

Every Child is Special



A 'No Excuses!' approach to developing demand for better supply of education to Indigenous children in Cape York Peninsula

Student Education Trusts (SET 4 life!)

Proposal for rollout to the communities of
Aurukun, Hopevale and Mossman Gorge

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1. Relationship of this proposal to welfare reform and education reform

A policy goal of consecutive governments has been to ensure that every primary school child is numerate and able to read, write and spell at an appropriate level¹. Despite this, Indigenous education is in crisis.

Nationwide, Indigenous students perform below their non-Indigenous counterparts in every measure of school success, including the national literacy and numeracy benchmark tests in years 3, 5 and 7². Indigenous students, especially those in remote Australian communities, have significantly lower levels of student attendance and school completion rates.

Immediate action is required to halt, and then reverse, these trends. The *Every Child is Special* (ECIS) project is a research and development project that is developing initiatives to reform Indigenous education to improve these abysmal outcomes.

Developed by Cape York Partnerships (CYP) and funded by the federal government, the project has formed a partnership with Education Queensland and the Coen community to trial a range of Indigenous education initiatives in Coen State School.

Work to date reveals there are a set of decisive actions that, when combined, can have an immediate and dramatic impact on student learning. Three key initiatives developed by ECIS focus on tackling student literacy, school attendance³ and aspects of school readiness. Put simply, for a child to grasp the fundamentals of literacy and numeracy, they must be at school and have their basic needs met so that they are ready to learn. But they must also receive quality instruction.

These three key initiatives are now ready for rollout:

- Embedding MULTILIT (Making Up for Lost Time in Literacy) teaching methodology into classrooms to enhance teaching practice and to provide remedial literacy instruction to those students who need it most (through a partnership with Macquarie University);
- Implementing a Case Management Framework as a comprehensive way of supporting parents to ensure their child is in class and ready to learn (designed to link to proposed welfare reform measures); and
- Rolling out Student Education Trusts (SETs) to better enable parents to support their child's education financially.

MULTILIT and SETs have already been successfully trialled in Coen. Rolling them out into the other three Welfare Reform trial sites in Cape York (Hopevale, Aurukun and Mossman Gorge) will capitalise on existing economies of scale and enable the kinds of 'quick wins' so urgently needed in Indigenous Affairs. Rollout can commence as soon as funding is secured.

This proposal provides specific information on the **rollout of SETs**. Further information on the proposals relating to embedding MULTILIT and implementing a Case Management Framework are available from ECIS on request.

¹ In March 1997 State and Federal Education Ministers agreed on a new National Goal: '...that every child leaving primary school should be numerate, and be able to read, write and spell at an appropriate level.' They also agreed on a sub-goal that 'every child commencing school from 1998 will achieve a minimum acceptable literacy and numeracy standard within four years.'

² Cape York Institute, Improving Literacy in Cape York, Discussion Paper, December 2006.

³ The project defines attendance as 'in class and ready to learn during all core learning hours.'

2. Executive Summary

This proposal is to roll out Student Education Trusts (SETs) into three of the four Welfare Reform trial sites⁴ (Hopevale, Aurukun, and Mossman Gorge) for the purpose of addressing the education needs of Indigenous students. SETs are already established in the fourth Welfare Reform trial site of Coen.

Many Australian parents recognise that education is a critical pathway to economic and social advancement⁵. Parents who value education realise that the contribution they make increases their child's education opportunities⁶.

SETs are education trusts⁷ that enable low income parents⁸ to support their child's education and development needs from 'birth to graduation' and help ensure every child is SET for life. Through responsible income management, parents make regular contributions to their child's SET which they use to meet education-related expenses.

SETs are designed and managed by *ECIS* and are an important component of the project's broader education reform initiative. SETs build parental responsibility by setting expectations of parents and schools to increase parental value of, and commitment to, education. An SET provides access to quality education products and financial advice on education, in addition to being a money management mechanism.

Some Indigenous parents in Cape York already contribute financially to their child's education. However, the high number of school children who start school without the required uniforms or equipment, and the minimal learning support in their homes, indicates that many do not. This is significant given the link between such shortfalls and low education outcomes⁹.

ECIS believes that education 'supply' is poor because there is little 'demand' for education¹⁰ from families. This is why the project has such a strong focus on family engagement. Financial commitment is a powerful trigger for increasing education demand. Indigenous families in Cape York, like many other low income minority groups, have poor education outcomes. Poor education outcomes are often associated with a particular combination of culture, family and socio-economic status. In Cape York, however, the problem is further exacerbated by passive welfare, which has resulted in high levels of family dysfunction.

The challenges facing Indigenous education are extensive¹¹ and require a comprehensive solution encompassing more than just money management. However, effective money management, coupled with increased parental commitment (demand), can have a significant impact. If low income families use their limited income wisely and are provided with the right support, they can ensure their child is school ready and is better supported at home. These are important pieces of the education puzzle.

⁴ More information on the Welfare Reform trial sites is available from *ECIS* on request.

⁵ Lokan, Jan., Greenwood Lisa, Cresswell, John. (2000) 15-Up and Counting, Reading, Writing, Reasoning... How Literate are Australia's Students? The PISA 2000 Survey of Students' Reading, Mathematical and Scientific Literacy Skills, Australian Council for Educational Research (ACER).

⁶ Parents and Community Members Attitudes to Schooling: Report on Scoping Study, Commonwealth of Australia, 2003.

⁷ These trusts are subject to Australian Trust guidelines that ensure funds are only used for education purposes. Detailed information on education expenses is contained in Appendix 4.

⁸ Note that in this context, and throughout this document, the term parent is used to refer to a child's guardian, who may be an aunt/uncle or grandparent or adult other than the child's biological parents, consistent with notions of Indigenous kinship.

⁹ Lokan, J., Greenwood, L., Cresswell, J. (2000). 15-Up and Counting, Reading, Writing, Reasoning... How Literate are Australia's Students? The PISA 2000 Survey of Students' Reading, Mathematical and Scientific Literacy Skills, Australian Council for Educational Research (ACER).

¹⁰ 'Supply' refers to the delivery of education, and 'demand' refers to the student, family and community demand for learning. That the level of demand determines the quality of supply is evidenced by the success of private and government selective schools where quality is paramount as parents demand the best education possible for their children. Demanding parents exert pressure on schools through their levels of engagement with the school and the children themselves also by being engaged and ready to learn.

¹¹ More detailed information on impediments to Indigenous education is provided in Appendix 9.

SETs can be used by government and other agencies to ensure the support they provide for children, such as the Family Tax Benefit payment, goes directly to ensuring the education requirements relating to a child's basic needs are met. *ECIS* is also pursuing incentives relating to reduced, or subsidised, goods and services to link to this product. This will make the product more attractive to parents and be of direct benefit to the child through better access to quality goods and services.

The product has been successfully trialled in Coen. Its outstanding success provides the impetus for a broader roll out beyond Cape York to low income families everywhere.

This proposal does not seek to provide all the answers to the problems surrounding Indigenous education, but it does provide 'a piece of the puzzle' by tackling the financial support a family can provide to their child's education.

3. Product trial

SETs (previously known as SEAs) were successfully trialled in the Cape York community of Coen during 2006. As a result, SETs are now a permanent component of education reform in Coen.

ECIS invited the parents of every child in the community below the age of eighteen to establish an SET for their child¹². Parents were given advice on their child's education needs and how much they would need to save per fortnight in order to meet these expenses.

The project achieved an outstanding 80 per cent take up in the first two months. Today there are 102 SETs for Coen children, which equates to approximately 90% of children under the age of 18 in the community, with up to two donors¹³ contributing an average of about \$30-40 per child per fortnight. Such high demand shows that families value opportunities to provide for their child and are willing to contribute to their child's education expenses. Other successes from the trial were:

- 70 per cent of primary school children had their school uniforms purchased and were ready to start school on time;
- 80 per cent of primary school children had on average two books purchased through the school book club;
- 11 children participated in sporting/education excursions subsidised by savings from their SET;
- One child had a laptop computer purchased for home use.¹⁴

One factor that mostly likely contributed to the high take-up of SETs in Coen is the extensive social capital *ECIS* has established with families over the years it has been working in the community on education reform. *ECIS* does not have this same level of social capital in the other welfare reform sites, but through its other initiatives, Cape York Partnerships (CYP) does. CYP's long history of working with Cape York communities, and associated social capital, will be utilised by the *ECIS* when rolling out SETs.

¹² *ECIS* conducted a similar trial in 2005 and signed parents to accounts managed by the Family Income Management (FIM) project. These accounts were in parents' names, as opposed to the child's, which meant parents could access the savings at any time for any purpose. *ECIS* wanted to ensure that savings were only used for education expenses so in 2006 developed a Trust that stipulated that the savings were only to be used for the child's education expenses. The project established the Trust and appointed a Trustee to manage it. The project then approached holders of FIM education accounts to advise them of the changes and see if they wanted to transfer their balances across to the SETs. All but a few did this. This is the sign up process referred to here.

¹³ A donor is the person who contributes to an SET. This may be a child's parent, a family member, or any other person donating to a child's SET. Throughout the document, the terms 'donor' and 'parent' are often used interchangeably. Refer to Appendix 3 for more information.

