BACKGROUND

This paper is based on written briefings provided by ISCA and an initial analysis of budget papers by AISSA. Further details will be provided as they become available.

The 2008/09 Budget focuses on election commitments through the *Education Revolution* policy statement. The Government’s plan to improve education and training covers early childhood education through to universities.

**2009-2012 QUADRENNIUM**

The Government has again committed to a minimum of $42 billion for the 2009-12 quadrennium with legislation to be considered by Parliament this year. The current SES funding arrangements for non-government schools will be retained.

In addition to the $42 billion, negotiations will continue through the COAG process to develop National Partnership payments for disadvantaged government and non-government schools. These payments will be in addition to the base commitment of $42 billion and will be included in the quadrennial legislation or in the 2009 budget depending on the COAG timelines.

The Federal Budget primarily deals with annual appropriations. The bulk of funding for non-government schools (general recurrent grants, capital grants, and Targeted Programs) are appropriated through special appropriations currently governed by the *Schools Assistance (Learning Together – Achievement Through Choice and Opportunity) Act 2004*.

New legislation governing funding for the 2009-12 quadrennium will need to be passed through Parliament prior to the end of 2008 to ensure funding continuity for schools. This will clarify the future of the current Targeted Programs. It is anticipated that the Government will also be undertaking a consultation process prior to the introduction of this
legislation and in light of the legislative timeframe we expect consultation to commence shortly. The current legislation operates until December 2008.

PARENTS: EDUCATION TAX REFUND

The Government will introduce a 50% Education Tax Refund on eligible educational expenses from 1 July 2008. Eligible families can claim up to $750 for each child undertaking primary studies (i.e. $375 per child per year) and $1,500 for each child undertaken secondary school studies (i.e. up to $750 per child per year). These amounts will be indexed annually.

Items covered by the rebate include:

- laptops
- home computers and associated costs
- home internet connections
- printers
- education software
- trade tools for use at school
- school text books and
- stationery

Eligible families include parents who receive the Family Tax benefit A or whose children receive the Youth Allowance or related payment.

EARLY CHILDHOOD

Key initiatives in the 2008/09 budget include:

- $115 million over four years to build the first 38 of 260 planned child care centres in priority areas. The remaining 222 centres will form part of a National Partnership agreement with the States;

- $533.5 million over five years to provide a universal preschool year for all four year old children, including Indigenous children in remote communities. By 2013 all four year olds will have access to 15 hours a week of play based learning, delivered by a degree qualified early childhood teacher, for 40 weeks per year;

- $2.5 million in 2008/09 to establish an Early Learning Years Learning Framework. The framework will provide nationally consistent standards for the delivery of quality early childhood learning that emphasizes play-based learning and pre-literacy and pre-numeracy skills;

- $22.2 million over four years to develop national standards in child care, including a five category rating system;

- $53.9 million over four years to fund additional Commonwealth supported university places for early childhood education qualifications and $60.3 million over four years to remove fees from 2009 for the Diplomas and Advanced Diplomas of Children’s Services courses delivered at TAFE;
• 20.2 million over four years for the development of the *Australian Early Development Index* which will assess every starting primary school student in the government and non-government sectors. The objective of the Index is to enable communities and schools to effectively tailor their resources and programs to meet the development needs of children;

• $27.1 million over four years for the *Helping Parents Prepare their Children for School-Home Interaction Program* for disadvantaged children aged three to five years; this will be delivered in co-operation with the Brotherhood of St Lawrence;

• $12.4 million over three years to provide Higher Education Contribution Scheme-Higher Education Scheme-Higher Education Loan Program remission of 50% to all early childhood education teachers working in a regional, remote or in a higher disadvantaged area (valued at $1,600 per year for five years);

• $25.6 million over four years to ensure all four year olds obtain a health check, commencing in 2008;

• $4.5 million over five years to develop guidelines on nutrition and physical activity.

**SCHOOLS**

Budget initiatives include:

• $577 million over four years to improve literacy and numeracy outcomes for students in schools, following the Government’s commitment to a *National Action Plan for Literacy and Numeracy*. Details of supporting initiatives are to be finalized during 2008 with the States and non-government school systems;

• $17.2 million to establish a *National Schools Assessment Data Centre*. The Centre will collect data and report on key performance measures for schools, as agreed by the Council of Australian Governments, to ensure transparent and timely national assessment and reporting of literacy and numeracy outcomes for school students;

• $1.2 billion over five years for the *National Secondary School Computer Fund* to provide up to $1 million per school to deliver computers and communications technologies to all students in Years 9 to 12, as part of the Government’s Digital Education Revolution. In addition, funding will be provided for collaborative work between the Commonwealth, State and Territory governments and non-government school systems and industry to develop a unified technical framework and to fund administration costs of Block Grant Authorities (BGA’s) which will manage funding for non-government schools.

