7

Funding

7.1 State and territory governments are responsible for the delivery and regulation of schooling to all children of school age in their jurisdictions. States and territories determine curriculums, register schools, regulate school activities and are directly responsible for the administration of government schools. Non-government schools operate under conditions determined by state and territory government registration authorities.[1]

7.2 Government schools receive the majority of their public funding from their state or territory government, with the Federal Government providing supplementary funding. Non-government schools receive the majority of their public funding from the Federal Government, with state and territory governments providing supplementary funding.[2]

7.3 This chapter outlines the funding arrangements for schools, engagement and mentoring programs, and students living away from home for study. It explores the costs of boarding and the Federal Government funding available to meet these costs. It also considers the challenges experienced by Indigenous families when applying for ABSTUDY, as well as the way in which elements of the administration of ABSTUDY can negatively impact both students and schools.

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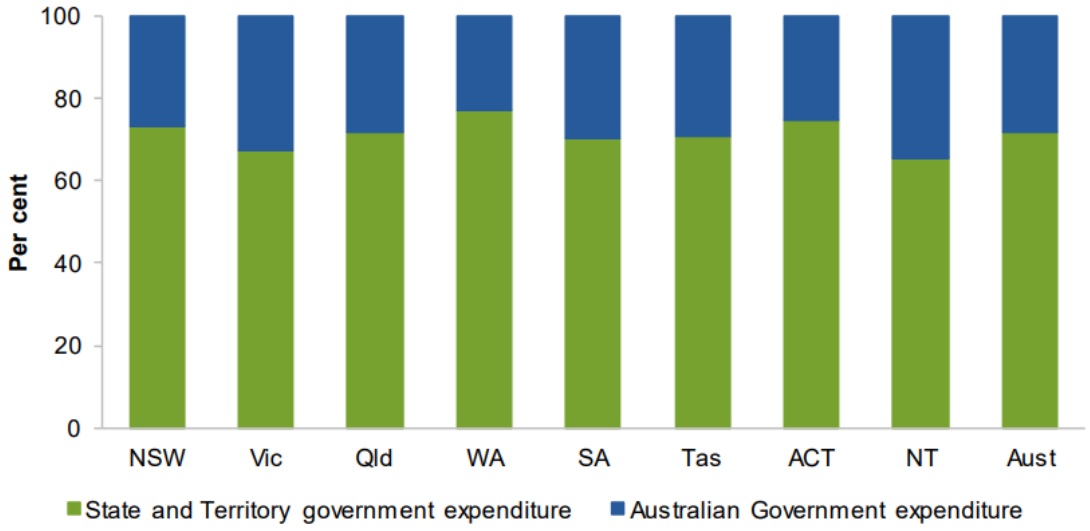
1 Department of Education, 'Funding for schools', https://www.education.gov.au/funding-schools, accessed 3 August 2017.

2 Department of Education, 'Funding for schools', https://www.education.gov.au/funding-schools, accessed 3 August 2017.

Federal, state and territory expenditure

7.4 In 2014–15, Federal, state and territory governments' total recurrent expenditure on school education was $53 billion, of which state and territory governments provided 71.9% (Figure 7.1).[3] However, this report will primarily consider Federal Government funding.

Figure 7.1 Proportion of total school education government recurrent expenditure, 2014–15



Source *Productivity Commission, Report on Government Services 2017, Volume B: Child care, education, and training, p. 4.3.*

Federal Government funding

7.5 Recurrent funding for schools is calculated with reference to a school's Schooling Resource Standard (SRS). This comprises a per-student amount ($9,271 for a primary student and $12,193 for a secondary student in 2014), which is indexed annually, in addition to loadings for certain types of student and school disadvantage, including:

- students with disability;
- Aboriginal and Torres Strait Islander students;
- students from low socioeconomic backgrounds;
- students with low English proficiency;
- the location of the school; and
- the size of the school.[4]

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3 Productivity Commission, *Report on Government Services 2017, Volume B: Child care, education, and training*, p. 4.3.

4 *Australian Education Act 2013*, s. 35.

7.6 Government schools; special and special assistance schools; schools where the majority of students are Indigenous[5]; and sole provider schools receive the full SRS-funding amount. However, for all other schools, the amount is discounted by a capacity-to-contribute percentage, which is determined by the school's SES score.[6]

Aboriginal and Torres Strait Islander loading

7.7 The amount of extra funding provided by the Aboriginal and Torres Strait Islander loading is calculated based on the proportion of Indigenous students in the school. At the lowest rate (one student) the loading is 20% of the school's per-student SRS amount. At the highest rate, the loading is 120% of the school's per-student SRS amount.[7]

7.8 For example, based on the 2014 per-student amounts, a primary school with 100 students, 20 of whom are Indigenous, would attract a loading of $74,168 (40% x $9,271 x 20). Whereas a secondary school with 300 students, of which 250 are Indigenous, would attract a loading of $3,149,858 (103% x $12,193 x 250).[8] This is illustrated in Figure 7.2.

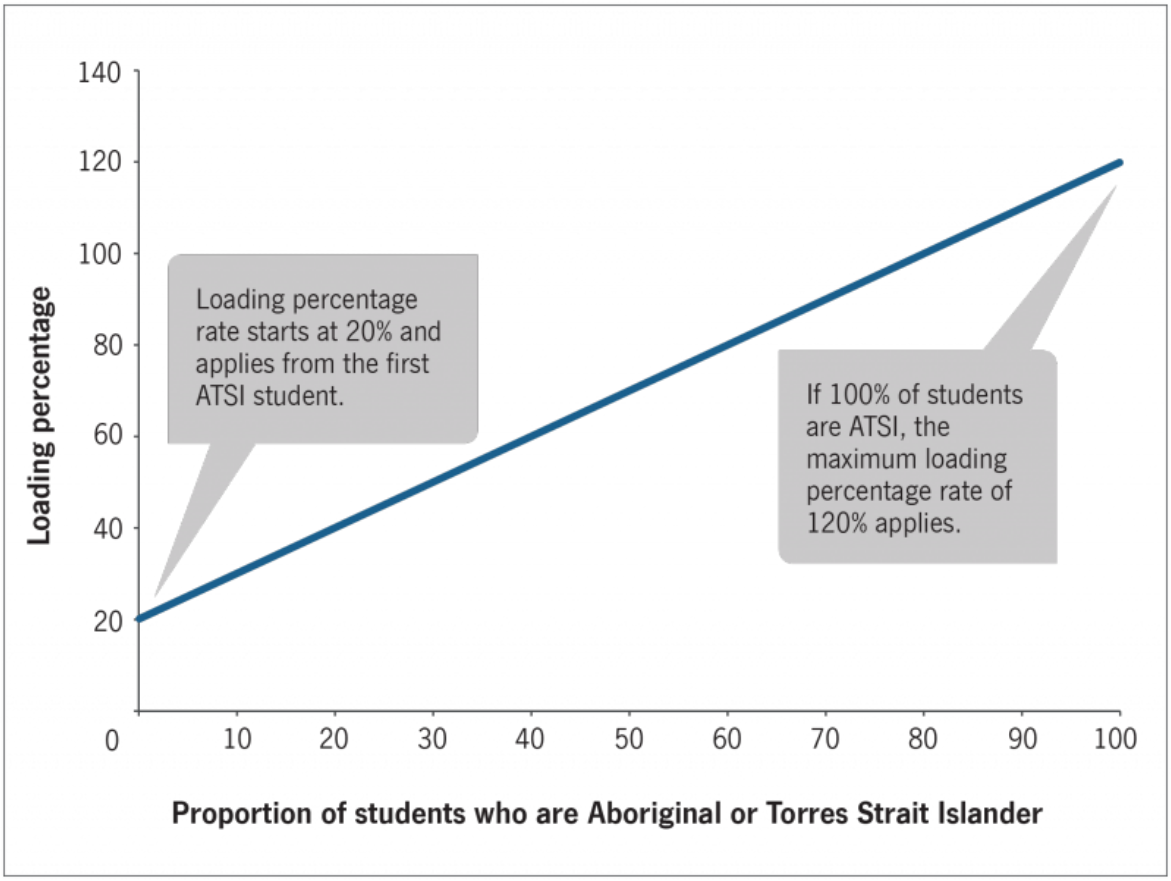
5 Defined under Section 8 of the *Australian Education Act 2013*, as schools where at least 80% of enrolled students are Aboriginal or Torres Strait Islander; or schools that are very remote and at least 50% of enrolled students are Aboriginal and Torres Strait Islander.

