

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 21 May 2013

Members

Mr N. Angus
Ms J. Hennessy
Mr D. Morris
Mr D. O'Brien

Mr C. Ondarchie
Mr M. Pakula
Mr R. Scott

Chair: Mr D. Morris
Deputy Chair: Mr M. Pakula

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Witnesses

Mr P. Hall, Minister responsible for the Teaching Profession;
Mr R. Bolt, Secretary,
Ms M. Dawson, Deputy Secretary, People and Executive Services Group,
Mr J. Miles, Deputy Secretary, Infrastructure and Finance Services Group, and
Mr T. Bugden, Executive Director, Human Resources Division, Department of Education and Early Childhood Development.

The CHAIR — We will resume the hearings for Minister Hall and move to the hearing for the portfolio of the teaching profession. I welcome Ms Monique Dawson, Deputy Secretary, People and Executive Services Group, and Mr Tony Bugden, Executive Director, Human Resources Division. I call on the minister to give a brief presentation of no more than 5 minutes on the most important aspects of this particular portfolio.

Overheads shown.

Mr HALL — Thank you, Chair, and again thank you for the opportunity to speak about my responsibilities regarding the teaching profession. Firstly, I do have a presentation and I will quickly run through a couple of slides, of which I think you have copies in front of you.

The first of those is to just give a bit of perspective about the size of the sector. Over 550 000 students in more than 1500 schools — these are students attending government schools — nearly 41 000 teachers and principals in the system and in addition to that 15 000 support staff. In respect of the responsibilities that I have within the broader education portfolio, there has been \$54 million in the last two years to support particular projects related to the teaching profession, and in particular to those announced last year. Some of those are ongoing — that is, the investment we are making in maths, science and language specialists at schools. This year's main area of focus in terms of responsibility for the teaching profession is a \$17.7 million professional development program, in addition to professional development which takes place in schools.

We will go on to the next slide. That just mentions a discussion paper, *New Directions for School Leadership and the Teaching Profession*, which was published during the course of the year. What we are doing before finalising that is waiting for some responses and working with other levels of government that also have teacher initiatives out — New South Wales and the federal government have teacher initiative papers out. We need to make sure that there is a Victorian response consistent with other states and the national government on that. Some of the expectations out of that will be met by this \$15.7 million as disclosed in the budget, and I am more than happy to provide a breakdown of that for the committee if they require that.

I anticipate the other matter of major interest to the committee today would be the EBA that has been negotiated with teachers. I will say very briefly that I think some of the features of it have been much welcomed. This time, for the first time ever, it is a consolidated agreement covering teachers, principals and support staff in schools. There have been significant salary and superannuation increases, and I guess we will deal with those by way of questions. There was a one-off sign-on bonus for all staff of \$1000 and smoother progressions, so where there were some humps in terms of the different levels of progression, there has been a levelling out of those so that the progression is more consistent as you move through those levels of progression.

In terms of service delivery improvements, performance management is a key part of the productivity that was sought by government; therefore giving principals of schools the ability to also be more flexible in terms of managing staff — as a second area of productivity. Merit-based recruitment is a very important one. That means that for positions in schools, recruitment will be purely based on the merit of the applicants and not on any factors, and that is an important component towards improving teaching quality in schools.

Just quickly in summary — and I am more than happy to get into questions on this particular matter — the two key areas that I think will be most worthy of the committee's consideration are: the EBA, even though it has not quite been finalised and there is still a process it has to go through; and the new professional development money to assist both principals and teachers will be of great benefit.

The CHAIR — Thank you, Minister. We have around about 35 minutes for questions before we conclude the hearings. I will call on Mr Angus to start the ball rolling.

Mr ANGUS — Minister, I refer you to table 1.1, output initiatives, on page 7 of budget paper 3, and in particular the \$15.7 million allocated for the lifting school performance package. Can you inform the committee of the details of this initiative?

