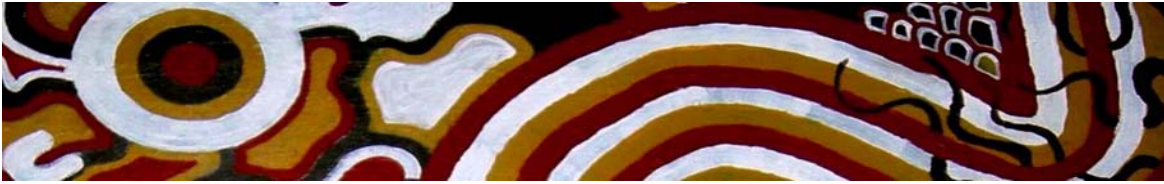


## Attachment 1



### **National Tertiary Education Union (NTEU)**

#### **Indigenous Education and Employment in Higher Education – Background Paper**

Better educational and employment outcomes for Indigenous Australians will be one of the key drivers to overcoming Indigenous disadvantage.

As we look toward 2020 we envisage an era of prosperity for Indigenous Australians, but in 2008 there are many areas of existing disadvantage that provide barriers toward achieving this goal.

Universities and the higher education sector are vitally important to advance the ongoing success of Australia as we look toward 2020. Universities can also set the benchmark and be influential in addressing Indigenous disadvantage.

Education and employment along with health and community development will be fundamental when looking to improving outcomes for Indigenous Australians. Advancing Indigenous education and employment in the higher education sector will be key drivers to ensure a cultural change in all areas of Australian society.

The Commonwealth Governments' Indigenous Higher Education Advisory Committee (IHEAC) has established seven priority areas that identify necessary improvements in education and employment outcomes. These seven priority areas have been acknowledged by Government, independent bodies including Universities Australia (formerly the Australian Vice Chancellors Committee) and the National Tertiary Education Union (NTEU) as being essential to improving levels of employment and educational aspiration, success, retention and completion rates for Indigenous students.

#### **Background - Education**

All of the research shows that improved educational outcomes result in:

- Lower levels of unemployment
- Higher levels of Income, and
- Better health outcomes.

It will be impossible to improve Indigenous educational outcomes without addressing the whole educational system from early childhood to post-secondary education, including universities.

In post secondary education, it is of concern to see that the number of Indigenous students enrolled at Australia's universities in 2006 (8,854) is lower than it was in 2003 (8,988). Also in 2004-05 the proportion of the population aged 18 and over who were

attending university was 3.5% for Indigenous Australians compared to 5.7% for non-Indigenous Australians.

One important statistic that may help to explain the large gap between the Indigenous and non-Indigenous participation rate in post secondary education is related to retention rates at high school. Up to Year 9 school retention rates for Indigenous students is at 97.2%, almost identical to that of non-Indigenous students at 99.9%. By Year 12 however, the retention rate for Indigenous Australian's falls to 39.5%, approximately half that of non-Indigenous Australians at 76.8%.

As such, the proportion of Indigenous students competing for entry to tertiary education is already significantly less than that of non-Indigenous students, with the result that there are comparatively small numbers of Indigenous students successfully enrolling and completing in our universities.

Another particularly worrying statistic relates to academic success rate for students enrolled at our universities. In 2004 Indigenous students passed on average 67.5% of the subjects they enrolled in, compared to 88.5% for non-Indigenous students.

Research has shown that there is a greater enrolment of Indigenous mature aged students and that non-academic pressure on these mature aged Indigenous students, such as family obligations and commitments as well the costs of study, can impact negatively on retention rates.

If we wish to increase both the participation and success rate of Indigenous students in our universities we need to think about ways to firstly, increase the retention rate of Indigenous students through to Year 12 to ensure they have the opportunity to apply for university and secondly, to ensure that those students who do attend university are given appropriate levels of support.

### **Background – Employment**

A recent consultation paper on a draft charter of Indigenous Employment Rights by the ACTU Indigenous Committee found, "*the Australian economy is thriving and unemployment sits around 4.4% (ABS, 2007). Despite this Indigenous unemployment is approximately 20.3%. Research has shown that since 1996, Indigenous unemployment rates have shown no real improvement (Hunter et.al, 2003). In 2001, the estimated cost of the inequality in employment between Indigenous and non-Indigenous Australians was approximately 0.5% of Australia's GDP (ibid). This data shows that there is a clear economic case for increasing Indigenous employment.*"

In 2006 there were 707 full-time equivalent staff (FTE) employed at Australian universities who identified as being Indigenous. This represents about 0.9% of all employees, which remains well below the community reference value of 2.5%. However, the proportion of Indigenous employees has more than doubled since 1996.

The National Tertiary Education Union (NTEU) through Collective Bargaining has been able to promote Indigenous Employment Strategies at our universities. Every university in Australia either has an Indigenous Employment Strategy or is obliged to develop one as part of their Collective Agreement.

As a direct consequence of NTEU's proactive stance on Indigenous employment issues, 45% of Universities have set Indigenous employment targets, of which over half (58%) are incorporated in the relevant Collective agreement, with the remainder found within formal University Policy.

Other significant achievements include the fact that about half of all universities have a requirement for an Indigenous committee in their Collective agreement, the vast majority of which include Indigenous staff representatives. The tasks of these committees include advising, implementing and monitoring Indigenous Employment Strategies and Indigenous student participation at undergraduate and postgraduate levels.

In addition, over one third (36%) of all Universities have employed Indigenous Employment Coordinators, with the majority of which have appointed senior staff to be oversee implementation.

Although achievements have been made, further commitment is required by each University to ensure Indigenous employment is made a high level priority. Without a concerted commitment to increasing Indigenous employment, strategies to increase participation in higher education by Indigenous students and Indigenous community interaction with Universities will be significantly diminished.

## **2020 Strategies**

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In the spirit of the 20-20 Summit I am proposing the following ideas that might go some way to overcoming the issues identified above.

### **Improving outcomes in Indigenous Education**

The IHEAC priorities to improve access and retention of Indigenous students earmark key areas for attention, these include:

- Improving the academic preparedness of prospective Indigenous students;
- Developing alternative pathways into higher education;
- Providing academic and mentoring support for Indigenous students once enrolled; and
- Improved income support while studying at both school and university

In aspiring to achieve better outcomes for Indigenous students in higher education, no one believes that there are simple answers to these complex questions and while recognition should be paid to higher education institutions and secondary schools for their individual achievements, a more cohesive approach is required with combined leadership from the Federal Government and Universities.

In terms of improving retention rates to Year 12 it is vital that there is early identification (at Year 9) of students who have the capacity to complete a university education. This must be support with clearly articulated pathways, including financial and learning support, to encourage the completion of Year 12. Once at University, these support networks should not disappear, but be amended to suit the tertiary education environment.

Schools, especially those with relatively large Indigenous student enrolments, should be encouraged to work in conjunction with local Indigenous communities, and to incorporate

the skills and knowledge of the community in the schools Indigenous learning and support network. By doing so, the community can also assist in identifying and supporting those Indigenous students who have the capability to succeed at university.

Students on the learning and support pathway would then be offered financial assistance (in addition to any AbStudy entitlements) to complete Year 12 via a tertiary education pathway scholarship. The number of scholarships offered needs to be sufficient to ensure that a greater number of Indigenous students complete Year 12 than is currently the case.

These scholarships can be provided by the University institution or be offered to individual students or a group of Indigenous students through Local Government and Industry partners.

Scholarship holders would also be given a guarantee that if and when they successfully gain entry into a university course that they will automatically qualify for another scholarship or HEC's exempt placement to allow them to complete their university studies. In addition to financial support of the scholarships students should also be offered mentoring and/or additional learning support.

Research has shown that when looking at options for post secondary education Indigenous students are more likely to enrol in a vocational education course at a TAFE institution. Indigenous participation rates in vocational education for the period 2001 to 2006 have risen from 3.3% to 4.1%, where as higher education participation rate has remained constant for the same period at 1.3%.

Pathways from vocational education (VET) to higher education should be explored, to capture Indigenous students who may have dropped out of secondary school prior to Year 12 along with providing Indigenous students with a conduit to increase aspirations and qualifications.

Engagement with Indigenous communities is also a high priority for all education institutions. A concerted strategy to engage the local Indigenous community into our school communities will build greater trust and understanding of the purpose of education.

A recent report on Participation and Equity by Universities Australia has linked the low levels of Indigenous peoples participation in higher education with fears of cultural isolation and experiences of racism on campus (DEST 2002; James & Devlin 2006). Along with administrative, academic and counselling support, Universities need to incorporate Indigenous culture into campus life along with ensuring additional Indigenous academic and general staff appointments are made to effect a cultural change across the University.

