

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 20 May 2004

#### Members

Mr W. R. Baxter

Ms D. L. Green

Ms C. M. Campbell

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Mr R. W. Clark

Mr G. K. Rich-Phillips

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Mr B. Forwood

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Ms L. Kosky, Minister for Education and Training;

Ms J. Allan, Minister for Education Services;

Mr G. Hehir, secretary;

Ms J. Samms, deputy secretary;

Mr J. Sullivan, general manager, strategic policy and planning; and

Ms E. McAlpine, general manager, school resources; and

Mr J. Hall, chief finance officer, Department of Education and Training.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the portfolios of education and training, and education services. I welcome the Honourable Lynne Kosky, Minister for Education and Training; the Honourable Jacinta Allan, Minister for Education Services; Mr Grant Hehir, secretary of the Department of Education and Training; Ms Jennifer Samms, deputy secretary; Mr John Sullivan, general manager, strategic policy and planning; Ms Ethel McAlpine, general manager, school resources; departmental officers, members of the public, the media and Hansard.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week. Before I call on the ministers to give a brief presentation on the more complex financial and performance information that relates to the budget estimates, I ask that all mobile telephones be turned off and pagers silenced.

Ministers, we have 10 minutes allocated to the overhead presentation. I will leave that to you to decide how you wish to do that. We appreciate the fact that you distributed overheads; so be conscious that we have those, and we can make notes on them. There are a lot of sheets of paper here — I know there are not a lot of words on them — but if you could conclude that within 10 minutes, we would appreciate that. Then we will move to questions.

**Ms KOSKY** — Both Jacinta and I will run through very briefly the material you have before you.

#### **Overheads shown.**

**Ms KOSKY** — In terms of the overview of the presentation, we are looking at both the strategic directions for education and training as well as the 2004–05 budget. We have different responsibilities, and I know this has been an issue previously. I have overall responsibility for my portfolio including strategic directions, budget management, service delivery and programming implementation within education, school education, training and further education, higher education and adult community education, with the exception of the areas that are the specific responsibility of Minister Allan.

Minister Allan has responsibility for areas that include teacher work force supply and demand, including recruitment and retention strategies; implementation of agreed capital programs, including building equipment and information and communications technology; school councils except in relation to school education or policy and funding issues; asset maintenance and security, including emergency management; health and safety issues, including asbestos; student welfare services, including disability transport and drugs; merit protection boards under sections 64 and 65 of the Teaching Service Act.

I will touch briefly on the approach that we have taken to education, because I know some of you are very familiar with it. We have had a real focus around outcomes of students and boosting participation of our students, improving the performance of groups who have traditionally suffered educational disadvantage, looking at quality and flexibility of the work force, improving our accountability frameworks, and excellence — that is, how we continue to push all of our systems forward.

We, as a government, established goals and targets. I do not intend to go through the goals and targets, suffice to say that there is a particular focus, obviously, around literacy and numeracy and around completion rates of year 12 or its equivalent. We believe they are very strong measures for judging our performance. As you will know, in November 2003 I released the *Blueprint for Government Schools*, and it identified three priority areas for reform: recognising and responding to diverse student needs; building skills of the education work force — focusing on the teaching-learning relationship — and continuously improving schools. The blueprint has a number of flagship strategies which relate to each of those areas, which we are now putting in place. If there will be questions later, I can respond in more detail to any of those items.

In terms of strategic directions I have brought down the Knowledge and Skills for the Innovation Economy statement, which is around vocational education and training. It provides a clear focus for where we are wanting to take vocational education and training system. The 2004–05 budget initiatives fit within the context of that statement. There has also been a ministerial statement on higher education, which allows us to focus on where the Victorian government can make a difference. A ministerial statement on the adult and community education sector will be released shortly.

Earlier this year I released *Global Pathways*, which is about international education for Victoria. It sets out a very clear framework for how we would want to expand the pathways that we already have in place for international education, and focuses on global learning, on how we position Victoria better in the international market and how we look at quality assurance issues. When we look at progress against the targets, in terms of literacy and numeracy, the completion of year 12 or its equivalent, and rural and regional participation, we are demonstrating very strong improvements in each of those areas. Rather than go through those now, if there are questions I am happy to go through the detail later. There are a number of other measures that we use other than the national benchmarks including class sizes, apparent retention rates and the number of 15-to-19-year olds who are in full-time education, training or employment.

The key themes of the 2004–05 budget are around driving excellence and innovation in the system, increasing access and expanding opportunities, particularly for those who previously have not really got to the starting blocks, and building better schools and community assets. If we look at the investment that we have made since we have come to office, since 1999, \$4.36 billion additional in education — a figure I never get tired of speaking about — and of course in this budget we had an extra investment of \$668 million in terms of initiatives, and that comprised \$344 million for the output initiative and \$323.7 million for the assets. There are 250 additional teachers that are allocated within this budget; again, if there are questions about how they will be allocated, then I am happy to talk about that, but that will relate to the new resource allocation model that we are in the process of putting in place.

In terms of schools, we have both new and replacement schools. There is \$36.7 million for new schools, \$9.1 million for replacement schools. Modernisations, we have over \$111 million with 65 schools to benefit, and we also have facilities for excellence, which is a total TEI of \$30 million, and that includes eight schools and one rural learning campus. There are in this budget extra resources for TAFE, \$90 million over four years, and there is additional funding for the ACE — adult and community education — sector; there is additional money for TAFE teaching equipment, \$12 million; and there is \$12 million for the TAFE building program. International education, announced as part of the economic statement, \$5.7 million extra to really secure Victoria's leadership in international education. In regional Victoria we have provided over \$86 million in the areas that are allocated.

I might now, if it is okay, Chair, hand over to Minister Allan to take you through some of the key initiatives that relate to her portfolio.

**The CHAIR** — Thank you, Minister, you whipped through those slides very quickly. We appreciate it, but I am sure Hansard would appreciate the documentation to assist them.

**Ms ALLAN** — I will briefly touch on some of the key highlights from the budget in the education services portfolio, and a key one, as Minister Kosky mentioned, is the Blueprint, which was released last year. One of the key emphases in the Blueprint is our teacher work force and maintaining and developing the stability of our teacher work force. Earlier this year I released a teacher supply and demand statement around ensuring in the future that our schools do have access to appropriately qualified and skilled teachers going into the future, and this statement had three priority areas under which there were six actions. If you turn to the next slide you will see that two of those actions are funded in this year's budget. The refresher courses, for which \$2 million was provided over three years, will see around 300 teachers receive training each year. It is really for those teachers who have been out of the work force for a little while and are wanting to re-enter teaching. Rural teacher retraining, which is \$2.5 million over three years, in total will see 150 rural teachers who can be retrained into some of those difficult-to-staff subject areas. They are already in our country schools, and the schools might have identified a forthcoming area that they will need to fill and a teacher can retrain into that area.

Another area that the budget focuses heavily on is parents and students, and of course it was very much a budget that focused on supporting Victorian families. A key part of that was the extra funding to the education maintenance allowance — \$74 million to provide a 60 per cent increase to the EMA, plus an additional \$4 million over three years to see that indexed to keep pace with the increases in the cost of living. Just for the committee's information, there are around 200 000 students in Victoria who receive the EMA, and the 60 per cent increase equates to primary school students receiving \$200 per year, which is up from \$127 at the moment, and secondary students will receive \$400, up from \$254. There is also additional funding in the budget for the disabilities program. A total of \$15 million over four years was provided in last year's budget, and that included the \$4 million in 2003-04.

School improvement is also a really big focus in the education budget, and I am very pleased to again advise the community about the \$60 million in maintenance that has been provided over two years — \$10 million in this financial year, 2003-04, and \$50 million in 2004 -05 . I just note that this extra funding is in addition to the \$34 million that is provided to schools every year. Another important program for school improvement is our classroom replacement program. The \$50 million will provide for 600 modern, new relocatable classrooms to be in schools over the next few years.

The community facilities fund on the next slide is another quite exciting and innovative commitment that we have put in place to look at where schools and their communities come together to provide facilities that will benefit both. That has got a commitment of \$29.5 million that came in in this budget. Then there is Schoolyard Blitz, and I must say the \$5500 grant to each school has been well received by each of the schools that has got that funding, and that is a total of \$10 million over three years. There are some keys areas in ICT. We have announced a package of \$30.5 million for ICT initiatives, really around ensuring fast Internet access, a more secure VCE, a new Australia-first system, which will revolutionise the delivery of student information, and also funding for an IT payroll system for the department as well, on which I can go into more detail later if the committee would like. I will hand back to Minister Kosky to wrap up.

**Ms KOSKY** — Just in summarising, I think I can probably whip through it very quickly but we have ministerial statements in a range of different areas. Obviously the goals and targets, ministerial statements that provide further detail to how we are going to achieve those goals and targets, and then the budget will really start to implement quite a number of those initiatives. So we are very focused on the outcome for students but have in place very clear plans in each of the areas on how we will deliver and obviously the dollars through the budget. Really what we are doing through wanting to achieve both access and excellence in our education system is focusing on our facilities and having new and improved school facilities, more teachers, obviously, in this budget, and more support for students who come from low-income families, and we are also looking at how we boost information technology and position Victoria in terms of world education as an international leader.

I would want to finish with the fact that, as you will be aware, we have reached in-principle agreement with the AEU in relation to the latest enterprise bargaining agreement, which does mean now that, having finalised that, we can go forward knowing exactly where we sit in relation to future initiatives and future funding for education, and that will be a four-year deal.

**The CHAIR** — My question goes to the Minister for Education and Training. I refer you to BP 3, page 9, which relates to driving excellence and innovation in education and training, and in particular to the *Blueprint for Government Schools*. Could you please provide us with some advice on major initiatives and what progress is being made, particularly in relation to building the skills of the education work force to enhance the teacher-learning relationship?

**Ms KOSKY** —The Blueprint, which was released late last year, came about as a result of some very intensive discussions that occurred with stakeholders and also in pulling together some of our leading educationalists from schools — both principals and teachers. Firstly we identified what areas we needed to reform, and the Blueprint responded to that with the detail on how we would take up some of the challenges. The Blueprint identifies three areas that we need to respond to.

The first is responding to diverse student needs, recognising that you cannot teach all kids exactly the same. They have different needs. Students in your electorate will be different to students, say, in Bairnsdale or Warrnambool. We are also looking at how we can build the skills of the work force, acknowledging that probably fundamental to student learning is the quality of the student-teacher relationship. That is obviously about learning as well as about teaching. We are also wanting to focus on how we continuously improve all schools — bringing those schools that are not performing as well as we would like forward, but also bringing all schools forward so we are continuing to improve right across the board. So there is a number of strategies that we put in place — the student learning strategy, developing a new resource allocation model, building leadership capacity, creating and supporting a performance and development culture, teacher professional development, school improvement and also the leading schools fund. You were particularly interested in the — —

**The CHAIR** — What progress is being made in relation to building the skills of the education work force to enhance the teacher-learning relationship?

**Ms KOSKY** — We have had a number of different strategies in place. A key one that came out of the work the Boston Consulting Group did for us was about establishing a performance management culture within schools. Most businesses have it — that is, how do you manage performance? How do you recognise performance and look at the additional skills that are required once you have identified how someone is going? So we are actually putting what they call the schools work force development strategy in place and having an accreditation scheme for creating and supporting performance and development culture in our schools.

At the moment we have got a range of focus groups in place involving leadership teams from selected schools and we are having regional consultations to provide the sort of support materials that will be needed in terms of establishing that form of development accreditation. It is really about making sure that we have 360-degree feedback for principals and teachers so that they can get feedback on a whole range of different measures about how they are performing and then identifying how to support further achievements and further areas of improvement.

We are looking at establishing 40 mentor schools by 30 June this year. With the mentor schools we will train them up to develop the culture and then of course they will have mentoring responsibility to put this in place across the system. Those that will be the mentor schools are those that have elected to seek accreditation for the year 2005 and then run that out right across the system, so by the end of 2008 we will have all the schools accredited within the system. It is a major challenge. It is a very different way of operating. It is focused on performance but is really linking performance with support, with professional development, and in some instances it will be around additional resources so that we can support that culture.

In addition to that we are putting in place additional professional development for teachers. One of the comments made by teachers was that we do a lot of one-day exercises but they really want the opportunity to spend time with other teachers who are doing different things they would like to learn about, and they want to do that over long period of time. So we are putting in place a scheme for 450 teachers — Grant will correct me if I am wrong, by the end — so that they can have an extended period of time for professional development, learning from other teachers either in the other teacher's classroom or having the other teacher in their own classroom. We have the knowledge in the system; it is how we share it.

