding maintained (with indexation) at a previous level or already receiving the maximum per capita amount.²

The Bill also provides additional funding for non-government schools that have significant numbers of Indigenous students. The maximum rate of general recurrent funding will automatically apply to non-government schools in remote and very remote areas that have 50 per cent or more Indigenous enrolments and to non-government schools in other areas that have 80 per cent or more Indigenous enrolments. The Minister for Education estimates that this measure will provide an additional \$5.4 million to these schools.³

There is also another change to the funding arrangements for non-government schools. Previously new non-government schools were entitled to establishment assistance grants, which were paid at the full-time equivalent per student rate of \$500 for the first year of the school's operation and \$250 per student for the second year of operation. This assistance is being phased out, with only the remaining 2009 second-year payments to be made. This funding was not provided to new government schools.

Grants for capital expenditure and targeted programs

The Bill provides funding for capital grants and continues funding for existing targeted programs, including short term emergency assistance; education in country areas; teaching English to new arrivals; and literacy, numeracy and special learning needs.

Two elements of funding to the non-government sector—funding for non-government hostels and non-government centres (which provide services to children with disabilities)—are not in the Bill but will be paid to the states and territories to manage through the National Education Agreement.

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2. For an explanation of the current SES funding system, see M. Harrington, *Australian Government General Recurrent Grants for Schools: A Brief Explanation*, Parliamentary Library, Canberra, 2008, http://libiis1/Library_Services/electoratlas/SchoolGrants/Explanation.htm, accessed on 8 October 2008.
 3. Julia Gillard, 'Second reading speech: Schools Assistance Bill 2008', House of Representatives, *Debates*, 24 September 2008, p. 4, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"chamber/hansardr/2008-09-24/0015"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 8 October 2008.

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Funding for Indigenous students

In addition to the extra general recurrent funding for non-government schools with significant Indigenous enrolments, the Bill provides supplementary recurrent funding for Indigenous students attending non-government schools. This funding was previously provided through the *Indigenous Education (Targeted Assistance) Act 2000*.

This supplementary funding for Indigenous education is also being restructured. The non-government components of various Indigenous school education program elements contained in the IETA Act are being streamlined into the one per capita payment—Indigenous Supplementary Assistance (ISA).⁴ As the Minister explains in her second reading speech, the aim of this restructure is ‘to reduce reporting and red tape for schools and provide them with increased flexibility to focus on the educational achievement of their students.’⁵ For the first time, ISA will be indexed at the same rate as other general recurrent school funding. The increased indexation is estimated to provide an additional \$24.5 million.

The Bill also provides an Indigenous Funding Guarantee to ensure that non-government schools and systems, as a result of these new arrangements, do not receive less funding than they received in 2008. Funding of \$18.1 million over four years has been provided for the guarantee.⁶

Together, the ISA and the Indigenous Funding Guarantee will provide \$239 million over four years for the education of Indigenous students in non-government schools.⁷

Conditions of funding

The Bill continues the general provision in schools funding legislation for the Minister to make conditions in the agreements for Commonwealth funding for schools.⁸ However, the current Act introduced an unprecedented number of specified conditions for Commonwealth funding for schools. While a number of these conditions have either been

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4. The Indigenous education elements which will no longer exist include Supplementary Recurrent Assistance; English as a Second Language – Indigenous Language Speaking Students; Indigenous Tutorial Assistance Scheme (except the tertiary component); Building an Indigenous Workforce; Homework Centres; and Transitional Project Assistance equivalent funding under the National Indigenous English Literacy and Numeracy Strategy for non-government schools. For further information, see Coral Dow, *op. cit.*
 5. Julia Gillard, *op. cit.*
 6. See subsection 71(b) of the Bill.
 7. *ibid.*
 8. See subsection 29(c) of the Bill.

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met, superseded or abandoned by the Bill,⁹ it retains the broad thrust of the educational outcomes accountability framework of the current Act. There are now six conditions covering school performance:

- participation in national student assessments
- participation in national reports on the outcomes of schooling
- provision of individual school performance reports to the Minister
- provision of ‘plain language’ student reports to parents, to include an assessment of the student’s achievement against any available national standards and relative to the student’s peer group at the school
- provision of publicly available information about the school’s performance and
- implementation of the national curriculum.

Further information about the specific requirements under each of these conditions will be provided in the regulations to the Act when it is passed. However, this accountability framework will be consistent with that for government schools under the National Education Agreement.