### **Increasing Indigenous Employment**

IHEAC has outlined one of the key priorities for Universities is to increase Indigenous employment in the higher education sector. This priority has far reaching implications and will have effect upon Indigenous student participation in higher education and Indigenous community interaction with Universities.

The commitment to Indigenous employment should be made a high level priority at all higher education institutions. Universities should appoint senior Indigenous specific positions including a Pro-Vice Chancellor (Indigenous) as well as positions across all levels of the institution including academic and general staff, from professorial appointments to security and garden maintenance staff.

Employment targets and strategies should be set by each institution to enable a mechanism to gauge the success of Indigenous employment. These targets and strategies will form part of the Universities Enterprise Bargaining Agreement (EBA) and will be managed and implemented by a University Indigenous committee reporting to the Vice-Chancellor and University Council.

The successful work of the NTEU in establishing Indigenous Clauses in EBA's should be a transportable benchmark to enable industries outside Universities to implement effective employment strategies and targets. Collective Agreements in other industries that include Indigenous employment strategies should establish clear targets that are tailored to the particular industry and will ensure all public and private employers are working toward the goal of addressing disadvantage.

Alternative entry programs for Indigenous people to access employment in the public service should be investigated. As many Indigenous community members do not hold qualifications from a recognised higher education institution, graduate recruitment programs fail to capture a majority of the potential Indigenous workforce. Coupled with alternate entry programs to the Commonwealth and State public service, Local Government and key businesses at a community level should be encouraged to work together on Indigenous employment programs.

Indigenous life expectancy at birth for 1996–2001 is estimated to be 59.4 years for males and 64.8 years for females (ABS, 2007), where as the statutory retirement age for all working Australian's is 65 years of age. Consideration needs to be made on reducing the statutory retirement age of Indigenous Australians to 55 years of age, with superannuation and other Government retirement benefits being made available in light of the reduced Indigenous life expectancy.

## **Summary of 2020 Strategies**

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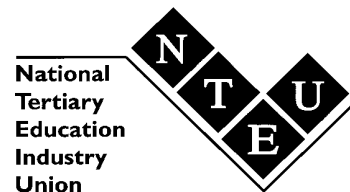
### **Education**

1. Early identification (at Year 9) of Indigenous students who have the potential to complete a university education. Articulated pathways, including financial and learning support, to encourage the completion of Year 12.
2. Secondary schools to work in conjunction with local Indigenous communities to incorporate the skills and knowledge of the community in the schools Indigenous learning and support network. Identifying and supporting those Indigenous students who might be capable of progressing to university.
3. Offer tertiary education pathway scholarships (in addition to any AbStudy entitlements) to complete Year 12.

4. Scholarship holders to be given a guarantee that if and when they successfully gain entry into a university course that they will automatically qualify for another scholarship or HEC's exempt placement to allow them to complete their university studies. In addition students should also be offered mentoring and/or additional learning support.
5. Pathways from vocational education (VET) to higher education to be explored, capturing Indigenous students who may have dropped out of secondary school prior to Year 12 along with providing Indigenous students with a conduit to increase aspirations and qualifications.
6. Ensure engagement with Indigenous communities as a high priority for all education institutions. This will promote cultural understanding and support by Indigenous leaders for increased participation of Indigenous students.

## **Employment**

1. The commitment to Indigenous employment should be made a high level priority at all higher education institutions.
2. Universities should appoint senior Indigenous specific positions including a Pro-Vice Chancellor (Indigenous) as well as positions across all levels of the institution including academic and general staff, from professorial appointments to security and garden maintenance staff.
3. Consideration must be paid to the terms and levels of employment to ensure full-time, ongoing positions are created to show a long-term commitment is being made by Universities to address Indigenous disadvantage.
4. Employment targets and strategies should be set by each institution to gauge the success of Indigenous employment. These targets and strategies will form part of the Universities Enterprise Bargaining Agreement (EBA) and will be managed and implemented by a University Indigenous committee reporting to the Vice-Chancellor and University Council.
5. Build on the successful work of the NTEU in establishing Indigenous Clauses in EBA's in other industries to enable industries outside Universities to implement effective employment strategies and targets.
6. Investigate alternative entry programs for Indigenous people to access employment in the public service.
7. Reduce the retirement age of Indigenous Australians to 55 years of age, with superannuation and other Government retirement benefits being made available in light of the reduced Indigenous life expectancy.



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**NATIONAL TERTIARY EDUCATION UNION  
INDIGENOUS TERTIARY EDUCATION  
POLICY COMMITTEE**

**SUBMISSION TO THE 2006/2007  
FEDERAL BUDGET**

**on**

**ALTERNATIVES FOR INDIGENOUS  
STUDENT INCOME SUPPORT**

**NOVEMBER 2005**

## **Executive Summary**

The following submission to the Government's process for formulating the 2006-7 Federal Budget outlines a proposal for the development of a new Indigenous specific student income support scheme that is culturally and economically relevant to Indigenous students.

The rising costs of university education, both in terms of increased fees and rising ancillary and living costs, is already a significant and growing burden on all students and their families, but is particularly onerous for Indigenous students, as demonstrated in the steady decline of Indigenous student numbers in Australian universities.

The National Tertiary Education Union (NTEU) believes that the provision of appropriate levels of student income support, coupled with appropriate curriculum development and delivery methods, can act as a support and an incentive for Indigenous students to participate in further education, with economic and social benefits that far outweigh the cost of the scheme.

This submission is in two parts. Part 1 contains a number of recommendations in relation to the key provisions that an Indigenous student income support scheme should encompass, however, the Union recommends that a comprehensive study should be undertaken in conjunction with the Indigenous Higher Education Advisory Council (IHEAC), about how the needs of Indigenous students can best be met and administered.

NTEU believes that the key provisions of a new Indigenous student income support scheme should include:

- Providing an adequate level of financial support to all Indigenous tertiary students by setting a base allowance for Indigenous student support at 33% to 40% of Average Male Total Earnings;
- Providing all Indigenous students with a base income support allowance in recognition of high density of youth in the Indigenous population and the younger age at which Indigenous youth are required to assume financial and social independence;
- Recognising and supporting the need of Indigenous students to travel during the course of their study due to family and community responsibilities;
- Recognising the need to support Indigenous students through courses that enable alternative entry pathways to higher education; and
- Ensuring that Indigenous students are able to access a full range of supplementary and mainstream support programs provided by Government departments and individual institutions to improve participation and outcomes.

While the Union believes that it is preferable that the current ABSTUDY scheme is replaced with a new Indigenous specific income support scheme, Part 2 of this submission provides a number of additional recommendations and a cost analysis for implementing a number of interim measures to resolve some of the anomalies in the current ABSTUDY scheme while a new support

scheme is being developed. These interim measures will be of minimal cost to the Government but would significantly improve the ability of Indigenous students to continue to participate in higher education courses.

## PART 1 TOWARDS A NEW INDIGENOUS INCOME SUPPORT SCHEME

### 1. Introduction

The National Tertiary Education Union (NTEU) in conjunction with its Indigenous Tertiary Education Policy Committee (ITEPC) welcomes this opportunity to outline its proposals for the development of an Indigenous specific student income support scheme.

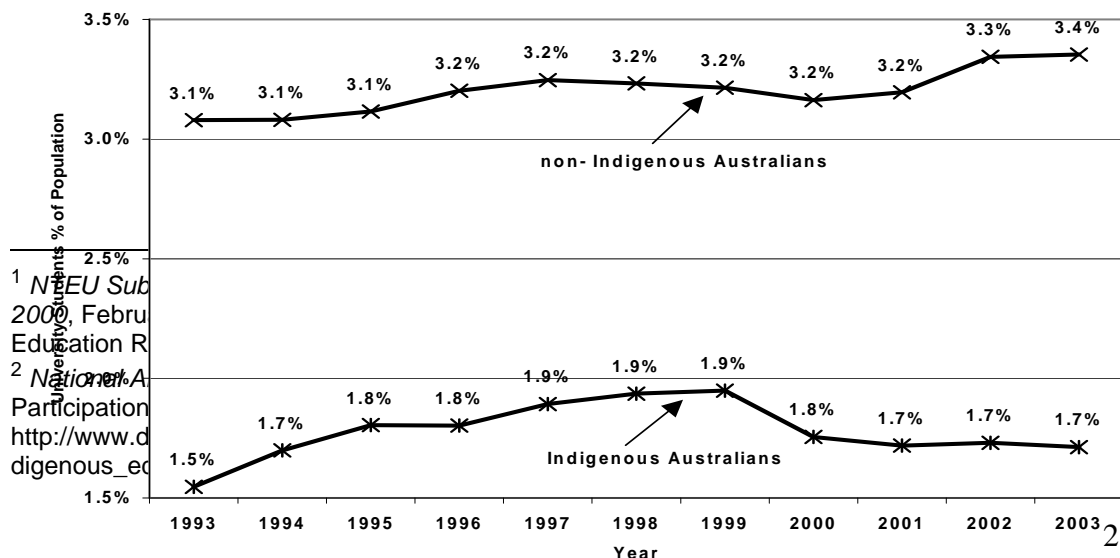
This submission has been informed by consultation with our members as well as with Indigenous higher education stakeholders more broadly, including the Indigenous Higher Education Advisory Council (IHEAC).

