

UNCORRECTED PROOF
GENERAL PURPOSE STANDING COMMITTEE NO. 2

Wednesday 10 October 2012

Examination of proposed expenditure for the portfolio area

EDUCATION

The Committee met at 2.00 p.m.

MEMBERS

The Hon. M. A. Ficarra (Chair)

The Hon. D. Clarke
The Hon. G. Donnelly
The Hon. J. A. Gardiner
The Hon. P. Green (Deputy-Chair)

Dr J. Kaye
The Hon. P. Sharpe
The Hon. H. Westwood

PRESENT

The Hon Adrian Piccoli, *Minister for Education*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I declare open the budget estimates hearing for the portfolio area of Education. I welcome Minister Piccoli and accompanying officials. The areas of School, and Early Education and Care will be examined from 2.00 p.m. until 3.20 p.m., and the areas of TAFE, Vocational Education and Training, Board of Studies and Institute of Teachers will be examined from 3.30 p.m. to 4.50 p.m. Before we commence I need to make some procedural matters clear. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus for any filming or photographs. In reporting the proceedings of the Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. Guidelines for the broadcast of proceedings are available on the table by the door.

Any messages from advisers or Minister's staff who are seated in the public gallery should be delivered through the chamber and support staff or the Committee clerks. Minister, I remind you and the officers accompanying you that they are free to pass notes or refer directly to the advisers seated at the table behind you. The transcript of this hearing will be available on the web from tomorrow morning. The House has resolved that answers to questions on notice must be provided within 21 days. I remind everyone to put their mobile phones onto silent and away from microphones. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

MICHELE DENISE BRUNIGES, Director General, Department of Education and Communities, and Managing Director, TAFE NSW,

PETER RIORDAN, Deputy Director General, Corporate Services, Department of Education and Communities, and

GREGORY PRIOR, Deputy Director General, Schools, Department of Education and Communities, sworn and examined:

LESLIE LOBLE, Chief Executive, Office of Education, Department of Education and Communities, and

PHILLIP PEACE, Chief Financial Officer, Department of Education and Communities, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolio of Education open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. GREG DONNELLY: Minister, I understand that amongst your parliamentary colleagues you have earned the nickname Sam. Is that something you are familiar with?

Mr ADRIAN PICCOLI: No.

The Hon. GREG DONNELLY: Sam being Samurai—for the reputation you have earned in the last few weeks regarding announced cuts that you are making across the whole department. You have not heard that nickname amongst your colleagues?

Mr ADRIAN PICCOLI: No. I have been called a lot of things, some a lot worse than that.

The Hon. GREG DONNELLY: The cutting is getting right through to the quick, and people are pretty anxious about things. I would like first to examine the issue of the cuts and make sure that the information out there is clear and that people understand what the Government's policy and initiatives are. The Education and Communities website has produced a short, in effect, fact sheet titled "Savings measures to meet our budget". Are you familiar with that?

Mr ADRIAN PICCOLI: I am.

The Hon. GREG DONNELLY: Do you have a copy of it there?

Mr ADRIAN PICCOLI: I probably do somewhere. But go ahead.

The Hon. GREG DONNELLY: Does that document give a fair summary of the announced position of the Government in regard the \$1.7 million cuts which we have heard about in recent times?

Mr ADRIAN PICCOLI: Just to correct you: it is \$1.7 billion, not \$1.7 million.

The Hon. GREG DONNELLY: I apologise.

Mr ADRIAN PICCOLI: I can tell you what some of my colleagues have said about me. One of them is that the measures we have undertaken in education have made them proud to be part of the new Government.

The Hon. GREG DONNELLY: Point of order—

Mr ADRIAN PICCOLI: You have asked me a question—

The Hon. GREG DONNELLY: I have taken a point of order. Was this a fair summary of the announced cuts?

CHAIR: You have asked the Minister a first and second question. The Minister is now addressing the first and second questions in his response.

The Hon. GREG DONNELLY: No. The Minister has said that it is a fair summary. So I want to move on now.

Mr ADRIAN PICCOLI: It is provided by the Department of Education and Communities.

The Hon. GREG DONNELLY: That is fine. Can I move on?

Mr ADRIAN PICCOLI: I am answering your first question.

CHAIR: The Minister will be allowed to answer the question.

The Hon. GREG DONNELLY: I asked the simple question whether this was a fair summary, and the Minister said yes. So I want to move on to my question now.

Mr ADRIAN PICCOLI: You have asked me a series of questions, and I have given you that opportunity. I think it is only reasonable that I have the opportunity to answer them.

The Hon. GREG DONNELLY: I want to now ask you about—

Mr ADRIAN PICCOLI: You asked me about nicknames and what some Coalition members may or may not have said about me, or called me or nicknamed me.

The Hon. GREG DONNELLY: Yes.

Mr ADRIAN PICCOLI: I am saying to you that a number have said to me that the measures that we have taken in education have made them proud to be part of the Government, because the measures that we have taken have been systemic changes, to public education particularly that they are referring to, and it is something that I am very proud of having been the Minister for Education for 18 months. They have said to me that we have done more in terms of education reform in 16 months than the previous Government did in 16 years. So, in terms of my reputation amongst Coalition members, I am very happy and satisfied with that reputation.

The Hon. GREG DONNELLY: You have indicated that you have not heard the nickname Sam before, so I appreciate that. If I could go through the key points of this summary document. The first is a \$1.7 billion cut across the public, Catholic, independent and TAFE sector, which I include as part of public. I am just splitting that out, looking at the fact sheet itself: 1,800 staff will go; and, broken down, as we understand it, there are 600 from State and regional offices, 800 from TAFE, and 400 from administrative staff. Those are the numbers that you are familiar with, Minister.

Mr ADRIAN PICCOLI: Those are the staff numbers, yes—or full-time equivalents, put it that way.

The Hon. GREG DONNELLY: Thank you for that clarification. There has been some debate and some anxiety about what is meant by some of this terminology, such as "staff". We are finding ourselves a little bit confused, but that is particularly so with parents at schools and the education community in general. The term "staff" is used in your publications and in the department's publications. You then have language like "front line" and "back office", and that is being used in the media and in the Parliament. We now have terminology like "outside the gate", which is being used to try to explain with some clarity the impact of these cuts. Part of the difficulty is that the language being used is not providing clarity but making things even more muddled. So I ask you this question: Are you familiar with the term "outside the gate"?

Mr ADRIAN PICCOLI: Yes, I am.

The Hon. GREG DONNELLY: What do you understand that to mean?

Mr ADRIAN PICCOLI: Behind the school gate are staff, clearly, and resources that are spent at a school. Beyond the school gate are staff that are allocated to State and regional offices not necessarily directly attached to a school. As you know it is an expression also used about farming. It is a general expression; it is not meant to trick anybody or to deceive anyone.

The Hon. GREG DONNELLY: And this is not meant to be a trick question. It is just to get some clarification in the education community about this. So essentially we are talking about people who work on one side of the gate, so to speak, or the fence, and those on the other side, using your farm analogy.

Mr ADRIAN PICCOLI: It is a general statement. A more specific statement is full-time equivalent.

The Hon. GREG DONNELLY: You are saying the use of the phrase "outside the gate" is not particularly helpful?

Mr ADRIAN PICCOLI: It is a description that is used colloquially so that people have an understanding. I think people do generally have an understanding of what is behind either a school gate or a farm gate and what is on the other side.

The Hon. GREG DONNELLY: In terms of the people who clean schools, which side of the fence are they? Are they on one side of the gate or the other side of the gate? Are they front line or are they back office?

Mr ADRIAN PICCOLI: It is interesting that you raise the issue of cleaners, because changes to cleaning contracts were part of the savings measures that are part of the \$1.7 billion.

The Hon. GREG DONNELLY: Just to be clear: cleaning is part of the \$1.7 billion? But I understand the cleaning contract changes were initiated some time ago.

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: So before the \$1.7 billion figure entered the public domain, which was in the week of 11 September, we had changes to cleaning contracts that had been negotiated but that form part of the \$1.7 billion?

Mr ADRIAN PICCOLI: Yes, it does.

The Hon. GREG DONNELLY: What about the people at the front desk who greet you when you visit a school and ask if they can help you? You used the term "office staff in the school"—the admin office staff at the front desk. On what side of the gate are they?

Mr ADRIAN PICCOLI: Again, it is a colloquial term and you would presume that receptionists would be included in that—schoolteachers and the like.

The Hon. GREG DONNELLY: You presume?

Mr ADRIAN PICCOLI: It is not an official expression. It is not designed to trick anybody.

The Hon. GREG DONNELLY: But the Premier of New South Wales is using "outside the gate", which means there is an inside the gate. Are the school admin staff inside the gate or on the other side of the gate?

Mr ADRIAN PICCOLI: The school admin staff are inside the school gate. I would say that they are inside the school gate.

The Hon. GREG DONNELLY: What would your staff say?

Mr ADRIAN PICCOLI: You are asking me the question. As I say, it is a colloquial expression; there is no definition of this. It is not, to the best of my knowledge, an official—

The Hon. GREG DONNELLY: With the greatest respect, Minister, you are not helping people understand the effect of the cuts when we are playing with this bit of jelly here.

Mr ADRIAN PICCOLI: You are playing with the jelly. We produced a document to explain to people precisely what is going on. If you want to muddy the waters because you are reading other language into this—

The Hon. GREG DONNELLY: I am trying to get clarity. We have talked about plans; we have talked about the admin staff that you presume are inside the gate. You said "presume" and I think you then clarified it and said, "Well, I think they are". What about teachers' aides who work in schools? On what side of the fence are they? Are they inside the gate or on the other side of the gate?

Mr ADRIAN PICCOLI: I am not quite sure where this questioning is going. As I said, it is a colloquial expression that is used—

The Hon. GREG DONNELLY: So a teacher's aide employed in a school is not in the school, potentially. Is that what you are saying?