¹⁴ There is a correlation between successful education outcomes and children who use computers and the internet in the home. Few homes in Cape York have computers or internet access (Lokan, Jan., Greenwood Lisa., Cresswell, John. (2000) 15-Up and Counting, Reading, Writing, Reasoning... How Literate are Australia's Students? The PISA 2000 Survey of Students' Reading, Mathematical and Scientific Literacy Skills, Australian Council for Educational Research (ACER).). Even with planned savings computers remain a significant cost for low income families that few can afford. The project is currently investigating philanthropic and corporate support to develop a way for children to be able to purchase computers at a reduced rate for use in the home.

4. Objectives

The objectives of SETs are to:

- Assist low income parents establish an SET for their child, make regular contributions to this trust, and use these funds for their child's education needs;
- Maximise opportunities a child has to access quality education goods and services by linking subsidised quality goods and services to SETs and promoting these to parents;
- Ensure educationalists set appropriate expectations of parents in regard to financial commitments for their child's education.

A staged implementation plan and timeline for the rollout of SETs appear in Appendices 1 and 2. More detailed information on the process of establishing and using an SET, as well as a comparative analysis of other education savings initiatives, appear in Appendices 10-13.

5. Scope of the proposal

5.1. Education supply and demand

Education will be the key to breaking the passive welfare dependency cycle in Indigenous communities. However, Indigenous education urgently needs reform to ensure the current, and future, generations of Indigenous students graduate from school literate and numerate, and with choices enabled for their future.

The outcomes currently being achieved by Indigenous students are low. Part of the reason for this is that student attendance and school readiness is low. These are demand side challenges around education delivery: parents are neither demanding high quality, high expectation education for their child, nor equipping their child for educational success.

However there are also challenges on the supply side of education delivery. Schools in Cape York are not setting expectations of parents around to the education of their child. This includes expectations relating to participation in the school community via volunteering at the school (for example 'peer' reading, school working bees), and particularly, expectations regarding financial contributions. For example at Coen State School, parents are not required to supply pens, pencils or exercise books for their child; these are provided by the school. As all equipment is provided by the school, and homework is rarely set, most children do not even have school bags to transport learning materials between school and home.

Levels of supply and demand can impact each other. The level of demand that families have on education supply can determine the quality of supply, as seen at successful private and public schools where quality is paramount and demand is high. In these environments, parents commit finances, set expectations of the school and their child, and actively participate in school life. As a result, parents and the broader community value the institution, the school community values its reputation, and the majority of students are ready to learn.

Conversely, the level of supply can also impact demand, usually through expectation setting: schools set an expectation that parents send their child to school every day; and teachers expect parents to support their child's development at home, for example by assisting with homework.

To date, education and school policy has focused mainly on addressing supply side problems and has made little investment on addressing demand side problems. *ECIS* recognises that a focus on demand is essential in order to build the capabilities of children.

SETs are a tool to increase demand.

5.2. Increasing parental commitment to education in Cape York

The values and beliefs of parents in regard to education, and their aspirations for their child, are important determiners of how much parents are prepared to spend on (and save for) education. For example many parents in ‘the mainstream’ prioritise their child’s education and believe private schooling is the best option for their child. These parents are prepared to use a larger proportion of their household budget to pay for private school fees¹⁵.

As low income Indigenous parents increase the education aspirations they have for their child, they will start to apportion more of their income to their child’s education needs. Put simply, as their value for education grows, the amount of their income they are prepared to put aside for their child’s education expenses will increase.

A tailored product like SETs can assist this process. SETs show parents how to budget, plan and save for their child’s education expenses. SETs will help ensure that each child has his or her material needs met when they start school, and throughout each school year. The positive effect of this is that no child will be disengaged from education due to poor resources.

However, for some parents, substance abuse and addiction are more insidious influences on money management. In some families, large amounts of income that could be spent on essential goods and services like education are diverted to addictive substances and gambling.

Traditional cultural obligations are corrupted by addicted individuals who, having spent their own income on their addictions, humbug¹⁶ other family members for money to further support these addictions. This often leaves even those individuals without addictions with little money to purchase basic necessities for their families.

SETs will not cure addictions or prevent individuals from being humbugged. However, the trust structure of SETs ensures that deductions can be made directly from a person’s income (Centrelink payment or wage from an employer) rather than their personal account (although if appropriate this can also be done). Also, SET guidelines stipulate that money can only be spent for the nominated child’s education needs. Both these features will reduce the amount of money an individual can be pressured into giving to an addicted family member and ensure that some of the family budget is going towards meeting the child’s basic education needs.

5.3. Cost of education to Cape York parents

There are a number of expenses associated with a child’s education. These can be classified into institution-based expenses, such as fees, uniforms, textbooks, and excursion fees; and home-based expenses such as reading books, a computer and other learning aids. Many of these items are essential (such as school uniforms); some are not (such as laptops¹⁷). A full list of education-related expenses is contained in Appendix 4.

ECIS has further categorised these expenses into two levels: gold saver trust; and silver saver trust. Similar to a health insurance provider offering ‘essentials plus’ and ‘essentials’ health cover; having two levels of trust helps to ensure the product is affordable to all Indigenous families. Gold saver trusts cover the cost of education for a Cape York Indigenous student, including essential and non-essential items¹⁸. Silver saver trusts cover all essential education-related expenses, but not additional items, and have been specifically designed for those parents unable to afford a gold saver trust.

¹⁵ Australian Social Trends Paper 2006. Australian Bureau of Statistics. www.abs.gov.au.

¹⁶ An Australian Aboriginal English expression that means to pester, annoy or hassle (for money or other items such as cigarettes and alcohol).

¹⁷ Laptops are not essential in most cases. However there will be some schools, particularly private schools, where a laptop is compulsory.

¹⁸ These amounts include both essential and additional costs. More detailed information on the cost of education can be found in Appendix 5 and from *ECIS* on request.

The below table details the gold saver cost and contribution levels. The table shows that a parent is able to ensure, in most cases¹⁹, that the education needs of their child are met by saving \$57 per fortnight from the child's birth.

Stage	Cost of stage	Duration of stage	Average \$ per year	Cost per fortnight
Early childhood	1 715	5 years	343	13
Primary School	6 570	8 years	821	32
Secondary School	18 610	5 years	3 722	143
TOTAL	26 895	18 years	1 494	57

ECIS research demonstrates that this amount is affordable for the majority of Indigenous families from Cape York²⁰. SETs have been so designed that any two individuals can make the required contribution to a child's trust. This is consistent with the notion of extended kinship relationships in Indigenous communities where people other than biological parents often take some responsibility for a child²¹. It also increases the affordability of SETs to Indigenous families.

However even given this notion of extended kinship ties, there will be some cases in which the above amount is legitimately unaffordable for parent(s), for example when a single parent has several children in his or her care and no access to a second donor to make additional contributions on each child's behalf²².

In these situations, silver saver trusts provide a good alternative which enables saving for education-related expenses. The below table details the approximated cost for each education stage based on silver saver expenses, as well as required contributions:

Stage	Cost of stage	Duration of stage	Average \$ per year	Cost per fortnight
Early childhood	1 200	5 years	240	9
Primary School	4 190	8 years	524	20
Secondary School	14 110	5 years	2 822	109
TOTAL	19 500	18 years	1 083	42

As these tables show, education expenses for a child from Cape York are relatively low throughout his or her younger years but increase considerably as the child progresses through schooling. If a

¹⁹ Some secondary boarding schools have fee structures higher than a parent on welfare is able to afford, even with savings, and no government subsidy covers the full amount. In such cases, a family should be able to access an additional form of support such as the Cape York Institute for Policy and Leadership's (CYI) Higher Expectations Program (HEP). See Appendix 5 for more information on HEP. An alternative is Education Queensland's Aboriginal and Torres Strait Islander Scholarship Program. This program provides financial sponsorship and mentoring for Indigenous students completing Years 10, 11 and 12 and is specifically designed to encourage Indigenous students to complete Year 12. According to the 2005 QLD Government publication Bound for Success, up to fifteen students from Cape York may be allocated a place on this program. However, given the number of Cape York students entering secondary school each year, there will be more students than places and funding available in these additional support programs. This issue is an agenda item for ECIS future initiatives.

²⁰ See Appendix 6 for general information on welfare income and Appendix 7 for a more detailed breakdown of the income Indigenous families receive by family status.

²¹ Often the primary care giver of a child is recognised as their legal guardian and as such attracts government support to care for the child. In some cases, due in part to the societal breakdown of Indigenous communities, kin relatives may only be prepared to look after a child if they also receive the associated welfare payments (such as the Family Tax Benefit).

²² An example of a legitimate reason for being unable to afford gold saver contributions is having a higher number of children in their care. An alcohol or drug habit is not considered a legitimate reason.

parent has not been saving for these increased costs, it is unlikely that they will be able to meet them given their relatively low income. In those cases, where a parent first starts saving later in a child's life (which is especially likely during the initial rollout phase of SETs), there will be situations in which larger fortnightly contributions at both the gold and silver saver level would be required to ensure parents are able to meet all of their child's education expenses. These are shown in the table below:

Age of child on opening of SET	Gold saver fortnightly contribution required (\$)	Silver saver fortnightly contribution required (\$)
3 years	63	46
6 years	74	54
13 years	145	109

5.4. Capacity of Cape York parents to meet education expenses

A number of welfare payments are available to Indigenous adults depending on their family status and situation²³. It is important to recognise that whilst the cost of living in remote areas can be significantly higher than in towns and cities, some of this imbalance is ameliorated by a range of subsidies aimed at reducing housing, health and education costs.

