

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2011–12

Melbourne — 11 May 2011

#### Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr M. Dixon, Minister for Education,

Mr J. Rosewarne, Secretary,

Mr D. Fraser, Deputy Secretary, Office of Government School Education,

Mr C. Wardlaw, Deputy Secretary, Office for Policy, Research and Innovation, and

Mr J. Miles, Acting Executive Director, Office for Resources and Infrastructure, Department of Education and Early Childhood Development.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the 2011–12 budget estimates for the portfolio of education. On behalf of the committee I welcome the Honourable Martin Dixon, MP, Minister for Education; Mr Jeff Rosewarne, Secretary of the Department of Education and Early Childhood Development; Mr Darrell Fraser, deputy secretary, office of government school education, Department of Education and Early Childhood Development; Mr Chris Wardlaw, deputy secretary, office for policy, research and innovation, Department of Education and Early Childhood Development; and Mr Jim Miles, acting executive director, office for resources and infrastructure, Department of Education and Early Childhood Development; as well as Mr Luke Hatton, manager, key stakeholders support, communications division, who will be operating the presentation only. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his or her chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. As they are not here, I do not think I will make any mention of them. I am also pleased to announce that this series of budget estimates hearings are being audiocast live on the Parliament's website.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee has determined that there is no need for evidence to be sworn. However, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within 48 hours after the hearing.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly, with some finessing, which is inevitable.

I ask that all mobile telephones be turned off or at least turned to silent.

Before I call on the minister to make a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of education, I want to note that the department's questionnaire on budget estimates was returned late. I have made mention of this on a number of occasions so far to remind departments that the questionnaire, which is sought to be completed and returned, has two parts: part A, which is the non-sensitive budget material to be returned on the Thursday of the week before the budget, and part B, which is the budget-sensitive information that is to be returned on the Wednesday of budget week. It is now Wednesday week from when that was due and we received it this morning. It makes it difficult for members who seek to elicit information from the questionnaire response to do so if they do not have access to that information. In future we seek your cooperation to return those questionnaires on time.

I now welcome the Minister for Education and call on him to make his presentation.

### **Overheads shown.**

**Mr DIXON** — Thank you, Chair, and members of the committee. Starting off on our first slide, the context of our new department, which is basically education from 0 to 18, our agenda is learning for life, which encompasses from birth through to adulthood a learning and development system to build the capability of every Victorian. As Minister for Education I am jointly responsible for the Education and Training Reform Act 2006, and a range of specific areas are outlined on that slide there, which I understand you have in front of you.

I now go to the whole-of-government agenda, which is obviously the context for my work as minister. The coalition government went to the election with a policy framework that had a clear focus on providing resources and support for front-line services and early childhood education and training. We gave a commitment to provide education leaders and parents with the resources and support they need to deliver a unique and personal lifelong learning experience to students at every stage of development, from 0 to 18. Our agenda says that improving and expanding front-line services is critical to building a better Victoria. I think the financial context is very important in terms of what I think will be our future discussions today.

Underpinning our learning-for-life commitment is a whole-of-government focus on better financial management. This approach unashamedly has at its heart a commitment to improve services, not just to fund departments. It focuses on increasing resources for front-line services in each area, such as schools, hospitals and other public services each year, and the government expects departments to deliver administrative savings so it can redirect those resources to provide more and improved front-line services. I noticed that when the federal budget came down the federal government was saying the same thing. These savings will come from areas such as advertising, legal costs and travel. Some specific programs that I want to highlight that will be exempt include the student resource package, known as the SRP, which is the per head amount that goes to every school, which is by far the bulk of the funding for programs that are actually carried out in schools as front-line services; and also the student support services offices, known as SSSOs — that is, the primary and secondary school nurses.

The independent review of state finances — and I am sure you are aware of these — found that Victoria's current financial position is unsustainable into the medium term. On the current trajectory, the level of net infrastructure investment is insufficient to deliver high-quality public services to Victoria into the medium and longer term. Trend growth and expenses has outpaced trend revenue over the past decade. Victoria's stock of debt has risen markedly over the past three years. In this difficult financial environment all departments are expected to make further administrative savings over and above what we flagged during the election. These savings will once again be targeted, freeing up resources currently used for departmental administration so they can be used to improve and expand front-line services.

Every government department is expected to play its part, and the Department of Education and Early Childhood Development is no exception. This department will deliver savings — I am talking about across the whole department — of around \$480 million over four years, which will be made up of 316 million of election commitment savings that we pre-announced and \$164 million in measures to offset the commonwealth GST reduction.

If we look at the next slide, in terms of the budgets over the last number of years, despite the difficult financial circumstances, we are not only delivering all of our election promises but also on a substantial package of additional commitments to maintain service delivery in important areas. Importantly, it delivers on our election commitment to place a greater emphasis on front-line services by delivering savings in departmental administrative costs. There is a total state budget commitment for the department of over \$1.25 billion over five years. We are also providing more than \$240 million in capital funding, including nearly \$92 million as the first steps towards meeting our election commitments, over this term of government. The total departmental output costs are still growing by 3 per cent compared to the previous budget. The \$1.025 billion of new initiatives represents only part of the funding of our department's budget.

As far as school education specifically is concerned, our focus is on delivering on our election commitments first and foremost, building for the future, boosting support for vulnerable young people and delivering safe and healthy schools. This budget actually delivers \$765.8 million in new funding and a further \$280 million in capital funding to the education portfolio. Some of these initiatives do cross over to the portfolio of my colleague Minister Hall, who is responsible for the teaching profession.

We are delivering on our election commitments. We are fulfilling our commitment to provide increased diversity and choice for students and parents by providing nearly \$275 million to continue access to the VET in government schools program, to provide up to 25 schools with school specialisation grants and to lift funding for non-government schools. We are also delivering on our commitments to the immediate requirements for school infrastructure with \$111 million for priority capital works in existing schools and a \$100 million boost to school maintenance.

Alongside our election commitments to meet the most urgent needs for schools, we are fulfilling our election commitments that are focused on building for the future. We are investing more than \$97 million for new schools and land to meet growth in rapidly developing areas of Victoria, taking our total capital investment in school infrastructure to \$308 million in this budget.

We are also investing to improve student outcomes in key areas that will be central to securing Victoria's place as an economic leader into the future. We know that if we are to continue to build a strong economy with increasingly globalised and innovation focused world, we need to improve our efforts in developing the next generation of scientists and build our students' language skills. That is why we are providing nearly \$30 million for a suite of initiatives to increase participation and student outcomes in maths and science — I am happy to elaborate on that further later on. We are investing nearly \$17 million in languages education through increased grants and the continuation of support for community language schools and by encouraging sister school relationships.

The next slide, very importantly, is about boosting support for our vulnerable young people. As we look into the future we want to make sure that all young Victorians have the opportunity to fully participate in education. Our highest priority is to protect and provide for the most vulnerable Victorians. That is why this state budget commits \$82.3 million in capital funding for special and autistic schools as part of the capital funding program I outlined previously. This is the largest single ever commitment in one year to special and autistic schools in over a decade. We are also investing \$210 million to boost support services we provide to vulnerable young people. That includes \$156 million to fund the growing number of students eligible for the program for students with disabilities, \$50.9 million to restart the cancelled school start bonus — we are targeting the payments to those parents most in need — and \$2.1 million for equipment for the establishment of the insight education centre for blind and vision impaired children, and \$1 million to pilot new models to support disengaged students.

We are very clear that none of the initiatives I have outlined can succeed unless our schools are safe and our students are supported in every aspect of their education. We have got a long-term commitment to a range of initiatives to address antisocial behaviour and behavioural, welfare and health problems as well as disengagement from education amongst young Victorians. We are providing nearly \$135 million to encourage safe and healthy schools — that includes \$124 million for extra vital primary welfare officers, which equates to an extra 150 positions on top of the existing 256; \$3.5 million to restart the Free Fruit Friday program — a program that reaches more than 133 000 students; \$800 000 to increase funding to strengthen the school chaplaincy program in Victorian government schools — I note the federal government has increased chaplaincy funding for all schools across the country; \$2 million for professional development for teachers to help them better manage classroom behaviours; and \$4 million to understand, identify and respond to bullying and cyberbullying. These initiatives will result in improved discipline and improved physical and mental health, which is of course vital to improve students overall outcomes.

These initiatives I have outlined are the first stage of our broader vision for the future of education in Victoria. The ultimate goal of addressing infrastructure needs, improving performance in key curriculum areas, supporting our most vulnerable and providing safe and supportive schools is to improve poor standards of student performance. Looking back on the recent stages of reform, we saw the structural reforms of the 1990s leading to a more devolved model of school management. We will continue to support the independence of schools. The 2000s saw a strong focus on improving school leadership and teaching practices driven by a centralised model of school improvement. Some excellent work has been done on this front, and we will continue to support efforts in this area.

I believe that in the next stage of reform we need to look at improving the core business of learning communities, and this will require a focus on curriculum, pedagogy and, above all, assessment. Implemented with precision at the local level, it will require greater teacher interaction with parents and their communities and strengthened feedback so that teachers and principals will have more information about what is working and where they can improve.

In conclusion — the final slide — this state budget delivers the first tranche of our election promises and also a substantial package of additional commitments to maintain and expand service delivery in important areas. It demonstrates our commitment to expanding and delivering front-line services in the short term as well as delivering the first step in our long-term vision for the future of education in Victoria.

**The CHAIR** — Thank you, Minister. If you would bear with me for just a moment, I am going to take a pause of 30 seconds to sort out a technology issue.

**Mr DIXON** — Okay.

**The CHAIR** — Sorry about that; modern technology is a hazard. Minister, how have predictions concerning population growth shaped the budget for 2011–12 and the out years for the discharge of the education portfolio responsibilities?

**Mr DIXON** — That is a very important aspect, of course, to education. Since 2000 we have seen the Victorian population increase by 17 per cent, and the number of school-age children since 2000 has increased by 37 000. Obviously that type of growth will continue into the future. As members would be aware, that growth is primarily focused on the municipalities of Wyndham, Melton, Whittlesea, Casey, Cardinia and also the Surf Coast.

We are meeting this growth in two ways: we will be building new schools in those areas in this budget and also acquiring land for future school construction in all of those areas. These two types of investment are occurring in each of these key growth areas, and I will run through examples of them. In Wyndham we are investing \$20 million in two P–9 schools.

**Ms HENNESSY** — Not enough, Minister.

**Mr DIXON** — Had we not committed to that, those schools would have had to start but they would have been portable classrooms on an empty paddock — —

**Ms HENNESSY** — Labor committed to build more than that. Double.

**Mr DIXON** — so those schools will actually start.

**The CHAIR** — Ms Hennessy, I am not going to put up with this for another 2 hours, all right? You can be courteous or not, but I am not going to put up with it. I have had enough today. Minister, proceed.

**Mr DIXON** — In Melton we have in this year's budget set aside money to actually purchase land for a new primary school, which will be funded in future budgets. In Whittlesea, an incredible growth area out to the north, we will be purchasing land in Doreen for a new secondary college out there and also committing money to a new feasibility study to determine what is the best mix of education and how that school actually should look.

Obviously in Casey-Cardinia, an incredible growth area, there are two new schools that will be built out there in this budget and also one new one in future budgets. Also, we are purchasing land in this budget for the incredibly needed special school at Officer and also for another primary school in the Casey area. That covers the whole south-east growth corridor.

Down on the Surf Coast we are investing \$40 million, which is an incredible amount of money for one particular area, to purchase land for a new secondary school and also a new primary school to cater for growth there. Also, the money is in the budget to start the construction of the new stand-alone secondary college in Torquay.

When you look at the amount of money that we are spending, we are spending I think \$34 million to \$35 million on land just to cope with this growth. I compare it to last year's budget, which actually showed \$8 million. It is so important to buy that land now. If we do not buy it now, the costs will go through the roof or the market will move on and other uses will be found by developers for that land. I hope that answers your question in terms of right around the west, the north and the south-east of Melbourne. We are catering for that growth.