Mr ADRIAN PICCOLI: I am not quite sure where you are going. As I said, it is a general, colloquial expression. I know where you are going: You want me to say that something is definitely inside the school gate and then you are going to suggest that actually it is not. I know where you are going with this.

The Hon. GREG DONNELLY: It would be very transparent if I were trying to lead you down that track; I am not. A lot of people are concerned about this. At the end of the day you would rather talk about this in terms of FTEs. If you did that the whole workforce of the department could be divided into FTEs. This is a very important issue and people are very concerned about the cuts, so I am trying to get some clarity around this issue of people who may or may not be affected. As I understand it, you have said time and time again that teachers in schools—you are calling them front-line staff, or they seem to be front-line staff—are not affected by the cuts. That is what you are saying.

Mr ADRIAN PICCOLI: That is right; they have been quarantined—police, nurses and schoolteachers.

The Hon. GREG DONNELLY: But these are teachers inside the schools as opposed to those who might have taught before and who now work in a regional office. That is the position as you understand it?

Mr ADRIAN PICCOLI: My understanding is that if you are a schoolteacher and you have taken a promotion position, for example, into a regional office and you are a permanently employed schoolteacher, then you retain your position as a schoolteacher and you will always retain your position as a schoolteacher.

The Hon. GREG DONNELLY: So they are exempt from the cuts?

Mr ADRIAN PICCOLI: They are nominated transfers if their position in State or regional office is no longer—

The Hon. GREG DONNELLY: Are they quarantined from the cuts?

Mr ADRIAN PICCOLI: Once they have a permanent position as a schoolteacher, if their position no longer exists within a State or regional office—and this has always been the case; this is not just since 11 September—they become a nominated transfer and will be found a position in a school.

CHAIR: Does the director general have anything to add?

Dr BRUNIGES: If I may add to that, normally where we have teachers in regional offices or State offices many of them are seconded out of schools for periods of perhaps 12 months, maybe three years, and it might be ongoing from there. If they remain under the Teaching Service Act then what they basically hold their right of return to schools once that secondment has finished. There would be teachers who come out for a consultant period, for a 12-month period, if there is a set project around literacy or a science project that we need to have done; there might be groups of people. So it really depends on the nature of the project that the teacher has been seconded for.

The Hon. PENNY SHARPE: Do you have modelling that suggests how many casual teachers will be displaced as people are moved? Can you provide the Committee with the numbers on notice if you do not have them here?

Dr BRUNIGES: It is a difficult question. Can I ask you to repeat the question?

The Hon. PENNY SHARPE: You said that people have a permanent job and are in regional offices and who are going to move back into schools, so I suppose at the moment there are casual teachers currently filling the positions. I am interested in how many casual positions will be affected and be displaced as a result of this.

Dr BRUNIGES: We could give you the number of teachers that we have currently seconded outside schools, and they would presumably be replaced by temporary appointments in schools. We would have to make sure that from that data source we separate out things like maternity leave, where we would have casuals and temporaries filling other leave entitlements.

Mr ADRIAN PICCOLI: The question then is: Would you suggest that we do something differently?

The Hon. PENNY SHARPE: We ask the questions today, Minister. You do not get to ask the questions. We have questions about the cuts.

Mr ADRIAN PICCOLI: You are suggesting that we do something differently.

The Hon. PENNY SHARPE: No, I am asking how many people are impacted.

Mr ADRIAN PICCOLI: Okay, then I will explain it you.

The Hon. PENNY SHARPE: No. The director general has provided me with the answer I require. We would like to move on; we have a lot of questions.

The Hon. GREG DONNELLY: I have some further examples—just to try to get a sort of definitional understanding. What about any support staff who work in a school? They are inside the school gate and working inside a school. They are support staff—and I use that phrase in a generic sense. If such people exist, are they protected from the cuts?

Dr BRUNIGES: We have a number of support staff in schools. There would be support staff who go to disabilities or a whole range of services like that.

The Hon. GREG DONNELLY: Are they protected from the cuts?

Dr BRUNIGES: The way in which we need to look at the cut of the 600 that refers to schools and State offices would preclude those staff from being cut. What we would do is take the 600 positions from back-end bureaucracy from States and regions, and some of those will be the teachers we have just spoken about who are seconded out and who are going—

The Hon. GREG DONNELLY: But some of the people who provide support in schools may not be teachers—I am using this as an example—and by definition they would not necessarily be quarantined from the cuts because they are not teachers. Is that the case?

Dr BRUNIGES: Some of the staff in regional offices, who would be public service staff—

The Hon. GREG DONNELLY: I am talking about inside the school, support staff in the school.

Dr BRUNIGES: Inside the school, no, they would be excluded from the 600 that we are looking at.

The Hon. GREG DONNELLY: That is not what I said. The question is this. They are not teachers so they are not protected by the general quarantine but they are inside the school—so they are in the gate, as the Premier said. The question is: Are they protected from the cuts?

Dr BRUNIGES: We will do everything we can to protect those from the cuts.

The Hon. GREG DONNELLY: I beg your pardon?

Dr BRUNIGES: We will do everything that we can to protect inside the school gate the very services that support our students.

The Hon. GREG DONNELLY: That is a different position from the Minister. You are saying you will do everything you can to protect them, but we understood that inside the gate everything was protected and the Minister is talking about only front-line teachers being protected. We are very confused.

Mr ADRIAN PICCOLI: Let me pick this up. At 30 June this year there are 61,664 schoolteachers, 18,330 educational support staff within schools and 5,539 State and regional office staff and corporate service staff. That 18,330 includes school admin officers, general assistants and the like—

The Hon. GREG DONNELLY: Inside the gate?

Mr ADRIAN PICCOLI: Inside the school gate. Four hundred of those PSA positions will no longer exist because of the agreement made by the previous Government with the PSA.

The Hon. GREG DONNELLY: That is the number in your briefing document?

Mr ADRIAN PICCOLI: That is the 400.

The Hon. GREG DONNELLY: I understand that.

Mr ADRIAN PICCOLI: The answer is that there will be a behind-the-school-gate impact of those 400 positions. That is an agreement made by a previous Minister with the Public Service Association [PSA], which we have essentially inherited. It is part of the Leading Management and Business Reform [LMBR] rollout. It was in exchange for increased salary. We have been very upfront about that.

Dr BRUNIGES: Can I go back to your previous question and correct the record? On the 600 that we were referring to, I was referring to the regions and State office that would not go behind the school gates. The 400 that the Minister spoke to was the reference I was making.

Mr ADRIAN PICCOLI: The 5,500 that are State and regional and corporate services will essentially go down to 4,900 or so.

The Hon. GREG DONNELLY: Would you mind tabling that schedule?

Mr ADRIAN PICCOLI: I can give you those numbers. I will think about it and let you know later.

CHAIR: You can provide some figures on notice for the honourable member?

Mr ADRIAN PICCOLI: I will give figures on notice.

The Hon. GREG DONNELLY: If you want to reconfigure the table that is fine, but just those numbers would be helpful.

The Hon. PENNY SHARPE: Minister, you and the director general have said that you will do everything in your power to stop cuts from occurring within the school gate. That is a very different story from what the Premier said at his estimates committee hearing yesterday. He was very clear on no less than three occasions that all the savings "stop at the school gates". That is clearly not the case from the information that you have given here. Are you doing something different that the Premier is unaware of? Are you not being truthful about what is going on? Is the Premier misinformed? How do you explain this discrepancy?

Mr ADRIAN PICCOLI: I have not seen that particular part of the transcript of the Premier's estimates hearing yesterday, but we have always been upfront about those 400 positions. That agreement with the PSA has been in place now for three years or so.

The Hon. PENNY SHARPE: I am not talking about that. Let me rephrase the question. Are programs that support students with disabilities exempt from the cuts announced on 11 September?

Mr ADRIAN PICCOLI: Yes.

The Hon. PENNY SHARPE: All of them?

Mr ADRIAN PICCOLI: That is right.

The Hon. PENNY SHARPE: Aboriginal support programs and staff will be exempt from the cuts?

Mr ADRIAN PICCOLI: Within the State and regional office there are consultancies and others. I might let the director general elaborate on this, but there are positions within the State and regional office and in head office and the resources that schools access. As I think I said in the paper earlier this week, where previously people have called—

The Hon. PENNY SHARPE: You define that as being outside the gate, therefore probably they are going to be cut?

Mr ADRIAN PICCOLI: The restructure of the department is a significant event and it is being done in a very deliberate way. I will let the director general continue with that.

Dr BRUNIGES: At the moment we are configured so that we have State office support for schools and that has a number of directorates in it that would go in the Schools portfolio. I will remain within the Schools portfolio. We have put out for consultation a structure and we are in the process of finalising that structure in State office. The next layer of support is out in regions, where again there would be a number of consultants and support programs that are running for schools.

I guess, for me, the important part is that within the envelope that we have in education and communities we have to start to think about how we support schools to move service delivery from an eighteenth century model into the twenty-first century. For me, the curriculum support and the use of consultants is a critical component of that. It is important that we maintain a number both at the State office level and intermediate level of consultants, but it is also important that as we go down and think about the way in which we provide support for schools we think about things such as the advances in technology.

The Hon. PENNY SHARPE: Thank you, director general. That is fine. I think we have moved into someone else's time now.

Dr JOHN KAYE: Can we talk briefly about the inner Sydney and North Shore comprehensive public high school problems that are occurring at the moment? In particular, what is your analysis with respect to the shortage of positions in comprehensive public high schools in the inner city and on the North Shore?

Mr ADRIAN PICCOLI: I understand that and I have certainly been following the media. We have received quite a bit of correspondence about the issues on the North Shore and in the inner city. I know that the department does a lot of planning work with respect to how to deal with that. Of course we want to provide—actually, we are required to provide—public education to people who want it and we hope to do it as close to where people live as possible. I will let Greg Prior answer this in more detail.

Mr PRIOR: Thank you, Minister. I might also refer to a colleague in a moment.

Dr JOHN KAYE: Please do not; our time is short.