**Mr CLARK** — My question relates to trust funds administered by the Department of Education and Training so I presume it relates primarily to Minister Kosky. I refer to page 50 of budget paper 4, *Statement of Finances*, which sets out the authority for resources for the department. It lists approximately \$1.5 billion of departmental funds that are handled through trust funds. This was a subject that was raised in the committee's report on 2003 budget outcomes, where we were concerned about the lack of information relating to what was processed through those funds.

I understand there are seven trust accounts: the OTTE managed funds trust; the state Treasury trust fund; the commonwealth Treasury trust fund; education, prizes and scholarships; departmental suspense account; commuter club trust and state grants school assistance for non-government programs. I understand about \$1.1 billion of the \$1.5 billion is commonwealth government grants, which we quite understand. Can you tell the committee a bit about the sources of the remaining \$400 million-odd that comes into those trust funds and where those \$400 million-odd go to?

**Ms KOSKY** — I am probably going to have to get back to you with the detail.

**Mr CLARK** — I am looking for a general explanation at this stage.

**Ms KOSKY** — There is a range of funds, some of which are located obviously to do with the department, but there are also schools that have their own trust funds as well, in which case we will have to seek some of that more detailed information. We do disclose at the moment in line with the Department of Treasury and Finance's model financial report for Victorian government departments. Both the Victorian Learning and Employment Skills Commission and the Adult, Community and Further Education Board are separate legal entities, so they produce their own audited annual accounts, and they have reports that are tabled in the Parliament. The trust account transactions are included in the revenues and expenses reported by both the entities in terms of their audited annual accounts. In terms of the details of each of those, can I provide that information to the PAEC at a later stage?

**Ms GREEN** — My question is to Minister Alan. Minister, I refer you to budget paper 3 on pages 10 and 11, which relate to increasing access and expanding opportunities in education. Could you please advise what the government is doing to support and encourage community use of school facilities?

**Ms ALLAN** — I mentioned during the presentation that we have invested in the community facilities fund. This is really looking at ways we can strengthen the use of school facilities by the community and opening up a much stronger relationship between schools and their communities. It is a high priority for our government, as you know, to invest in excellent facilities for schools. This community facilities fund is, as I mentioned earlier, one of our innovative funds so we can ensure that the community also gets maximum benefit from our investment in the school community. Also, for many communities, whether in metropolitan areas or country areas, schools are very much the heart of local communities and opening up those facilities particularly after hours will have great community benefits.

We already have a number of formal and informal arrangements that schools and communities enter into at a local level. This information has proven to be really useful in the development of our community facilities fund. You will recall this was a key 2002 election commitment for the \$30 million to fund the joint facilities. We have now funded the full \$30 million over the next three years.

I spoke last year to the PAEC about many of the examples. We had sporting facilities that schools enter into in their local communities. They are certainly one of the more common ones that we have in place already. We are also looking at schools to investigate entering partnerships around things like community halls; playgrounds and spaces to support childcare, whether before or after-school hour care; information technology centres; libraries and performing arts complexes. You can see there is a great range of facilities that, with a lot of clever thinking at the local level, can have some great benefit. It also provides an opportunity for local government to have a much stronger relationship with their schools and through the eligibility criteria for applications to this fund we have asked for a demonstration of local government support. We do not necessarily mean financial support but certainly in-principle support from the local government for that project, again recognising that we want to ensure there is some strategy at the local level around what facilities are coming forward for this fund.

Successful proposals will be funded 50 per cent through the community facility fund and the remaining funds can come from elsewhere, whether it is local government, other things like philanthropic funds or other partners in the project such as a sporting club that has got some money to bring to this project. We released guidelines, I think, in January or February this year and will soon be announcing the first round of successful applicants.

Just to finish, I mentioned our existing arrangements around what are called joint use agreements. There are currently around 200 agreements in negotiation or that have been finalised. As I said, this has provided some very valuable information on how we develop the community facilities fund, and again many of these proposals are already between departments and local government authorities and providing for things like sports facilities, art centres and libraries, so it is proving to be quite a good framework as we develop community facilities fund proposals.

**Mr CLARK** — Minister, my question again relates to trust funds. I refer to my previous question and your answer. There is a memorandum of 6 October 2003 from Nino Napoli, the general manager of the financial management branch, to the acting director and deputy director of the Office of School Education. As you will see, the memorandum refers to an administrative charge being imposed on various trust funds, amounting to a 10 per cent administrative charge on actual salaries going through what is referred to as the commonwealth trust, and charges of 20 per cent of actual salaries or actual revenue on other trust accounts. It would seem to be that this is a fee to skim money off the top of funds that are being entrusted to the department for other purposes, presumably to contribute towards the general operating costs of the department. Can you provide the committee with an explanation of what this charge consists of, what its justification is and whether it is legitimate for money apparently to be skimmed off the top, and how much money is being taken out from these trust funds in the form of these administrative charges?

**Ms KOSKY** — I will refer to Grant Hehir, the secretary of the department, because John Hall, who has all the detail, has not been sworn in.

**Mr FORWOOD** — He is most welcome.

**The CHAIR** — If you wish, it is entirely up to you. It is your call.

**Ms KOSKY** — Thank you. That might be useful. Can I just say that I do resent the comment that there is a notion that it is skimming money off the top. It is an administrative charge in administering a trust fund. It costs money to actually administer it, it takes people's time and usually accountants' time as well, so it is appropriate. This is what is usually charged across government for the administration of a variety of different trust funds. Perhaps Grant can add more to that.

**Mr HEHIR** — I do not think I can add a lot more.. This is a charge that has been placed on these funds effectively to cover the cost of administering them, undertaking the actions to make sure that the purposes for which they are set up actually occurred. How much do we get off them? I cannot tell you the exact amount, but I think it is up to around \$3 million or something like that — it might be a bit less than that — in any one year.

**Mr FORWOOD** — Across all of them?

**Mr HEHIR** — Yes.

**Mr CLARK** — How is it that they can be levied at the rate of 10 or 20 per cent of actual revenue in the case of one of them that is \$1.5 billion, and yet they only raise \$3 million in total?

**Mr HEHIR** — I will have to get back to you with the answer to that, but the vast majority of the money would be in the commonwealth trust, as you referred to previously, and the administrative charge there relates to administering the salaries. I can get back to you with the detail of this, but the amount of money that runs through the VLESC trust account is in the vicinity of \$1 billion a year, and we are certainly not taking \$100 million out of it a year to cover the administrative costs. My advice is it is around \$3 million.

**Mr FORWOOD** — You are not taking \$100 million?

**Mr HEHIR** — No. My advice is it is around \$3 million.

**Mr CLARK** — It was introduced for the first time in 2003-04, I gather. Is that correct?

**Mr HEHIR** — I cannot advise you, but I will get back to you on that.

**Mr FORWOOD** — The memo states it started in this financial year, on 1 July 2003, so you are near the end. We would be interested to know how much was actually raised.

**Mr HEHIR** — Can I just make one more point: under the agreements we have with the commonwealth, the agreements allow us to charge an overhead cost to these funds, and we are effectively just operating within the construct of these agreements.

**Ms KOSKY** — And we are happy to provide the other details.

**Mr RICH-PHILLIPS** — In terms of the scope, does it also refer to funds that have community donations in them?

**Ms KOSKY** — As far as I can see here, it does not look like it, but it would be better if we could get back to you. The school bank accounts are separate.

**Mr RICH-PHILLIPS** — I was thinking more of donations — maybe a community organisation donates to a school and that money is held in a trust fund.

**Ms ROMANES** — I have a question for the Minister for Education and Training. I refer to budget paper 3, page 54, the early years output group, and in particular the class size measure for classes from prep to grade 2, and I ask the minister: is the government satisfied with the current average class size for years prep–2?

**Ms KOSKY** — Yes, we are very satisfied with the current average class size. As you know, when we went to the election in 1999 we made a commitment to have average class sizes for prep–2 at 21. We did that for that grouping of students because we know that that is where they need the most intensive support, particularly around areas such as literacy and numeracy. That is why we focused our attention on the prep–2 years. You will have noted earlier this week that we announced the prep–2 class sizes for this year, for which the average is at 20.9.

Our goal is 21, so we are just under that for this calendar year, and that is an improvement of 4.4 since we came to office, so we have made significant improvements.

It has been done because we have put in a whole lot of additional resources. We have put in additional teachers and additional classrooms to ensure that we are supporting average class sizes at that level and not to refocus or in fact to have other class sizes increase so that the prep-2 can decrease. In fact the grade 3-6 class sizes have reduced as well. Since we have come into office they have reduced from 26.2 to 24.3. That is a drop of 1.9. Primary, all of primary, P-6, has reduced by 2.6 since we have come to office. The average is now at 22.8. So we have reduced all of the class sizes, and it is worth noting that they are the lowest on record. Since record keeping has been in place for primary class sizes these are the lowest that we have ever had, which I think is something we can be very pleased about. It is not so much the focus on class sizes, it is the outcomes that you get as a result of that investment that is important.

We have provided 1800 additional teachers to bring prep-2 class sizes down since 1999, but it is worth mentioning too that we have also brought class sizes down generally. The percentage of classes greater than 30 students has been reduced for prep-2, in fact right across primary, and also the number of classes that have more than 25 students has reduced. I will run through those figures. For prep-2 the percentage of classes with more than 25 students in 1999 was 41.7 per cent, so almost 42 per cent. It is 3.4 per cent today. That is a change of 38.3 percentage points. There are no classes now for grades P-2, with more than 27 students in them — none — and in 1999 there were 143 P-2 classes that had 27 or more students in them, so we have made major changes at that end where there were a large number of students in classes.

I will come to the question of why it is an average rather than a cap, as has been suggested. We have provided the extra resources, but we were faced with the proposal: do we demand and direct schools to put in place the 21 level or do we actually provide some discretion for schools, understanding that schools do have some other educational needs and also understanding that we sometimes have a few students who come in after the classes have been planned? You do not want to put them in a classroom by themselves — it gets a bit lonely — so some classes are 1, 2 or 3 above the 21 level. We have provided the resources, but some schools make deliberate decisions in another direction. Some do not want to have composite classes, some have multi-age groupings and want to have larger groups with the additional teachers in the classrooms. So for every class that is over the 21 limit, because we have provided the resources, they will be getting additional attention.

I refer to a couple of letters I have had sent to me in the last few days from people who are a bit concerned about suggestions that their classes were very high. One is from Trevor Cunningham, who is the principal of Ararat North Primary School. He has indicated, and I am quoting him, all of his classes 'have the lowest teacher: student ratio during the language sessions from 1050 to 1250. P-2 has two teachers and two aides, with 44 students in it, but it has 2.2 teachers and 1.4 aides. Grade 3-4 during this period had 1.8 teachers, 1 aide for 33 students, and grades 5-6, 1.6 teachers and 1.4 aides for 34 students'. So they have made a deliberate decision to have larger classes because they are open plan and they operate with three teams and they wanted to do it that way. They are a bit distressed about the suggestion that they are not in fact looking after the education of their kids.

I also have a letter from the acting principal of Albert Park Primary School who has indicated why they have larger class sizes, as it appears, but in fact they have that extra teacher time. We have been very pure in the way we have put the statistics together. We do it on classes, so even when there are two teachers in a classroom, we measure the classroom and not the teacher: student ratio. We do that separately, so we have been very correct in the way we put the statistics together, but it does mask the fact that they always have the extra support where they have larger class sizes. I think it is a good outcome, and it is showing in the literacy and numeracy results.

**Mr RICH-PHILLIPS** — I would like to ask you about the capital works allocation. You mentioned in your presentation that 65 schools have been provided with funding. I have been given a letter that was sent by the Dandenong High School council to Victor Peron, the shadow education minister regarding the allocation of capital works. I will read the relevant paragraph about the school council's concerns with that process:

School council has some very real concerns about the apparent lack of transparency in the decision-making process that has led to the allocations which were published in the *Herald Sun* newspaper on Thursday, 6 May 2004. It appears that 63 schools are to receive capital works allocations, a mere 4 per cent of state's schools, and no allocation has been provided to any school in the immediate Dandenong area, including Dandenong High School. The school council objects to a process which sees information being published in daily newspapers as the only source of information on this matter. Further, there appears to be a strong bias towards a few schools located in a small area of the eastern suburbs of Melbourne in terms of receipt of funding for capital works. The allocation of funding to just two schools in this area represents an allocation of about 11 per cent of the budget provision for capital works.



**The CHAIR** — Excuse me, do you wish to show the minister the letter? If you do, it is important that we hand it over calmly, at the beginning.

