

## CHAPTER 9

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### EDUCATION

1. We have taken the education function to cover pre-schools (including child care and multi-functional Aboriginal child care services), primary and secondary school education, and higher education. Our analysis focuses on schools education. Material on pre-schools and higher education is confined to outlining the level of demand and how resources are distributed.

#### INDIGENOUS EDUCATION — THE CURRENT POSITION

2. School education services for Indigenous people are mainly provided through mainstream systems and institutions — the State government education systems, and the Catholic education systems. Some independent schools are run by Indigenous communities (mostly in remote areas) but there has been no widespread movement by Indigenous communities into the control of their own education services.

#### *Indigenous School Enrolments*

3. As background to our discussion, we note the following statistics.
- (i) In 1996, the Indigenous share of total Australian school enrolments was 2.9 per cent, but it was 34.7 per cent in the Northern Territory. These shares exceeded the 1996 Indigenous population shares of 2.1 per cent nationally and 28.5 per cent in the Northern Territory.
  - (ii) The different population age structure means Indigenous enrolments are growing more quickly (15 per cent in the 3 years to 1999) than non-Indigenous enrolments (2.4 per cent over the same period).
  - (iii) The majority of Indigenous students are enrolled in the government sector (in 1999, about 88 per cent).
  - (iv) Over 60 per cent of government primary schools have Indigenous students enrolled, but about half of those schools have fewer than six such students.

- (v) Over 80 per cent of government secondary schools have Indigenous students enrolled, but about 75 per cent of those schools have fewer than 20 such students.

### ***Education Outcomes of Indigenous Students***

4. Education outcomes of Indigenous students are improving, but generally remain poor compared with non-Indigenous students. In comparison with non-Indigenous students, Indigenous students are more likely not to complete compulsory years of schooling, are less likely to continue their education beyond the compulsory years, and are less likely to achieve a post-school qualification.

5. 1996 Census data indicate that 29.2 per cent of Indigenous 20-24 year olds left school at or before age 15<sup>1</sup>, compared with 9.3 per cent of non-Indigenous people of the same age. (In the 1991 Census, 36.1 per cent of Indigenous 20-24 year olds, and 14.1 per cent of non-Indigenous 20-24 year olds left school at or before 15 years.)

6. In the 1996 Census, 1.8 per cent of Indigenous 20-24 year olds indicated that a university degree was their highest level of educational attainment (0.5 per cent in the 1991 Census), compared with 11.3 per cent of non-Indigenous 20-24 year olds (7.0 per cent in 1991). Here, improvements in outcomes are apparent, but the gap between Indigenous and non-Indigenous tertiary outcomes is widening.

7. Reading standards achieved by Indigenous Year 3 students have risen but are still much lower than those of non-Indigenous students. In 1996 about 20 per cent of Indigenous students tested<sup>2</sup> attained the reading benchmark but, in 1999, about 66 per cent of Indigenous students attained the benchmark. This 1999 outcome compared with 87 per cent for non-Indigenous Year 3 students.

8. Limited information from Western Australia and South Australia indicates that in 1999 and 2000:

- (i) about 55 per cent of Indigenous students who start Year 12 (or equivalent) graduate from secondary school, compared with about 80 per cent of non-Indigenous students; and
- (ii) although small, the numbers of Indigenous secondary school graduates appear to be increasing.

### ***Performance Levels of Indigenous Students***

9. We have noted the following aspects of Indigenous schools education performance levels and student profiles.

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<sup>1</sup> That is, they failed to complete the compulsory years of schooling.

<sup>2</sup> A sample of 700 Indigenous students were tested for literacy skills in the 1996 National School English Literacy Survey by the Australian Council of Education Research.

- (i) Based on 1996 Census data, participation rates by Indigenous primary students (about 86 per cent) are lower than those of non-Indigenous students (about 93 per cent). Participation rates by Indigenous secondary students are much lower than non-Indigenous rates (about 65 per cent compared with about 85 per cent). Indigenous participation rates in secondary schools are lowest in the States where Indigenous students are more likely to be found in remote locations.
- (ii) Indigenous enrolments in early childhood and primary schooling have improved significantly (Indigenous primary and pre-year 1 enrolments in 1999 were more than 73 000 — an increase of more than 40 per cent since 1991, much greater than population growth).
- (iii) 1996 Census data indicates that Indigenous people living in the very remote ATSI regions of Warburton, Apatula and Tennant Creek are more than 5 times as likely to have never attended school than Indigenous Australians in general.
- (iv) The Indigenous Education Strategic Initiatives Program (IESIP) performance data and anecdotal information suggest that Indigenous attendance and grade progression rates are generally lower than for non-Indigenous students. For example, the Indigenous attendance rate from Year 1 to Year 10 in Western Australia is about 12 percentage points below that for non-Indigenous students. But improvements have taken place over recent years.
- (v) Estimates of Indigenous apparent retention rates to Year 12 are unreliable, but they appear to have improved from about 25 per cent in 1993 to nearly 35 per cent in 1999.
- (vi) There is great variation between States in Indigenous access to schools. Providing education services to Indigenous people is particularly challenging in the Northern Territory and Western Australia where 79 per cent and 54 per cent of Indigenous students respectively live in remote locations.
- (vii) There is wide variation between the States in the proportion of Indigenous people who usually speak a language other than English at home. Nationally the proportion is about 17 per cent but, in the Northern Territory, it is around 64 per cent.

10. Table 9-1 sets out additional comparative data on education outcomes, school performance levels and student profiles. Although there is variation between States, the comparative data show Indigenous education outcomes and performance levels lagging behind those of non-Indigenous students.

11. Further data on Indigenous enrolments, educational outcomes and other issues covered in this Chapter are in the Supporting Material for this Report.

**Table 9-1** EDUCATION OUTCOMES, PERFORMANCE LEVELS AND STUDENT PROFILES

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
<b>Outcomes</b>									
Literacy <sup>(a)</sup>									
Indigenous	77.8	68.0	66.7	54.4	64.0	76.3	67.2	29.7	66.1
All students	91.2	86.2	82.4	87.9	83.2	85.9	89.9	72.3	86.9
<b>Performance levels</b>									
Participation rate <sup>(b)</sup>									
Primary Indigenous	94.0	88.4	81.4	82.6	84.2	92.3	94.5	79.6	85.8
Primary non-Indigenous	97.1	94.0	86.2	88.0	94.1	92.3	97.8	87.9	92.8
Secondary Indigenous	66.1	67.6	70.0	61.9	60.7	67.4	70.7	55.7	65.2
Secondary non-Indigenous	84.4	86.6	86.6	86.0	85.4	76.2	88.8	83.5	85.4
Attendance <sup>(c)</sup>									
Indigenous	n.a.	n.a.	n.a.	81.9	74.5	93.8	84.0	72.0	n.a.
Non-Indigenous	n.a.	n.a.	n.a.	94.3	n.a.	95.2	n.a.	90.0	n.a.
Apparent retention rate <sup>(d)</sup>									
Indigenous	31.4	42.2	50.3	19.8	18.4	35.6	100.0	11.4	32.1
Non-Indigenous	67.9	76.1	78.4	73.5	67.7	63.2	90.9	60.2	72.7
<b>Student profiles</b>									
Indigenous Access <sup>(e)</sup>									
Remote students	23	12	26	54	40	1	0	79	35
Non-remote students	77	88	74	46	60	99	100	21	65
Language other than English spoken at home <sup>(f)</sup>									
Indigenous	3.1	7.4	12.5	19.7	12.6	1.2	4.7	63.8	16.7

(a) Proportion of students achieving Year 3 Reading Benchmark, 1999.