Mr PRIOR: Through the regional planning processes we have looked at the demographics projection. With an inbuilt fill in the Sydney region, in both Sydney and northern Sydney, we know that there is going to be pressure on those areas. We are working constantly with school communities to have a look at resolutions around that and the forward planning of where new schools ought to be. As the Minister said, we have a commitment to provide public education for every student there so there is constant work going on both by regions with their planners and the demographics area within State office and the assets area.

Dr JOHN KAYE: Minister, are you entirely satisfied with the quality of demographic advice that you have been given?

Mr ADRIAN PICCOLI: I am always conscious that all data can at times be challenged.

Dr JOHN KAYE: This is not data; this is forecasts. It is different.

Mr ADRIAN PICCOLI: Okay, forecast data. I have had members of Parliament say you need a new school here or a new school there. They wanted to see the demographics. I think in a couple of cases we have given it so that the community can, in a sense, peer review the data. I am always happy for data to be crosschecked to make sure that it is correct or accurate. I am as conscious as anybody that often data can be wrong. I am not suggesting that anybody in the department is not doing the right thing or is trying to in some way fudge the figures. I am not suggesting that you are suggesting that either. I am aware that a lot of planning is undertaken. We made some announcements earlier this year around Drummoyne and Canada Bay and some arrangements with Canada Bay council about providing a site for a school. I think at Rhodes there is another one. We bought the Hope Christian School through a good deal in order to provide additional space in Camden. We are obviously always looking to provide public education—

Dr JOHN KAYE: Minister, are you aware that parents in Paddington have been told that if they want a comprehensive public high school they have to go across to Balmain?

Mr ADRIAN PICCOLI: I am not aware of that specifically. I may have received correspondence about it.

Dr JOHN KAYE: You certainly have. Are you concerned about that situation? Do you see that as acceptable?

Mr ADRIAN PICCOLI: Where we build schools is a complex business. Where there is demand and where there is supply do not necessarily match up all the time. It is of course the department's desire to have public schools as close to where people live as possible but that is not always possible.

Dr JOHN KAYE: But it would be fair to say that the department has totally messed this up. The demographic projections for—

Mr ADRIAN PICCOLI: I am not saying that.

Dr JOHN KAYE: Minister, we have parents in Paddington who are being told effectively, "Send your kids to private schools". That is effectively the message that is being sent, right?

Mr ADRIAN PICCOLI: You are saying that. I am not saying that.

Dr JOHN KAYE: The nearest public school is completely overflowing. It is a great school—Rose Bay Secondary College—but all they can say to parents is, "Sorry, we can't enrol you. We have retracted our enrolment boundaries. You are now in the enrolment boundary of Balmain." From Paddington to Balmain is not an easy commute for an 11-year-old. Surely the message being sent here is: Go off to the private sector.

Mr ADRIAN PICCOLI: I do not think that is a fair thing to say.

Dr JOHN KAYE: What is that parent supposed to do—drive the kid to school? How is that going to work, Minister?

Mr ADRIAN PICCOLI: I am laughing because I am thinking of traffic when school is on because that is a real issue. My dealings with the department have always been that it makes every effort to provide public education.

Dr JOHN KAYE: Why did they close Vaucluse? In the inner city area Cleveland Street Boys High School, Redfern Primary School and Vaucluse High School were closed. Admittedly, your predecessors and their grab for cash on schools did a lot of that, but surely sooner or later we have to ask the question: What is the quality of the demographers of the department?

Mr ADRIAN PICCOLI: Look, I am not going to question the quality of demographers. I am not going to suggest that everybody is not acting as professionally as they can. I reject the assertion that people are not acting professionally or accurately. There are challenges of resources. In the inner city there is always the challenge of space. And they are real challenges.

Dr JOHN KAYE: There are once you sell the sites. Once sites are sold there is a challenge.

Mr ADRIAN PICCOLI: And, look, we inherit what we inherit. If we could just make school sites appear wherever we wanted them to that would be great. I understand that this is one of the challenges on the North Shore as well with high schools.

Dr JOHN KAYE: The solution that has been proposed there is to put kids into high-rise high schools. Do you see that as an appropriate solution?

Mr ADRIAN PICCOLI: We want to make sure that schools that students go to are the best facilities that they can possibly go to. I think most of the general public would prefer students to go to what would be seen to be a typical kind of high school. I never personally proposed that as a solution, but I have seen it in the media.

Dr JOHN KAYE: Will you undertake here and now that if it were to be contemplated you would talk to teachers about student flow between classes before you implement it?

Mr ADRIAN PICCOLI: The high-rise?

Dr JOHN KAYE: High-rise high schools—the idea of renting high-rise buildings in North Sydney and creating secondary schools within them. Before you do that will you talk to teachers and ask them about the movement of students between classes?

Mr ADRIAN PICCOLI: I will allow the director general to respond, but before any school is built, actually, teachers and parents are spoken to. The director general might want to comment.

Dr BRUNIGES: I think that is an important issue for the flow of students, particularly secondary students, in both subject changes such as from science to a language class. That is incredible. Having lived through some experiences in other jurisdictions where walking time between classes for both staff and students eats into the teaching and learning time, I know that it will be incredibly important for us to take that as an important consideration because most schools are running at 38 to 50 minute periods, and have six to eight period days. You are really conscious that teaching and learning time is maximised.

Dr JOHN KAYE: Can we now go to the learning management and business reform [LMBR]. It is fair to say that the learning management and business reform was commenced by the previous Labor Government. Is that correct?

Mr ADRIAN PICCOLI: I think so. It has been going for some time.

Mr RIORDAN: Yes.

Dr JOHN KAYE: It is fair to say that the design of the learning management and business reform is really all about school devolution. Is that correct? The intent of the management system is to enable schools to act as separate businesses.

Mr ADRIAN PICCOLI: I will let Peter talk about the original intent of it.

Mr RIORDAN: The learning management and business reform project consists of three elements. The first two elements are the replacement of the department's back office systems of finance and human resources systems, which were put in place 25-odd years ago in relation to the finance system and perhaps 20 years ago for the human resources and payroll systems. The learning management and business reform program predominantly is to replace those two ageing back office systems. The third aspect of it was to put in place a state-of-the-art student administration, learning and management system. The critical component of it is about providing better information to the department and better information to schools and to teachers so that educational decisions can be made more effectively.

Dr JOHN KAYE: More effectively, and more at the local level?

Mr RIORDAN: The original business case was not predicated at the local level. This is back in 2006. It was looking at where the information needs to be to enable principals and teachers to make decisions in the best interests of students.

Dr JOHN KAYE: Thank you for that. When was the learning management and business reform modified to make it appropriate for devolved school decision-making?

Mr RIORDAN: The learning management and business reform is working in tandem with the Local Schools, Local Decisions initiative.

Dr JOHN KAYE: It is now, but that is not the question I asked you. I just need a date, really. When was that decision made?

Mr RIORDAN: It was made post the endorsement of the Local Schools, Local Decisions reform.

Dr JOHN KAYE: So the learning management and business reform software was originally designed as a traditional centralised Department of Education software solution.

Mr RIORDAN: The finance and human resources systems were designed to meet the needs of both schools and State office.

Dr JOHN KAYE: You are not answering my question. Was it originally designed as a traditional centralised education department model?

Mr RIORDAN: What do you mean by centralised?

Dr JOHN KAYE: The model that operated between the passage of the Public Instruction Act 1880 and the announcement of Local Schools, Local Decisions.

Mr RIORDAN: The learning management and business reform is about facilitating the needs of schools and the department. It is about putting in place the systems that support that decision-making.

Dr JOHN KAYE: So you are not prepared to tell me when the decision was made to make the change?

Mr RIORDAN: I thought I had indicated to you that it was made after the Government committed to Local Schools, Local Decisions.

Dr JOHN KAYE: Minister, you know who Ken Dixon is.

Mr ADRIAN PICCOLI: I do.

CHAIR: Dr Kaye, you are now well over your allotted time. We will come back to you.

The Hon. PAUL GREEN: Minister, last year there were approximately 286,437 reports of suspected child abuse and neglect that were made to State and Territory authorities. Will you update the Committee on the progress of the rollout of the pilot Bravehearts education program into New South Wales schools?

Mr ADRIAN PICCOLI: I do not know the answer to that question. I am happy to take it on notice.

The Hon. PAUL GREEN: Minister, how many pilot programs are there in New South Wales schools? How much does each of them cost?

Mr ADRIAN PICCOLI: Again, I would have to take that question on notice.

The Hon. PAUL GREEN: Can you provide further information regarding the processes by which a pilot program is established in New South Wales schools?

Mr ADRIAN PICCOLI: I will ask the director general to respond.

The Hon. PAUL GREEN: Is there a blueprint? If so, what does that look like?

Dr BRUNIGES: There is probably a different range of approaches. I was just thinking through when there are sources of Commonwealth funding and pilots go into New South Wales public schools they come from

Commonwealth sources of money. Sometimes the parameters for those pilots will be set up in an implementation plan that we have to agree on with the Commonwealth to introduce a pilot. Sometimes, such as in the last year while I have been here, if there has been a pilot put in place it might involve looking at a particular strategy and it might be very localised. It will vary depending on the purpose of the pilot.

Mr ADRIAN PICCOLI: I can say that the one pilot that I certainly know we have been engaged in is the student support officer appointments that have been piloted or trialled. There are 50 of them across New South Wales. There will be an evaluation undertaken of how effective or not that pilot has been. Pilots do happen from time to time. That was an election commitment so, as such, it was implemented post-election. I think we have all 50 of those positions recruited, if not started.

Dr BRUNIGES: Yes.

The Hon. PAUL GREEN: How many pilot programs have been established during your time as the Minister for Education?

Mr ADRIAN PICCOLI: I will have to take that question on notice. The one I have mentioned is the only one I can recall off the top of my head. I will be quite happy to take that on notice.

The Hon. PAUL GREEN: I am happy for you to take it on notice. Others around the table and I are very concerned about the cuts, the freezes or the caps—whatever you want to call them.