**Mr RICH-PHILLIPS** — I can show the minister the letter, carefully. In the context of the comments from Dandenong High School, can you, Minister, explain the criteria applied to the allocation of the capital funding and the role of regional priority lists and master planning, and also from the point of publication of the information, why is a list of those schools not contained in the budget papers?

**Ms KOSKY** — I will go through the process first. We have in place a process where regions develop priority lists on the basis of a whole range of different criteria — the size of the school, the population of the school, whether they have increasing or decreasing enrolments, additional or over-entitled places, what the quality of the current facilities are — a whole range of different criteria. The regions then develop a priority listing, and we actually collapse the master plan once the full planning process is in place; I think I talked about it at last year's PAEC, but once a school starts to go into the planning process it can complete the planning process, but we indicate to schools when they can go into the planning process and we actually provide some resources for them to go through that process.

Schools can then go through a planning process themselves if they want to, but they have to pay for it themselves if it is not part of the agreed list, so it is a priority list determined by the regions. It is then brought together centrally, and obviously I sign off on when we actually go into that phase of planning. What then happens is schools do their planning and they stay on the priority list unless some of the demographics or information changes, so I am assuming within those regional issues that regional directors make decisions about that priority through that process as well. Then it comes through, and once we get a figure for the budget, we can then determine where the line is drawn on the priority list, and centrally, across regions, they work out the relative merits.

We still want to improve the process so that we can, across the state, do better comparisons than we probably do at the moment. Where, at the moment, it is within regions, we would like to be able to do that across states. That is the process. I think it is unfortunate that the principal of Dandenong High School thinks — — sorry, the school council believes there is some other process, but maybe the fact that he wrote — — no, I will not go there, but I have not received this letter, so far as I know. Schools are informed obviously of the budget. We sent an email out to all schools informing them of what was in the budget, or in fact the secretary did, on the day that the budget came out. We do not provide the individual details in the budget because frankly, given our commitment to capital works, it would probably require another full document! Being serious, we do not provide that detail.

There are still some schools to be announced — the facilities within the leading schools fund, there is some capital within that as well as the community facilities fund; so that has not yet been announced. One of the reasons why we do not publish all of the schools is because some of the programs are not announced until after the budget, so rather than just publish some schools and have other schools think they have been excluded, we go through that process. I have a note that the southern region has the highest priority, so it is a very clear process.

**Mr RICH-PHILLIPS** — One of the criticisms the school council made was the allocation to only two schools. Eleven per cent of the total funding went to only two schools, which presumably would mean they are getting fairly large allocations for whatever project.

**Ms KOSKY** — We do regional funding, so it is regional priorities. We do not do suburban priorities. But can I just say that this government has put an incredible amount into capital works — more than one in every three schools now has received major capital works funding under this government. That is more than three times as much as the previous government in the same period of time. It is an enormous expenditure that we have put in. It is possible that in one particular year a suburb might miss out. I do not believe that any schools in Altona got picked up this time. That is not to say that over the last two to three years they have not received some funds. It has to be taken within the context of several years. That is possibly quite correct because it has to be taken in the context of some years — it is not right, I am being told. Unless they are just talking about Dandenong, there is a large amount that goes into the southern region.

**Mr DONNELLAN** — My question is to Minister Allan. I refer her to budget paper 3, page 9, which relates to driving excellence and innovation in education and training, and in particular to teacher supply and demand strategy. Can you provide advice on the teacher-improvement initiatives being undertaken by the government and what progress is being made in respect of each?

**Ms ALLAN** — Thank you. I mentioned the teacher supply strategy earlier in the presentation. It really is a good piece of work to talk about and particularly as it is quite topical at the moment. I want to assure the committee that there is no teacher shortage in Victoria. We have worked very hard in this area. There are some schools around the state, and I am sure that you being an outer-metropolitan member would appreciate there are some geographic areas of the state — outer suburban areas and some rural areas — which experience some difficulties in attracting teachers in some areas, and in some secondary school subject areas. To meet the needs of these two categories we have announced through the teacher supply action plan, some initiatives. I would like to briefly go through them.

The first one is quite innovative: it is a pilot program where we are looking at attracting non-teaching professionals into teaching. We already have some teachers — one who was recently in the media is a former economist who is now a primary school teacher. There is a lot of evidence which shows there are non-teaching people out there in different areas of the work force who see teaching as an attractive option. What we are wanting to do is help them come into teaching — even you, Mr Forwood, could have a teaching job provided you go through our new program, of course, which will start in 2005. This will see 30 places provided. The person who is coming into this will be in a classroom under the supervision of another teacher and they will also at the same time be undertaking their diploma of education part time. They are getting on-the-job experience as well as doing their studies, and at the end of two years they will be a fully qualified teacher with the bonus of having had that two years part-time experience in the classroom. We have had a lot of feedback from people who are interested in undertaking that course.

I mentioned the refresher courses earlier — \$2 million was in the budget for teachers returning to the profession, and what goes with that is the promoting of teaching as a career option. When you consider we have employed over 5000 extra teachers and staff into schools in the last four years, teaching is a very attractive proposition to many people. We are wanting to build on that and promote teaching as a career option, particularly students in years 11 and 12 as they are making those crucial decisions about the future.

There are a couple of initiatives particularly for rural schools. One is \$2.5 million over three years for teachers to retrain in certain subject areas; another one looks at student teachers. It provides some financial incentives for student teachers to undertake their placement — as you know student teachers go through a series of rotations and workplace experience through their studies. This provides some assistance for those students who want to go and do it in an outer-suburban or country area. It will help them with travel and accommodation costs so they can get some experience of life in a different school — not just keeping them in city areas — in a rural school, or outer-suburban school. There is some evidence that shows — and I was in a school in Warrnambool last year where there were two or three young teachers who all said, ‘We did our teaching rounds here; we loved it so much we applied when a job came up’. It is a really practical way of helping students who want to get a bit of diverse experience during their teaching training, and also it is great for those schools to help attract a different and younger group of teachers.

An important part of our strategy plan is strengthening the links with universities and engaging more with them on the pre-service course quality. We have already had discussions with the deans of education on this. They will be continuing. All these initiatives build on things we already have in place — the teacher graduate recruitment program, the teacher scholarship scheme that has been in place for a few years, and also our recruitment on-line data base which is where prospective teachers can put their CVs and principals can search the database for potential teachers. Currently there are 3264 profiles of prospective teachers available on that data\base. It really shows we are working very hard in this area to ensure an adequate supply of teachers in Victoria.

**Mr MERLINO** — My question is for Minister Kosky and I refer to budget paper 4 at page 20 which relates to employee benefits. You commented earlier during the presentation about an in-principle agreement with the AEU. Could you please provide some further information on the enterprise bargaining negotiations in the schools and TAFE sectors?

**Ms KOSKY** — As I mentioned earlier, we have reached an in-principle agreement with the AEU in terms of the terms and conditions for employment for members of the teaching service. Basically they now have to go to their members and have a ballot. We have to go through that process before it can be lodged with the AIRC. Essentially the agreement is for four annual 3 per cent salary increases, and they are over financial years. 2003–04 is the first 3 per cent increment which comes in April 2004 because that is when we finalised the agreement; in 2004–05, 3 per cent which is paid in December; 2005–06, which is 3 per cent paid in December again, and 2006–07, 3 per cent is paid in October and there are no further salary increase claims before 31 December 2007.

That is the 3 per cent that is obviously within the government's wages policy. We were really pleased we were able to achieve what we want for the blueprint and be consistent with the EBA.

There is now a new career structure for teachers and principals which incorporates one classification level for principal and assistant principal positions respectively, and there are a number of broad remuneration ranges within that. Weighted classification of leading teacher with two salary ranges; the abolition of the experienced teacher with responsibility and the experienced teacher and beginning teacher — that has been replaced by a new classroom teacher classification comprising expert, accomplished and graduate. We really wanted to focus on teachers being in the classroom and recognising the work that they do there, rather than giving them responsibilities outside the classroom, even though clearly that will happen. That will be part of the arrangement in the school. There is also a redesigned classroom teacher salary scale to both attract and retain quality teachers at all levels. The developmental stage is recognising that school results are linked with performance. There are increments within each stage, but then to move to another stage, it is based on performance, which is very much in line with what we have in place with the blueprint.

In recognition of the needs of graduate teachers, in the first twelve months of teaching and within the resources that are available to the school, the scheduled duties of the graduate teacher can be reduced by at least 5 per cent over the school week. This is really acknowledging that in your first year it is a pretty tall order, so we are providing some of that extra time but within the school resources. There is access to long service leave entitlements on a pro-rata basis after seven years of eligible service, and in addition there is two weeks paid maternity leave. It really did pick up a range of the issues.

We have also got agreements around the employment of contract teachers, which was a critical issue for the union, but also for us, because we are wanting to keep those teachers in place, and clearly there were contract teachers where the teachers they may have been replacing were on maternity leave or taking other forms of leave — so how do you give certainty? We have also got agreements around that. The fact that it has been settled, I believe, without interfering with the government's relationship with schools and with teachers means now that there is still a lot of goodwill to move forward on the Blueprint to make a difference for kids. It has been handled in a way that has not damaged that relationship, which is very important for us so that we can together focus on students. I am obviously very pleased with the settlement, and, as I said before, it does mean now that we certainty around the funding. The enterprise bargaining agreement means that we can now focus around what is happening in schools.

Finally, some of my interstate colleagues are looking a bit jealously at how we managed to achieve this, but working as well as we do with unions, teachers and principals, I am sure assisted.

**Mr FORWOOD** — I have an issue I would like to raise with you, Minister. It goes to the performance measures on pages 55 and 57 of budget paper 3, which deal with primary and secondary schools that are performing at or above expected levels. If you look at the expected outcome for 2003–04, in both categories it is 91 per cent and 89 per cent. The last time I looked, and it was a while ago, I think there were round about 2300 schools, so if it is 10 per cent of them, we are talking about 230 schools.

**Ms KOSKY** — There are 1600 schools in fact.

**Mr FORWOOD** — There are 1600 schools?

**Ms KOSKY** — It is 1615.

**Mr FORWOOD** — I can do 10 per cent of that. Sorry I was so far out on my original estimate! So we are talking about 165 schools that would fall into this category of underperforming. I am not interested in their names, but I would be interested in a geographic spread if that were possible. What I am more interested in is, once they have been identified through the triennial review process, as being in this category, what steps are taken to ensure that in the next triennial they are not part of the — —

**Ms KOSKY** — Just to respond to the first part, we have actually changed the measure for performance, so it is a harder measure now — which is in line with Blueprint — which is why the target for this year is actually lower than what was achieved last year.

**Mr FORWOOD** — If that is the case, Minister, perhaps a footnote in the budget papers which says we are not comparing apples with apples might have been useful.

**Ms KOSKY** — That is right. I agree.

**Mr FORWOOD** — Because if you look at the — —

**The CHAIR** — She is agreeing. And could you provide it to us.

**Ms KOSKY** — I agree. What we have done — I will just go through the performance review process. It was within the Blueprint, where we have identified that we wanted to focus on what we would consider to be underperformance as well as focus on those schools that are performing well. We have actually changed the process, and we have three different responses now in terms of the triennial review. It is basically a differential model of school review. For schools that are performing very well, we have a model whereby they work with us, or people within the region, to look at where they might want to have improvements or develop further knowledge. But it is much more about working quite collaboratively with them about how they want to review themselves and doing it in quite an exciting way. We then have what I will call the middle group, that are going pretty well but there are areas where they can have more improvement. We have got a model for them, which is probably not dissimilar from the triennial review, although we think they have got a bit tired of the model. It is still going through the review and then setting targets for achievement. For the third group, where we are concerned about performance and where the range of different measures that we look at would show that we are concerned with performance, we look at like schools within like-school groups. Then we have a much, much more detailed process, where we work much more closely with the school, identifying areas for improvement, problem areas and what tasks are needed to respond to them. We are also identifying additional resources that might be needed, understanding that some schools might need extra resources, and we have allocated several million dollars for the schools.

I have not got the figures in front of me, but I think there is 10 per cent of schools each year that we would consider would have what we call a more diagnostic review applied to them. So the resources each year will be allocated amongst those schools, dependent on what is needed, basically. Sorry, there is 10 per cent of schools being reviewed. So we are looking at quite a difference in response. There is \$2.5 million that is available for application should schools need some extra resources. That is how we are focusing. We are much more interventionist than we have been in the past, in the hope that we will have more schools then showing that improvement in the future. In terms of geographical spread, I cannot give that to you. But, certainly the work that has been done by — —

**Mr FORWOOD** — You will take it on notice?

**Ms KOSKY** — Certainly the work that has been done by Melbourne University for us, Richard Teese's work, showed that some of the areas where we probably have some of the greatest challenges are — surprise, surprise — where we have the lowest income kids. That is in the western and the northern suburbs. The work that has been done shows that socioeconomic status is still the strongest predictor of poor performance. That is where we need to focus our activity. We understand that schools may need some extra resources in order to make a difference for those kids.