Mr HALL — Thank you, Mr Angus, for the question. I am more than happy to give you a breakdown of that \$15.7 million. First of all, it is spread over two years — 2013–14 and 2014–15 — with 3.3 and 12.4 million respectively, spread over those two years. Some of the things that will arise out that are a \$2.5 million program for leadership skills to support school leaders in leading effective curriculum and assessment matters and also providing support to them in terms of performance assessment of staff; \$2.5 million to develop the capabilities

of emerging leaders. I think it is important that we make sure that we prepare those who seek to be principals into the future and we support them well in that development. There is expected to be about 300 to 400 who will benefit from that particular program.

There will be a sum of \$450 000 for a new talent identification and management system. We want to work out how we can predict and assist those who are going to be future leaders. There will be \$1.29 million for coaching experienced principals to act as system leaders into the future and be the mainstays for developing, mentoring and assisting others to aspire to be first-class leaders in their schools. There will be \$4.45 million to support peer leader accountability reforms, and the use of peer consultation and working together with other teachers is very important for their improvement. We want to put some significant resources towards some peer-support mechanisms so that teachers learn from each other, and 1.25 million of that package will also be dedicated towards expanding the use of teaching academies. Teaching academies are those schools which work in partnership with universities to place teachers for practicum experience, and we would like to see that concept evolve and grow. That funding there would be used to assist in that regard. We have also committed to participation in the fifth cohort of Teach for Australia graduates. That is a program which has, I think, been a very useful addition and developed some quite talented young people into the teaching course, and we as a government have committed to a fifth cohort of that as well.

They are elements of the package. There is a further \$2.5 million to assist teachers in terms of research they might wish to undertake towards improving their performance. I think in this profession we should be encouraging those who have particular interests to pursue those interests where there is benefit to be gained back in the classroom. We are terming this 'teacher-led research', and we would be more than happy to work with teachers who have a particular project they think would assist them in their particular duties.

Finally, the last point I want to mention — 750 000 to support what are termed 'middle leaders' in schools. Not everyone might end up being a principal, but it is very important that we have year-level leaders or coordinator leaders — what we are terming 'middle leaders' — in schools as well. People should be encouraged to reach those sorts of standards, and some professional development will be available to assist them in their duties as middle leaders in schools as well.

Mr PAKULA — You were right, Minister — I am interested in the EBA. You made reference to it in your presentation. In terms of the cost of the EBA to budget, can you just tell us what amount of money has been budgeted for to cover the cost of the EBA over the forward estimates period and where I can find that amount of money in the budget papers?

Mr HALL — The appropriation for the department amounts to some \$11.6 billion. I am just looking for the page in the budget papers towards which that is spelt out in some detail. Page 74 of budget paper 3 is the output summary, which gives me a figure there of \$11.547 billion, of which, if you break it down into school education, primary and secondary, it has appropriate funding, which amounts to \$7.4 billion for those areas. Within those budget items there is funding for teacher salaries, including the EBA increases.

Mr PAKULA — A supplementary, Minister — what I am interested in, I suppose, is what component of that 7.4 billion is the EBA. Moreover, if you assume that, say, 50 per cent of teachers progress up the pay scale, it is going to be a lot less than if you assume that 100 per cent of teachers progress up the pay scale. So in terms of compiling the forward estimates, what percentage number did you use in terms of your assumptions about what percentage of teachers would progress up the pay scale?

Mr ONDARCHIE — There are two questions in there.

The CHAIR — Order!

Mr PAKULA — No, that is my question. You really are quite interested in what I have to say, aren't you, Craig?

Mr ONDARCHIE — I just want some detail — —

The CHAIR — Order!

Members interjecting.

The CHAIR — Order! The question, or in this case the supplementary, will be asked by whoever is asking the question, and if the minister or the witness responding has a difficulty with understanding the point that was being made, then the witness can respond appropriately, but if other members of the committee — with great respect, Mr Ondarchie — do not understand the question, that is not a problem in terms of order. It is a matter of making sure that the witnesses understand fully the information that is being sought.

Mr PAKULA — Can I repeat the nub of the question?

The CHAIR — I will invite you to repeat the question.

Mr PAKULA — The nub of the question is: in terms of putting together those forward estimates, Minister, what percentage number have you assumed of teachers who would progress up the pay scale in order to frame that budget?