Mr ADRIAN PICCOLI: Yes.

The Hon. PAUL GREEN: Minister, with education costs increasing to well over double the general inflation rate the effect of capping funds will be significant over the four years ahead. Although it has been claimed that the effect will not be felt immediately, the true impact remains to be seen. Have you truly considered the long-term impact of such cuts?

Mr ADRIAN PICCOLI: I want to put on the record that nobody wants to do any of the things that we have announced. I know that those 1,800 positions, for example, are going to involve real people's lives—people with families and children. The weight of that decision bears heavily upon me as the individual who has had to make that decision. It is a Government decision. It is a Cabinet decision. But, ultimately, as the Minister for Education I have to implement it.

I want to assure everybody, not just this Committee, that that decision weighs heavily upon me as a person with two children as well. Nobody does this with any pleasure, but we have a budget situation—and I am not going to lay blame on anyone or any organisation for that; it is the way of the world. We have revenues and expenditures and we have to live within those budgets. I know non-government schools have to live within their own budgets. They have things that impact on their budgets as well. Changes in enrolments have substantial impact on their budgets because of fees. From time to time government decisions do have an impact on government expenditure on non-government schools as well.

The Hon. PAUL GREEN: Minister, thank you. I will continue down this line anyway so you will be able to provide some of your answer further on. I pick up on that very point. The Catholic Bishops of New South Wales stated in their concern:

The recent Gonski report on funding for all Australian students relied on the Commonwealth and State governments negotiating future funding in good faith. Unfortunately, this New South Wales Government decision erodes its credibility in such negotiations. It also repudiates the public position of both the Commonwealth Government and the Federal Opposition that no school, government or non-government, will be worse off financially from 2014.

Do you believe that capping or freezing the budget by \$1.7 million will erode the future of New South Wales education?

Mr ADRIAN PICCOLI: I think there are opportunities for us to meet our budget without having an impact on educational outcomes for students. That is a definitive statement. My job as the Minister and as part of the Government is to make decisions about how we allocate our State budget. I ask the director general and her staff to implement it. I have asked the director general that as much as humanly possible the impact of any of these decisions certainly has minimal, if not completely no, impact on the provision of education to students. That is the end game here, the impact on educational provision to students. The government sector of the

department is able to control it because it runs public schools. In the non-government sector I am confident that they have means by which they can bear these impacts.

The Hon. PAUL GREEN: On exactly that point, Minister, Dr White goes on further to say—I think you are familiar with Dr White, a credible source?

Mr ADRIAN PICCOLI: I am, yes.

The Hon. PAUL GREEN: He went on:

History tells us that any cuts to education usually affect specialised education such as refugee, transitional, Indigenous, disability and special needs children.

Given your comments, what are you going to do to protect that group? Their extra programs that a school is offering seem to be, from his experience, the first to be cut?

Mr ADRIAN PICCOLI: I presume he is talking about the Sydney Diocese and I would be very disappointed if those people he described bore the impact of any changes it made to meet its budget, whether because of State changes or changes to Commonwealth funding. I do not run the Catholic education system but I would be very disappointed if they bore the impact of any of those changes.

The Hon. GREG DONNELLY: You cut it.

CHAIR: Order!

The Hon. PAUL GREEN: I note that Dr White's comments are probably in favour of the Catholic system, but I am trying to pick up that it potentially affects every student in New South Wales, given the fact it is through the education system. He further notes another concern, that we are not content with freezing cuts. He says:

This will compound the interest and cause accumulative effects which schools cannot absorb. It means cutback on staffing or increasing school fees and it will push families out of Catholic schools into government schools, which will cost the Government more.

Have you thought that impact through?

Mr ADRIAN PICCOLI: Discussions are ongoing with the Catholic Education Commission, the Association of Independent Schools and Christian Schools Australia as to how we implement the decisions made by the New South Wales Government over the non-government component of the \$1.7 billion. It would always be the desire, whenever any organisation has to tighten its belt, particularly educational, that that has no impact on educational outcomes. The Catholic Education Commission has a bureaucracy. Public schools have a bureaucracy. Independent schools have a bureaucracy as well. No school operates with just teachers and the school principal and that is it. Ones in the system have the benefit of having a structure, whether it is the department or the Catholic Education Commission. Other non-government schools also have some bureaucracy.

I understand the impact we are talking about is less than 1 per cent of the revenues for non-government schools. They have three sources of revenue: State Government grants, Commonwealth Government funding and then school fees. The decisions we have made in New South Wales have less than 1 per cent impact on their total revenue. I am confident—no, I could not say I am confident, because we do not know. I do not run non-government schools but we certainly hope that those impacts would be absorbed somewhere other than in those categories of students that Dr White talked about and that the impact would be borne other than in educational services.

CHAIR: Before we start the second round of questioning, regarding TAFE, the Board of Studies and the Institute of Teachers, it has been asked of me whether you are willing to take any overlap questions from the first phase, or do you want to stick strictly to the order?

Mr ADRIAN PICCOLI: No, I am right.

The Hon. HELEN WESTWOOD: If I could return to the funding cuts before we move on. Does the \$1.7 billion include the Department of Education and Communities share of the public service wide \$1.24 billion cuts to existing programs that were announced by the Treasurer in the 2012-13 budget?

Mr ADRIAN PICCOLI: I believe it does. The director general will find that information. A number of these measures had been previously agreed to. We talked about school cleaning contracts. We are under a new contract which generated some savings for the department. That contract was signed in February last year by the previous Government. We are inheriting measures that had been previously agreed to by the former Government which are incorporated in the \$1.7 billion. The 400 learning management and business reform associated positions were also savings measures that had been inherited. There has been an accumulation of measures, not all of which were decided upon this financial year. We are inheriting some measures. I just want to put that into context.

The Hon. HELEN WESTWOOD: So there will be some additional saving measures above \$1.7 billion?

Dr BRUNIGES: No, the \$1.7 billion total includes the 2011-12 efficiency savings that the Minister spoke to, the efficiencies in school cleaning, maintenance, the former cost of the non-government interest subsidy scheme. There was a range of efficiencies and they sit there and continue. We have administrative savings which go to such things as the red tape reduction commitments of the Government, around advertising, reducing the fee structure in major capital works. There are administrative savings, efficiency savings, and then the 2012-13 savings that we have to achieve in the Department of Education and Communities, including the new measures we have seen in the fact sheets we have already spoken to.

Mr ADRIAN PICCOLI: The other point to make clear too is that this year's budget is \$13.83 billion, \$383 million more than last year. That factors in \$200 million of the \$1.7 billion already. So this financial year \$200 million of the \$1.7 billion is included.

The Hon. HELEN WESTWOOD: So nothing above the \$1.7 billion?

Mr ADRIAN PICCOLI: No.

The Hon. HELEN WESTWOOD: I am interested to know whether the New South Wales Government is committed to implementing the Gonski review recommendations on funding. Particularly, will the New South Wales Government contribute additional funding for its implementation if the Federal Government provides additional funding?

Mr ADRIAN PICCOLI: I have always said I support the principles of the Gonski recommendations about needs-based funding. I think it is a fair way of funding both government and non-government schools. Of all the State Ministers, I have been the most supportive of it in terms of general principles. Minister Garrett and I have a good relationship and we work very well together. The Commonwealth made announcements a few weeks ago about Building the Education Revolution [BER] and the spending on those special schools.

I am keen to work with the Commonwealth to get the best outcomes possible for students across all of our schools. I have to say, and I have expressed this to Minister Garrett, that I am disappointed that the report was given to the Commonwealth Government in December, it responded in March, and we saw a speech from the Prime Minister a few weeks ago which did not add anything. We have nothing to commit to at the moment other than the principles around Gonski.

The Hon. HELEN WESTWOOD: If the Federal Government does commit and provide additional funding will the State Government also provide additional funding to meet the recommendations of the review?

Mr ADRIAN PICCOLI: What I have said about that is we would in no way be able to make a contribution—let me get to your question in a second—if we did not put in place the measures we have put in place here. We need to get our State budget into a position to make contributions to Gonski, to the National Disability Insurance Scheme [NDIS] and other things.

The Hon. HELEN WESTWOOD: Hopefully?

Mr ADRIAN PICCOLI: That is right.

The Hon. HELEN WESTWOOD: I want a yes or a no.

Mr ADRIAN PICCOLI: This is where I get to the answer to your question. Nothing has been put to us so I have put nothing to Treasury, the Premier or Cabinet.

The Hon. HELEN WESTWOOD: If the Federal Government does, will you?

Mr ADRIAN PICCOLI: Will I put something?

The Hon. HELEN WESTWOOD: Yes.

Mr ADRIAN PICCOLI: Yes, I will. Of course as the Minister for Education I want more money in the education budget. Let me make this clear: I argue very strongly that as much funding comes to education as possible. I am anxious for the Commonwealth to make an offer to New South Wales so we can put something, but the Government has said and the Premier has said—

The Hon. HELEN WESTWOOD: You have answered my question. If I could ask—

Mr ADRIAN PICCOLI: —he is not in a position to make commitments around the NDIS—

The Hon. HELEN WESTWOOD: —about any additional funding?

CHAIR: The Minister is concluding now.

Mr ADRIAN PICCOLI: You asked me a question.

The Hon. HELEN WESTWOOD: You forfeited your time and shortened the amount of time we have for examination of this important issue. I do not think it is fair—

CHAIR: The Minister has been obliging in allowing you to question in the second segment.

The Hon. HELEN WESTWOOD: If you want to make statements then keep your time; do not use up my time to do it.

Mr ADRIAN PICCOLI: You asked me whether we would make any contribution to Gonski.

The Hon. HELEN WESTWOOD: It is a yes or a no.

Mr ADRIAN PICCOLI: If we get a request from the Commonwealth to make a contribution—

The Hon. HELEN WESTWOOD: It is a non-answer.

Mr ADRIAN PICCOLI: —I will be, as the education Minister, making a submission to Treasury and to Cabinet.