(b) Persons who indicated they were attending preschool or school at the 1996 Census, compared with relevant populations. Primary rates include primary and pre-school attendees. For NSW, Vic, Tas and the ACT, 4-11 year olds were used for primary participation rates and 12-17 year olds for secondary. For Qld, WA, SA and the NT, 4-12 year olds were used for primary, and 13-17 year olds for secondary.

(c) Year 1 to Year 10 attendance rates for 1999, reported in or based on IESIP performance monitoring data.

(d) Rates to Year 12, 1998. There are many difficulties in using apparent retention rates for interstate comparisons.

(e) 'Remote' is defined as in the *Indigenous Education (Supplementary Assistance) Act 1989*, and includes criteria covering distance from and access to large population centres, as well as cultural factors.

(f) Proportion of Indigenous people who most often speak a language other than English at home – including Indigenous languages, but excluding 'not stated' languages, 1996 Census.

Sources: ABS 1996 Census of Population and Housing, the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) and the Department of Education, Training and Youth Affairs (DETYA).

## INDICATORS AND NEEDS ANALYSIS

12. For each ATSI region, we have estimated indicators that focus on education outcomes of Indigenous people, their potential demand for education, and physical access to schools. The following indicators have been estimated:

- (i) schools education outcomes based on the proportion of Indigenous persons aged 15 and over who *completed* the compulsory years of schooling;
- (ii) schools education outcomes based on the proportion of Indigenous persons aged 15 and over who *did not complete* the compulsory years of schooling;
- (iii) potential demand for early childhood education, pre-school education, primary schools education, secondary schools education (compulsory years) and secondary schools education (post-compulsory years) based on Indigenous population in the age groups that usually attend those facilities; and
- (iv) physical access to primary schools, ‘up to Year 10’ secondary schools and ‘up to Year 12’ secondary schools.

13. To measure the outcome and potential demand indicators, we used 1996 Census data to avoid problems that result from mixing data from different sources and times, and with different approaches to the identification of Indigenous students. While there may have been changes in the age distribution of the Indigenous population and the number and physical distribution of schools since 1996, we do not think they have been large enough to significantly change the regional patterns of demand and access. For the access indicators, we used data from the 1999 CHINS Survey.

14. Given the increasing concentration of government policies on outcomes, some improvements in education outcomes can be expected to have occurred since 1996 and these may differ between regions.

### ***Outcomes Indicators***

15. Figure 9-1 sets out an illustrative indicator based on the proportion of Indigenous people aged 15 and over who did not complete the compulsory years of schooling. The proportion of Australians aged 15 and over who left school at 14 and under (13.7 per cent) is also plotted. These calculations imply that:

- (i) Indigenous people living in the remote regions of Warburton, Apatula and Tennant Creek are less likely to complete compulsory schooling years (that is, leave before age 15), and are therefore likely to have greater depth of need for compulsory schooling than Indigenous people living in other regions; and
- (ii) Indigenous people living in half of the capital city regions — Tasmanian, Sydney, Darwin and Queanbeyan — as well as South

Hedland<sup>3</sup> are much less inclined to leave school before age 15, and thus appear to have lower relative need for compulsory years of schooling.

16. Figure 9-2 sets out another illustrative outcomes indicator based on the proportion of Indigenous people aged 15 and over who leave school at age 15 or more, without completing Year 12 (or equivalent). The proportion of Australians aged 15 and over who leave school after the compulsory years of schooling (74.1 per cent) is also plotted. The calculations imply that:

- (i) Indigenous people living in remote regions — notably Port Augusta, Apatula, Warburton, Tennant Creek and Kununurra — are more likely to leave school at age 15 or more without completing Year 12, and are therefore likely to have greater depth of need for post compulsory education than those living in other regions;
- (ii) Indigenous people in most capital city regions as well as Ceduna<sup>4</sup> and Coffs Harbour are more likely to remain at school beyond age 15, and thus appear to have lower relative need for post compulsory education; and
- (iii) Indigenous people in Tasmania are less likely than Australians on average to leave school at age 15 and over.

17. **Other research.** Research by others indicates that:

- (i) retention rates and literacy levels for all students, especially Indigenous students, are lower in rural areas;
- (ii) Indigenous retention rates and literacy levels are lower in schools with high Indigenous enrolments (retention rates are, on average, 11 per cent lower when over 10 per cent of Year 12 enrolments are Indigenous);
- (iii) Indigenous absenteeism is about twice the non-Indigenous level; and
- (iv) children with hearing, nutritional or other health problems (often found in Indigenous students) generally have slower literacy development<sup>5</sup>.

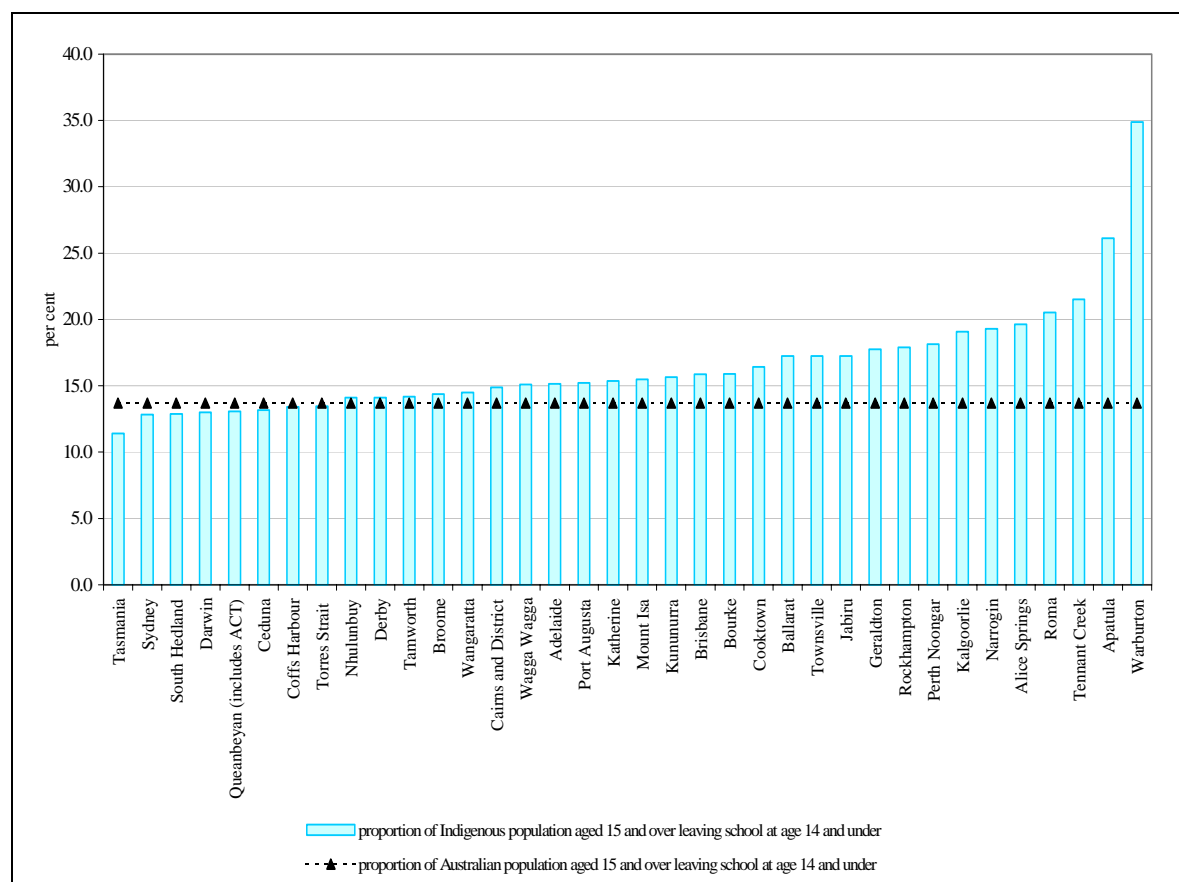
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<sup>3</sup> The South Hedland figure is inconsistent with the general trend in other results and may reflect the relatively high numbers of people aged 15 and over in the region that were counted in the 1996 Census as 'not stated' and/or 'never went to school'.