NTEU has made submissions to a number of Government inquiries on the issue over the last few years. In these submissions the Union has presented evidence that changes to ABSTUDY since 1997 have resulted in the scheme being mainstreamed with other student income support schemes and this has resulted not only in a decline in the number of students able to access the scheme, but also a decline in the participation rates of Indigenous Australians in higher education<sup>1</sup>.

One of the goals of the *National Aboriginal and Torres Strait Islander Education Policy (AEP)*, endorsed by the Australian Government, as well as all State and Territory Governments is to “achieve the participation of Aboriginal and Torres Strait Islander people in post-secondary education, in technical and further education, and in higher education, at rates commensurate with those of other Australians in those sectors”.<sup>2</sup>

However, Indigenous students are not only seriously under-represented in our public university system, but as shown in the chart below, the gap between Indigenous and non-Indigenous participation has been widening since 1999. This is despite the fact that the Indigenous population has a much higher

University Participation - Australia 1993 to 2003



<sup>1</sup> NTEU Submission to the Senate Education Review, February 2000.

<sup>2</sup> National Aboriginal and Torres Strait Islander Education Policy, Department of Education, Science and Training, 2004. [http://www.digitizen.gov.au/indigenous\\_education/policies/indigenous\\_education\\_policy.html](http://www.digitizen.gov.au/indigenous_education/policies/indigenous_education_policy.html)

concentration of people in the age groups most likely to attend university<sup>3</sup> and that the growth in the Indigenous population has been approximately 30% greater than that of the non-Indigenous population over this time<sup>4</sup>.

In 2004, the numbers of Indigenous university students across Australia declined by 1% making up just 1.2% of the total domestic student population<sup>5</sup>. This is just over half the corresponding reference value of 2.2%, the proportion of the total Indigenous peoples in Australia's population, and well under the DEST nominated benchmark of 2.5%.<sup>6</sup> This compares to a 0.4% decline in domestic enrolments overall, meaning that the decline in Indigenous students was over double that of other domestic students. The figures are even worse at the postgraduate level with Indigenous postgraduate students making up just 0.7% of the domestic postgraduate population<sup>7</sup>. Even more concerning for the long-term goal of increasing Indigenous participation in higher education, is the fact that in 2004, there was a 6% decline in commencing Indigenous students, compared to a 2.2% decline overall in domestic commencing students.<sup>8</sup>

NTEU believes that a wide range of factors work against increasing Indigenous peoples' participation in higher education, including racism in universities, inappropriate curriculum and delivery methods, a lack of Indigenous staff, inadequate support structures for students and high levels of poverty. The rising costs of university education, both in terms of increased fees and rising ancillary and living costs, is already a significant and growing burden on all students and their families, but is particularly onerous for Indigenous students. Given that 54% of Indigenous students report that money worries interfere with their studies, compared to 31% of other students, it is most likely that Indigenous commencements will continue to decline in 2005, particularly given the increases in HECS in 2005.<sup>9</sup>

Given that the changes made to ABSTUDY over recent years have also made administering the scheme highly complex and cost inefficient, NTEU recommends that a new and more streamlined Indigenous specific student income support scheme that is culturally and economically relevant to Indigenous students be developed. This is an essential component in ensuring Indigenous Australians' access to and sustained participation in higher education.

In order for such a scheme to be effective it needs to be conceptually reconfigured from a *welfare benefit* to a *support and incentive* scheme. This entails acknowledging the social and economic disadvantage experienced by

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<sup>3</sup> In 2001, 65.5% of the Indigenous population were under 29 years of age compared to only 41.5% of non Indigenous Australians, ABS, 2001 Census of Population and Housing

<sup>4</sup> ABS, Australian Social Trends, 2005.

<sup>5</sup> DEST, *Higher Education Report 2004-05*, September 2005, p.32.

<sup>6</sup> DEST, August 2002, *Achieving Equitable and Appropriate Outcomes: Indigenous Australians in Higher Education*, p 3

<sup>7</sup> DEST, *Higher Education Report 2004-05*, September 2005, pg.33.

<sup>8</sup> IBID

<sup>9</sup> Krause, Hartley, James and McInnis, *The First Year Experience in Australian Universities: Findings from a Decade of National Studies, Final Report*, DEST, January 2005.

Indigenous Australians and the fundamental role that education plays in improving the long-term employment, health, economic and community development opportunities of all Indigenous Australians. The provision of appropriate levels of student income support, coupled with appropriate curriculum development and delivery methods, can act as a support and an incentive for Indigenous students to participate in further education, with economic and social benefits that far outweigh the cost of the scheme.

The NTEU ITEPC has a number of recommendations in relation to the key provisions that an Indigenous student income support scheme should encompass, however also believes that a comprehensive study should be undertaken in conjunction with the IHEAC, about how the needs of Indigenous students can best be met and administered.

In regard to the development of a new Indigenous income support scheme, the ITEPC recommends that the scheme:

- Provide an adequate level of financial support to all Indigenous tertiary students;
- Recognise the Indigenous population has a higher density of youth than the non-Indigenous population as potential tertiary education participants and the younger age at which Indigenous youth are required to assume financial and social independence;
- Recognise the need to support Indigenous students through courses that enable alternative entry pathways to higher education;
- Recognise and support the need of Indigenous students to travel during the course of their study due to family and community responsibilities; and
- Ensures that Indigenous students are able to access a full range of supplementary and mainstream support programs provided by Government departments and individual institutions to improve participation and outcomes.

## **2. Level of Financial Support**

The lack of educational attendance and attainment of young Indigenous people is a matter of serious social and economic concern for Australia, particularly since there is a clear link between educational attainment and employment outcomes. In 2001, only 8.2% of the Indigenous population 15 years and over had completed year 12 and only 5.2% of Indigenous Australians aged 18-24 were attending university, compared to 34.4% and 23.5% respectively of the non-Indigenous population<sup>10</sup>. In the same year, the unemployment rate for Indigenous people was 20% compared to 7.2% for the rest of the population.<sup>11</sup>

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<sup>10</sup> ABS Cat No. 4317, *Indigenous Australians in the Contemporary Labour Market, Table 3*

<sup>11</sup> ABS Cat No. 4317, *Indigenous Australians in the Contemporary Labour Market, Table 2*

As one would expect, educational attainment declines the further the population is located from major cities. While this is true for both Indigenous and non-Indigenous Australians, the impact of isolation appears to be far greater for Indigenous Australians, especially in relation to completing Year 12. The attainment rate in very remote areas was half the average for all Indigenous Australians (8.2% compared to 16.8%) whereas, the difference for non-Indigenous Australians is only 5 percentage points lower in very remote areas (34.4% compared to 39.5%). This is also reflected in labour force participation rates which for non-Indigenous people in remote and very remote areas were 71.8% and 78.1% respectively, compared to only 50.5% and 46.2% for the Indigenous population.<sup>12</sup>

The costs of attending university have increased dramatically for all students over the last decade, both in terms of the increasing levels of debt associated with rising HECS fees, as well as increases in full fee domestic places and costs. This has been justified on the grounds that higher education is a worthwhile financial investment in an individual's future, which has substantial personal benefits for graduates in terms of employment opportunities and increased earning capacity.

The interaction of the labour market and education opportunities, particularly for Indigenous Australians living in remote communities, is a complicated and multi-dimensional relationship. Indigenous students, in particular those from rural and remote areas, often have limited employment opportunities because of their geographical isolation and lack of access to resources such as land and infrastructure. Those in urban areas also commonly experience difficulties in accessing employment due to racism and structural discrimination. If students do not see a direct link between improving their qualifications and increased employment opportunities, there is little incentive to attend university, particularly given the high cost and the very low rate of return for Indigenous students currently investing in higher education.