Regardless of how much money a parent/s can or cannot afford, the above amounts are necessary to ensure the education needs of a child are met (in the majority of cases). Somehow, the money must be found and/or partnerships entered into with other parties.

A longer term solution is to assist parents increase their income. As more jobs become available in the region, and therefore as more parents have access to increased income, they will be better able to meet the education expenses of their child. However full employment in Cape York is unlikely²⁴. As such, there will always be a gap of some form, and solutions to fill this gap will always be required.

A product like SETs will help support the current generation of children in Cape York break the cycle of poor education, low expectations and aspirations, and passive welfare dependency.

The Coen trial of SETs showed that parents are prepared to save for the education expenses of their child. However the fact is that family finances in these situations are tight. In order to provide additional encouragement for parents to make regular contributions to their child's SET, and to provide a child with access to additional educational resources, *ECIS* is also reviewing incentives such as access to discounted educational goods (for example books and computers) on behalf of the child. A parent without an SET for their child would not have access to these discounted goods.

5.5. Enabling proposed compulsory income management

The Welfare Reform proposal, developed by the Cape York Institute for Policy and Leadership and Cape York Partnerships, currently before the Commonwealth government recommends that an individual who breaches certain obligations attached to the receipt of welfare payments should be subject to a Conditional Income Management (CIM) Order. This order stipulates the loss of discretion over the expenditure of welfare payments for a fixed period.

In these cases, it is proposed that this discretion pass to an external body, the Family Responsibility Commission. The aim of this is to stop the flow of welfare income that may be sustaining substance abuse addictions and other behaviours that negatively impact on the welfare of children and other

²³ See Appendix 7 for more detail.

²⁴ Cape York Economic Viability Project <http://www.cyi.org.au/economicviability.aspx>

dependents. Income under CIM Orders can only be used for 'essential expenses' such as food, housing, clothing and education.

SETs have been designed so that they can manage the education (saving and appropriate expenditure) component of CIM Orders.

5.6. Principles of welfare reform: the power of incentives

One of the three principles of welfare reform, as envisioned by Cape York leaders, is the implementation of effective incentives to drive behavioural change²⁵. Implementing effective incentives involves matching emerging capability to opportunities and ensuring opportunities are 'priced' at a level that encourages people to choose them. Incentives can play an important role in this 'pricing.'

ECIS is currently researching a number of options around incentives to link with SETs and will incorporate these into product documentation once the research is complete. At this stage, it is envisaged that incentives will target three groups:

- **Donors** – are the people who contribute to a child's (beneficiary's) SET. Incentives, such as access to discount school supplies, have a two fold impact when offered to donors: Firstly, they encourage donors to establish an SET; and secondly, they provide children with increased access to education-related products such as computers and books. Incentives will reinforce the principles of financial literacy embodied by SETs, will be given directly to the trust beneficiary, (i.e. the child) and will be education-related.
- **Consultants** – are the people who sign donors up to SETs and may include school principals, family members and FIM workers. *ECIS* is currently exploring ways of incentivising consultants, possibly based on principles of pyramid marketing, to help ensure all families in a community are given the opportunity to open an SET for their child.
- **Promoters** – are existing SET donors who are intimately familiar with how SETs work, including the contributions required, and how and when SETs can and should be used. Promoters have a natural desire to promote the product to other family and friends because they see the benefits of SETs for their child and want all children in their community to enjoy the same benefits. The role of promoters includes recommending situations in which an SET could be used. It is anticipated that a pyramid-style incentive scheme similar to that proposed for Consultants will also be used here.

5.7. Broader rollout capacity

SETs were trialled in Coen during 2005-2006 and are now in an operational and evaluation phase. The outcome of the Coen trial exceeded *ECIS*' expectations and the project is now planning on rolling out SETs to another three sites (the other welfare reform sites in Cape York). Following any adjustments based on learnings from this three site roll out, *ECIS* then intends to undertake a much broader roll out in Cape York and beyond.

ECIS is currently partnering with the Business Hubs unit, an initiative of Balkanu Cape York Development Corporation, which is leading the development of a business case that explores the extent of a roll out and long term viability. This will be complete by August 2007.

²⁵ Further information on the other components of welfare reform is available on request.

6. Appendix 1 – Implementation

The following steps have been undertaken in the Coen site, and will be the basis for rollout to the other three sites, with some adjustment based on the Coen experience. These can occur both concurrently and progressively in all four Welfare Reform sites, depending on logistical and practical considerations.

Step 1 – Pre-Site consultations

Community leaders, families, key community based agencies are informed about the benefits and operation of SETs. Key *ECIS* project staff visit the sites and engage stakeholders to get endorsement and introduce SETs into the site. Negotiations on launch dates, accommodation and shared workspaces commence.

Step 2 – Liaise with kindergarten, primary and secondary schools

ECIS introduces SETs to the school community and engages school principals. Support will be garnered from community educationalists including parent groups. *ECIS* advises schools of opportunities for children to access education goods and services by linking goods and services to SETs. *ECIS* distributes SET kits to secondary schools and offers support for understanding ordering processes, both within and outside the community. Project expectations are set.

Step 3 – Launch product

SET project manager and consultants hold a community wide information session to launch SETs. The team remains in the community for some weeks to answer questions and sign up SETs. *ECIS*, educationalists and community agents target donors who receive benefits for children.

ECIS Trust documents are completed and signed by two donors for each student in the community. Project consultants check, correct and collate documentation before leaving the community.

Step 4 – Establishment and administration of new SETs

Trust documentation is copied and copies are stored at *ECIS*. Originals are delivered to the Trustee to establish new SETs. The Trustee forwards Centrelink and Employee Deduction Forms to the relevant parties. The Trustee forwards statements to donors and reports to *ECIS* for monitoring and evaluation.

Step 5 – Fix anomalies

SET consultants review monthly reports and return to the community to resolve problems such as lagging commitment, employment changes, new donors or adjustments to donorship amounts. Liaison with schools continues with respect to new students, changes to SET kits and purchasing.

Step 6 – Site visits

Project staff will visit each site every second month for two weeks to sign up new SETs, communicate with donors, and maintain relationships with schools and community stakeholders. There will be a SET seasonally higher demand on SETs during term four as families prepare for the following year's schooling. *ECIS* will provide additional support and will work with schools and parents during this period.

Step 7 – Evaluation

ECIS completes an evaluation of the SET rollout, using evaluation measures determined by the *ECIS* project manager. *ECIS* researchers undertake an annual review of the cost of education for an Indigenous remote student. The approved education expenses (Trust) and contribution calculation chart may be adjusted accordingly. A technology product development expert will facilitate a review of software capabilities with the SET project team.

7. Appendix 2 – Timeline

7.1. Pre-Implementation Planning (projected completion September 2007)

Pre-implementation planning processes include:

- Finalise Trust processes;
- Marketing;
- Reporting;
- Resolve accounting software efficiencies;
- Recruit, relocate and train two project consultants.

7.2. Implementation (projected commencement October 2007)

Month 1	Coen Mossman Gorge	Pre-site consultations and updates Liaise with kindergarten, primary and secondary schools Pre-site consultations
Month 2	Mossman Gorge	Liaise with kindergarten, primary and secondary schools
Month 3	Coen Mossman Gorge	Launch product SET sign ups Launch product SET sign ups
Month 4	Establishment and administration of new trusts	
Month 5	Coen Mossman Gorge Hopevale	Fix anomalies Fix anomalies Pre-site consultation
Month 6	Hopevale	Liaise with kindergarten, primary and secondary schools
Month 7	Mossman Gorge Hopevale Aurukun	Site visit Product launch SET sign ups Pre-site consultation
Month 8	Aurukun	Liaise with kindergarten, primary and secondary schools Establishment and administration of new SETs
Month 9	Hopevale Aurukun	Fix anomalies Launch product SET sign ups
Month 10	Coen	Site visit; establishment and administration of new trusts
Month 11	Hopevale Aurukun	Site visit Fix anomalies
Months 12-15	Review calculation charts Review software capabilities Commence evaluation of roll outs	

8. Appendix 3 – Stakeholder roles

8.1. The role of ECIS

ECIS is a research and development project that is reforming Indigenous education by building student, family and community demand for high quality, high expectation education through family engagement and mutual accountability.

ECIS is a core element of CYP Family Development Strategy and is both relevant to, and provides impetus for, the broader regional development agenda emerging in Cape York. *ECIS* implementation trials are informing Commonwealth Government policy directions in welfare reform, as well as Indigenous education policy directions proposed by Education Queensland. *ECIS* is responsible for managing the roll out of SETs and for its ongoing research and development.