<sup>4</sup> The Ceduna result is inconsistent with the general direction of the calculations and may reflect local circumstances.

<sup>5</sup> Based on R.G. Schwab, *Why Only One in Three? The Complex Reasons for Low Indigenous School Retention*, CAEPR, Research Monograph 16/1999.

**Figure 9-1** PROPORTION OF PERSONS AGED 15 AND OVER WHO LEAVE SCHOOL AT AGE 14 OR UNDER, 1996



Source ABS Census of Population and Housing, 1996.

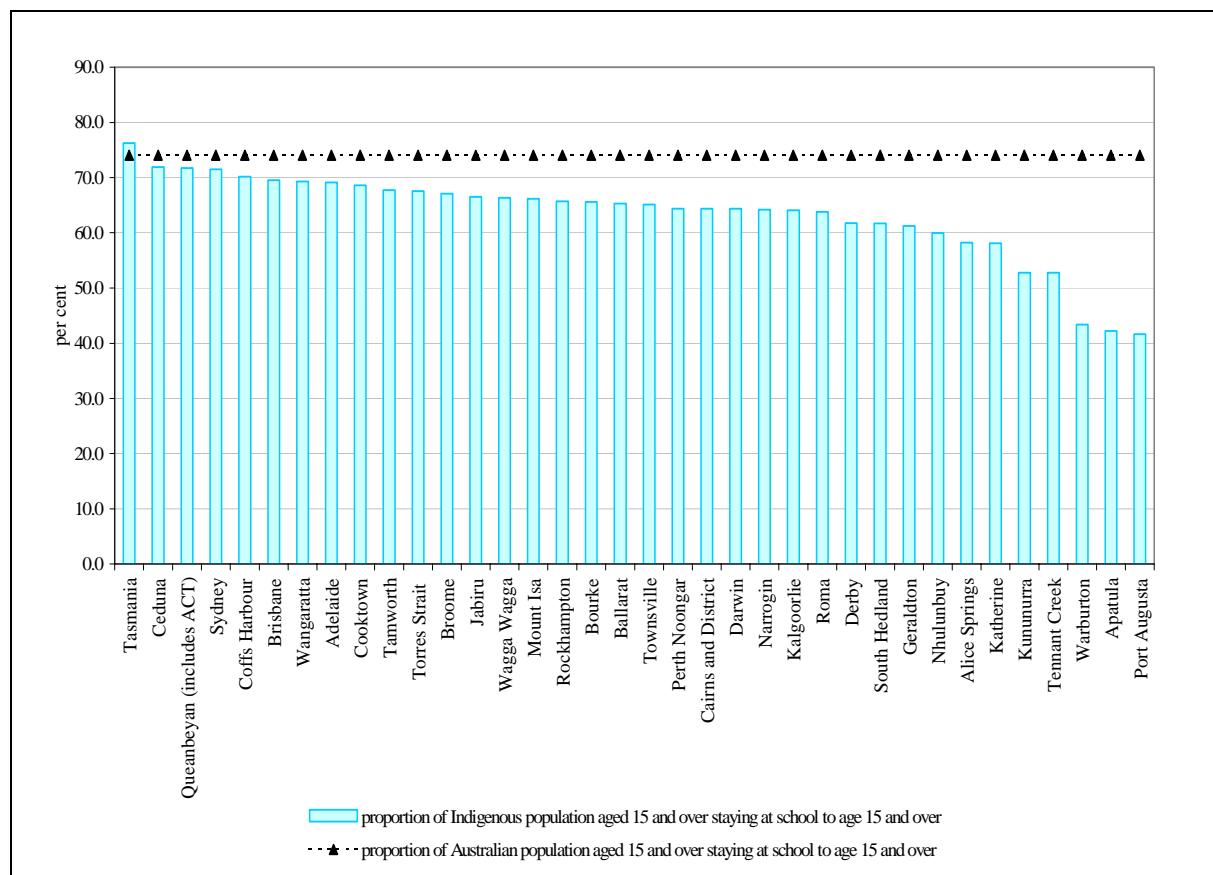
### *Demand and Access Indicators*

18. Tables setting out the estimated indicators are included in the Supporting Material for this Report, together with maps showing the location of schools. Potential demand and physical access indicators reflect the distribution of schools and school aged population. That is, potential demand is greatest and physical access best in ATSIC regions where most Indigenous people live — in the Sydney, Brisbane and other east coast regions.

### *Needs and Outcomes*

19. **The educational status of Indigenous people remains poor relative to that of non-Indigenous Australians.**

**Figure 9-2** PROPORTION OF PERSONS AGED 15 AND OVER WHO STAY AT SCHOOL TO AT LEAST AGE 15, 1996



Source ABS Census of Population and Housing, 1996.

20. **Based on the indicators we measured, we conclude that:**
- (i) **generally, the average need of Indigenous people for schooling appears greatest in the more remote regions and least in the regions with large urban populations; and**
  - (ii) **overall, an appreciable but narrowing gap exists between education outcomes and performance levels achieved by Indigenous and non-Indigenous school students.**

## STRATEGIC DIRECTION AND PERCEPTIONS

### *The Commonwealth's Strategic Direction for Indigenous Education*

21. Notwithstanding the progress of recent years, achieving educational equity for Indigenous people remains a major challenge facing the nation.



22. The agreed policy position between the Commonwealth and the States is that all Australians have the right to an education that allows them to choose from the same range of opportunities. This goal has been endorsed by all Education Ministers, and was reaffirmed at the March 2000 meeting of the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).

23. The approach to Indigenous education aims to make significant progress in closing the gaps in educational outcomes between Indigenous and non-Indigenous Australians by 2004<sup>6</sup>. Improving literacy and numeracy standards and educational attendance is central to the strategy.

24. However, the prevailing view of many Indigenous communities is that education service provision methods are inappropriate for Indigenous students. Indigenous organisations, communities and people have indicated clearly that, if mainstream schooling systems are to deliver better outcomes for Indigenous students, they need to go further in:

- (i) increasing Indigenous involvement (parental and community) in decision making processes concerning the management and delivery of schooling to Indigenous students;
- (ii) improving access for Indigenous students by addressing both physical access and alternative modes of service;
- (iii) removing cultural barriers which result in schools being an unsatisfying experience for many Indigenous peoples — for example, by improving cultural sensitivity in organisational processes, staff attitudes and curriculum (it is noted, for example, that Commonwealth Indigenous-specific funds cannot be spent on cross-cultural appreciation courses for non-Indigenous students);
- (iv) employing and retaining Indigenous staff in schools, both as teachers and as administrative and support staff, to provide role models, improve sensitivity, bridge cultures and give guidance;
- (v) providing incentives for experienced teachers to teach in schools in remote areas or with high proportions of Indigenous students;
- (vi) encouraging greater Indigenous participation in education; and
- (vii) enhancing early childhood and pre-school programs, which are vital in establishing sound education foundations for Indigenous children.

25. Improvements in education are linked in the longer term to improvements in most other functions, especially in the areas of community capacity and general economic

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<sup>6</sup> DETYA Initial Submission, May 2000. At the April 1999 meeting of MCEETYA, Ministers committed to undertake effort required to ensure that Indigenous students achieve equitable and appropriate educational outcomes in school attendance, retention, grade progression, Indigenous employment, TER and awarding of school certificates, by 2004.

development. However, the short term benefits of education such as greater employment outcomes are not obvious in the circumstances faced by many Indigenous people. It is necessary to continue to promote the longer term benefits of education to Indigenous parents and students.

