



**BUDGET**  
**EDUCATION REVOLUTION 2008-09**

**STATEMENT BY**

**THE HONOURABLE JULIA GILLARD MP**

DEPUTY PRIME MINISTER

MINISTER FOR EDUCATION

MINISTER FOR EMPLOYMENT AND WORKPLACE RELATIONS

MINISTER FOR SOCIAL INCLUSION

13 MAY 2008

© Commonwealth of Australia 2008

ISBN 978-0-642-74459-3

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and inquiries concerning reproduction and rights should be addressed to the:

Commonwealth Copyright Administration  
Attorney General's Department  
Robert Garran Offices  
BARTON ACT 2600

Or posted at:  
<http://www.ag.gov.au/cca>

Internet

The Commonwealth budget papers and budget related information are available on the central Budget website at: [www.budget.gov.au](http://www.budget.gov.au)

Printed by CanPrint Communications Pty Ltd

## FOREWORD

Investing in education is crucial to driving productivity growth and to building a modern and prosperous economy for the future. This Budget delivers on the Rudd Labor Government's election commitments and is a part of delivering the Education Revolution.

The Rudd Labor Government wants Australia's education system to be among the best in the world, so that we have an innovative, skilled and well-trained workforce. But over the past decade, instead of recognising and emphasising the importance of education to Australia's future, the previous government allowed support to decline. OECD figures presented in *Education at a Glance: 2007* show that public spending on education in Australia is below the OECD average.

The Budget provides \$19.3 billion to deliver the Government's commitments over the next four years. It is a vital first step in creating a world-class education system that supports all Australians to learn, from early childhood education to schooling, from skills and training to our universities.

Education has the potential not only to drive productivity but also to empower individuals and help overcome disadvantage. The Education Revolution is for all Australians, including those who have been excluded from the full benefits of education in the past. The Education Revolution is central to the Rudd Labor Government's social inclusion agenda and to its aspiration to close the gap for Indigenous Australians.

With new leadership and a new national consensus on the importance of education to the nation's productivity it is time for a fresh approach – for national consistency and new partnerships – underpinned by strong ongoing investment, not just in this Budget, but in the years to come.

The 2008 meetings of the Council of Australian Governments (COAG), the Ministerial Council on Education, Employment, Training and Youth Affairs and the Ministerial Council for Vocational and Technical Education have all marked the start of a new era of collaboration between Commonwealth, state and territory education and training ministers.

This cooperative national approach will make a difference to the lives of students, parents and working families by providing early and better opportunities for all children, better quality teaching and training, higher workforce participation and a higher skilled and more flexible workforce.

In the area of early childhood education, a national Office of Early Childhood Education and Child Care has been established in the Department of Education, Employment and Workplace Relations to implement an exciting new agenda to deliver

universal access to high-quality early childhood education for all children in the year before school and to ease the pressure on working families struggling to pay for or access child care. The Prime Minister has also made an historic commitment that in five years all Indigenous four year olds in remote Indigenous communities will have access to a quality early childhood education program.

Australian schools will be better equipped to face the future. The Digital Education Revolution is being rolled out in secondary schools in collaboration with state and territory governments. The Rudd Government's \$1.2 billion investment over five years provides an opportunity to transform the way teachers teach and students learn, and to equip our students for the future.

In addition, in this Budget the Rudd Labor Government commences delivering our \$2.5 billion investment in trades training centres in secondary schools and on our promise to make trades training available and attractive to secondary students.

In the next financial year, the Rudd Government will spend \$457 million on school capital works. Over the next four years we will spend more than \$1.7 billion on maintenance and infrastructure in our schools.

The Rudd Government will also ensure that all students are supported to get the basics right by investing \$577.4 million over four years to support a National Action Plan on Literacy and Numeracy. Assistance will be targeted to students who need it the most and \$56.4 million will be delivered over four years for literacy and numeracy programs and individual learning plans for Indigenous students.

This Budget also delivers new investments to enable students to study the languages of our region, in which our economic future lies, and a quality national curriculum.

Australian working families will benefit from the more than \$1 billion a year allocated for a new Education Tax Refund to help families meet primary and secondary schooling costs.

Australia's youth have been given a new voice through the national Office for Youth and the Australian Youth Forum.

Delivering a more highly-skilled workforce is a key element of driving productivity. The Rudd Labor Government is committed to delivering 450 000 new training places over the next four years, and has already fast-tracked 20 000 places, making these available to those who greatly need support – those outside of the workforce. The 2008-09 Budget extends this commitment to provide 630 000 new training places over five years (including 85 000 apprenticeship places).

Our reform of employment services, also announced in this Budget, supports our training programs by providing additional incentives to Job Network providers to

support the most disadvantaged job seekers to move into education, training and work.

Skills Australia has been established to play a central role in analysing current and emerging skills needs across industry sectors, to inform the Government on current and future demand for skills and training.

A review of the current higher education system and its long-term future is already under way. It will build on approximately \$1.5 billion in new initiatives delivered in this Budget, which address immediate priorities for the sector, including ensuring access to higher education is merit-based and reducing skills shortages in critical areas. An additional \$500 million of Better Universities Reform Funding is being provided in 2007-08 for a major program of campus renewal in our higher education institutions. This will support improved facilities for teaching, research and student amenities. The projects will be decided by each institution in light of its own mission and some broad priorities set by the Government.

On top of this immediate injection of funding, the Rudd Labor Government will transform Australia's higher education and vocational education and training (VET) institutions over the next decade with a new \$11 billion Education Investment Fund. This fund will support capital expenditure and renewal and refurbishment in universities and vocational institutions as well as in research facilities and major research institutions. This fund will include \$5 billion from the 2007-08 and 2008-09 Budgets and \$6 billion from the Higher Education Endowment Fund (HEEF).

This Budget delivers on election promises and begins the long-term investment in education and training necessary to support productivity and economic growth into the future.

The Education Revolution 2008-09 Budget package demonstrates the very real commitment of the Rudd Labor Government to building our future prosperity by ensuring that all Australians have access to world-class education and training.

Julia Gillard

Deputy Prime Minister

Minister for Education

Minister for Employment and Workplace Relations

Minister for Social Inclusion



# CONTENTS

<b>BUDGET HIGHLIGHTS</b> .....	<b>1</b>
Early childhood education .....	1
Schools .....	1
Skills development and training .....	2
Higher education .....	2
Indigenous education .....	3
<b>THE CHALLENGE</b> .....	<b>5</b>
<i>Chart 1 – Demographics</i> .....	5
<i>Chart 2 – Projected workforce participation rates from 2004 to 2044</i> .....	6
Better education outcomes lead to increased productivity, participation and GDP .....	6
<i>Chart 3 – Apparent retention rates Year 7/8 to Year 12 1980 to 2007</i> .....	11
<i>Chart 4 – Eligible applicants for domestic undergraduate courses in selected fields, 2001 – 2008</i> .....	16
<i>Chart 5 – Higher education participation by equity group compared to share of total population, Australia 2006</i> .....	17
<b>THE EDUCATION REVOLUTION — A NEW APPROACH TO EDUCATION AND TRAINING</b> .....	<b>19</b>
A collaborative approach through the Council of Australian Governments .....	20
Reforming Commonwealth payments to the states and territories to focus on outcomes .....	21
An ambitious reform agenda for early childhood education and child care .....	22
A transformation of teaching and learning in schools.....	23
<i>Participation &amp; Productivity</i> .....	24
Listening to young people .....	26
Skilling Australia.....	27
World-class higher education .....	28
Closing the gap .....	30
<b>PRIORITIES AND NEW INITIATIVES</b> .....	<b>31</b>
The delivery of early childhood education in Australia .....	31
Schooling .....	36
Giving a voice to Australia’s youth .....	44
Skills and training.....	45
Higher education .....	47
Indigenous education .....	52
<b>CONCLUSION</b> .....	<b>55</b>



# BUDGET HIGHLIGHTS

## EARLY CHILDHOOD EDUCATION

- \$533.5 million over five years for universal access to early childhood education. This will reduce the barriers to gaining access to quality learning programs for children before they start school, including Indigenous children living in remote areas. When fully implemented by 2013, this measure will ensure universal access to preschool for 15 hours per week, 40 weeks a year.
- An additional \$1.6 billion over four years to increase the frequency and rate of the Child Care Tax Rebate (CCTR). From 1 July 2008 the CCTR rebate will be increased from 30 to 50 per cent and the cap will be raised from \$4354 to \$7500 (indexed). The CCTR will also be paid quarterly.
- \$126.6 million over four years to train and retain a high-quality early education workforce. The package of initiatives will provide incentives to improve the qualifications of child care workers and support more early childhood teachers, particularly where they are needed most.
- \$114.5 million to establish the first 38 of 260 child care centres to be built across Australia.

## SCHOOLS

- \$2.5 billion over the next 10 years for the Trades Training Centres in Schools program. This program commenced on 7 March 2008, and decisions on funding for the first \$100 million will be announced in late June 2008. Second round applications for up to \$300 million will close in October 2008.
- More than \$1 billion a year for a new Education Tax Refund to help families meet primary and secondary schooling costs. Eligible families will be able to claim a 50 per cent refund every year for key education expenses up to \$750 for each child undertaking primary studies (maximum refund of \$375 per child, per year), and \$1500 for each child undertaking secondary studies (maximum refund of \$750 per child, per year).
- \$1.2 billion over five years to roll out the Digital Education Revolution to ensure students are equipped for life and work in a digital world. This includes \$32.6 million over two years to supply students and teachers with tools and resources to support online education, and an additional \$200 million in 2011-12 to support the National Secondary School Computer Fund beyond the initial four-year funding period.

### *Education Revolution 2008-09*

- \$457 million for school capital works. Over four years, a total of \$1.7 billion will be allocated to maintenance and infrastructure in schools.
- \$577.4 million over four years to provide additional literacy and numeracy support to those schools and students who need it most.

## **SKILLS DEVELOPMENT AND TRAINING**

- The \$1.9 billion *Skilling Australia for the Future* package over five years will deliver a future training system that is responsive to the needs of Australian industry and the economy and will provide graduates with relevant qualifications and a better chance of securing a job. It includes an investment of around \$33.3 million in the current financial year, which has already made 20 000 new training places available to job seekers during 2007-08. The 2008-09 Budget extends this commitment to provide 630 000 new training places over five years (including 85 000 apprenticeship places).

## **HIGHER EDUCATION**

- \$500 million in 2007-08 for higher education institutions to undertake capital projects to support improved teaching and learning, research and students' overall higher education experience. Priority areas will be information and communications technology, laboratories, libraries and student study spaces, teaching spaces and student amenities.
- \$238.6 million over four years for 29 000 new National Priority Scholarships and 15 000 new National Accommodation Scholarships. This will improve access to higher education places, including for students from Indigenous communities and regional and remote areas.
- \$249 million for up to 11 000 new Commonwealth supported places to replace full-fee paying places for undergraduate students. This will ensure students gain access to higher education on merit and not on their ability to pay.
- \$562.2 million over four years to encourage students to study maths and science and compensate universities. From 1 January 2009, the maximum annual student contribution amount for maths and science will be reduced to the lowest 'national priority' rate for new students.
- \$63.6 million to reduce compulsory Higher Education Loan program (HELP) repayments for maths and science graduates who take up related occupations such as teaching.

- As part of its plan to provide 9250 extra nurses in the workforce, the Government will also provide \$99.5 million to fund new Commonwealth supported higher education nursing places. Funding will initially be provided for 90 places in the second semester of 2008 and a further 1170 places in 2009.

## **EDUCATION INVESTMENT FUND**

- New \$11 billion Education Investment Fund (EIF), which will include \$5 billion from the 2007-08 and 2008-09 Budgets and \$6 billion from the Higher Education Endowment Fund (HEEF).

The key priorities of the EIF will be capital expenditure and renewal and refurbishment in universities and vocational institutions as well as in research facilities and major research institutions.

Unlike HEEF, which allowed only for the interest earned to be spent, there will be no cap on yearly allocations from the EIF. This means that substantial investment can be made in our educational institutions in the coming years, transforming the capacity of these sectors to educate and train Australians.

There will be no disbursements from the EIF in the 2008-09 financial year to ensure allocations align with the recommendations of the Higher Education Review and priorities of universities and vocational education and training sectors.

## **INDIGENOUS EDUCATION**

- \$56.4 million over four years for the expansion of Intensive Literacy and Numeracy Programs for Underachieving Indigenous Students, and support for Individual Learning Plans.
- \$28.9 million over four years for three new boarding facilities in the Northern Territory for Indigenous students.
- \$2.3 million in 2008-09 in operational funding for 10 new crèches in the Northern Territory.
- \$19.1 million in 2008-09 to continue accelerated literacy provision, quality teaching, and professional development of the Indigenous teaching workforce and to build six new classrooms in the Northern Territory.
- \$7.4 million in 2008-09 to continue the provision of a breakfast and lunch program for school-age children under the School Nutrition program in the Northern Territory.

*Education Revolution 2008-09*

These Budget measures for Indigenous education build on the \$98.8 million investment over five years to provide 200 additional teachers in the Northern Territory over the 2007-08 to 2011-12 period announced earlier this year.