**The CHAIR** — That was a very comprehensive answer.

**Mr PAKULA** — Minister, I want to take you back to your presentation, which as I understand it confirmed that you now have to find \$481 million in savings or cuts over the forward estimates, which is \$143 million more than was previously understood to be the case. I find it interesting that you rely on the Independent

Review of State Finances to justify that, given that the budget, which was handed down five days later, effectively killed it off because it did not implement one of its recommendations. Nevertheless, I heard in your presentation you refer to travel, advertising and legal costs as being the kinds of areas you would go to to find those savings. Minister, are you seriously expecting the committee or anyone to believe that you are going to find those kinds of savings — \$481 million — in advertising, travel and legal costs, and do you stand by the government's commitment that there will be no cuts to front-line services?

**Mr DIXON** — There are two tranches of savings. One is the ones that we were up front about before the election which are across all departments, not just my department, and they equate to \$316 million across the forward estimates. We will achieve that in the areas in which we said we would actually do that. There is plenty of opportunity, and I will give you just one example that has come to my attention, and I think it illustrates that there is plenty of fat to be trimmed. For example, we can look at departmental external consultant expenses. Between 2006–07 and 2009–10 there was a 207 per cent increase in expenditure in that area, so there are plenty of opportunities to trim the fat there without affecting front-line services. We made the commitment — a published, taken-to-the-election, up-front commitment about savings — that there would not be cuts to front-line services within that tranche of savings. So far as the second tranche of savings is concerned, which is about \$160 million over the forward estimates for my department, those are the areas. We have been up front. In fact the areas in which this department would be cutting and making those savings are in the Victorian efficiency and savings background brief, at page 2, where it lists the areas in which those savings would be found.

What I can assure you is that there will be no jobs lost at all. In fact when you look over the forward estimates in this budget, the number of actual people working for the department across the department, especially in front-line services, will increase. We have announced increases in primary welfare officers and maths and science specialists, for example. There will be no cuts to employment. No-one will lose their job because of this. There might be redeployments, but certainly there will be no cuts through this budget. In fact the net increase in spending will be 3 per cent across the department. We feel we have the balance right there. We have been up front about where the savings will occur, and I think people know where that will occur. So in summary, in the first tranche there will be no cuts to front-line services and in the second tranche there will be no job losses, and we have been up front as to where those cuts will actually come from.

**Mr PAKULA** — Just to follow up, are you standing by the commitment that there will be no cuts to front-line services, or are you saying there will be cuts to front-line services in the second tranche of savings?

**Mr DIXON** — Depending on your definition, yes for the first. In the second tranche we have listed the cuts and the savings that will come from there. I will just list them for you; they will come from within the department. We have nominated a few like the innovation showcase, the information technology division, the current content development of FUSE, and reducing the use of contractors in the information technology division. We have been up front; that is the subset that we have actually listed. None of those means a job loss for anyone who is working in a school, and as I said also, our overarching policy is that when you look at what is happening to the school, the vast bulk of money from this department that actually goes to the school in the SRP — the student resource package — will not be affected in any way, shape or form. That is the money by which the schools deliver all the services, the curriculum, the materials, the maintenance and all those sorts of things, at the coalface — or the chalk face or whiteboard face, whatever you want to call it in schools these days. There will be no effect at all on that SRP, and they are the key front-line services that schools provide.

**Mr MORRIS** — Referring to both the output initiatives in budget paper 3 starting at page 18 and the new projects section in the capital program starting at page 26, I note from those sections of the budget papers that many of the government's election commitments have been included in this budget but also that many non-funding election commitments were made by the coalition but have not yet been implemented. Can you indicate to the committee how the government is working towards the implementation of all election commitments?

**Mr DIXON** — The delivery of our election commitments is our no. 1 priority. Our election commitments are over our four-year term, and we have made that very clear. It is mischievous for some people to lead people to believe that all must be delivered in this year's budget, but we will certainly be delivering over the full four-year term, as we promised.

In terms of how we are delivering and what we are doing, we have set up a number of task forces of senior personnel across the department, and four of those are specifically linked to my portfolio. Those task forces are working through our election commitments that are relevant to the area they have been entrusted with, and actually they have been operating since February. They bring the practical reality of what might this look like, what is the practical reality of this for the department as it is now and moving forward. In fact, the task forces are actually meeting today. But the important part is that actually works with the task forces is all the work is not being done just by the department. The department has a number of reference groups and they are working with a whole range of stakeholders within education, because they are the ones that really bring the practical reality as to how this will affect what is happening in schools, which after all is what we are all about.

Some of those groups are part of the task forces and ones we are constantly consulting, and they have been meeting fortnightly. As I said, there is a meeting today. I am going to the next one in two weeks, so we pop in and out as well. The union is part of that consultation, as are all the principals associations and parents associations. VCOSS is represented as well and also the country education program, so we are looking after the rural aspect of education. Students are represented on it through the Victorian SRC, and also school councils and school management. VAEAI, which is the Victorian Aboriginal Education Association Inc. is represented as well, and also the regional directors of our regions are consulted as part of that. As well as that, the secretary of the department also has an ongoing principals reference group. There are 17 principals on that, and they are also part of that consultation. We are a long way down the track in talking with these people on the actual implementation of our issues.

Some of the election commitments have actually been funded in this year's budget, and they are quite obvious. Some will actually start from 1 July — for example, the school maintenance and the funding for non-government schools. The money will start flowing through as a result of this budget. Some of the funding commitments will actually start in the 2012 school year — for example, the science and maths specialists. Also the specialisation grants will start from the next school year. Some of the commitments do not actually require funding. We are having our most robust discussion on these things — that is, the role of the school, the idea of autonomy, how do we increase the autonomy of our principals, and how would the SSSOs actually be better managed and be closer to the ground in how they are worked out. There is a lot of discussion going on there, but they do not require funding out of this budget.

We will be rolling out the reforms as we reach agreement. Some of them — for example, the school autonomy one — will have some long-term implications in terms of where we go in the future and our future directions, as we pointed out in our slides at the end. The model is being very well received by all the stakeholders that we have been working with. It is a model that I do not think we will just throw out once we have finished with the implementation of our budget commitments. I think it is a worthwhile model. What it does is help us. We have our ideas and we have our vision, but these people will actually inform that vision and keep our feet planted on the ground, saying, 'This is the reality in the school. This is the reality of the region. This is how it could work. This is how it may not work. Have you thought of this? Have you thought of that?'. I think that is very important.

As I said, the feedback has been tremendous. We have an independent facilitator working with the groups as well, and I think that is very important so that everybody is getting a fair say in that. He reports back to the ministers and to the secretary concerned.

**The CHAIR** — Thank you, Minister, for your content-rich response.

**Mr SCOTT** — Minister, I too, like the Deputy Chair, would like to refer you to the output 'Election commitment savings' on page 105 of budget paper 3 and the government's decision to cease funding to over \$80 million worth of programs in areas such as maths and science coaching, literacy specialists who assist years 3 to 8 students who are falling behind in reading and writing, as well as literacy experts to help Koori students, and I ask: would the minister agree that these are examples of cuts to front-line services as a result of the huge cuts to the education department budget, or has your definition of front-line services changed?

**Mr DIXON** — Literacy and numeracy is a core-ish part of what we do in schools, and it is obviously very important to the future of Victoria. Over the next four years we will actually be spending — and this is normal spending — over \$700 million on literacy and numeracy programs and science programs within Victorian schools as well as \$400 million in equity funding. We are spending a lot of money on literacy, numeracy and

science and working with all our students from whatever their background may be, especially helping those disadvantaged students.

It was interesting that the Auditor-General said a couple of years ago that he looked at the \$1.2 billion that had been invested in these specialist programs, such as coaching, to see whether they had made an appreciable difference in the schools where these specialists were working compared to a school that was basically going it alone. He found little or no discernible difference in those schools. What he recommended was that we really need to go back to basics and say: given these new resources for literacy and numeracy, for example, what is the best way of actually delivering on that?

Also what we have noticed over a number of years — look at NAPLAN, which students are actually sitting at the moment — is that although the NAPLAN results are good and we stack up well across the states and territories, we are not going into the next dimension, and that is where we should be. We should now be competing with — and we need to be competing with — the top overseas countries such as the Finlands, the Singapores and the Shanghais, which are doing incredible things. That is where we need to take it. We will have a direction. We will be working on programs and using our resources to go to that area.

In terms of literacy and numeracy, perhaps I should have started with literacy and numeracy coaches. It is not one of our lapsing programs; it is listed as a lapsing program. It was actually a lapsing program from last year's budget. I think there was an understanding that perhaps the funding was going to be reinstated if the previous government had have been re-elected, but the funding for those coaches was actually only funded to the end of this school year, so it was not funded from financial year to financial year on the understanding that it might be an ongoing program. It was never intended by the previous government to be an ongoing program because, as I said — —

**Ms HENNESSY** — That is not true either.

**Mr DIXON** — The forward estimates of last year's budget had that funding running out at the end of this year.

**Mr PAKULA** — You are not going to have any lapsing programs.

**Ms HENNESSY** — That is not true, Minister.

**Mr DIXON** — It is interesting to note, too, because a similar program was the primary welfare officers. There was a great deal of conjecture last year, because it was funded in a similar sort of way. There was a lot of unease amongst primary welfare officers and obviously principals and teachers as to the future of that program, because it was basically a lapsing program. There was not ongoing funding for that. The previous government actually came out and said during the election campaign at the end of last year, 'No, we will continue with that program'. They did not come out and say that about specialist coaches, so I think all indications are that that program was not going to continue in that form.

**Ms HENNESSY** — That is rubbish.

**Mr DIXON** — We will be working on literacy and numeracy. The maths and science specialists is a new direction; it is a good example of the new direction that we are actually going in. These maths and science specialists will be working with schools and teachers to enhance science programs in our schools, so we are looking at better use of the resources that we have so that we can lift. In fact we have done an analysis of the NAPLAN scores of the schools that have had coaches compared with those did not have coaches. The results are almost identical, and that is across a number of schools. If this program was the be all and end all, I am sure the previous government would have committed to it in future budgets, which it did not do. We feel that there is a better use for that money; to reorganise that money and have other priorities in literacy and numeracy and also obviously in science is very important too.

**Mr SCOTT** — I will take that as a yes, but I do have a follow-up question, which relates to the issue I raised about Koori students. I particularly raise the failure of this government to fund and match Labor's election commitment to Northland Secondary College, which plays a very significant role in the Koori community in the northern suburbs of Melbourne. I would be interested to know why you have failed to fund in this budget such an important investment in such an important community in our state.



**Mr DIXON** — I think it is important to go back to where I started with my presentation and say that there is not a lot of money around. We are spending \$200 million on capital programs and of those capital programs we are spending money on, \$90 million on our election commitments, which we have always been up-front about and said that they have been our priority; over \$80 million on other capital projects; and also over \$30 million on land. They are the projects that we are actually working on. It is interesting that you said that Labor promised to fund that school. When I looked just up the road before the last budget, Hume Valley School, a special school in the northern suburbs, was promised money in that budget and it just was not delivered.

**Mr SCOTT** — It is not just up the road.

**Mr DIXON** — That special school, if you are talking about groups that require specialist help and support, was promised hand on heart by the former Premier, who was the local member at that time, that he would fund that school. He did not; we have in this year's budget.

**Ms HENNESSY** — Nice diversion if it were not for the fact we are asking about indigenous kids.

**Mr DIXON** — Chair, there are many worthy projects right across Victoria, probably even in your own electorate. You cannot fund them all.

**Mr SCOTT** — I invite you to come to the school and repeat this sophistry. I invite you to come to the school and repeat your answer. I would really like that.

**Ms HENNESSY** — But that is not indigenous kids.

**Mr DIXON** — In fact if you look at just the \$2 billion black hole that we have inherited, you would reasonably expect one-quarter to a third of that money normally to have been in the education budget.