Increasing the educational qualifications of Indigenous Australians also has the potential to create greater employment opportunities for Indigenous people that are culturally and geographically meaningful and sustaining. Recognising, valuing and developing Indigenous knowledge and cultural practices through education opportunities can in turn, lead to the creation of a range of additional employment opportunities for Indigenous Australians in industries such as grazing, forestry and silviculture, aquaculture and fishing, and mining and tourism, as well as increased educational opportunities for all Australians through the specific knowledge and expertise they bring to the education sector.

Student income support for Indigenous students thus needs to play the dual function of supporting students while they are studying, as well as providing an incentive for Indigenous Australians to attend university. The provision of appropriate levels of support, coupled with appropriate curriculum development and delivery methods, can therefore act not only as a support but also as an incentive for Indigenous students to participate in further

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<sup>12</sup> ABS Cat No. 4317, *Indigenous Australians in the Contemporary Labour Market, Table 2*

education. The long-term social and economic benefits to local Indigenous and broader communities, as well as to the Australian economy would far outweigh the costs of implementing such a scheme.

The socio-economic disadvantage faced by Indigenous Australians is well documented and evidence of such has been presented in numerous other submissions from the Union<sup>13</sup>. In addition to facing limited employment opportunities and rising fees and charges, a large proportion of Indigenous Australians need to move away from their local communities and support structures to attend university. Current levels of income support thus act as a disincentive for Indigenous students to undertake further study, particularly when payment rates are not much higher than unemployment benefits or equivalent program payments.

While there are a range of eligibility requirements and supplementary payments that will vary base payment rates, current ABSTUDY payments are very closely aligned with the Newstart and Youth Allowance payments. Given the substantial costs involved in attending university, particularly for Indigenous students, as well as the broad economic and social benefits of increasing the numbers of Indigenous graduates, NTEU believes that it is entirely inappropriate to align student income support with payments that support those looking for work or equivalent welfare schemes. This is not to suggest that such schemes are in themselves necessarily adequate or fair in their eligibility requirements, but rather that they should be conceptually and practicably separated from student income support.

NTEU believes that the appropriate level of income support for Indigenous students should be the subject of a major review, which should be conducted in association with the IHEAC. As a starting point, NTEU believes that a more appropriate measure to tie income support to would be a percentage of Average Male Total Earnings (AMTE). Given that the Age Pension is set at 25% of AMTE, and that living costs for students are substantially higher than for retirees, as an initial working figure, NTEU recommends a base allowance for all Indigenous Students of between 33% and 40% of AMTE. See *Appendix 1* for a breakdown of figures relating to individual payments.

#### **Recommendation 1**

**NTEU recommends that a base income support allowance of between 33% and 40% of Average Male Total Earnings be made available to all Indigenous students.**

While there would need to be some eligibility criteria for additional allowances, such as for students with dependents or those required to travel long distances to attend university, NTEU believes that a base income support allowance should be made available to all Indigenous students. This has a number of benefits including increased incentive for Indigenous students to study without having to undergo often difficult to prove eligibility assessments,

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<sup>13</sup> NTEU Submission to DEST Review of the Impact of ABSTUDY changes that came into effect in 2000, February 2005, NTEU Submissions to the Senate Employment, Workplace Relations and Education References Committee's Inquiries into *Student Income Support*, November 2004, and *Indigenous Training and Employment Outcomes*, July 2004.

clear and accessible information about the rate of support Indigenous students are entitled to and a more efficient, streamlined and easy to administer scheme. Such a scheme would also more appropriately address the cultural and familial demographics of Indigenous Australians, particularly Indigenous youth.

### **3. Indigenous Youth**

NTEU believes that given the different demographic status and cultural and familial structures of Indigenous Australians, it is both unrealistic and inappropriate to use the same measures of income need and dependence for Indigenous and non-Indigenous students and their families.

Indigenous family and household characteristics vary markedly to that of other Australians. Not only are Indigenous households larger than non-Indigenous households, with an average of 3.4 persons compared to 2.6 persons, they are also likely to contain more than one family, with 10 % of children in Indigenous households living in households containing more than one family compared with 2% of other children<sup>14</sup>.

The Indigenous population also has a much lower life expectancy than other Australians and therefore a considerably younger age structure than the general population, with 57.6% of the Indigenous population under 25 years of age, compared to only 34% of the non-Indigenous population<sup>15</sup>. This has a bearing on a number of different social and economic indicators where age is an associated factor, such as marriage and birth rates, as well as associated financial responsibilities. For example, the average age of an Indigenous mother having a baby in the period 1998-2000 was 24.7 years compared to 29.2 years for non-Indigenous women. Of Indigenous mothers who gave birth, 79% were aged less than 30 compared with 52% of non-Indigenous mothers<sup>16</sup>.

This trend of the younger age at which Indigenous people assume social and financial independence is also evidenced in the fact that the percentage of Commonwealth Indigenous youth living away from home is greater than that for non-Indigenous youth. Unfortunately, the Australian Bureau of Statistics (ABS) does not publish comparable data that estimates the number of Indigenous young adults living at home with their parents, however data derived from the 2001 Census of Population and Housing shows the number of children living in parental households with dependent students accounts for 42.6% of 0-24 year old Indigenous Australians compared to 65.3% of non-Indigenous 0-24 year olds<sup>17</sup>.

Given the larger household size, and the earlier age at which Indigenous youth move out of home, start families and are expected to assume social and financial independence, eligibility requirements such as family means tests are clearly an inaccurate measure of an Indigenous family's ability to support or financially assist their children with the costs of attending university. Such

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<sup>14</sup> A.E. Daly and D.E. Smith, *Reproducing exclusion or inclusion? Implications for the wellbeing of Indigenous Australian children*, No. 253/2003

<sup>15</sup> ABS, 2001 Census of Population and Housing, Table I03

<sup>16</sup> ABS, 2003, *The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples*, Cat No. 4704.0

<sup>17</sup> ABS, 2001 Census of Population and Housing, Table I12

factors also make determining income support eligibility for Indigenous students difficult to administer and often leave Indigenous students unclear of what entitlements they will be eligible for if they were to attend university. This can act as a major disincentive for Indigenous Australians who are considering further study. Given these factors, along with the low socio-economic status of Indigenous families generally, NTEU believes that all Indigenous students should be entitled to a base income support allowance which is not means tested against family income.

While additional allowances for students with dependents and long distance travel requirements will also be necessary, providing an adequate base level of support will make administering the scheme more efficient and cost effective overall. NTEU believes that further research should be undertaken in conjunction with the IHEAC into what additional allowances are required and the level at which they should be set.

#### **Recommendation 2**

**NTEU recommends that all Indigenous students be entitled to a base income support allowance, which is not means tested against family income.**

#### **Recommendation 3**

**NTEU recommends that further research be undertaken with the IHEAC into what additional allowances are required and the level at which they should be set.**

#### **4. Travel allowances**

The geographic distribution of the Indigenous population is a major driver behind both the labour force participation and employment and educational outcomes for Indigenous people. 49.6% of all Indigenous Australians are located in outer regional, remote and very remote regions, compared to 12.1% for the rest of the population.<sup>18</sup>

Cultural, family and community responsibilities play an important role in Aboriginal and Torres Strait Islander cultures, and the expectation that a student will be with their extended family at a time of crisis, or to undertake activities related to cultural preservation or land maintenance is very strong. The expense of long distance travel can thus act as a further disincentive for Indigenous students to undertake or continue study.

Given the high proportion of Indigenous students living in regional, remote and very remote areas and the need to create additional employment opportunities in these areas, it is essential that travel costs do not act as a further deterrent to university participation.

While more flexible modes of delivery and an increased availability of infrastructure that allow students to study close to home, such as computer and Internet access, would go along way to improving Indigenous participation rates, in the absence of such options, the provision of funded travel is an

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<sup>18</sup> ABS Cat No. 4317, *Indigenous Australians in the Contemporary Labour Market, Table 2*

essential (and significantly less expensive) prerequisite to increasing Indigenous participation.

#### **Recommendation 4**

**NTEU recommends that Indigenous students who are required to travel long distances to study be compensated for all of their travel costs.**

#### **5. Alternative Entry Pathways**

Indigenous participation in and access to university is necessarily affected by the retention and completion rates of Indigenous students at secondary school. In 2001 33% of Indigenous Australians left school before the age of 15, compared to 18% of other Australians<sup>19</sup> and only 16.8% completed year 12 or equivalent compared to 39.5% of other Australians.<sup>20</sup> While there is a clear need to improve Indigenous participation rates at school level, it is also imperative that alternative entry pathways to university are adequately supported.