6 *Australian Education Act 2013*, s. 54.

7 The formula for calculating a school's Aboriginal and Torres Strait Islander percentage can be found in Section 37(2) of the *Australian Education Act 2013*.

8 Federal Government, *Guide to the Australian Education Act*, https://aeaguide.education.gov.au/content/f52-aboriginal-and-torres-strait-island-students-sample-calculations-loading, accessed 4 August 2017.

Figure 7.2 Aboriginal and Torres Strait Islander loading percentage rate



Source *Federal Government, Guide to the Australian Education Act 2013, https://aeaguide.education.gov.au/content/b2122-aboriginal-and-torres-strait-islander-loading, accessed 4 August 2017.*

7.9 The Department of Prime Minister and Cabinet (PM&C) advised the committee that the Aboriginal and Torres Strait Islander loading 'means that education authorities have an additional $929 million over four years to apply flexible approaches that best meet the needs of Indigenous students'.[9] The estimated Aboriginal and Torres Strait Islander loadings are listed in Table 7.1.[9]

9 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 9.

Table 7.1 SRS – estimated Aboriginal and Torres Strait Islander loading

Sector	2014 $m	2015 $m	2016 $m	2017 $m	TOTAL[10] $m
Government	111	123	135	152	521
Catholic	54	59	64	69	246
Independent	35	39	42	45	161
All	**200**	**222**	**241**	**266**	**929**

Source *Department of Prime Minister and Cabinet, Submission 43, 44th Parliament, p. 9.*

7.10 State, territory, and non-government education authorities control the vast majority of federal school funding, including funds to assist Indigenous students.[11]

7.11 The Independent School's Council of Australia (ISCA) and Association of Independent Schools raised concerns regarding the level of funding received by some of their schools.[12] ISCA explained that large metropolitan boarding schools with small numbers of Indigenous students 'receive very little additional funding for these students', beyond ABSTUDY for their boarding:

> These schools are generally high SES schools and so receive minimal recurrent grants from governments and minimal funding to address disadvantage for Indigenous students as the population in the school is relatively small. Thus the majority of the cost of educating this group of boarders is borne by the school. If schools reach the point where they feel they are no longer able to support these students financially and these programs ceased or were reduced, it would be at great social cost to Australia.[13]

7.12 ISCA criticised the way in which funding is distributed under the SRS model, asserting that 'the SRS funding entitlements and allocations only apply to the 900 non-systemic Independent schools'. The ISCA explained that:

> The new SRS model theoretically provides base funding and loadings for disadvantage directly to schools. In practice however, school systems, such as government and Catholic systems, receive the SRS funding for all their schools and are able to redistribute

10 Note numbers may not add due to rounding.

11 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 9.

12 Independent Schools Council of Australia, *Submission 16*, 44th Parliament, pp. 6–9.

13 Independent Schools Council of Australia, *Submission 16*, 44th Parliament, p. 8.

their schools' funding entitlements within the system according to their own needs-based methodologies.[14]

Indigenous Advancement Strategy (Children and Schooling Programme)

7.13 Many of the engagement programs discussed in Chapter 4, such as the school-based 'academy-style' programs, receive Federal Government funding through the Children and Schooling Programme, which is part of the Indigenous Advancement Strategy.[15] PM&C advised the committee that, as at March 2016, a total of $353.5 million of funding remains uncommitted (see Table 7.2).

Table 7.2 Uncommitted funds, Indigenous Advancement Strategy (IAS)

	2016–17 $'000	2017–18 $'000	2018–19 $'000	TOTAL $'000
Children and Schooling	10,459	126,035	216,966	353,460
IAS total	302,454	545,215	774,910	1,622,579

Source *Department of Prime Minister and Cabinet, Supplementary Submission 43.1, 44th Parliament, p. 5.*

7.14 PM&C advised the committee that the Children and Schooling Programme 'assists the delivery of a range of activities to provide supportive, enriched and meaningful learning environments for young people', explaining that:

> These activities include full-time intensive school-based Academies (such as those delivered by the Clontarf Foundation and Role Models and Leaders Australia), junior ranger projects and less intensive activities offered over days or weeks throughout the school year, such as mentoring projects.[16]

Committee comment

7.15 The Federal Government has a duty to ensure that funds are spent in the most effective and efficient manner possible. As such, the committee is of the view that all Federal Government programs and programs receiving Federal Government funding must be evidence-based and incorporate

14 Independent Schools Council of Australia, *Submission 16*, 44th Parliament, p. 13.

15 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 10.

16 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 10.

clear and effective performance measurement to ensure that they are effective.

7.16 Furthermore, as discussed in Chapter 4, the committee is very concerned by the significant disparity between the availability and funding for engagement programs, and, provision of scholarships for girls compared to that provided for boys. These girls will be the mothers and carers of the next generation of Indigenous students. As such, their education is critical to improving the health, education, and employment of not only themselves but their children and future generations.

7.17 Students living away from home for study should have access to high-quality, culturally safe boarding facilities. However, as discussed in Chapter 6, many boarding facilities identified areas that they could, and often desperately wanted to, improve but were prevented by resource constraints.

Cost of boarding

7.18 In 2015, the Northern Territory Department of Education commissioned KPMG to review funding arrangements for non-government Indigenous boarding schools. The KPMG report found that the average annual cost of providing an Indigenous boarding facility in a school based setting is $25,857 per boarder, [17] outlined in Table 7.3.

Table 7.3 Average allocated cost incurred per Indigenous boarding student at independent schools

	2013	2014	2015	3 year average
No. Indigenous boarders	798	679	742	740
Total cost incurred ($'000s)	19,090	18,732	19,581	19,134
Average cost per boarder ($'000s)	24	28	26	26

Source *KPMG, Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education, 2016, p. 11.*

7.19 The calculation was based on the average actual costs[18] of services being delivered by independent boarding schools. The report noted that this

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17 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. vii.

18 For the period from 1 January 2013 to 31 December 2015 across seven schools, comprising St Philip's College in Alice Springs, Tiwi College on Melville Island, Kormilda College in Darwin, St John's Catholic College in Darwin, Yirara College in Alice Springs, Woolaning Homeland Christian College, and Marrara Christian College in Darwin.