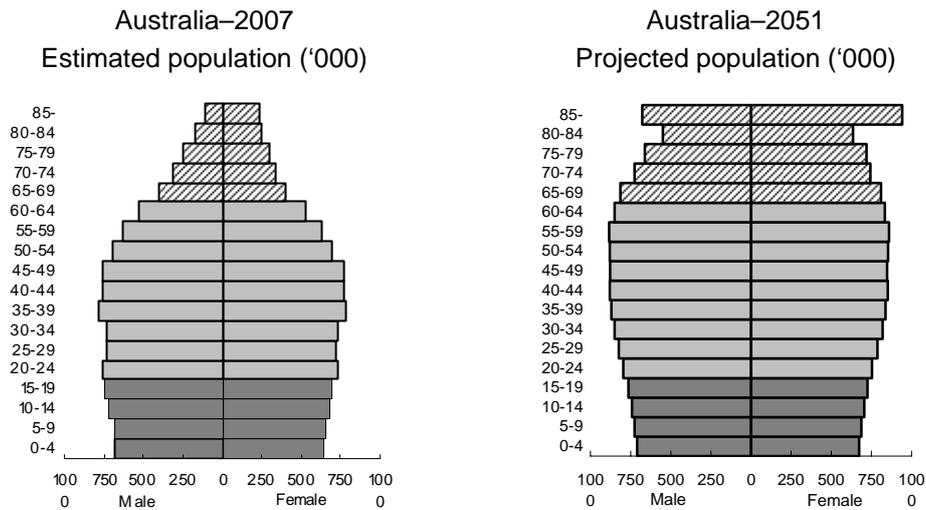
## THE CHALLENGE

Australia faces significant changes to its social and economic environment through an ageing population and increasing international competition. The nation must invest in developing a world-class education system and drive development of a workforce that is highly skilled, flexible and adaptable in responding to increasing global competition for skills.

The Government has a responsibility to position Australia as a competitive, innovative and knowledge-based economy that can adapt, compete and win in global markets, and respond to changing demands. This is a forward-thinking approach focused on securing long-term gains to build Australia's future prosperity.

This prosperity can only be guaranteed by long-term productivity growth and workforce participation. This requires a particular focus on our young people. Australia has an ageing population (Chart 1) and these changing demographics present productivity and participation challenges.

**Chart 1 — Demographics**

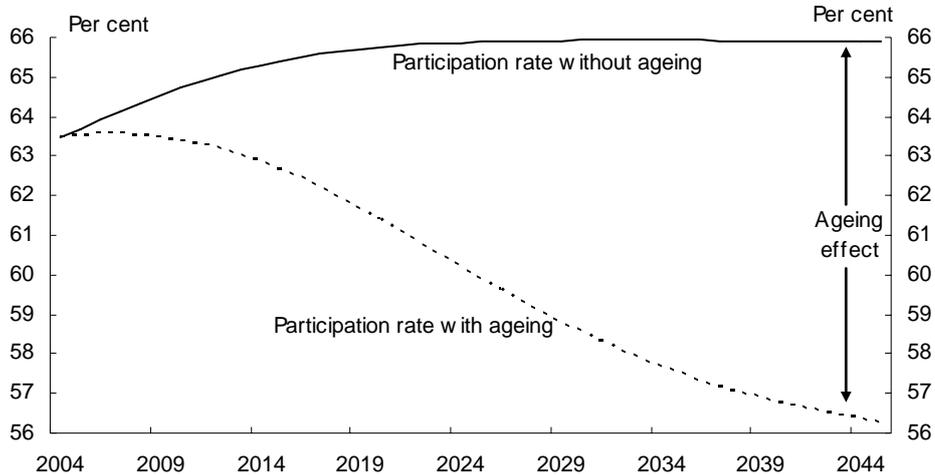


Source: ABS *Population by age and sex, Australian states and territories, June 2007*; and ABS *Population projection, Australia, 2004 to 2101*.

As the post-war 'baby boom' generation moves into retirement and people are living much longer, the proportion of the population in the labour force will decline by as much as seven percentage points (Chart 2). The Productivity Commission estimates

that, in the absence of policy responses, this ageing of the population will cut per capita GDP growth rates by as much as half<sup>1</sup>.

**Chart 2 — Projected workforce participation rates from 2004 to 2044**



Source: Productivity Commission, 2005, *Economic Implications of an Ageing Population*, Canberra.

## **BETTER EDUCATION OUTCOMES LEAD TO INCREASED PRODUCTIVITY, PARTICIPATION AND PROSPERITY**

A key challenge for Australia is how productivity growth can be lifted to sustain its economic prosperity. There is clear evidence that education and skills are among the strongest guarantees of individual prosperity, social mobility and economic security.

While Australia's education system performs reasonably well in international assessments, our performance has fallen over recent years and there are challenges and room for improvement in each education sector, especially in bridging the gap between Indigenous and non-Indigenous Australians.

The data presented in this Statement highlights areas where more needs to be done to ensure Australia's education system is well placed to provide Australian children with the best start in life. It also reveals, however, that better data and evidence are required in many areas if all governments are to target their investments where they will have the greatest impact, and monitor properly the effectiveness of their interventions.

---

<sup>1</sup> Productivity Commission, 2005, *Economic Implications of an Ageing Australia*, Productivity Commission-commissioned study.

## **The critical early years**

Research suggests that children cultivate 85 per cent of their intellect, personality and skills by the age of five<sup>2</sup>. This research on the development of the human brain has shown that the experiences that children have in the early years of life set neurological and biological pathways that affect their health, learning and behaviour throughout their life. The relationships parents have with their young children can also be a crucial determinant of later wellbeing. The opportunities and access young children have to early learning are crucial.

Evidence also shows that providing access to high-quality early education programs in the year before formal schooling is one of the best ways for government to help children from disadvantaged backgrounds get the best possible start in life<sup>3</sup>. High-quality education programs in the early years have a profound effect on children's development, influencing their ability to learn, their acquisition of early literacy and numeracy skills and their capacity to regulate emotions. Early learning eases the transition to primary school and has a direct and positive impact on future educational, employment and health outcomes. Over the longer term, early childhood education generates substantial cost savings from improved health and productivity and reduced expenditure on social services.

## **A strong case for investment**

The Nobel Prize winning economist, Professor James Heckman, has found that investment in the early years is significantly more cost effective than remediation in later years<sup>4</sup>. Heckman has demonstrated that early interventions for disadvantaged children increase earnings and promote social attachment, with returns to dollars invested on earnings gains alone as high as 15-17 per cent. In addition, Heckman's cost-benefit analyses of US early childhood programs document the positive effects of early childhood interventions on IQ and a wide range of social behaviours.

## **Access to early childhood education in Australia**

Too many Australian children are missing out on an early childhood education. It is estimated that in 2006 at least 56 000 (around 20 per cent) of all eligible children in Australia did not access early childhood education prior to commencing school.

It is particularly shocking that the most disadvantaged of children – those who stand to gain the most from early childhood education – are most likely to miss out. Less than half of Indigenous children currently receive an early childhood education.

---

<sup>2</sup> National Research Council and Institute of Medicine. 2000, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Washington, D.C.: National Academy Press.

<sup>3</sup> National Institute for Early Education Research, 2004, 'The Universal vs. Targeted Debate', in *Preschool Policy Matters*, Issue 6, April 2004.

<sup>4</sup> Heckman, James J., 2005, 'Lessons from the Technology of Skill Formation (February 2005)', *National Bureau of Economic Research Working Paper No. W11142*, February 2005.

Australia has a fragmented early childhood sector, with a patchwork of services, funding and regulations. The extent of provision and equity of access varies widely across the states and territories. Very few children receive the best practice 'dose' of 15 to 20 hours of early learning a week in the year before school.

The best available data shows that Australia spends just 0.1 per cent of GDP on preschool compared with an average OECD expenditure of 0.5 per cent, and is ranked last in the OECD for expenditure on pre-primary education. This reflects that in the past, the Australian Government's focus had been on the provision of care, rather than early learning. Child care had been only seen as a means to increase the workforce participation of parents, leaving preschool services to be predominantly a state and territory government responsibility. While some child care services are moving into the provision of early learning, coverage is far from universal.

## **Schooling**

High-quality schooling provides children with the strong foundations they need to reach their potential throughout their school years and beyond. The capacity of Australia to compete in the global marketplace increasingly depends on our ability to develop a broader base of higher-level skills. Additionally, to have a vibrant and supportive local economy we need young people who feel valued and can meet our regional community needs. This domestic and international agenda requires improvement in the quality of schooling outcomes and a more equitable distribution of skills.

International comparisons indicate that the keys to achieving a world-class system are quality teachers and ensuring that the school system is able to deliver the best possible instruction for every child<sup>5</sup>. In order to maximise their experience at school, children need to master the fundamental learning tools of literacy and numeracy. Without these, children will be impoverished learners and unable to contribute fully to society.

Australia boasts many excellent schools, as well as high-quality dedicated teachers and principals. On average, and compared with other OECD countries, most Australian school students are performing well. The OECD's Program for International Student Assessment (PISA) results for 2006 show that the average performance of 15 year olds continues to be significantly better than the OECD average.

However, the performance of the schooling system has been allowed to drop relative to that of other countries in the OECD:

- In the period between 2003 and 2006 Australia declined in both its absolute and relative performance in reading literacy, and its relative performance in mathematical literacy.

---

<sup>5</sup> McKinsey & Co, 2007, *How the world's best-performing school systems come out on top*.

- Australia has too long a 'tail' of underperformance linked to disadvantage. The PISA results indicate that over the last six years the percentage of students who are less than proficient at reading or maths has not reduced.
- International testing also shows that the reading performance of Australian students at the high end of the achievement scale has declined between 2003 and 2006.

### **Getting the basics right**

Low levels of literacy and numeracy have a particularly devastating effect on future educational attainment. Lower literacy and numeracy skills in Year 9 have been associated with lower engagement in school, lower retention to Year 12, lower tertiary entrance scores and fewer successful transitions from school.

Literacy and numeracy skills are fundamental to shaping an individual's capacity to be an active and productive participant in the economy and in society<sup>6</sup>. The Government understands that the reasons why students from disadvantaged backgrounds do not make it to higher education usually have their roots far earlier in life. Unless children develop essential learning skills early in life their educational progress will be held back.

Australia's current education report card shows that some of the nation's students are falling behind in these critical areas.

Students who are struggling to get the basics right are more likely to come from low socioeconomic status (SES) backgrounds. Inequality attributable to socioeconomic factors remains and, on average, Indigenous students continue to be more than two-and-a-half years behind non-Indigenous students. Education and schooling are therefore a crucial part of the social inclusion agenda as Australia needs to do much more to reduce the impact of disadvantage on educational outcomes.

Despite governments and school systems implementing a range of approaches in literacy and numeracy, the performance of Australian students overall is not improving.

Currently around one in 10 students suffers a serious level of educational disadvantage, according to the *2006 National Report on Schooling in Australia*. This report shows that on average:

- 7 per cent of all Year 3 students do not meet relevant reading, writing and numeracy benchmarks;

---

<sup>6</sup> Rothman, S. and G. McMillan, 2003, *Influences on Achievement in Literacy and Numeracy*, ACER.

- 9 per cent of Year 5 primary school students do not meet each of the literacy benchmarks; and
- 10 per cent of Year 7 students are below the benchmark level for reading and more than 7 per cent achieve below the benchmark level for writing. Just over 20 per cent of Year 7 students are not meeting the benchmark levels for numeracy.

### **Year 12 retention and attainment**

Evidence shows that achieving Year 12 or an equivalent qualification improves outcomes for young people, including increasing the likelihood of getting a further qualification, getting a job and earning more<sup>7</sup>. However, apparent retention rates have not increased across Australia since 1992<sup>8</sup> (Chart 3).