**Mr SCOTT** — Have the courage to come to the school.

**Mr PAKULA** — Here we go.

**Mr DIXON** — If we did not have that and if we did not have \$2.5 billion of GST revenue taken out of this state, imagine how much of that money could have gone into education.

**Mr SCOTT** — We invite you to repeat this answer at the school and see how you go and see if you could give it.

**Ms HENNESSY** — So you are just saying that the indigenous kids are not a priority for your government.

**Mr DIXON** — We could have delivered on the Northland Secondary School and a whole range of other capital projects right throughout Victoria — very worthy projects. But as I said, with the money that is available to us we have named our priorities, we have funded other projects as well and we will be looking at all other capital projects that are on the table as part of our ongoing budget deliberations in the next few years of this term.

**Mr SCOTT** — I invite you to come to the school and give that answer.

**Mr ANGUS** — Minister, I refer to Victoria Police data which suggests a significant increase in offences by students aged 14 years and under, and I ask: can you explain to the committee how you are using this budget to respond to rising offence rates among younger Victorians?

**Mr DIXON** — You have hit on a very important issue in our schools. Our schools are often expected to accept responsibility for a whole number of issues that are out there in society. But schools are not in a position to be all things to all people. We are part of society and we are part of the community, and part of our work is to work with the community on these programs. Schools are often a very important way of reaching these young people and working with their families and the local community. We need to be very mindful of that.

We can add to that. If students feel included in school and they are engaged in their schooling, that leads to better behaviours. They have a purpose in life not only in their school but that also spreads out into their community life. One of the things that will address this issue in a proactive way is our new investment of an

extra \$124 million for primary welfare officers. We are maintaining the 256 primary welfare officer positions that are out there. I must say that most of those are part-time positions, so the those 256 full-time equivalent positions are actually over 500 schools. There are over 500 primary schools that have primary welfare officers. By increasing the full-time equivalent number by 150, it means approximately another 300 schools will have access to those primary welfare officers. That goes a long way towards the 1100 or so government primary schools that we have in Victoria.

The sorts of things these primary welfare officers do — and they have been very successful and that is why we want to expand the program — is work with individual students. They care for them; they support those individual students. They look at whole-of-school behaviour management, so they look at the child in the context of the whole school, but most importantly, they work with the family and outside agencies as well. I think that is very important.

The other thing that is important about this program and which is sometimes forgotten is that it frees up teachers. A lot of the children in their classes can take up a lot of their time with their social behaviour. A teacher's job is to look after the academic development of the child, but to look after the personal and social behaviour of the child can be very time consuming and can take away a lot of their time from educating and doing the job they should be there for. It is tiring as well and it gets them down. If they know there is an expert in the school who can take that away from them, work with them — work with the child, work with the family, work with the outside agencies — it not only helps with the education of that child, it not only helps with the teacher's sanity, but it also helps with the education of the other children in that class. I think that is a very important. It is a very important by-product of this program.

We think the primary welfare officers program is very important, and I think we have to look in a proactive and reactive way on this issue. This is a proactive way that I think is very important and one I am very proud of. We will be delivering that from this budget.

**Ms HENNESSY** — Minister, I refer you to page 168 of BP3 and the education department's output summary. We have the Treasurer's statement on government wages policy that any increase above 2.5 per cent would have to come through productivity savings, we have the government's commitment to making Victoria's teachers the best paid in the country — a commitment I believe you reinforced outside your first cabinet meeting in fact — and we have also got the fact that between 1999 and 2010 average class sizes in Victorian government schools reduced dramatically. I would like to ask, Minister, will you guarantee that class sizes will not increase during this term of government?

**Mr DIXON** — The whole concept of the wage negotiations, and class sizes as part of that, the definitions of what productivity might be or might look like are part of EBA negotiations, and those negotiations are about to start. I am not going to pre-empt them in any way, shape or form. My colleague Peter Hall actually has prime responsibility as the minister for the teaching profession — —

**Mr PAKULA** — We are not asking about the wages.

**Mr DIXON** — But I am relevant to that. My portfolio has many practical aspects that may or may not come out of the EBA, but I am not going to engage in a discussion on what may or may not happen during the EBA, what the outcome might be and what might be contained within it.

**Ms HENNESSY** — So am I to take it from that, Minister, that increased productivity may also look like an increase in class sizes?

**Mr O'BRIEN** — No.

**Mr DIXON** — I do not think I said that at all. In fact —

**Mr PAKULA** — I do not think you said much.

**Mr DIXON** — What I am saying, and I think most of us would know this, is that during the EBA negotiations the relevant minister — —

**Mr PAKULA** — Let's decouple the issues.

**Ms HENNESSY** — It is not about wages. It is about productivity and class sizes.

**The CHAIR** — That is enough, Deputy. Ms Hennessy asked the question. She then asked a follow-up question, and we are giving the minister the courtesy of allowing him to respond.

**Mr DIXON** — The minister is very relevant to those discussions on the EBA, and to comment from the side, either now or during those negotiations, as I said, on what the content might look like and what the outcome might look like is just not on. I am not going to enter into that at all.

**Mr O'BRIEN** — You should not be asking him to do so.

**Mr PAKULA** — We are not asking you to.

**Ms HENNESSY** — You are the Minister for Education, and you will not guarantee that class sizes will not increase.

**The CHAIR** — Moving right on; Mr O'Brien.

**Mr O'BRIEN** — I refer the minister to the government's \$156 million commitment to increase funding for the program for students with disabilities, referenced in budget paper 3, service delivery, pages 105 and 107. You also touched on this in your presentation this morning. I note that this commitment was not listed in your election commitments and that according to media releases the 156 million will only meet growth up to the 2012 numbers, so I ask you, Minister: why was funding for the program for students with disabilities not an election commitment and why have you only provided funding for growth up to 2012?

**Mr DIXON** — When we came to government I must say we were shocked to learn about the funding for the program for students with disabilities, which I think is an important program. The students covered by it are in both mainstream and special schools, and it is important to realise that. A lot of people think they are just the mainstream students. The funding was not guaranteed. It was very much a year-by-year proposition, so the ongoing commitment to that was not there.

We think if any area of funding needs some security, it is the program for students with disabilities, not only in terms of parents who fret over this but most importantly for the teachers and the programs at the school level that actually deliver this for the children. They need that certainty, and I think it is very important that they have it.

There are actually 21 000 students — so it is a massive program — who benefit from the program. Just based on trends, we would expect an extra 700 students will qualify for that program for the 2012 school year, so that is quite a massive increase. If we had just continued in the same way the funding had been going on in previous years, we would not have been able to accommodate those students. Even though those 700 students would have actually qualified for that funding, for the first time ever they would not have been able to access that funding, and that was just untenable. I do not know how we would have been able to work with it. We would not have been able to tell the parents that. It would have been an onerous burden on schools, not only for those students but for others in the program as well. So we have come out and said that that is just not on, and we have provided that funding.

The funding next year will be over \$500 million a year, so it is a massive commitment from the department, and that will only grow over the coming years. What I am most proud of is our commitment to this as an ongoing program when there had been such uncertainty about funding for this very important program. We are taking into account the growth funding that we will have online for 2012, but all the funding up to that level is now ongoing, so that is the bottom line. Everyone knows what they have got, and obviously growth funding in other years will be considered as part of future budget considerations. I am really proud to be able to say that that funding is no longer grant funding; it is ongoing funding.

I think we have made an important statement, and \$156 million of new money is an incredible amount of money given the tight considerations. When you look at what we have done in terms of capital improvements for students at special schools and autistic schools, we have said this is a very important group. It is a growing group. It is a group that the federal government has in fact recognised in this year's budget by putting in more funding. It will be interesting to see how that funding filters down to help us out. Seeing as they are taking so

much GST off us, it would be good if some of that money came back to help us with those students seeing. I think we will be under, but we will be very grateful for anything.

This is a very important part of my job and my responsibilities, and it is great to be delivering not only this extra funding but ongoing certainty over the coming years as well.

**Mr PAKULA** — Minister, the back page of your presentation shows \$208 million in 11-12 for capital expenditure. You would be aware that in the last budget there was in fact \$388 million in capital funding and that the former Labor government committed \$1.7 billion over the next four years to complete the Victorian school plan. That is more than \$400 million a year. So \$208 million actually represents almost half of what has been spent in previous budgets. Can you explain to the committee what impact that massive reduction in funding is going to have on the ability of the government to meet the demand for new schools in growth areas and the demand from those schools on the waiting list for renovation and repair.

**Mr DIXON** — Once again I have to go back to the context. If you look at my initial slides regarding the financial situation in which we found ourselves, the reality is we have \$2.5 billion less in funding to this state than we would normally expect. It is something that we — —

**Mr PAKULA** — You have got more GST revenue than last year.

**Mr DIXON** — It is something we were not told — —

**Mr PAKULA** — You have got more GST revenue than last year.

**Mr ANGUS** — Let him answer the question.

**Mr DIXON** — It was money that we were expecting and that we reasonably would have expected, and it was not known to anybody — on either side of politics — before the election. We have found that out since.

**Ms HENNESSY** — Revenue is up 4.4 per cent, Minister.

**Mr DIXON** — And quite reasonably — —

#### **Members interjecting.**

**The CHAIR** — Order! The minister is attempting to answer the question. On my right I have had three members interjecting at once and at the same time a member on my left.

**Mr PAKULA** — Even it out; three each.

**Mr DIXON** — And I am in the middle.

**The CHAIR** — It will be much easier for the committee to understand what the minister is trying to communicate if we just listen politely.

**Mr DIXON** — If you look at the revenue that has been forgone from the federal government to the state that we could have reasonably expected, and if you look at the \$2 billion black hole, as I said, there is over \$1.5 billion, or even more, that very conservatively we would have reasonably expected to have within the education budget. That blows a huge hole in it no matter which way you look.

As I said earlier, we have made our commitments. We said, 'These are our capital commitments'. In fact we went to the last election with about \$250 million worth of capital commitments across our first term. We are delivering on \$90 million of those commitments in this budget. We are delivering on \$80 million of other capital commitments as well for schools that need it. We are also delivering on \$35 million of land, which is three times what the previous government and the previous budget actually put aside for the purchase of land in growth areas. I think in an incredibly tight budget situation we are really working very hard to deliver on those capital commitments.

Looking at the maintenance of our schools, an audit has not been done of the full maintenance backlog here in Victoria. The last one was done in 2005. We will be auditing that, because I think it will be horrific. These are the ongoing, everyday maintenance issues that schools have to put up with. In this budget we are committing an

extra \$100 million of maintenance funding, and that will actually bring the amount of maintenance money actually going out to schools this year — this coming financial year — to \$96 million, on top of what they would normally expect to receive plus the extra \$25 million, which is a quarter of \$100 million. That is quite a commitment in maintenance funding. I daresay the audit will find that this may only be the tip of the iceberg. We have inherited an incredible maintenance backlog. We handed it over in pretty good shape when we handed over government the last time, but that amount has certainly well and truly fallen away.

In terms of projects that have missed out, as I said, we have named our priorities. I am so proud of the fact that we have delivered so much money for capital works at special and autistic schools right in Labor heartland — schools that I would have thought the previous government would have looked after — so you cannot say we are being political. We have a vision. We want to look after the kids who most need it and the schools that most need it, and that is where we are delivering our capital funding.

We will be looking at all the other very worthy cases, and we have inherited hundreds of schools that are lining up that have not had any money, and I see the member for Mornington nodding. He has been in my ear as well. In fact most members here have been in my ear about schools in their electorates. We will be looking at all of those as part of each budget process. If our friends from the opposition would like to go to Canberra and say, ‘Give back to Victoria the GST’, I will be able to be much more magnanimous.

**The CHAIR** — Minister, the budget papers make a number of references noting Victoria’s diverse economic base and the need to create and drive a stronger and more competitive economy with an increasingly skilled work force. In your presentation earlier you referred to the fact that there is nothing more important than the future prosperity of families and a good education starting in early childhood. Given that the future earning capacity and economic security of Victorians will depend on their capacity to operate in a changing commercial environment, how is the coalition government investing in basic standards in Victorian schools?