The financial accountability conditions for Commonwealth funding have been significantly strengthened. The Bill includes a new provision which empowers the Minister to refuse or delay payments if a school audit raises questions about a school’s viability.¹⁰

Although non-government schools have always been required to complete a financial questionnaire, the Bill contains a new requirement for schools to report funding sources. This is intended to provide the Government with more flexibility as to what financial information it can collect from school authorities. The final decision about what schools will be required to report will be made after consultations with the non-government sector.¹¹

Previously, the financial information that was collected was treated as commercial-in-confidence and, therefore, individual school financial information was not released. However, the Bill contains another new provision which empowers the Minister to ask for reports about individual school information in a way determined by the Minister.¹²

9. Including, for example, a functioning flagpole with the Australian flag and two hours of physical activity for primary and junior secondary students.

10. See paragraph 15(c) of the Bill.

11. See paragraph 24(1)(b) of the Bill.

12. See subparagraph 19(2)(b)(ii) of the Bill.

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Potentially, under this provision, the Minister could make these reports publicly available.¹³

Funding for government schools

From 2009 Commonwealth funding for government schools will be provided through the National Education Agreement (NEA) which is currently being negotiated with the states and territories through COAG. The NEA will provide the same accountability framework for government schools as the Bill provides for non-government schools.

The NEA is part of the Australian Government's reform of specific purpose payments (SPPs) to the states and territories. The new structure will comprise an Intergovernmental Agreement (IGA) between the Commonwealth and the states and territories, with separate National Agreements, which will be schedules to the IGA, covering school education, health, disability services, housing, early childhood and vocational education and training. The Minister has indicated that the NEA will not be a matter for legislation. Rather, the proposed State Finances Act will appropriate funding for the NEAs.¹⁴

As well as setting out the broad goals for school education and incorporating the existing SPPs, the NEA will include National Partnerships to support specific projects and reforms, as agreed to by COAG. The Minister has identified three priorities for National Partnerships:

- improving the quality of teaching
- raising outcomes in disadvantaged school communities and
- delivering a 'new era of transparency, to guide parents, teachers and policymakers in making the best possible decisions.'¹⁵

These arrangements will have to be finalised by the end of the year, for implementation from January 2009.

13. Per personal advice from the Department of Education, Employment and Workplace Relations.

14. The new framework was agreed to at the March 2008 meeting of COAG. For further information see 'Communique', *Council of Australian Governments' Meeting*, 26 March 2008, pp. 3–4, http://www.coag.gov.au/coag_meeting_outcomes/2008-03-26/docs/communique20080326.pdf, accessed on 9 October 2008.

15. Julia Gillard, op. cit. See also K. Rudd and J. Gillard, *Quality Education: the Case for an Education Revolution in our Schools*, Commonwealth of Australia, [Canberra], 2008, p. 19, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressrel/T2_FR6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 9 October 2008.

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Financial implications

The Bill provides an estimated \$28 billion (final 2008 prices) for non-government schools for the years 2009 to 2012. The amounts under the different programs will be adjusted annually according to their particular indexation arrangements for price increases.

Key issues

Commonwealth funding for non-government schools remains essentially unchanged. The general pattern, with the majority of Commonwealth funding for schools provided to non-government schools, will continue. In 2008–09 an estimated 67 per cent, or \$6.4 billion, of Commonwealth funding for schools will be provided to non-government schools, compared to \$3.1 billion for government schools. A similar pattern continues in the 2008–09 budget projections for the out-years.¹⁶

However, the Government has signalled that it is time to move on from the past debates about the funding of government and non-government schools:

For too long the debate about schools was diverted into unproductive avenues ... The true target of our efforts must be individual students no matter which type of school they attend ... we are moving beyond the traditional and discredited focus of schooling debate in Australia; the debate that revolved around competition between sectors and failed to focus on the realities of need and outcome across all sectors.¹⁷

The Government regards its new accountability and performance reporting framework as integral to improving educational outcomes:

In schooling, all Australian governments share the objective of raising overall attainment so that all students acquire the knowledge and skills they need to participate effectively in society. In support of this objective, the Australian Government is working with State and Territory Governments to develop a strong and transparent data and reporting framework for student and school performance, which provides:

- Parents with clear information about the performance of their child and their child's school.

16. Australian Government, Budget Paper No. 1: Budget Strategy and Outlook 2008–09, Commonwealth of Australia, Canberra, 2008, p. 6-14, http://www.budget.gov.au/2008-09/content/bp1/html/bp1_bst6-02.htm, accessed on 9 October 2009.