**26. Schools education is almost exclusively delivered as a mainstream service. If mainstream schooling fails to meet the needs of Indigenous students, Indigenous outcomes will fail to match those of non-Indigenous students. Although high level strategies articulate appropriate objectives, it is by no means clear that current mainstream approaches are delivering sufficiently rapid improvements.**

**27. *English language proficiency.*** The issue of Indigenous proficiency in English is fundamental to achieving better educational outcomes. Census data confirms that Indigenous students in urban locations are more proficient in English than rural and remote Indigenous students — in 1996, over 90 per cent of Indigenous people in major urban areas spoke English at home.

28. The issues associated with English language proficiency are complex and resource implications remain an important consideration. The co-ordination of literacy approaches and ESL are important factors that would contribute to raising the level of English proficiency among Indigenous students. Commonwealth attempts to improve the English proficiency of Indigenous students are through the National Indigenous English Literacy and Numeracy Strategy and an English as a Second Language - Indigenous Language Speaking Students program. MCEETYA's National Strategy supports the provision of ESL or English language acquisition programs and teaching strategies, especially in the early years of education. It acknowledges the importance of developing English proficiency as soon as possible (especially in remote areas) so that Indigenous students' education achievements will be greater in subsequent years. MCEETYA's National Strategy also recognises that Indigenous languages should be a foundation on which to base the learning of English.

**29. *Schools and Training.*** Important links exist between schools education and post-secondary training. The provision of post-secondary training in schools can raise Indigenous attendance and retention rates in secondary schools. The findings of the Commonwealth Taskforce established to examine School to Work Transition for Indigenous Australians found that multiple school to work pathways, with various access and re-entry points, were highly relevant to meeting the needs of young Indigenous people. Programs such as 'VET in Schools' are potentially of great value to Indigenous secondary students because they familiarise them with the working world and equip them with useful vocational skills. Indigenous students are often not equipped with the literacy and numeracy skills necessary to undertake training courses outside schools. Training institutions too often have to provide Indigenous students with remedial literacy and numeracy classes as initial elements of their training course and, in so doing, are surrogate secondary schools. For whatever reason, it appears that many Indigenous students prefer to finish their secondary education outside the normal school structure and are looking to the training sector to provide it for them.

## PROGRAMS AND FUNDING

### *Commonwealth Funding for Schooling*

30. Table 9-2 sets out Commonwealth funding of schools education. It shows that Indigenous-specific programs (IESIP and IEDA) represent a very small share of total Commonwealth funding.

### *Mainstream Funding*

31. The general recurrent funding for government schools is provided through grants calculated on a per student basis, with different per student amounts for primary and secondary students. No specific account is taken of Indigenous students' needs for schools education, nor of differential costs of delivery, especially in more remote areas. Funding of the targeted programs is based on the number of students affected, with allowances for different categories of educational disadvantage. As such, allocations of targeted assistance are based on the education needs of all disadvantaged students — but not specifically those of Indigenous students.

32. In the non-government sector, Commonwealth funding has been calculated on a per student basis, with schools and school systems categorised into one of 12 broad needs based funding categories. Funding for non-government schools and systems was changed in 2001 and is now determined by examining the relative socio-economic status of each school community. Targeted programs are funded on the same basis as for government schools. In summary, non-government resource allocations are broadly based on needs, but the needs of Indigenous students are not specifically taken into account.

33. Figure 9-3 sets out a picture of the education function, incorporating the programs summarised above.

### *Indigenous-specific Funding*

34. The Commonwealth funds three Indigenous-specific supplementary programs which cover school students and VET students. They are:

- (i) the Indigenous Education Strategic Initiatives Program (IESIP);
- (ii) the Indigenous Education Direct Assistance Program (IEDA); and
- (iii) ABSTUDY, the Indigenous students' study assistance scheme.

**Table 9-2** COMMONWEALTH SCHOOLS EDUCATION FUNDING, 1998-99

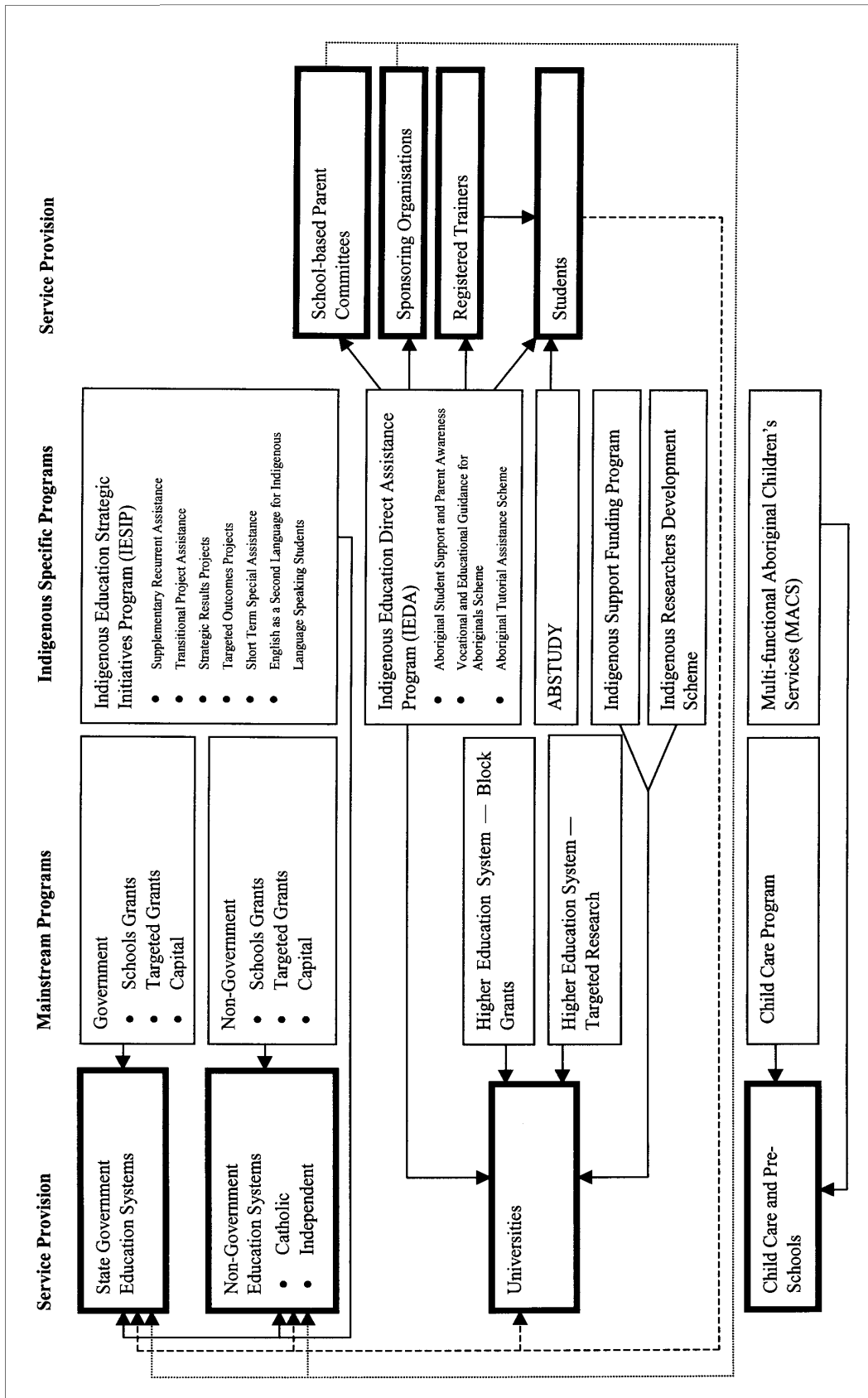
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$pc
<b>MAINSTREAM</b>										
<b>Recurrent</b>										
Government Schools	378.7	261.3	212.7	116.2	83.5	32.6	19.8	13.9	1 118.7	498
Targeted and joint program Govt Schools	106.6	71.1	48.8	27.3	24.6	8.4	3.8	6.2	296.8	
Non-govt schools <sup>(a)</sup>	785.1	637.4	430.6	230.7	177.9	51.4	53.2	21.5	2 387.8	2 489
Targeted program non-govt schools <sup>(a)</sup>	48.7	40.3	18.3	10.9	10.2	2.1	2.2	1.2	133.9	
<b>Capital</b>										
Government schools	75.0	51.0	40.8	22.2	17.4	6.2	3.9	2.8	219.3	
Non-govt schools <sup>(a)</sup>	28.4	24.2	14.5	7.9	6.3	2.1	2.0	0.7	86.1	
<b>Total Mainstream</b>	<b>1 422.5</b>	<b>1 085.3</b>	<b>765.7</b>	<b>415.2</b>	<b>319.9</b>	<b>102.8</b>	<b>84.9</b>	<b>46.3</b>	<b>4 242.6</b>	<b>1 323</b>
<b>IESIP</b>										
Govt schools	16.1	3.6	13.2	11.7	5.5	1.5	0.3	12.3	64.2	684
Non-govt schools <sup>(a)</sup>	6.9	0.9	7.1	7.4	1.0	0.6	0.2	3.7	27.8	2 184
Capital <sup>(a)</sup>	1.9	0.1	3.3	1.5	0.2	0.1	0.0	1.2	8.3	652
	24.9	4.6	23.6	20.6	6.7	2.2	0.5	17.2	100.3	941
<b>IEDA</b>	<b>14.5</b>	<b>3.9</b>	<b>13.2</b>	<b>9.3</b>	<b>3.2</b>	<b>1.7</b>	<b>0</b>	<b>6.2</b>	<b>52.0</b>	<b>488</b>
<b>IESIP and IEDA</b>	<b>39.4</b>	<b>8.5</b>	<b>36.8</b>	<b>29.9</b>	<b>9.9</b>	<b>3.9</b>	<b>0.5</b>	<b>23.4</b>	<b>152.3</b>	<b>1 429</b>
<b>TOTAL</b>	<b>1 461.9</b>	<b>1 093.8</b>	<b>802.5</b>	<b>445.1</b>	<b>329.8</b>	<b>106.7</b>	<b>85.4</b>	<b>69.7</b>	<b>4 394.9</b>	<b>1 370</b>
IESIP funding as per cent of total	%	1.7	0.4	2.9	4.6	2.0	2.1	0.6	24.7	2.3
IESIP and IEDA funding as per cent of total	%	2.7	0.8	4.6	6.7	3.0	3.7	0.6	33.6	3.5
Indigenous 4-17 year olds as per cent of total population	%	3.0	0.8	4.9	4.9	2.6	5.3	1.6	36.9	3.4
State share of IESIP and IEDA funds	%	25.9	5.6	24.2	19.6	6.5	2.6	0.3	15.4	100.0
State share of Indig 4-17 year old population <sup>(b)</sup>	%	28.8	5.8	27.3	14.5	5.7	4.2	0.8	12.9	100.0
<b>ABSTUDY</b>										
Govt schools	\$m	6.6	1.7	7.6	3.8	0.9	1.3	0.9	2.8	25.6
Non-govt schools	\$m	0.5	0.4	4.3	1.4	0.1	0.1	0.1	9.1	16.0