The Hon. HELEN WESTWOOD: It is a non-answer.

Mr ADRIAN PICCOLI: That is a decision for Treasury and Cabinet to make. I do not want anybody to get the false impression that the Government is committing money to Gonski, because that is a decision for the Government to make. That is why we are anxious to hear from the Commonwealth about a proposal.

The Hon. PENNY SHARPE: Minister, do you support the Infrastructure NSW recommendation that 90 per cent of student growth can be accommodated in existing schools?

Mr ADRIAN PICCOLI: We build new schools all the time. I saw the media report. I must admit I was on leave for 10 days when that came out.

The Hon. PENNY SHARPE: I do not want to hear about your holiday. It is a very simple question: Do you support it or not?

Mr ADRIAN PICCOLI: I read comments in the media that this was going to impact on class sizes and the class sizes were going to go through the roof. We have a class size policy in place that clearly we are going to abide by. It is policy at the moment and hopefully in a few weeks it will be a staffing agreement with the union. We build new schools. We have announced a few new schools this year, as I said in answers to The Greens previously.

The Hon. PENNY SHARPE: Infrastructure NSW advised that 29 new schools are expected to be built in the next 10 years. Yet according to your own advice 257 new government schools will be needed to accommodate the growing student numbers. Are you saying that you are not going to have to increase class sizes to cater for this demand?

Mr ADRIAN PICCOLI: I do not believe that 90 per cent of the additional students can be accommodated in existing schools.

The Hon. PENNY SHARPE: So you disagree with Nick Greiner on that? You disagree that 90 per cent of student growth can be accommodated in existing schools?

Mr ADRIAN PICCOLI: People are allowed to disagree with each other—that is what happens in a democracy.

The Hon. PENNY SHARPE: I am clarifying that is your position.

Mr ADRIAN PICCOLI: They have made statements in there—

The Hon. PENNY SHARPE: That you disagree with.

Mr ADRIAN PICCOLI: Advice from the department suggests that is not correct. Of course we build new schools and we build new classrooms in existing schools where they can be accommodated. Dr Kaye referred to it previously. We do not necessarily have schools with space in areas where we have demand. That is a management issue for the department. I do not know whether the Infrastructure NSW board took that into consideration.

The Hon. PENNY SHARPE: Minister, did your department meet with Infrastructure NSW while it was developing its plan?

Dr BRUNIGES: We provided input on some of the projections but we will have an opportunity to respond to the plan as it sits and give feedback.

The Hon. PENNY SHARPE: You said you were committed to the class size policy until 2016. Are you committing to maintaining average class sizes beyond 2016 at 20 for kindergarten, 22 for year one and 24 for year two?

Mr ADRIAN PICCOLI: Beyond 2016?

The Hon. PENNY SHARPE: Yes.

Mr ADRIAN PICCOLI: It depends who is in government, I suppose. I am the Minister for the time being.

The Hon. PENNY SHARPE: You are not committing to keeping class sizes small from K to two?

Mr ADRIAN PICCOLI: After 2016?

The Hon. PENNY SHARPE: Yes.

Mr ADRIAN PICCOLI: What happens with staffing agreements, including staffing agreements that were signed by the previous Government, is that they have a period, 2016—we gave a year more than they had asked for—but there is certainly no plan to change that beyond 2016.

The Hon. PENNY SHARPE: You are not necessarily committed to keeping those numbers beyond 2016?

Mr ADRIAN PICCOLI: There are no plans to change them. We have not signed an agreement yet but the executive of the union has recommended to their council that it be signed. They will decide that later in October. That will be until 2016. There is no intention on the part of the Government—that is another election away, if the Government is re-elected—to change that. It is one of many parts of the staffing agreement, I should point out.

The Hon. PENNY SHARPE: I am not talking about the staffing agreement, I am talking about the number of kids starting kindergarten and how many kids there are in that class and whether there is a commitment to keep that at 20 in the long-term?

Mr ADRIAN PICCOLI: It is policy at the moment because an agreement has not been signed. The last agreement expired on Monday. There is not an agreement in place at the moment, there is policy in place. If that staffing agreement is signed later in October that is where that policy will be found. It is not legislated.

The Hon. PENNY SHARPE: I understand.

Mr ADRIAN PICCOLI: It is either department policy or part of a staffing agreement which is an enforceable industrial instrument. We hope it does get signed because it is a good agreement.

The Hon. PENNY SHARPE: If you are saying that there will be no class size blowout as a result of Infrastructure NSW and you believe you are going to have enough schools to accommodate all of the extra students how many more demountables are you going to need?

Mr ADRIAN PICCOLI: That is a hypothetical question.

The Hon. PENNY SHARPE: Surely you are doing planning around this matter. Could you take it on notice and provide it to the Committee?

Mr ADRIAN PICCOLI: There is a lot of planning.

The Hon. PENNY SHARPE: Are you happy to provide it to the Committee on notice then?

Mr ADRIAN PICCOLI: Sorry?

The Hon. PENNY SHARPE: If you do not know the answer are you happy to provide it to the Committee on notice?

Mr ADRIAN PICCOLI: If there is an answer I am happy to give that answer on notice. I do not know how easily that kind of information is found. Demographics are a difficult business. Where the department does need additional resources it builds new or puts in demountables. Demountables are part of most school systems to manage increasing and decreasing demand for places. Even in brand new schools—

The Hon. PENNY SHARPE: How are you going to—

Mr ADRIAN PICCOLI: You asked me about demountable classrooms.

The Hon. PENNY SHARPE: And you said you are not sure and that you will take it on notice, so I do not need you to waffle on for the next two minutes.

CHAIR: Order!

Mr ADRIAN PICCOLI: I went to an almost new school in Camden and it had several demountables. It was explained to me that in new suburbs there are younger families that come in with children and that bubble of young children leaves and then the demand in those schools reduces. It is used as a way of flexibly managing space.

The Hon. HELEN WESTWOOD: Camden is a growth area.

Mr ADRIAN PICCOLI: You asked me about demountables in schools.

The Hon. PENNY SHARPE: You have taken it on notice and now we are talking hypothetically. How are you going to build enough schools to meet growth if the commitment is only to build 29 schools in the next 15 years?

Mr ADRIAN PICCOLI: The department does its demographic planning. This year, we announced a number of new schools. In the case of Narellan, we bought the Hope Christian School. The department takes these steps to make sure we have enough school facilities to accommodate public school students. We have a requirement to do so.

The Hon. PENNY SHARPE: Minister, I have one last question, on class sizes. Currently, the average class size for years 5 and 6 is around 26 students. Are you committed to maintaining that average?

Mr ADRIAN PICCOLI: As I said, the staffing agreement includes the class size policy unchanged from the previous staffing agreement. We have simply rolled that part of the agreement into the new agreement. And there is no—

The Hon. PENNY SHARPE: Yes, I heard about the policy. I want to know how many kids will be sitting in classrooms and whether you are committed to that number.

Mr ADRIAN PICCOLI: There is no intention to change that beyond 2016. That just happens to be the date on which this current agreement expires. The department operates within the parameters of that class size agreement or class size policy, and we are not proposing any changes.

The Hon. GREG DONNELLY: Minister, I move to the next area on which we would like to probe, and that is the policy area of Local Schools, Local Decisions. What savings are being attributed to Local Schools, Local Decisions in the 2012-13 financial year?

Mr ADRIAN PICCOLI: The Local Schools, Local Decisions reform is about making sure that whatever money we have is spent as effectively as possible. I would love to be the Minister in a period of growing revenues where we could have announced that reform and a billion dollars; that would be great.

The Hon. GREG DONNELLY: It was a specific question about savings. Has modelling been done or have some calculations been done about the expected savings for the current financial year with respect to Local Schools, Local Decisions?

Mr ADRIAN PICCOLI: As I said, the Local Schools, Local Decisions reforms are about changing the way we spend money. As I have said many times publicly, in terms of savings measures, the Treasurer does not need a reform like Local Schools, Local Decisions when he and the Expenditure Review Committee are determining the department's budget.

The Hon. GREG DONNELLY: So you do not have any numbers that you can shed any light on for us?

Mr ADRIAN PICCOLI: No.

The Hon. GREG DONNELLY: Presumably then there are no numbers, or any plan to have any numbers for savings over the forward estimates either.

Mr ADRIAN PICCOLI: I am not quite sure what you are getting at.

The Hon. GREG DONNELLY: We understand the reform; it has been announced a little while ago. We are trying to understand the savings that are trying to be achieved and then, to use the Government's words, ploughed back into Education. There must be some work being done to work out what those savings are and how they are being achieved.

Mr ADRIAN PICCOLI: As I said earlier, in a macro sense it includes the Local Schools, Local Decisions reforms. The Education budget, despite the savings that we have announced, went up this year by

\$383 million. Expenses do go up in Education every year. This year we have more school teachers; so expenses do go up. So that when savings are achieved, some of those savings are used to fund the additional costs.

The Hon. GREG DONNELLY: Can I move on and dig a little deeper here? In the fact sheets produced with Local Schools, Local Decisions a couple of statements are made. I would like to confirm those. I think you would be quite familiar with the fact sheets.

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: I will quote from a couple of areas. This is under the new regime or new program that deals with the future: "Schools manage more than 70% of the total public school education budget". That is compared with the current "less than 10%", as stated in the document. Next: "Schools manage a budget that separates staffing and non-staffing funding". Looking ahead in terms of the budget, it will be staffing versus non-staffing. On the question of staffing, Minister, it goes on: "Schools will choose the number and roles of staff within their budget to best meet local needs". In terms of this issue of number and roles inside a school, I return to my earlier question about the mix of staffing inside a school. Will the new autonomous arrangement provide opportunities for principals to increase and decrease the numbers of teachers in schools?