'falls short of the [National Boarding Standard] in some areas, and short of the standard that service providers and peak bodies believe should be delivered'.[19]

7.20 This cost was compared to the average cost of Callistemon House, a Northern Territory Government-owned and operated boarding facility that meets the National Boarding Standard, which was found to be $30,305 per boarder.[20]

7.21 By comparison, Aboriginal Hostels Limited (AHL) advised the committee that, over a typical school year (266 days), its average cost per student is $61,000.[21]

7.22 The report concluded that the funding provided by Federal and Northern Territory governments for the provision of boarding facilities in a school-based setting was insufficient to meet the costs associated with delivering the current level of service provided by the schools. It noted that 'this assessed outcome is consistent with an array of sector estimates that a funding shortfall of $12,000–15,000 exists per student'.[22] The calculated net costs of operating Indigenous boarding facilities is outlined in Table 7.4 below.

Table 7.4 Net cost of operating Indigenous boarding facilities

	2013	2014	2015	Overall average
No. of Indigenous boarders	798	679	742	740
Total revenue across all sources ($'000)	11,529	11,546	11,167	11,414
Total cost incurred ($'000)	19,090	18,732	19,581	19,134
Net operating result ($'000)	(7,561)	(7,186)	(8,414)	(7,720)
Average loss per Indigenous boarder ($)	9,475	10,582	11,340	10,437

Source *KPMG, Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education, 2016, p. 12.*

19 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. viii.

20 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, pp. 7–8.

21 Aboriginal Hostels Limited, *Submission 41*, 45th Parliament, p. 4.

22 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. 13.

7.23 The KPMG report asserted that 'the combined efforts of funding models across [Federal] and NT programs do not adequately cover the current costs of running boarding operations', noting that:

> As a result there are various levels of cross subsidisation by the academic schools to the boarding facilities. Levels of cross subsidisation are not always well measured as a result of the lack of transparency in ABSTUDY funding received by schools for academic purposes versus living away from home allowance.[23]

7.24 The KPMG report acknowledged that 'a significant amount of unrecompensed goodwill exists within the sector', noting that 'staff regularly attend to out of hours' functions including transportation to medical attendance, sporting events and weekend excursions'.[24] The report explained that unmet costs extend to:

- expenses associated with boarding supervision staff;
- professional development for staff caring for disadvantaged and high need boarders;
- medical staff (nursing);
- uniforms and normal clothing;
- books; and
- travel home deemed necessary for student well-being.[25]

7.25 Northern Territory Christian Schools explained that 'there are expenses incurred for healthcare, sport, and recreational activities', and that 'it is critical that the real costs of boarding are understood and these additional expenses factored into income received by boarding schools'.[26]

7.26 Ms Jennifer Florisson, Trainer, Boarding Training Australia, stated that 'the existing funding falls well short of real costs for an effective and appropriate boarding experience for Indigenous students'. Ms Florisson explained that:

> A large part of that is around the student-staff ratio that we believe is required…because of the real added needs for mental health and wellbeing support and transition support…They particularly need their own nurses and professional supports, health screening

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23 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. 13.

24 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. 13.

25 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. 13.

26 NT Christian Schools, *Submission 27*, 44th Parliament, p. 2.

> facilities, a lot of support in nutrition, mental health, personal development and those things…Boarding operations that have the required support staff and appropriate ratios often have to rely on funding from other sources…The school is often propping up the boarding program, or other partners are providing that shortfall…boarding operations, who cannot access that kind of additional funding, are operating more of a minimal program. There are a lot of reduced outcomes and difficulties in the residences. Some operators argue that dedicated Indigenous boarding houses are basically in crisis because of this inadequate funding.[27]

7.27 The KPMG report warned that peak bodies have expressed concerns that 'schools or boarding operations may need to close', and noted that 'others have already sought emergency funding from Government to remain in operation'.[28]

Federal funding for boarding

7.28 A range of support is available for Indigenous students who live away from home for study, offered by federal; state and territory governments; and philanthropic and corporate organisations. State and territory governments contribute to boarding schools, with some states and territories also operating residential colleges and hostels. However, as illustrated in Figure 7.3, a significant proportion of the funding for boarding is provided by the Federal Government.

7.29 In addition to recurrent schools funding and Family Tax Benefit support for families, the Federal Government offers five main streams of supplementary support for Indigenous students living away from home for study and their families:

- Assistance for Isolated Children;
- Indigenous Boarding Initiative;
- ABSTUDY;
- Aboriginal Hostels; and
- Scholarship Support.[29]

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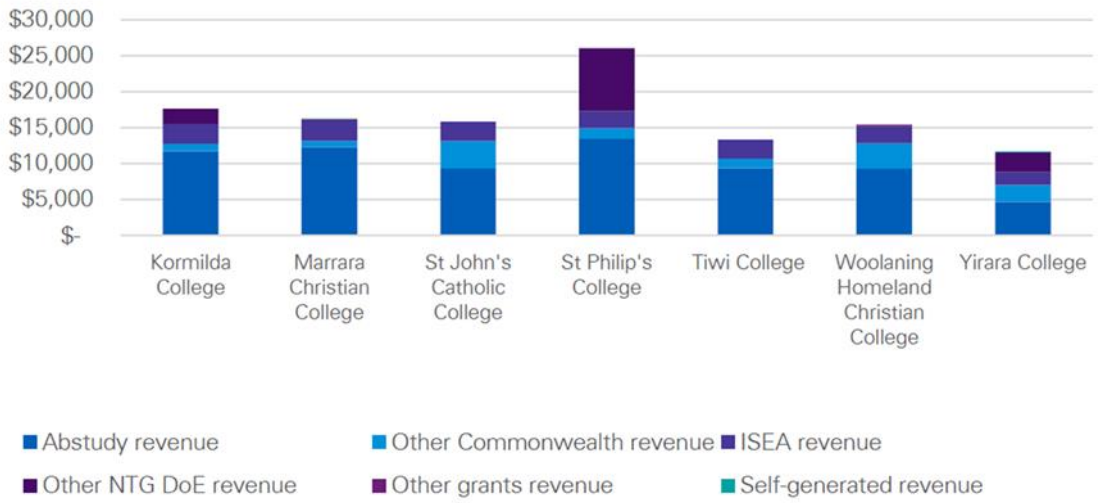
27 Ms Jennifer Florisson, Trainer, Boarding Training Australia, *Committee Hansard*, Perth, 4 May 2017, p. 12.

28 KPMG, *Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education*, 2016, p. 13.

29 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, pp. 11–13.

Figure 7.3 Funding per school, 3 year average breakdown by boarding facility (per student)



Source *KPMG, Non-Government Indigenous Boarding Schools: Review of funding arrangements for the Northern Territory Government, Department of Education, 2016, p. 9*

Assistance for Isolated Children Scheme

7.30 The Assistance for Isolated Children Scheme (AIC) is a mainstream program to assist families of students who cannot access an appropriate government school because of geographic isolation, disability, or special health needs. PM&C noted that 'a key difference between AIC and ABSTUDY is that AIC provides allowances for primary school students'.[30]

7.31 PM&C advised that 'several hundred Indigenous students access AIC each year', explaining that:

> Most Indigenous students accessing AIC receive the Distance Education Allowance, a maximum of $3,948 a year at 20 September 2015. In 2014, around 60 Indigenous students receiving AIC were secondary students accessing the boarding allowance. The maximum AIC boarding allowance rate is $9,407 a year (at 20 September 2015), made up of a base rate of $7,897 and an income tested additional rate of up to $1,507, subject to actual boarding costs.[31]

Indigenous Boarding Initiative

7.32 PM&C advised the committee that, in 2014, the Federal Government implemented the Indigenous Boarding Initiative to 'assist non-government boarding schools with significant numbers of Indigenous

30 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 12.