**Mr FORWOOD** — Yes, socioeconomics may mean poor performance of children, but that should not necessarily translate into poor performance of the school, and what we measure is the school.

**Ms KOSKY** — You are right, Bill. That is the strongest indicator of poor performance of students. What we see is that schools where we do want to provide more support tend to be schools with quite a large number of low-income students. They need some different responses, but you are right. The work that Melbourne University did was part of the Blueprint, and I was very clear about it, found that within like-school groups, you have some schools that are doing much better than others. That is about the teaching–learning relationship, which is why we have really focused on performance management and around professional development and the quality of teaching. We have got a range of different strategies, and you are absolutely right. We have got some where we have got large numbers of students that are not performing all that well and we need to make a difference, but we have also got schools that we believe should be doing better than they are currently doing.

**Mr FORWOOD** — We look forward next year on an identical measure to a higher result.

**Ms KOSKY** — Then we probably will not need to do a footnote, I agree.

**The CHAIR** — My question goes to Minister Allan. Could you please refer to budget paper 3 at page 10, where it relates to increasing access and expanding opportunities in education, in particular to faster Internet access in government schools. I would appreciate it if you would provide some further information on that.

**Ms ALLAN** — Many of you know that Victoria is well recognised as a leader in the area of information and communications technology in schools. Certainly we have invested very heavily over the last four years to provide a range of IT-related supports to school, whether they are through e-learning or things like computers for the students. We have supplied around 100 000 computers to schools for students' use since 1999 and 60 000 notebook computers for teachers and principals, which was an initiative we brought in in the last few years. We have also supported the VicOne secure wide area network and a statewide network of 320 specialist technicians to support schools.

The budget provided an additional \$12 million over four years for the Getting Up to Speed initiative, and this is very much related to broadband. Broadband is an important piece of infrastructure for schools to ensure that they have access to the Internet quickly so students are not sitting at the computer spending a lot of time downloading the material. It means that students can spend more time in the classroom learning and teachers can spend more time in the classroom teaching, and that is obviously a better outcome for students and teachers.

Last year we were able to provide ADSL — the asymmetrical digital subscriber line — which is the technology to increase broadband capacity. We were able to increase the capacity of broadband to more than 900 schools around the state. The \$12 million initiative builds on the provision to those 900 schools. It goes to more than 300 schools around Victoria, a number of them in the outer metropolitan area and in rural and regional Victoria, so they will be able to have access to increased bandwidth capacity. It provides improved access for those schools and improved and better use at the school level of their IT, and it demonstrates our responsible management approach to the improvement of bandwidth and increasing students' Internet capacity.

Students also have access to the best learning resources as well. There is a lot of activity in this area. There are often new products that teachers can become aware of and they can access them from the Internet, so increasing the bandwidth has been important for schools. Further enhancements of bandwidth for schools will take advantage of cost reductions through the government's telecommunications purchasing and management strategy, which will see further expansions of the school broadband increase.

**Mr CLARK** — My question is to Minister Allan, and it relates to school maintenance, in particular to the statements she made in the past that investment in new and upgraded facilities under the capital works program has reduced maintenance needs by \$70 million. What is the department's current estimate of the maintenance needs outstanding in our schools; what process does the minister propose to follow to allocate the \$60 million that the department has provided; and when does the minister expect an announcement of that allocation will be made? Can the minister provide information to the committee that would justify the argument that maintenance needs have been reduced by \$70 million as a result of investment in capital works?

**Ms ALLAN** — I will start with the good news first. We announced today how we will be spending \$10 million of the \$60 million on things that have been allocated to this financial year. We will be allocating that to the upgrade of toilets at 120 schools. Schools have told us that they have identified toilets as a key area, and if I can just quote some feedback from one of the students when Minister Kosky had the Better Schools web site:

My biggest wish is for my school to fix up the toilets.

So we have granted that wish.

**Mr FORWOOD** — One way to decide government policy!

**Ms ALLAN** — We might laugh and smile, but when you consider the occupational health and safety of students and the smooth operation of schools, it is a key area of infrastructure that is important to students. That is how we are spending the \$10 million. The process for allocating the remaining \$50 million is being worked on at the moment. When we announced the funding a couple of weeks ago, we flagged that it would go to items that were identified by schools as important in the areas of occupational health and safety — things like asphaltting, flooring, roofing, electrical upgrades — and we are doing some work at the moment also with regions on how that funding will be allocated through schools.

You mentioned the outstanding maintenance. You know we allocate \$34 million each year to schools, and you know that \$27 million of that goes to schools, half of which is allocated for PRMS items and half of which is allocated to other areas as identified as need be by schools. This \$60 million will help meet some of those areas like toilets, which are some of the bigger items that schools would like to address. You mentioned the figure of, I think, \$70 million?

**Mr CLARK** — From your media release of 5 June 2003.

**Ms ALLAN** — That figure is probably a little bit out of date now, because it is estimated that for every \$1 million you spend on capital you save around \$150 000 on future maintenance costs. So it applies to whatever of the \$1.27 billion that has gone into schools — and we would have to get back to you in terms of that figure, because it has certainly been updated since that time. We certainly do have a very heavy focus on investing in facilities, because we understand the importance of investing in facilities to deal with some of those longer term issues. Maintenance is important, but the longer term solution for students is around upgrading their school facilities, and that is why we have had a very heavy focus in this area. Notwithstanding that though, we have put in the extra money for maintenance. As I said, today we have announced how we will be spending the first \$10 million of that fund.

**Mr CLARK** — What are the department's estimates of unmet maintenance needs at present? Perhaps we could put you on notice to tell us that.

**Ms ALLAN** — We could, but I guess there are a couple of things to note. The maintenance funding goes out in two ways: first, to the PRMS items that have been identified previously; and second, to how schools allocate the rest of the money to their maintenance needs. This is again a decision that schools make at the local level — what they spend their money on and what proportion they spend on maintenance needs.

**Mr CLARK** — My actual question was what do the department's records show at the moment about unmet maintenance needs. It is a simple fact. I know you have got the PRMS system, and it should be able to tell you.

**Ms ALLAN** — The PRMS system will only tell you those items that were identified in line with the PRMS audit. It will not necessarily show you things that have come up since then. Schools may have prioritised how they spend their funding differently, which is what I was saying. It is how schools determine, at the local level, how they spend that proportion of their budget that they get for maintenance — the 50 per cent that goes to other items outside of the PRMS funding.

**Mr CLARK** — If you do not know the full range, perhaps you could just tell us what you know out of the PRMS system?

**The CHAIR** — If you wish you could take it on notice.

**Ms KOSKY** — The PRMS deals with maintenance broadly. It is a bit like any of our houses. We would be able to identify some maintenance requirements. Whether they are high priority or not is another issue. I am not sure whether your question is about the high priority areas or whether it is about broad maintenance across schools, much of which schools would be doing themselves.

**Mr CLARK** — If you are happy to give us the full breakdown of cross priorities, that would be fine. It is a pretty important question of public policy: what are the outstanding maintenance needs in our schools? If you need to take it on notice, that is fine.

**Ms KOSKY** — We would not be able to give you a full list.

**Ms ALLAN** — It is something that Minister Kosky mentioned before about how schools allocate their resources — I think she was talking about class sizes. You can go in there and give directives or what we choose to do is give the schools the funding and the decisions are made at the local level. Fifty percent of the funds have to go on the PRMS items, but as I said, the remaining 50 per cent is spent how schools choose to. That sort of data is kept at the local school level. It changes.

**Mr CLARK** — I am not talking about how schools spend their money. I am talking about what maintenance needs are outstanding. It is a basic management issue.

**The CHAIR** — If you wish to take it on notice?

**Ms ALLAN** — No.

**Ms GREEN** — My question is for Minister Kosky. Minister, I refer you to budget paper 3 on page 60 in relation to the training and further education outputs. Could you elaborate on what the government is doing to support apprenticeships and traineeships in Victoria?

**Ms KOSKY** — A few of you have heard me talk about how well we are doing in apprenticeships and traineeships. We have actually got now over 151 000 apprentices and trainees in Victoria, and that is a record for Victoria. We have never before had that many people in apprenticeships and traineeships, and it is actually a record for Australia as well. It is fantastic news because it is an indication that people are taking up the opportunity for skilling and training related to employment. Of the 151 000, 44 000 are apprentices, which again is really positive. We have worked very hard to make sure that apprenticeships are a major component of what the commonwealth calls the new apprenticeship systems. In fact in this last year we have seen a 4.9 per cent increase alone. Every year I keep thinking it will probably slow down in terms of the increase in the numbers of apprentices and trainees, but it has not, and we have had a 4.9 per cent increase in this year.

We have obviously as a government provided a lot of additional support for apprenticeships and traineeships, and they go across the board; they are with TAFEs, with private providers, and we of course have quite a number of employers that are registered training organisations as well, so they can directly do the training. We have focused a lot on the quality of the system to make sure that we ensure we not only have the training in place, but we ensure the quality of the training. Since we have come to office we have increased the budget from \$109 million in 1999 to \$180 million in 2003, and that is an increase of 66 per cent in our budget; and of course in this latest budget we have put in another \$90 million for TAFE and for training, a large proportion which will be applied to apprenticeships and traineeships. Just to put that into context, that increase of 66 per cent, not taking into account the \$90 million that was in the last budget, should be set against what the commonwealth government has not provided. It has provided in the last four years only indexation during that period, and it is a paltry amount. In fact we have no agreement at the moment; we have rolled over the agreement and in fact the commonwealth has removed the indexation from the previous year. And you will have noticed with its Values for Life program it announced recently in the schools it actually pinched money from the vocational education and training budget in order to fund that.

So at a time when we are really increasing funding for apprenticeships and traineeships and seeing fantastic results, and certainly employers are putting additional funding in as well — this is not all public funds; employers are putting a significant amount of additional dollars in — we do not have the commonwealth putting in. It used to be funded fifty-fifty — the Australian National Training Agreement was 50 per cent state, 50 per cent commonwealth, it is now around two thirds to one third. So we have really seen a major shift. It does mean that people are missing out, but as a state government we really are putting in the additional funding that is needed. If the commonwealth came to the party we would be able to put even more people through apprenticeships and traineeships. It is not only me — it probably sounds like politics — making the criticism about the commonwealth government. The BCA has made the criticism and VECCI has made the criticism and both have identified the need for additional commonwealth funding into apprenticeships and traineeships so that the growth that has occurred within the system and is continuing to occur can actually be supported.

**Mr RICH-PHILLIPS** — I would like to ask you about funding for students with disabilities.

**Ms KOSKY** — It will be Minister Allan.

**Mr RICH-PHILLIPS** — Page 65 contains relevant measures, and I note that for the 2004 school year there is a target spend of \$239 million and there is also some incremental funding to increase the allocation of funding for students with disabilities, and the note related to that incremental funding increase mentions increased demand for disability services. But I note that the target for the proportion of students receiving disability funding on page 65 of budget paper 3 still actually shows a decline from the expected outcome for the previous school year to the next school year, so I am wondering if you can comment on that apparent decline in the proportion of students receiving disability funding and also the funding formula by which the funding is allocated to students with disabilities?

**Ms ALLAN** — Your reference to the figures in the budget paper, we use a World Health Organisation standard as the base for funding the Students with Disabilities program and that standard says that the 3 per cent of your population has a disability, and that is reflected in our school population, so that is the level at which we estimate that the student population will be with a disability; therefore, we provide the program at that level. That is obviously is for this year; last year the 2003 figure was a bit higher than that. I think again last year I spoke to the committee about the fact that we have seen some areas that have seen an increase in growth in terms of students presenting with some particular disability, the special language disorder area being one area that has had quite an extraordinary number of students come into this program in the last few years.

So what we are looking at to address this is to — we made some announcements at the end of last year about what we are doing for the program for 2004 and for 2005 — really ensure that our program does respond to the needs of those students. One of the things that we are establishing for 2005 is a separate language disorder program because it will identify those students who have come into our schools in quite large numbers in terms of the growth — and this is not necessarily reflected in the broader population — but what that says to us is that obviously we need to provide some targeted support to those students, to look at other initiatives that we provide in our schools in the areas of literacy and numeracy and reading recovery and other welfare support, and better support that group of students. That is just one of a number of initiatives that we are putting in place for the students with the disabilities.