Mr ADRIAN PICCOLI: I will ask the director general to comment on this in a moment, but schools still need to abide by Department of Education and Communities policies, including the class size policy. So the number of teachers they need to have in a school will be determined primarily by the class size policy. Where we are providing schools, and principals essentially, with flexibility, that is around two issues: one is the permanent-temporary appointment; and the other is particularly around executive positions within schools. That is the flexibility that we are providing. In terms of how many schoolteachers a school will need, that is determined largely by class size policy, amongst other things. But I will ask the director general to add to that.

The Hon. GREG DONNELLY: But the language is "numbers and roles of staff". We need clarity about this. With respect to teacher numbers, we will not find ourselves in the situation—unless this is the plan, and I presume it is not—that the principals can increase and decrease, through local decision-making, the numbers of teachers in their school?

Mr ADRIAN PICCOLI: I will ask the director general to elaborate.

Dr BRUNIGES: The reason we have the "staffing" and the "non-staffing" bucket is really to say that the money that appears in the staffing bucket can only be spent on staffing. You cannot take money from the staffing bucket and do something else with it; it must be spent on staffing the school.

The Hon. GREG DONNELLY: Yes, I understand that.

Dr BRUNIGES: So that provides a sense of—

The Hon. GREG DONNELLY: A dichotomy between the two.

Dr BRUNIGES: That is right. If you had one bucket, it would be very messy. So it was quite deliberate to put "staffing" and "non-staffing" there.

The Hon. GREG DONNELLY: We are concerned about the roles within the staffing, and that is what we are talking about.

Dr BRUNIGES: Yes. Within the staffing bucket, if I were a principal I could go to my non-staffing bucket and decide that I need certain support for a number of days of the week. So I can add to my staffing, but I cannot take away from it because staffing money is to be spent on staffing. If I go into my other bucket and decide I need two days a week or I might need some kind of support, I can increase the number—

The Hon. GREG DONNELLY: So calculating—

CHAIR: You will have to ask the question in your next round. Dr Bruniges can complete the point she is making, but we are up to Dr John Kaye's time now.

Dr BRUNIGES: What we have said is that the amount of money that is in that staffing bucket is sufficient money to employ the existing structure that you have in place. We also have curriculum requirements: I think of a senior in high schools and situations where the Board of Studies lays down curriculum requirements that must be met, that is, the size and the key learning areas.

The Hon. GREG DONNELLY: Thank you.

Dr JOHN KAYE: I return briefly to my concerns about the inner-city education crisis, or scarcity of positions. Have you given or will you give any consideration to reopening Cleveland Street Boys High School?

Mr ADRIAN PICCOLI: Operations questions like that I will refer to the director general.

Dr BRUNIGES: I have some numbers with me today, but I am happy to take that on notice and get back to you.

Dr JOHN KAYE: Specifically, is the school suitable, given the heritage constraints on the school? Is it, as we understand it to be, suitable to be reopened as a high school?

Dr BRUNIGES: I will take that on notice.

Dr JOHN KAYE: Thank you. I refer to Ken Dixon. I think you would know who Ken Dixon is?

Mr ADRIAN PICCOLI: I do know Ken, yes.

Dr JOHN KAYE: Ken was talking about the 400 jobs that would be cut at the school administrative level and told Anna Patty of the *Sydney Morning Herald* on 14 September, "The 400 jobs are just the tip of the iceberg. There were 1,600 jobs factored into the business case." Is that true?

Mr ADRIAN PICCOLI: I asked Mr Peter Riordan if that was true or not, because it was certainly news to me when I read about it in the newspaper, and I am assured that it is not. Well, it is not.

Dr JOHN KAYE: It is not true?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: Mr Dixon just made that up, did he?

Mr ADRIAN PICCOLI: It is not correct.

Dr JOHN KAYE: Why did Mr Dixon do that? I mean, he is a man of some character.

Mr ADRIAN PICCOLI: I will ask Mr Riordan to elaborate. I was not around when Ken Dixon was around, Mr Riordan was.

Mr RIORDAN: The original business case did include a saving of the equivalent of 1,600 full-time equivalents.

Dr JOHN KAYE: Oh, it did?

Mr RIORDAN: It did.

Dr JOHN KAYE: So it was true?

Mr RIORDAN: That is correct.

Mr ADRIAN PICCOLI: I will explain my answer in a second.

Dr JOHN KAYE: The Minister said it was not true. We are confused now.

Mr RIORDAN: I am not sure why you would be confused. I am not confused. There was an original business case in 2006, which is part of that business case, which was subsequently changed, but part of that original business case identified savings of the equivalent of 1,600 full-time equivalent positions across the department flowing from the Learning Management and Business Reform [LMBR] system.

Dr JOHN KAYE: Why was it changed?

Mr RIORDAN: The business case was broken into two parts and the LMBR project has been conducted in two stages. Another business case was done for stage one, another business case was done for stage two and we are still finalising the service delivery model for the department. We will not know the full impact on resourcing levels until such time as that has been completed.

Dr JOHN KAYE: If I can just put that back together again. You are saying that it went from 1,600 to 400 because the LMBR was to be done in stages?

Mr RIORDAN: I did not say that.

Dr JOHN KAYE: You did. You said the original case was 1,600 and then you said you went to stage one and stage one was 400. So the remaining 1,200 we presume is in stage two.

Mr RIORDAN: I did not say that stage one was 400. I did not make that statement.

Dr JOHN KAYE: You said you just did stage one and there were 400 jobs.

Mr RIORDAN: I did not say that.

Dr JOHN KAYE: Let us not worry about what you said; let us just find out what you are saying here.

CHAIR: Order! You asked Mr Riordan a question; let him clearly state for the record what he is saying so he cannot be misinterpreted.

Mr RIORDAN: The LMBR program has been broken into two stages. Stage one was to roll out a finance system across the corporate areas of the department and TAFE institutes. That has been completed—it was completed in 2010. Stage two was to take the HR system across all the organisation and finance into schools and the student administration and learning management system across the whole of the department by 2015. Part of the original business case way back in 2006 identified a potential full-time equivalent saving of 1,600 resources, and that number has not been replicated in either business case since that time.

Dr JOHN KAYE: So the 1,600 was an error?

Mr RIORDAN: It was an estimate in the original business case.

Dr JOHN KAYE: So 1,600 went to 400 somewhere along the line? What you are saying is as the modelling of the business case became more refined, perhaps, that 1,200 jobs were suddenly found to be necessary.

Mr RIORDAN: In the subsequent business cases reliance was not put on full-time equivalent numbers that were in the original business case. The 400 that you are referring to was part of a negotiated settlement between the department and the PSA. Currently we are reviewing our organisation and LMBR will provide systems which will enable us to streamline various aspects of our work, which will enable things to occur in a more efficient way, and that will sometimes mean less human contact.

Mr ADRIAN PICCOLI: So the answer to the question you asked me—and I apologise, you asked about the business case—is that in 2006 I was not there. Clearly it was in a business case but since I have been a Minister I do not recall ever having seen that number of 1,600. As far as I recall the number around the LMBR was always 400.

Dr JOHN KAYE: Just briefly, what changed in the analysis when the number of jobs to be lost went from 1,600 to 400? What features of the LMBR changed?

Mr RIORDAN: Part of the original 1,600 full-time equivalent positions also included a relocation of some of those staff. So it was 1,600 full-time equivalents affected; it was not necessarily full-time equivalent jobs disappearing. As part of a different way of doing things and a different delivery model to the support schools, we have established, for example, a shared service centre for finance: we have put together staff to create economies of scale in processing accounts payable and accounts receivable. In the next couple of months we are looking at creating a shared service centre for human resources transactions: there is the processing of leave arrangements and other payroll issues et cetera which gives economies of scale. That means that people who are currently in particular locations may be picked up and placed elsewhere in the organisation.

The Hon. PAUL GREEN: Minister, can you update the Committee on the latest statistics relating to the debacle at the beginning of the year when special needs children were stranded? Is that resolved now or are there outstanding issues? If there are outstanding issues what are they?

Mr ADRIAN PICCOLI: I might allow the director general to answer that question, but let me preface it by saying that what happened earlier in the year was completely unacceptable, and I have said that many times.

The Hon. PAUL GREEN: The Premier called it a stuff-up.

Mr ADRIAN PICCOLI: Absolutely. The most vulnerable students in the State and their parents were very much let down by the department. All I can do is simply apologise again. Dr Ken Boston was asked to conduct an inquiry, which he did, and the director general will elaborate. One of the measures that we did take was to go back to Treasury and seek changes, and this was one of the recommendations—to review the rates—and we went back and Treasury, the New South Wales Government, has allocated an additional \$56 million per year to that program. It is almost a 50 per cent increase in the money allocated to support those most vulnerable students. It was a stuff-up but I am certainly confident that the changes made will prevent an equivalent stuff-up from occurring. The director general will elaborate.

Dr BRUNIGES: At the time I, too, apologised very publicly on behalf of the department for our most vulnerable students being put in that state of affairs. Since the Boston report we have done quite a substantial amount of work. We have addressed each of the recommendations of the Boston report, and I might just run through the actions we have taken. We have moved the student-assisted travel to the schools area. It was in the corporate area so we have moved it physically to report in the schools area and that is where our disabilities unit will be going.

The Hon. PAUL GREEN: I am sorry, it has dawned on me that I will probably run out of time with your answer. Could you just get to the bottom part of the answer and then go back through the actions that you have taken? Are there any outstanding issues remaining from that?

Dr BRUNIGES: There are no outstanding issues left from—

The Hon. PAUL GREEN: Is everyone being picked up and have contracts been written for every child?

Dr BRUNIGES: What we have in place is new IT systems—everything that was recommended by Boston and additional work that we have done has been covered off the Boston recommendations in addition to additional actions that we have taken.

The Hon. PAUL GREEN: So no child is without transport now?

Dr BRUNIGES: No. I think in this term I have been really acute at monitoring it very closely, particularly on Monday when we had some disruption in schools and we had to monitor it very closely. We have a network to communicate quickly if and when something goes wrong with particular sites. At the moment 9,381 students are supported every day in government schools and non-government schools and each of those runs every day may change morning and evening, depending on different sessions. So logistically, doing that for individual students morning and night and making sure that our system runs smoothly so that that cannot happen again has been an utmost priority within the department.