Enabling courses provide a valuable pathway to higher education qualifications and have a comparatively high proportion of Indigenous enrolments. As the School of Indigenous Studies and the Centre for Aboriginal Medical and Dental Studies at the University of Western Australia notes;

*Enabling courses at UWA provide a direct pathway into mainstream degrees and without them 88% of Indigenous students in Law and Medicine would not be there and nor would the attrition rates be as low.*<sup>21</sup>

In 2004, Indigenous students accounted for 17.6% of all enabling course enrolments, compared to only 1.2% of all undergraduate domestic enrolments. However, the number of Indigenous students in enabling courses is also declining, with 241 fewer students in 2004 than in 2003.

The current determination that Indigenous university enabling courses are not regarded as higher education courses under ABSTUDY policy affects the amount of ABSTUDY benefit received by those students undertaking the course. Where higher education enabling courses are determined as secondary courses, students are denied access to ABSTUDY allowances available to higher education level students, such as Additional Incidental Allowances and Away from Base Assistance for Field Trips and placements.

This is a clear example of the way in which access to appropriate student income support can directly impact on students' ability to participate in particular programs. ABSTUDY policy is inextricably linked with other university policies concerning Indigenous students. Any policy directed at improving Indigenous students' participation, needs to be considered in the context of students' ability to access the benefits of this policy, and this is largely determined by their ability to gain access to adequate income support.

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<sup>19</sup> J.C Altman and B.H Hunter, *Monitoring practical reconciliation: Evidence from the reconciliation decade, 1991-2001* CAEPR Discussion Paper 2003, No. 254/2003

<sup>20</sup> ABS Cat No. 4317 *Indigenous Australians in the Contemporary Labour Market, Table 3*

<sup>21</sup> The University of Western Australia, *Submission to 'The Review into the Impact of ABSTUDY Policy Changes that came into effect in 2000'*, p.2.

NTEU believes that enabling courses are crucial to increasing Indigenous participation in higher education and that therefore it is essential that students in these programs be adequately supported.

**Recommendation 5**

**NTEU recommends that enabling courses be defined as tertiary level courses for the purpose of Indigenous income support.**

**6. Access to alternative schemes**

There is much work to be done in increasing Indigenous participation rates in higher education. The development of higher education policy and curriculum that is specifically aimed at Indigenous students and that is culturally appropriate and relevant is crucial to improving this situation. However, students also need to be able to afford to get in to university in the first place, as well as having access to adequate support whilst studying.

This includes the provision of an Indigenous specific income support scheme that is not aligned with other student income support schemes or welfare or unemployment benefits. Without policies that target the specific needs of Indigenous students, Indigenous Australians will continue to be under-represented in higher education and as a result will continue to experience severe disadvantage in the labour market.

While there have been a number of new policies introduced under *Backing Australia's Future* that have the potential to influence Indigenous participation rates, it is essential that further work is done on ensuring that these policies are specifically directed at the particular needs of Indigenous students.

In particular, entitlements available under Commonwealth Learning Scholarships (CLS) could provide much needed additional support for Indigenous students. However the allocation and distribution of these scholarships, as well as the level of support provided, needs to take into consideration the particular circumstances of Indigenous students. Thus as well as broadening eligibility criteria for existing scholarships, for example to incorporate enabling students, NTEU believes that an additional allocation of CLS be provided specifically for distribution to Indigenous students.

**Recommendation 6**

**NTEU recommends that an additional allocation of Commonwealth Learning Scholarships be provided to specifically target Indigenous students and that the eligibility criteria for existing scholarships be expanded.**

## **7. Conclusion – Part 1.**

NTEU believes that it is essential that policies be developed to both increase and sustain Indigenous participation in higher education and that these policies are underpinned by fundamental principles that specifically target the support requirements of Indigenous students and are arrived at through a comprehensive process of consultation.

These recommendations relate to the key provisions that NTEU ITEPC believes a new Indigenous specific student support scheme should encompass. These recommendations are in no way exhaustive and the Union strongly recommends that further research be done on how the needs of Indigenous students can best be met and administered, as well as into the level of support required.

While such a scheme should ultimately replace the current ABSTUDY scheme, NTEU recommends that in the interim, there are a number of measures that should be undertaken to ameliorate the anomalies in the existing scheme. NTEU believes that these interim measures will be of minimal cost to the Government but would significantly improve the ability of Indigenous students to continue to participate in higher education courses. The recommended changes and NTEU estimates of the cost to the Commonwealth are presented in Part 2.

## **PART 2: PROPOSED AMENDMENTS TO EXISTING ABSTUDY SCHEME**

Table A provides a summary of NTEU's costings to implement recommendations relating to amending the existing ABSTUDY scheme while a new scheme is being developed.

The costings for 2006 to 2009 have been estimated by assuming indexation of 2.5% per annum plus a 5% increase due to an increasing number of recipients as a result of the incentive effects.

### **Summary of NTEU Costings**

<b>TABLE A</b>	<b>Annual Budgetary Costs (cash basis)</b>					
	<b>\$('000)</b>					
<b>Recommendation</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total 06-09</b>
1. Enabling student classified as Tertiary	\$2,005	\$2,158	\$2,322	\$2,500	\$2,690	\$9,670
2. Enabling student access to CLS	\$4,309	\$4,638	\$4,991	\$5,372	\$5,781	\$20,782
3. Classifying all Indigenous Students as Independent	\$6,433	\$6,924	\$7,451	\$8,020	\$8,631	\$31,026
4. Additional Fares Allowance	\$3,249	\$3,497	\$3,763	\$4,050	\$4,359	\$15,670
5. Amend Travel conditions	\$0	\$0	\$0	\$0	\$0	\$0
6. Write-off SFSS debt	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$15,996</b>	<b>\$17,216</b>	<b>\$18,528</b>	<b>\$19,941</b>	<b>\$21,462</b>	<b>\$77,147</b>

## 1. Enabling Courses

### Recommendation 1

**NTEU recommends that all Indigenous students enrolled in enabling courses offered by Australian universities be classified as Tertiary students for the purposes of calculating their ABSTUDY entitlements.**

NTEU understands that students currently enrolled in enabling courses at Australian universities are considered to be non-school secondary students and as such are classified as *Secondary Student B* students for the purposes of ABSTUDY.

The consequences of this are that students enrolled in enabling courses at university are not entitled to the Additional Incidentals Allowance. The difference in total maximum allowances in 2005 for the same student being classified as a *Secondary Student B* compared to a *Tertiary Student* classification are shown in Table A1 below.

**Table A1:  
Maximum ABSTUDY Entitlements Secondary Student B and Tertiary Student**

<b>Independent Student 18 Years Old Living Away from Home</b>			
<b>Secondary Student B</b>	<b>\$</b>	<b>Tertiary Student</b>	<b>\$</b>
Living Allowance	8,489.00	Living Allowance	8,489.00
Schools Fee Allowance *	n.a		
Incidentals Allowance (over 18 @ 1January)	444.40	Incidentals Allowance	444.40
		Additional Incidentals Allowance	2,080.00
Away from Base Assistance	2,080.00	Away from Base Assistance	2,080.00
Remote Area Allowance (\$18.20 pf)	473.20	Remote Area Allowance (\$18.20 pf)	473.20
Fares Allowance	at cost	Fares Allowance	at cost
Rent Assistance (\$98.20 pf)	2548.00	Rent Assistance (\$98.20 pf)	2548.00
Pharmaceutical Allowance (\$5.80 pf)	150.80	Pharmaceutical Allowance (\$5.80 pf)	150.80
Total ABSTUDY Entitlements	14,185.40		16,265.40
<b>Difference</b>	<b>-2,080.00</b>		

\* Must be enrolled at school to be eligible for this entitlement.

### **Total Cost to Budget**

According to the latest DEST Higher Education Statistics there were 964 Indigenous students enrolled in enabling courses at Australian universities in 2004. If all of these students were entitled to the maximum Additional Incidentals Allowance this measure would cost a maximum of approximately \$2m per annum as shown below.

<b>Maximum Cost per ABSTUDY Recipient</b>	<b>Number of Recipients</b>	<b>Total Cost to Budget</b>
<b>\$2,080</b>	<b>964</b>	<b>\$2,005,120</b>

## 2. Commonwealth Learning Scholarships

### Recommendation 2

**NTEU recommends that Indigenous Students enrolled in enabling courses at Australian universities be provided with access to Commonwealth Learning Scholarships (CLS).**

At present, the Guidelines governing the allocation of CLS explicitly exclude students enrolled in enabling courses from eligibility.