There have been some wrong things that have been said about this output in the budget, and particularly the shadow minister in this area made some claims in Parliament about what the 3 per cent target and the 3.4 per cent outcome actually means, saying that it would mean a cut in funding. That is just patently not the case. We have actually increased funding in this area quite substantially; I think it is around 60 per cent since we came into office in 1999. There was \$96 million provided over four years for the support of students plus an additional \$15 million that I spoke about earlier that has come on to better support students in this area.

I guess if you are looking at the way we are funding this, if you look at the department's annual report from 1998 to 1999, that was funding students as a proportion of the school population at around 2.3 per cent, so clearly we are supporting and funding support through this program to a much higher level than what was entered in 1998 and 1999, which is why we have announced some of the changes we have announced. You mentioned the funding formula — —

**Mr RICH-PHILLIPS** — Yes.

**Ms ALLAN** — We have six levels of funding for students that come onto this program: level 1 being the lowest level of funding, and students with language disorders fall into this category, through to category 6, who are really severely physically handicapped students and who are obviously going to need that support for their entire lives. The funding levels go from \$4000 at level 1 per annum through to about \$30 000 on level 6. Those students who apply for funding provide some supporting documentation. Obviously they are assessed by specialists. There are assessments at the school level to ensure that the support that student gets best meets their needs. The student and the school also are supported by what is known as the program support group, to ensure in an ongoing way that the student is well supported throughout their schooling.

**Mr RICH-PHILLIPS** — Is there a standardised formula for those assessments of students from their doctors or whatever?

**Ms ALLAN** — We have what is called the educational needs questionnaire. That is in some ways going towards a standardised approach, and that is one of the things we are looking at reviewing and improving because it is recognising that every student is different, that every student will have different needs and will have a different combination of disabilities and support, and that there is a whole range of things in the information here that go into that assessment — things like their mobility, their safety, behavioural conditions and how they can communicate. Obviously part of a student's education is how they can communicate and how they can be communicated to. These are some of the things that need to be assessed through the assessment program as to what level of support and access they get to the program.

**Mr RICH-PHILLIPS** — Perhaps on notice, are you able to provide the committee with details of that questionnaire in terms of the criteria and so forth?

**Ms ALLAN** — I guess we can. We are in the process of — —



**The CHAIR** — It is public.

**Ms ALLAN** — Yes, it is in every school. The only issue is — —

**Mr FORWOOD** — Because they give it to the parents.

**Ms ALLAN** — We are in the process of doing some changes to it for the start of the 2005 school year, which means we have to have it to schools by Septemberish, I think is the right date. But I do not see any reason that — —

**Mr FORWOOD** — Just a quick follow-up, can you provide the committee with the number per category?

**Ms ALLAN** — We can take that on notice. There are 18 000 students on the program, with 12 000 of them in mainstream schools and 6000 in special schools. There you go. Robert can look it up for you on the web site. The question is on the web site. Yes, we can provide that level of breakdown per category.

**Mr FORWOOD** — Thank you.

**Ms ROMANES** — My question is for the Minister for Education Services. I refer to budget paper 3, page 272, and the table relating to education and training asset initiatives, in particular to the item 'Relieving the human resource administrative burden on schools'. Can you tell the committee more about this initiative and the benefits to schools?

**Ms ALLAN** — I can tell the committee more about this initiative. It is something that might not sound so exciting at first blush, but I can assure you it is. It is updating the department's human resource system to the latest version. At the moment our processes are very much paper based and they are expensive and time consuming, so it is replacing these with the more efficient Web-based processes, with which many of the committee members are familiar through our own HR system here in Parliament. When you consider the numbers of staff in the department, not just in the head office and regional offices but the department also processes the payroll for around 40 000 teachers and staff, it is quite a lot of staff that the system has to manage, and obviously, it being a paper-based system, moving to a Web-based system will make it more efficient.

If I can give two examples of where this will provide benefits, in the area of schools recruitment, schools currently advertise around 20 000 job vacancies each year, and these generate around 80 000 paper-based applications, so upgrading the system to allow this to be done online will see not just the advertisements done online but also the applications. I guess what I was saying earlier about our recruitment database online, it is very much trying to streamline processes for schools. Currently it takes around six weeks to advertise and recruit staff. We are anticipating under this upgrade that it will reduce the time down to about two weeks, so you can see some great benefits there for the principal to get on with making local decisions.

Another area that will benefit is the leave applications. Schools currently process around 450 000 leave applications each year. Again, it is a paper-based system where the staff member fills out the form and then administrative staff process it and enter the details onto the system. The upgrade will see it happen online. They will fill out the form online and shoot it straight through to be processed. If you look at the school level, this will free up the time of the person who undertakes the manual processing of those forms, which in turn gives them more time to do other tasks such as assisting the principal or other staff or students. We are estimating that the gained times through this upgrade will represent around 10 per cent of the time that is spent on HR systems in each school, and it is estimated that the efficiencies will yield around \$5 million per annum, which means that more time and resources can be better spent on schools and on students.

**Ms ROMANES** — Will there still be an element of choice or discretion in terms of some recruitment procedures, or will it be mandatory for it to be Web based?

**Ms ALLAN** — I imagine mostly it would be, and I guess everyone in our system has their own email account. We have provided notebooks to teachers, so it is very much a Web-based system. Wait! I am being told there will be a choice. I am not giving them a choice, but the department is!

**Ms KOSKY** — We have information on the question about trusts, if you want that.

**Mr FORWOOD** — Very good.

**Mr HEHIR** — This was the question about the detail on page 50 of the trust fund. The line item there of \$1659 million relates to revenue coming in through trust funds. Of that, \$1234.7 million is commonwealth recurrent grants to non-government schools; \$58.6 million is targeted grants to non-government schools; \$29 million is capital grants to non-government schools; \$221.7 million is ANTA recurrent funds for TAFE; \$42.5 million is ANTA capital funds for TAFE; \$6.6 million is special commonwealth projects — that would be for schools, I think.

**Ms KOSKY** — Yes, languages.

**Mr HEHIR** — The sum of \$46.1 million is for sale of goods and services; and \$20 million is for other bits and pieces.

**Mr CLARK** — I wanted to follow on with this issue of the trust, and I appreciate the information you have been able to get for us on short notice, but I understand that some of the trust fund money includes funds for students with disabilities, students from non-English-speaking backgrounds, drug education, quality teaching programs, civics and citizenship — —

**Mr HEHIR** — That was the \$6.6 million.

**Mr CLARK** — Premier's education trust and scholarships and awards — do those items I have mentioned fall within the trust funds?

**Ms KOSKY** — I believe, and we will confirm it, that the commonwealth, the first programs you mentioned up to the Westfield scholarship trust, will fit within those. I cannot comment on how the Westfield scholarship trust is dealt with. John Hall knows. I think.

**The CHAIR** — This is Mr John Hall, from the minister's department.

**Mr HALL** — Those trusts are each loaded from the administrative charge that was outlined.

**Mr CLARK** — So the ones I have named are excluded from the administrative charge?

**Mr HALL** — That is right.

**Ms KOSKY** — Not the commonwealth, though, John? For the commonwealth we do apply an administrative fee?

**Mr HALL** — No. For non-government schools they just throw them out.

**Ms KOSKY** — We will come back to you on the detail of that one.

**Mr DONNELLAN** — My question is directed to Minister Kosky. I refer to budget paper 3, page 58, which relates to later years output, and in particular the measure on the Victorian certificate of applied learning. Can you provide advice on the achievements to date in respect of this important initiative?

**Ms KOSKY** — As you are probably aware, VCAL is something of which I and the government feel very proud. In part it is because it really has catered for a whole range of students, some of whom would have gone on to do the VCE, but many of whom would have dropped out of school. We put this in place in response to the community review work we have done, and the Victorian Qualifications Authority, established as a result of the Kirby recommendations, did the work to establish VCAL. It only commenced two years ago, so it was trialled in 2002, in 22 sites only with only 500 students, and that was schools and TAFE institutes. Last year the number of students increased. This year we actually have more than 7000 students who are doing VCAL, which is just fantastic. The growth has been enormous, and we have almost every government school now providing VCAL.

We have a significant number of Catholic schools providing it, and the VQA is currently having discussions with a number of independent schools for providing VCAL. So it is being taken up in a quite significant way, and we are ensuring the integrity of the program and the quality of it, and, of course, it leads to a range of pathways for students. Some students have done one year of VCAL and then gone on to do the VCE; some students have done

one year of VCAL and then an apprenticeship or traineeship; some have done the second year of VCAL; and others have gone on to TAFE courses. There are currently discussions with a number of the universities as to how they might recognise VCAL as part of their entry plans.

We have 7672 students studying VCAL this year, and there are 315 providers. A survey was done of all the providers on 2003 figures, and they showed that 60 per cent of VCAL students from last year have either continued their VCAL studies or taken up other education and training programs, and that 30 per cent took up apprenticeships, traineeships and other opportunities; so it has had, at this stage — and it is still early days — very good results for the students, many of whom I have talked to. They frankly indicate that they would have dropped out if VCAL had not been there. That is in part because it is about applied learning. They are more interested in applied learning than in the more academic learning. It does have a workplace component which they really enjoy. It has the vocational studies, there is a focus on the personal and social development as well as on English and maths, so it provides a different response to a group of students for whom the VCE was not the right educational response at that point in time for them.

What the VQA is currently looking at in relation to the VCAL and further developing the certificate, as well as obviously talking with some of the independent schools, is a number of different strands of VCAL. One is themed industry VCAL, which means working with a number of industries, some of whom say they have skills shortages problems because students do not see them as an interesting avenue. So we are looking at how we can develop those industry strands within VCAL, which will assist students either going on to work or indeed to further apprenticeships or traineeships. We are also looking at VCAL for students with diverse needs. This year we are running a VCAL for Koori students, which has a significant component around Koori cultural studies. I have met with some of the Koori students and they are kids who would not have stayed at school had they not felt comfortable with their studies.

The other element is senior extension of VCAL, which is almost a fourteenth year, for students wanting to develop their portfolios in preparation for TAFE or universities courses. Often students, particularly in the design, arts, creative arts and performance areas, will say that they spend a lot of time often in VCE or VCAL on the studies and not enough time developing the detailed portfolios, so it is giving them that opportunity and extra year to develop those skills. It is allowing a range of different approaches. There are a number of schools, in conjunction with universities, which are looking at how they can develop strands of VCAL to allow for those kids who want to specialise early, for instance, in maths and science. Students who just want to do maths and that scientific study in a lot of detail — you are talking about smaller numbers; but for those students who want to develop in that detail or some of the arts areas, the design areas — can actually have a stronger focus around those areas than they may necessarily be able to do, say, within the VCE, and it provides that pathway to university for them.

**Mr RICH-PHILLIPS** — I would like to ask Minister Allan about the teacher laptop program. Now that it has been rolled out and has passed the novelty phase, what performance measures has the government put in place to assess how effective that program is? For example, do you have data recording what percentage of those computers are used on the departmental network, for example, for teaching purposes? Can you provide the committee with statistics as to the effective use for teaching purposes?

**Ms ALLAN** — I think the novelty might never wear off because it has been a great program. We have supplied around 60 000 notebooks to teachers in Victoria. That was something that was very welcomed by teachers, particularly when you look at the increasing importance of information technology in schools. It has been a very good way to facilitate more teachers using information technology in the classrooms. We are all aware of how younger generations keep pace with information technology a lot quicker than some people in the older generations, and it is important that we equip our teachers to also use the most up-to-date technology.

I am sorry, I have just discovered that it is 38 000 notebook computers provided under this program. It has gone well. You mentioned how many log on to the government departmental network. We do not have a departmental network. Each school has its own, or is networked, and we would not be able to have that information in terms of numbers that are logging onto their networks; however, there was an audit completed by the Auditor-General on the compliance with the conditions under the notebook computers for teachers and principals program, and that audit indicated that the program was well managed and a successful program, so that is excellent feedback. In addition Deakin University has evaluated the program, which has also demonstrated that teacher use of information technology and the preparation of curriculum and administration increased significantly, as you would expect, after having access to the notebook computers, so I think you would say it has been a successful program.

**Mr RICH-PHILLIPS** — Putting aside the Auditor-General's report, does the department have any ongoing assessment of the effectiveness of the program?

**Ms ALLAN** — We are looking later this year — and it is something that has come out of the blueprint that Minister Kosky released last year — at this area of IT really recognising that that is how we can build on them and keep pace with change. I mentioned earlier that Victoria is regarded as a leader in IT and we have some great initiatives. The teacher notebook program is something that will be picked up in work that is being done and how we can always maximise better use of our resources that we put into schools, whether it is school community facility use or in IT. That is work we will be doing later in the year.