The Hon. PAUL GREEN: Back to schools—and I note we have been talking about increasing class sizes and stuff like that—Minister, more than 25,000 new student places will be needed to be found over and

above the current schooling capacity in New South Wales over the next 20 years. Can you maybe share some other plans that you have to absorb that growth?

Mr ADRIAN PICCOLI: We spend almost half a billion dollars every year on capital works, including new schools and increasing the capacity of existing schools. That work is ongoing. As I said, the demographers are at work around the State looking particularly in growth areas, and the inner west is certainly a growth area and it makes it more difficult because of land capacity issues. I cannot speak about 20 years time but I am certainly confident that the department is doing everything it can to make sure that we accommodate any student who wants to go to a public school, preferably as close to where they live as possible

The Hon. PAUL GREEN: Are you aware of the interest rate subsidy scheme that the Government has for independent Catholic schools?

Mr ADRIAN PICCOLI: Yes.

The Hon. PAUL GREEN: Do you know what the budget of that is this year?

Mr ADRIAN PICCOLI: It is \$60 million a year.

The Hon. PAUL GREEN: Is there any indication that that will be reduced in the coming years? If so, what sort of figure would they be looking at?

Mr ADRIAN PICCOLI: We have capped it. That was an announcement made in the budget in June.

The Hon. PAUL GREEN: Is it \$60 million over four years or every year?

Mr ADRIAN PICCOLI: I will have to take that on notice.

The Hon. PAUL GREEN: I am happy for you to take that on notice. I just want to know if it will be reduced in any form. Dr White, a member of the Board of Studies, in terms of the freezing, capping or reduction of the education budget said:

History shows every time there is an introduction of a new curriculum and syllabus there is dip in performance due to transitional issues such as new teaching programs. Therefore cuts at the same time as introducing new teaching programs creates the perfect storm.

He is making note of the four new syllabuses that are going to be introduced. Are you concerned that the cuts along with the introduction of the four new syllabuses is bad timing, given the fact that it will complicate the transitioning to the new programs?

Mr ADRIAN PICCOLI: I would never suggest that there is good timing to make any of these kinds of decisions but, as I have said previously, I would certainly expect in the government sector that any of these changes will have no impact or certainly minimal impact on student performance. I would expect it to be the same in non-government schools. I cannot give specific answers because the department does not run non-government schools, but these measures have to be placed in some context. As I said, in terms of total revenue for non-government schools the impact is less than 1 per cent. We still have 98,000 or whatever the total figure is—

The Hon. PAUL GREEN: Minister, I do not normally interrupt but can I say it may be less than 1 per cent but these are kids we are talking about. These are parents trying to put their kids through school. The 1 per cent is null and void to me. It will ripple out to affect families and kids one way or another. I just do not want to be as clinical as saying less than 1 per cent.

Mr ADRIAN PICCOLI: And I certainly do not mean it that way. As I said, nobody wants to make any of these kinds of decisions. Every Minister would rather be announcing more money rather than having to make decisions such as this. But there is a budget reality that we have to exist within and that is obviously a significant part of why we had to make these decisions.

(Short adjournment)

TOM ALEGOUNARIAS, President, Board of Studies NSW, and

JUDITH PAGE, Manager, Corporate Services, New South Wales Institute of Teachers, affirmed and examined:

PAM CHRISTIE, Deputy Director-General, TAFE NSW and Community Education, Department of Education and Communities, sworn and examined:

The Hon. PAUL GREEN: Minister, this is a question about TAFE. How do you see the future of TAFE in terms of privatisation versus the New South Wales Government system in relation to, first of all, competition? Is it healthy, or is it going to be unhealthy?

Mr ADRIAN PICCOLI: Competition and the existence of non-government providers are a reality and have been for some time. That is a reality that TAFE will have to contend with, and does quite effectively. I think I can safely say TAFE is regarded as being at the highest-quality provider of training in this State. It has a great reputation internationally. That has always been its strength and will continue to be its strength, but non-government providers also have a role to play. I come from western New South Wales and I know the importance particularly of TAFE, especially given that, in a lot of rural communities, it is the one and only training provider. In terms of anything that occurs in TAFE, I certainly have as one of my priorities making sure that we keep a good and strong TAFE system, particularly in regional New South Wales. It has been interesting to watch what has happened in Victoria and the mistakes. Clearly, significant mistakes have been made in Victoria. I certainly have watched it and I know the department has watched those reforms with much interest.

The Hon. PAUL GREEN: One of the concerns I have is that in a State system, especially in regional and rural New South Wales, the Government can absorb some of the hit on courses that do not have the full cohort of students. Obviously the Government is able to absorb a bit of that. Are you concerned that we will lose the opportunity, first of all, to reach students in regional and rural Australia if we hand over to competition? Secondly, are you also concerned if we hand over and a course is not profitable that the private sector will drop it like a hot cake and we will lose the skills set?

Mr ADRIAN PICCOLI: As I said, competition is a reality in training, but there can be a system established that has unintended consequences. We have seen that in Victoria where quality has been a problem, certainly with some providers. Costs to the Victorian Government have been substantially higher than had been anticipated, and that obviously has had some significant impacts in Victoria. The viability of a couple of regional TAFEs in Victoria has come under question. I know that the department, Pam Christie particularly and the director general, have been watching that with interest. But, as I come from western New South Wales and am a member of The Nationals, clearly I know my own political party is very concerned to ensure that in thin markets, such as we have in many parts of country New South Wales, students have the opportunity to access that training. It is always an issue with non-government providers. It is always an issue to make sure that disadvantage students—students who cannot afford to pay, for example, a full fee rate—get supported in whatever way we can.

The Hon. PAUL GREEN: It is not only disadvantage in being able to afford it but with the isolation quite often they cannot get to another TAFE so the numbers cannot always be full. But it does give those students who are isolated opportunity to participate.

Mr ADRIAN PICCOLI: That is right, that is the thin markets, where we do not necessarily have 20—

The Hon. PAUL GREEN: How will you address that sort of thing if you were to go to full privatisation?

Mr ADRIAN PICCOLI: I can say that, having represented my electorate of Murrumbidgee for 14 years now, I do not know if we are ever going to be able to fully deal with that. If you have two students who want to do a course it is difficult. But certainly as the Minister for Education I want to make sure the department does everything it can to support students in country New South Wales and in isolated areas to give them as much support as we can to make sure they get access to training. Statistics bear out the fact that in country New South Wales there is a lower proportion of students with a certificate 3 and certificate 4, diplomas and university degrees because of isolation.

Dr BRUNIGES: There is a great example of Western Connect that I saw when I was out in Dubbo and talking to the staff of the TAFE there that Ms Christie might be able to explain.

Ms CHRISTIE: It is always a challenge to offer a range of courses in rural and regional areas where the population base is lower. One initiative TAFE NSW has implemented and its Western Institute is a new initiative called Western Connect, which was launched earlier this year. It provides students across western New South Wales with more choices than they previously had in face-to-face training in colleges. They can study online, they can study through a connected classroom at their local TAFE or they can access mobile training units. There are three options for students. The enrolments in Western Connect have gone to 2,500 this year already, more than double what we anticipated, and 33 per cent of those enrolments are Aboriginal people. We believe we have to find innovative ways to address this issue and make sure that TAFE NSW continues to service rural and regional communities.

The Hon. PAUL GREEN: Sorry, you said they can study online, in a connected classroom and mobile, was it?

Ms CHRISTIE: And mobile training units, yes, particularly in the mining industry for driver training and that type of specialist facility training. We could not possibly provide those specialist facilities at all our campus sites.

Dr JOHN KAYE: I want to ask about TAFE, but I want to ask you two other questions about schooling. The first one goes to the functional realignment of the public school portfolio. There are 1,800 jobs disappearing from public education, some 1,000 of those from public schools or the public schools area. Under the functional realignment and the devolution all these jobs that were done by the 400 people who were working in head office and regional offices who will disappear, who is going to do that work now? What additional resources are being provided to schools to secure those outcomes?

Dr BRUNIGES: It will be really important that we have a stock of curriculum consultants at the centre and in the new role. We also need to look to the advances in information technology, the projects we are involved in. Currently, for example, we are involved in a project that is the national pooling of digital learning and assessment resources. We are working with the Commonwealth and other States and Territories to make sure that we have support for teachers through a greater range of resources than we had when it comes to teaching and learning programs. We can capitalise on that to make sure teachers have resources that are linked to the Australian curriculum and the Board of Studies NSW syllabuses. We also have to look really carefully at the model of teacher professional learning. One of the things that is really striking is how we support teachers within the profession with their professional learning. How can we do that so we are not taking classroom teachers out of schools constantly?

Dr JOHN KAYE: So you are saying they will do it in their own time?

Dr BRUNIGES: No. At the moment we inject about \$36 million into public schools for teacher professional learning. Schools can utilise that money to put a casual or a group of teachers together to focus on staff development and will use the pupil free days they have. They use a range of mechanisms to do it.

Dr JOHN KAYE: That is great, but what about things like the drug and alcohol program that is to disappear from head office? How is that going to be replicated across 2,237 public schools around New South Wales?

Dr BRUNIGES: Even if we put in 100 drug education consultants across 2,200 schools, getting those consultants around to do a model of consultancy service—

Dr JOHN KAYE: No, Dr Bruniges, with respect that is not what I was talking about. I was talking about the program that was run out of head office, the materials that were developed at head office. There will be nobody there to develop those materials anymore. How will public school teachers replicate that information?

Dr BRUNIGES: I would hope that we can take the good work that has been done by the consultants and have it available widely, using information communications technology. If there is a particular need, I would hope we can achieve a model where we take experts from schools to develop a module that can go online—

Dr JOHN KAYE: But you just said minute ago that you do not want to take teachers out of schools. Now you are saying, to replace the program you have cut, we are going to take teachers out of school to do it.