(a) Payments made 'through' the States to non-government schools.

(b) Based on ABS 1996 Census data.

Sources: Commonwealth Budget Paper No.3 and advice from DETYA and Centrelink.

Figure 9-3 EDUCATION FUNCTION



35. *IESIP* is the main Indigenous-specific program. It plays a key role in the Commonwealth's strategy to close the gap between Indigenous and non-Indigenous education outcomes. Table 9-3 shows that *IESIP* funding has grown by 73 per cent in five years — from \$89 million in 1995-96 to \$154 million in 2000-01. It also shows that the government sector (including TAFE) receives about two-thirds of the total *IESIP* resources.

**Table 9-3** IESIP FUNDING, 1995-96 TO 2000-01<sup>(a)</sup>

		1995-96 actual <sup>(b)</sup>	1996-97 actual <sup>(b)</sup>	1997-98 actual <sup>(b)</sup>	1998-99 actual <sup>(b)</sup>	1999-2000 estimated <sup>(c)</sup>	2000-01 estimated <sup>(c)</sup>
<b>Government</b>							
Funding	(\$m)	63.487	64.093	77.989	69.883	96.451	102.120
Proportion	(%)	71.5	66.6	59.0	62.0	61.0	66.4
<b>Non-Government</b>							
Funding	(\$m)	25.361	32.198	54.169	42.882	61.562	51.784
Proportion	(%)	28.5	33.4	41.0	38.0	39.0	33.6
Total	(\$m)	88.848	96.291	132.158	112.765	158.013	153.904

(a) Includes payments to the VET sector.

(b) Converted to an accrual basis.

(c) Includes funding for the ABSTUDY Away from Base program, transferred to *IESIP* in January 2000.

Source: DETYA.

36. *IESIP* agreements between the Commonwealth and providers focus on educational outcomes and on reaching annual educational targets. The agreements require reporting of progress towards achieving those targets. With the passing of the *Indigenous Education (Targeted Assistance) Act 2000* in December 2000, the Commonwealth has:

- (i) strengthened its focus on closing the gaps in educational outcomes between Indigenous and non-Indigenous students<sup>7</sup>;
- (ii) increased parliamentary and public scrutiny of the performance of all education providers in raising Indigenous education outcomes; and
- (iii) more tightly tied funding of education providers to their improved performance.

37. About 70 per cent of total *IESIP* funding is provided as Supplementary Recurrent Assistance (SRA). SRA is allocated on a per Indigenous student basis — but with different amounts for each level of education, for government and non-government schools, and for location (remote and non-remote) as set out in Table 9-4. In general terms, it reflects costs of delivery to Indigenous students.

<sup>7</sup> The objects of the Act effectively restate Goals 14, 15 and 16 of the 1989 National Aboriginal and Torres Strait Islander Education Policy concerning equitable and appropriate educational outcomes for Indigenous people.

38. DETYA advised that the SRA rate differentials between government and non-government schools are in part historically based and in part equity based. The non-government sector was said to rely disproportionately on Commonwealth funding because government schools are essentially funded by State governments.

**Table 9-4 RATES OF SUPPLEMENTARY RECURRENT ASSISTANCE**

Education Level	Government rate \$ per student per annum	Non-government rate \$ per student per annum
<b>Non remote location</b>		
Pre and primary school	300	1 000
Junior secondary	400	1 500
Senior secondary and VET institution	500	1 650
<b>Remote location<sup>(a)</sup></b>		
Pre and primary school	600	2 000
Junior secondary	800	3 000
Senior secondary and VET institution	1 000	3 300

- (a) According to Revised Administrative Guidelines on IESIP (June 1998) remote, includes institutions that are:
- (i) on an island (other than Tasmania, Stradbroke Island, Kangaroo Island, Rottneest Island, or Phillip Island);
  - (ii) in locations that require a journey by road of more than 300 kilometres; a journey by air; or a journey by water; to reach a city with a population of 50 000 or more; or
  - (iii) situated in a township or settlement that is culturally distinct because it is occupied by Indigenous people and managed by a Council constituted by Indigenous people.

Source: DETYA submission to Commission.