31 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 12.

boarders from remote areas to transition to the new recurrent school funding arrangements'. PM&C explained that:

> The measure targets non-government schools with more than 50 Indigenous boarding students from remote or very remote areas, or where 50% or more of their boarding students are Indigenous students from remote or very remote areas. The measure provides additional funding to these schools in each year of the initiative, equivalent on average to the difference between the Indigenous loading for each year and the estimated 2017 Indigenous loading.[32]

7.33 PM&C noted that, as total recurrent funding for schools continues to grow year on year it will offset the Indigenous Boarding Initiative. However, it is estimated that by 2017, 'recurrent funding for schools eligible for the Indigenous Boarding Initiative, when combined with other sources of public funding, will allow the initiative to cease'.[33]

ABSTUDY

7.34 The ABSTUDY Policy Manual states that 'ABSTUDY is an important symbol of the Australian Government's commitment to Indigenous education'. The main objectives of the ABSTUDY Scheme are to:

- encourage Indigenous peoples to take full advantage of the educational opportunities available;
- promote equity of educational opportunity; and
- improve educational outcomes.[34]

7.35 The ABSTUDY scheme aims to address educational disadvantage by assisting with the costs associated with study—such as accommodation, living expenses, and travelling to or from a place of study—if a student is living away from home for study.[35]

7.36 A student can be approved for ABSTUDY Living Away from Home Benefits if they need to live away from home to study for a range of reasons, including, but not limited to when:

- the student does not have reasonable access to a local state school;

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32 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 12.

33 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, pp. 12–13.

34 Department of Social Services, *ABSTUDY Policy Manual*, 2016, http://guides.dss.gov.au/sites/default/files/files/2016_ABSTUDY_Policy_Manual.pdf, accessed 7 August 2017.

35 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 11.

- the local state school is considered a limited program or 'bypass' school, as determined by the relevant state or territory education authority;
- the student cannot reasonably be expected to study while living at home (for example, due to overcrowded or disruptive living conditions in the home or community, or where the student's family is itinerant); or
- the student has accepted a scholarship to an independent boarding school that meets certain requirements, or a scholarship program that has been specifically approved for ABSTUDY.[36]

7.37 PM&C advised the committee that:

> Customers can claim ABSTUDY over the phone by calling a dedicated ABSTUDY line, or they can upload the claim form online through the Department of Human Services document lodgement service. Customers are also able to print a claim form from the Department of Human Services website and lodge it at a service centre.[37]

7.38 Throughout the inquiry, the provision of ABSTUDY has consistently been raised as a central concern to students, families, communities and schools. The committee heard concerns regarding:

- unethical practices;
- payment amounts not meeting the costs of boarding;
- administrative processes that are slow, complex and very difficult for families and schools; and
- census dates and student movement.

Unethical practices

7.39 The Independent Education Union (IEU) noted that 'unethical practices by some regional and metropolitan boarding schools can exacerbate disadvantage and disengagement in rural and remote communities'.[38] Mr Anthony Bennett, Wiltja Boarding, described the current system:

> You may not be aware, but there is this term in the industry called 'cherry picking'. Kids will—and do—go from Spinifex to Worawa to St John's to Yirara. What that means is that you are not actually getting any educational engagement at all. The ABSTUDY system simply provides access to secondary education. It is not linked or

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36 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 19.

37 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 19.

38 Independent Education Union, Queensland and Northern Territory Branch, *Submission 10*, 44th Parliament, p. 6.

> tied to engagement or retention. None of that is factored into the current system...There are a number of policy settings at the minute within ABSTUDY which in fact encourage the revolving door of Indigenous boarding and cherry picking. In fact, all of those policy settings actually promote the notion within a boarding environment that if you want to maximise your income you should make sure you put through the door as many kids as you possibly can. In fact, there is a perverse incentive because the shorter the period they stay, the better it is from an economic perspective because you get to retain that funding for a term et cetera.[39]

7.40 The Central Land Council called for an 'urgent revision' of ABSTUDY payments made to boarding schools:

> We know that retention for remote students is an issue, yet payments to boarding schools are not based on their ability to retain students. Some students may only last a term…Yet, if a student does not return to boarding school, the school still receives payment for that student. Payments to boarding schools need to be paid in quarterly instalments and not as lump sums. Financial incentives for retaining students can ensure schools provide adequate academic support and appropriate social and emotional care.[40]

7.41 Mr Barry Wallett, ISCA, strongly refuted claims that schools and boarding facilities are benefitting financially under the current ABSTUDY system:

> In my seven years of working for the Independent Schools Council of Australia, I have never come across an independent boarding school with large numbers, or even small numbers, of Indigenous students that in any way hinted that there was any financial gain in trying to educate those students. In fact, most of them invest very large proportions of their own revenue into trying to help some of those students.[41]

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39 Mr Anthony Bennett, Manager, Wiltja Boarding, Wiltja Secondary College, *Committee Hansard*, Northgate, 26 February 2016, p. 24.

40 Central Land Council, *Submission 41*, 44th Parliament, p. 15.

41 Mr Barry Wallett, Deputy Executive Director, Independent Schools Council of Australia, *Committee Hansard*, Canberra, 3 March 2016, p. 13.

Meeting the costs of boarding

7.42 A number of submissions raised concerns that the ABSTUDY scheme does not adequately meet the costs of boarding.[42] ISCA asserted that 'the quantum of ABSTUDY is not sufficient to cover the reasonable costs of meeting the accommodation and day-to-day needs of Indigenous boarding students', explaining that:

> …schools are meeting all the basic and more complex health and social/emotional needs of these students at significant cost. As students' families can make no contribution to their ongoing care, these costs must be met by schools. When compared to the cost of boarding provision in government facilities, the current ABSTUDY payment is meeting only half of these expenses.[43]

7.43 Mr Barry Wallett, ISCA, advised the committee that, in many instances, schools are not able to ascertain how much ABSTUDY funding a student will be entitled to until after that student has commenced.[44]

7.44 Furthermore, Mr Wallett noted that, as ABSTUDY is a family payment and subject to means-testing, the payments can fluctuate significantly based on the circumstances of the student's family. He explained that, counter-productively, positive outcomes in community employment can negatively affect students' access to education support.[45]

7.45 The Australian Association of Christian Schools explained that most Indigenous families 'view the ABSTUDY payment as the payment of fees for non-government schooling'. It asserted that 'any expectation that the family might contribute outside of that [ABSTUDY] payment is unrealistic and not attempted by the school.' As such:

> …means-testing ABSTUDY is counter-intuitive both as a discouragement towards parental employment and for the school,

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42 For example: Independent Schools Council of Australia, *Submission 16*, 44th Parliament; Association of Independent Schools of the Northern Territory, *Submission 9*, 44th Parliament; Wongutha CAPS, *Submission 37*, 44th Parliament; Independent Schools Queensland, *Submission 19*, 44th Parliament; Association of Independent Schools (Western Australia), *Submission 32*, 44th Parliament; Aboriginal Hostels Limited, *Submission 41*, 45th Parliament; Cape York Partnership, *Submission 55*, 44th Parliament; Catholic Agricultural College Bindoon, *Submission 5*, 44th Parliament; NT Christian Schools, *Submission 27*, 44th Parliament; National Catholic Education Commission, *Submission 18*, 44th Parliament; Boarding Training Australia, *Submission 40*, 45th Parliament; Downlands College, *Submission 42*, 45th Parliament; and Australian Association of Christian Schools, *Submission 24*, 45th Parliament.