8.2. Other stakeholders

Party	Role	Activities
Trust Administrator	Administers all aspects of the fund as directed by the Trustee	<ul style="list-style-type: none"> Open, amend and close SETs for each beneficiary Upload family savings plan budgets into system Review, approve and reject requests for payments in line with Trust guidelines Make payments as directed on behalf of the beneficiary under the Trust Deed Deal with disputes
Auditor	Audit trusts	<ul style="list-style-type: none"> Provide annual audit report
Beneficiary/ Trust Holder	Student	<ul style="list-style-type: none"> Stay in school for as long as agreed in trust (either high school or university) Give parents all their school notices such as newsletters and school reports
Donor/parent	Make regular payments into trust on behalf of the child	<ul style="list-style-type: none"> Sign Agreement Make contributions and inform Trustee if income situation changes Develop savings plan Make claims on behalf of beneficiary Review statements
<i>ECIS</i> Project Manager	Manage rollout project	<ul style="list-style-type: none"> Provides oversight of ongoing operations Manage research, design and ongoing development Manage ongoing evaluation
Investment Group	Oversees the investment of the trust funds, as directed by the Trustee	<ul style="list-style-type: none"> Set investment policy and make investment decisions Review the performance of the investments Report on the investment performance to the Trust steering Group
School/EQ; P&C	Inform parents of students education requirements	<ul style="list-style-type: none"> Include SETs as a payment option for approved expenses Advocate for SETs
Trust steering Group	Ensure Trust is achieving its original intent, through its appointed agent, The Trustee	<ul style="list-style-type: none"> Review Trustee's performance Consult with Community groups Advocate for the program with Donors, Government Ensure appropriate controls and governance
Supplier	Supply goods and services	<ul style="list-style-type: none"> Provide documentation of purchase
Trustee	Manage the assets of the trust in the best interests of the beneficiary	<ul style="list-style-type: none"> Administer fund in accordance with the Trust Deed and all applicable legislation Meet service level agreements Report on individual SETs (trust statements) to project and donors Ensure diligent management of the trust Report on trust performance and processes to the Trust steering Group Report to the supervising authority during audits Invest trust funds as determined by the Investment Board

9. Appendix 4 – What are education expenses?

The term “education expenses” refers to the costs associated with a child’s development and education. A child has education and development needs from their early years to adulthood, which is calculated at age eighteen, or when the child graduates from secondary school. Costs are incurred in education institutions²⁶ and in the home as detailed in the below table²⁷:

9.1. Silver saver trusts – essential education expenses

Early Childhood
Institution
Kindergarten fees and levies not covered by government subsidies, childcare fees, family day care fees, uniform, ‘elective subject’ clothing (e.g. art smock), safety clothing, kindy bag, stationery.
Home
Readers and other books for leisure, educational toys and games.
Primary School
Institution
School fees, compulsory sporting fees, school uniform, sports uniform, ‘elective subject’ clothing (e.g. art smock), safety clothing, school bag, textbooks, stationery.
Home
Readers and other books for leisure, educational toys and games.
Secondary School
Institution
School fees, boarding fees, elective subject fees, compulsory sporting fees, school uniform, sports uniform, ‘elective subject’ clothing (e.g. art smock), safety clothing, employment/training clothing/uniform requirements, school bag, textbooks, stationery.
Home
Readers and other books for leisure, educational toys and games.

²⁶ School meals such as lunch and morning and afternoon teas are not included as education expenses as they are considered daily expenses tied to household budgets. Parents who need help with budgeting for school meals should be referred to FIM or similar family income management services.

²⁷ It is important to recognise that a child has other basic needs outside the area of education. Examples of these basic needs include food, shelter and clothing. Whilst these, too, are necessary for a child’s education success, they are not classed as education expenses and therefore parents cannot use savings from their SET to meet these needs.

9.2. Gold saver trusts – additional expenses

In addition to all compulsory items covered in Section 11.1, gold saver trusts also cover the following expenses:

Early Childhood
Institution
Kindy excursions, kindy photos.
Home
Playgroup, kindergym, holiday programs, computer, internet access, software, other learning aids, artistic fees, artistic equipment, sports fees, sporting equipment.
Primary School
Institution
School photos, excursion costs, education-related travel costs not covered by government subsidies e.g. to attend a science workshop.
Home
Holiday programs, private academic tutoring, computer, internet access, software, other learning aids, artistic fees, artistic equipment (e.g. musical instruments, art supplies), sports fees, sporting equipment, special tuition equipment.
Secondary School
Institution
School photos, excursion costs, education-related travel costs not covered by government subsidies e.g. to attend a science workshop, material goods related to cost of living away from home to pursue education e.g. pillow, doona other learning aids.
Home
Holiday programs, private academic tutoring, computer, internet access, software, phone cards, artistic fees, artistic equipment, sports fees, sporting equipment, special tuition equipment.

10. Appendix 5 – What does education cost?

The following section provides some indication as to how much Australian parents²⁸ spend, on average, on education both in the mainstream, and in Cape York.

The cost of education to parents in Cape York is lower than state or national averages. This is due to a combination of lower fees and increased financial support through government payments. Parents in Cape York who send their child to boarding school outside the region attract a significant government subsidy but are nonetheless still required to make a substantial contribution to their child's education expenses²⁹.

Education can be broken into three stages:

- Early childhood (0- 5 child age);
- Primary school (Year levels P-7);
- Secondary school (Years levels 8-12).

10.1. Early childhood

There is limited data available on the costs incurred by parents during the early years of a child's education. Based on research conducted by *ECIS*³⁰, parents in Cape York incur significantly lower education expenses during their child's early years when compared with both mainstream early childhood expenses, and a Cape York student's primary and secondary school expenses. The reason is the paucity of available childhood development services in the region; a critical deficiency impacting infants and young children in Cape York.

This problem is beyond the scope of this proposal, which is focused on financial management and not the provision of early childhood services. However it must be noted that should early childhood services in Cape York communities improve over the coming years, the parental contribution component for Cape York families over this early childhood stage would need to be revised as it is anticipated that parents would be required to make some kind of contribution to such services.

10.2. Primary school

There is sufficient data available to indicate what Australian parents spend on their child's education over the course of the child's primary schooling. On average, parents of children at government schools spend \$1 573 per year on expenses related to the education of their eldest child, with parents of children at non government schools spending an average of \$6 053 per year³¹. These expenses include the cost of school fees and other school-related expenses such as excursions and school supplies, as well as the costs of additional education-related materials and activities.

The following graph³² breaks down these costs. The costs incurred by parents whose children attend government schools is approximately 25 percent of that incurred by parents whose children attend private schools. Although government schools do not have substantial school fees or levies, families who send their children to government schools are still required to contribute to their child's

²⁸ The term 'parent' is used throughout the document and inclusively encompasses parents, guardians and extended Indigenous family members who raise and regularly supervise the child.

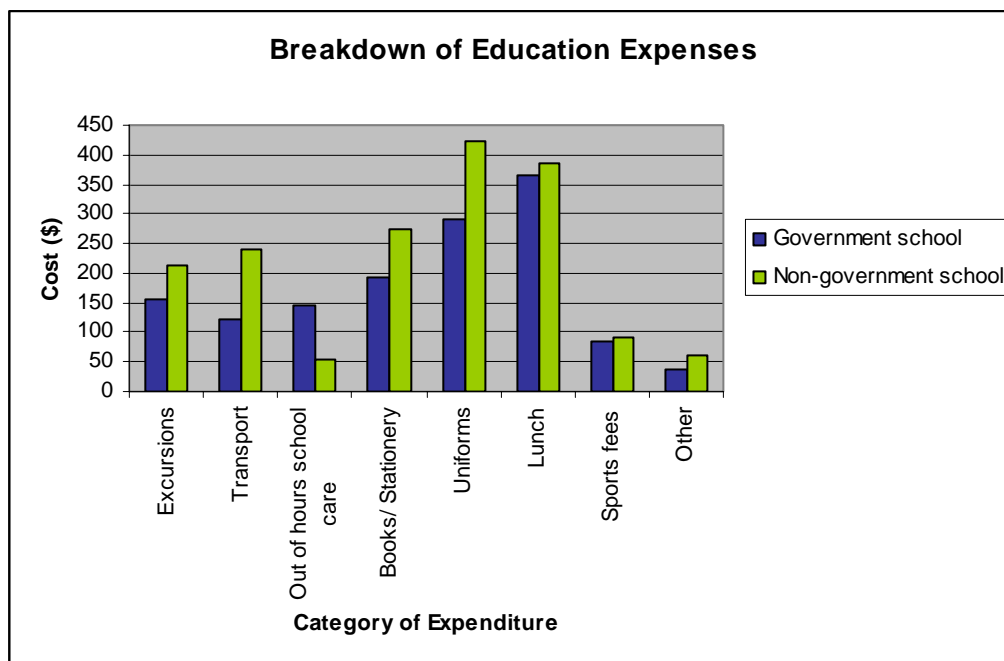
²⁹ School fees and levies, and other costs, vary greatly between schools. The information in this table is based on an average of the costs of St Peter's Lutheran College, Indooroopilly; and St Ursula's College, Yeppoon. These schools were chosen as they are examples of the more expensive (St Peter's) and cheaper (St Ursula's) boarding school options. Where possible, information on costs relates to 2007 enrolment but where figures for 2007 were unavailable, 2006 costs were used.

³⁰ This research is available from ECIS in the form of an excel document detailing amounts, with corresponding definitions, on request.

³¹ Parents and Community Members Attitudes to Schooling: Report on Scoping Study, Commonwealth of Australia. 2003.

³² Breakdown of parents school expenditure patterns. Source: Parent & Community Members Attitudes to Schooling: Report on Scoping Study. Commonwealth Government. 2003.

education. This confirms that parental financial support for their child's education is a widespread social norm, even amongst those who use the public school system.