**Mr DIXON** — That is a core question — what we are about delivering and why we are delivering in education. We are delivering in education because we are delivering and investing in the future of this state. It is the future of individual children, but in total it is an investment in the future of the state.

For example, one of the skill areas and one of the areas in which we really need to build up capacity in Victoria is maths and science. If you look at the technological world and if you look at the biosciences or whatever you look at, maths and science and the skills in that area have been sadly wanting, and it is an area into which we are going to put increased resources.

The budget initiative that actually goes to the heart of this is for our maths and science specialists. There will be 100 positions there. Those maths and science specialists will work in schools. They will work with students and they will work with teachers. There will also be money for equipment for those schools that take on the maths and science specialists as well. The idea there is to build up an enthusiasm for and a knowledge of science, but mostly an enthusiasm. It is very important that the people who will apply for these positions will be maths and science whizzes. Hopefully we have all been taught by one at some stage. They not only know their content but they are enthusiastic about it and they know how to teach it, which I think is very important. When they are working in classes they will enthuse the students; they will say ‘Gee, this is an exciting area; this is something I need to pursue’. A teacher will look at it and say, ‘I can do that, that is not as hard as I thought. Science is not as hard as I thought. It is not all about lab coats and CAD computers; it is practical stuff, and I can teach that and I can do that’. By starting that in our schools, as they move into primary school and into secondary school the students will then demand those sorts of subjects. They will want maths and science; they will want to study it further and take it further because they have had an exciting introduction to those fields. They will then apply for maths and science courses. They will want to go to university to do maths and science courses. Therefore they will add to the expertise and the range of people who will work in maths and science in the community.

We will also be funding 400 scholarships for science and maths graduates to actually help those students gain their diploma of education so that they will look at teaching as an option and something to do with their science degree. That is where it starts to build up in momentum. At the moment we have a shortage of maths and science-qualified teachers. The spin-off from the enthusiasm and the need in primary and secondary schools will be more maths and science graduates and also more maths and science teachers. The cycle can then begin. We will have enthusiastic, well-qualified maths and science specialists who will then go back into the schools, and in the end we will not always need these specialists, because we will have reinvented and restarted the cycle

that is interrupted at the moment. We think that is a very important way of delivering on a basic bit of investment for Victoria's future and the skills that we need to broaden our economy. We are very, very proud of that.

Again it is very important in terms of the other basics — maths and literacy. We spent a lot of money on maths and literacy. We have done some good work, but we need to look at better ways of getting a better bang for our dollar in maths and literacy. I think the rich mine that we have not tapped yet are our schools. What is actually happening in our schools? Having programs that work in individual schools and work with individual students and meet the needs of individual communities — that is the next step. We have equipped our teachers well; their learning and teaching abilities are great, and we will tap into that and we will tap into the reforms that were made in the 1990s. The next level, which is to bring our children's literacy, numeracy and science up to the next level — to the international level — has to come from the local schools. These are just a couple of ways in which we will be doing that.

**The CHAIR** — Minister, thank you for your very comprehensive answer. I have to say that some of my colleagues on my right are very anxious about your content-rich responses to the questions, because I think they have an incentive to ask a lot of questions.

**Mr DIXON** — Sorry.

**The CHAIR** — The members on my left probably think that the content is more important than the number, so there are different performance indicators.

**Ms HENNESSY** — Quality is what we seek, Chair.

**Mr SCOTT** — Not quantity.

**The CHAIR** — I will call therefore on Mr Scott, who can be perhaps more particular and narrow in his question and get a shorter response.

**Mr SCOTT** — I am happy to ask a question, Chair. I refer to budget paper 4, page 26, which lists new capital projects, and I also refer to the minister's comments in regard to capital funding for schools that 'Members came to us and candidates came to us and said "These are the projects we want"'. I ask: how is the list of schools provided by the Liberal candidates and members of Parliament matched up with independent departmental priorities for building works which are based on need? In other words, can the minister explain what changes had to be made to the independent criteria used to determine capital funding for schools to accommodate the political requests of his Liberal-Nationals colleagues in the Parliament?

**Mr DIXON** — As I said, in the context of an incredibly tight budget scenario in terms of what was available to us, we looked at a whole range of projects that were out there on the never-never promises.

**Mr SCOTT** — Perhaps on a whiteboard.

**Mr SCOTT** — So did you do it on a whiteboard?

**Ms HENNESSY** — And record GST revenue.

**Mr O'BRIEN** — You probably did it on a whiteboard.

**Mr DIXON** — For example, the candidate for South Barwon came to me regarding the need for an extra schooling provision in what was a Labor electorate. Obviously they felt that they had been let down badly. There was no sense of direction there in terms of providing capital infrastructure and growth infrastructure and growth money. We gave a very clear alternative to the Labor Party at the last election, and the people voted with their feet. So, yes, it is a Liberal electorate — but it was a Labor electorate — because we have been the leaders.

**Mr PAKULA** — You were trying to win.

**Mr DIXON** — That is just one example. Look at our capital commitments for special schools — Rosamond, Hume Valley, Broadmeadows, the Northern Autistic School and the Western Autism School.

**Ms HENNESSY** — Come on. You matched the funding.

**Mr DIXON** — Here are a whole lot of schools that are in Labor heartland. I make no apologies for that, because they were priorities. Other than the western one, they were not on our list of capital commitments. We looked at the little money we had — \$200 million basically — we looked at the growth that was needed, we looked at the departmental priorities, and we looked at what the community had said to us, both members and candidates, and even members of the Labor Party obviously; I do read their media releases. I was well informed as the shadow minister as to what the needs were right across the state. I was very, very pleased to deliver on the ones that we have delivered.

I was out at a school today where there have been a lot of promises made about what the previous government was going to deliver. If you look at mergers, a lot of schools were forced into mergers or bribed into merging with the promise of a large pot of gold as a capital program at the end of the rainbow, which just did not eventuate. Of course there is pressure on me to deliver on what the former government promised. As I said, we have limited resources in the financial situation we are in. We have looked at all the priorities across a range of inputs, and we have delivered on those.

**Mr SCOTT** — Just by way of, I suppose, clarification, you are aware that ‘voting with the feet’ was Vladimir Ilich Lenin’s comment on why he crushed the *duma* after an election they lost? You are aware of that?

**The CHAIR** — I do not think we will take that as a follow-up question.

**Mr DIXON** — Well I am now.

**Mr MORRIS** — Minister, back to budget paper 3 and the portfolio output initiatives, first of all at page 18 but then, in terms of the detail, at pages 23 and 24, particularly the ‘Safe and healthy schools’ section, which identifies a range of initiatives to address instances of antisocial behaviour, welfare and health problems as well as disengagement from education among younger Victorians. Bearing in mind those initiatives and also the recent Auditor-General’s report that stated that overwhelmingly Victorian schools are safe, can you explain to the committee the reasoning behind the significant investment that you have made in school safety, given that on the surface of it there would not appear to be a problem?

**Mr DIXON** — This issue goes to the heart of something this government feels is very, very important for schools. It has just been obvious over the previous years, and as I said in my preamble to an earlier question as well, that what happens in schools is often reflective, and is reflective, of what is actually happening out there in society. Schools are a unique place; I think sometimes too much is expected of schools to solve society’s ills. But schools do have a very, very important role to play in it. We have the everyday reality of the students who appear at our schools who have gone through a whole range of negative experiences at home or in their community over a number of years, and then they come to school, and that is the everyday reality for many teachers in schools. This is something the schools just have to deal with.

It was interesting, as you said, that the Auditor-General released a report about, basically how safe our schools are? When you look at the over 500 000 students who are in our government schools and you look at the 1550 schools that we have, they are overwhelmingly safe, and that is a good thing. That is due to the great work that is done by our teachers and by our schools. But there are some concerning trends there, and we cannot ignore those trends.

One of those major trends and major shifts is the instances of bullying and cyberbullying. I do not have to tell you how important that is, because I think a lot has been written about that and a lot has been talked about that, and we have got a lot to learn about that. But that is a worrying trend. That is certainly something, when principals were asked about it by the Auditor-General — and principals say to me a lot that this is a major issue in our schools. We do not understand it completely in terms of what it looks like. How do we deal with it? How do we work with teachers? How do we work with parents? How do we work with the children?. There is a lot of work to be done in that area.

If you look at some of the statistics that we do have — for example, between 2007 and 2010 the number of alleged assaults increased from 591 to 736; threats over the same period, 239 to 359; assaults involving teachers increased from 167 to 227; and assaults involving students from 539 to 691. When you look at the number, as I said earlier, at the total number in our schools, that is not a lot of students, and not a lot when you look at the

number of schools. But they are very major issues, and they affect more than just the people who are actually part of that issue. It is not just about the two students who are involved in the fight or the teacher and the student, but the ramifications and the flow-on to the whole school, the tone of the school, the tone of the class, the confidence of the teacher and what the other children see in the class. Numerically they are not large numbers, but they have profound implications for teachers and for students. That is why we make no apologies for our work in both a proactive and a reactive sense in actually working with these students, working with the wider community and working with their parents on these issues.

Yes, again, overwhelmingly safe, but there are some disturbing trends that we are certainly working on. Certainly the bullying and the cyberbullying aspects are two areas that we are putting a lot of funding into. We certainly will be working, and we have a long way to go on.

**Ms HENNESSY** — Thanks Minister; that is quite an interesting answer. I refer you to budget paper 3, page 167, which states that a key departmental priority is greater freedom for principals and school councils, and to the government's earlier claims that there was a culture of secrecy in schools where principals were too afraid to speak out. I would just like to ask the minister if the minister or his office has ever taken any action or threatened any teacher for commenting on government policy — and in particular, did you or your office send such an email to Western Autistic School?

**Mr DIXON** — In terms of the general background, first of all, I think it is just so important that we trust in our schools, that we trust in our school leaders and we trust in our teachers to do the right thing by the students who are in their care. That is a very, very important relationship that there must be between the department and schools. When you are looking at school safety and those sorts of issues it is very, very important that we allow our local communities, our local schools and our local school leaders — our principals — to do the things they feel are best and will meet the needs of a particular student, their school community and also the broader community. We trust our schools to do that. Also what we will be doing, where we are going with the future direction, is that the change, not only in terms of curriculum change but organisational change, has to come from the schools. They are equipped to deal with it now, and we now have to move on to our next stage. I am very, very keen to increase that autonomy and trust in our schools. As far as the individual email that you are talking about is concerned, I do not know anything about that. I personally did not send it out, and — —

**Mr SCOTT** — How do you know then?

**Mr DIXON** — In fact, it has been most interesting that I have seen a number of principals recently talking in the media about their disappointment that their school did not receive funding that the previous government had promised, and they were expecting us to deliver on that.

I have got no problem with that. They are allowed to do that, and I will not be sending them any emails, because they are allowed to speak up on behalf of their community. I think that is what you do. When you actually give that trust or autonomy, you have to take the good with the bad. You have to accept it on the chin, talk to them and allow them to say how they feel. Obviously it is important that they are making informed comments and that they understand the full context of why the decision was made.

I will just finish off now. My door is always open, not only in terms of our consultation on our policy implementation but also I have written to all of the principal networks to nominate a couple of their principals to have an ongoing conversation with me, and we will be setting that up as a very important part of the feedback. I visit schools, I talk to principal networks, I am out and about and I am very open to principals talking to me if they have got a specific problem, but as I said I am not aware of that particular instance.

**The CHAIR** — Ms Hennessy, do you have a follow-up question?

**Ms HENNESSY** — If such an email were sent to a principal by you or your office, and I accept what you say — —

**Mr ANGUS** — On a point of order, Chair, can I just question the relation of Ms Hennessy's question to the estimates process?

**The CHAIR** — Thank you for the point of order. It is not absolutely clear to me, but Ms Hennessy might clarify it.



**Ms HENNESSY** — On the point of order, it goes to how the minister implements his commitment at page 167 of budget paper 3 in relation to greater freedom for principals and school councils, and further to that the minister in his previous answer went to great lengths to talk about the importance of eradicating bullying. It is my view that if a minister, a ministerial office or a senior bureaucrat were in fact sending emails to principals of schools to chastise them for commenting on government policy, that would be a matter of great concern.