There are two types of CLS:

<b>Commonwealth Learning Scholarships (CLS)</b>	<b>\$ (2005)</b>
Commonwealth Education Costs Scholarships (CECS)	\$2,042
Commonwealth Accommodation Scholarships (CAS)	\$4,048

NTEU believes that the CAS should be extended to all Indigenous students not living at home during their period of study. Unfortunately, the Australian Bureau of Statistics (ABS) does not publish comparable data that estimates the number of Indigenous young adults living at home with their parents. However data derived from the 2001 Census of Population and Housing shows approximately 41% of Indigenous students' permanent home address (not necessarily their address while attending their courses) was in major capital cities, compared with 52% of non-Indigenous students. Given that many students who do not live in capital cities are likely to be living away from home to attend university, and taking into consideration the comparatively low socio-economic status of many Indigenous families, the figure of Indigenous students not living at home while undertaking university study could be as high as 60%. The costing below is based on the assumption of 60% of current Indigenous students being eligible.

### **Total Cost to Budget**

NTEU recommends that an additional allocation of CLS be made to accommodate Indigenous students enrolled in enabling courses at Australian universities, rather than re-allocating existing scholarships. The cost of extending the eligibility criteria would be zero. An allocation of new scholarships to all eligible students would be a maximum of approximately \$4.3m per annum

**TABLE A2**

Type of Scholarship	Maximum Cost per Abstudy Recipient	Number of Recipients	Total Cost to Budget
CECS	2,042	964	\$1,968,488
CAS	4,048	578	\$2,341,363
<b>Total</b>			<b>\$4,309,851</b>

### 3. Means Testing

#### **Recommendation 3**

**NTEU recommends that all Indigenous students studying at university (including students enrolled in enabling courses) be classified as Independent for the purposes of ABSTUDY, by removing the family means test provisions for Indigenous students under 25 years.**

#### **Background**

The major consequence of not being classified as an independent student is that ABSTUDY recipients' entitlements are subject to a family means test. The changes only affect students under 25 years of age, because once students have reached the age of 25 they are automatically classified as independent.

#### **Costing**

The first issue that needs to be resolved is estimating the number of students likely to be affected by this proposed change. According to data published by the Productivity Commission, in their *Overcoming Indigenous Disadvantage Report* in 2004, only 52.5% of Indigenous tertiary education students were aged under 25. A proportion of the under-25 cohort will also be determined to be independent on other grounds. A study by Birrell and Dobson<sup>22</sup> based on 1997 data, when the automatic age of independence was 21 years, showed that approximately 20% of all Austudy recipients were classified as independent on grounds other than age. Given that this has now been increased to 25 years, this proportion would also have increased. In light of the financial and family circumstances of Indigenous Australians, NTEU believes that a highly conservative estimate of the proportion of Indigenous Tertiary Education students aged below 25 years with independent status under the current arrangements would now be 33%.

**Therefore the maximum number of Indigenous tertiary students likely to be affected by these changes is estimated to be 3,130.<sup>23</sup>**

The second part of estimating the cost is to estimate the average reduction in entitlement a dependent Indigenous tertiary student is likely to receive due to the application of the family means test. The family means test reduces ABSTUDY recipients' entitlements by \$1 dollar for every \$4 of family income over a certain threshold, which varies depending on the number of dependent children in the family. For the purposes of estimation we are assuming a family with three children (including the tertiary student), two of whom are aged under 16. This would make the family income threshold \$32,624 per annum in 2005.

Table A3 shows the loss of ABSTUDY entitlement for different family income levels.

**Table A3**

<b>Loss of ABSTUDY entitlement if:</b>	<b>\$</b>
<b>Family Income Less than \$32,642</b>	<b>0.00</b>
<b>Family Income = \$40,000</b>	<b>-1,839.50</b>
<b>Family Income = \$45,000</b>	<b>-3,089.50</b>
<b>Family Income = \$50,000</b>	<b>-4,339.50</b>

<sup>22</sup> Bob Birrell and Ian R. Dobson, 'Equity Implications Of The New Youth Allowance Legislation For Higher Education Students', *People and Place*, Vol 6 Issue 2, <http://elecpress.monash.edu.au/pnp/free/pnpv6n2/birrdobs.htm>

<sup>23</sup> According to the latest DEST Higher Education Statistics, the total number of Indigenous students enrolled at Australian universities in 2004 was 8,895 of whom 52.5% (4,670) are estimated to be less than 25 years of age of whom 67% (3,130) are estimated to be classified as dependent.

According to the latest ABS data<sup>24</sup> the average weekly gross household income for all Australian households in 2003-04 was \$1128. Allowing for a 5% increase in 2005 this would be equivalent to \$1184 per week in 2005. While there is no recent equivalent data on Indigenous households, according to another ABS publication “in 2001, the mean (average) equivalised gross household income for Indigenous persons was \$364 per week, or 62% of the corresponding income for non-Indigenous persons”.<sup>25</sup>

There are a number of problems in measuring Indigenous gross household income according to census definitions. Not only are Indigenous households larger than non-Indigenous households, with an average of 3.4 persons compared to 2.6 persons in 2001, they are also likely to contain more than one family, with 10% of children in Indigenous households living in households containing more than one family compared with 2% of other children<sup>26</sup>.

In 2001, the median weekly Indigenous household income was \$629 per week or 81 per cent of that of other Australian households (\$780). However, once the larger number of residents in Indigenous households was taken into account, the ratio of income per person in an Indigenous household to that of other Australian households fell to 62 per cent, \$185 per week compared to \$300.

Thus, assuming that the mean (average) equivalised gross household income for Indigenous persons in 2005 was still approximately 63% of the corresponding income for non-Indigenous persons, we can infer that average gross weekly income for Indigenous households was \$734 per week in 2005 or approximately \$38,168 per annum.

The difficulties in accurately estimating average Indigenous household income points not only to the difficulties in providing an accurate costing for classifying all Indigenous students as independent, but also demonstrates the complexity and inappropriateness of applying a family means test to Indigenous students. Given the differences in household size and structures, as well as different cultural expectations in terms of the younger age at which Indigenous people assume social and financial independence, it is clearly both unrealistic and inappropriate to use the same measures of income need and dependence for Indigenous and non-Indigenous students and their families.

**Assuming an average family income of \$40,000, the estimated total cost of this recommendation is approximately \$5.8m per annum as shown below.**

	Cost per ABSTUDY Recipient	Number of Recipients	Total Cost to Budget
<b>Family Income \$40,000</b>	<b>1,839</b>	<b>3,130</b>	<b>\$5,756,070</b>

<sup>24</sup>ABS Cat No. 6523.0 Household Income and Income Distribution, Australia Household Income and Income Distribution, Australia, 2003-04 (Table 8)

<sup>25</sup> ABS Cat No. 4713.0 Population Characteristics, Aboriginal and Torres Strait Islander Australians

<sup>26</sup> A.E. Daly and D.E. Smith, *Reproducing exclusion or inclusion? Implications for the wellbeing of Indigenous Australian children*, No. 253/2003

#### 4. Additional Fares Allowance

##### Recommendation 4

NTEU recommends that ABSTUDY recipients who met the reasonable travel requirements (that is their permanent address is more than 56km from their place of study) be entitled to an additional two tertiary and secondary non-schooling travel Fare Allowance entitlements per year.

##### **Background**

Tertiary Indigenous students who meet the reasonable travel requirement are currently entitled to one tertiary and secondary non-schooling travel entitlement per year. This effectively means that students are only compensated for one return trip to their families and communities between semesters. Given Indigenous peoples close family and community connections, NTEU believes that students should be entitled to a minimum of three such trips per year. This would be in addition to existing entitlements in relation to compassionate, orientation /special purpose, examination and graduation travel entitlements.

##### **Cost**

NTEU believes that a reasonable estimate of the average cost of this additional entitlement would be:

- \$500 per trip for students whose permanent home address is in isolated Australia (\$1000 per student per year), and
- \$250 per trip for students whose permanent home is in regional Australia (\$500 per student per year).

The total estimated cost of this recommendation (based on providing an additional 2 trips per year) is approximately \$3.2m per annum as shown below.

**Table A4**

Permanent Home Address <sup>27</sup>	% of Tertiary Indigenous Students	Cost per Recipient	Number of Recipients <sup>28</sup>	Annual Cost
Major Cities	41.9%	\$0	3725	\$0
Regional	43.2%	\$500	3840	\$1,920,241
Remote	14.9%	\$1,000	1329	\$1,329,117
<b>Total</b>				<b>\$3,249,358</b>

<sup>27</sup> Based on data published in Productivity Commission (2004) Overcoming Indigenous Disadvantage Report Table 3A.41

<sup>28</sup> Based on DEST Higher Education data of 8,895 Indigenous students enrolled in all university courses in Australia in 2004.