Indigenous parents in Cape York incur significantly lower expenses during their child's primary schooling than parents outside the region. There are a number of reasons for this, including:

- Many schools do not ask parents to contribute school fees or levies;
- Transport costs are minimised as proximity means many students walk or ride their bicycle to school. This is enabled by the small size of many Cape York communities;
- Formal before- and after-school care is largely not provided;
- Any extra-curricular activities that are provided, such as sport or music, are usually done so free-of-charge;
- The majority of schools supply students with required equipment such as books and stationery;
- Uniforms tend to be less formal than metropolitan schools and in most cases do not change with the summer and winter seasons. Many schools do not require school shoes (or shoes at all) and do not have sports uniforms. In some cases, children do not wear a school uniform, even if, officially, the school does have a uniform.

A breakdown of these expenses by year level compiled by *ECIS* is available in the form of an excel document detailing amounts, with corresponding definitions, on request.

10.3. Secondary school

There are only four secondary schools in the Cape York region: Cooktown State School, Western Cape College's Weipa campus (years 8-12), Aurukun campus (years 8-10) and Northern Peninsula Area College's Bamaga Campus (6-12). Many Cape York children do not live within daily travelling distance of these schools so are required to attend, and board at, secondary schools outside the region.

Some Indigenous parents in Cape York already value their child's education and actively seek opportunities to send their child to the best possible boarding school. They believe their child will receive a better education there than at the local government secondary schools as they feel the teachers have higher expectations of students, and that students have better access to learning and life opportunities without being distracted by the daily challenges of community life. This is

consistent with the Cape York Agenda, which aims to get as many Indigenous children as possible into high quality, high expectation schools ‘down south.’

Even with ABSTUDY funding, the very top boarding schools can remain out of reach for Indigenous students as:

- Their fees are substantially higher than covered by ABSTUDY; and
- ABSTUDY locality criteria mean students who live within the vicinity of one of the three government secondary schools do not receive financial assistance to attend boarding schools ‘down south.’

The difference between what ABSTUDY pays and a school’s fees is known as the ‘gap fee.’ The gap fee places significant burden on low income parents who have children enrolled in the top boarding schools. HEP is one program that supports parents send their child to a top boarding school by helping to fund this gap fee. The program, with financial assistance from Macquarie Bank, supports the highest achieving³³ students from Cape York. Under the program, financial assistance is provided to meet the costs of boarding and tuition, as well as other compulsory school fees, excursion fees and camp costs. Additionally, an annual allowance is provided for uniforms, clothing, books, stationery and equipment, as well as access to weekly private tutoring in literacy, numeracy and other subject areas. The program requires parents to contribute to their child’s education expenses via a flat rate of \$40 per week.³⁴ HEP covers all other expenses. Initially conceived by ECIS, HEP was developed and is managed by the Cape York Institute for Policy and Leadership (CYI).

10.4. Tertiary education

Whilst ECIS recognises that there are costs associated with tertiary education, SET cost contribution calculations are based on the expenses associated with a student’s early, primary and secondary schooling. Tertiary costs are not included in the calculations, however if there are funds remaining in a student’s SET after they complete secondary school then these funds can be used for tertiary expenses.

10.5. Further information

ECIS has prepared detailed excel spreadsheets containing individual cost items used in determining the gold and silver saver costs and contribution amounts. These spreadsheets are available from ECIS on request.

³³ ECIS is currently looking at ways to support students classed as average and below average achievers through development of a Secondary School Ready Initiative. This initiative is currently in its research phase.

³⁴ <http://www.cyi.org.au/hep.aspx>

11. Appendix 6 – Different forms of welfare income

This table details the forms of welfare income available to Indigenous adults.

Status	Parenting Payment (per f/n)	Newstart (per f/n)	Youth Allowance (per f/n)	CDEP income ³⁵	Disability Pension
Single	\$512.10	\$455.30	\$456	\$432	\$530
Partnered	\$379.80	\$379.80	\$382.20	\$432	\$438.50

In addition, eligible parents may receive Family Tax Benefit payments. These are broken into two parts, Part A and Part B. Refer to the table in Appendix 7 (Section 14) for more detailed information on part A and part B payments. Note also that payment amounts are dependent on the age of the child.

Age of child	Fortnightly payment (includes Part A and Part B)	Annual total ³⁶
< 5	\$261.80	\$6 806.80
< 13	\$225.12	\$5 853.12
13-15	\$264.04	\$6 867.04
16-17	\$45.36	\$1 828.65
18-24	\$61.04	\$2 237.45

³⁵ CDEP payments vary from workplace to workplace as employers have some flexibility with what they can offer. The amount listed here is an average of what is paid to CDEP employee in the Coen community.

³⁶ Note this annual total also includes a supplementary payment of up to \$646.05 per child which is made at the end of each financial year and is not part of the fortnightly payments.

12. Appendix 7 – Welfare income by family status

This chart shows possible welfare income payments to Indigenous families in Cape York. Welfare payments are usually based on income assessments, so it can be assumed that families receiving less than the amounts shown in this table have alternate sources of income.

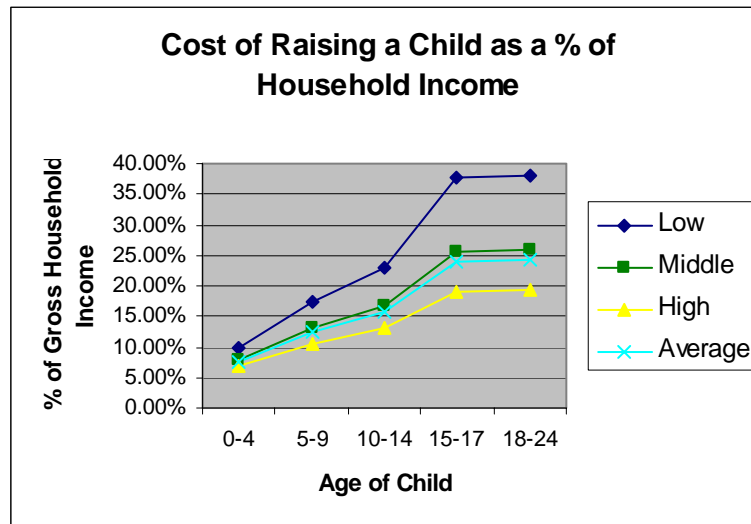
Family type	Income			
	Income ³⁷	FTB A	FTB B	Total per f/n
Sole parent with 1 child under 5	\$512.10	\$140.84	\$120.96	\$773.90
Sole parent with 1 child under 5-12	\$512.10	\$140.84	\$84.28	\$737.22
Sole parent with 1 child 13-15	\$512.10	\$179.76	\$84.28	\$776.14
Sole parent with 1 child under 5 and 1 child 5-12	\$512.10	\$281.68	\$205.24	\$999.02
Sole parent with 2 children 5-12	\$512.10	\$281.68	\$168.56	\$962.34
Sole parent with 1 child under 5 and 1 child 13-15	\$512.10	\$320.60	\$205.24	\$1037.94
Sole parent with 1 child 5-12 and 1 child 13-15	\$512.10	\$320.60	\$168.56	\$1001.26
Sole parent with 1 child under 5 and 2 children under 5-12	\$512.10	\$422.52	\$289.52	\$1224.14
Sole parent with 2 children under 5 and 1 child 5-12	\$512.10	\$422.52	\$326.20	\$1260.82
Sole parent with 2 children 5-12 and 1 child 13-15	\$512.10	\$461.44	\$252.84	\$1226.38
Sole parent with 1 child under 5 and 1 child 5-12 and 1 child 13-15	\$512.10	\$461.44	\$289.52	\$1263.06
Sole parent with 1 child under 5 and 3 children 5-12	\$512.10	\$563.36	\$373.80	\$1449.26
Sole parent with 2 children under 5 and 2 children 5-12	\$512.10	\$563.36	\$410.48	\$1485.94
Sole parent with 1 child under 5 and 2 children 5-12 and 1 child 13-15	\$512.10	\$602.28	\$373.80	\$1488.18
Sole parent with 2 children 5-12 and 2 children 13-15	\$512.10	\$641.20	\$337.12	\$1490.42
Sole parent with 3 children 5-12 and 1 child 13-15	\$512.10	\$602.28	\$337.12	\$1451.50
Two parents with 1 child under 5 (One CDEP; one on Newstart)	\$811.80	\$140.84	\$120.96	\$1073.60
Two parents with 1 child 5-12 (One CDEP; one on Newstart)	\$811.80	\$140.84	\$84.28	\$1036.92
Two parents with 1 child 13-15 (One CDEP; one on Newstart)	\$811.80	\$179.76	\$84.28	\$1075.84
Two parents with 2 children under 5 (One CDEP; one on Newstart)	\$811.80	\$281.68	\$241.92	\$1335.40
Two parents with 2 children 5-12 (One CDEP; one on Newstart)	\$811.80	\$281.68	\$168.56	\$1262.04
Two parents with 1 child under 5 and 1 child 5-12 (One CDEP; one on Newstart)	\$811.80	\$281.68	\$205.24	\$1298.72
Two parents, 1 child under 5 and 1 child 13-15 (One CDEP; one on Newstart)	\$811.80	\$320.60	\$205.24	\$1337.64
Two parents, 1 child under 5 and 2 children 5-12 (One CDEP; one on Newstart)	\$811.80	\$422.52	\$289.52	\$1523.84
Two parents, 2 children under 5 and 1 child 5-12 (One CDEP; one on Newstart)	\$811.80	\$422.52	\$326.20	\$1560.52
Two parents, 1 child <5, 1 child 5-12, 1 child 13-15 (One CDEP; one Newstart)	\$811.80	\$461.44	\$326.20	\$1599.44
Two parents, with 2 children 5-12 and 1 child 13-15 (One CDEP; one on Newstart)	\$811.80	\$461.44	\$252.84	\$1526.08
Two parents, 1 child under 5 and 3 children 5-12 (One CDEP; one on Newstart)	\$811.80	\$563.36	\$373.80	\$1748.96
Two parents, 2 children under 5 and 2 children 5-12 (One CDEP; one Newstart)	\$811.80	\$563.36	\$410.48	\$1785.64
Two parents, 1 child <5, 2 children 5-12, 1 child 13-15 (One CDEP; one Newstart)	\$811.80	\$602.28	\$373.80	\$1787.88
Two parents, 2 children 5-12 and 2 children 13-15 (One CDEP; one on Newstart)	\$811.80	\$641.20	\$337.12	\$1790.12
Two parents with 3 children 5-12 and 1 child 13-15 (One CDEP; one on Newstart)	\$811.80	\$602.28	\$337.12	\$1751.20

³⁷ May be Parenting Payment, Newstart Allowance or CDEP.