**Ms KOSKY** — Can I just add to that? We clearly are looking at how it links in with some — as Jacinta has mentioned — of the initiatives in the blueprint, but around the performance and management. We have an initiative in the budget which is about developing a pilot for a platform which provides the software and systems to start to collect very detailed information in schools on student performance, using that then to look at how teachers are going, and we will be able to look at it in a system-wide response building that into the performance management. Part of the novelty is looking at how you can use it. I suppose the first step was getting people to use computers and laptops and feel comfortable with them; the second step was about using it within the classroom, and it would be fair to say we still have got some way to go on that, and that is about how you develop some new opportunities and in a way develop a new pedagogy through using IT; and the third area is how we build that into school, teacher and student performance and also providing the opportunity for parents to access data on their own students, looking at where they are up to with the work they are doing at the moment and how they are performing — if they are dropping back in any subject, and if they are up-to-date with their exams. And also so students can use it. That is what we are currently looking at. We are using some of the work that has been done at Glen Waverly Secondary College; we have pinched their principal, Darrell Fraser, who is now deputy secretary within the department, but also we are doing a pilot on developing that. It is really the next stage. It is not just about laptops, it is about computer systems. Clearly having laptops in place means that teachers will be able to use that system; without the laptops they would not be able to.

**Mr MERLINO** — My question is to Minister Allan. I refer to page 36 of budget paper 3, which relates to building cohesive communities and reducing inequalities, and in particular to the concessions reform package. Minister, could you expand on your comments during presentation of the benefits for low-income parents of the additional \$78.1 million announced in this budget to increase the education maintenance allowance?

**Ms ALLAN** — The increase to the EMA is something we are all particularly really proud of. It is the first time the EMA has been increased since it was introduced in 1988. The 60 per cent increase in the EMA is a real increase; it is over and above the cost of inflation in the same period. It is also recognising that there are some families who need extra support to get the child to the school gate — whether it is with materials, uniforms, whatever, to get their students to school. I think I mentioned this earlier; we have provided an extra \$74 million for the increase plus \$4.1 million — —

**Mr FORWOOD** — Over four years. You did not say that last time.

**Ms ALLAN** — Okay, \$74 million over four years for the increase plus \$4.1 million over three years for indexation. Whichever way you look at it, it is still a 60 per cent increase in the EMA, for primary school students from \$127 to \$200 — I went through these figures earlier — from \$254 to \$400 for secondary. The EMA is paid in two parts, half to the parents, half to the schools. The part that is paid direct to schools is to really reinforce getting the schools to spend their portion of the EMA on costs related to that student and the items they might need for which schools might otherwise have asked parents to pay — things such as student textbooks, stationery, materials for electives, and particularly when you consider some electives like home economics involve a finished product that students consume there are some extra material costs there, textiles and the like, programs which involve outside specialists, camps and excursions, school uniforms. So it really is using the EMA on essential items to ensure that these students are able to be fully involved in the school curriculum. As I said, it is really about providing those families who need the support the most to get their students to school. With the increase in the EMA that was announced in the budget, it has also been an opportunity to reinforce to schools and parents on what the EMA is spent and how it is allocated. There have been some media reports around that, and it has been, I think, an opportunity to really reinforce what the school component of the EMA is to be spent on. When you consider the importance to those families that it is spent on those items that relate to the child's school needs — —

**Ms KOSKY** — It is probably worth mentioning that \$3.75 million of that is going to non-government schools students. It does cross the different sectors.

**Mr FORWOOD** — Minister, I am keen to explore the change in the performance measures in relation to education. If you go to last year's budget papers we have got a primary education output group, we have a junior secondary education output group, we have a senior secondary group and we have a non-government group. We can therefore tell each of the main sectors the resources the government is intending to spend on each of those areas. Without wanting to put too fine a point on it, the new system that is produced in this year's budget paper breaking it up into compulsory years, early years, middle years, does not enable someone to get that handle. My first question is can you tell the committee what we anticipate spending on each of the categories like we had last year, and why did you decide to move from a system that was sensible and logical to this new one?

**Ms KOSKY** — It is always difficult when you focus on output measures because whenever you change them you create some confusion. I understand exactly what you are saying. When we released the blueprint we had a lot of discussion about whether we would leave the output measures as they were even though they did not relate to where we are wanting to take education. The blueprint is very clear about wanting to focus on students and starting with students and to look at outcomes of students; we talk about the early years, the middle years, the later years or the post-compulsory years, but we focus not on the system, the provider, the schools or TAFEs or whatever, but on the client, which is the student. We had a lot of discussion of the changes. There were others that the department would be keen to change which are clearer measures of what we are trying to do. We are trying to focus on the outcomes and the outputs rather than the inputs. You can always measure what you put in — it does not make a difference for kids. You do not know if you do not focus on the outcomes. We had a long discussion and finally decided to change the measures you have mentioned, but quite a number of the others we stuck with. I am happy at a later stage to have a discussion with PAEC about improving the output measures.

It is always difficult because the department, as I said, put up a range of different output measures that would be more sensible. But I said, 'No, you cannot'. I understand the issue and I did not want to change many of the output measures as well even though they are not good measures. You have asked — we can table this — but basically the compulsory years equate to the early and middle years, but breaking them down more. It is actually where schools are starting to go in their educational organisation in terms of the early years and middle years. It does give a more detailed description. The new output measures do actually give a more detailed description of what we are doing. The compulsory years are essentially the early years and middle years; the post-compulsory years are the later years, which includes training and tertiary education, adult and community education and cross sectoral. I can table this. I understand the difficulty.

**Mr FORWOOD** — That would be very useful. I fully accept that it is good to have measures that focus on what you are trying to do with individual students. I guess that — in the real world is not a good expression — in general people think in terms of 'That is a primary school and that is a secondary school, and my kids go to a primary school, and the rules for kids going to primary schools are different and funding is different to secondary schools'. I think there is a case for, even if you are not leaving, to say, 'This is the amount that we are spending on primary education, this is the amount we are spending on secondary education, this is amount we are giving on government schools, this is the amount we are giving to universities and TAFE and the rest of it'. Even if you do not go further than that, I think that would be a useful measure.

**Ms KOSKY** — All the measures are still there, as I understand it; it is just how we have grouped them. When you talk about primary and secondary schools and when most people think about primary and secondary schools, that is starting to change. A lot of the funding that we, the government, have provided has been to middle years; secondary schools and primary schools access that money. The innovation and excellence money is accessed across primary and secondary, and in doing that — it would be very hard to know where you put it if we had the primary or secondary as a line — we have now got lots. The primary and secondary schools are sharing teachers. It has really started to change the focus. We also have quite a number of schools that are starting to put developed proposals where they actually want to be a P-8 or a P-10 school and have senior campuses. We are still going to be confronted with this issue. When we look at the Managed Individual Pathways money that we provide, that is focused on the post compulsory years, it focuses on schools, on TAFE and ACE providers. We are trying to break down the silos. I understand what you are saying, but at the same time it is how we present information and that we break it up into each of the different groups. It would be impossible for us to do that for some of them. In a way we would be incorrectly reporting on it — for instance, the innovation and excellence program is a very clear example where I do not know how we divide it up.

**Mr FORWOOD** — The early years are preschool to 4, years 5 to 10 is middle years — —

**Ms KOSKY** — Prep to year 4 is early years.

**Mr FORWOOD** — Years 5 to 10 is middle years and years 11 and 12 is senior.

**Ms KOSKY** — Year 10 is within the post compulsory years. Years 5 to 9 is the middle years.

**Mr FORWOOD** — Because in the middle years, the third one down, which is the average rate of student attendance from years 7 to 10, is showing the middle years is not in that — —

**Ms KOSKY** — We have not changed the measures, so that you could do what you are wanting to do. You can see as we try to shift it. In one of the discussions we had I said, ‘Can you try and keep as many measures in as possible, so that people can do the comparisons?’. But we start to shift, so that you do not have a year where there is a huge gap. The post-compulsory group is about trying to break down the barriers. We are starting to look at the way we fund schools — you talked about funding primary and secondary schools differently — so that it is focused on the student rather than the school.

**The CHAIR** — If you wish, Minister, in regard to that suggestion that you made, it might be beneficial to have a talk about output measures and outcome measures in budget papers. You might like to have a think about that. We could take it up and progress that. The committee is working with the Minister for Finance in the next week or so on international accounting standards. If you wish to engage in that conversation let us do it fairly early.

**Ms KOSKY** — What we have taken off the bottom is the name of the departmental officer which we would be happier was not in the Hansard record.

**Mr FORWOOD** — That is fine.

**The CHAIR** — My question is to Minister Allan. I refer to budget paper 3, page 170, relating to education and training output initiatives and in particular to the student relationship management information system. Could you provide some details on this initiative and the benefits for teaching and learning?

**Ms ALLAN** — I mentioned earlier that this project is an Australian first. It is going to be an information system that will really help us to better support students in their day-to-day learning. It will also help schools and the department to monitor the effectiveness of the school programs and to facilitate improvements where necessary, in terms of linking it back to the blueprint where we are wanting to facilitate improvements. It is about improving our system. This is going to be an important component of achieving those goals. We have allocated through the budget \$1.5 million to pilot the development of this project. The pilot phase will evaluate the use of this new system in three secondary schools and their associated feeder primary schools. It will be looking across primary and secondary schools. It will be used to look at ways to improve the monitoring of educational performance and also improved curriculum delivery. In the area of student performance it will really enable the student’s performance to be tracked across their entire educational life at the individual level, school level and then across their system. It will pick up which primary or secondary school they might go to and which post-compulsory path they might want to choose as well. Across the system level this will also enable which education initiatives are making the difference, which ones are meeting their objectives, and also identifying those schools that are achieving very well and demonstrating best practice, but also some of those schools where we may need to make some intervention. This system will assist with that.

If you are looking at what the benefits are for the students, they will be able to get a really rich picture of information of what they have learnt and what they have done over the life of their school. It will also provide for their parents and for their schools some almost up to the minute information in terms of what their performance is across a range of areas, whether it is from student attendance, to the curriculum they are studying and to their wellbeing. It is quite a comprehensive system. This is a pilot across those three schools and their feeder primary schools. There will be an evaluation. Depending on that evaluation, a further rollout to government schools will be considered. That involves some additional funding and it is really important that through the evaluation of the pilot that we get this right. The department is entering into a partnership with a software company called Oracle to deliver this pilot. It really does provide — —

**Mr FORWOOD** — A software company called Oracle?

**Ms ALLAN** — Not everyone is obviously as IT savvy as you, Bill! This just represents an opportunity to get the world's best and leverage off the knowledge about world best practice for our schools. If you look at it particularly with the other IT initiatives in the budget, we see an increase in broadband, upgrading our human resources systems, extra notebooks for teachers and computers. We really do see those systems, all the IT initiatives, building on one another. So we can use them, not just for curriculum, but to track student performance and to track what the teachers and principals are doing. It really does provide some huge opportunities for our schools.

**The CHAIR** — You mentioned three schools. Have they been chosen or are you asking for expressions of interest?

**Ms ALLAN** — We are obviously waiting for the budget allocation. The department will be working with those schools directly.

**Mr CLARK** — I want to return to the subject of school maintenance. Given that you are unable or unwilling to tell the committee about what the unresolved maintenance needs are of schools, am I right in understanding that the PRMS audit is due this year? If so, is it intended to be carried out? In relation to the \$70 million maintenance saving figure that you referred to in your press release of 5 June arising as a result, allegedly, of the capital works investment, is that \$70 million an annual figure or a one-off figure? How is it that building a new school or adding a new wing to an existing school can help solve the problems of another school that needs a rewiring of gutters or roofs repaired?

**Ms ALLAN** — The building of a new school helps the students at that school. It helps the maintenance needs at that school and how that relates to other schools is that it frees up maintenance money that would normally be spent on that school to go to other schools that need it the most. That is something that we are very aware of with the \$60 million that we have announced through this budget; one in three schools have had an upgrade as a part of our \$1.27 billion extra investment in capital works in schools. We recognise that there are some schools that have not had the benefit of an upgrade, but for a whole range of reasons they might not be on a future planning list or in the near future be receiving an upgrade, so it is really important that we target this maintenance money at those schools that need it the most. We want to ensure that that funding is directed towards some older schools that have particular maintenance needs because of the age and structure of their buildings.

You mentioned the issue of the audit, and I have made comment on this previously. The question of how we allocate maintenance money is being looked at as part of the resource allocation model that is being developed for the rollout for schools in 2005. The data from previous audits still enables us to provide the maintenance funding, and it assists schools in determining their local priorities.