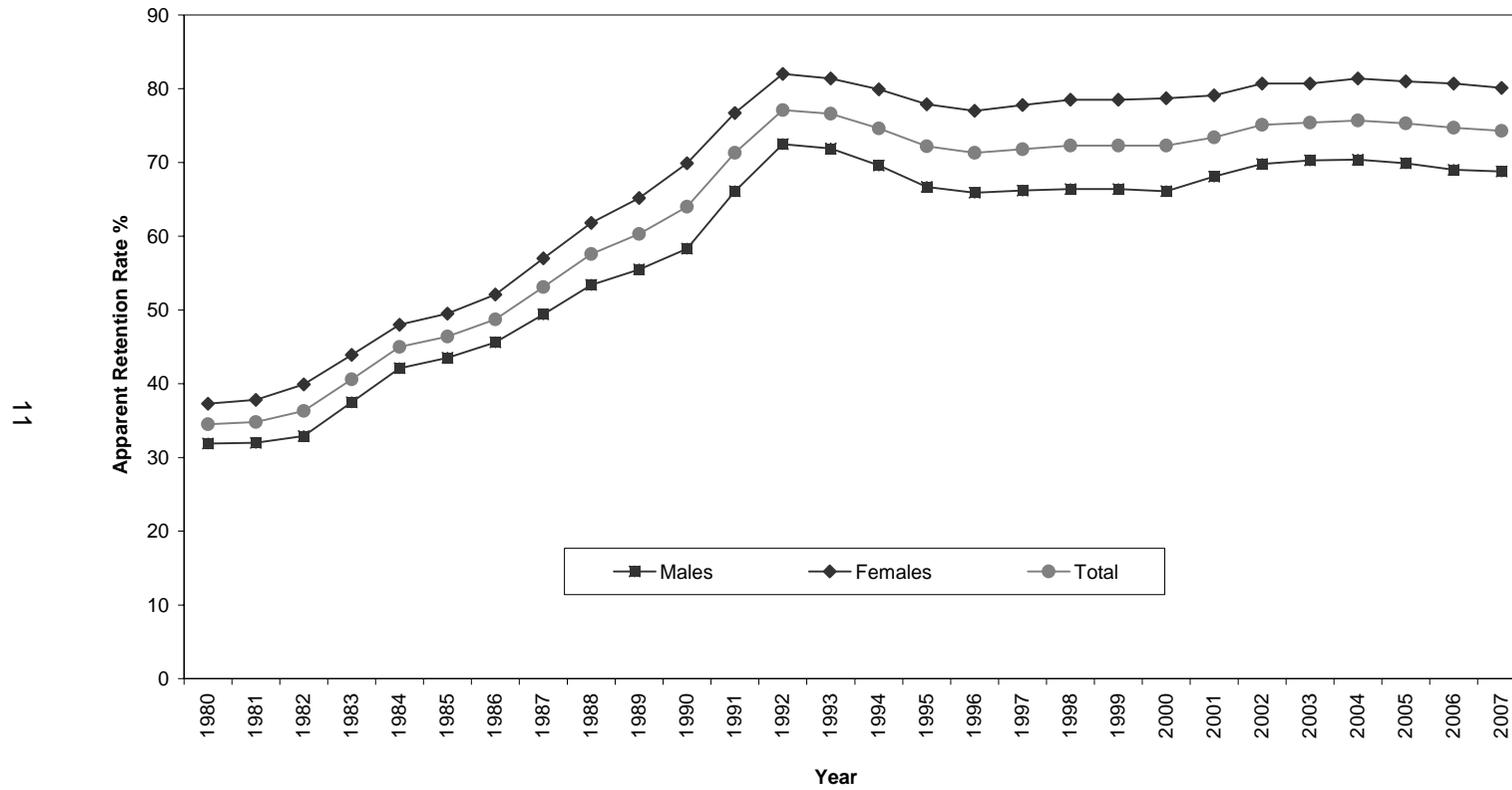
Australia is in the bottom half of OECD countries for the percentage of the post-school population attaining the upper secondary school level qualifications of Year 12, or its equivalent.

---

<sup>7</sup> Access Economics, 2005, *The economic benefit of increased participation in education and training*: ABS 2007, *Adult Literacy and Life Skills Survey: summary results*: 4228.0.

<sup>8</sup> ABS, 2008, *Australian Schools 2007*.

Chart 3 — Apparent retention rates Year 7/8 to Year 12 1980 to 2007



Source: Australian Bureau of Statistics, 2007, *Schools Australia*, Cat No. 4221.0

### **Transitions from school to further education, training or work**

Key statistics show that while most young people are making smooth transitions from school, some are not. There is a group, comprising around 3 to 6 per cent of each cohort, that makes a particularly poor transition, with practically no work or study in the first four years after completing school<sup>9</sup>.

Past approaches to improving the transition of young people from school to further education or employment have involved some collaboration between schools, industry and local communities. However, the lack of cohesion across educational systems and jurisdictions has hampered integrated approaches to improving career development and transitions.

Where education and skills have not been adequately attained during school, a system of skills development as part of lifelong learning is required

### **Skills and Training**

Stronger productivity growth is critical to maintaining Australia's international competitiveness.

Australia's vocational education and training system needs to build a highly-skilled workforce to respond to the next wave of economic reform and position Australia strongly in an increasingly competitive international market for skills. In order to cope with the challenges of today and the changing workforce of the future, the system must be appropriately resourced and efforts redirected to target skills shortages and respond to the needs of industry.

Despite warnings from the Reserve Bank over a number of years, serious skills shortages have emerged across the economy. Underinvestment and poorly-targeted programs have done little to address looming problems with workforce capability, which now threaten economic growth through increased inflation and higher interest rates.

While long-term projections for qualifications should be treated with caution, research by the Centre for Economics of Education and Training (CEET)<sup>10</sup> suggests that the VET sector needs to supply a total of 2.47 million qualifications with the highest growth areas at the Australian Qualifications Framework (AQF) diploma and advanced diploma levels by 2016. Based on current supply, there will be a net shortfall of around 240 000 people with VET qualifications. This would require a 5 per cent per annum increase in investment, taking account of the need to train in higher-level

---

<sup>9</sup> Longitudinal Surveys of Australian Youth (LSAY), unpublished work; and ABS Survey of Education and Work (Cat No 6227.0), unpublished data.

<sup>10</sup> Shah, C. and Burke, G., 2006, *The future labour market and qualifications in Australia*, Centre for Economics of Education and Training.

qualifications. This shortfall will not be filled by new entrants alone and will require a focus on those already in the workforce.

These are conservative projections which do not factor in the additional potential effort needed to increase labour force and educational participation among a range of cohorts, including early school leavers and low-skilled adults.

CEET's modelling forecasts a significant increase in employed persons in higher-level occupations in the decade to 2016 (Table 1). The shaded boxes show the large projected growth rates in the three high skills occupation groups – managers, professionals and associate professionals.

**Table 1 — Employment forecasts for 2016 by occupation and qualification, Australia ('000)**

Occupation group	2006		2016		% change 2006-2016
	'000	%	'000	%	
Managers and administrators	847	8.4	1,020	9.1	20.5
Professionals	1,951	19.4	2,258	20.1	15.7
Associate professionals	1,240	12.4	1,505	13.4	21.3
Tradespersons	1,273	12.7	1,268	11.3	-0.4
Advanced clerical and service	402	4.0	375	3.3	-6.6
Intermediate clerical, sales and service	1,658	16.5	1,884	16.8	13.6
Intermediate production and transport	823	8.2	914	8.1	11.0
Elementary clerical, sales and service	984	9.8	1,075	9.6	9.2
Labourers	863	8.6	933	8.3	8.1
All	10,042	100.0	11,233	100.0	11.9

Source: Unpublished ABS Labour Force survey data, August 2005 to May 2006 (ABS Cat. no. 6202.0) and CEET extrapolation of Monash Economic Forecasts (CoPS December 2005).

Table 2 provides an analysis of the expected gap in the supply of, and demand for, people with VET qualifications. The shaded rows indicate the area of greatest projected shortfall – at the advanced diploma and diploma levels. The VET sector needs to quadruple the number of advanced diplomas and double the amount of diplomas to meet projected demands.

**Table 2 — Gap in the supply of and demand for persons with VET qualifications in the 10 years to 2016, Australia**

Qualification level	Total number of persons with qualifications 2007-2016 ('000)			Annual % increase to meet requirements
	Requirements to meet 2016 target	Supply at 2005 completions rate	Expected surplus (+) / shortfall (-)	
Adv Diploma	346	84	-262	27.2
Diploma	536	253	-283	14.1
Certificate IV	310	344	34	-1.9
Certificate III	911	799	-112	2.4
Certificate II	259	566	307	-14.9
Certificate I	111	186	75	-9.7
All	2,473	2,233	-240	1.9

Source: Same as Table 1. Note: All data relate to 15-64 year olds excluding overseas students.

The gap between current supply and projected demand for workers with Certificate III qualifications is less than for diplomas and advanced diplomas. However the quantum of delivery at Certificate III and its focus on training for tradespersons for Australia's critical industries (for example, building and construction) means that Certificate III training will retain a vital role in the future workforce. The net projected shortfall of 240 000 qualified persons with VET qualifications by 2016 includes 112 000 at Certificate III. To meet the required Certificate III shortfall will require an additional 2.4 per cent increase in delivery at the AQF level each year for the next decade. The sector, therefore, needs to support this modest, but important, increase in delivery at Certificate III while also delivering significantly more qualifications at the diploma level and above.

Due to demographic changes, the skills shortages cannot be met solely by new entrants to training, so deepening Australia's skills base will require a focus on those already in, or marginally attached to, the workforce.

Adult learning and workforce retraining can up-skill and re-skill the current workforce to increase workforce retention rates and boost productivity. The Australian Bureau of Statistics has found that 40 per cent of employed Australians have low literacy levels<sup>11</sup>.

The Australian vocational education and training system is a shared responsibility between the Australian Government and state and territory governments. Current funding arrangements involve a web of complex planning and accountability arrangements, with insufficient focus on the needs of students and the long-term outcomes Australia requires.

<sup>11</sup> Australian Bureau of Statistics, 2006, *Adult Literacy and Life Skills Survey, Summary Results, Australia*, Cat 4228.0.

If Australia is to achieve a vision of having the economy with the most skilled and best trained workforce in the world, it will require a considerable effort by the Commonwealth, states, territories, industry and individuals.

### **Higher education**

Modern societies and economies such as Australia are increasingly reliant on the professional skills and analytical capacities provided by higher education. Returns on higher education to the individual and to the core productivity of the economy are strong. Graduates enjoy better labour market engagement, earn significantly more on average and are able to remain in the workforce longer than those with non-higher education qualifications or without qualifications<sup>12</sup>.

OECD statistics suggest that Australia cannot be complacent about the comparative advantage its higher education sector has helped to deliver in terms of high-quality skills creation and high-quality research.

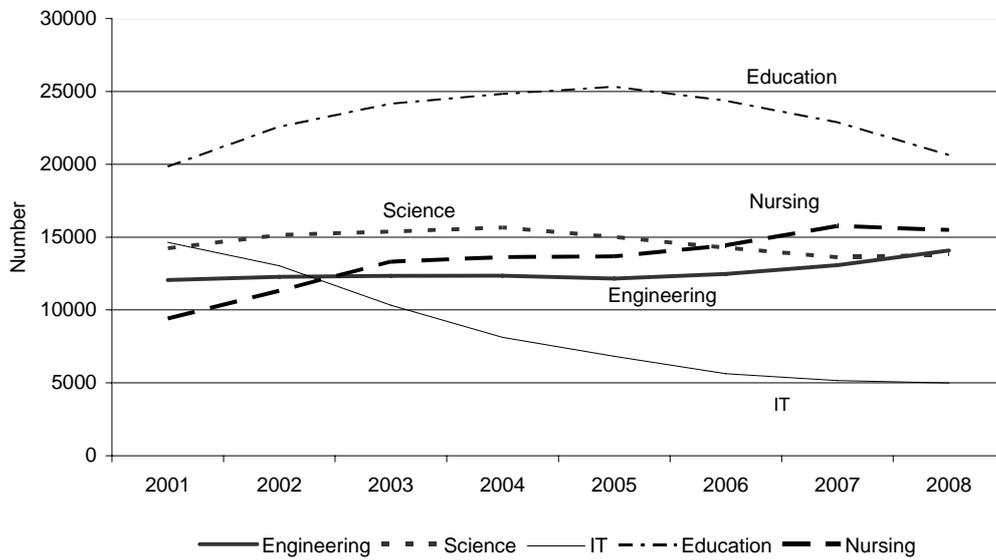
The proportion of Australians with higher education qualifications is high (21 per cent of 15-64 year olds) and the proportion of applicants that miss out on a place at university is relatively low (5.8 per cent of eligible applicants in 2008). Despite this, there are known workforce shortages in key occupations requiring university training, including teaching and IT. There are also strong concerns that the number of graduates across the science, engineering and technology fields, which are seen as crucial underpinnings for Australia's current and future prosperity, may not be able to meet future demands (Chart 4).

Information on annual university applications and offers in these fields of education indicates that simply providing more university places may not be sufficient to address our current and long-term needs. Australia needs a flexible set of higher education institutions with the capacity to anticipate and respond to changes in the market. It also needs a higher education system that can attract students to areas of study identified as critical to our medium-term and long-term economic and social needs.

---

<sup>12</sup> Borland, J., 2005, 'Transitions to retirement: A Review' *Melbourne Institute Working Paper Series*, Working Paper No. 3/05.

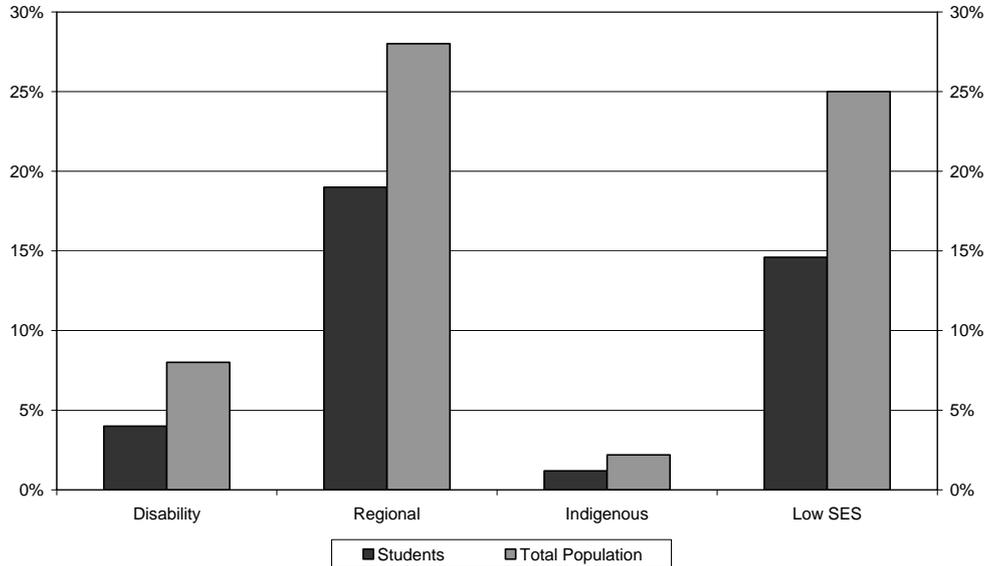
**Chart 4 — Eligible applicants for domestic undergraduate courses in selected fields, 2001 — 2008**



Source: DEEWR, 2008, *Undergraduate Applications, Offers and Acceptances 2008*.