43 Independent Schools Council of Australia, *Submission 16*, 44th Parliament, p. 27.

44 Mr Barry Wallett, Deputy Executive Director, Independent Schools Council of Australia, *Committee Hansard*, Canberra, 3 March 2016, p. 11.

45 Mr Barry Wallett, Deputy Executive Director, Independent Schools Council of Australia, *Committee Hansard*, Canberra, 3 March 2016, p. 11.

> which then receives less income but still incurs the full cost. The school incurs the loss because it is hardly going to close off the enrolment position.[46]

7.46 The Association of Independent Schools for the Northern Territory (AISNT) told the committee that the gap between the costs of boarding and the funding provided are widening, asserting that:

> From 2010 to 2013 the cost of schooling, as measured by the Australian Government School Recurrent Cost (AGSRC), rose by 14.4%...In the same period the Northern Territory Government has only increased its funding to recurrent costs of boarding facilities for remote Indigenous students by 8% (Isolated Students Education Allowance - ISEA). ABSTUDY, which forms the major part of the funding for these schools, has only increased by 0.15% for the same period.[47]

7.47 AISNT called for ABSTUDY to be reviewed 'to ensure that annual increases are at least in line with the real cost of service delivery'.[48]

7.48 PM&C advised the committee that ABSTUDY comprises a range of payments that respond to the particular needs of each student and their family, as such, there is 'no single ABSTUDY rate'.[49] Table 7.5 sets out the average amounts, both mean and median, that students received in 2016.

Table 7.5 ABSTUDY boarding-related payments, mean and median, 2016

	Under 16 year olds (n=4182)	16 years and over (n=1,085)
Mean	$13,370	$17,450
Median	$14,630	$19,200

Source *Department of Social Services, Submission 67, 45th Parliament, p. 1.*

7.49 The Department of Social Services (DSS) explained that the mean and median amounts for students aged under 16 years old are lower than those for students aged 16 years and over because these figures do not include the Under-16 Boarding Supplement.[50]

7.50 The Under-16 Boarding Supplement is a payment for eligible schools and hostels to make up the shortfall in boarding fees for younger students and who attract a lower rate of Living Allowance than students aged 16 years

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46 Australian Association of Christian Schools, *Submission 24*, 45th Parliament, p. 4.

47 Association of Independent Schools of the Northern Territory, *Submission 9*, 44th Parliament, pp. 2–3.

48 Association of Independent Schools of the Northern Territory, *Submission 9,* 44th Parliament, pp. 5–9.

49 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 12.

50 Department of Social Services, *Submission 67*, 45th Parliament, p. 1

and over. In 2016, the Under-16 Boarding Supplement was $5,126.60 annually.[51]

7.51 Examples of ABSTUDY calculations provided by the Department of Human Services (DHS) to illustrate these payments are outlined below.

Scenario 1 – Boarding at an independent school

7.52 John is 17 years old and living in a remote community where he cannot access secondary schooling locally. He is an only child and a dependant. Both of his parents are unemployed and receiving the Newstart Allowance and, as such, the parental income test does not apply. John is eligible for Remote Area Allowance. He is living away from home to study at a college in Alice Springs.

7.53 If the college charges $27,450 per year for boarding, John would attract $15,530.75 per year in ABSTUDY assistance towards his boarding fees at the college, comprising:

- $11,588.75 – ABSTUDY Living Allowance per year;
- $3,467.50 – Rent Assistance per year; and
- $474.50 – Remote Area Allowance per year.[52]

7.54 The college charges $11,450 for school fees in 2017. John would be eligible for a maximum amount of $10,417 per year in ABSTUDY Group 2 School Fees Allowance.[53]

7.55 If John parents were both employed full-time and earned the full-time National Minimum Wage, as at 1 July 2015, for the entire 2015–16 financial year ($656.90 per week, $17.29 per hour, 38 hours a week), each parent would have earned $34,158, with a combined parental income of $68,316 for that year. The income tests apply once parental income exceeds the parental income free area ($51,903 per year for 2017). The total reduction is calculated as $3,282.60 ($68,316 – $51,903) x 20 per cent. Table 7.6 below shows the impact of both parental income tests.[54]

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51 Department of Social Services, *Submission 67*, 45th Parliament, p. 1.

52 Department of Social Services, *Submission 67*, 45th Parliament, pp. 2–3.

53 Department of Social Services, *Submission 67*, 45th Parliament, pp. 2–3.

54 Department of Social Services, *Submission 67*, 45th Parliament, pp. 2–3.

Table 7.6 Impact of income test

	Parent on income support	Parental income $68,316 (2015–16)	Difference (Income Test impact)
Total ABSTUDY	$25,926.89	$22,700*	-$3,330

* Figures rounded to nearest $100

Source *Department of Social Services, Submission 67, 45th Parliament, pp. 2–3.*

Scenario 2 – Boarding at a residential college and attending state high school

7.56 Jane is 16 years old and studying at year 10 level; she is living in a remote community where she cannot access secondary schooling locally. She is an only child and a dependant. One of her parents is employed and the other is unemployed and receiving the Newstart Allowance. As such, the parental income test does not apply. Jane is eligible for Remote Area Allowance. She is living away from home for study at Broome Residential College in Broome and attending Broome Senior High School.

7.57 Broome Residential College charges $20,940 per year for boarding in 2017. Jane would attract $15,530.75 per year in ABSTUDY assistance towards her accommodation at Broome Residential College, comprising:

- $11,588.75 – ABSTUDY Living Allowance per year;
- $3,467.50 – Rent Assistance per year; and
- $474.50 – Remote Area Allowance per year.[55]

7.58 Broome Senior High School charges $300 for annual school fees for a year 10 student in 2017. The ABSTUDY Schools Fees Allowance would pay this amount in full.[56]

7.59 The School Fees Allowance will cover up to $10,417.00 per year ($2,322 of which is income tested) of the actual cost of the school fees. However, if the actual amount of the school fees is less than the student's entitlement, then any unused School Fees Allowance can be transferred to cover boarding costs if they exceed the assistance available for boarding costs.[57]

7.60 In this case, Jane has $10,117 per year of unused School Fees Allowance, which can be used towards her boarding costs not already covered by ABSTUDY payments. Therefore, to make up for the shortfall between the ABSTUDY assistance towards Jane's accommodation and the actual boarding charge, Jane would be entitled to $5,430.20 per year of her

55 Department of Social Services, *Submission 67*, 45th Parliament, pp. [5-6].

56 Department of Social Services, *Submission 67*, 45th Parliament, pp. [5-6].

57 Department of Social Services, *Submission 67*, 45th Parliament, pp. [5-6].

unused School Fees Allowance, which would cover the full cost of Broome Residential College.[58]

Administrative challenges

7.61 The committee received considerable evidence that parents, schools and boarding facilities found the processes regarding applying for ABSTUDY difficult, confusing and frustrating.[59] The Remote Indigenous Parents Association stated that ABSTUDY forms are 'too hard and complicated to complete'.[60]

7.62 Mr Anthony Bennett, Manager, Wiltja Boarding, told the committee that, contrary to its intention to provide access to education, ABSTUDY forms and processes may be an insurmountable barrier to access for some families:

> …many kids whose parents have very low literacy levels never get access. They would have to be entirely dependent upon the availability of a local Centrelink worker, who may or may not be there...[61]

7.63 Worawa Aboriginal College highlighted the difficulties faced by boarding facilities trying to assist students and families to resolve issues with ABSTUDY applications:

> Telephone communication with ABSTUDY on any issue, including the status of a student application, requires a lengthy wait period…Calls often get disconnected, requiring a re-dial and the process of waiting commences again…There are numerous examples of [documents]…being sent to ABSTUDY regarding advice of an application which have not been received/uploaded by ABSTUDY onto student files- even though a [successful]

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58 Department of Social Services, *Submission 72*, 45th Parliament, pp. [5-6].