39. Table 9-5 summarises actual SRA expenditure on government and non-government schools in the period 1997 to 1999. It shows that per student funding has increased 8 to 10 per cent in two years. It also indicates that the per student funding relativity between the two sectors has changed little over the three years — that is, the non-government funding rate per student has remained between 3 and 4 times that for government students.

40. In addition to the SRA, IESIP includes the Transitional Project Assistance program which maintains historical funding levels in nominal terms for providers who otherwise would have been disadvantaged by funding changes that took effect from 1 January 1997. The other elements of the IESIP are:

- (i) Strategic Results Projects, where funds are distributed on a competitive submission basis; and
- (ii) the English as a Second Language for Indigenous Language Speaking Students Program (ESL-ILSS), where providers receive a once-only payment of \$3079 for each eligible student.

41. We think there are two main issues with IESIP funding.

42. First, the level of IESIP funds is small relative to total funding. Education providers are funded according to the actual number of Indigenous enrolments they attract, but not all Indigenous persons of compulsory school ages enrol at school, especially in remote areas. IESIP funds, therefore, are not contributing directly to initiatives to lift participation in areas where it is below general standards. Actual IESIP funding will fall short of potential demand for IESIP funding for most providers, and the extent of any funding shortfall will vary between regions.

**Table 9-5** SUPPLEMENTARY RECURRENT ASSISTANCE, 1997 TO 1999

Sector	Funding	Indigenous enrolments	Funding per student
	\$m		\$pc
<b>Government Schools</b>			
1997	47.033	84 854	554
1998	51.070	89 864	568
1999	57.341	93 899	611
Ratio of 1999 to 1997	1.22	1.11	1.10
<b>Non-government Schools</b>			
1997	22.570	11 953	1 888
1998	24.115	12 302	1 960
1999	25.858	12 729	2 031
Ratio of 1999 to 1997	1.15	1.06	1.08

Source: Calendar year funding data from DETYA. MCEETYA, *National Schools Statistics Collection*, 1997 to 1999.

43. **Thus, while we recognise that IESIP funding allocations have increased since the mid 1990s, we note that the quantum of IESIP funds distributed to schools education providers:**

- (i) **is small given the disadvantage faced by Indigenous students; and**
- (ii) **makes no allowance for the unmet needs of school-aged Indigenous people.**

44. The second issue concerns the distribution of per student Supplementary Recurrent Assistance. The resource allocation formula reflects student numbers (in total, and the split between government and non-government sectors) and average cost loadings for remoteness and education levels.

45. To target relative needs more effectively, funding distributions need to better reflect the circumstances of regions with respect to:

- (i) differences in education outcomes;
- (ii) differences in staffing input requirements; and



- (iii) other cost variations, including incentives to reduce teacher turnover in remote areas, and higher school operating costs.

The work we have done on costs suggests remote area costs are 35 to 75 per cent above the Australian average. Some extra allowance to reflect levels of disadvantage and to address improved participant outcomes in these areas might suggest an allowance of 250 per cent or more compared with the Australian average level.

46. **The distribution of IESIP funds is not targeted to regions on the basis of needs. It is not clear to us that an allocation to the non-government sector of about one third of total IESIP funds is an appropriate focus on needs, when that sector serves only 12 per cent of Indigenous students. We accept, however, that some additional supplementary assistance to non-government schools could be necessary because that sector is more dependent on financial input from parents, and that Indigenous families often have a low capacity to contribute.**

47. *National Indigenous English Literacy and Numeracy Strategy 2000-2004.* This Commonwealth strategy was announced in March 2000 and \$27 million will be available to fund it over the four years 2001 to 2004. Its objective is to achieve levels of English literacy and numeracy for Indigenous students comparable to those achieved by other young Australians. It is expected that this objective will be achieved by education providers making more effective use of the resources available under State and Commonwealth education funding programs to:

- (i) lift school attendance rates of Indigenous students to national levels;
- (ii) address effectively the hearing and health problems which undermine learning for a large proportion of Indigenous students;
- (iii) provide, where possible, preschooling opportunities;
- (iv) train sufficient numbers of teachers in the skills and cultural awareness issues necessary to be effective in Indigenous communities and schools, so that they might be encouraged to remain for reasonable periods of time;
- (v) ensure that teaching methods known to be most effective are employed; and
- (vi) institute transparent measures of success as a basis for accountability for schools and teachers.

48. *IEDA.* This program comprises the Aboriginal Tutorial Assistance Scheme, the Vocational and Educational Guidance for Aboriginals Scheme, and the Aboriginal Student Support and Parent Awareness (ASSPA) program. IEDA funds are allocated across States using a formula based approach which incorporates Indigenous enrolment numbers and loadings for remoteness. While IEDA funding is broadly based on actual demand, adjusted for delivery costs, resource allocations do not specifically address the educational disadvantage of Indigenous students.

49. There were 3839 ASSPA Committees in 1999, covering approximately 90 per cent of all eligible Indigenous students. They aim:

- (i) to improve educational outcomes and participation for Indigenous school students; and
- (ii) to increase the participation of Indigenous parents in education decision making.

The October 2000 Review of IEDA undertaken by consultants engaged by DETYA found the ASSPA Committees to be effective in achieving both their aims. Our consultations suggested that this positive assessment was not shared by all at the community level.

50. **ABSTUDY** is a demand driven income assistance scheme which provides a living allowance and a range of supplementary benefits to full time Indigenous secondary and tertiary students, and some primary students. The living allowance component of ABSTUDY is income tested, based on personal income and income received by parents/guardians or a partner. Some supplementary benefits are also available to part time, mature aged secondary students.

51. In its 1999-2000 Budget, the Commonwealth provided \$59.8 million under ABSTUDY to assist Indigenous students.

52. From 1 January 2000, the ABSTUDY scheme was changed to align benefits payable to Indigenous students with those payable to non-Indigenous students, unless the disadvantage addressed by the benefit is unique to, or disproportionately concentrated on Indigenous students<sup>8</sup>. The changes also meant that ABSTUDY beneficiaries gained access to Pharmaceutical, Rent Assistance and Remote Area Allowances.

53. There is disagreement about the impact of changes to the ABSTUDY scheme, and both Indigenous communities and teaching staff expressed the view that the changes have caused:

- (i) critical and costly administration problems for education providers; and
- (ii) negative impacts on the Indigenous population by creating disincentives for them to participate in education programs.

54. The Australian Education Union submitted that the changes have created a number of serious problems. We were also told that a recent study done for ATSIC<sup>9</sup> concluded that:

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<sup>8</sup> Media Release of 23 September 1999 by Minister for Education, Training and Youth Affairs, *ATSIC Report is Wrong — ABSTUDY helps Indigenous students in Need*.

<sup>9</sup> *ABSTUDY 2000 Report — Dissemination and Alternative Support for Mature Age Indigenous Students*, August 2000.

- (i) the overall impact of the changes eroded the nature of ABSTUDY as a specialised scheme which allowed for the circumstances particular to Indigenous communities; and
- (ii) although the new arrangements had only a minor impact on students under 21 years, the growth in Indigenous enrolments in Higher Education had slowed considerably.

55. On the other hand, DETYA has advised that:

- (i) to the end of September 2000, there was no discernible difference in the numbers assisted under ABSTUDY after the changes; and
- (ii) over 9000 students are now receiving funding through the Rent Assistance and Remote Area Allowances that were previously unavailable to ABSTUDY students.

The Department said that over 80 per cent of ABSTUDY beneficiaries should either gain or experience little or no change as a result of the new arrangements.

56. *Child care services.* The Commonwealth supports the provision of mainstream child care services through child care centres, outside school hours care (including school holiday programs), family day care schemes, occasional care services and a range of flexible services, some of which have an Indigenous focus. Financial assistance is also provided to help meet the cost of care. About 1 per cent of mainstream child care places are taken up by Indigenous children.