13. Appendix 8 – Family income spent on raising a child

13.1. Percentage of income Australian families spend on raising a child

The following graph shows the proportion of family income the average Australian family spends on raising a child³⁸. It indicates that low income families spend roughly five percent more than middle income families on their child during the child's early years. However, as a child from a low income family ages, the gap between the two groups widens. For example, when a child reaches school age, low income families spend roughly eight percent more than middle income earning families and 15 percent more when a child enters secondary school.

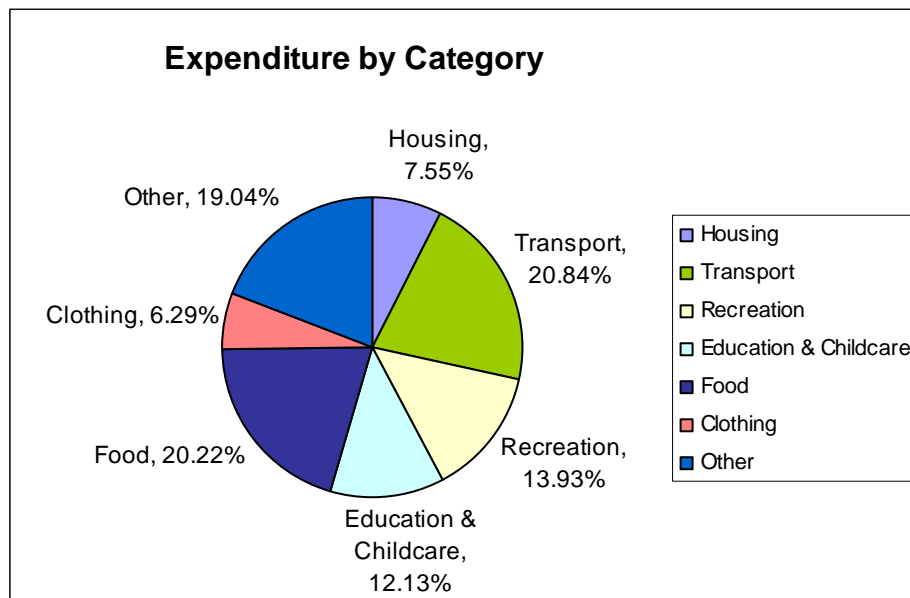


This gap suggests that middle-income families have a larger portion of their income to spend on other purposes like travel, entertainment and so forth. In contrast, low-income families have less income and therefore must focus the majority of their income on securing the 'basics.' For low income families, up to a third of their income may go directly towards raising a child. This shows that low-income families are prepared to ensure that the needs of their child are met by allocating a significant portion of their family budget to do so.

³⁸ Percival, R. & Harding, A. (2003). *The Costs of Children in Australia Today*. National Centre for Social and Economic Modelling, University of Canberra. Paper presented at the Australian Institute of Family Studies Conference, Melbourne, 13 February 2003.

13.2. Percentage of income spent on a child that is used for education and childcare

Of the income Australian families spend on their eldest child approximately 12 percent is used for education and childcare expenses³⁹.



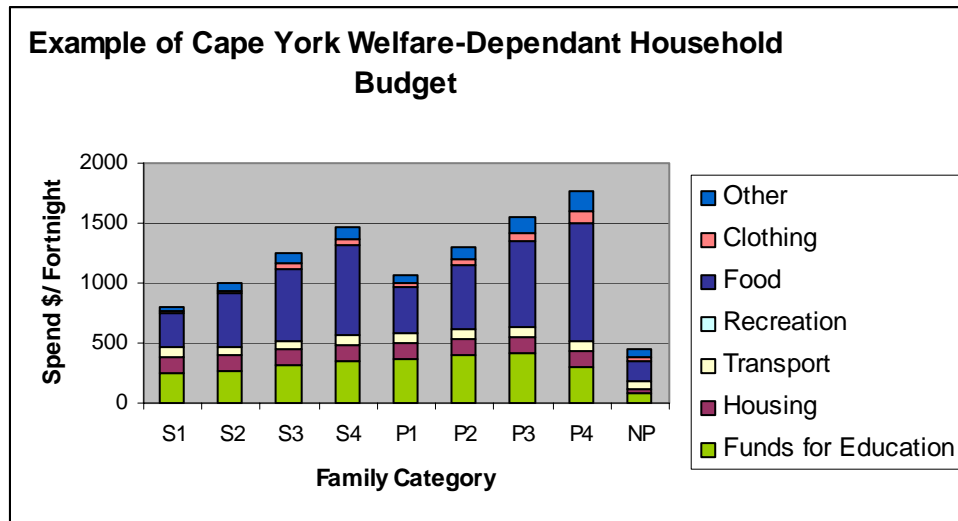
13.3. Example budgets for welfare-dependant families

Welfare payments vary according to the number of children in the family and whether the parent is single or partnered, as follows.

Average fortnightly welfare payments to parents who are receiving Family Tax Benefits		
Category	Description	Payment
S1	Single parent with 1 child	\$ 762.00
S2	Single parent with 2 children	\$1,000.00
S3	Single parent with 3 children	\$1,244.00
S4	Single parent with 4 children	\$1,473.00
P1	Partnered parent with 1 child	\$1,062.00
P2	Partnered parent with 2 children	\$1,308.00
P3	Partnered parent with 3 children	\$1,552.00
P4	Partnered parent with 4 children	\$1,773.00
NP	No parent payment	\$ 456.00

³⁹ Percival, R. & Harding, A. (2003). *The Costs of Children in Australia Today*. National Centre for Social and Economic Modelling, University of Canberra. Paper presented at the Australian Institute of Family Studies Conference, Melbourne, 13 February 2003.

A representation of how the SET contribution could be allocated in a welfare-dependant family budget is shown below.



13.4. Raising a child in Cape York

The majority of Indigenous families in Cape York have low incomes, drawn predominately from welfare payments. Whilst welfare payments are low, they are sufficient to meet the basic needs of the adults and their dependant children.

Basic needs are things like food, clothing and shelter. However education is also a basic need: without it, a child can not learn how to function in the world and will only have the narrowest and poorest quality of life options.

Indigenous families recognise the responsibility that parents have for their child, and some families fulfil this responsibility. However there are many families in Cape York who are not meeting their child's basic needs. With regards to education, one reason is because they may not understand the value of education and its importance to their child's future opportunities. Another may be their poor financial literacy and limited access to banking and financial services. The effects of passive welfare, which reduces responsibility and erodes commitment to children, is a further reason.

That the majority of Indigenous parents in Cape York are not meeting the education needs of their child is apparent from family budgets samples from a FIM⁴⁰ site. These budgets have been put together by family members in conjunction with FIM support staff. A common factor in these budgets is that they show greater expenditure than income which indicates poor financial management. As these are budgets rather than actual expenditure (FIM do not keep records of actual expenditure⁴¹), it is not possible to assess actual spending patterns.

⁴⁰ The FIM project was developed by CYP to provide voluntary financial planning and banking solutions to Indigenous families in Cape York. It is an early intervention initiative which helps Indigenous families to budget, manage money and save for goals and build new social norms regarding responsible management of money. FIM has developed the capacity of individuals in Cape York communities to effectively manage their income and to achieve improved living standards. It has been successful in reducing debt levels and increasing expenditure on household goods on a voluntary basis.

⁴¹ Understanding how people spend their income after receiving financial planning and support is invaluable knowledge to an income management project and probably the single largest indicator of successes. The ECIS project recommends FIM explore a project's ways of obtaining such information.

However the budgets can indicate how some families are currently planning their weekly finances, including the planning, or lack of planning, for the education expenses of their child. Not a single family budget referred to above listed education as an expense item.

The budgets also indicated that parents are generally not prioritising their child's needs and use a significant proportion of their income to meet their own 'needs' around non-essential items, including the purchase of pre-paid mobile phones, pay TV, cigarettes and 'entertainment,' which includes alcohol, cigarettes and gambling.

FIM is currently collaborating with the Welfare Reform Project⁴² and is improving the way it develops budgets with families to set higher expectations and encourage more appropriate spending. This should see more money diverted to basic needs, especially those of children. As part of the financial education provided by FIM, parents receiving welfare payments will be advised that they may need to forgo 'luxury' items such as pay TV when their income leaves little room for spending beyond basic needs. Alternatively, they may need to seek ways to increase their income.

