



Independent Schools
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FOR INFORMATION

To: Board of Management
Executive Directors

From: Bill Daniels

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Subject: **Federal Budget**

Funding arrangements for the 2005-08 quadrennium were largely set in place in the 2004-05 Budget, and as expected the 2006-07 Budget included no major new expenditure programmes for schools. The Minister has announced a number of initiatives in specific areas of school education, and a summary of these appears below.

The Budget announced significant increased expenditure on school education, particularly for non-government schools, mainly arising from the effects of indexation and enrolment growth. In 2006-07, nearly \$9.3 billion will be provided in funding for all schools, representing a \$760 million or 8.9 per cent increase in funding over last year. Of this the non-government school sector will receive \$5.9 billion, an increase of \$420 million or 7.7 per cent over the previous year.

This year's Budget specific initiatives for schools include:

- \$5.8 million for a pilot study to examine current funding arrangements for students with disabilities and ways to maximise portability of funding to support parental choice. (see **attached** media release for further information on this initiative).
- \$20.6 million over two years for the Reading Assistance Voucher programme as part of the Australian Government's response to the National Inquiry into the Teaching of Literacy. This funding builds on the pilot Tutorial Voucher Initiative, and will support parents of those children not meeting national minimum literacy standards in Year 3 with access to a \$700 voucher for reading tuition.
- Funding of \$34.8 million over four years for the new initiative, ICT Innovation to Support National Consistency. This will support services to promote national consistency and improved provision of online content, and will build on the work of The Le@rning Federation.

- Additional funding of \$40.8 million over four years to expand eligibility for the English as a Second Language New Arrivals (ESL) programme.
- An increase of \$10.7 million over four years for a new Parliament and Civics Education Travel Rebate (PACER) as part of the Government's Civics and Citizenship national priority. The scheme provides travel rebates for eligible students in years 4-12 to visit the capital's national institutions.

In other education measures, a number of initiatives were announced in Indigenous education including:

- \$19.6 million for 20 school-based sporting academies and related strategies;
- An additional \$15.6 million over two calendar years to provide tutorial assistance for Year 9 Indigenous students;
- \$5.1 million for education programmes to help up to 1,000 young Indigenous people involved in petrol sniffing and substance abuse in the central desert and other remote regions.
- Strengthening of the arrangements for the payment of the ABSTUDY School Term Allowance for Indigenous students under 16 years of age, linking it to school attendance.

Funding of \$94.4 million is allocated to help at risk young people make the transition through school to further education, training or the workforce, under the Youth Pathways programme and the Partnership Outreach Education Model (POEM). In Vocational and Technical Education, an additional \$106.7 million over four years is allocated for New Apprenticeships Centres; and \$10.6 million over four years to extend incentives for employers of higher level New Apprentices in key growth areas.

Changes to taxation arrangements announced in this Budget will also impact on schools, particularly

- Changes to the compliance requirements of deductible gift recipients (DGRs) which will lower compliance costs for certain DGRs by removing the requirement to maintain separate gift funds for each DGR endorsement or listing
- An increase to the cash accounting turnover threshold from \$1 million to \$2 million for the GST concessions for small businesses

This year the Minister's office has made the education budget pack, including detailed media announcements on all funding measures, available on CD, which ISCA has downloaded. Please let me know if you require further details on any of the measures announced yesterday. We will ensure that AIS's receive copies.