## 5. Travel Allowance

### **Recommendation 5**

**NTEU recommends that for both Fare Allowance and Away-From-Base, the conditions for a student to use rail sleeping berth or economy airfare or motor vehicle or charter transport be amended so that the existing requirement that travel is longer than 36 hours by alternative routes, be replaced by the following conditions:**

- **The distance required to travel be more than 500kms, or**
- **Where the distance is less than 500kms, the alternative means of transport would take longer than 24 hours, and**
- **In the case of Away-From-Base activities, the interstate restrictions be abolished.**

Given the very low participation rates of Indigenous students from isolated areas in higher education, the current 36 hour condition and the restrictions on interstate travel for Away-from-Base activities seem overly onerous and no doubt provide a major disincentive for students from these regions to participate.

### **Cost**

NTEU does not believe that this change would not have any significant costs and believes that a simplification of the rules may in fact result in administrative cost savings.

## **6. Student Financial Supplement Scheme**

### **Recommendation 6**

**NTEU recommends that existing debt under the Student Financial Supplement Scheme (SFSS) be immediately written off.**

#### **Background**

While the NTEU was highly critical of the debt implications of the SFSS, its abolition by the Minister for Youth Affairs in April 2003, without any replacement scheme has arguably left Indigenous students worse off. There is little doubt the heavy reliance on the SFSS is a strong indicator of the need to increase the overall level of income support for Indigenous students.

#### **Cost**

At the end of 2002, accumulated national Indigenous student debt under the SFSS was \$320 million dollars.<sup>29</sup> It needs to be appreciated that much of this debt (as much as 50%) in fact represents past savings to the Commonwealth because it was obtained by students in receipt of an ABSTUDY payment cashing in their ABSTUDY entitlement on a one for two-dollar ratio loan basis.

The Government has also recently changed the arrangements for administering these loan repayments by assuming all outstanding loans currently administered by the Commonwealth Bank of Australia (CBA). This administrative change is expected to save the Government an expected \$37.4 million in interest and management fees.<sup>30</sup> Given the expense of administering this debt, even after the scheme has been abolished, NTEU recommends that all existing debt be immediately written off.

Forgiveness of this debt has limited impact on the Commonwealth's monetary expenditures, but would show up as a non-monetary balance sheet transaction where debt asset would be written off. Given the high costs of administering debt repayments from SFSS, NTEU would anticipate that forgiving existing debt would also actually achieve some additional cost savings.

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<sup>29</sup> Information provided to DEST by Centrelink by the NTEU by Question on Notice No. 1382, Indigenous Student Debt, June 16 2003.

<sup>30</sup> Federal Budget 2005-6, Budget Paper No.2, Education, Science and Training Expenditure

## Increasing the level of Income Support for Indigenous Students Attending University

The available evidence strongly suggests that the existing income support arrangements and levels of income support available through ABSTUDY act as a disincentive to Indigenous Australians participation in higher education.

While the recommendations outlined in this section will address some of the existing ABSTUDY anomalies, NTEU strongly believes that Indigenous student income support requires fundamental reform, including a substantial rise in existing living allowances to remove any disincentive for Indigenous Australians to participate in higher education.

That current income support measures act as a disincentive for Indigenous students is not surprising when one looks at the data presented in Table B1 that compares a number of ABSTUDY living allowances with the relevant Henderson poverty line<sup>31</sup>.

**Table B1**

Status	2005 \$ Values		Difference	
	Abstudy Allowance (\$/fortnight)	Henderson Poverty Line (\$/fortnight)	\$	%
Students - standard living at home				
16-17 years	\$178.70	\$427.50	-\$248.80	-58.2%
18-20 years	\$214.90	\$427.50	-\$212.60	-49.7%
21 years and over	\$399.30	\$427.50	-\$28.20	-6.6%
Students - away from home:				
Under 16 years	\$178.70	\$635.22	-\$456.52	-71.9%
16-20 years	\$326.50	\$635.22	-\$308.72	-48.6%
21 years and over	\$399.30	\$635.22	-\$235.92	-37.1%
Independent students - single, no children:				
under 16 years	\$326.50	\$635.22	-\$308.72	-48.6%
16-20 years	\$326.50	\$635.22	-\$308.72	-48.6%
Under 16 at home	\$178.70	\$427.50	-\$248.80	-58.2%
16-17 years at home	\$178.70	\$427.50	-\$248.80	-58.2%
18-20 years at home	\$214.90	\$427.50	-\$212.60	-49.7%
21 years and over	\$399.30	\$635.22	-\$235.92	-37.1%
<b>Average</b>	<b>\$276.83</b>	<b>\$531.36</b>	<b>-\$254.53</b>	<b>-47.9%</b>

The data shows that the level of income support provided through ABSTUDY is on average \$250 per fortnight (47.9%) below the relevant Henderson poverty line.

<sup>31</sup> As cited in Senate Employment, Workplace Relations and Education References Committee (2005) Student income support Final Report Table 1 page 30.

The first step in determining a new level of income support for Indigenous students is to establish an appropriate level and the second stage would then be to ensure an appropriate level of indexation.

The following calculations assume that all Indigenous students would receive the same basic level of income support regardless of age or place of residence.

NTEU believes that the appropriate level of income support for Indigenous students should be the subject of a major review, which should be conducted in association with the IHEAC. As a starting point, NTEU believes that a more appropriate measure to tie income support to would be a percentage of Average Male Total Earnings (AMTE), particularly given that, as part of the Government's new tax system, the Age Pension is set at 25% of AMTE, and that living costs for students are substantially higher than for retirees. Therefore, as an initial working figure, NTEU would recommend a base allowance for all Indigenous Students of between 33% and 40% of AMTE.

**Table B2 NTEU preferred options for base student support allowance**

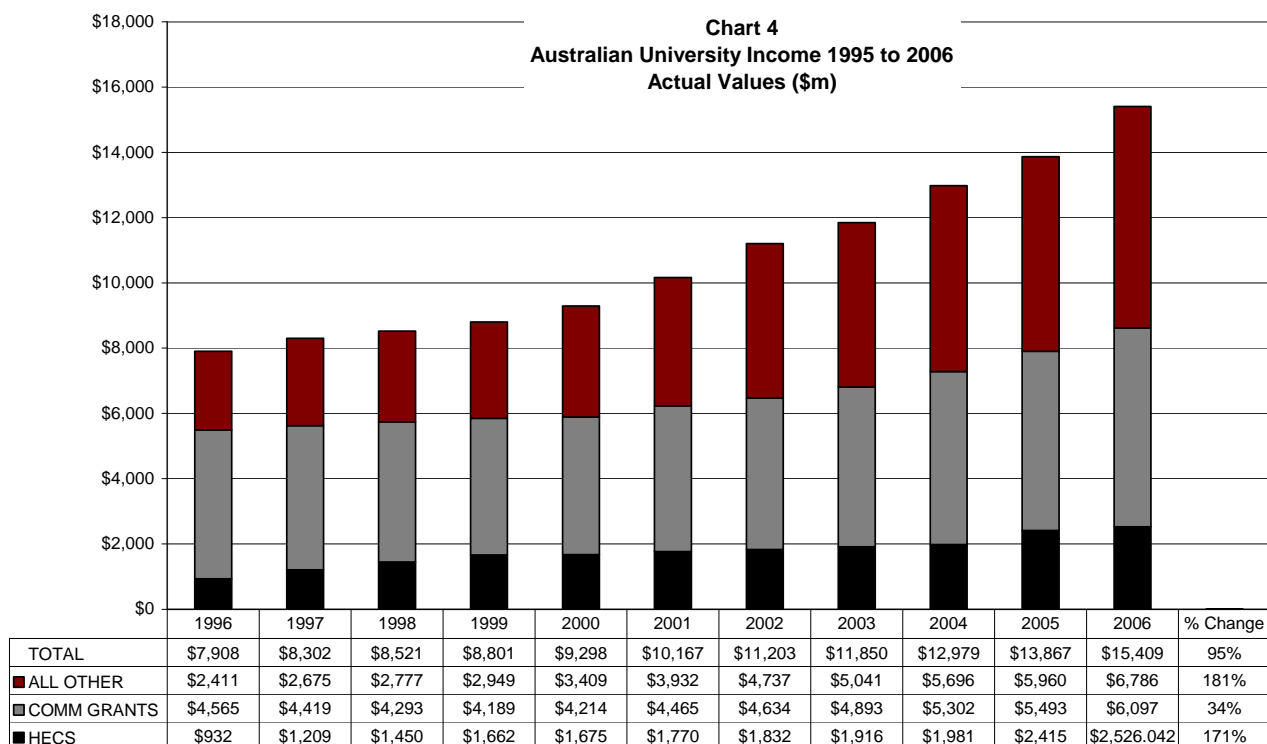
Status	2005 \$ Values			Difference	
	ABSTUDY Allowance	33% AMTE	40% AMTE	33%	40%
Students - standard living at home					
16-17 years	\$178.70	\$628.72	\$762.08	-\$450.02	-\$583.38
18-20 years	\$214.90	\$628.72	\$762.08	-\$413.82	-\$547.18
21 years and over	\$399.30	\$628.72	\$762.08	-\$229.42	-\$362.78
Students - away from home:		\$628.72	\$762.08	-\$628.72	-\$762.08
Under 16 years	\$178.70	\$628.72	\$762.08	-\$450.02	-\$583.38
16-20 years	\$326.50	\$628.72	\$762.08	-\$302.22	-\$435.58
21 years and over	\$399.30	\$628.72	\$762.08	-\$229.42	-\$362.78
Independent students - single, no children:					
under 16 years	\$326.50	\$628.72	\$762.08	-\$302.22	-\$435.58
16-20 years	\$326.50	\$628.72	\$762.08	-\$302.22	-\$435.58
Under 16 at home	\$178.70	\$628.72	\$762.08	-\$450.02	-\$583.38
16-17 years at home	\$178.70	\$628.72	\$762.08	-\$450.02	-\$583.38
18-20 years at home	\$214.90	\$628.72	\$762.08	-\$413.82	-\$547.18
21 years and over	\$399.30	\$628.72	\$762.08	-\$229.42	-\$362.78
Average Above				-\$373.18	-\$506.54