⁴² Welfare reform is considering the development of sanctions to provide clear pathways for people to improve their money management and meet their obligations to their children including compulsory income management arrangements for individuals who repeatedly or seriously breach their welfare obligations. Under this compulsory income management arrangement, an individual could lose discretion over the expenditure of their welfare payments. This intervention will act to prevent the flow of money to substance abuse, providing a family with an opportunity to break away from dysfunctional behaviour and have a chance to live with food in the fridge and the bills paid. Compulsory income management will also support the success of other support services such as drug and alcohol counselling. Compulsory income management does not involve removing or reducing welfare entitlements. Punitive actions such as this are likely to only punish dependents and other family members whom we are seeking to assist.

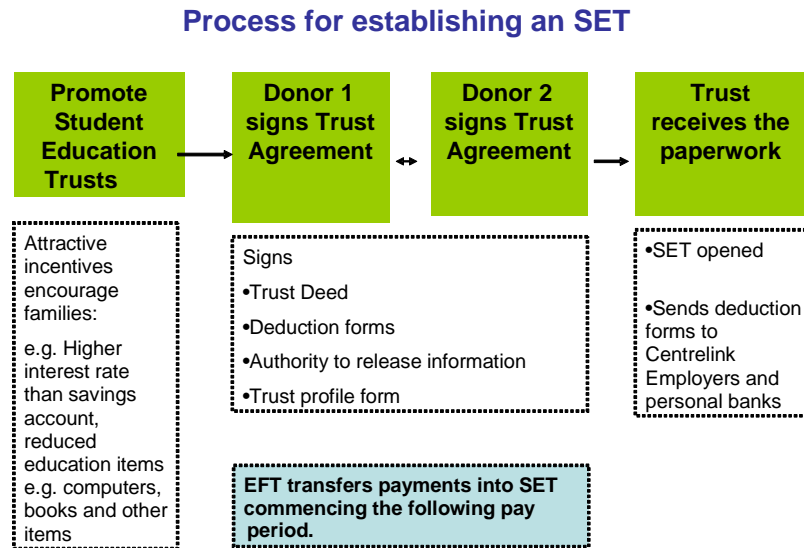
14. Appendix 9 – Impediments to Indigenous education

There are a number of reasons why Indigenous parents in Cape York are not providing adequate financial support for their child's education. ECIS believes these are:

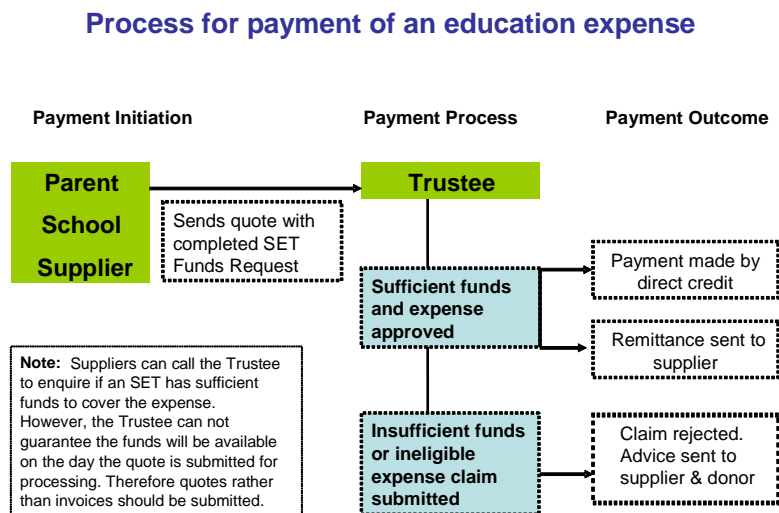
- **Low and limited income** – Limited income reduces (but does not eliminate) the contribution parents are able to make;
- **Low parental expectations** – A lack of understanding as to the value of education; and limited information about how best to support their child's education;
- **Limited understanding of educational needs** – Parents do not know which resources best enable their child's development, and have limited purchasing ability;
- **Limited financial literacy** – Parents lack budgeting and planning skills so do not save for education;
- **No access to financial planning assistance for education** – Parents are unaware of how to plan for the short and long term educational needs of their children;
- **Low expectations of education providers** – Schools assume parents can't afford, or are unwilling to meet, expenses related to the education of their child. As a result, schools use government funding for things that parents normally meet;
- **Passive welfare** – Diminished personal responsibility results in many parents who receive welfare, for themselves and/ or specifically for their child, not allocating this for their child's education;
- **Addictions** – Some parents divert large amounts of family income to alcohol, drugs and gambling;
- **Passive government service delivery** – Education subsidies do not obligate or motivate parents to plan for and meet their child's education expenses.

15. Appendix 10 – Processes for establishing and using SETs

The following graphic illustrates the process for establishing an SET:



The process for payment of an education expense through an SET is illustrated below:



Note – All quotes/invoices sent to the Trustee for processing are subject to initial assessment by the Trustee to ensure they are:

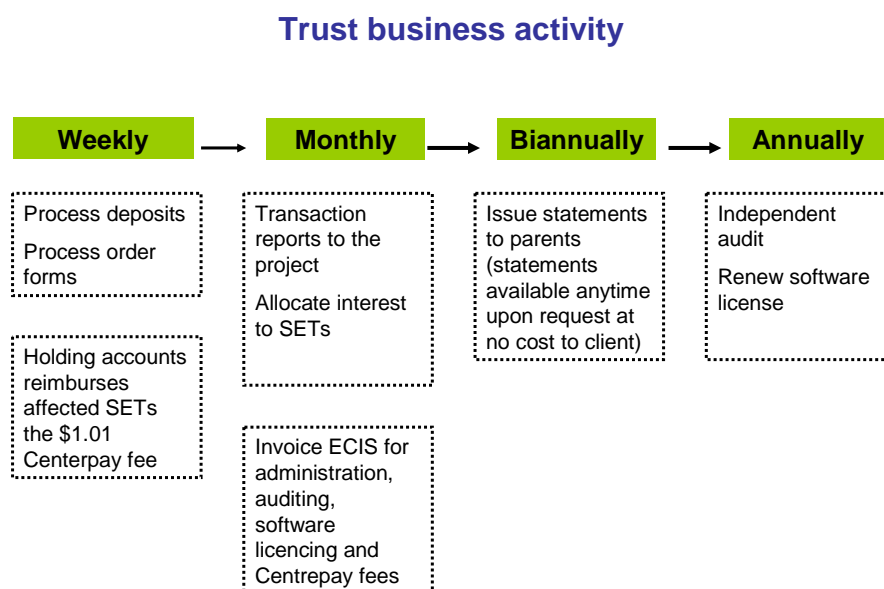
- Legitimate (include supplier's ABN and date, and that the education expenses are authorised under the Trust);
- Itemised (for invoices covering the multiple purchases⁴³).

⁴³ This is because a single quote may contain both authorised and non-authorised expense items. It is necessary for quotes to be itemised to allow proper assessment to take place in line with the level of cover for that SET and the Trust Deed.

16. Appendix 11 – Student Education Trust Structure

16.1. Purpose

The Trust structure supports SETs to facilitate successful family engagement in education through financial commitment. The trust structure ensures that any money committed by parents is not able to be accessed for anything other than genuine education expenses, enabling adults in the community to make a firm financial commitment to provide for the child's education.



The trust has been designed to embody the following principles:

- The Steering Group directs the Trustee to ensure the purpose of the trust is realised;
- The trust works for the community and safely and wisely invests their savings, and ensures funds are spent in accordance with the purpose of the trust;
- Risk is minimised by utilising the best resources available;
- Good governance practices are maintained;
- Administration costs are kept low;
- Interest bearing, fee free trust for students;
- Philanthropic or government matching donations are enabled in a tax effective manner;
- No restrictions on credits apply, but debits are limited to purchasing goods and services related to the specific beneficiary's education and if parents are contributing more than required, this will be looked at.

16.2. Structure

The Trust structure capitalises on the relationships and expertise within the local Indigenous community and the investment community.

In year one of the Trust, the structure is based in Coen. The Coen structure is simple with a Steering Group providing guidance to the Trustee.

In succeeding years, the Trust will be rolled out to broader Cape York, and the Trust Deed and related documents will reflect this change. If donors or other stakeholders have issues with the Trustee, these will be addressed by the Steering Group, which maintains governance of the Trust.

17. Appendix 12 – Elements and structure of the Trust

The table below outlines the critical elements of a trust, and explains why this structure is applicable for SETs.