17. J. Gillard (Minister for Education), *Speech [to] the ISCA Parliamentary Forum*, media release, 1 September 2008, pp. [3] and [5], [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressrel/FEFR6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 9 October 2008.

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- Comparative information about schools' performance, which is required to support the COAG-agreed outcomes. Particularly important is the literacy and numeracy performance of like schools, given that achievement here is arguably the most critical factor in young people staying on to attain a Year 12 qualification.

- Performance data about schools and school systems, which is necessary to build a substantive evidence base to show what works and to support future improvements.

Clear accountability helps create a learning environment that encourages innovation and excellence from school leaders, teachers and students. It also means that students, parents and teachers have the evidence they need to make informed choices.¹⁸

There has been little reaction to the actual Bill and its funding of non-government schools. The non-government sector has readily accepted the legislation and its conditions for funding, no doubt assuaged by the continuation of the SES funding system. The sector has welcomed the Bill because it provides 'funding stability' and the sector has not publicly expressed concern about the new reporting framework.¹⁹ However, the Government's promised review of the SES funding system raises questions about the future of Commonwealth funding for non-government schools. An internal review of the system under the previous Government recommended changes to the system to lower some schools' funding levels which have been maintained at higher levels because of the policy's 'no losers' approach.²⁰

In the main, the debate is focussing not on the actual content of the Bill, but rather the policy issues relating to the future arrangements for government schools funding and the national school performance reporting framework that will underlie the foreshadowed National Partnerships.

The presentation of this Bill before the arrangements for government school funding have been finalised, has created some uncertainty about the future of Commonwealth funding for government schools.²¹ It is not until the National Education Agreement is produced

18. K. Rudd and J. Gillard, op. cit., p. 31.

19. F. Tomazin and D. Harrison, 'Show and tell demand on private school funds', *Age*, 25 September 2008, p.3, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/V9NR6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 10 October 2008.

20. B. Doherty and A. Patty, 'Gillard pledges to keep "unfair" schools funding: damning report won't sway pledge', *Age*, 10 January 2008, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/PTDP6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 9 October 2008.

21. Australian Council of State School Organisations, the Australian Education Union, the Australian Government Primary Principals Association and the Australia Secondary Principals Association, *Public schools still waiting for guarantee on adequate funding*, media release, 24 September 2008,

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that judgements will be able to be made about the financial and educational accountability framework that the Government is establishing.

The issue which is currently receiving most attention is the Minister's regard for New York City's school reporting system as a basis for the proposed school reporting framework—the head of the New York education system will be visiting Australia next month on the Minister's invitation:

We can learn from Klein's methodology of comparing like schools with like-schools and then measuring the differences in school results in order to spread best practice.²²

However, she has stopped short of endorsing league tables and 'A to F reporting' which is a feature of the New York system.²³

The New York City system uses annual school progress reports which compare students' performance from year to year and compare schools within a group of 40 peer schools with similar populations. Schools are then graded from A to D and F based on student test results, the progress of students in a year and the school environment as determined by attendance and a survey of parents, students and teachers. Schools rated as A or B receive financial rewards and are used to demonstrate good teaching practices. Schools graded D or F are given assistance to improve and if no progress is made the school is restructured, the principal changed or it is closed.²⁴

According to the latest results for 2007–08, nearly 60 per cent of schools either improved their grade or maintained an A-level from the previous year, 50 schools received a D grade compared to 86 for the previous year, and the number of F-rated schools dropped from 35 to 18 schools. Accompanying these results were the results of a pilot school-based merit

<http://www.aefederal.org.au/Media/MediaReleases/2008/2409.pdf>,

accessed on 9 October 2008.

22. J. Ferrari and N. Bitá, 'New York state of mind on school ranks', *Australian*, 12 August 2008, p. 11, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/M8R6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 10 October 2008.
23. *ibid.*
24. J. Ferrari and N. Bitá, 'New York state of mind on school ranks', *Australian*, 12 August 2008, p. 11, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/M8R6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 10 October 2008.

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pay scheme, whereby teachers at 89 of the 160 participating schools will receive bonuses as the result of improved student test scores.²⁵

However, the New York City system has been assessed by some as unreliable and producing misleading comparisons of school performance and student progress. In his analysis of the system, Trevor Cobbold, Convener of Save our Schools, concludes: 'It is incoherent, can be used to produce league table[s], fails to compare like with like and is statistically flawed.'²⁶

Main provisions

Clauses 12 to 15 establish the basis upon which the Minister may authorise payments to non-government schools; namely, that a funding agreement must be in place, that schools must be approved to operate as a school and that schools must be financially viable. Proposed **paragraph 15(c)** is a new provision which empowers the Minister to refuse or delay payments if a school audit raises questions about a school's financial viability.