Australia now has a mass system of higher education and, currently, over 41 per cent of Year 12 completers go on directly to university. The *Longitudinal Surveys of Australian Youth* indicates that 49 per cent of a sample-age cohort have commenced higher education by age 25, while a further 38 per cent have commenced a VET course. The Higher Education Loans Program (HELP) and other forms of support have contributed to a significant increase in the proportion of Australians able to access higher education; however, there is still significant under-representation from regional Australians, students from disadvantaged socioeconomic backgrounds and Indigenous Australians (Chart 5).

**Chart 5— Higher education participation by equity group compared to share of total population, Australia 2006**



Source: DEEWR Higher Education Student Statistics, 2006.

The benefits of stronger outcomes in early childhood learning and school retention can only be fully realised if our tertiary education sector is equipped to capitalise on the gains achieved in those earlier phases. With the increasing need to upgrade or change skills later in life, universities will need to provide effective learning environments for a diverse student body.

### **Indigenous education**

Closing the gap in educational outcomes between Indigenous and non-Indigenous Australians is a major challenge facing Australia.

Educational outcomes for Indigenous Australians have been improving, but too slowly, and not at the required levels. There are gaps in attainment of the reading, writing and numeracy benchmarks in Years 3, 5 and 7 between Indigenous and non-Indigenous children. In 2006, these ranged between 13.3 per cent in the Year 3 reading benchmark and 32.2 per cent in the Year 7 numeracy benchmark. Results for Indigenous students in remote and very remote areas are behind those for Indigenous students in metropolitan areas.

In 2007, the Year 12 apparent retention rate for Indigenous students was 42.9 per cent, compared with 74.3 per cent for all Australian students.

There has been growth in the number of Indigenous students enrolling and participating in early childhood, school and vocational education and training sectors. In 2006 there were 67 841 Indigenous vocational education and training students

representing 4 per cent of all VET students, a high proportion of the total enrolment given that Indigenous people comprise 2.5 per cent of the total Australian population. However, many Indigenous students are undertaking lower level qualifications under the AQF. In 1996 only 17.7 per cent of Indigenous students were studying at the AQF Certificate III level or above. In 2006 this figure rose to 28.7 per cent. Completion rates for Indigenous VET students at the AQF Certificate III level and above remained stable over the period 2001-2005. Although the total number of all Australian students attending university education has grown, Indigenous students remain under-represented, with little change in the number commencing and completing courses each year (Table 3).

**Table 3 — Number of Indigenous students by education sector 1995 to 2006 and indigenous proportion of all students in the sector in 2001 and 2006**

	1995 ,000s	2001 ,000s	2002 ,000s	2003 ,000s	2004 ,000s	2005 ,000s	2006 ,000s	2001 *	2006*
Preschool	9.9	7.4	8.7	9.1	9.1	9.0	9.3	3.7%	4.4%
School	87.2	115.4	121.6	125.8	130.4	135.1	140.4	3.5%	4.2%
VET	26.1	56.1	59.7	58.0	56.6	62.7	67.8	3.3%	4.1%
Higher education	6.8	8.6	8.8	8.9	8.8	8.3	8.8	1.3%	1.3%

\* As a proportion of all students in the sector

Source: ABS *Schools: ABS 4221:0*; NCVER VET Provider Data Cubes; DEST Higher Education Student Statistics.

Note: the preschool census does not collect information on all preschool programs.

## THE EDUCATION REVOLUTION — A NEW APPROACH TO EDUCATION AND TRAINING

Australia faces significant challenges in improving the productivity and participation of our working population and in improving social inclusion to achieve a more equitable society. If Australia is to rise to these challenges it needs a revolution in the quality of our education outcomes, the nature of our investment in education and in collaboration between governments and the education and training sectors. It is time to raise the standard.

The Australian Government is delivering on its election commitment to create an Education Revolution so Australia becomes one of the most educated countries with one of the best trained workforces in the world. The Education Revolution is based on a vision for early learning, schooling and education and skills development that takes a life-cycle approach to policy development, program design and service delivery.

The Government is committed to achieving genuine change by treating the real problem rather than the symptom in order to ensure the best long-term outcome for the nation. To do this, the Government approach to investment will be evidence-based, including using formal research and consultative processes, and taking independent expert opinion seriously before making important policy decisions.

The Education Revolution will improve the country's productivity performance through an increase in both the quantity of investment and the quality of education. It will drive substantial reform of Australia's education and training systems to boost productivity and participation.

Beyond economic goals, educational analysts highlight that education creates social benefits. It helps build social capital. Societies with a strong commitment to education can also enjoy higher levels of civic participation, greater social cohesion and integration, lower levels of crime and disadvantage, and a more trusting, equitable and just society<sup>13</sup>.

The Education Revolution will improve outcomes for all Australians and reduce entrenched disadvantage in Indigenous and other communities.

In ensuring young people can make a critical contribution to the nation's future prosperity and international competitiveness, it is vital that measures be put in place to

---

<sup>13</sup> Putnam, R.D., 2004, *Education, Diversity, Social Cohesion and 'Social Capital'*, Notes for Discussion, Meeting of OECD Education Ministers, Dublin.

support their inclusion in society, their learning and skill development, and their transition to full participation in a dynamic global labour market throughout life.

In particular, it is vital to revolutionise early learning to ensure Australian children have the very best start in life. It is also vital that action is taken to close the gaps in educational achievement between Indigenous and non-Indigenous Australians.

The Australian Government is determined to work in partnership with Indigenous Australians, state and territory governments, education providers and communities to look at practical and evidence-based ways of doing things that will support every Australian.

## **A COLLABORATIVE APPROACH THROUGH THE COUNCIL OF AUSTRALIAN GOVERNMENTS**

The Council of Australian Governments (COAG) has established a Productivity Agenda Working Group to drive productivity and participation improvements through the Education Revolution. Australia now has a nationally-agreed way forward.

For the first time in Australia's history, aspirations, outcomes, progress measures and future policy directions have been agreed for early childhood education, schooling and skills and workforce development (see the Participation and Productivity Chart on page 24). All governments are working together to improve education and training in Australia in a climate that recognises the need for shared financial contributions and a focus on policies that are inclusive, rather than divisive.

Through COAG, the Australian Government is putting in place the partnerships, policies and structures that will deliver real reforms and a substantive Education Revolution. Progress will not be simple or easy, but it is so vital to the future of the nation that it must move forward through a collaborative and cooperative approach by all governments.

All governments have already agreed to a set of definitive targets that will make a real difference:

- Universal access to early learning will be provided for all children in the year before formal schooling by 2013.
- All Indigenous four year olds in remote Indigenous communities will have access to a quality early childhood education program in five years.
- The gap in mortality rates for Indigenous children aged under five years will be halved within a decade.

- The gap in reading, writing and numeracy for Indigenous students will be halved within a decade.
- By 2020, Year 12 or equivalent attainment will have risen to 90 per cent, and the gap between Indigenous and non-Indigenous attainment will have been halved.
- By 2020, the proportion of Australians aged between 20 and 64 without qualifications at the Certificate III level and above will have been halved.
- By 2020, the number of diploma and advanced diploma qualification completions will have doubled.

## **REFORMING COMMONWEALTH PAYMENTS TO THE STATES AND TERRITORIES TO FOCUS ON OUTCOMES**

As part of COAG's reform agenda there will be a new Commonwealth-State financial framework that reshapes the existing Commonwealth-State Specific Purpose Payment agreements (SPP agreements). The existing focus on narrow inputs will be replaced with a focus on outcomes. The new SPP agreements will be built on aspirational goals and will include a clear statement of objectives, roles, responsibilities and outcomes to which both levels of government will have to commit. In schooling, the agreement will include non-government school sectors, and in training it will extend to industry.

The revised SPP framework will link funding to outcomes and outputs and incorporate clearer and simpler reporting systems. It will be supported by a commitment from the Australian Government to provide National Partnership payments to fund the delivery of specific projects or incentive payments for facilitating or rewarding broader reforms of national importance.

The new framework will support implementation of the Government's ambitious early childhood reform agenda. This includes the provision of universal access to early childhood education for all children in the year before formal schooling commences, for 15 hours a week, 40 weeks a year, delivered by a degree-qualified early childhood teacher, greater integration of the child care and preschool sectors and the introduction of quality standards.

In the schools sector, the new framework will enhance educational attainment and focus on improving educational outcomes for students in the most disadvantaged school communities. A further priority will be to support teacher quality, which is the most important school factor in improving student outcomes.

In the training sector, the focus will be on progressing further reform to enhance its flexibility and responsiveness, improve access to skills for all Australians and strengthen the performance of the national system. The new framework will position the training system to meet the complex demand for skills created by the loss of skills

from those retiring or leaving the workforce and the growth in demand for higher-level vocational qualifications.

## **AN AMBITIOUS REFORM AGENDA FOR EARLY CHILDHOOD EDUCATION AND CHILD CARE**

The Australian Government is pursuing a bold early childhood reform agenda that focuses on providing Australian families with high-quality, accessible and affordable early childhood education and child care.

The Government's aspiration is to develop a world-class system of integrated early childhood learning and child care where:

- cost does not present a barrier to participation;
- services meet the needs of working parents;
- early childhood educators and child care workers receive appropriate training, remuneration and recognition;
- rigorous standards drive continuous improvement in the quality of service provision;
- children are socially and cognitively ready for their first year of formal schooling;
- children with additional needs receive the support they need to participate in early learning and care; and
- early learning is an effective tool for addressing endemic disadvantage, particularly in relation to closing the gap in Indigenous disadvantage within a generation.

Parents deserve support in raising their children. The Government already provides financial assistance to families through payments such as the Family Tax Benefit, Child Care Benefit and Child Care Tax Rebate. Families, however, also need accessible and integrated services. They need convenience and the reassurance of knowing their children are receiving high-quality care and a first-class early education.

The Government's vision for early childhood is comprehensive and recognises the critical role of early learning in building social inclusion. The vision places a strong emphasis on supporting the optimal development of children so that all children are fully prepared for learning and life.

## **A TRANSFORMATION OF TEACHING AND LEARNING IN SCHOOLS**

The Education Revolution in schools will be built on strong engagement with states and territories, the non-government school sectors, principals, teachers, parents and local communities. The Australian Government's commitment is to:

- improve literacy and numeracy skills;
- raise individual student achievements and lift school retention;
- work with disadvantaged school communities and provide extra resources for well-targeted, evidence-based strategies to improve outcomes for students;
- introduce more transparent and robust reporting of outcomes at the student and school levels;
- build a modern, high-quality education infrastructure; and
- support parents to meet the costs of education for their children.

The Education Revolution in schools presents a challenging and ambitious agenda, but one that is achievable.

Importantly, Australia's governments have committed to working together on a series of initiatives that will make a real difference for the education of all Australians.

On 17 April the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) agreed to the development of a new Declaration on the National Goals for Schooling in Australia, to be released later in 2008. This new Declaration will reaffirm the importance of national collaboration to promote high-quality schooling for all Australian students.

COAG has agreed to develop a new National Partnership to boost school education by focusing on the particular educational needs of low socioeconomic status (SES) school communities. This increased investment in low-SES schools will be an important step in giving all children the skills needed to fulfil their potential, and actively participate in an increasingly global society.

Through MCEETYA, ministers have agreed to support the development of some pilot initiatives focusing on literacy and numeracy in low-SES school communities by the end of 2008. Ministers have also agreed to develop initiatives to enhance teacher quality.

# Participation & Productivity

Early childhood, education, skills and workforce development policies could boost participation by 0.7 percentage points, and productivity by up to 1.2 per cent by 2030 (PC 2006). This corresponds to an increase in GDP of around 2.2 per cent, or around \$25 billion in today's dollars.

## Early Childhood Development

That children are born healthy and have access to the support, care and education throughout early childhood that equips them for life and learning, delivered in a way that actively engages parents, and meets the workforce participation needs of parents.

Children are born healthy  
 Children will benefit from inclusion and reduced disadvantage, especially in the year before formal schooling  
 Children acquire the basic skills for life and learning  
 All children have access to affordable, quality early childhood education in the year before formal schooling  
 Quality early childhood education and care supports the workforce participation choices of parents with children in the years before formal schooling

## Schooling

That all Australian school students acquire the knowledge and skills to participate effectively in society and employment in a globalised economy.

All children are engaged in and benefiting from schooling  
 Young people are meeting basic literacy and numeracy standards, and overall literacy and numeracy achievement are improving  
 Schooling promotes the social and educational disadvantage of children, especially Indigenous children  
 Australian students excel by international standards  
 Young people make a successful transition from school to work and further study

## Skills and Workforce Development

- All working aged Australians have the opportunity to develop the skills and qualifications needed, including through a responsive training system, to enable them to be effective participants in and contributors to the modern labour market.
- Individuals are assisted to overcome barriers to education, training and employment, and are motivated to acquire and utilise new skills.
- Australian industry and businesses develop, harness and utilise the skills and abilities of the workforce.