**The CHAIR** — I will rule on the point of order. I do not accept the point of order. In this particular case it is quite clear that there is a relationship with the estimates and that the minister has opened up the matter for discussion himself anyway. Minister, would you like to respond to the question?

**Mr DIXON** — Just responding to the supplementary question, I am not aware of it and I will follow it up and get back to the member, through you.

**The CHAIR** — With that, we will conclude this part.

**Mr DIXON** — I thought it was all over!

**The CHAIR** — False hope. We will take a five-minute break.

#### Hearing suspended.

**Mr PAKULA** — Minister, in terms of the matter you took on notice, I saw you getting some advice during the break. I just wondered if there was anything you could enlighten us with since we spoke?

**Mr DIXON** — No. I will still take it on notice, because I have to look into it.

**Mr ANGUS** — I thought a break was a break.

**Ms HENNESSY** — The phones were being worked pretty hard.

**Mr ANGUS** — Minister, I note that many of the coalition's election commitments have been fulfilled in the budget as outlined in budget paper 3, page 18 and following pages, and budget paper 4, pages 26 to 28. However, I note that some election commitments in education have not been funded. I ask: can you explain to the committee why this budget has not funded some of the coalition's election commitments in capital works and some of its commitments in languages education in Victoria?

**Mr DIXON** — I will do the capital works one first. We identified a number of capital projects in the lead-up to the election that were our priorities. There is over \$250 million worth of capital commitments that we made then. As I indicated to you earlier, we have delivered on \$90 million of those so far. The community needs to know in no uncertain terms that we will be delivering on every single one of our capital commitments. We are unable to commit to every single one of them in the first year. We have always been up front that those capital commitments are four-year commitments over the life of this government, and we will certainly deliver on them.

In relation to some of them, because of building works or ongoing building works it was an opportune time to roll them into this first year. In terms of some schools, like the Belvoir special school in Wodonga — I was up there on Friday — there was a \$6 million commitment there, but in this first financial year there was \$600 000 committed and the rest was in the out years. That is a special school that is going to move to a new site. They are on a sloping site which is full of relocatable classrooms. It is totally unsuitable. They are actually going to a beautiful brand-new flat site. Work has to start on the planning. There is a lot of planning work and documentation that has to be done, including permits and all those sort of things. So the \$600 000 is a commitment to actually do that first year. They would not, for example, have been able to spend that \$6 million in this next financial year. Once the planning is done and all the permits and what have you are there, they will then move on. The rest of their funding will be considered as part of our ongoing budget considerations in the out years. I hope that answers the capital works part of the question.

In terms of the languages education and what we are doing there, there are two major investments that we are making. First of all, I will preamble: we think that languages education is, like science and maths, an investment in the future of this state. We used to be very strong in terms of providing education of languages other than

English to our students. We have fallen by the wayside. The number of primary and secondary schools that now offer it has been rapidly declining.

It is so important that young people in Victoria have a second language or even a third language, because if you look at the top-performing countries around the world academically, students know more than one language. They can speak two, three or sometimes four languages fluently. It is very important not only in terms of education that a student knows a language other than English but it also actually helps them with their initial language.

I remember when I did French and German at school, I learnt a hell of a lot about English. It actually helps; it does not hinder that. I think there is a bit of a misconception out there in the community that it would take away from the learning of English. It actually enhances the learning of English. It is very important for cultural reasons, and I think they are very obvious and that people understand the importance of another language. If they speak another language, they can interact. Language is part of culture, and students should be learning about the broader culture as well as the language.

It is very important in an economic sense as well that they know that other language, because they need to go out there into a very international world. Even though I know a lot of people speak English around the world, it is very important for those relationships, including business relationships, to be able to speak that other language.

There are two aspects of the policy that we will be delivering on. One is community languages, and we are funding that in this year's budget. It is an increase to \$190 per student for more than 30 000 students who are learning a language. That is in relation to community languages, which are usually at after-hours schools on a Saturday morning.

What is unfunded in this year's budget is our commitment to introduce, over time, a language other than English for every single student from prep to year 10. That is a long-term commitment. We have to skill up the teachers, because we do not have enough teachers who are able to do that. We may have teachers who need further work on the language, or we may have people who can speak another language but do not have teacher qualifications, so we have to slowly build that capacity up within the system. To do that we have to actually make provision for scholarships to enable that workforce to be trained up. That money will not be coming online this year; it will be coming online in the following year's budget. As those teachers are trained up and come into the system, we will then have the capacity to start increasing the number of students who are learning a language other than English. We are going to start at prep and work our way through.

We have the community languages and we have children in mainstream schools learning a language other than English. Between those two we think we will build up incredible capacity in Victorian students to be out there in an international world. As I said, it will improve their English, it will improve our cultural ties and it will improve community harmony. There are so many pluses for it. We have to reverse the trend and get back to the leadership position that we used to have.

**Mr PAKULA** — Minister, I want to go back to the discussion about capital projects and the government's promise that Victorian schools and principals will be given control over major capital works. I want to ask: what processes are going to be put in place to ensure that schools and principals have the expertise to oversee and manage those projects? More importantly, what probity arrangements are you intending to put in place to ensure that the process for the awarding of contracts is going to be transparent and that they will be allocated on the basis of value for money?

**Mr DIXON** — If there is one illustration that we have just gone too far in terms of not allowing schools to have any control at all over their capital projects, it is the recent BER debacle. Because of the very tight schedule that was imposed by the commonwealth government on the states and territories to have these schools built and up and running, even though many had not even started — that economic stimulus was needed over 6 months, and up to 12 months, and the time lines have just slipped and slipped, but be that as it may — what we saw was that the only way that that could actually happen in Victoria was through a very highly centralised process.

We have seen numerous examples of where schools have not got the project that they wanted. They had a template put on their schoolgrounds that was not really what they wanted, but they thought, 'We're being

offered something. We won't look a gift horse in the mouth. We'll take it, rip up our playground and do all sorts of other things. We'll take that'. We have seen templates and buildings that are just not working the way they were expected to work. We have seen massive cost overruns. We have seen time lines actually blown out.

What is very relevant to your question, Mr Pakula, is that when we came into government I found out that there were 13 schools — this is three years later — that still had not signed a BER contract. They did not have a contract at all, so what we did was give those schools three options: would you like to run your project totally on your own; would you like to run your capital project, your BER project, in partnership with the department; or would you like the department to run it centrally, as had happened right across the board? Eleven of those schools have said they would like to run their project in partnership with the department. One wants to go it totally alone, and they will do that. Another one has not quite made up their mind yet. I think that is instructive in relation to what schools want.

It is very important that, no matter which model the school goes down, it is the school's decision. I was at a school today where, when I pointed that out that he was concerned, the principal said to me that he had had a very rough time with his BER project — he had had no say and no communication. He was just rapt to know that with any other future capital works he would have that opportunity, and I am sure he will deliver that with his community with all the probity that befits those sorts of projects and the spending of that sort of money. That accountability is his responsibility. It is very important that we have that built in.

What we are doing as part of the process — going to the nub of your question now — —

**Mr PAKULA** — Yes, thank you.

**Mr DIXON** — That was one of our election commitments, as you pointed out, and as I mentioned earlier we are going through that process of working with all our stakeholders — we have our task forces and all our consultation groups — and part of their work is to work out what the arrangements are, how they would best work, how we monitor and give that freedom to schools, what it means in terms of accountability and what it means in terms of autonomy of course as well. We will set up structures so that it is not just handing over a cheque and saying, 'Away you go'. It is about trusting those schools to do the right thing but also about equipping the schools, depending where they want to fit. Whether they want the partnership model or they want to go on their own, there will be accountability measures that we will build into that will be announced as we work through. We are literally, as we speak, going through that process as to how that might work.

**Mr PAKULA** — Minister, I understand your comments about it being the school's responsibility, but this is a very, very important question. We are talking about millions and millions of dollars of taxpayers money. Nobody wants to see a situation where you might have a rogue school principal who gives the contract to someone who is not giving the best value for money — it might be a friend, it might be a relative. Your answer about what probity arrangements are going to be put in place is an extremely important one. You have devolved responsibility from the department to the schools, and I think taxpayers are entitled to know: how are you going to ensure that those contracts are let out according to the principles that we all understand about probity and value for money being the criteria that determine who gets the contract?

**Mr DIXON** — Obviously, as I said, there will be three options put to them: whether they want to go on their own, whether they want to do it in partnership with the department or whether they want the department to run the project completely. The latter two involve the department, and I have no problems with the probity of the department — I am sure they will make sure everything is done correctly. In terms of those who go alone and run the project themselves, as I said, we will put in place measures where they will be accountable. They will receive training as to what they need to do. They will know what to do and they will know what their responsibilities are, so they will be fully equipped to go down that path if they want to.

When I look at what the non-government schools in Victoria did with the BER arrangements, they took on the projects themselves. If they wanted support from their central agency, whether it was ISV or the Catholic Education Office, people came in to help them to the extent that they needed support. I am not aware of a single one of those schools where the principal gave the job to his mate or money has been ripped off or someone did not get value for money. In fact it has been the exact opposite. What we have seen in the non-government sector is that projects have been delivered way in front: they started earlier, they finished earlier, they were not from cookie-cutter templates, they fitted in with what the school wanted and there have been no problems.

**Mr PAKULA** — But you would agree that you have to protect against it.

**Mr DIXON** — I am starting from the premise that I trust the principals. There might be one or two who might do the wrong thing, but the vast majority are going to do the right thing by the taxpayer and they are certainly going to do the right thing by their local community, and I think they will get better value for money. We will certainly trust them to do the right thing. As I said, we will put in place all the probity arrangements and all the education and training of those principals and school communities; the school councils and school boards will be part of that. We are very happy to make sure it is done properly.

**Mr O'BRIEN** — Following from that, and particularly picking up on some of the context of what you said about the tightness of the budget and the economic challenges facing the government, I want to ask you in relation to the government's commitment to special and autistic schools, which I think you said in your presentation was, at \$82.3 million, the single largest every commitment in a year for over a decade. In relation to this particular financial position, including the inheritance of major projects — and I refer to the Treasurer's speech on page 2 of budget paper 1, which refers to myki, the regional rail link and HealthSMART, which face significant cost overruns that total around \$2 billion, not millions, of taxpayers money and have further contributed to the run-up of debt — I ask you, Minister: why have you decided to make this investment in special and autistic schools, and what impact will it have on students in Victoria?

**Mr DIXON** — There are currently about 21 000 students in Victoria who actually attend special schools in a range of facilities across the state. Sorry, there are 21 000 students who receive funding from the program for student with disabilities; just under half of them actually go to our special schools. I think there are 81 special schools throughout Victoria. They are very important parts of our community. Some of them are autistic specific, some are special, some are specialist and some actually have satellites out in other schools, where students move in and out of mainstream schools. There are a whole range, and it is important that we do have that range so that we can cater for that very diverse range of students that need that support, and obviously it is very important for the parents as well.

When I looked at the priority list of schools that were lining up for funding from the department, it just struck me that so many of those schools that had not received any funding for years and years and were in deplorable condition were special schools. So we felt we just had to make that commitment. We had committed to the Western Autistic School in our election campaign and also a brand-new special school at Officer, but when we looked at the other needs, we just had to fund those schools as well. I mentioned earlier they are located right across Victoria — not only at Wodonga but at Seymour, where the special school is part of the regeneration there. We have them in a couple of country areas, but we have them right across the spectrum.

The Eastern Autism School had received \$8 million from the previous government, and they were certainly under the impression that that was going to fund a brand-new P-12 school, but they found out that just was not going to be the case. So we have announced an extra \$8 million of funding for them so they can actually have their full school built in one hit, from P to 12, as an autistic-specific school out in the eastern suburbs.