• The Digital Education Revolution policy statement also includes:
  
  o $32.6 million over two years to develop online curriculum content that will support the national curriculum and conferencing facilities for specialist subjects such as languages;
$100 million over five years to support the deployment of broadband fibre connections to schools with speeds of up to 100 megabits per second

funding to work with States and Territories and the Deans of Education to ensure that new and continuing teachers have access to training in the use of ICT that enables them to enrich student learning; and

funding to develop web portals which will enable parents to participate in their child’s education;

- $6.4 million to promote school-business linkages and $5 million to establish mentoring programs;
- $20 million to establish the National Curriculum Board;
- $457 million on school capital works in 2008-09 and $1.7 billion over four years committed to maintenance and infrastructure for schools;
- $2.5 billion over ten years to provide secondary schools with grants of between
- $500,000 and $1.5 million to build Trade Training Centres or upgrade trade training facilities to enhance vocational training for students in Years 9 to 12;
- $16 million additional funding for Orthodox Jewish schools, based on their unique needs and anomalies in their funding arrangements;
- $62.5 million over four years will be allocated to build facilities to be shared between schools under the Local Schools Working Together Program. Twenty five (25) will be funded to build facilities such as computer and science laboratories, libraries, sporting facilities, music and performing arts centres, VET workshops and specialist language facilities. The facilities will be located in high population growth areas and where there is capacity to share facilities;
- $62 million over three years for the National Asian Languages and Studies in Schools Program. The funding will support the study of Japanese, Indonesian, Mandarin and Korean languages by providing additional Asian languages classes in high schools and additional teacher training and support;
- $481 million over next four years, to the Solar Schools Program;
- $98.1 million over four years for school grants for on-the-job training to enable Year 9-12 students engaged in VET to participate in on-the-job training one day a week for 20 weeks per year;
- $17.6 million for a pilot with State and Territory governments and non-government education authorities and parents to improve school enrolment and attendance linked to welfare reform.

Funding for the National School Chaplaincy program, Drought Assistance for Schools program, and the Australian Government Quality Teacher Program are included for 2008/09. The Helping Children with Autism project is funded over five years from 2007/08 to 2011/12

**INDIGENOUS EDUCATION**

The Government will provide:

- $28.9 million over four years towards the construction and operation of three new boarding colleges for Indigenous secondary school students in Years 8-12 in the Northern Territory;
- $56.4 million over four years to expand intensive literacy and numeracy programs in schools for Indigenous students;
- $98.8 million over five years to provide 200 additional teachers to assist in the education of up to an additional 2,000 additional students of compulsory school age who are not currently enrolled in schools in the communities affected by the Northern Territory Emergency Response;
- $16.6 million over four years for additional early learning and informal parenting services for Indigenous children and their families across Australia;
- $19.1 million for the Northern Territory to provide professional development for teachers to enhance their skills to teach literacy and numeracy to Indigenous students;
- $74 million for 2008/09 for a school nutrition program as part of the education package for the Northern Territory.

**HIGHER AND FURTHER EDUCATION**

New initiatives include:

- $1.9 billion over five years to deliver up to 630,000 additional training places in the vocational education and training sector to help address current and future skills shortages;
- $626 million over four years to reduce the cost of studying mathematics and science at university and provide a 50 per cent reduction in HECS repayments for new science and mathematics graduates who undertake work in a relevant field, such as mathematics or science teaching. Form 1 January 2009 HECS for commencing Mathematics and Science students will be reduced from $7,260 to $4,077. New mathematics and science graduates will also be eligible for a 50% reduction in their HECS repayments if they pursue a career in the field, including teaching;
- $249 million over four years to phase out full-fee paying domestic undergraduate places at public universities; and
- $239 million over four years to double the number of undergraduate Commonwealth Scholarships from 44,000 to 88,000 by 2012.
EDUCATION INVESTMENT FUND

A new Education Investment Fund has been established; this absorbs and extends the Higher Education Endowment Fund, (HEEF). The Education Investment Fund will provide financing for capital investment in higher education and vocational education and training. Subject to final budget outcomes in 2007-08 and 2008-09, the Government will make an initial contribution to the fund of $5 billion, bringing its total to around $11 billion.

In the future, this fund could be extended to include school infrastructure as further contributions are made to the fund.

OTHER PORTFOLIOS

Australian Broadband Guarantee

The Government will provide up to $270.7 million over four years to provide access to broadband services in regional and remote communities and black-spot areas. The Government has committed (Australian Broadband Guarantee) up to $4.7 billion to build minimum speeds of 12 megabits per second to 98% of homes and businesses.

This commits the Australian Government to establish a National Broadband Network to provide high speed broadband services to 98% of Australian homes and businesses.

National Framework for Protecting Australia’s Children

$2.6 million over three years to develop a national framework for protecting children against abuse and neglect; this will include the collection of nationally consistent child protection data.

Schools Security Program

$25 million over five years to improve the security at some schools.

Cyber-safety Plan

$125.8 million over four years to establish the Cyber-safety Plan to combat on-line threats and protect children from inappropriate material on the internet; this will include education programs for teachers and the community, Internet Service Provider level filtering, etc.

Pandemic Preparedness

$4.7 million over two years to implement a whole of government approach to pandemic preparedness in Australia.