Element	Description	How it happens	Application to SETs
Beneficiary	The trust is set up to benefit the beneficiary (student).	The beneficiary is named in the Trust Deed but they don't need to sign it. The Trust Deed means they are legally entitled to the benefits of the trust fund.	Each child with an SET is to be the trust fund beneficiary.
Donor	The donor is the person or entity creating the trust by providing the property and/or assets. They can also be called the settlor or grantor. When a trust is set up, it is the donor who instructs The Trustee how to manage the assets to achieve the best interest of the beneficiary.	The donor is a signatory on the trust deed, and provides assets (monetary contributions). Once the donor sets up the trust, they are vesting (giving up) the assets to the beneficiary and vesting the obligations of managing the assets to The Trustee. Therefore the donor must be certain the Trust Deed explains their intent for setting up the trust very clearly.	Cash deposit will be the assets that start up the trust for each child. The donor could be a parent or other family member who creates the trust for the child.
The Trustee	The Trustee is the person(s) or legal entity that oversees and manages the asset in the trust, and they have a legal duty to manage the assets in the best interests of the beneficiary, and in accordance with the donor purpose.	The Trustee is a signatory to the trust deed, along with the donor. Then they are obliged to manage the trust in accordance with the powers and purpose set out in the deed. The Trustee's powers are defined by the trust deed, but are generally: <ul style="list-style-type: none"> Investing the funds under management Administering the trust funds Wrapping up the trust Acting in the best interests of the beneficiary. 	The Trustee will be appointed by the community to safely and wisely invest their savings so that there is enough money in the future to pay for their children's education.
Trust	A separate legal entity that holds property and/or assets of some kind for the benefit of a specific person, group of people, or organisation known as the beneficiary. The trust manages the assets to achieve the purpose for which the donor set the trust up.	A trust is created when a Trust Deed is written up and signed by all parties. A trust ends when the purpose of the trust has been achieved and it is no longer required.	A trust will be created for every SET with a child as the beneficiary. This ensures that any donations into the trust can only be spent on valid education expenses.
Trust Deed	A Trust Deed is a physically signed document which creates the trust. It outlines how the assets in the trust are to be managed by 'The Trustee', and for what purpose funds are to be used. The Trust Deed defines The Trustee's obligations in managing the trust in the best interest of the beneficiary.	The Trustee and donor must sign the deed and it is legally binding. It can only be changed by the Trustee when it serves the best interests of the beneficiary.	The Trust Deed will protect the intentions of the community, and ensure that The Trustee manages the trust in accordance with the community's vision.

18. Appendix 13 – Comparison with other initiatives

18.1. Criteria for comparison

A number of Commonwealth government initiatives exist around Indigenous Education. Almost all of the programs in existence deal directly with assisting schools, educational bodies and communities.

Preliminary research has found a number of private sector organisations have education savings products but none of these have all the criteria necessary to encourage education savings by low-income, remote, Indigenous families.

ECIS criteria for an education savings product include:

- Available for expenses incurred throughout the educational life of the child;
- Does not make payments directly to the donor, parent or trustee;
- Specifically designed for Indigenous children;
- Operates as individual ledger trusts under one bank account, which allows for separate accounting and interest allocation;
- Trust stipulates when and how the trusts are closed;
- Only supports listed genuine education expenses;
- Once contributions donated, money can not be withdrawn;
- Documentation required for trust to determine if payment is for a ‘genuine education expense;’
- No minimum balance required;
- No minimum initial balance required;
- No minimum monthly contribution, contribution based on child’s school year when opening trust;
- Approved education expenses are limited based on research and income capabilities;
- No minimum withdrawal;
- Allows EFT payments.

SETs have unique factors that trigger engagement of families in education. These include significant support from the local primary school principal. The project continuously evaluates and updates the essential education expense calculation charts and approved expenses based on the affordability of families on welfare or limited income. Many existing products are targeted at people who already value education.

Other programs, such as CYP’s Family Income Management program (FIM), deal with assisting Indigenous people manage their income. However whilst FIM provides financial support, it does not specifically focus on education.

In Coen there are 123 donors contributing to the existing 102 SETs. Of these, only 71 donors also participate in the FIM program. FIM has other clients who do not contribute to SETs, possibly because they do not have dependant children. There are no other financial support initiatives in the community and the level of financial literacy of community members is generally poor. Therefore the take-up of SETs indicates that many parents are prepared to put money aside for their child’s education, even when they are not prepared to access other family financial support services.

The project was not able to locate any other programs in the country that deal with both ‘income management’ and ‘education’ simultaneously. The following table provides an overview of this research.

18.2. Comparison with other initiatives

Key Criteria	Lifepan Funds	Australian Unity Investments	Public Trustees	Smith Family Learning for Life	ANZ Saver Plus	Australian Scholarship Group (ASG)	FIM	SETs
Able to be used for education-related expenses throughout a child's entire education	✓	✓	✓	✓	✗	✗	✓	✓
Ensures all funds in the SETs are only used for education-related expenses	✗	✗	✗	✗	✗	✓	✗	✓
Ensures approved expense claims are only for genuine education-related expenses and provides a detailed listing of what these genuine expenses are	✓	✓	✗	✗	✗	✓	✗	✓
Money can only be withdrawn from the trust to pay for approved expenses	✗	✗	✓	✗	✗	✓	✗	✓
Contribution amounts specifically calculated to reflect the cost of education for Indigenous students from Cape York	✗	✗	✗	✗	✗	✗	✗	✓
Trust can stipulate the conditions in which a trust can be closed	✗	✗	✓	✗	✗	✗	✗	✓
No minimum balance required	✗	✗	✓	✓	✓	✓	✓	✓
No minimum initial balance required	✓	✗	✓	✗	✓	✗	✓	✓
No minimum withdrawal	✗	✗	✓	✓	✓	✓	✓	✓
Allows EFT payments	✓	✓	✓	✓	✓	✓	✓	✓
Enables regular contributions from Donors (similar to savings plans)	✓	✓	✗	✗	✓	✓	✓	✓
Links subsidised goods and services to the SETs	✗	✗	✗	✗	✗	✓	✗	✓
Ensures educationalists set appropriate expectations of parents	✗	✗	✗	✗	✗	✗	✗	✓
Informs families of the best education opportunities available to their child and helps schools set high quality expectations of parents around education	✗	✗	✗	✗	✗	✗	✗	✓
Provides incentives for a donor around the establishment of and commitment to an SET	✗	✗	✗	✗	✓	✗	✗	✓
Provides incentives for a promoter and consultant around a donor's establishment and maintenance of an SET	✗	✗	✗	✗	✗	✗	✗	✓

19. Appendix 14 – Evaluation

ECIS will be collecting and reporting on data throughout the rollout. This research will be subject to all relevant ethical and privacy considerations. The aim of the research and evaluation component will be to demonstrate the efficacy of SETs as an educational saving mechanism.

Specifically, the following areas will be targeted for research and evaluation activities:

- Percentage of students with an SET;
- Contributions to SETs;
- Expenditure using SETs;
- Commitment variations⁴⁴;
- Tracking of education expenses for Cape York Indigenous students⁴⁵
- Communication to parents around their child's education;
- Level of parental engagement in education.
-

A combination of qualitative and quantitative data analysis will be undertaken, with qualitative data coming from a combination of interviews, and/or surveys and/or focus group discussions, and quantitative data coming from the Trust software

⁴⁴ Refers to parents contributing more/less than their agreed commitment as per their SET signup form.

⁴⁵ It can be assumed that education expenses will increase each year, and welfare payments are indexed with the CPI. Because of this, SET contribution rates will need to be reviewed periodically.

20. Appendix 15 – Budget for rollout to three communities

July 07 - Jun 08	
Total Personnel Expenses	
Salaries - Project Staff (3 consultants, 1 administration)	\$ 205,000
Salary On costs - Project Staff	\$ 61,500
Volunteer/Temporary Staff	\$ 32,500
Recruitment of staff (4) @ 8,500 per person	\$ 34,000
Relocation Contribution (new staff & Volunteers) @ \$2.5k	\$ 10,000
Management (5 visits per year @ 3 sites)	\$ 3,600
Staff - Travel Allowance	\$ 18,800
Training and Development (\$2500 per person per year)	\$ 10,000
Furniture & Equipment	
Hardware	\$ 6,000
Software	\$ 1,000
Furniture	\$ 3,000
SEA Product Development	
Software (trust specific)	\$ 45,000
Maintenance software upgrade @ \$150.00 per hour	\$ 9,000
Training Development Material	\$ 5,000
Marketing (SEA kit development, promotion and launch)	\$ 16,000
Telephone & Communications	
Telephone & Fax Costs	\$ 3,000
Mobile Phone - Calls & Plan Costs	\$ 5,000
Internet	\$ 2,000
Motor Vehicles	
1 4WD Lease \$1100 per mth	\$ 13,200
Fuel round trip 3 x per mth @ 750 x 10	\$ 22,500
M/V - Insurance	\$ 2,000
M/V - Registration 1x per year	\$ 1,000
M/V - Repair & Maintenance	\$ 5,000
Travel (Wet Season implications)	
Airfares Round Trip 30 @ 770 round trip per year	\$ 23,100
Accommodation	\$ 16,750
Taxi from airports	\$ 250
Car Hire (Backup in event 4WD being Serviced, extended breakdown)	\$ 3,500
Professional Services	
Technical Support Remote (12mths @ \$800) - on retainer	\$ 9,600
Audit Fees	\$ 4,800
Professional Services - Consultants	\$ 32,500
Professional Services - Research	\$ 5,000
Operating Services & Supplies	
Postage	\$ 750
Freight	\$ 600
Printing & Photocopying	\$ 2,000
Office Supplies	\$ 500
Catering	\$ 200
Stationery	\$ 1,200
Meeting & Facilitation Expenses	\$ 250
Other Operating Expenses	\$ 2,500
Centrepay fees	\$ 6,420
Trust Administration	\$ 12,500
Occupancy Services & Supplies	
Rent site workplaces 3 @ \$800 per month	\$ 28,800
Final Totals	\$ 665,320

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