I was out at Rosamond Special School with the Premier last week, I think it was, to announce our \$9.5 million for that school. It was interesting that the principal said to us that when she took up the job in 2002 she was challenged by being told 'Make this school work, otherwise its future is dire', and boy did she make that school work! She is a dynamo, and it is an incredible school. The conditions in which those children learn and those teachers teach was just not good at all. She made the school work, which is what she was told to do. And in the end she just asked year after year for that funding, and it did not come at all. When the Premier arrived she started crying, and she said to the Premier, 'No-one has been listening to me for years and years. You have been in government for five months; you have listened and you have delivered. We are a great school in a crap building' — quote, unquote!

**The CHAIR** — I do not know that that is particularly parliamentary, but thank you.

**Ms HENNESSY** — 'Crap' is in, Chair. I am on your side, Minister. I am all for 'crap'. I am all for modern language.

**Mr DIXON** — Good earthy language. She is a great lady. That was from the heart. When we heard that, we said, 'This is the right thing to be doing'. I could go on about all the special schools and what their needs are, but as I said, we will be delivering right across all the suburbs — western, northern, eastern, south-eastern —

including the land for the Officer special school. It is a large block of land. We have actually increased our commitment to deliver that one in the growth area. Construction will be starting very soon on that one, which is fantastic, and also in country Victoria. There are other schools, and other special schools, that are waiting patiently, and we will be considering those as part of our future budget considerations too.

**Mr SCOTT** — Minister, I refer you to budget paper 3, page 105, and the output targeting the School Start bonus, and to the minister's comments to Parliament in July 2008 that the School Start bonus is a basic entitlement that parents should have access to, and I ask: in dramatically reducing eligibility what analysis has been done by your department on the impact that this cut will have on the ability of 100 000 families to support their children's education?

**Mr DIXON** — With the School Start bonus, again it was down as a lapsing program. When we came to government we looked at the books. It was a lapsing program of the former government in that it was not funded past this financial year. That was going to be a surprise to the electorate if the Labor Party was re-elected in November last year, so we are not lapsing the program. That program was lapsing; there was no money in the forward estimates, not even for one year for that program to continue.

**Ms HENNESSY** — Nonsense. Nonsense.

**Mr PAKULA** — Ridiculous.

**Ms HENNESSY** — You are a Minister of the Crown, not a clown.

**Mr DIXON** — As part of our savings we have looked at that program. We thought, 'Yes, that is a very important program, so we need to better target it to the people who most need it'.

**Mr SCOTT** — You are trying to dress this up as largesse.

**Mr DIXON** — We will be directing our funding and restarting the program, because it was not going ahead, and I will defy anyone to show me where the — —

**Mr PAKULA** — Of course it was going ahead.

**Mr SCOTT** — You are trying to dress your cut up as largesse.

**Mr PAKULA** — You are trying to suggest that all lapsing programs lapse.

**The CHAIR** — Through the Chair! Minister, just ignore the interjections.

**Mr PAKULA** — Do all lapsing programs lapse, do they?

**Mr O'BRIEN** — They do without money.

**Mr DIXON** — Chair, there was absolutely no indication anywhere that this program was going to continue. As I mentioned earlier, it is interesting that primary welfare officers were in the lapsing basket from the previous government as well, but when that started to get a bit of airplay late last year the previous government came out and said, 'No, we're going to continue the funding of that'.

**Mr PAKULA** — Exactly.

**Mr DIXON** — Whereas they did not say that about the School Start bonus or the literacy coaches or anything like that.

**Mr PAKULA** — Because no-one ever suggested it was going to lapse. It was never suggested by anyone.

**Mr DIXON** — There was absolutely no provision for this program to go on.

**Mr SCOTT** — Arrant nonsense.

**Mr DIXON** — That is what we inherited. We said we will not scrap it, as the previous government had decided to do.

**Ms HENNESSY** — Fantasy.

**Mr DIXON** — We will direct it. We will give that money — —

**Mr PAKULA** — Chair, the previous government had decided no such thing.

**Mr DIXON** — We will give the money to those who most need it.

**Mr SCOTT** — Misleading this committee is a contempt.

**Mr DIXON** — The parents and the families who currently receive the education maintenance allowance, which is mainly parents on very low incomes and on social security payments of some sort, will be eligible for the School Start bonus, so thousands of families will still receive that funding. Given the decision and the financial situation we have inherited, as I have talked about as well, and given the fact that this was a lapsing program, we decided to restart it and we decided to redirect it, and to redirect it at the people who most need it.

**The CHAIR** — Thank you, Minister. Mr Scott, do you wish to follow up?

**Mr SCOTT** — I do. You made a statement to the Parliament in July 2008 that it is a basic entitlement that parents should have access to, so obviously you do not stand by that statement.

**The CHAIR** — Minister?

**Mr DIXON** — Thanks, Mr Scott. Thank you, Chair. Are you right there?

**The CHAIR** — I am a bit surprised by the question. Minister, proceed.

**Mr DIXON** — As I said, we had to make a hard decision. We were faced with a lapsing program. We were faced with a financial situation in which we had to find savings.

**Mr O'BRIEN** — Black holes.

**Ms HENNESSY** — Wrong, wrong, wrong.

**Mr DIXON** — We have actually said that we will not scrap that program. It is an important program. It is an important program to those who really need it, and that is why we are keeping the program on and we are directing that funding to those people who most need it.

**Mr SCOTT** — You are not keeping the program on; you are cutting it. What sophistry is this? Arrant nonsense! Fantasy!

**Mr DIXON** — They need that money. As I said, it goes to the families that actually receive the education maintenance allowance, and they are the ones that most need it.

**Ms HENNESSY** — So the other 100 000 families miss out that do not have cost-of-living pressures?

**The CHAIR** — Minister, I refer you to my earlier question relating to the issue of the future earning capacity and economic security of Victorians, and I now ask: how is the government using this budget and future budgets to prepare Victorian students for a more globalised and therefore international commercial environment?

**Mr DIXON** — I will make my answer fairly brief on this one, because in large part I answered it when Mr Angus spoke to me and asked me about our languages education program and I talked about the two facets to it and the internationalising of our education system.

There are a range of learning and education communities: there are the local, state and national ones and the international one as well, and our students need to be part of that international community. They need to be equipped and they need to have the skills so that they can move into that international community, for further study, for employment or even to live there. It is very important, and part of being part of an international community is understanding those cultures, understanding their beliefs, understanding what makes them tick and obviously understanding their language. As I said earlier, there are two main components. One is the

community language schools, which are the after-hours schools. They cater mainly for students who are already fluent in another language, and the idea is to make them even more proficient in that. They have cultural studies that are part of the programs they do. More than 30 000 students attend these classes, and they do a fantastic job. They have been under pressure, and we have increased the funding from \$120 to \$190 per child. That pays for the rent, pays for the materials and pays for the training of the teachers.

As part of that one of the issues the after-hours schools have had is coming to some sort of settlement regarding the rental agreements with government schools or other institutions or places where they conduct these schools. There has been a bit of toing and froing about what is a fair rent, what are the obligations of the school that might be hosting and what are the obligations of the after-hours school. We have also committed to coming up with a rental agreement and consulting with both the community languages schools and the schools, or whoever else is hosting those schools so that there is a common rental agreement under which everybody understands their rights and responsibilities.

Then in our mainstream schools where we will be training up our teachers you will have students who might be fluent in a language other than English; others will be exposed to another language for the first time. Our mainstream schools are well placed to provide that sort of education. They are also well placed to provide a third language for some students. If a student who comes from an ethnic background where he is fluent in a language and goes to a community language school on a Saturday morning while his mainstream school is offering another language other than English, that is fantastic. He or she will be able to learn that third language.

Again, these young people can pick it up so much easier than us older people. They can pick up languages very quickly, and it is so important to give them those opportunities in primary and secondary school — the earlier the better. Once they start picking up one language, two languages, three languages, the world is literally their oyster. We are tackling it on those two main fronts: community language schools and also providing more teachers. We are rebuilding languages other than English in Victorian schools.

**Ms HENNESSY** — Minister, if I could just refer you to budget paper 3, pages 27 and 28, which detail the capital commitments that have been put on the never-never list of funding, including the proposed Laurimar secondary college feasibility study, I note that in the *Northern Weekly* of 8 May your media adviser, James Martin, in response to questions on why the Laurimar study missed out on funding in this year's budget is quoted as saying:

... the study would go ahead and would be funded from the education department's budget.

I want to clarify — if you could advise the committee — who we should believe: your media adviser or the budget papers?

**Mr DIXON** — The bottom line is that every single one of the election commitments we have made in terms of capital commitments will be fulfilled. Whether it is for a special school, whether it is for land, whether it is for an upgrade or a modernisation, whether it is for a new school or whether it is for planning and feasibility studies, every single one of those will be delivered by this government.

**Ms HENNESSY** — There is no money in the budget for it, and your media adviser says it is going ahead with funds from the education department's budget. Which document is correct?

**Mr DIXON** — We have been up-front. Every single one of our election commitments — our capital commitments — we will fulfil. Whether they are capital works or whether they are land, we will fulfil those. Whether they have been allowed for in this year's budget or whether they will come out of our department's funding, they will all be funded. The community can rest assured that that election commitment will be fulfilled.

**Ms HENNESSY** — Monopoly money perhaps.

**Mr MORRIS** — Minister, it is a sad fact of current life in Victoria that overwhelmingly young people, particularly those under 25, are overrepresented in crime statistics. We are certainly seeing what some might characterise as organised fights, but certainly antisocial behaviour, amongst both teenagers and young adults. Can you indicate for the committee's benefit how measures in this budget are directed towards addressing these problems as they apply to schools.

**Mr DIXON** — Again it has been a bit of a theme for some of the questions in terms of some of the disturbing behaviours that our teachers come across. It is their everyday reality. A lot of that reflects what is happening in society; a lot of that reflects what actually happens in the home, and so much of it is manifested in school classrooms. As I said, we are tackling this in two ways: a proactive way and a reactive way. I will not go back over primary welfare officers, but that is a very good example of one of the proactive ways in which we are dealing with this issue. It is no mistake of ours that the primary welfare officers are in the primary schools, because we have to do a lot of that proactive work as early as possible, working with the families and working with the children. That is where we need to be proactive.

The reality in primary schools and certainly the reality in secondary schools is that where children overstep the mark they put themselves and others in danger, whether they be other students or teachers. By their actions they put themselves and other students in danger. It is very important that in a reactive way our principals have the power to step in where they need to and how they need to. It is very important that our teachers have the training and background so they can understand what is going on and how best to deal with that issue.

It is something that can be done. Individual teachers need further professional development, and we will be providing that through this budget. That can also be done on a school basis as well. That is aside from the \$14.5 million we are putting into cyberbullying and bullying issues as well. I could talk for a long while about that. There are a number of facets of how it manifests itself in a school, but it is just so important that our principals know that they will be backed by me and by my department when they have to make that on-the-spot call about a child that needs to be suspended or expelled immediately. It is for the good of that child and it is for the good of the whole community as well. When a principal knows they do not have to fill in a whole lot of forms or make phone calls to make that decision, we show that we trust our principals to make those decisions. They do not make them lightly. They make them when they have to. They are professionals, and they make proper decisions. We need to trust them to make those decisions.

When they make a decision, they make it for a good reason. It sends a very important message to parents and the community that we think your child should be safe in school and our schools are going to make sure of that. It sends a very important message to the teachers from the principal that, 'I value what you are doing. You need to have a safe workplace'. Most importantly it sends out a very important message to students that, 'This sort of behaviour will not be tolerated in the school. Something will be done about it and the principal has the power to do it.' The school safety bill that has gone through the Parliament is another illustration of that.

**Ms HENNESSY** — That is the knife-searching legislation.

**Mr O'BRIEN** — The respect.

**Mr DIXON** — It will give the unequivocal powers to principals that they want so they can send a very powerful message that the safety of children, the safety of parents is paramount and our schools have got to be the safest possible places.