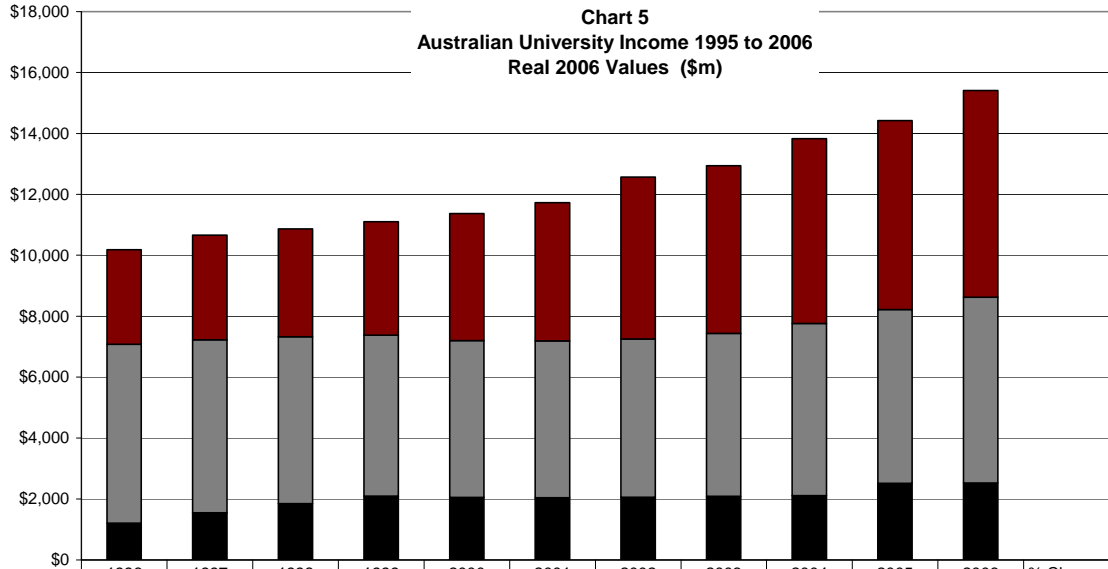
## The Funding Of Australian Universities 1996 – 2005 (Update July 2008)

The following provides updates incorporating 2006 data where available for some the tables and charts contained in the NTEU's 2007 Publication *The Funding Of Australian Universities 1996 – 2005*. All sources and references are the same as in the original publication.

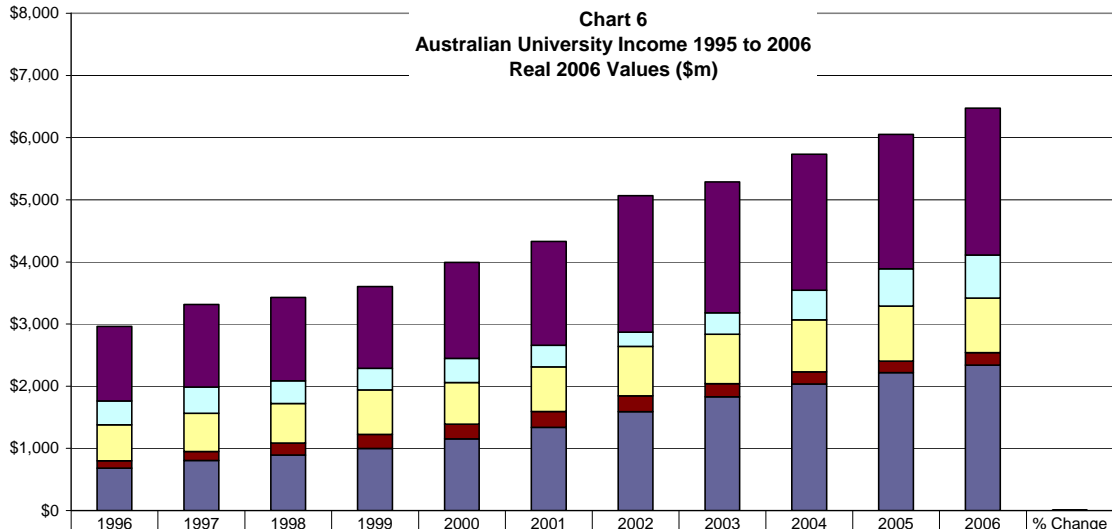
**Table 1: Changes in University Income 1996 to 2006 (Actual and 2006 Values)**

	Actual Dollars		2006 Dollar values	
	Change \$'000	% Change	Change \$'000	% Change
<b>HECS Payments</b>	\$1,593,718	171%	\$1,325,227	110%
<b>Comm Grants (ex HECS)</b>	\$1,532,094	34%	\$217,557	4%
<b>Sub-Total</b>	\$3,125,812	57%	\$1,552,784	17%
<b>All Other</b>	\$4,374,929	95%	\$3,680,564	119%
<b>TOTAL</b>	\$7,500,741	181%	\$6,776,132	35%





	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	% Change
<b>TOTAL</b>	\$19,262	\$19,879	\$20,188	\$20,485	\$20,569	\$20,916	\$21,817	\$22,379	\$23,596	\$24,645	\$26,038	35%
<b>ALL OTHER</b>	\$3,106	\$3,434	\$3,542	\$3,721	\$4,168	\$4,534	\$5,312	\$5,505	\$6,069	\$6,196	\$6,786	119%
<b>COMM GRANTS</b>	\$5,879	\$5,672	\$5,475	\$5,286	\$5,153	\$5,149	\$5,197	\$5,344	\$5,650	\$5,711	\$6,097	4%
<b>HECS</b>	\$1,201	\$1,552	\$1,850	\$2,097	\$2,048	\$2,041	\$2,055	\$2,092	\$2,111	\$2,511	\$2,526	110%



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	% Change
<b>TOTAL</b>	\$2,963	\$3,315	\$3,427	\$3,603	\$3,993	\$4,330	\$5,066	\$5,285	\$5,734	\$6,053	\$6,473	118%
<b>OTHER</b>	\$1,201	\$1,330	\$1,338	\$1,314	\$1,543	\$1,669	\$2,196	\$2,102	\$2,187	\$2,164	\$2,363	97%
<b>INVEST</b>	\$383	\$418	\$369	\$347	\$391	\$348	\$230	\$344	\$479	\$600	\$693	81%
<b>F&amp;C-OTHER</b>	\$580	\$616	\$633	\$719	\$668	\$717	\$795	\$799	\$835	\$884	\$876	51%
<b>F&amp;C-DOM P/G</b>	\$116	\$146	\$194	\$225	\$235	\$256	\$253	\$211	\$196	\$186	\$200	72%
<b>F&amp;C - OS</b>	\$684	\$805	\$894	\$999	\$1,156	\$1,339	\$1,592	\$1,829	\$2,038	\$2,220	\$2,342	242%