Mr HALL — In answer to the question, there has been no assignment — no definite figure — about how many teachers would progress or not. What we have said very clearly is that when we have consistently, over the last five or six years, 99.8 per cent of teachers having progressed to the next scale, that seems to be an artificial reflection of what should be a performance-recognised system. Let me answer the question.

Mr PAKULA — I am just wondering how you know — —

The CHAIR — Order! The question has been asked. The minister clearly understands the nub of the question, and he is now responding.

Mr HALL — You need to understand the system of performance appraisal and how it actually works so that I can assist in terms of answering the question. Currently all teachers are supposed to have a performance plan agreed to by the principal of their school, and then at the end of the year — in theory at least, and in practice I would think in general it applies — the participants in that performance plan, as the signatories to it, sit down and appraise whether those goals, whether those objectives and whether those targets within that performance plan have been reached or not. Therefore that is supposed to be the tick-off measure as to whether they have progressed to the next level of pay or not.

That is how the system is supposed to work. We say that when you have figures like 30 or 38 out of those nearly 41 000 teachers in the system who fail to progress consistently — therefore 99.8 per cent or thereabouts progress each year — then we think that suggests that that is not an appropriate application of that particular policy. So if you look at the public sector, for example, progression rates are about 80 per cent. We have looked broadly at public and private sector experience, but I want to make it absolutely clear that we have not assigned a percentage to be adhered to. We believe that, within the funding available to schools and to principals, we will be able to meet all of our commitments — we will meet all of our commitments; there is no doubt about that — but we will expect principals to have a more robust process in terms of assessing teacher performance.

Mr O'BRIEN — Further to that answer, both yourself and the Premier have recently commented about a more rigorous application of progression being applied to teachers as part of the agreed-in-principle school staff EBA. Can you please elaborate on this approach to the committee?

Mr HALL — Yes. I described to Mr Pakula what the system was. Because of the importance of teachers and the impact on learning outcomes, we want to make sure that every opportunity is given for performance improvement. That is why we have embarked upon those professional development programs that I described before. In the first instance, there is every opportunity for improving — and we can all improve; that is no reflection on the ability of teachers. I think no matter who you are, you have always got the capacity for improvement. We want that potential improvement to be realised by all, by giving them that opportunity. These performance planning arrangements are part of that process.

I have now got the figures I was searching for before. In 2009, 10, 11 and 12 respectively, the number of teachers who failed to progress was 23, 22, 39 and 32, and the figures were 99.87, 99.88 et cetera. We say that there is an opportunity to be more robust in terms of that performance assessment, which will ultimately be good for both the teachers themselves, who are having their performance assessed, but importantly for students. That is what an education system should be all about — we should be doing what we can to improve learning outcomes. This is but one way of doing that.

Mr SCOTT — To follow on from the questioning by Mr Pakula, you indicated that there was no set target of a percentage for progression rates. I am wanting to know whether there is anything specifically in the EBA that would prevent progression rates continuing, if I understood you correctly, at 99.8 per cent, as they are now?

Mr HALL — No, there is nothing in the EBA to prevent that occurring. It was very clearly articulated in the discussions that there was going to be a more rigorous application of performance, but, again, there were absolutely no figures assigned to that.

Mr SCOTT — I have a supplementary. You indicated that there are no figures assigned to it, however if progression continued at 99.8 per cent of teachers, would that lead to a blow-out in the costs for teacher salaries and therefore a blow-out in the costs for secondary and primary education that you indicated are in the budget?

Mr HALL — I would be disappointed if progression continued at 99.8 per cent, because I think that therefore there would not be the application to the degree that there should be in terms of performance assessment. I think in that particular instance I would be disappointed for that to occur. But if it does occur, government will meet its commitments in terms of salary. That has always been the case and, I repeat again, it would be the case this time around as well.

Mr SCOTT — In the envelope provided?

Ms HENNESSY — They could not. It would blow the budget.

Mr ONDARCHIE — I wonder if you would tell us about the status of fixed-term teachers in Victorian government schools?