57. Where mainstream child care services are unavailable or inappropriate, special services are funded to meet the needs of Indigenous children. These services may be provided separately or through the Multi-functional Aboriginal Children's Services (MACS) program which is funded by the Commonwealth and has been established in 37 locations, including 27 in rural and remote areas.

### *State Policies and Programs*

58. Primary responsibility for the delivery of schools education services rests with the State governments and the many bodies that operate non-government schools under State authorisation. States have developed equity policies and programs aimed at providing quality schooling for all students, irrespective of their circumstances.

59. The States provide some funds for Indigenous-specific education programs from their own sources. This is both mainstream funding and funding designed to achieve greater equity for Indigenous students — either as a specific group or with other disadvantaged students. For example, New South Wales estimates its Aboriginal Education program will cost \$34.4 million (including \$19.4 million from the Commonwealth) to run in 2000-01, but it has also budgeted to spend \$657 million on other programs for disadvantaged students generally.

60. **State funding processes.** The basis on which education resources are distributed within States varies, depending on the State and the nature of the funds.

61. In general, base funds for schools are allocated on the basis of enrolments, and supplementary funding is provided on the basis of socio-economic disadvantage, location, poor literacy or numeracy skills, and other characteristics of schools and students. These supplementary amounts often provide extra resources for Indigenous students because they are part of the target groups. However, it is likely that Indigenous students do not access those programs at a rate consistent with their disadvantage. In addition, research<sup>10</sup> and State practice indicate that the general indicators of disadvantage, especially socio-economic status, do not fully explain the disadvantage faced by Indigenous students and, as a result, Indigenous-specific funds are required to address their needs.

62. Indigenous-specific funds are also provided on many bases, varying from numbers of students to submissions, and including advice from the relevant Department's Indigenous education unit. For example, of the \$34.4 million budgeted for its Indigenous-specific programs in 2000-01, New South Wales plans to spend \$10.7 million on wages of Aboriginal Education Assistants (AEAs). The AEAs are then assigned to schools with Indigenous enrolments at the rate of one AEA for 30 Indigenous enrolments and 2 for 80 enrolments. Literacy funds (\$3 million in total) are allocated to education districts on the basis of enrolments, then to schools based on submissions.

63. Table 9-6 sets out funding of schools education and Indigenous-specific programs by New South Wales, Victoria, Western Australia, South Australia and the ACT, and by the Commonwealth for those States. We were not able to get the relevant data for the other States. The table shows that less than one per cent of total schools education expenditure in those States was on supplementary Indigenous-specific programs. It also shows that about 60 per cent of the identified Indigenous-specific expenditure was sourced from the Commonwealth.

64. Generally, State funding processes are characterised by many small programs, each with its own reporting requirements, with allocations often based on submissions and funding often being provided for short periods. One State submission identified 18 State funded Indigenous-specific education programs, seven of which had Statewide budgets of less than \$70 000.

65. **School level processes.** Increasingly, States are adopting policies of school based management. Under these arrangements, the school can use its funds as it considers best in its circumstances. This has many advantages but it reduces central control over how funds are used, except through the introduction of outcomes based measures. It gives parents, through School Boards, a greater say in school management. As far as Indigenous-specific services are concerned, Indigenous parents could also have greater influence if they are effectively represented.

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<sup>10</sup> Schwab, RG, *Why Only One in Three? The Complex Reasons for Low Indigenous School Retention*, CAEPR Research Monograph No.16, 1999.

**Table 9-6** ESTIMATED GOVERNMENT SCHOOLS EDUCATION EXPENDITURE, 1998-99

Expenditure category	Amount
	\$m
Selected States <sup>(a)</sup> expenditure on government pre-schools	251.8
Selected States <sup>(a)</sup> expenditure on government primary schools	4 197.2
Selected States <sup>(a)</sup> expenditure on government secondary schools	3 914.3
Total expenditure	8 363.3
Total expenditure by Commonwealth on identified Indigenous-specific programs <sup>(b) (c)</sup>	39.8
Total expenditure by States on identified Indigenous-specific programs <sup>(b)</sup>	29.0
Total expenditure on identified Indigenous-specific programs	68.8
Indigenous-specific programs as a proportion of all expenditure	0.8 %
Commonwealth proportion of identified Indigenous-specific programs	57.8 %
(a)	Estimates based on submissions and CGC data for New South Wales, Victoria, Western Australia, South Australia and the ACT.
(b)	Where necessary, amounts are estimated based on another year's expenditures.
(c)	Of New South Wales, Victoria, Western Australia, South Australia, and the ACT.

66. Education Queensland recently released its *Partners For Success* strategy which is designed to enable schools and their communities to collaboratively develop solutions that are responsive to local circumstances. An essential part of the strategy will be the dissemination of information to schools on practices that have proved successful. The strategy falls within the Statewide monitoring and accountability framework established for the *Education Queensland Strategy 2010*.

67. Queensland argues that where there is a great deal of interaction and collaboration between parents and schools in communities, and where the community feels a sense of ownership about the school, students achieve better outcomes, are more highly motivated and less likely to truant or to leave school early<sup>11</sup>.

68. In South Australia, the *Partnerships 21* model for local management of schools, under which funding is provided via a global budget process, builds on existing processes for decision making on school level policies, priorities and strategic directions. It also involves community participation in strategic and budget planning, and the monitoring of school and preschool performance. The community is able to express views about the performance and operation of the preschool or school. Staff and students are also involved in the decision making. It is argued that the increased participation of students in the decision making process and school reviews will give them a greater sense of citizenship, and a commitment to making a valuable contribution.

<sup>11</sup> This is not restricted to Queensland. The strong positive link between greater involvement by Indigenous parents and the educational performance of Indigenous students was emphasised throughout our consultations.

### *Effect of Geographic Location on Costs*

69. The costs of providing services in remote and isolated areas are much higher than in other areas. This is the result of many factors, including the high costs of transport, communication, freight and general maintenance, and the necessity to offer more attractive salaries and conditions (including housing) to attract and keep staff in those areas.

70. An objective regional allocation of resources should allow for such unavoidable cost differences. We have done some work on preparing suitable indicators of cost differences for education services.

71. By way of illustration, Figure 9-4 shows the relative costs per student of providing secondary school services. Relative costs have been calculated as the average cost per secondary student in each postcode, divided by the Australian average cost per secondary student. Since the calculations have been based on actual costs, interstate comparisons must be treated with caution because they can be influenced by differences in State policies on such things as the level of salaries and locality allowances paid to teachers. Comparisons within each State, however, are more reliable. The figure confirms that costs are up to 75 per cent higher in remote areas.