**Mr CLARK** — Is there a PRMS audit this year, and is this a \$70 million one-off, or annual?

**Ms ALLAN** — Sorry, on the first question, there is no PRMS audit.

**Mr CLARK** — No PRMS audit?

**Ms ALLAN** — No, because, as I mentioned, we are looking at the way schools are funded. School budgets are allocated in their entirety, and obviously maintenance is part of that, so it is appropriate that we look at how we allocate that funding as part of that process. The \$70 million would have been based on the investment that we had already put in as at 2003. As I mentioned, that figure would be a one-off. I imagine it would need to be updated in light of the extra funding that has come on for upgrades since that time.

**Mr CLARK** — Maybe you can check and confirm that.

**Ms GREEN** — My question is to Minister Kosky. I refer you to budget paper 4 at page 138, which relates to commonwealth funding. Could you provide advice on the impact of the commonwealth budget on funding for higher education in Victoria, and in particular on the extent to which commonwealth funding will address Victoria's high level of unmet demand for university places?

**Ms KOSKY** — In relation to the commonwealth budget, you probably will have noticed that there was not a lot for higher education, except the rollout of the previous commitments in backing Australia's future, which was announced last year. There is very little additional from the commonwealth government in terms of higher

education funding. You would probably be aware that Victoria has the highest level of unmet demand of higher education places — 38 per cent of the unmet demand across Australia is located here in Victoria — and that is partly because we have much higher not only participation rates in education but also completion rates. We are actually doing better in getting kids through schooling, and you would have thought that that would mean that kids would not necessarily be penalised when they want to go to higher education. The model adopted by the federal government does not take completion rates of year 12 into account. It looks at participation within student population, but not completion rates. So we have a ridiculous situation where some other states, which have much lower completion rates, are getting more places in the general sense than we are in Victoria, which certainly does not make sense to me.

We have also had the situation in Victoria where when places have been handed out we have not had our fair share. Last year the announcement was made about fully funding the marginally funded places. Victoria got less than 10 per cent of those places — 9.4 per cent — despite having 25 per cent of the student population. It was blatantly unfair in terms of how those marginally funded places were fully funded. It would not take Einstein to work out who got more than their fair share. Western Australia did very well, and overall Tasmania did very well because of a couple of senators. There are a few important states to the federal government.

Of the 220 nursing places that were provided in 2003, Victoria received only 35 places — that is, around 15 per cent of the share — and that is despite the fact that we have a serious shortage of nurses. The places were for regional universities. Fifteen places went to Deakin University and 20 went to the University of Ballarat. That comes on top of the fact that we have lost 154 nursing places here. What was given back to us — that is, 35 — was far less than the reduction we had in nursing places in 2002. We also have shortages in the teaching courses. We had 3330 eligible students who missed out on a place in a Victorian university for a teaching course.

It is a real problem for us in Victoria. We are providing the money within the VET system so that provides another pathway, but if these students go through that pathway they displace the people who have traditionally been picked up within TAFE. As well, a significant cost shift occurs, because the commonwealth is not funding higher education places — remember before I said Victoria now pays about two-thirds of the training effort and the commonwealth government pays about a third. It is a direct cost shift to us for what is essentially higher education. It is a major problem. When the new places are allocated I am hopeful we will get our proper share of those new places when they come on board. There will be some in 2005, but many will not come on board until 2007, which is a fair way out for students.

**Mr RICH-PHILLIPS** — I would like to ask Minister Kosky, as lead minister, a question about departmental performance.

**Ms KOSKY** — We do not have lead ministers.

**Mr RICH-PHILLIPS** — My question relates to the reporting of departmental performance. I take, for example, last year's budget paper 3. There is a measure under the executive services output group of a timeliness measure for correspondence prepared for minister's signatures or responded to on behalf of ministers within predetermined time lines. It is a fairly clear, unambiguous target, and it is reported as with most education measures on a calendar year basis. For the 2002 calendar year the expected outcome was 95 per cent. In 2002 that was five months prior to the budget papers being produced. However, in this year's budget papers the same measure is shown as a discontinued measure, but the actual outcome has been changed from what was reported last year of 95 per cent to an outcome now of 50 per cent. Putting aside for a second why the department is turning around only 50 per cent of correspondence on time, how is it that an actual reported outcome for a period that finished five months before the budget papers were prepared can change so much the subsequent year?

**Ms KOSKY** — As I understand this performance measure, there are a number of reasons for that. First, the performance measure has changed so that now the previous measure includes the department dealing with the item as well as ministers. It is a proper measure of ministers; it is those items that are sent out under the ministers' signature. That is one of the changes that has been made. Second, when you say 'on time', what is on time? One of the difficulties with the previous measure was that if further information was requested from the minister's office — if there were typos in a letter, or if there was a request for the letter to be changed in some way — that would delay the time. You would think you would actually prefer to have an accurate letter going out under the minister's signature rather than one that was just on time. There are times when I change a letter because I want to provide additional information. The department is being careful and wants to provide additional information or



seeks additional information. Sometimes it has not responded to every aspect that someone who has written a letter has requested. But also that measure has changed because the Office for Youth and the office of employment were actually taken out of the department so that changed the figure that is there because some of it has been transferred to another department. Now I do not know whether Grant wants to talk further, but there are a number of reasons why that has been changed. It is not because we are going to be signing fewer letters as ministers, because I can tell you it certainly does not feel like it.

**Mr RICH-PHILLIPS** — I am concerned from a reporting point of view that given what you have said both measures are described exactly the same way. There is nothing in the budget papers that would inform anyone reading the budget papers that the definition has changed between what was reported last year and what was reported this year. Just on your final point about Office of Youth and the office of employment being taken out, given the measure I was referring to relates to the same period being calendar 2002 as shown last year versus calendar 2002 shown this year, that should not have an impact on the reporting of those two figures, given that they relate to the same calendar period but are just in different documents a year apart.

**Ms KOSKY** — Youth and employment went in December 2002, and can I also say one of the other reasons some of those changes occurred was that we had an election during that period, and so that actually affected — —

**Mr RICH-PHILLIPS** — This number relates to calendar 2002 here and the number here relates to calendar 2002, so the changes you are talking about would be the same, because it is exactly the same period.

**Ms KOSKY** — You are referring to a target — —

**Mr RICH-PHILLIPS** — I am referring to what was reported as the expected outcome for calendar 2002 and what has now been shown as the actual outcome for calendar 2002; both of them produced after those changes because both — —

**Ms KOSKY** — But you cannot change an expected outcome. The expected outcome is actually set at the beginning, and if there are departmental changes, as there were — there were government changes — then you have to report on what the final outcome has been. You cannot change your expected outcome.

**Mr RICH-PHILLIPS** — I am sorry, this is not the target, this is actually the end of year outcome as reported.

**Ms KOSKY** — Which one are you actually referring to?

**The CHAIR** — We have two different budget papers — one last year and one this year.

**Mr RICH-PHILLIPS** — In the current year it is reported on page 335 in budget paper 3.

**Mr FORWOOD** — Discontinued measures.

**Mr RICH-PHILLIPS** — And the in the previous year it is on page 43 of budget paper 3.

**Ms KOSKY** — You are comparing the actual with the target?

**Mr RICH-PHILLIPS** — No, I am comparing the actual with the expected outcome.

**Mr HEHIR** — The expected outcome is 95 down to 50.

**Mr RICH-PHILLIPS** — Correct, and given that it is the same period and it would therefore take account of the changes that the minister spoke of, why — given it related to calendar and therefore was five months before the documents was produced — has it changed?

**Ms KOSKY** — I will have to get back to you on that.

**Mr RICH-PHILLIPS** — Okay.

**Ms KOSKY** — I know why the figures changed, but I do not know the comparison with the previous budget paper, so we will get back to you on that.

**Ms ROMANES** — My question is for Minister Allan, and I refer to budget paper 3, page 12, under the section ‘Building better schools and community assets’ and in particular the funding outline there for the modernisation of 65 schools. I request, Minister, that you could advise the committee on how the modernisation program will be rolled out and that you give some details of some of the major initiatives contained within it?

**Ms ALLAN** — Thank you, yes. This list of 65 schools is what we were referring to previously and is part of our ongoing commitment to build our world-class educational facilities. Again it is part of that \$1.275 billion figure that we have invested in school and TAFE capital works since 1999. This is unprecedented — it is a massive amount of funding that is going into our schools. Of the \$1.275 billion, over \$520 million of that amount has been for the modernisation of schools, of which 385 projects go in towards 306 schools to date; that gives you a bit of a picture of how big the program has been. This budget, as you mentioned, has provided \$111 million for modernisation of 65 schools. I am sure the committee is well aware of the idea of some of the modernisation projects which includes things such as improved teaching and learning spaces, and this modernisation program will also address maintenance issues as well as compliance and OHS as well. It goes towards the upgrade of things like classrooms and libraries and physical education facilities and some of the specialist facilities around music and technology.

To give you a bit of a flavour of some of the projects, there are projects of quite different sizes. Rosebud Secondary College has been provided around \$5 million, so there is quite a large modernisation going on there, through to one of our smaller ones, but still quite big and important for that school, which is three new classrooms at Mitcham Primary School at a cost of just under \$400 000. I am sure Ms Romanes is well aware of the modernisation at Princes Hill Secondary College, with a gymnasium and student toilets at a cost of \$1.357 million. I could even say that the member for Box Hill would be well pleased with the funding that is going to Box Hill Senior College for its modernisation at just under \$4 million.

**Mr FORWOOD** — Viewbank Secondary College maintenance — —

**Ms ALLAN** — There are any number of schools in committee members’ electorates that have received part of the upgrades, and I think it really does demonstrate how we are wanting improve student facilities across the whole of the state, so it is something we are very proud of.

Minister Kosky mentioned before the comprehensive planning process that schools go through to receive this funding, and I guess this should also be looked at in the context of all the other funding for facilities and building works that we have provided in this budget — the \$30 million for the Community Facilities Fund, \$30 million for facilities for excellence, \$50 million for our relocatables program and of course the \$10 million for Schoolyard Blitz.

**Mr FORWOOD** — I am slow getting here, but finally I have something that I wish to raise with you Minister Allan. On 14 April it was widely reported that you had requested the department to prepare a comprehensive plan of media events for you. I wondered: did you get the plan, are you happy with it, are you following it and what output measures are you using to measure its success?

**Ms ALLAN** — It is not something that is in the budget, but we will go to it anyway. The report indicated a request for a very standard procedure that is done in any department, as you would be well aware — any government department. I invoked the federal and state jurisdictions, and it is something that when you consider the enormous extra funding that we have put into schools, the extra information that we have to put out to schools — I can understand how some members of the committee might find these positive announcements a bit annoying but we certainly want to continue to work with schools and tell schools and tell communities what we have invested in and what we are doing. The communication is part it. The department is responsible for a whole range of things. This week is Education Week and is part of celebrating our excellence in public education, and it are responsible for the administration of all the things that go on in Education Week, which includes promotions of government schools. That is something that certainly Minister Kosky and I are very pleased to be promoting — the excellence that goes on in the government schools.

**Ms KOSKY** — We have come here to talk about it.

**Ms ALLAN** — That is right, during Education Week. There is certainly nothing but good news to announce in education. That is something I am very proud of and will continue to talk about.

**Mr FORWOOD** — You have got the plan and you are happy with it.

**Mr DONNELLAN** — My question is for the Minister for Education and Training. I refer to budget paper 3, page 6, which relates to the government's goals and targets for education and training. Can you provide advice on progress against these targets?

**Ms KOSKY** — In the introduction I went through very briefly what the targets were, but just let me run through them again. The target that we set in the year 2000 was that by 2005 Victoria would be at or above national benchmark levels for reading, writing and numeracy as they apply to primary students. By 2010, 90 per cent of young people in Victoria will complete year 12 or its equivalent. By 2005 young people aged 15 to 19 in rural and regional Victoria engaged in education and training will increase by 6 per cent. It is fairly clear why we have picked those measures, literacy and numeracy completion rates, and also to change the differential that occurred between metropolitan Melbourne and rural and regional Victoria.

The results are very pleasing. We have seen significant improvements in each of those areas in response to the targeted efforts and the targeted resources. We have made no bones about the fact that we are targeting resources to make a difference in these areas. The latest benchmark data available, which is still for 2001 — so there is a lag time — shows 89 per cent and 94.7 per cent respectively of year 3 and 5 Victorian primary students achieving at or above the national benchmarks in reading, writing and numeracy. These figures jump around a little bit and there are range of reasons why they do. I am happy to go into that if you wish. But the 2002 preliminary data, which is not available at a national level, show that for reading, year 3 students, 92 per cent are achieving at or above the national benchmark; for writing, 95.3 per cent of year 3 students; and for numeracy, 92 per cent at or above the national benchmark. For year 5 it is 87.3 per cent for reading; for writing it is 94.9 per cent and for numeracy it is 93.2 per cent. It is preliminary information and the national figures are to be released, but we are seeing gradual improvement in these areas. As I have said, they do move around a bit.