The working age population have gaps in foundation skills levels reduced to enable effective educational, labour market and social participation

The working age population has the depth and breadth of skills and capabilities required for the 21st century labour market

The supply of skills provided by the national training system responds to meet changing demand

Skills are used effectively to increase labour market efficiency, productivity, innovation, and ensure increased utilisation of human capital

Proportion of children born of low birth weight  
 Proportion of children with basic skills for life and learning, and who are vulnerable, as identified by the Australian Early Development Index  
 Proportion of disadvantaged three year olds in early childhood education  
 Further performance measures need to be identified for children aged 18 months to 3 years  
 Proportion of parents who can access the quality early childhood education and care services required for their preferred labour force participation

Proportion of children enrolled in and attending school  
 Literacy and numeracy achievement of Year 3, 5, 7 and 9 students in national testing  
 Proportion of students in the bottom and top levels of performance in international testing (eg. PISA, TIMSS)  
 Proportion of the 19 year old population having attained at least a Year 12 or equivalent or AQF Certificate II  
 Proportion of young people participating in post-school education or training six months after school  
 Proportion of 18-24 year olds engaged in full-time employment, education or training at or above Certificate III

Literacy and numeracy achievement of working age people in national and international testing  
 Proportion of 20-64 year olds with or working towards the post school qualifications in:
 

- Cert III & Cert IV
- Diploma & Advanced Diploma

 Level and proportion of total investment in structured (including nationally recognised) training by industry, individuals, businesses and governments  
 Proportion of graduates employed after completing training  
 Extent of skills shortages, recruitment difficulties and labour market vacancies  
 Proportion of people employed at or above the level of their qualification

- Universal access to early learning for all four year olds by 2013
- Halving the gap in mortality rates for Indigenous children under five years old within a decade
- In five years all Indigenous four year olds in remote Indigenous communities will have access to a quality early childhood education program

- Lift the Year 12 or equivalent attainment rate to 90 per cent by 2020
- Halve the gap for Indigenous students in reading, writing and numeracy within a decade
- At least halve the gap for Indigenous students in Year 12 or equivalent attainment rates by 2020

- Halve the proportion of Australians ages 20-64 without qualifications at Certificate III level and above by 50% between 2009 and 2020
- Double the number of higher qualification completions (diploma and advanced diploma) between 2009 and 2020

## COAG TARGETS

## INDICATIVE PROGRESS MEASURES

## OUTCOMES

## ASPIRATIONS

**ELECTION COMMITMENTS**

- Universal Access to a quality early childhood education program for children in the year before formal schooling, for 15 hours per week, 40 weeks per year
- National rollout of the Australian Early Development Index
- Early childhood workforce strategies: 1500 new university places, HECS remission for early childhood teachers, working in areas of high need; and removal of TAFE fees for child care trainees
- National Quality standards for child care and preschool
- A National Early Years Learning Framework
- Streamlined quality assurance and regulatory arrangements
- Up to 260 new child care and early learning centres on school grounds and other community land

- Policy directions:**
- Improving antenatal care<sup>1</sup>
  - Strengthen the health, development and learning of 0-5 year olds
  - Improving the quality and sustainability of the early years workforce
  - Enhancing and integrating the provision of Early Childhood Education and Care services
  - Boosting the participation of parents in the learning and development of their children

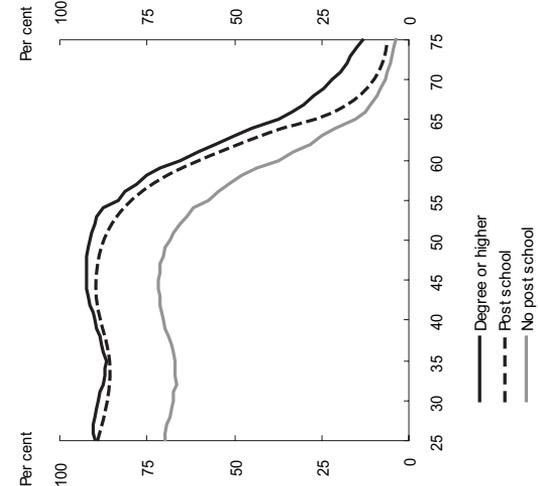
- All Year 9-12 students have access to a computer and teachers are trained appropriately
- All secondary schools have access to Trades Training Centres delivering high quality industry recognised training at Certificate III
- National Curriculum supports world-class teaching in all Australian schools from Kindergarten to Year 12, including literacy and numeracy standards
- Asian Languages—Increase the number of qualified language teachers and develop national curriculum for advanced students

- Policy directions:**
- Improving teacher and school leader quality
  - High standards and expectations
  - Greater accountability and better directed resources
  - Modern, world class teaching and learning environments including ICT
  - Integrated strategies for low SES school communities
  - Boosting parental engagement

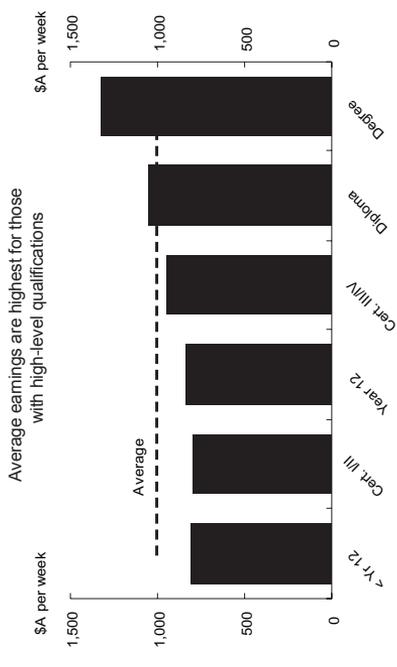
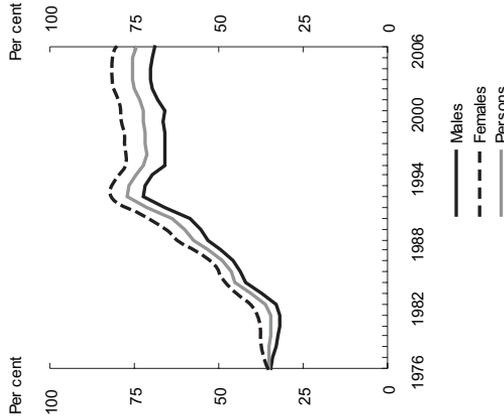
- Integration of Australian Technical Colleges into broader trade training arrangements
- 450,000 additional training places over the next four years:
  - Over 90% at Certificate III or above
  - Establish Skills Australia to advise the Government
  - Greater involvement of Industry Skills Councils

- POLICY DIRECTIONS**
- Policy directions include:
- Placing clients (individuals and businesses) at the centre of the system
  - Reforming training products, services, information systems and regulation to meet a more demand and client driven system
  - Driving further competition in current training arrangements and strengthening capacity of providers and businesses to build the foundation and deeper and broader skills required by the 21st century labour market
  - Creating an investment environment and settings that optimises investment from all sources (governments, individuals, businesses and industry) including funding for delivery, tax policy, employment programs and incentives
  - Renewal of governance framework to reinforce the role of industry and maximise effectiveness and efficiency in intergovernmental relations
  - Ensuring that skills are fully utilised and wastage of human capital is reduced

...but Yr 12 retention has stagnated



Participation is highest for those with post-school qualifications...



Average earnings are highest for those with high-level qualifications

<sup>1</sup> The Productivity Agenda Working Group will work in partnership with Indigenous and Health COAG Working Groups  
<sup>2</sup> The target and related progress measures need to be consistent  
<sup>3</sup> All measures will be disaggregated by Indigenous and socio-economic status

### **Delivering on government commitments**

The Australian Government will also deliver on its election commitments. The Education Revolution will put in place a world-class national curriculum, transform classrooms through the Digital Education Revolution and Trade Training Centres in Schools Program, put in place new initiatives to improve linkages between schools and businesses, provide students with quality on-the-job learning and bolster successful transitions from school to further education and training or work.

From kindergarten to Year 12, the focus will be on improving the quality of learning and supporting all children to achieve their full potential.

### **LISTENING TO YOUNG PEOPLE**

Young people are not just the nation's future, they are an important part of the present and the Australian Government will engage Australia's youth in discussions about shaping Australia's future.

The key priorities are to invest in youth consultation and establish a direct dialogue between young people and the Australian Government. Other key priorities are to invest in policies that help young Australians make the most of opportunities provided by the Education Revolution, ensuring they can reach their full potential.

The Government has re-established the position of a federal Minister for Youth. This reflects the Government's belief that young people play a vital role in the community and that their experiences, circumstances and opinions have a place in the nation's democratic and decision-making processes.

The Minister for Youth is committed to ensuring a well-integrated and coordinated policy and program agenda for young people.

The 2020 Youth Summit held in Canberra in April 2008 began the process of making space for direct dialogue between young Australians and the Government. This initiative brought young people to the table where Australia's long-term challenges were discussed.

The Government is honouring its election commitment of ensuring that young Australians and the youth sector have a strong and ongoing framework for putting forward their ideas and concerns to the Government. An Australian Youth Forum has been announced to serve as a formal communication channel for young people and the broader youth sector. A discussion paper on the nature and form of the forum has been issued for public comment.

The Australian Government will also establish an Office for Youth to focus and guide its involvement in youth affairs. The Office for Youth will sit within the Department of Education, Employment and Workplace Relations and enable a greater focus on youth affairs through the identification of key issues impacting on young Australians. It will play a strategic coordinating and advisory role that extends beyond the boundaries of any one portfolio.

Together, these two initiatives will ensure young Australians can participate in, and influence, government policy development and decision making, while at the same time ensuring policies and their impacts are effectively supporting these young Australians to reach their full potential.

This new approach will ensure young people, including those who are disadvantaged, are given a fair go.

## **SKILLING AUSTRALIA**

The current shortage of skilled workers reflects, in part, a long-term underinvestment in the vocational education and training system. In the 2008-09 Budget, the Australian Government has taken stock to ensure that government intervention and investment are better targeted to deliver sustained benefits to all Australians.

If Australia is to achieve a vision of having one of the most innovative, most skilled and best trained workforces in the world, it will require a considerable effort by the Commonwealth, states, territories, industry and individuals.

The challenge in this sector is to transform Australia's skills system into one that provides opportunities for, and genuinely serves, all Australians.

*Skilling Australia for the Future* outlines the Government's immediate commitment to skills and workforce development for its first term of office. It is also a roadmap for national reform. That reform will ensure the training system remains responsive to the needs of Australia's economy, industry, business, communities and individual Australians.

Over the next five years, the Government will fund a massive injection of new training places into a more contestable and responsive national VET system. More training places in a better quality competitive training system will benefit all Australians. It will drive productivity growth, increase workforce participation, combat inflation and address chronic skills shortages.

During its first four years, *Skilling Australia for the Future* will deliver 450 000 new training places, including 65 000 additional Australian Apprenticeships. These training places will focus on the higher-level qualifications needed by industry. The 2008-09 Budget extends this commitment to provide 630 000 new training places over five

years (including 85 000 apprenticeship places). This approach puts industry at the centre of the training system by requiring training to address the current and future skills needs of the Australian economy.

The Government is already delivering on its promises by making 20 000 new training places available to job seekers at a cost of around \$33.3 million during 2007-08. It has also established Skills Australia, a new expert body to analyse and forecast skills gaps and needs. In addition, Industry Skills Councils will have a stronger role in the skilling effort, working with industry to address workforce development needs. Committed industry involvement is necessary for improving vocational learning opportunities in schools and assisting governments in addressing skills shortages and social inclusion issues.

## **WORLD-CLASS HIGHER EDUCATION**

The Australian Government is committed to ensuring that Australians are equipped with high-level knowledge and skills to make Australia a more productive and prosperous nation in an increasingly competitive and complex international environment.

The Government will ensure Australia's education and training system is world class and contributing to meeting the nation's long-term skills needs. To achieve this, the Education Revolution will:

- in the delivery of higher education, ensure better integration between Vocational Education and Training and higher education;
- encourage global mobility by students, teachers and academics;
- secure international recognition for Australian qualifications and courses; and
- collaborate with key stakeholders to encourage the delivery of high-quality education and training and facilitate improved transition to work arrangements for all students.

The Government is implementing a range of immediate priorities for higher education, with the aims of enhancing higher education campuses and the quality of student life, improving equity of access and addressing skills shortages in critical areas.

An immediate injection of \$500 million in 2007-08 will support campus renewal and improve facilities to support teaching, research and student amenities.

To ensure students gain access to higher education on merit and not on their ability to pay, full-fee paying undergraduate places will be phased out in public universities for domestic students from 2009.

The Government is also reducing student contribution amounts to encourage students to study the critical disciplines of maths and science. Graduates who take up employment in related occupations, including those who teach these subjects in secondary schools, will have part of their compulsory HELP repayments reduced.

As well, additional university places for nursing and early childhood education will be provided to tackle skills needs in these areas.

The Government will provide a contribution to enhance arrangements for the exchange of information between universities and Centrelink. This will reduce study-related debts associated with student income support overpayments that may result from students varying their study load.

Improving productivity, social inclusion and equity of access to higher education is an important objective for the Education Revolution. Doubling the number of Commonwealth Scholarships to 88 000 by 2012 will give more young people from a low socioeconomic status background the chance to participate in higher education.

Australian students, including Indigenous students and those from regional and remote areas, will receive financial assistance to assist them with their education costs and costs of accommodation if they have to access higher education away from home.

### **Delivering for the future**

In addition to these immediate priorities, the Government recognises the need for longer term, system-wide reform to enable higher education to make a major contribution to productivity and economic prosperity.