Changes to the Calculation of Taxable Income

Salary sacrifice contributions made to superannuation will be added to the income test used to determine eligibility for a range of government financial assistance programs. This includes family assistance, child support and superannuation co-contributions. For family assistance payments the net value of employer provided reportable fringe benefits is currently used. From 1 July 2008, this will change and the gross value will be used, that is
reportable fringe benefits will be included in the calculation. The gross value already applies in working out a person's income for child support purposes, so the new treatment of reportable fringe benefits for family assistance will more closely align the income definitions for family assistance and child support.

The change is designed to resolve an inconsistency in the treatment of non-wage remuneration in the income tax system that allows individuals who employ a salary sacrifice strategy to access more government support payments than would be possible for someone who takes their salary as income. However, this may prove to be a significant issue for some staff in independent schools.

**Changes to FBT Arrangements**

The Government will tighten the current Fringe Benefit Tax (FBT) exemption for certain work-related items (including laptop computers, personal digital assistants and tools of trade) by ensuring the exemption only applies where these items are used primarily for work purposes. The FBT exemption will generally be limited to one item of each type per employee per year. The measure will apply to items purchased after 7.30 pm (AEST) on 13 May 2008. The measure reduces the FBT concession and tax expenditure for work-related items. This measure will have an ongoing gain to revenue which is estimated to be $650 million over the forward estimates period. This measure is also expected to increase GST payments to the States by $120 million over this period.

The measure will ensure consistency with the rules applying to mobile phones, computer software, and protective clothing. The current list of FBT exempt work-related items will also be updated to reflect changes in technology.

The Government will also deny employees depreciation deductions for FBT exempt items (that is, items purchased primarily for work purposes) purchased from 7.30 pm (AEST) on 13 May 2008. For items purchased before that time, employees will be denied depreciation deductions for the 2008-09 and later income years. This measure will ensure that employees are no longer able to gain a double benefit by obtaining an FBT exempt item (such as a laptop computer) from their pre-tax income, and then claim a deduction for depreciation.

**FUTURE OF SOME PROGRAMS?**

It appears from the budget papers the following programs have been abolished or had their funding reduced:

*National Literacy and Numeracy Vouchers Program*. The Program will only be implemented for the calendar year 2008 for students who did not achieve the year 3, 5 or 7 literacy or numeracy benchmarks in 2007, as well as those who were formally exempt from benchmark reading. It will provide $700 tuition in reading, writing or numeracy.

*Rewarding Schools for Improving Literacy and Numeracy*. This program has been abolished.

*Summer Schools for Teachers Program*. This program will be abolished.

*Teaching Australia: Australian Institute for Teaching and School Leadership*. Funding for *Teaching Australia* in the Budget totals $18.8 million over the four years to 2011-12. The Government has decided in the 2008-09 Budget to reduce the funding to *Teaching Australia*
while a review is undertaken. Funding for *Teaching Australia* will be reduced by $2.6 million in the first year but will then increase over the forward estimates. As a result of the review and funding reductions, *Teaching Australia’s* activities will initially be constrained.

Abolition of supplementary funding for the *Financial Literacy Foundation*.

Redirection of funding from the *Green Vouchers for Schools* to the *National Solar Schools Plan*. The latter plan will provide grants of up to $50,000 to all schools to install solar panels and invest in energy and water saving improvements.

Redirection of funding from the *Healthy Active Australia—promoting healthy living program* to the new initiatives related to reducing childhood obesity.

Redirection of residual funding from the Career Advice Australia program to two new programs: *Mentors for Our Students and Enterprise* and *Career Education-School Business Linkages*. The mentoring program will pilot the use of recently retired trades people and professionals (volunteers) sharing their knowledge and skills with younger Australians. Grants of up to $50,000 each year will be available to 25 communities on a competitive basis to establish the pilot program through existing Local Community Partnerships. Funding will meet training and associated costs for mentors.

The *Enterprise and career Education-School Business Linkages* program will strengthen partnerships between schools and businesses to provide relevant work and training programs for vocational education and training in schools. The budget papers also indicate that $51.2 million will be allocated over two years to extend the Career Advice Australia program which provides access to career information. $6.4 million will be provided over four years to strengthen partnerships between schools and businesses and improve vocational education and training in schools. The program will also develop a Job Ready Certificate for students and help provide students with relevant work placements and industry experience.

*Rationalization of Australian Technical Colleges*. Existing funding agreements with 24 Australian Technical Colleges will be honoured until their expiration on 31 December 2009. DEEWR is working with the Colleges to consider how they can best be integrated into the broader education and training effort.

**SUMMARY**

There were no significant gains in the budget for Independent schools. Most of the new initiatives have been announced as part of the ALP election commitments. (E.g. National Secondary School Computer Fund, Trade Training Centres).

It is important to note the emphasis on early childhood services. There is little in the budget for the primary years of schooling.

The future of Targeted Programs beyond 2008 will be clarified when the legislation for the next funding quadrennium (2009-2012) is presented to Parliament.
The notion of *working families* and the introduction of means testing on some government payments could have some implications for future funding arrangements for non-government schools as it may set the context for the review of this funding.

There is a strong emphasis on the improved in educational outcomes and the identification of performance indicators and fairness and equity as underpinning principles guiding the distribution of funds.

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