Mr HALL — I am happy to do that. This is a question which has occupied a bit of interest in recent times, and it is an important one, because we all like job security. Therefore, I have certainly committed to looking at this matter and doing what I can to improve job security, but also to improve opportunities for young people to get into the teaching course. I spoke before about having, in round terms, a bit over 40 000 full-time equivalent teachers within our system. At any one time more than 4000 teachers annually access leave without pay, for example, and more than 7000 teachers annually access long service leave. With just those two leave components alone, each year we can typically expect to have 11 000 teachers take some form of leave during the course of the year. As a snapshot, on Friday, 22 March 2013, there were 6876 teachers on some form of leave at that particular point of time. Replacement for those leave positions is the most frequent use of contract teachers. A teacher might take six months of family leave or three months of long service leave, and that is when contract teachers are most used.

Really, the use of contract teachers as a percentage of the teaching force has been pretty consistent over the last six or seven years. It varies depending on the time of year from about 15 up to about 19 per cent. For example, in December 2012 the percentage of teachers employed on a fixed-term basis was 17.4 per cent, or roughly nearly 5500 short-term contracted teachers. If you can get the picture, I mentioned that at any point in time there are 5500 contracted teachers, and there are nearly 7000 teachers on leave at any point of time as well. You can see, therefore, that the contracted teachers pretty much match the number on leave — in fact they more than match it in some respects. That might be because one person might be able to fill in for a number of people.

In terms of addressing this issue, yes, it will continue to be the subject of our attention, because we would want to make sure that schools are not simply misusing the use of contract teachers. We are vigilant in that regard, but at the same time I think the balance is about right at this point in time, otherwise we would be putting on teachers for short periods of time, if they were put on permanently, with the possibility that they would not have a class to teach in other years.

The other point to give consideration to in this regard is the entitlements of those seeking leave. One way of addressing leave and the use of contract teachers is by limiting the entitlements and benefits of those taking leave. I do not think anyone wants to do that, so you have to find the right balance, and I think we have probably got it.

Ms HENNESSY — Minister, if I can take you up on some of the evidence you have given about the teachers' EBA and progression payments, I am assuming that principals will continue to be responsible for signing off on annual pay progressions. You have just given evidence that it is possible for, and there is nothing

in the EBA that would prohibit, pay progression continuing at its current rate. My question is this: given that teachers' pay represents about 85 per cent on average of the total student resource package that schools receive as part of their operating costs budget, can you guarantee that there will be no changes to the funding level for the school student resource package, in particular no changes that will require principals to have percentage targets around teacher progression?

Mr HALL — I have said very clearly that we are not assigning any percentage figures for progression, so that issue is very clear. In terms of guaranteeing what the SRP might look like next year, if I knew what the federal government was going to do with national partnership agreements or Gonski agreements, if I knew a bit of that, I might be able to give you a guarantee, but there are a whole range of factors that contribute to the composition of the student resource package that is given to schools. With the uncertainty about what funding might come through, particularly from the federal government, that guarantee simply cannot be given.

Members interjecting.

The CHAIR — Order!

Ms HENNESSY — You had to incite them, Minister.

Members interjecting.

The CHAIR — Order!

Members interjecting.

The CHAIR — Order! Ms Hennessy, on a supplementary.

Ms HENNESSY — Minister, you said before that you kind of have no figures around the modelling of the costs of the EBA — that you could not point to figures in the forward estimates. Is the department working on any projections at this point in time in light of what the potential impact could be on the SRP?

Mr HALL — When you say that we do not have any costs of the EBA, you do not enter an EBA without having regard to 2.5 per cent salary increases and the like. Therefore the costings of EBAs, as I said, are provided for in the documentation. That is all I can say to your question. What I said in the first answer is that the appropriation that has been for primary and secondary schools is expected to fully meet all of the government's commitments under the EBA.

Members interjecting.

The CHAIR — Order!

Mr ANGUS — Minister, I want to touch on teacher supply and demand initiatives, and I know that you actually started to refer to that in your presentation a few minutes ago. Can you inform the committee of how initiatives in your department to improve both supply and recruitment in Victorian government schools are tracking?