The Australian Government has launched a major review of Australia's higher education system. This review will examine and report on the future direction of the higher education sector, its ability to meet the needs of the Australian community and economy and the options for ongoing reform. It will build on the Government's key higher education initiatives and its overall economic and social policy settings.

The review will inform the preparation of the Government's policy agenda for higher education through 2009 and 2010. It will also help to develop a long-term vision for higher education into the next decade and beyond. The reform to higher education will be supported through the \$11 billion Education Investment Fund – which will also provide funding for vocational education and training.

To build productive partnerships with universities, the Government has committed to the introduction of a new funding framework from 2010, using mission-based compacts. The compacts are agreements between public universities and the Australian Government detailing public funding commitments and university

obligations. They will be developed collaboratively with each university to recognise their individual missions and their multiple roles in modern societies, and will include appropriate accountability mechanisms. Consultations on compact funding arrangements will take place during 2008, followed by the negotiation of compacts in 2009.

## **CLOSING THE GAP**

As a first step toward achieving equitable educational outcomes for Indigenous and non-Indigenous Australians, the Australian Government and state and territory governments, through the COAG process, are working in partnership to close the gap in Indigenous disadvantage.

The 2008-09 Budget supports the Indigenous education targets agreed by COAG (refer to pages 20-21). Achievement of these targets will require strong and sustained effort by all governments. The Ministerial Council on Education, Employment, Training and Youth Affairs has agreed to fully implement the strategies in *Australian Directions in Indigenous Education 2005-2008* and develop a new four-year action plan to support the delivery of the COAG targets.

The 2008-09 Budget measures for Indigenous education deliver on the Government's election commitments to:

- halve the gap in reading, writing and numeracy achievement within a decade;
- build on the funding for 200 additional teachers for the Northern Territory announced in 2007-08;
- support Individual Learning Plans for Indigenous students; and
- construct three new boarding facilities in the Northern Territory.

# PRIORITIES AND NEW INITIATIVES

## THE DELIVERY OF EARLY CHILDHOOD EDUCATION IN AUSTRALIA

The Budget initiatives will support a systematic strategic approach to comprehensive, integrated, high-quality early childhood education and care services for all children. They will help close the care and education gap and simplify the current complexity of planning, regulations and funding to provide a better coordinated, whole-of-government early childhood strategy.

### Improving access to early childhood education

The Australian Government has committed to ensuring that, by 2013, all children in the year before formal schooling will have access to 15 hours of early childhood education, for a minimum of 40 weeks per year, delivered by degree-qualified early childhood teachers in public, private and community-based preschools and child care. This is to be achieved so that cost is not a barrier to participation, and services are in a form suitable for working parents.

Ensuring that early childhood education is available to all Australians, the Prime Minister has explicitly committed the Government to ensuring that universal access to early learning would encompass all Indigenous four-year-old children in remote communities.

#### **Universal access to early childhood education**

**\$533.5 million**

This measure seeks to build toward the provision of universal access to early childhood education by 2013, which will:

- reduce the barriers to access, such as high fees, for children currently missing out;
- increase the average preschool hours to 15 hours per week, 40 weeks per year; and
- support activities that will ensure consistent high-quality early childhood education programs wherever children access them, including in child care centres.

Working collaboratively with state and territory governments, universal access can be achieved within five years.

The universal access initiative will be underpinned by the development of the Early Years Learning Framework and supported by national quality standards for child care and preschool. This will raise the quality of early childhood education, regardless of setting, and improve access for disadvantaged children to early learning opportunities.

**Strong quality standards in child care**

**\$22.2 million**

This measure will improve quality in child care and preschool by strengthening accreditation standards and introducing a quality A-E rating system to drive continuous improvement in quality child care and preschool. It will also enhance parents' access to information about their child care centre.

Quality early childhood education and child care is part of the Government's ambitious plan for early childhood development. Funding will ensure the system is improved and streamlined for the benefit of children, their families, the community and the child care sector.

**Early Years Learning Framework**

**\$2.5 million**

Funding of \$2.5 million over 2008-09 will be provided for the development of an Early Years Learning Framework.

The framework will provide nationally consistent requirements for the delivery of high-quality early childhood education programs across sectors and jurisdictions. Australia is currently one of the few OECD countries without a national early learning framework.

The framework will describe the capabilities which demonstrate the continuum of development for very young children, focusing on the role of teachers in facilitating children's learning, the development of early literacy and numeracy skills and the successful transition to formal schooling.

The Australian Government has also made available to states and territories \$10 million in 2007-08 for innovative projects to enhance the accessibility of quality early childhood education programs for Indigenous children and children from low socioeconomic communities.

**Establishing new early learning and child care centres**

An accessible early learning and child care system helps facilitate important social and economic outcomes. Children can benefit from improved educational and developmental outcomes. Parents benefit from being able to return to work, which plays a critical role in facilitating workforce participation.

**New Child Care Centres**

**\$114.5 million**

In order to improve the supply of child care, the Australian Government will establish up to 260 child care centres by the end of 2013-14, to be located mainly on school, TAFE, university or other community land. The focus is to increase the availability of child care for families in areas of child care need. The measure includes six autism-specific centres, which will provide early intervention support for children with autism.

This commitment will be rolled out progressively, with this measure providing for centres to be established in 38 priority localities, including six autism-specific centres. The arrangements for the delivery of the remaining 222 centres will be progressed as part of the COAG National Partnership arrangements. In these partnership arrangements, priority is to be given to locations where early childhood services are not currently available or are insufficient to meet demand.

This initiative will provide families with greater access to high-quality child care and integrated care and early learning for preschool-age children.

**Improving the Child Care Tax Rebate**

Improving affordability of child care is an important part of delivering the Government's early childhood agenda. To support families to meet the costs associated with child care, the Government provides assistance through the Child Care Tax Rebate (CCTR). Currently, CCTR is paid on an annual basis and covers 30 per cent of out-of-pocket child care costs.

The Government is providing greater assistance to families with child care costs in a more timely manner.

**Child Care Tax Rebate**

**\$1.6 billion**

Increasing the rate and frequency of the Child Care Tax Rebate from 30 to 50 per cent, increasing the cap from \$4354 to \$7500 per child (indexed), and making payments every quarter instead of annually will reduce the child care cost burden on parents. Moving to quarterly payments will mean families receive the money much closer to when they need it, helping them to meet their regular child care expenses.

This measure will provide additional support to families in meeting the costs of child care by increasing the amount they can claim for their out-of-pocket expenses and providing quarterly payments. It will facilitate parents' participation in the workforce or further training, thereby optimising their capacity to contribute to Australia's economic future.

**Early childhood education and workforce**

**\$126.6 million**

The 100 000-strong early childhood education and child care workforce contributes to children's development and wellbeing. However, the sector endures ongoing shortages of child care workers and, in some regions, preschool teachers.

Building a well-skilled and capable workforce is necessary for implementing the Government's early childhood reform agenda. To ensure that children in preschool and child care will be supported in their social and educational development by highly qualified professionals, ongoing investment is needed to train and retain more education and care professionals, particularly in remote and disadvantaged areas.

The Government has committed:

- \$60.3 million to support around 8000 child care workers to gain a qualification by removing TAFE fees for child care diplomas and advanced diplomas from 2009;
- \$53.9 million to create additional university places for early childhood teachers starting with 500 places in 2009 and rising to 1500 places by 2011; and
- \$12.4 million to reduce around half the HELP debts for early childhood teachers who work in regional and high-disadvantage areas.

**Supporting a home interaction program**

While Australia has experienced economic growth and the lowest unemployment rate in 30 years, intergenerational social disadvantage and exclusion still exist. For children the effects of disadvantage often mean they are behind other children when they begin school and will find it difficult to bridge this gap in learning.

As part of its social inclusion agenda, the Government will engage the Brotherhood of St Laurence to help disadvantaged families and their children by improving school readiness and engaging parents in their child's education.

**Home Interaction program**

**\$32.5 million**

The Home Interaction program is a positive step which, over five years, will help three to five year olds and their families in 50 disadvantaged communities across Australia. Participants of this program will be provided with home tutors, books and educational resources to help parents get their children ready for school over a two-year period.

The program has been trialled and used in countries around the world, including the United States, Canada, Germany and Israel.

Early intervention programs like Home Interaction can lead to higher school retention rates and lower unemployment rates, as well as reduce spending on welfare.

**Jobs, Education and Training Child Care Fee Assistance**

Jobs, Education and Training Child Care Fee Assistance (JETCCFA) provides extra help with the cost of approved child care for eligible parents undertaking activities such as study, work, job search or rehabilitation as part of an activity agreement, to help them enter or re-enter the workforce. Currently, participants can receive assistance to help meet the cost of child care for study or training for up to 12 months.

The Government announced in 2007-08 that it will extend JETCCFA funding so that participants studying can receive assistance for up to two years for multi-year courses, benefiting parents seeking to improve their skills, education and training enabling their participation in the workforce.

**Jobs, Education and Training Child Care Fee Assistance extension \$23.9 million**

The Government has committed an additional \$23.9 million over four years to extend funding to JETCCFA participants from one to up to two years of study. Extending JETCCFA is expected to assist an existing 5000 participants, with an additional 7000 parents expected to commence studying over the period.

**Australian Early Development Index**

The Australian Early Development Index (AEDI) is a community-based population measure of children's development by the time they reach school. The AEDI is designed to help communities throughout Australia understand how children are developing by the time they reach school age. It can assess the school readiness of children within a community, and can facilitate community and government responses to early childhood needs identified in communities.

The Government will work with state and territory governments and providers to roll out the AEDI across all communities in early 2009, providing community-level data on the school readiness of children entering their first year of formal schooling, including information on their physical health and wellbeing, social competence, emotional maturity, language and cognitive skills and communication and general knowledge.

**Australian Early Development Index**

**\$15.9 million**

A total of \$15.9 million over four years was announced in 2007-08 to undertake a national census of the school readiness of Australian children entering their first year of formal schooling in 2009.

This initiative will give communities and government a greater understanding of the development of young children within their communities. Data collected will assist governments and community organisations to better target interventions to improve the wellbeing and school readiness of children in a community.

## **SCHOOLING**

### **Focusing on the most fundamental skills — literacy and numeracy**

Overcoming long-term disadvantage is a vital part of the Government's social inclusion agenda and a major part of meeting this challenge is raising literacy and numeracy levels. The development of a National Literacy and Numeracy Action Plan with state, territory and non-government school systems in 2008 is a first critical step.

To improve Australia's performance in literacy and numeracy and reduce the 'tail' of underperformance among disadvantaged students, the Government will target funds where they are needed most.

COAG has already agreed to key targets that will halve the gap for Indigenous students in reading, writing and numeracy within a decade. These targets will reduce the tail and increase the number of high performers in international testing and also lead to overall improvements in reading, writing and numeracy results.

The Australian Government will provide funding of \$577.4 million over four years to ensure extra literacy and numeracy support is provided to the schools and students most in need of help.

Students struggling with literacy and numeracy need extra support to acquire the basic building blocks of learning and to ensure they can progress through school with skills at a level appropriate to their age. This is an important step in addressing the gap between low and high performers and enabling students to fulfil their potential.

**Getting the Basics Right — Action Plan on Literacy and Numeracy**

**\$577.4 million**

As part of the Education Revolution, a 'Getting the Basics Right' Action Plan will be developed in partnership with schools, families, state and territory governments and non-government school systems.

The Government will work with these partners to develop an evidence-based approach to improving results and evaluating success in improving literacy, numeracy and school success. The action plan will draw on results from the National Literacy and Numeracy Tests due to be held in May 2008, and on evidence from around the world about what works.

Additional funds will be available to support schools to improve literacy, numeracy and school outcomes, starting with those schools and students most in need of help.

The Government will also provide \$17.2 million over four years to improve the collection, reporting and analysis of data relating to the performance of schools and the achievement of educational outcomes as agreed by the Council of Australian Governments.

**World-class teaching and learning through a Digital Education Revolution**

Without digital competency young Australians cannot participate in a modern and increasingly technical global economy.

To have a world-class education system, students and teachers need to be able to access seamlessly, discover, manage, create and use online resources and training. Teachers need the skills to teach information and communications technology (ICT) competency and support students in ICT-rich learning environments. They need to be able to do this in a secure and trusted environment that protects their identity and preserves their privacy. The Government is committed to developing online curriculum resources for all students and supporting conferencing facilities for those studying specialist subjects such as languages.

**Digital Education Revolution**

**\$1.2 billion**

The Government's commitment to the Digital Education Revolution now totals \$1.2 billion over five years to 2011-12. This funding includes \$200 million is provided to extend the National Secondary School Computer Fund beyond the initial four-year period, ensuring the Australian school system remains at the forefront of educational and technological innovation.

The Digital Education Revolution will:

- provide computer equipment and ICT to secondary schools through the National Secondary School Computer Fund;
- provide 'fibre to the premises' broadband to all Australian schools;
- develop the systems, tools and services necessary to ensure effective use of information and communications technology in Australian education and training, including access to online curriculum, classes and conference services and web portals to allow parents to participate in their child's education;
- ensure that all teachers have appropriate ICT skills; and
- assist schools with funding of \$10 million over three years, to make the best use of ICT through the development of support mechanisms.

The funding to secondary schools will allow schools to purchase ICT equipment, including computers, interactive whiteboards, data projectors, digital cameras and other technologies which will enable the effective deployment of the equipment.