**Mr PAKULA** — By the way, Minister, I just found a couple of lapsing programs of yours — 'Free Fruit Friday' and 'Primary Welfare Officers'. They are only funded for this year. Does that mean you are going to end them, by your own logic?

**The CHAIR** — Is that your question?

**Mr PAKULA** — No, that is not my question.

**Ms HENNESSY** — Would you like to make an announcement here today?

**Mr PAKULA** — No, Chair, that is not my question.

**Mr O'BRIEN** — Thankfully we have another four and half years.

**The CHAIR** — Okay. The minister will be able to choose which question to answer.

**Mr PAKULA** — Minister, I refer to budget paper 3, page 105, and your presentation where you talked about how you are going to find savings by reducing the use of consultants. I would like to know what is the name of the consultancy conducting the education stakeholder groups, including the reference groups and



principals groups, how much is that consultancy costing, and what is the name and cost of the consultancy conducting the review of Eaglehawk Primary School?

**Mr DIXON** — Like I said, there are two consultants there. They are working on two very important projects. As I said, one of our savings measures is to reduce the cost and the number of consultants. We will certainly be doing that.

**Mr SCOTT** — By employing consultants.

**Mr DIXON** — As I mentioned earlier in terms of consultancies, between 2006–07 and 09–10 there was a 207 per cent growth in the cost of consultancies, so we are inheriting a great deal of growth in the area. It was very important to have a neutral person for the Eaglehawk consultancy to work with the school community and the broader community because the previous government wanted to close that school down. It backed down and said, ‘Oh, no, we will keep it as a campus, as a merged entity’. We said, ‘No, the school should remain open.’ That consultant is working with that group.

The other consultant is working with all our stakeholders — the myriad groups that I spoke to you about: the 17 principals and also the departmental task forces — on that very important task of our election commitments. That is extremely important and a priority project for us. We are not just handing them out willy-nilly. We are just doing it when we really need to. In terms of their costs and who they are, we will be able to provide that for you.

**The CHAIR** — That will be on notice?

**Mr DIXON** — On notice, yes.

**Mr PAKULA** — As a follow-up, just so I am clear, you will provide us on notice with the name and the cost of the consultants doing both the stakeholder groups and Eaglehawk primary?

**Mr DIXON** — Correct, yes.

**Mr PAKULA** — Thank you.

**Mr ANGUS** — Minister, following on from Mr Morris’s previous question, I refer you to budget paper 1 and the Treasurer’s comments in relation to the government’s particularly tough position on student discipline and especially the government’s commitment to giving principals back the power to suspend and expel students in Victorian schools.

**Ms HENNESSY** — They have always had that power.

**Mr ANGUS** — Minister, can you update the committee on whether expulsions in Victorian schools are increasing, and if so, what the government will do in this budget and in future budgets to support these students, or are they going to be left to disengage from the schooling process?

**Mr DIXON** — Just in terms of the numbers, between 2002 and 2010 the number of students expelled from schools rose from 163 to 224, so there has been quite a jump.

**Ms HENNESSY** — Reflecting population growth.

**Mr DIXON** — In 2009 there was quite a reduction in terms of expulsions: the number dropped to 134, which is the lowest in that time. But last year it came back to 224, which is the largest number it has ever been. When students are expelled it is for very serious reasons — they are either a danger to themselves or their community. Principals do not do it lightly. When the principal makes that decision that child is not just expelled and out there. I need to say again that they are small numbers, but the ramifications are enormous.

When a principal makes that decision to do that they do not do it lightly. They ensure that that student has got a place to go to and something for them to do to try and re-engage them, to work on the issue, the cause or the reason for their expulsion. There is always a reason, a long-term reason, beforehand. They try to re-engage them with education in a way that perhaps best suits them, either in the long term or a short-term way.

What we have seen in Victoria is that there are a number of alternative settings, as we call them, for these sorts of students, some of whom have been expelled, some who have voluntarily left school — they just walked away because it was just not their cup of tea, they were not engaged, they were bored or whatever the reason might be. This is one of the reactive things. We can be proactive, but a lot of our proactive things take time to come to fruition. We need to provide something for these students. It would be great to have day when we do not need that because all of our schools are catering for all their children and all children are engaged. But we really do need to have it. There are a range of programs out there. The previous government engaged KPMG consultants to work on that program.

**Ms HENNESSY** — Consultants?

**Mr DIXON** — They looked at what was out there and made a number of recommendations, and we will certainly be acting on a lot of those recommendations. In our budget we have said in terms of recurrent expenditure that we will pilot what we think are some of the best examples of alternative settings, whether they be within a school or whether outside agencies are running them, so that other schools or other organisations can say, ‘This is a model. This might work. We need to pursue this further’. But the most important thing we are doing and the most realistic thing when you talk to the schools, when you talk to the organisations that are running these alternative settings is, ‘How do we pay for it?’ I will not say that some beg, borrow or steal but they are very good at begging and borrowing money. Some of them rely incredibly on one person to lead them. If that person left, you would have what might be a really good program just gone, leaving these kids on their own again. They are let down very badly when that happens. There are a whole range of funding mechanisms out there, most of which are not ongoing and most of which are just not sustainable.

It is a credit to the people who actually run some of these programs, it is a credit to the schools that dip into their own funds to have these programs in-house. Some schools run them and students from other schools come into them as well. There are a whole range of them. What we are doing is saying that the money that that student attracts as part of the school resource package — the SRP — will go with that child. If that child is expelled, for example, and they go to a program to re-engage that is being run by a TAFE or an adult community education centre or whatever it might be, they will take a proportion of that money with them to that program so there is certainty in that alternative setting that they will have the funding to meet the needs of that child and to not only to run the program but hopefully even enhance that program. We will be adding that certainty to those sorts of settings, but as I said, we will be taking up many of the recommendations of the KPMG report that the previous government commissioned, because there is good work that has been done there and we do not want to replicate that work. There are very interesting implications for many of those alternative settings that are out there now.

**Mr SCOTT** — Minister, I refer you to the literacy and numeracy performance measures in budget paper 3, pages 174–77, and to your comments in the *Age* on 1 April when you claimed that there was a lack of progress in reaching Victoria’s literacy and numeracy targets but that ‘Victoria is a good system and performs highly nationally but we want to take it to the next level from a good system to an excellent system’, and I ask: can you explain why very few of the targets have been adjusted upwards to take them to the next level, or were you are unable to increase targets as a result of the massive cuts to your department?

**Mr DIXON** — When we look at the NAPLAN results of Victorian students, as I said, they are good in terms of the comparison across the states and territories. There are odd areas where we do not stack up in comparison with the other states and territories, but we do quite well with them. We need to take our schools to that next level. We need excellent schools out there. In fact it is funny you should ask that question because the students are sitting NAPLAN as we speak today.

**Mr PAKULA** — Including my son.

**Mr DIXON** — In terms of our goals, we have set a goal of taking our students to that next level. There are a number of ways of doing that. First of all, we get more accurate data. We have a low participation rate — in fact the lowest participation rate here in Victoria — and it has been falling. We are taking steps to increase that so we can get a more accurate picture of where our students are at. The more students who sit the tests, the more accurate data we have.

In terms our goals for the future, it is very important that we put in place the sorts of programs that we are talking about; some are short-term and some are long-term. If we are changing the culture where we are saying

to schools — and referring back to the slide showing the structural reforms in the 1980s and 1990s when our schools had far more autonomy than any other state or territory, other than 100 or so schools in Western Australia, where the reforms that were done over the last 10 years in upskilling our teachers in teaching and learning and our principles in educational leadership — the next change has got to come not from us top-down; it has got to come from within the schools.

Building on what the schools have now and the expertise they have now, they need to run with the programs that are best going to meet the needs of their students in their local area, given this is the expertise that staff might have in a particular school, these are the needs our children bring in, this is what we do well already and therefore we can start taking the next step — the next jump — which should be, over time, reflected in our NAPLAN.

NAPLAN is just one measure; there are a lot of other ways, and I am well and truly on the record as saying as an educationalist that NAPLAN is not the only measure. It is a measure; there are a number of measures of what makes a good school. As part of my role as chair of the ministerial council, we are looking at enhancing the NAPLAN results on the 'My School' website so that the degree of improvement — what schools are doing to value add to the students and to what degree they are progressing — is the most important thing. It is not where they are; it is where they have come from that is the most important thing. We will need to do a lot of work on that. It will be great. I look forward to the day when the budget papers reflect the growth in individual students and to statistically plotting that rather than just having a snapshot of one assessment in one day. We will build on those targets, and they will build up over time.

**Mr SCOTT** — When do you expect those targets to increase?

**Mr DIXON** — There are a number of targets that we have actually said would increase in this coming year. They are the percentage of students for numeracy in year 3, numeracy in year 5, reading in year 7 and also numeracy in year 9. They are ones where we hope to see and want to see and expect to see an immediate increase in. As I said, as our reforms come online, some are long-term, some are shorter-term, you will see those increases — those improvements — over time. In fact, we will have richer information. As I said, hopefully in four years time the measurements that we see at the back of the budget papers will be even more comprehensive than they are now.

**Ms HENNESSY** — If you are as ambitious about putting those results as you are about putting kids in alternative settings — —

**Mr O'BRIEN** — Thank you for that comprehensive answer. I wish to ask a question in relation to budget paper 2, which is the *Victorian Budget 2011–12 Strategy and Outlook*, and in particular to page 9 in relation to the Victorian economic projections and the unemployment rate, which over the four years of the budget estimates is scheduled to decrease from an actual rate in 2009–10 of 5.5 to a forecast in 2010–11 of 5.25 and then down to 4.75 over the forward estimates, and I ask: Minister, given that one aspect of a low unemployment rate can be an exacerbation in a skills shortage in the Victorian economy, can you explain to the committee how this budget and future budgets will assist in meeting the demands of skills shortages in the Victorian economy?

**Mr PAKULA** — Are you the minister for skills? If I had known that, I would have asked a whole bunch of other questions. Run out of Dorothys, have you? You are asking questions for Peter Hall.

**Ms HENNESSY** — Is this the minister who cut apprenticeship funding in this very budget? Is this the Treasurer who forecast a massive drop in productivity in the Victorian economy?

**Mr O'BRIEN** — I am very aware of the excellent and astounding Minister for Higher Education and Skills who also has responsibility for the teaching profession.

**Mr DIXON** — I will pass that on to him, don't worry.

**Mr O'BRIEN** — I am asking you in your capacity as the Minister for Education particularly in relation to 0 to 18.

**Mr DIXON** — It may be in jest, but it is very important that when we look at our department we are looking at 0 to 18. There are blurred lines between the responsibilities of the three ministers and what actually happens

across all aspects of our department and where we interact with students of all ages. The VET program, the skills program, is not just outside schools; it actually happens in schools, and I think all members are aware of that.

One of the main ways in which those skills are actually delivered is the VET in Schools program. That enables many students to undertake a range of VET, vocational education and training, subjects at their school in a number of ways. They might have somebody who is a current staff member, and the facilities might be provided on site at the school for the students at the school. Sometimes there are great collaborative arrangements between a range of schools in an area. Country Victoria is probably a good example of that, where sectoral schools actually work together to provide a range of VET subjects, so students actually go from one school to another for their VET subjects.

Sometimes as part of that partnership arrangement, and in isolation as well, students go to a TAFE. They go for part of the day or a day to a TAFE and do their VET skills there. It is also interesting to note, Chair, that a recent trend is for many students to pursue an academic stream on the whole and still take a VET subject. I think that says a lot about how the general public and the community see the importance of those sorts of skills in terms of building up the whole person; that it is not just a career path.

Once again, a lapsing program we have inherited from the previous government is the VET in Schools program. There was no money in the forward estimates; it was a lapsing program of the former government. I was astounded to learn that, because the previous government had always talked about skilling up Victorians and how important that was for the future of Victoria, but once again the money was not there. We obviously did not anticipate that. We would have thought that would have been an ongoing program in a school; it has been there in the schools for so long, and I just would have thought it was an ongoing program, but it was not an ongoing program.