The area where we are seeing the major improvements, which came through in the Auditor-General's report, is lifting the tail; it is lifting those students who have previously not been achieving all that well. That is where we have focused our efforts. Where we targeted our efforts we are actually seeing that tail being reduced, which is important for us. Some of the more recent state level administrative data available is also showing that students who are performing at the higher levels of reading, writing and numeracy are also improving, which is positive. I will not go through text level 5, and text level 15 and text level 20, but it is a demonstration that we are not only testing the kids getting to the benchmark but also looking really at that stretch of students and the improvement.

With year 12 or its equivalent completion we have seen significant improvement since 1999. Retention to year 12 used to be measured in February and then partway through year 12 in August, which is actually not a very good measure because you want to make sure that the students complete year 12. That is why we have focused on the year 12 completion or its equivalent. There are two measures that are currently being discussed by the ministerial Ministerial Council on Education, Employment, Training and Youth Affairs. One is looking at the proportion of 18 to 24-year-olds who have completed year 12 or its equivalent. You have to understand that apprenticeships take longer to complete so you want to have them included in that figure. The other measure being looked at is the proportion of 20 to 24-year-olds who have completed year 12 or its equivalent. It is likely at that stage, as I understand it, that the latter, the second, will be included. If you take into account the second, then we have actually got 86 per cent of young people who by the time they have reached age 24 have completed year 12 or its equivalent. That is 3.1 percentage points higher than it was in 1999 — so we are getting improved figures — and it is 4 percentage points above the national average, so we are well in front of the national average. It does show significant improvements and really what we want to do is look at how to continue to make the difference to those who are not yet making the grade, as we would say.

One of the issues that comes from what Jacinta was talking about before with the new IT system will be looking at whether we apply a student identifier number to students. We will be able to do it through the new capacity, which means that it will be able to do the research that is needed to really measure which intervention has made the most difference. That again came out of the Auditor-General's report. I have had discussions with the Auditor-General's office about which intervention is having the most benefit, both short term and long term. We are looking at being able to apply that student identifier number to drill down even more, so we can continue to improve the numbers.

**Mr CLARK** — My question relates to fire sprinklers in schools so I assume it is a question for Minister Allan. We have had a few pot shots — —

**Ms KOSKY** — We do not need them with Bill around.

**Mr CLARK** — We have had a few pot shots at the costs of the fitting of fire sprinkler systems in schools, but as any member of the committee, or you as ministers, would know, if your community has lost a school to fire it is a great tragedy not only in terms of costs but in terms of trauma to the community. I understand that in terms of fitting sprinkler systems to new schools the additional cost is something in the order of about 2 per cent of the extra cost of the school. I understand you have had a look at this issue of fire sprinklers in schools. Could you tell us what position you have reached so far on it; and if you have not made a decision in favour of putting new sprinkler systems in new and substantially refurbished schools, can you undertake to have another look at that issue, given both the cost and the trauma involved?

**Ms ALLAN** — I would certainly agree that any school fire — we saw it recently at Werribee; that was shocking. The issue is with sprinklers — and Werribee bears this out in many instances as do a number of our recent fires; I think Danielle Green can talk about Hurstbridge and James Merlino can talk about Boronia — that in a number of cases sprinklers do not make a difference. Where the fire starts outside the school building obviously the sprinklers in the school building are not going to make the difference. Where they have been caused deliberately, often if an accelerate has been used, clearly again sprinklers are not going to make the difference. If a fire starts in a roof, again sprinklers are not going to make a difference. So the question we looked at was whether installing sprinklers in all our schools, and considering the costs — you mentioned 2 per cent extra on new buildings, and I can check that — but to actually go back and put sprinklers in every school building, we estimate — —

**Mr FORWOOD** — We are not talking about retrofitting.

**Ms ALLAN** — I understand that, but it is important to note this, because there have been members on your side who have called for sprinklers to be installed in every school, and that would have cost at \$390 million. That is not warranted.

**Mr FORWOOD** — We are not talking about that.

**Ms ALLAN** — But the question also went to what are we looking at in the future. You mentioned what decision we make around sprinklers in the future, and that is a big factor in the decision that we are making into the future, because in terms of the number of fires they would stop, there is demonstration that they would not stop a number of fires for the reasons I have already outlined. Also the cost is quite excessive. We have had people like a representative from the Melbourne metropolitan fire emergency services say that they do not believe every school should be sprinklered. This is also something that has been supported by the one of the local principal at a primary school in Mordialloc, who commented on the pros and cons of the sprinklers saying, 'We have got a lot of computer equipment. A sprinkler system could cost you more than getting out to the fire quickly'. So we have got to look at it in the whole context.

Yes, fires are disastrous for schools. We have quite a comprehensive plan and strategies in place so that as soon as a fire happens there is a very quick response both in terms of the immediate issues — the emergency services response to the fires — and also once the fire is extinguished then putting in place getting schools back on their feet quite quickly. We were in Stonnington on Monday and I was talking to someone who had a lot to do with Malvern Valley Primary School. There was a community hall next door and the same day that the fire happened the department was able to negotiate and get those kids straight into that hall on the same day. So we do have a comprehensive plan in place as to how we deal with fires. We also have very quickly provided funding in the budget for replacing, for fire reinstatement.. There are two schools in this year's budget: Cowes Primary School and Malvern Valley, so that is what we are looking at.

In terms of looking at the future, we are looking at strengthening some of the resources for schools, looking at how we improve our data collection around the fires, how we can identify risks and also working with the MFB — Metropolitan Fire Brigade — and the CFA — Country Fire Authority — on responses to fires and looking at establishing an expert group that will provide advice to the department on fire-prevention strategies.

**Mr CLARK** — It was reported in the press. There were several quotes that talked about the efficacy of sprinklers in preventing school fires. Would you be able to provide the committee with evidence or information of what has been given to the department by the fire brigade that you alluded to that seems to cut across what they have been reported as saying publicly? I am talking about a report in the *Saturday Age* of 7 March, quoting MFB

Commander Colin Bibby saying that sprinklers give 24 hours of protection whereas after hours there is no-one at school to operate fire extinguishers. Then David Nicholson, director of community safety in the MFB, was quoted in the *Age* of 6 March as saying that sprinkler systems are the most effective way of reducing property damage in fires.

**Ms ALLAN** — I guess what I am seeing is that there is conflicting evidence. Certainly our evidence is that sprinklers are not the most effective way to manage fires. In answer to your comments about after-hours responsiveness to fires, we have a 24-hour emergency and security management system in place. In the case of the Malvern Valley Primary School, the alarm was logged, police were notified in 90 seconds and arrived at the school within 5 minutes of the alarm going off, and the emergency services were there. So we do already have a range of strategies in place, whether it is in terms of 24-hour surveillance or the responsiveness once the fires have happened. In terms of those issues I have already outlined whether sprinklers would work.

**Ms GREEN** — And they cause damage.

**Ms ALLAN** — That is one of the comments that I think I gave you from the Mordialloc Primary School principal. In addition, far be it from me to suggest that this would happen, but sprinklers can be set off and they can be activated by smoke, not just by fire, so a whole lot of things have to be taken into account. It is not enough to simply say that we will put sprinklers in every school. However, because of the building code some schools require sprinklers — buildings that are higher than 25 metres, buildings with more than three storeys and certain assembly hall spaces need to have sprinklers installed. With the extra work we are doing over the course of this year that I have already outlined and our participation in national research in this area, we have a very comprehensive approach towards some fire protection in our schools. We also want to protect the investment that we put into schools.

**Mr MERLINO** — My question is for the Minister for Education Services. I refer to budget paper 3, page 12, relating to building better schools and community assets and in particular to funds for relocatable classrooms. Minister, can you please advise how the relocatable program will be managed and give details of the time lines for the rollout?

**Ms ALLAN** — I understand your strong interest in the relocatable program, Mr Merlino! Just to give some context on the relocatable classrooms, they are an important part of our asset base. They provide extra space that we can be flexible with, they address issues around increasing enrolments — where there might be a fire we can get the portables out to replace those school buildings — and they can be on the road very quickly and respond very well to those things.

We have allocated \$50 million in the budget, which is a commitment we gave as part of the 2002 election, for the building of 600 new relocatable classrooms. These will be 600 relocatable classrooms of a mod 5 type variety; and they will improve our current portable stock and will certainly go towards replacing our oldest portable stock. This is very much what this is about — replacing our oldest portables. It also supports some of those things I talked about earlier around providing better spaces, educational settings. Some of the new portables that you can see — I know in my electorate in the first term we funded some portables, and they are some pretty impressive spaces and can be great classroom spaces. I have talked to schools with portables, and they understand the importance of portables to their schools. We are undertaking some work around the procurement of these new portables. Obviously 600 new ones will be a big job, and it will be undertaken through the appropriate processes by the department. It is something that schools will certainly welcome.

**Mr RICH-PHILLIPS** — I would like to ask you about the implications of the teacher certified agreement. The research done by the committee secretariat reports that there is a 3 per cent increase in April of this year and then a further 3 per cent in December. A press release from the Australian Education Union reports the equivalent of a salary increase of 3.6 to 6.1 per cent through superannuation benefits. I note from the departmental statement on page 46 of budget paper 4 that the allowance for employee entitlements has increased by 2.8 per cent in the budget, and a further comment on page 20 of budget paper 4 that additional amounts beyond government policy of 2.25 per cent need to be found through productivity grounds or improved service delivery. Can you tell the committee please what factor was used for the departmental budget calculation of salary, and where will those productivity gains and service improvements be found to cover the rest of the shortfall?

**Ms KOSKY** — As you are probably aware, while we have a sensational Treasurer, he was not quite good enough about getting this in the budget papers, because it was only agreed to several days prior to the budget coming out. So there has been an estimate, obviously of 2.25 per cent flowing through up to 3 per cent, and I am clearly on record as saying that up to 3 per cent we are about performance improvements and then above 3 per cent is about productivity gains. The areas that I talked about earlier are performance improvements where we have changes to the classification structure for teachers based on performance, moving from one increment to another based on performance, rather than automatically — not increments but different levels — building that in and making some of the changes around the principal class. They are about the performance improvements — we got those agreements — so that makes it up to the 3 per cent. The 3 per cent is not entirely in the budget papers because it was not decided in time for it to be within the budget papers. The revised budget comes out in August, I think, and that will then include the correct figures.

I should add that the super salary sacrifice is available in other employment areas, but in relation to teachers the public sector requires legislation in order to put it into place. That is why it was not already there. It was part of the discussions, and that is where the AEU in its press release has made it look as absolutely good as it wants to — that is its job — but it is the 3 per cent as I have indicated each financial year.

**Mr RICH-PHILLIPS** — Now that the agreement is finalised can you quantify the value of those productivity gains that needs to be achieved?

**Ms KOSKY** — No, I have just said it was about performance improvement up to 3 per cent, not productivity gains — productivity gains was beyond 3 per cent, and this is a 3 by 3 by 3 by 3 agreement each financial year.

**Mr RICH-PHILLIPS** — You are therefore saying the superannuation component is therefore contained within that 3 by 3?

**Ms KOSKY** — No, that is separate, but the major cost of the super salary sacrifice is in relation to tax, which is a commonwealth matter, and just the administration of it, which is very minor.

**Mr RICH-PHILLIPS** — So there is no actual cost to the public budget?

**Ms KOSKY** — No.

**Mr FORWOOD** — On page 46, in 2003–04 the budget was \$3.9 billion. The revised is now \$4.023 billion. Does that include a component of the 3 per cent paid in April?

**Ms KOSKY** — Which page?

**Mr FORWOOD** — Page 46, the same page.

**Ms KOSKY** — It would include the 2.25 per cent; it does not include the 3 per cent.

**Mr FORWOOD** — I see — 0.75 per cent, yes.

**Ms KOSKY** — I should say we also reached agreement in that they just had the vote with TAFE teachers — the TAFE enterprise bargaining agreement — and so that would be incorporated into it, but it is the teachers in schools who are not incorporated, and that was a 3 per cent deal as well.

**The CHAIR** — Thank you very much. We appreciate your very full report to the Public Accounts and Estimates Committee. We will be following up any questions you took on notice, and providing you with a copy of the Hansard transcript early next week. Thank you for your attendance here today.

**Committee adjourned.**