A total of \$32.6 million over two years will be used to develop technical frameworks, standards and a digital curriculum, ensuring that students and teachers have access to online curriculum resources and learning tools.

In the longer term it is the Government's vision that:

- students and teachers will communicate freely across Australia and internationally through shared classes, projects and activities such as video conferencing;
- students will have access to specialist teachers in subjects such as languages and music; and
- parents and school leaders will be better able to use ICT for effective communication and administration.

### **Driving higher standards through a national curriculum**

The need for a national curriculum has been discussed and debated in Australia for the past 30 years.

The Government believes that all young Australians should have access to a high-quality curriculum, regardless of where they live or their social background. The national curriculum will outline the curriculum entitlement for every young Australian.

All COAG members pledged their commitment to work together to develop and implement a single, rigorous and world-class national curriculum within the next three years. Driving development of this historic commitment will be the National Curriculum Board. The best and most experienced educational experts have been nominated by the states and territories and the non-government school sector to come together and develop the national curriculum.

#### **National curriculum**

**\$20 million**

The Australian Government has committed \$5 million per annum over four years to support the activities of the National Curriculum Board to develop a national curriculum.

Australia's national curriculum will be world class and inspiring. It will bring together the best parts of some of the existing curricula that have been developed by the states and territories, but it will also seek to include fresh material and ideas that will benefit students. It will be engaging for all young Australians and relevant to employers. It will have at its heart the best of the traditional disciplines combined with the new exciting areas of knowledge.

The national curriculum will give parents and young Australians a clear understanding of what needs to be covered in each subject and at each year level during each phase of schooling. It will give a clear and explicit agreement about what it is that young people should know and be able to do, and it will have, as its foundation, specific standards of literacy and numeracy.

### **Strengthening regional connections — a National Asian Languages and Studies in Schools Program**

Australia faces global challenges such as climate change and regional security. Familiarity with the languages and cultures of Asian neighbours will make it easier to work with regional neighbours to positively address these challenges.

The success of the National Asian Languages and Studies in Schools Program (NALSSP) will depend on all governments working together to increase the value placed on learning Asian languages. To recognise investment in languages as

something that is worthwhile and advantageous both to the individual and Australia, governments will need to collaborate to increase the numbers of suitably-qualified Asian language teachers, to provide opportunities for sequential language learning prior to secondary schooling, and to ensure allocation of sufficient curriculum time for Asian languages learning in schools.

**National Asian Languages and Studies in Schools**

**\$62.4 million**

The NALSSP will provide additional Asian language classes in high schools; language teacher training and support, as well as specialist curriculum for students who display advanced abilities in Asian languages and studies.

**Improving Year 12 attainment rates**

Increasingly, workforce demands are requiring highly skilled workers. If Australia is to position itself to meet this demand it must increase the proportion of students achieving Year 12 or an equivalent qualification.

This requires greater opportunities for students to participate in relevant high-quality education and training opportunities that continue to engage and encourage them to complete their studies. These students will go on to be the workforce of tomorrow and take their place in a globally competitive society.

A range of initiatives in the 2008-09 Budget, focused on better engaging students and improving their opportunities for further training or employment, will contribute to improved Year 12 attainment over time.

**Trade Training Centres in Schools**

**\$2.5 billion**

This program will provide \$2.5 billion over 10 years to enable all secondary schools across Australia to apply for funding of between \$500 000 and \$1.5 million for Trade Training Centres. The program is underpinned by a strong partnership approach between the Australian Government and state and territory governments and contributes to the aspirations and outcomes set out in the common framework for reform of education agreed by COAG.

The program is also an important element of the Australian Government's workforce development agenda and will help address national skills shortages in traditional trades and emerging industries by improving the relevance and responsiveness of trade training programs in secondary schools.

Through the program, the Government aims to:

- improve student access to trade training facilities that meet industry standards;
- improve the quality of schooling offered to secondary students undertaking trade-related pathways; and
- assist young people in making a successful transition from school to work or further education or training.

**Support for transitions from school**

**\$109.5 million**

Australia's ability to increase Year 12 attainment rates and reduce the current skill shortage in traditional trade areas will be supported by a range of complementary initiatives. These include:

- On-the-job Training, which will enable students in Years 9 to 12 who are undertaking VET programs to access one-day-a-week on-the-job training for 20 weeks every year, or the equivalent. The initiative will extend student opportunities to combine their studies and training opportunities with 'real' work experience. Ultimately it will also make graduating students more attractive to employers;
- Mentors for Our Students, which will engage young people with recently retired tradespeople, paraprofessionals and professionals to pass on skills and industry knowledge in the professions and critical skills shortage areas; and
- Improved School-Business Linkages, which will establish innovative vocational education and training programs for young people in schools. This will broaden young people's vocational learning options and increase their interest in education, promoting higher Year 12 attainment.

**Capital infrastructure**

Access to appropriate and modern facilities underpins a world-class education for all Australian primary and secondary school students. Over the four years 2009-2012 the Australian Government will not only match the \$1.7 billion provided over 2005-08 for major capital works, it will add to it. A further \$62.5 million over four years will be allocated through the Local Schools Working Together pilot program. This program will directly assist school communities that struggle to provide on their own the type of facilities that improve their children's educational experiences. On top of this, a further \$2.5 billion will be provided over the next 10 years for trade training centres in schools and \$1.2 billion for the Digital Education Revolution.

This commitment of funding will help ensure all Australian students have access to the best available resources and learning opportunities, and that capital funding is fairly and equitably distributed.

**Supporting working families**

Australian working families are set to benefit from the Australian Government's decision to create a new Education Tax Refund, helping them meet the education costs of their children. About 1.3 million families (with 2.7 million students) will be eligible for the refund, which is expected to benefit Australian families by more than \$1 billion a year. Eligible families will be able to claim a refund every year for eligible education expenses.

**Education Tax Refund**

**\$4.4 billion**

Eligible families will be able to claim a 50 per cent refund every year for key education expenses up to \$750 for each child undertaking primary studies (maximum refund of \$375 per child, per year), and \$1500 for each child undertaking secondary studies (maximum refund of \$750 per child, per year).

The Education Tax Refund will be available to Family Tax Benefit (Part A) recipients with children undertaking primary or secondary school studies for the relevant financial year. This includes eligible families of registered home-schooled students.

Children undertaking primary or secondary school studies who would otherwise be eligible to be a Family Tax Benefit (Part A) child but for the fact they are living independently of their parents or are in receipt of one of the following payments or allowances will also be eligible: Youth Allowance; Disability Support Pension; ABSTUDY; the Veterans' Children Education Scheme; and the scheme under section 258 of the *Military Rehabilitation and Compensation Act 2004*.

The refund will apply to expenses incurred from 1 July 2008 and will be claimed upon lodgement of a 2008-09 income tax return. People who do not normally lodge a tax return will still be able to claim the refund from the Australian Taxation Office without having to lodge a return.

Eligible school expenses include laptops, home computers and associated costs, home Internet connection, printers, education software, trade tools and school text books.

Eligible expenses can be carried forward and applied against the Education Tax Refund entitlement of a subsequent year. Eligible families that have more than one child who meets the definition for the Education Tax Refund can pool their total entitlement and apply it against all their eligible expenses.

**Overcoming Individual Disadvantage**

The Australian Government is committed to working cooperatively with education authorities to improve the educational opportunities for students with disability. In recognition of the increasing difficulties faced by teachers, families and carers of children with autism spectrum disorder (ASD), the Government committed to improving the availability of child care for children with autism, including the establishment of six specialist early learning centres for these children. This measure will complement other Australian Government measures being undertaken through the \$190 million Helping Children with Autism package. This package includes work to improve the educational outcomes of school-age children with ASD through

national professional development for teachers and other school staff as well as workshops and information sessions for parents.

The Australian Government is committed to working cooperatively with state and territory government and non-government education authorities to assist in providing intensive English language tuition to newly arrived school students. This will improve their educational outcomes and opportunities. The English as a Second Language New Arrivals Program (ESL-NAP) provides per capita funding for each eligible school student arriving in Australia under the Skilled Migration, Family or Humanitarian programs. In recognition of the pre-migration experiences of newly arrived humanitarian students – torture and trauma for example – as of 1 January 2008, the ESL-NAP payment rate for humanitarian students is double the rate for other students who are eligible for this Commonwealth assistance.

## **GIVING A VOICE TO AUSTRALIA'S YOUTH**

The Australian Government is keen to establish a direct dialogue with young people about the issues that will shape Australia's future, as already evidenced by the 2020 Youth Summit, and to ensure there is a coordinated approach to policies and programs for young people. The Government is establishing an Australian Youth Forum and an Office for Youth to achieve these aims. The position of a federal Minister for Youth has also been re-established, to ensure comprehensive policy-making for matters that affect our young people, especially those who are disadvantaged.

### **Engaging the youth of Australia**

**\$8 million**

Funding will be provided over four years to establish the Australian Youth Forum (AYF). This Forum will open up an unprecedented level of dialogue between the Government and youth of Australia.

To signal the commencement of that dialogue, comprehensive consultations have been held with young people and stakeholders across the youth sector. These consultations sought views on the role, functions and operations of the AYF and on the priority issues facing young people in Australia today. From these discussions the Australian Government will be well placed to deliver an AYF which is relevant, responsive and in tune with young Australians.

The Government will also establish an Office for Youth. The new office will bring a focus to youth issues that will extend across portfolio boundaries. It will enable us to identify opportunities for better integration of policy and program settings across the Government for the benefit of young people.

## SKILLS AND TRAINING

The Australian Government's priority is to focus the national training system so that it delivers economic and social benefits to individual students, industry and business and obtains value for investment.

### Skilling Australia for the Future

*Skilling Australia for the Future* is the first chapter of the vocational education and training revolution. It will increase and deepen the skills capacity of the Australian workforce and ensure it reflects the demand for training from individuals and businesses.

*Skilling Australia for the Future* is a plan for Australia's future skilled workforce that will close the skills gap in three key ways. It will:

- provide an additional 450 000 skilled training places over four years;
- ensure that the majority of those places lead to higher-level qualifications at the Certificate III level or above; and
- place industry demand at the centre of the skills system, so that training providers equip Australians with the skills that industry actually needs.

#### **630 000 additional training places**

**\$1.9 billion**

This Budget extends the Government's commitment to deliver 450 000 new training places (including 65 000 Australian Apprenticeships) to 630 000 new training places (including 85 000 apprenticeship places) over five years. Of these places, 391 800 will benefit existing workers – those who wish to gain or upgrade their qualifications – and 238 200 will be for people who are currently outside the workforce and who need training to assist them in participating in the labour force.

The new training places target industries that are suffering most from skills shortages – industries like mining and construction, health and community services.

The Government is working with state and territory governments and industry to negotiate a cooperative approach to funding arrangements for training places for existing workers.

The first 20 000 places were made available in April 2008. These places are for Australians who were out of the workforce.

Australia's training system must significantly shift to be driven by individual and business demand. This shift will provide graduates with more relevant qualifications,

greater support to complete their training and, therefore, a much better chance of securing a job.

### **Identifying future skills needs through Skills Australia**

Skills Australia is a new statutory body of seven members with expertise in areas like economics, industry, academia and education or training. It will provide advice to the Government on current and future skills needs based on research and informed by industry.

### **Focusing on the skills needs of enterprises**

*Skilling Australia for the Future* has provided Industry Skills Councils (ISCs) with an expanded role in workforce development and the training system. ISCs will provide integrated industry intelligence and advice to Skills Australia, and advise enterprises on workforce development and skills needs in their industry sector. They will support the development and implementation of workforce development products and services. They will work with employment service and training providers to access appropriate training where training needs have been identified.

## **Future reforms**

The training system must be more dynamic and flexible to meet the needs of industry and students if it is to deliver skills that support the Australian economy.

The Australian Government is working with the states and territories to respond to the challenges through their shared responsibilities for the national training system. The current funding agreement is due to expire at the end of this year. Under the next funding agreement, the objective for governments is to maximise their joint investment and increase efficiency through a partnership approach.

### **Creating a more responsive training sector**

The focus of future reforms in skills and workforce development includes:

- removing duplication between different levels of government;
- reducing unnecessary regulatory arrangements;
- streamlining processes; and
- improving partnerships between governments and with key stakeholders, including industry.

This Budget is the Australian Government's first step towards reforming the current skills system. It is the beginning of what will be a continual review of interventions by the Government to ensure its investments maximise the benefits that training can provide to the economy.

## **HIGHER EDUCATION**

The Government is implementing major priority initiatives for higher education, as part of its commitment to ensuring higher education plays a leading role in equipping Australians with the knowledge and skills to make Australia a more productive and prosperous nation.

### **Better Universities Renewal Funding**

To improve higher education institutions' infrastructure for teaching, learning and research and to enhance the student experience through improved student amenities, funding will be provided for campus renewal.

#### **Better Universities Renewal Funding**

**\$500 million in 2007-08**

Capital funding of \$490 million will be allocated among all Table A and Table B higher education providers on a formula basis taking account of institutional size and research activity, with 70 per cent allocated on shares of domestic student load and 30 per cent on shares of Institutional Grants Scheme funding. The Australian National University will receive a special payment of \$10 million recognising its unique mix of teaching and research. Under a funding agreement with the Commonwealth each higher education provider will determine the projects to be undertaken, consistent with its individual mission and the following priority areas:

- information and communications technology;
- laboratories;
- libraries and student study spaces;
- teaching spaces; and
- student amenities.