Clauses 17 to 22 set out the requirements relating to the performance of, and reporting by, non-government schools. Proposed **subparagraph 19(2)(b)(ii)** empowers the Minister to make reports about non-government schools' performance and financial arrangements publicly available.

Clause 24 provides that reports in relation to the programs of financial assistance and the financial operations of a school, including its financial viability and funding sources, be provided to the Minister.

Paragraph 29(c) provides that the agreements for Commonwealth schools funding may include any other conditions or provisions that the Minister considers appropriate.

Clause 36 explains the meaning of Average Government School Recurrent Costs (the AGSRC), which is the basis upon which the per capita general recurrent funding rates for non-government schools are calculated. Proposed **subparagraph 36(1)(a)(i)** provides the initial 2009 primary AGSRC amount (\$8044) and **subparagraph 36(1)(b)(i)** provides the initial 2009 secondary AGSRC amount (\$10 061).

25. D. Nason and S. Maiden, 'Gillard guru in line for top job', *Australian*, 6 October 2008, p. 4, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/2MQR6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 10 October 2008.

26. T. Cobbold, 'Ideology win in school reporting', *Canberra Times*, 3 September 2008, p. 19, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:"media/pressclp/ISFR6"](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:), accessed on 9 October 2008. For examples of the New York education system's school reports, see the *New York State School and District Report Cards for School Year 2006–2007* web site, <https://www.nystart.gov/publicweb/Home.do?year=2007>, accessed on 10 October 2008.

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Clauses 38 to 56 set out the arrangements for the SES system of general recurrent funding for non-government schools.

Clauses 64 to 69 provide for Indigenous supplementary assistance. Proposed **paragraph 67(1)(a)** provides the per capita assistance amount (\$1600) for Indigenous primary students at non-remote school campuses and **paragraph 67(2)(a)** provides the amount (\$3850) for Indigenous primary students at remote school campuses. Proposed **paragraph 69(1)(a)** provides the per capita assistance amount (\$2250) for Indigenous secondary students at non-remote school campuses and **paragraph 69(2)(a)** provides the amount (\$4400) for Indigenous secondary students at remote school campuses.

Clauses 70 to 71 provide for the Indigenous funding guarantee. Proposed **subsection 71(b)** provides \$18.1 million over four years, 2009 to 2012, for the guarantee.

Clauses 83 to 85 provide for capital expenditure. Proposed **paragraph 84(2)(b)** provides base 2009 program year funding of \$128.712 million.

Clauses 86 to 99 provide for grants for targeted assistance:

- proposed **paragraph 87(2)(b)** provides base 2009 program year funding of \$1.057 million for short-term emergency assistance
- proposed **paragraph 88(2)(b)** provides base 2009 program year funding of \$5.246 million for education in country areas
- proposed **paragraph 91(1)(b)** provides base 2009 program year funding of \$12.334 million for languages education
- proposed **paragraph 94(2)(a)** provides the base 2009 program assistance amount of \$5,786 per student for teaching English to new arrivals—eligible new arrivals
- proposed **paragraph 95(2)(a)** provides the base 2009 assistance amount of \$11,572 per student for teaching English to new arrivals—eligible humanitarian new arrivals
- proposed **paragraph 96(3)(a)** provides the base 2009 assistance amount of \$853 per student for literacy, numeracy and special learning needs (LNSLN)—students with disabilities
- proposed **subparagraph 98(1)(b)(i)** provides the base 2009 program year funding of \$142.375 million for LNSLN—school grants and
- proposed **subsection 99(a)** provides \$1.942 million for LNSLN—guarantee amounts.

Schedule 1 lists the SES scores and their equivalent funding level as a percentage of AGSRC.

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Concluding comments

The Bill heralds a significant change in the structure and arrangements for Commonwealth funding for schools. However, until the National Education Agreement is finalised, the exact form of these arrangements and the implications for the accountability of Commonwealth funding for schools will not be known. The future direction of schools funding remains open with the promised review of the SES system, the new arrangements for government schools funding and the foreshadowed National Partnership Agreements to improve the quality of teaching and the outcomes for educationally disadvantaged schools and to establish a new accountability framework for school performance.

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