Mr HALL — There is a continuation of some very good programs that the department has to recruit teachers, particularly in the areas of maths, science and languages — three identified areas where the supply of teachers was in shortage. It was an outcome of last year's budget that we put in place some measures — a \$36 million or \$37 million package — to address that. One of those components was primary maths and science teachers, and in two tranches we were proposing to put in place an extra 100 specialist maths teachers and 100 specialist science teachers under that program. I can report to the committee that the first intake has seen 60 specialist maths teachers and 40 specialist science teachers now working in Victorian schools. The second intake will be invited in term 3 of this year, and that is likely to be 40 maths and 60 science teachers to match that budget commitment of 100 of each working in primary schools.

We also announced the science graduate scholarships, and we are proposing to have 400 of those. That means that people who have completed qualifications in science areas may be offered a scholarship to complete teacher training, and 101 of those were allocated in 2012. In April of this year a further 105 offers were made

for a scholarship. That leaves us with 195 to go, which will be delivered within the budget estimates period as set last year. We have more than half of those on board now.

With the languages teaching scholarships, funding was provided for 210 languages teaching scholarships over a period of three years. Again, 56 have already been awarded, so we have 56 scholarship recipients in that area. Round 2 opens on 1 June 2013, and the balance will be invited in June 2014. They are tracking pretty well in each of those program areas, and we are pleased that they are meeting an unmet demand in our schools.

I might add that on top of all of those programs, in terms of general programs to support teacher supply and demand, there are a number of other programs, one of which I mentioned — Teach For Australia — but there are also career change programs encouraging those with experience in other careers to come back and teach. Down your way, I think, Mr Chair, at Mornington I met a delightful young man 12 months ago who was a chef. He ran a very successful restaurant in Mornington but now had the aspiration and desire to become a primary school teacher. He undertook retraining to become a primary teacher. He is somebody who will bring invaluable experience, I might add, from his previous occupation, and will become, I think, a first-class teacher in one of our local schools.

There are a range of other programs — probably a dozen other programs — that also encourage people to come into teaching other than by the traditional method, and that helps also with meeting the supply and demand issues. Of interest, we have about 2500 new teachers who come into the government system each year.

Mr PAKULA — In the output table for DEECD on page 7 of BP 3 — in case Mr Ondarchie wants to look it up — —

Mr ONDARCHIE — Thanks, Mr Pakula.

Mr PAKULA — there are payments of \$15.7 million over two years — 3.3 and then 12.4 — under ‘Lifting school performance’, and then it lapses. In fact it is interesting how many lapse after 14–15. In the commentary on page 9, it says:

This initiative aims to lift the quality of teaching in government schools ...

and it talks about a number of measures including:

... the performance management of teachers and principals in schools, the identification and development of high-potential teaching graduates and measures to support underperforming schools.

Are you able to break down for us any more how that \$15.7 million is allocated amongst the various output initiatives?

Mr ANGUS — I asked that before, didn’t I?

Mr HALL — I think I did in the first question I answered for Mr Angus.

Mr PAKULA — The breakdown of the 15.7?

Mr HALL — Yes.

Mr PAKULA — Go on. Tell us again.

Mr ANGUS — You were not listening.

Mr ONDARCHIE — Weren’t you listening, Martin?

Mr PAKULA — Tell us again.

The CHAIR — Order! As I have indicated before, any member is free to ask any question so long as it relates to the portfolio.

Mr HALL — There is a 1.25 million investment that will be made and will go towards expanding the work of teaching academies and participation in the fifth cohort of Teach for Australia graduates; \$2.5 million to develop the capabilities of emerging leaders; 450 000 for a new talent identification and management system;

\$1.29 million for coaching experienced principals as system leaders; \$2.5 million for leadership skills programs; \$4.45 million to support peer-led accountability reforms; \$750 000 to support middle leaders; and \$2.5 million for teacher-led research. In answer to Mr Angus's earlier question, I elaborated on exactly what each of those meant.

Mr PAKULA — You would know there was a recent VCEC report which made recommendations about performance pay for principals and enhancing their power to grade teachers. You mentioned a couple of specific initiatives about increased peer review and other things. Are any of those outputs designed to implement that VCEC report recommendation?