### **Phasing out domestic undergraduate full-fee paying places**

To ensure students gain access to higher education on merit and not on ability to pay, full-fee paying undergraduate places will be phased out in public universities for

domestic students from 2009. Public universities will not be able to offer new full-fee paying places from 1 January 2009. Students who are enrolled in a full-fee paying place prior to 1 January 2009 will be able to continue in their course on a full-fee paying basis.

**Replacing full-fee paying places with Commonwealth supported places**

**\$249 million**

Funding will be provided for up to 11 000 new Commonwealth supported places by 2011 to replace full-fee paying places. The Government is committing \$249 million for these new places, which will be available for students commencing their studies in 2009.

Consultations with affected universities will be undertaken in 2008 to finalise arrangements for the phase out.

**Additional higher education places and capital funding**

**Extra places in early childhood education**

Commencing in 2009, the Government will fund 500 additional new Commonwealth supported early childhood education places in each of the next three years through the National Early Years Workforce Strategy.

**National Early Years Workforce Strategy**

**\$53.9 million**

This initiative will produce graduates to underpin an expansion in early childhood education provision. It will ensure children have better access to high-quality pre-primary education and will benefit students preparing for a career in early childhood education.

**Increasing the number of nursing graduates**

The Government is funding new Commonwealth supported higher education nursing places. The nursing places are part of the Government's plan for 9250 extra nurses in the workforce.

**Nursing places**

**\$99.5 million**

This initiative will provide more opportunities for students to study nursing and increase the number of nursing graduates available to work in hospitals. It will benefit students planning to study nursing, and enrolled nurses seeking to upgrade their qualifications. It will also assist in addressing skills shortages in nursing across Australia, which will benefit patients in the health system.

As part of its plan to provide 9250 extra nurses in the workforce, the Government will provide \$99.5 million to fund new Commonwealth supported higher education nursing places. Funding will initially be provided for 90 places in the second semester of 2008 and a further 1170 places in 2009.

Funding for the places is ongoing. This initiative complements another initiative in the Health and Ageing portfolio to provide an incentive for trained nurses to re-enter the workforce.

**Additional places at the University of Notre Dame**

The University of Notre Dame Australia will receive 130 additional Commonwealth supported places in the national priority and skill shortage areas of nursing (20), education (80) and medicine (30) from 2009. The university will also receive \$7.5 million in new capital infrastructure funding in 2008. Construction of the capital facilities is planned for completion in 2009.

**University of Notre Dame**

**\$18.6 million**

This initiative will allow the university to provide more places for Commonwealth supported students in the national priority areas of nursing and education, and also in medicine. It will provide more opportunities for students to study in these areas and increase the number of graduates available to enter the workforce. Students in Western Australia (Fremantle) and New South Wales (Sydney) will benefit from increased opportunities to study in these fields.

The Government is committing \$11.1 million for the new places over four years. Funding for the places is ongoing. The university will also receive \$7.5 million in capital funding.

**James Cook University Dental School**

James Cook University will be provided with \$33 million in funding for capital infrastructure, funding for 60 new Commonwealth supported places in dentistry each year and funding for a clinical outreach program to establish a new dental school in Cairns.

The new dental school will help tackle skills shortages in dentistry, particularly in northern Australia.

The dental school will be the first to be located in regional Queensland. It is expected to attract some of its students from north Queensland and produce graduates who will be interested in taking up employment in the region. Students will now have the opportunity to study dentistry in north Queensland rather than having to move to a metropolitan university.

**James Cook Dental School**

**\$49.5 million**

This initiative provides \$49.5 million over four years from 2008-09 to support James Cook University to establish a new school of dentistry in Cairns. This measure will help address skill shortages in dentistry, especially in Northern Queensland.

This includes \$33 million for capital infrastructure, \$9.4 million for 60 new Commonwealth supported university places in dentistry each year and 47.2 million for clinical training outreach.

**Additional support for higher education students**

**More undergraduate scholarships**

Improving productivity, social inclusion and equity of access to higher education is also an important part of the Education Revolution. To encourage young people from low socioeconomic status backgrounds to go to university, the number of undergraduate scholarships will double from 44 000 to 88 000 across Australia by 2012.

**Scholarships**

**\$238.5 million**

Two new scholarship categories will be introduced from 2009 to assist students studying in specialist courses and courses related to areas of skills shortage. The National Priority Scholarships will target undergraduate students enrolling in priority disciplines such as nursing, teaching, medicine, dentistry, allied health, maths, science and engineering. The National Accommodation Scholarships will be for students relocating interstate to study a specialist course not available near their home. In the four years from 2009, some 29 000 new National Priority Scholarships and 15 000 new National Accommodation Scholarships will be funded.

**Student contribution amount and Higher Education Loan Program reductions for maths and science students**

To encourage students to study the critical disciplines of maths and science, the maximum annual student contribution amount for these disciplines will be reduced to the lowest 'national priority' rate for new students from 1 January 2009.

Commencing students studying maths and science will be subject to lower annual maximum student contribution amounts. In 2009, the reduction will be from \$7412 to \$4162 for an Equivalent Full Time Student Load.

Universities will receive additional funding through the Commonwealth Grant Scheme to make up for the reduction in student contributions.

**Higher Education Loan Program reductions**

**\$625.8 million**

Students graduating with a maths or science degree from second semester 2008 onwards will be eligible to receive a 50 per cent remission of their compulsory HELP repayment, if they work in a maths-related or science-related occupation, including teaching these subjects in secondary school.

The Government is committing around \$560 million over four years to reduce maximum student contributions for maths and science students and compensate universities. The HELP remission for maths and science graduates will have an effect of around \$63.6 million over four years.

**Future reforms**

In addition to these immediate priorities, the Australian Government is taking its reforms further and driving strategic policy change aimed at making long-term, systemic improvement in the higher education sector. To this end, the Government has commissioned a major Review of Australian Higher Education, being led by former University of South Australia Vice-Chancellor, Emeritus Professor Denise Bradley AC.

This review will report on the future direction of the sector, its capacity to meet the needs of the Australian community and economy, and the options available for ongoing reform. It will provide an initial report on priority action by the end of October 2008 and a final report by the end of 2008.

**Education Investment Fund**

**\$11 billion**

The Rudd Labor Government will transform Australia's higher education and vocational education and training (VET) institutions over the next decade with a new \$11 billion Education Investment Fund.

From the 2007-08 and 2008-09 Budgets, \$5 billion from the surplus will be directed to the newly created Education Investment Fund (EIF) in addition to assets totalling \$6 billion from the Higher Education Endowment Fund (HEEF), with the potential for money from future surpluses to be channelled into the fund.

The EIF is a major component of the Rudd Government's Education Revolution. This investment is about building a modern, productive Australian economy to meet the challenges of the future.

The key priorities of the EIF will be capital expenditure and renewal and refurbishment in universities and vocational institutions as well as in research facilities and major research institutions.

Unlike HEEF, which allowed only for the interest earned to be spent, there will be no cap on yearly allocations from the EIF. This means that substantial investment can be made in our educational institutions in the coming years, transforming the capacity of these sectors to educate and train Australians.

Decisions about annual disbursements from the EIF will occur through the annual appropriation process, which will ensure transparency and allow parliamentary scrutiny. Annual levels of investment will take into account the sectors' needs and overall macroeconomic conditions.

There will be no disbursements from the EIF in the 2008-09 financial year to ensure allocations align with the recommendations of the Higher Education Review and priorities of universities and vocational education and training sectors.

**INDIGENOUS EDUCATION**

Achieving the national halving the gap targets is a critical step to overcoming the disadvantage experienced by too many Indigenous Australians. Governments will require strong and sustained effort to achieve these targets. The 2008-09 Budget delivers on the Australian Government's election commitments for Indigenous Australians.

Strong literacy and numeracy skills are the foundation to, among other things, getting a job and undertaking further education. Bridging the 13 to 32 per cent gap in literacy and numeracy outcomes will require accelerated approaches to learning. Accelerated

literacy and numeracy programs such as the National Accelerated Literacy Project and Making Up Lost Time in Literacy (MULTILIT) can assist Indigenous students in improving their results beyond what might be expected through normal classroom instruction.

Teaching informed by student data and conversations with students and families can result in more tailored approaches to improving education outcomes. Through Individual Learning Plans teachers can develop these partnerships to target improvements, build on strengths and support student aspirations. Teachers require the best resources to get the most from these plans.

**Building Strong Foundations Program**

**\$56.4 million**

This measure will expand the delivery of intensive literacy and numeracy programs which have been proven to work in improving these foundational literacy and numeracy skills. It will also provide professional development resources to teachers of Indigenous students to help them prepare and maintain Individual Learning Plans for Indigenous students up to Year 10. The plans will identify the individual learning needs of Indigenous students. Materials will be distributed to every school with Indigenous student enrolments, and online resources will be made available. This measure directly addresses the target of halving the gap between Indigenous and non-Indigenous students.

The Northern Territory Emergency Response (NTER) aims to protect Indigenous children from abuse and build the basis for a better future. The Australian Government is continuing most of the NTER measures until a comprehensive review is undertaken after 12 months of implementation. An important part of this work is to improve the education outcomes of Indigenous children. Within the NTER communities alone there are about 2000 children of school age currently not enrolled in school. A further 2500 do not attend school on a sufficiently regular basis to benefit from their education.

The Government is also implementing several new measures that will contribute to better educational outcomes for remote Indigenous children in the Northern Territory. These measures are being implemented cooperatively with the Northern Territory Government and non-government education providers.

**New Boarding Facilities in the Northern Territory**

**\$28.9 million**

The Government is funding the construction and operation of three boarding facilities in the Northern Territory to enable 152 remote Indigenous students in Years 8 to 12 to access secondary school education. This initiative addresses the lack of access by remote Indigenous students to secondary schooling and will assist in improving Year 12 retention, or its vocational equivalent, and performance for Indigenous students. It will also contribute to the Government's goal of halving the gap in reading, writing and numeracy outcomes between Indigenous and non-Indigenous students.

**10 new crèches in the Northern Territory**

**\$2.3 million**

Operational funding will be provided for 10 new crèches in the Northern Territory as part of the Northern Territory Emergency Response. This will enable Indigenous children living in remote and regional areas to benefit from crèche services

**Accelerated literacy, quality teaching and six new classrooms \$19.1 million**

The Government is ensuring the continuation of professional development support to teachers in the Northern Territory as part of the Northern Territory Emergency Response. It will help promote the use of accelerated literacy and Standard Australian English approaches as well as develop and sustain a workforce of high-performing school leaders and quality teachers in the 73 communities. The measure will also place emphasis on developing the local Indigenous education workforce. It will assist students, in particular the up to 4500 children of school age who have not been enrolled or are not attending school regularly, in gaining critical foundational skills in literacy and numeracy.

The construction of six new classrooms will accommodate increased attendance by school-age children who are currently either not enrolled or not attending school regularly.

**School Nutrition program**

**\$7.4 million**

The School Nutrition program, which provides breakfast and lunch to school age children in the Northern Territory, will be continued as part of the Northern Territory Emergency Response, and will help improve school attendance and engagement. The program also supports involvement by Indigenous parents in schools and will contribute to local Indigenous employment in its delivery.

## CONCLUSION

The Education Revolution has started. It aims to provide opportunities for all from birth, through schooling and training, to employment.

Ambitious as it may seem, this is what the Rudd Labor Government believes Australia needs. And it is an undertaking that the Government has committed to unconditionally.

The 2008-09 Budget provides a springboard for achieving the goals of the Education Revolution. It delivers initiatives that allow implementation of the Education Revolution at every stage in life for the benefit of all Australians.

The Budget initiatives underline the Rudd Labor Government's commitment to delivering world-class education and training. This will contribute to boosting Australia's productivity, now and in the future, and help its education and training systems become world class.

Australian families deserve better opportunities to improve their wellbeing and that of their children. The Budget acknowledges this by tackling the issues uppermost in the minds of many families, notably access to affordable, high-quality early childhood education and child care.

This Budget provides initiatives to help turn the challenges of equity and disadvantage around.

The Budget also recognises the need for Australia to move with the times in an era where information and communication technology has become indispensable. It fulfils the Government's commitment to improving access to world-class information for secondary school students through a Digital Education Revolution. It also assists those who choose to pursue a vocational education and training pathway.

Given the importance of higher education to Australia's future, the Rudd Labor Government is helping to make crucial changes to the sector. These changes will help universities and other higher education institutions realise their full potential and remain internationally competitive.

By providing the means for abolishing full-fee degrees for undergraduate students, doubling Commonwealth undergraduate and postgraduate scholarships, offering new Commonwealth supported places, the Budget ensures equity for all Australian students and families. It also ensures a strengthening of the higher education sector so it can focus on its leading role of developing human capital for the nation's productivity growth and to help tackle skills shortages.

While this Budget, like all Budgets, revolves around money, it is also about people and making things work. The Australian Government recognises the vital role of the states,

*Education Revolution 2008-09*

territories, industry, Catholic and Independent schools systems and communities in helping deliver the Education Revolution. That is why the Government will continue with its co-operative approach.

Through positive partnerships with other COAG members and school communities in both the public and private sectors, funds can be disbursed efficiently in areas where they are needed the most. Through the concerted efforts of governments, universities, school and training systems, the not-for-profit sector, parents and the Australian community at large, the Education Revolution will succeed.