59 For example: Independent Schools Council of Australia, *Submission 16*, 44th Parliament; Association of Independent Schools of the Northern Territory, *Submission 9*, 44th Parliament; Wongutha CAPS, *Submission 37*, 44th Parliament; Catholic Agricultural College Bindoon, *Submission 5*, 44th Parliament; Boarding Australia, *Submission 7 and Supplementary Submission 7.4*, 44th Parliament; Remote Indigenous Parents Association, *Submission 47*, 44th Parliament; Boarding Training Australia, *Submission 11*, 44th Parliament; Boarding Training Australia, *Submission 40*, 45th Parliament; Worawa Aboriginal College, *Submission 32*, 45th Parliament; Yirara College, *Submission 33*, 45th Parliament; Australian Parents Council, *Submission 16*, 45th Parliament; Downlands College, *Submission 42*, 45th Parliament; and Australian Association of Christian Schools, *Submission 24*, 45th Parliament.

60 Remote Indigenous Parents Association (Roper-Gulf Branch), *Submission 47*, 44th Parliament, p. [7].

61 Mr Anthony Bennett, Manager, Wiltja Boarding, *Committee Hansard*, Adelaide, 26 February 2016, p. 28.

> transmission report has been received…Wrong advice [is given to] Callers to the ABSTUDY main enquiry line…[this] contributes to lengthy delays on applications and commonly the wrong ABSTUDY form is completed.[62]

7.64 The Australian Association of Christian Schools described the expectations placed on families regarding ABSTUDY applications as 'unrealistic'. It told the committee:

> Ensuring that all the ABSTUDY administrative requirements 'line up' is challenging to put it mildly. It is not unusual to see - wrong forms, no forms, inadequately filled out forms and incorrect parental/guardian signatures. It is highly unrealistic to use, and depend on, forms that are frequently not understood.[63]

7.65 Aboriginal Hostels Limited (AHL) noted that it has established a Memorandum of Understanding (MoU) with the Department of Human Services (DHS) 'to ensure the application, approval and payment processes are streamlined and do not act as a disincentive for students and families in preparing to live away from their home communities to attend school'.[64]

7.66 DHS advised the committee that its 'staff-assisted claim' process allowed for ABSTUDY applications to be made completely over the phone.[65] The Australian National Audit Office (ANAO) outlined this process in its review of the administration of ABSTUDY:

> The ABSTUDY Simplified Claiming Tool…allows the potential recipient's claim details to be obtained over the telephone…or in a personalised interview. The potential recipient is then sent (or given) a Customer Declaration Form (CDF), which is populated with details provided in the interview and other information already held by the department. The potential recipient then confirms and/or updates the CDF, and signs and returns it to be processed.[66]

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62 Worawa Aboriginal College, *Submission 32*, 45th Parliament, p. 13.

63 Australian Association of Christian Schools, *Submission 24*, 45th Parliament, p. 4.

64 Aboriginal Hostels Limited, *Submission 38*, 44th Parliament, p. 5.

65 Ms Rosemary Deininger, Department of Human Services, *Committee Hansard*, Canberra, 7 September 2017, p. 3

66 Australian National Audit Office, *Administration of Youth Allowance (Student) and ABSTUDY*, Report No. 51 (2016-17), p. 40.

7.67 DHS advised that, as at 15 April 2016, 76.2% of ABSTUDY claims had been processed via the staff-assisted channel in the 2015–16 financial year.[67] Ms Melissa Ryan, DHS, explained that:

> … a parent can phone a 1800 number, and our trained staff can help them, with the aid of interpreters as well, work through and answer the relevant questions to fast-track the processing of that claim.[68]

7.68 At the end of 2016, DHS began a trial of verbal customer declarations, which 'removes the need for signed declaration forms to be submitted following a phone call'. This service was intended to 'speed up processing of ABSTUDY claims, especially for families in remote areas'.[69]

7.69 DHS reported that in December 2016 and January 2017, ABSTUDY claims finalised with a verbal declaration were processed nearly 50% faster than in December 2015 and January 2016, when verbal declarations were not used. DHS advised that, due to the success of the trial, the ABSTUDY verbal declaration process remains in operation.[70]

7.70 The AISNT noted that representatives from DHS 'were clearly motivated to assist our Indigenous families [but that] there were limitations placed on what they could do'. It explained that:

> To be blunt, the ABSTUDY process in the Northern Territory is asking people who are partly nomadic, marginally literate in the English language and with negligible understanding of the use of money or its value to operate within the ABSTUDY application process and its ongoing processes. No matter how the process is modified within the requirements of DHS, the processes will still be designed for the dominant user group and remain mystifying for the vast majority of remote Indigenous families. Even with support offered by DHS officers and the Principals of local government primary schools, applications are still rejected because they are not correctly completed to DHS requirements.[71]

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67 Department of Human Services, *Supplementary Submission 43.3*, 44th Parliament, p. 1.

68 Ms Melissa Ryan, Participation Division, Department of Human Services, *Committee Hansard*, Canberra, 19 April 2016, p. 8. See also Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 13.

69 Department of Prime Minister and Cabinet, *Closing the Gap: Prime Minister's Report 2017*, p. 45.

70 Department of Human Services, *Supplementary Submission 50.1*, 45th Parliament, p. [3].

71 Association of Independent Schools of the Northern Territory, *Submission 9*, 44th Parliament, p. 6.

Census dates and movement of students

7.71 The AISNT advised the committee that 'the conditions imposed by ABSTUDY having a census day in the third week of every term means that invariably a significant percentage of students are not counted and each boarding school is only funded for the time that a student is present.' The AISNT explained that:

> Almost always these delays in students arriving are not within the control of the schools. Yet the schools must have their full teaching and boarding staff in place from the beginning of term. We are unable to be flexible enough with staffing to meet the staggered return of students. Schools are punished due to circumstances that are beyond their control.[72]

7.72 Mr Duncan Murray, Chief Executive Officer, Cape York Partnership, advised that the inflexibility of the census date creates an incentive for schools to reject students who do not arrive before the census date:

> The [Federal] and the state governments incentivise us to reject. It is now past the state census day. Last year's dux of the school turned up today, in the first week of March. The CFO called me and said: 'Ten kids have turned up this week. Half a dozen of them look really promising, but if we teach them we will get zero funding. It will cost us between $15,000 and $20,000 per kid'. We will get zero funding because the state rules are that by a certain date towards the end of February you need to have attended for 11 days.[73]

7.73 Furthermore, Dr Adele Schmidt, IEU, noted that the census date for ABSTUDY also negatively impacts local community schools:

> The unintended negative consequences that were specifically mentioned by members to us include impacts on the community school when boarding schools do recruitment drives immediately before school census periods in the home communities. Small, local schools have a number of students enrolled and they are given funding and resources on that basis…the kids go off to boarding school. They miss home or whatever—there are many reasons—and they come back home. They end up back at the local community school, which is now significantly under-resourced

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72 Association of Independent Schools of the Northern Territory, *Submission 9*, 44th Parliament, p. 7.