Mr HALL — The VCEC report to which you refer is a draft report published just last week by VCEC.

Mr PAKULA — Yes.

Mr HALL — It is a draft report, and it has not been considered by government. Therefore these initiatives were made in complete absence of any report produced by VCEC.

Mr O'BRIEN — Minister, I would like you to answer a question that you have not been asked before, and it relates to additional funding and the status of the rewarding teacher excellence trials. Could you please inform the committee of the nature of this initiative, and what is the present status of the rewarding teacher excellence trials?

Mr HALL — These relate to performance pay trials that have been undertaken in schools, initiated by the previous government. There have been two different cohorts of performance pay trials, as I said, initiated by the previous government. They were broken up into two areas; one for the individual teacher rewards and one for school rewards. The first cohort in the teacher awards started in May 2010 and went through to April 2012. There were five schools involved in that particular trial. The second cohort, the individual teacher rewards, went from May 2011 to April 2013 and involved 6 schools, so 11 schools were involved in that particular process. That first cohort has been completed, and the second cohort of schools also was completed in April of this year — their particular trial of performance pay — although payments are still to be made from that; that is still being assessed.

It is the same with the school rewards program. The first cohort started in May 2010 under the previous government and continued until April 2012. This second cohort went from 2 May 2011 to April 2013, and that involved 17 schools. Altogether there were 37 schools in the pilot performance pay trials called school rewards. There are currently no performance pay trials going on in any Victorian government schools although, as I said, payments for the last trial, which was completed in April of this year, are still to be made.

That is the answer to Mr O'Brien's question. The other comment I would make is in terms of rewarding teachers and teacher awards, as one of these categories were, at least these trials have taken place, unlike the rewarding great teachers promised by the federal government last year, which still has not paid out a cent in terms of rewarding teachers, as was promised.

Mr SCOTT — A quick question, Chair. Minister, I refer you to the questionnaire the department has provided to the committee. On page 21 there is a reference to the number of principal and teacher-class employees, which refers to the teaching profession, and in that there is an increase from 30 June 2012 to 30 June 2013, from 40 927.3 to 41 180. The percentage increase is 0.6 per cent by my calculation, which is less than half the increase in population growth and therefore much less than the level of increase in student numbers. Could you explain why the number of teachers has increased at this low rate?

Mr HALL — Can I ask Mr Bolt to answer that, because he is the author of that questionnaire?

Mr SCOTT — I understand that.

Mr BOLT — I cannot explain the difference. It may be that Tony Bugden can.

Mr BUGDEN — There have been no changes in terms of the SRP funding or the formulas, so those choices are made by principals in terms of employee numbers. In my reading of the questionnaire the number is 40 927 in June 2012, rising to 41 180 in 2013. Is that correct?

Mr SCOTT — Yes, that is correct, and it is an increase of 0.6 of a per cent.

Mr BOLT — Decisions on employment are of course made by principals. So what you see here is the aggregated impact of their decisions as to what their schools need, and exactly why that number does not entirely match student growth is something that would be difficult for us to know without interrogating every one of them, is what I am imagining. It certainly is not as a result of resource shortage; it is a result of what they feel is necessary to maintain an adequate service in their school.

Mr SCOTT — A supplementary: when you state that it is not a result of resource shortage, are you suggesting that the funding is adequate to meet population growth?

Mr BOLT — Population growth is funded automatically as it occurs in the student resource package. The student resource package is set at a particular level, and whatever population growth ensues, we gain funding — at that per student price for schools — if that is clear to you.

The CHAIR — Thank you, Mr Bolt. Thank you, Mr Scott. That concludes the consideration of the budget estimates for the teaching profession portfolio. I thank the minister and his departmental officers for their attendance today. Where questions were taken on notice — and I believe there was one from the earlier higher education and skills portfolio — the committee will follow up with you, Minister, at a later date. We do ask, though, that if at all possible we receive a response within 21 days of the request in order to enable a timely reporting to the Parliament. That concludes this session.

Witnesses withdrew.