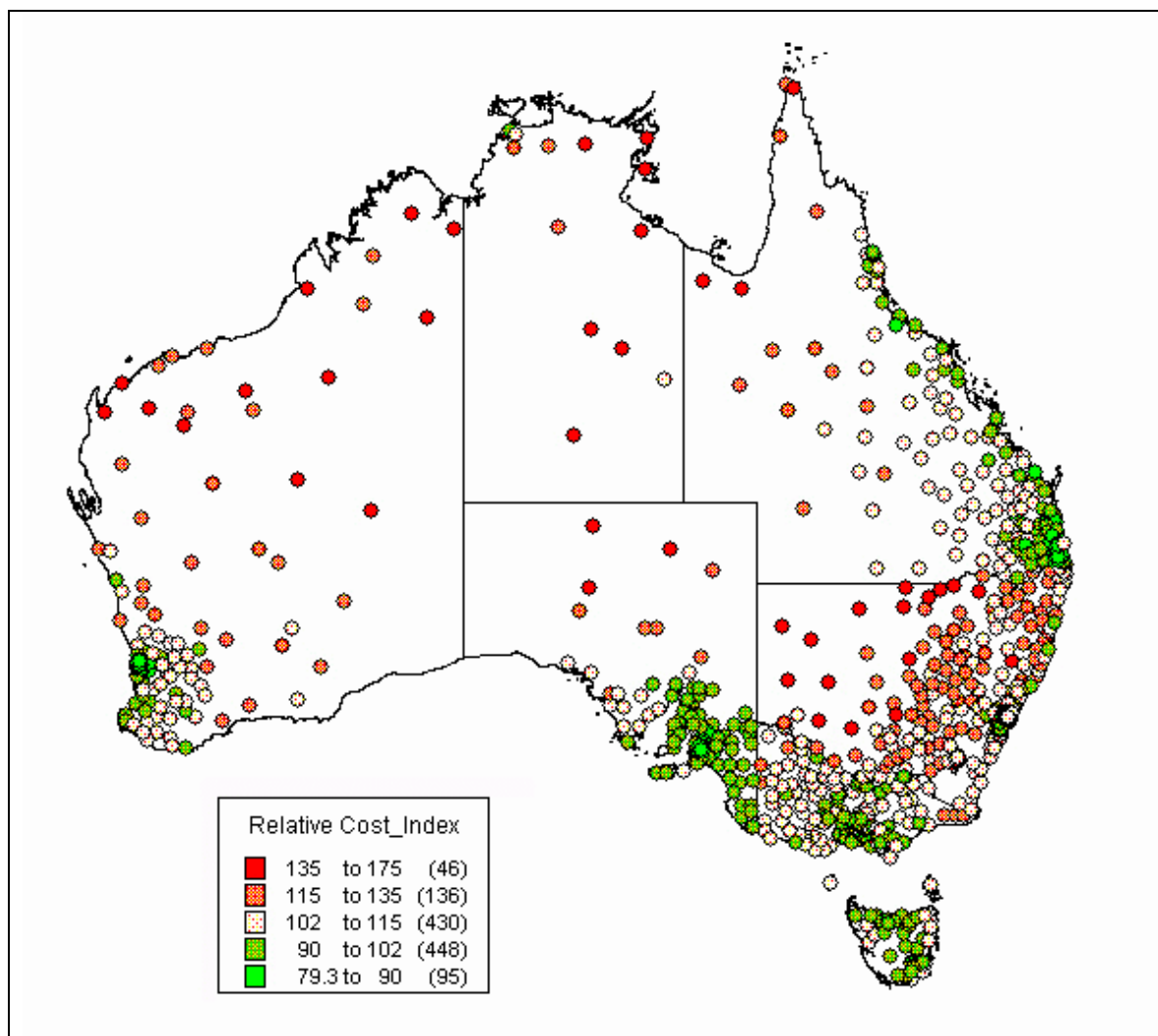
### *Conclusions on Funding Processes*

72. The Commonwealth uses several methods for determining funding entitlements under its schooling programs, but most are variations on a simple per student funding formula. Some have regard to differential delivery costs (for example, the IEDA remoteness factors and the IESIP SRA per student funding rates for remote and non-remote schools); while others broadly reflect overall student numbers and socio-economic factors (for example, non-government schools mainstream funding).

73. The States generally allocate their base funds for schools on the basis of enrolments, and provide supplementary funding based on socio-economic disadvantage, location, poor literacy or numeracy skill, and other features of the students and the school.

**74. The resource allocation methods used by the Commonwealth and the States to address Indigenous educational disadvantage do not target the specific needs of Indigenous students across regions. While the distribution of Commonwealth general recurrent funding for government schools is based on different per student funding rates for primary and secondary students, there is some concern that differential costs of delivery are not taken into account, particularly in more remote areas.**

**Figure 9-4** LOCATION COST INDEX FOR SECONDARY EDUCATION DELIVERY



### HIGHER EDUCATION

75. Higher education (universities) is a State function for which the Commonwealth has accepted full funding responsibility (although States provide small amounts of funding). Higher education is important to the improvement of the socio-economic status of the Indigenous peoples, but we have not examined this sector in depth.

76. In 1999, about 1.3 per cent of university students were Indigenous (about 8000 Indigenous students). This was many more than it was twenty years ago. But it was much less than the proportion of Indigenous people in the population.

77. According to the 1996 Census, only 1.5 per cent of the Indigenous population aged 15 and over have a bachelor degree, compared to 7.7 per cent of the total population in that age group. Furthermore, only 0.2 per cent of the Indigenous population aged 15 and over reported having a higher degree, compared to 1.4 per cent of the total population.

### ***Indicators of Indigenous Demand and Outcomes***

78. The Commission has calculated, at ATSI region level, a number of indicators which focus on Indigenous demand for and outcomes from higher education. As for schools, we used ABS 1996 Census data for these calculations, mainly because other data do not merge well with Census data. Those indicators, set out in the Supporting Material for this Report, suggest that:

- (i) potential demand by Indigenous people for higher education is highest where most Indigenous people live — the most urbanised and the east coast regions; and
- (ii) higher education attainment by Indigenous people is generally highest in the most urbanised regions; but
- (iii) compared with the rate of tertiary qualifications attained by the total Australian population, tertiary outcomes for Indigenous people in all regions are poor, and are worst in the more remote regions.

### ***Funding***

79. Almost all Commonwealth funding of Higher Education is paid through block operating grants. Very small Indigenous-specific amounts are provided through the Indigenous Support Funding Program (Higher Education System), and the Indigenous Researchers Development Scheme (Targeted Research). The details of Commonwealth funding of Higher Education in the year 2000 included in the Supporting Material for this Report show that Indigenous-specific funding is less than 0.5 per cent of total Commonwealth outlays on higher education.

## **CONCLUSIONS**

80. We have reached the following main conclusions in relation to schools education.

- (i) The educational status of Indigenous people remains poor relative to that of non-Indigenous Australians. Although there is evidence that outcomes are improving, the data confirm that Indigenous students still experience widespread disadvantage.



- (ii) Based on the indicators we measured, we conclude that:
- generally, the average need of Indigenous people for schooling is greatest in the more remote regions and least in the regions with large urban populations; and
  - overall, an appreciable but narrowing gap exists between education outcomes and performance levels achieved by Indigenous and non-Indigenous school students.
- (iii) Schools education is almost exclusively delivered as a mainstream service. If mainstream schooling fails to meet the needs of Indigenous students, Indigenous outcomes will fail to match those of non-Indigenous students. Although high level strategies articulate appropriate objectives, it is by no means clear that current mainstream approaches are delivering sufficiently rapid improvements.
- (iv) In mid 2000, the Commonwealth stated that its policies for Indigenous education were aimed at making significant progress to closing the gaps in educational outcomes between Indigenous and non-Indigenous Australians by 2004.
- (v) However, State government and non-government education providers are responsible for providing education services for all Australians. The Commonwealth's strategy in Indigenous education focuses on making funds available to the education providers under specified conditions and monitoring the performance of the education providers towards achieving the desired outcomes.
- (vi) While the level of funding made available for programs to address specific Indigenous disadvantage has increased since the mid 1990s, it remains small in comparison with the level of disadvantage.
- (vii) Commonwealth general recurrent funding for government schools reflects primary and secondary student numbers but does not allow for differential costs of service delivery. Commonwealth funding for Indigenous-specific programs is allocated on the basis of student numbers, but Indigenous-specific funding is not targeted to regions on the basis of relative need. It is not clear that the allocation of Indigenous-specific funds between the government and non-government sectors is consistent with need.
- (viii) The allocation processes adopted by the States are also largely driven by demand and cost factors.