73 Mr Duncan Murray, Chief Executive Officer, Cape York Partnership, *Committee Hansard*, Cairns, 7 March 2016, p. 14.

> because they have budgeted for fewer students than they end up actually having.[74]

7.74 DHS explained that, where students commence after the census date (the third Friday of the school term) due to extenuating circumstances, the boarding school or hostel will be paid the full ABSTUDY entitlement for the term. However, where students commence after the census date and do not have extenuating circumstances, the boarding school or hostel will be paid a pro-rata ABSTUDY entitlement for the term.[75]

Processing times

7.75 The committee heard that long processing times significantly delayed students from commencing the 2016 school year. Boarding Australia stated that, in its survey of 28 boarding providers, 71% indicated that students were delayed from attending boarding at the start of the year while awaiting ABSTUDY approval. Boarding Australia explained that:

> The reasons for these delays were not explicitly sought in the survey, although subsequent comments in the survey indicated that delays were a combination of time required to process applications and follow up to collect all required data and consents (e.g. tax file numbers, parent signatures, income records) in the case of incomplete applications.[76]

7.76 Boarding Australia described the amount of school missed by students because of these delays as 'alarming', noting that the survey identified more than 300 students who were delayed by more than 4 weeks, waiting for their application to be processed. Moreover, at the time of the survey (weeks 6–7 of the term), 64% of boarding facilities indicated that they were still awaiting students while ABSTUDY issues were being addressed.[77]

7.77 The Bilateral Management Arrangement between DSS and DHS for the timeliness of processing for ABSTUDY claims is listed as '70% of claims completed within 21 days'.[78] DHS advised the committee that, as at 8 April 2016, the average number of days to process a claim for the 2015–16 financial year was 21 days.[79]

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74 Dr Adele Schmidt, Research Officer, Independent Education Union, Queensland and Northern Territory Branch, *Committee Hansard*, 5 February 2016, p. 9.

75 Department of Human Services, *Supplementary Submission 50.1*, p. [10].

76 Boarding Australia, *Supplementary Submission 7.2*, 44th Parliament, p. 1.

77 Boarding Australia, *Supplementary Submission 7.2*, 44th Parliament, p. 1.

78 Australian National Audit Office, *Administration of Youth Allowance (Student) and ABSTUDY*, Report No. 51 (2016-17), p. 44.

79 Department of Human Services, *Submission 43.3*, 44th Parliament, p. 1.

7.78 DHS advised the committee there were '179 ABSTUDY boarder claims on hand at the commencement of the 2017 school year', and that 'this is commensurate with the same time last year, noting that the December–January period is a peak time for claim lodgement'. DHS explained that 'of these only 96 claims were able to be processed by the department, [while] the remaining 83 were held pending further information being supplied by the claimant'.[80]

7.79 DHS was not able to advise the committee regarding the average number of days of school students missed while they were awaiting ABSTUDY approval, nor the maximum number of days of school missed by these students.[81]

7.80 Mr Roger Ashcroft, Principal, Yirara College, advised the committee that the 'ineffectiveness' of ABSTUDY processes also 'leads to late payments and non-payments' to schools.[82] Mr Michael Avery, Director, National Catholic Education Commission, agreed, explaining that:

> There are some absolutely fundamental flaws in the processing by the ABSTUDY people. All of the cross-sectorial meetings of the boarding school with ABSTUDY have not resolved anything in the last few years… Students can be approved for travel and not for full ABSTUDY, so it can be months before they find out if they are getting a partial payment or whatever. These are procedural things that should not happen. There is poor response and follow-up by ABSTUDY to complaints. One school still has eight-year-old debts from ABSTUDY waiting to be paid into their account. They are very quick to demand money the other way. Eight years! These are institutional faults in the thing. Getting compassionate travel is almost impossible. It could be a circuit breaker to expelling kids or suspending kids if you could get that sort of thing. There is just a poor response.[83]

7.81 DHS advised the committee that 'the department works closely with schools to make ABSTUDY payments [and that] payments are assessed as a priority following receipt of the necessary information'. However, when asked about the average and maximum amounts of time after which a student has commenced at a school before the school receives ABSTUDY payment, DHS advised that it 'does not collect the data and to do so

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80 Department of Human Services, *Supplementary Submission 50.1*, 45th Parliament, p. [8].

81 Department of Human Services, *Supplementary Submission 50.1*, 45th Parliament, p. [8].

82 Mr Roger Ashcroft, Principal, Yirara College, *Committee Hansard*, Alice Springs, 4 April 2017, p. 9.

83 Mr Michael Avery, Director, National Catholic Education Commission, Northern Territory, *Committee Hansard*, Campbelltown, 22 March 2016, p. 38.

would require an unreasonable diversion of departmental resources'. Furthermore, DHS was not able to advise the committee whether any schools were currently waiting to receive ABSTUDY payments for students that commenced studying in 2017.[84]

7.82 In May 2017, the ANAO performance audit into the *Administration of Youth Allowance (Student) and ABSTUDY* found that DHS systems for processing ABSTUDY claims 'do not support the consistent achievement of the department's Key Performance Measure against timeliness during peak work periods'. The ANAO also noted that:

> Performance by Human Services' telephony services has also declined since 2013–14, particularly for ABSTUDY recipients who use this service as a primary mechanism for lodging claims.
>
> The ANAO's analysis, based on available data, indicates that key barriers to achieving service and claim assessment improvements include: failure of applicants to supply the required supporting documentation and the policy complexity associated with assessing individual ABSTUDY awards and claims. There would be benefit in DSS and Human Services examining cost-effective options to improve this area of performance.[85]

Committee comment

7.83 The committee is concerned by the disparity in the cost of boarding and the amount of ABSTUDY assistance provided for boarding fees. As outlined in the findings of the KPMG report and illustrated in the example scenarios, it appears that, the amount of ABSTUDY assistance provided for boarding fees is not reflective of the actual costs of boarding nor is it meeting the boarding fees charged by independent boarding colleges, state residential colleges, or Federal Government hostels.

7.84 Furthermore, this shortfall is apparent even before considering the additional expenses that boarding facilities may incur in order to comply with the requirements of the *Boarding Standard for Australian Schools and Residences*; or to meet health and wellbeing needs; or to create culturally safe environments necessary for Indigenous students to thrive while living away from home for study.

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84 Department of Human Services, *Supplementary Submission 50.1*, 45th Parliament, p. [9].

85 Australian National Audit Office, *Administration of Youth Allowance (Student) and ABSTUDY*, Report No. 51 (2016–17), p. 34.

7.85 The committee acknowledges that unused School Fees Allowance can be used towards boarding costs that have not already been covered. Nonetheless, while the committee approves of such a mechanism, it is of the view that the ABSTUDY assistance provided for boarding fees should better reflect the cost of boarding.

Recommendation 18

7.86 **The committee recommends that the Federal Government conduct a thorough review of how ABSTUDY is calculated and administered to ensure that Indigenous students are given the support necessary to thrive and to ensure optimal equity and efficiency of operations.**

7.87 Attendance is directly linked to academic achievement, with the effects of absence accumulating over time. The committee was concerned by reports of ongoing difficulties in completing ABSTUDY application forms. As noted in Chapter 6 at Recommendation 17, the committee recommends that the Department of Prime Minister & Cabinet Regional Network Offices provide assistance and coordinate applications for ABSTUDY for Indigenous boarding students from remote and very remote communities.