**Ms HENNESSY** — Minister, you have got deep exposure on the lapsing programs issue. Misleading the committee is a contempt. Let's stop this silliness.

**Mr DIXON** — We made the decision to invest \$33 million back to reinstate that program so that over the forward estimates that program will be back, and for the first time it will be an ongoing program. It is not going to be a year-by-year program; it will be an ongoing program. Like the program for students with disabilities, these are key areas and our core business; we have to put our money where our mouth is and say —

**Ms HENNESSY** — That is right.

**Mr DIXON** — that we value these and they are going to be ongoing programs. They are not year by year at the whim of anybody and other monetary considerations; they are ongoing programs. That \$33 million we think will deliver about 45 000 individual certificates to Victorian students over the forward estimates. That is a great achievement and underlines the importance of this program, not only for those students but for the future economy in Victoria.

**Ms HENNESSY** — Minister, I refer you to budget paper 4, page 26, where we note that all that has been allocated is 365K for Eaglehawk Primary School in the next financial year. What I would like to ask is: will you allocate the full \$2 million regardless of what the enrolments will be at either the start of the 2012, 2013 and 2014 years and despite what the consultants might advise the government at the conclusion of their review into the school?

**Mr DIXON** — Thanks, Ms Hennessy. Eaglehawk Primary School — —

**Ms HENNESSY** — Do they get the \$2 million whatever or — —

**Mr DIXON** — I heard your question, and I will answer it. A bit of background: Eaglehawk Primary School is a great school with a great history in Bendigo. It is a magnificent building, a gold rush building, which has been run down incredibly. There has been no substantial money spent on that school for years and years. Because of that — it is one of the main reasons —

**Ms HENNESSY** — Continuing the tradition, I see.

**Mr DIXON** — the amount of money that needed to be spent to bring that school just up to basic standard had not been made available. So the schools in the area went through a merger process up there. The school council of Eaglehawk, because they had no other alternative, could not see any other money coming soon and were not getting any support for their school to remain a stand-alone, reluctantly decided to merge with Comet Hill and — it will come to me; there were three schools — to make up a new school entity.

When the broader community — and there is a very close-knit community in Eaglehawk — found out that this was happening they were aghast and put a lot of pressure on the previous government. They spoke to me; they spoke to everyone who would listen to them, to save their school, because it was such an important part of their community, whereas the previous government and the member up there were quite determined for that school to be merged. They would be merged on another site, and that school would no longer be a school.

In response to the community uproar up there the previous government backed away a little and said, ‘We will keep the school open as a campus of the new merged entity, but it won’t have its own principal and it won’t have its school council. We will take the governance of that school away from Eaglehawk’. They did reluctantly acknowledge that there was a lot of money that needed to be spent on maintenance. So the previous government announced an immediate \$850 000 to bring the standard of the school up, recognising that they were not going to go away and were going to stay there.

That is where it was left. We went to the people and said to the people of Eaglehawk that, if elected, we would reopen that school and give it its own school council and its own principal, and we have done that. Part of that is the \$2 million, which the member referred to, to work on that school to improve the amenity of that school and the educational outcomes and make it a far more attractive school than it has been given the way it has been run down in past years. That school is going to be stand-alone. The money will be flowing on as the school needs it. The reason we have not spent it all at once is because of the fact that, as was mentioned, we are working with the total school community on what the best way to spend that \$2 million is.

That school is going to be there for years in the future, and we need to make careful decisions about what the best way of spending that money is, given the heritage of the school and the educational programs of the school. We have guaranteed every single one, even though, with the talking down of that school and the proposed merge, numbers did start to drift away. There was not a lot of cooperation from some people up there. But now that that school is open, we are committed to keeping it open in the longer term, and we are working with the community on the best way to spend that \$2 million. That is why it is not all to be spent straightaway, but we will spend it. It is an election commitment. We will fully fund every single one of our election commitments.

**The CHAIR** — Thank you, Minister. That was a very thorough answer, and I cannot imagine what the follow-up question might be.

**Ms HENNESSY** — When answers are lubricated with weasel words, Chair, I think that I really am provoked into asking a supplementary. I will be brief; it is just to clarify the minister’s answer.

**The CHAIR** — All right; be quick.

**Ms HENNESSY** — So, Minister, are you saying that irrespective of what the consultant’s report says and irrespective of what the enrolment is over the next three years, the \$2 million will be fully allocated — yes or no?

**Mr DIXON** — The consultant is not working with the community to decide whether the school will remain open or close, as the former government wanted to do. What the consultant is doing is working with the community to ascertain the future direction of that school, which will remain. What will its priorities be? How will the money be spent? I am very, very confident that that money will be spent on that school. The dire predictions of everyone leaving the school this year have not come about, despite the best efforts of some. The school remained open this year. We put in a new school council, we put in a new principal and the money is being spent there. That school will stay there, and that full amount of money will be spent at that school. I am sure enrolments will increase, and we will provide the programs for that school that the school community deserves.

**Ms HENNESSY** — Perhaps we could have a yes or no, Chair.

**The CHAIR** — I refer again to student behaviour and the recent Auditor-General's report on managing student safety, which identified bullying and, in particular, cyberbullying as two of the biggest concerns being faced in Victorian schools. You, yourself, have identified in today's proceedings cyberbullying and bullying as areas where the government is not doing enough to protect students. Can you explain how this budget and future budgets are going to help Victorian families and students fight the scourge of bullying and cyberbullying in our schools?

**Mr DIXON** — Again, as I mentioned earlier, this is an incredibly important issue in our schools. It is an important issue in our community as well. As I said earlier, much of what happens in the community is actually reflected in what happens in our schools. I have talked at length on a number of occasions about primary welfare officers, and I will not go into that because they are — —

**Mr PAKULA** — The lapsing program that ends after one year?

**Mr DIXON** — The primary welfare — —

**Mr PAKULA** — The lapsing program that is ending, that you have already decided to scrap?

#### **Members interjecting.**

**The CHAIR** — Deputy, you are in contest with Ms Hennessy to win the award for the interjections of the afternoon.

**Mr PAKULA** — What do I get?

**The CHAIR** — You have just got three interjections in in one go.

#### **Members interjecting.**

**The CHAIR** — Could you just settle down? If you allow the minister to complete his answer, the prize might be that you get to ask the last question.

**Mr DIXON** — The ongoing nature of the primary welfare officer program means that, and we have said this, \$124 million will be spent over the term of this government. This will put on 150 full-time equivalent places, which means that about 300 extra schools, primary schools, will receive that and will have the services of a primary welfare officer to work with students and families on bullying and cyberbullying. We have also said that in the long term we want that program to be in every single primary school, and that is our long-term aim. But in terms of this term, at the end of this term over 800 of our over 1100 primary schools will have primary welfare officers, and we want to increase that in future years.

In terms of the money in this budget and what we are actually doing about this program in a practical sense, we have announced in this budget \$4 million worth of funding towards bullying and anti-bullying measures. What we have found — before I get onto cyberbullying — is that although there is a lot of talk about bullying and people know what it looks like, there still is not a deep understanding of it yet. There are a number of programs and there are a number of understandings of what bullying is. There is a large degree of ignorance on the part of students, parents and teachers too. They all need to understand more.

We need to understand what it is, what are the best ways to react to the various scenarios of bullying in schools, what sort of advice parents should get and what are the instances of bullying in order to come to some common understandings of it so we can compare it, track it and research it. That \$4 million will be used for that overall work on tracking it, researching it and understanding it but also training up teachers, parents, the broader community and obviously students as well. That \$4 million is on top of the \$10.5 million eSmart program that we are rolling out in conjunction with the Alannah and Madeline Foundation.

**Ms HENNESSY** — Good backflip.

**Mr PAKULA** — Good backflip.

**Mr DIXON** — That is \$10.5 million. Again, we have looked at that program. It was an undertaking that was made by the previous government and, for a change, there was actually money there for that — unlike the other programs. We looked — —

**Mr PAKULA** — You were going to neck it, and then you got talked out of it.

**The CHAIR** — You win.

**Ms HENNESSY** — A forced backflip on it.

**Mr DIXON** — We looked at what was available, we looked at what the department was doing and we looked at the needs of our schools. We had a lot of decisions to make early on. We looked at that, and we decided that that \$10.5 million should remain with the Alannah and Madeline Foundation. We thought that was the best spend of that money. We were not just going to tick off on everything.

**Ms HENNESSY** — After telling them they had to re-tender?

**Mr DIXON** — We said we would go ahead with that program. The eSmart program is literally about cyberbullying; that is where the ‘e’ comes from. If you think of SunSmart, schools are accredited with SunSmart. They put a sign out, which means they have gone through a number of professional developments, they have done a lot of education with their parents and teachers, and they are actually doing something about it — by using hats, shade sails and all those sorts of things. When a school proves it has done all the work, it has programs in place and physical things have been done, it gets a SunSmart sign to put out the front of the school.

This is the equivalent of that. It is about a school learning about cyberbullying and putting in place procedures that will tackle it in their school. Schools have to have a certain amount of accreditation in terms of the training of students and teachers and information provided to parents. When all that is put in place it then becomes accredited.

This money is ongoing. Schools will be at different stages. Some will be a long way down the track and will not take long at all to qualify. Some schools will need a lot of work and support as they go. Once schools have qualified they will not be left high and dry; they will still have access to further learnings and education for all of their school community. We think that \$4 million, plus the primary welfare officers, plus the Alannah and Madeline Foundation will go a long way to tackle bullying and cyberbullying in our schools.

**The CHAIR** — We are actually past the time of conclusion.

**Mr DIXON** — I am heading out to the northern suburbs, into the Labor electorates, so I need to go soon!

**Ms HENNESSY** — Perhaps you would like to go to Northland Secondary College and give some funding to the indigenous students.

**The CHAIR** — I indicated to the deputy that he would get one more question if he behaved himself. He did not, but on the basis — —

**Mr DIXON** — Rewarding bad behaviour, are you?

**The CHAIR** — No. Here is an incentive: on the basis that he can assure us that he will not interject on his own question, I call the deputy.

**Mr PAKULA** — Minister, just going back to the never-never list of funding on pages 27 and 28 of budget paper 3, before the election you gave a commitment for a \$10 million school improvement fund. I do not see any reference to it, so I ask: could you tell the committee what the school improvement fund was meant to be and where is it?

**Mr DIXON** — That \$10 million is basically a contingency fund that we will be using for physical improvements of schools. We have yet to make the decision as to how that will be spent. It will certainly be spent during this term of government. Like all our election commitments, it is part of the work that the task force is working through. Our task force is working and consulting with principals and a whole range of stakeholders in education as to how that money might be best spent.

A good example, and I am not pre-empting what might be there, is the \$5 million program we announced for schools that have had their playgrounds ripped up because the BER template had to be put in the middle of the playground or where the only bit of flat land was the children's playground, so it had to be ripped up and moved. This funding is for reinstatement of those sorts of playgrounds at schools. That money has gone: 108 schools so far are receiving grants of between \$10 000 and \$50 000. That is one program. I do not know necessarily whether that will be it, but those are the sorts of things we will be looking at, and when we have decided how it is going to be spent it will be in the budget papers and you will have all the information then.

**Mr SCOTT** — Future budgets.

**Mr PAKULA** — Just to finish off and follow-up, Minister, in relation to the matter you took on notice, how quickly do you think you will be able to have an answer for the committee on that?

**Mr DIXON** — As soon as possible, depending on how complex it is.

**Mr PAKULA** — Finding an email should not be too complex.

**Mr DIXON** — As soon as possible.

**The CHAIR** — This concludes the estimates hearing for the portfolio of education. I thank the minister and departmental officers for attending today. It has been a useful session. Where questions have been taken on notice and where there are unasked questions, the committee will follow up in writing at a later date. The committee requests that written responses to those matters be provided within 21 days. I remind those involved that we are back here at 9.00 a.m. tomorrow with the Deputy Premier. I particularly thank Hansard.

**Committee adjourned.**