7.88 The committee was also concerned by reports that long processing times for ABSTUDY applications significantly delayed students from commencing the 2016 school year. Furthermore, the committee was disappointed that DHS was not able to advise the committee regarding the average number of days of school students while they were awaiting ABSTUDY approval, nor the maximum number of days of school missed by these students.

7.89 The committee is of the view that more needs to be done to ensure that no student is being delayed from attending school as a result of ABSTUDY application processing. As such, it recommends that schools be advised of a student's ongoing eligibility for ABSTUDY and the amount that is expected to be received for the next year before the end of each school year.

Recommendation 19

7.90 **The committee recommends that the Federal Government confirm a student's ongoing eligibility for ABSTUDY before the end of each school year to provide certainty to students and schools, and reduce the delays for students at the start of each new school year.**

Scholarship support

7.91 The Federal Government funds a range of scholarship and mobility projects through the Children and Schooling Programme. PM&C told the committee that, in 2015, the Federal Government 'will provide $15.2 million to support 778 secondary scholarship holders across 70 schools'. PM&C explained that:

> These projects support Aboriginal and Torres Strait Islander youth from regional and remote communities to move away from home to gain educational and training qualifications. Support for participants can include accommodation, mentoring, life skills, extra-curricular activities and other practical support to assist students complete their studies.[86]

7.92 In particular, PM&C noted that the Federal Government has 'provided a total $38 million since 2009 to the Australian Indigenous Education Foundation [AIEF] to provide scholarships to support Aboriginal and Torres Strait Islander students to assist with pastoral care, tuition and other boarding-related costs'.[87]

7.93 Furthermore, in 2017 the Federal Government announced that the AIEF will be provided with $30 million to 'support up to 500 students each year for three years (up to December 2020) to attend leading Australian secondary colleges' and provide mentoring.[88]

7.94 However, some organisations questioned whether these scholarship programs are having a measureable effect on outcomes. Ninti One observed that 'despite increasing levels of government funding, there is no publically available independent research or evaluation of programs such as [the] Australian Indigenous Education Foundation and [Yalari]'.[89] Mr Richard Stewart, AFL Cape York House, explained that:

> I think we need to be quite clear about how we determine success. The AIEF talk about a 93% success rate…I think that fact needs to be publically challenged—93% of what? If you take a kid away from Cairns who has finished year 10, from an aspirational, urban, middle class Indigenous family, and value-add…anyone can

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86 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 13.

87 Department of Prime Minister and Cabinet, *Submission 43*, 44th Parliament, p. 13.

88 Department of Prime Minister and Cabinet, *1967 Referendum – 50th Anniversary Indigenous Education Package*, https://www.pmc.gov.au/sites/default/files/files/ia/nrw-education-package.pdf, accessed 9 August 2017.

89 Ninti One, *Submission 6*, 44th Parliament, p. 7.

> value-add…to say that you have a 93% success rate and then not be open to any real scrutiny is quite outrageous.[90]

7.95 Mr Anthony Bennett, Manager, Wiltja Boarding, noted that 'a lot of money' goes into programs such as the AIEF, but only a small percentage of Indigenous students benefit. He explained that:

> 99% of kids will never ever access any of those programs…The theory is that they act as role models for other people. However, somebody from an AIEF scholarship who graduates from Melbourne Grammar is not a model for a kid from the Anangu lands; there is no connection. So I really doubt the effect and traction that that actually gets…If we rely on programs like AIEF then 99-point-whatever per cent of kids are not going to get any opportunity. That is the big problem for me at a professional level and at a personal level. A lot of money goes into it.[91]

7.96 Dr Margaret (Marnie) O'Bryan also noted the gender inequity of the AIEF scholarships,[92] with only 36% of scholarship recipients being female in 2016.[93]

7.97 The AEU acknowledged that the AIEF 'is able to point to impressive retention and post-school outcomes among the students it sponsors'. It noted that AIEF participants 'receive extensive support from the program's transition team', are assigned a mentor, and are able to study in a 'privileged environment where peer effects are likely to be positive for academic achievement'.[94] As a condition of receiving an AIEF scholarship the student must have already been accepted into one of a select list of schools. Therefore, the students chosen are likely to have succeeded even without the assistance of the AIEF. Consequently, the AEU was sceptical of the AIEF's actual achievements, noting that 'AIEF scholarship recipients are likely to be among the highest performing students in their local schools' and that schools participating in the AIEF program 'select Indigenous students on the basis of their likelihood to succeed, with being likely to complete Year 12 as one of the selection criteria'.[95]

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90 Mr Richard Stewart, Previous General Manager, AFL Cape York House, *Committee Hansard*, Cairns, 7 March 2016, pp. 37–38.

91 Mr Anthony Bennett, Manager, Wiltja Boarding, *Committee Hansard*, Adelaide, 26 February 2016, p. 25.

92 Dr Margaret (Marnie) O'Bryan, *Committee Hansard*, Canberra, 1 June 2017, p. 9.

93 Australian Indigenous Education Foundation, *Annual Report 2016*, p. 20.

94 Australian Education Union, *Submission 45*, 44th Parliament, p. 19.

95 Australian Education Union, *Submission 45*, 44th Parliament, p. 19.

7.98 The AEU noted that 'the cost of supporting a student through the AIEF exceeds the average per student public funding paid to a government school to educate an Indigenous child'. It noted that:

> There is no doubt the AIEF can point to positive indicators and individual success stories among the students it sponsors. However before endorsing the AIEF model or recommending any expansion in its operation, or similar schemes, this inquiry is duty bound to fully investigate whether the generous public and private subsidies directed to a relatively small group of students and the private boarding schools they attend, via the AIEF, is a most optimal allocation of resources.[96]

7.99 The AEU stated that between 2009 and 2014, the AIEF's scholarship program received $32 million from the Federal Government and $37 million from private sources, with an average net scholarship cost of approximately $19,000 per student per annum.[97] By comparison, the average funding (State and Federal) received by government schools was considerably less, at only $10,783 per student in 2013.[98]

Committee comment

7.100 The Federal Government has a duty to ensure that funds are spent in the most effective and efficient manner and has a responsibility to ensure that the next generation of Indigenous youth are receiving the best educational opportunities possible. As such, the committee is troubled by the concerns raised in evidence regarding the efficiency and equity of Federal Government funding managed by private organisations to provide scholarship programs for Indigenous students to attend independent boarding schools.

7.101 The committee notes that substantial Federal Government funding is currently being provided to the AIEF. Therefore, it is the view of the committee that the AIEF, and other such programs, be reviewed to ensure that the programs are equitable, evidence-based and incorporate clear and effective performance measurement to ensure that the programs are having a demonstrable effect on the education outcomes of scholarship recipients.

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96 Australian Education Union, *Submission 45*, 44th Parliament, p. 20.

97 Australian Education Union, *Submission 45*, 44th Parliament, pp. 19–20.

98 Australian Education Union, *Submission 45*, 44th Parliament, pp. 19–20.

Recommendation 20

7.102 **The committee recommends that the Federal Government conduct a thorough review of private organisations that provide scholarship programs to Indigenous students to attend independent boarding schools, to determine whether they provide value for money, are equitable, and are supporting a range of students of varying backgrounds and abilities.**

Ms Melissa Price MP
Chair
7 December 2017