Dr BRUNIGES: I think it is a combination of both. We had to have curriculum consultants at the centre. We have to utilise the best of information communications technology to make sure we harness resources both within the State, cross-sectorally and cross-border in the country, to make sure teachers have access to up-to-date learning resources. We had to do a combination of things. I think having the one approach—we expect consultants in every program area to be accessing schools—is a dated model. While we need some to produce material at the centre, our challenge will be making sure we can communicate and spread those resources across the 2,000 schools.

Dr JOHN KAYE: You will take on notice the evidence you have that shows that the current model was not working and is dated?

Dr BRUNIGES: The evidence I have just given is to say we have to be able to leverage information communications technology plus the use of consultants plus secondments in and out for projects to ensure teachers get the very best of resources.

Dr JOHN KAYE: Dr Bruniges, you and I are having two separate conversations. You are talking about the consultants who go out and teach; I am talking about the material that is developed in head office. That is okay, we have run out of time on that topic. I want to talk to the Minister about the issue of non-government school funding. I think I am correct in saying there is about \$800 million in recurrent funding that goes to non-government schools across New South Wales?

Mr ADRIAN PICCOLI: Yes, I believe that is about right.

Dr JOHN KAYE: That is determined by section 21 of the Education Act, the 25 per cent rule. I think my maths is right—and Mr Alegounaris can correct me if I am wrong—and if you cut the public school recurrent funding by 3 per cent, you would cut that funding by 3 per cent under the functioning of section 21 of the Act?

Mr ADRIAN PICCOLI: Sorry, can you ask me the question again?

Dr JOHN KAYE: Section 21 of the Act, as you are aware, determines the recurrent funding of non-government schools as a proportion—25 per cent on average—of the recurrent funding of public education on a per student basis. So if we cut the per student funding in public education by 3 per cent—I would not do that, but if you did that—you would also cut the recurrent funding of non-government schools by 3 per cent?

Mr ADRIAN PICCOLI: Just automatically because of the—?

Dr JOHN KAYE: The automatic functioning of section 21 of the Act unless either you do something to change what I understand is called the regime or you do something to change the Act itself—and I would suggest you have an interesting time doing that, but that is something we can talk about. By my calculations that is about \$24 million a year reduction in the recurrent funding of non-government schools. Is that correct?

Mr ADRIAN PICCOLI: I do not know. I can give you an answer on notice. I do not know off the top of my head what it exactly works out to be.

Dr JOHN KAYE: Well, 3 per cent of \$800 million is \$24 million.

Mr ADRIAN PICCOLI: I am not confident that it works quite that easily. All the calculations around how it works are quite complicated.

Dr JOHN KAYE: I appreciate that. Could you take that on notice and get back to us with a detailed explanation of what will happen if there is no change to the legislation or if you do change it, what is in and what is out?

Mr ADRIAN PICCOLI: Discussions are underway already with the non-government sector about how the changes the Government announced will be implemented. Those discussions are ongoing. Those

discussions are with the Department of Education and Communities, and with Treasury about how those changes will be implemented, because it is very complex. There are 12 VRI categories and, again, just picking up Mr Green's earlier concerns about students with disabilities, category 12 is non-government schools with students with disabilities. I think everybody—

Dr JOHN KAYE: That is not true. Some category 12 schools have very few disabilities.

Mr ADRIAN PICCOLI: Certainly—

Dr JOHN KAYE: It is the other way round.

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: Disability schools are category 12; not the other way round.

Mr ADRIAN PICCOLI: The intention by all sectors is that there be no impact. However, as I say, these are all the intentions. That is why it is a matter of some discussion, negotiation and consultation about how we actually implement it.

Dr JOHN KAYE: What consideration are you giving, for example, to Sydney Grammar School? Sydney Grammar School is a category one school. According to the *My School* website, the State currently gives \$1,090 per student each year, the Commonwealth gives \$2,000 per year, and \$36,000 from private contributions, fees and other contributions. Sydney Grammar School spent \$39,000 per year, about four times what is spent in a public school. What consideration have you given to the \$1.2 million that the New South Wales Government gives to Sydney Grammar School? If you are going to cut education expenditure across categories one, two and three—my recollection is that that is about \$60 million, which, by my calculation of section 21, is greater than the automatic operations—what consideration have you given to taking this out of those schools that already do exceptionally well?

Mr ADRIAN PICCOLI: I do not want to make reference to specific schools. We have sought to share the impact of the budget situation that we have. We have had to make some savings and I thought it appropriate that the impacts of those savings measures ought to be shared amongst government and non-government schools.

Dr JOHN KAYE: Do you think it is appropriate to share it between Sydney Grammar School, which spends \$39,348 per student each year and, let us say, Arthur Phillip High School, which spends, by my calculations, about \$11,000 per year? Sydney Grammar School has almost no special needs students; Arthur Phillip has a large number. Sydney Grammar School has no students who come from disadvantaged backgrounds; Arthur Phillip has a large number of such students. Do you think it is appropriate that you put the same cut burden onto Arthur Phillip as you put on to Sydney Grammar?

Mr ADRIAN PICCOLI: This is a decision that has been made by the Government for the reasons I have outlined. Some tough measures had to be undertaken, and I and the Government considered it appropriate that all education sectors should bear some of the burden.

Dr JOHN KAYE: But how tough are you, Minister, that you are prepared to take money away from Arthur Phillip High School but not prepared to take money away from Sydney Grammar?

Mr ADRIAN PICCOLI: I do not accept the assertion in your question.

Dr JOHN KAYE: That you are not tough?

Mr ADRIAN PICCOLI: That we are taking money away from Arthur Phillip or that we are not taking money from Sydney Grammar.

Dr JOHN KAYE: The system on which Arthur Phillip relies—if you talk to teachers at that school they say they rely on it—means it is losing 3 per cent of its funding whereas Sydney Grammar School will continue to receive, even if you freeze it, \$1.2 million a year from the State. Do you really think that is tough to run that? Is that not beating up on the ones who can least to defend themselves?

Mr ADRIAN PICCOLI: I do not accept that assertion at all. We have made decisions that we have to make. As I said, we have quarantined public school students. If you listen to the media, which sometimes we choose to and sometimes we choose not to, I have been accused of all kinds of things. One commentator will say "Too tough" and another will say "Not tough enough." In respect to my toughness or whatever, I am confident that the decisions I have made, given the context we are talking about—our budget situation—are as fair as we could possibly make them. As I said, the intention is for no impact on students, but certainly the direction given to the department is that any impact on students be minimised as much as possible. I expect the non-government schools to do the same. I cannot comment on what might be the impacts on individual schools, government or non-government, particularly the non-government sector. That really is a matter for discussion for that sector to determine.

Dr JOHN KAYE: One final question and then we will move to TAFE. Would you expect public school teachers to be extremely angry if Sydney Grammar School continued to receive \$1.2 million a year while cuts were inflicted on their public school system?

Mr ADRIAN PICCOLI: I would hope that school teachers would understand. I do not mean that they would be happy about it, because nobody is happy, me included, about having to make these decisions. I would hope they would understand the context in which these decisions were made, why we have done it and understand that we have tried to do it in a fair way that, hopefully, will have no impact, certainly minimal, on students. I would hope that they have an understanding of what we are trying to do. As I say, I do not expect them to be happy about it, but I certainly would hope that they would understand.

The Hon. HELEN WESTWOOD: Minister, it is true, is it not, that your cuts to TAFE are impacting on the ability of current apprentices and trainees to complete their trade training?

Mr ADRIAN PICCOLI: I will let Pam Christie answer that question about the restructure.

Ms CHRISTIE: The budget for TAFE in 2012-14 is approximately \$1.8 billion. That is all total revenues including government contributions as well as revenues. The Government has announced a number of savings measures for TAFE that we are implementing. The question was specifically about apprentices and trainees.

The Hon. HELEN WESTWOOD: Yes.

Ms CHRISTIE: We do not anticipate any budget impact on apprentices and trainees apart from an increase in fees for all students in 2013, including apprentices and trainees.

The Hon. HELEN WESTWOOD: What about the cuts that are happening now?

Ms CHRISTIE: Apprentices and trainees already have quite a highly subsidised fee. So even in 2013 apprentices will be paying less than \$500 for a course enrolment, which is significantly subsidised compared to other students doing equivalent level qualifications.

The Hon. HELEN WESTWOOD: Students in the Hunter have written to their local member, Clayton Barr, telling him that since the funding cuts they have lost at least six hours of workshop time due to staffing cuts and that this is making it really difficult—for some of them impossible—to complete their apprenticeships and courses.

Ms CHRISTIE: I could not comment specifically on that example without knowing the details.

The Hon. HELEN WESTWOOD: Minister, can you guarantee that workshop hours and classes for the mechanical fitting and machining Certificate III course will be restored? It is very important to those students.

Mr ADRIAN PICCOLI: I am happy to take that question on notice. I cannot be expected to comment on the reaction by every facility.

CHAIR: Order! The honourable member has asked the question and perhaps the answer could be given fully.

Ms CHRISTIE: Class hours are varied across all of our programs. We look at different ways of delivering. Students can access some content online. Our actual face-to-face delivery hours may vary, but the specific example you have given I would have to take on notice to comment on.

The Hon. HELEN WESTWOOD: What about the closure of the purpose-built vehicle painting teaching facility at Granville TAFE? It is only a few years old and it will be empty because it is about to close.

Dr JOHN KAYE: It is a terrific facility.

The Hon. HELEN WESTWOOD: It is going to be closed. Why? In an area like south-west Sydney with significant numbers of motor vehicle repair outlets, you are closing this state-of-the-art facility.

Mr ADRIAN PICCOLI: I am happy to take that question on notice because I cannot comment about every action by every institute or every TAFE college.

The Hon. HELEN WESTWOOD: That facility is only going to be available at Mount Druitt, Ultimo and Campbelltown. There are entire areas of Sydney where young people are starting apprenticeships who are going to be denied access to this purpose-built facility: How can that be economic?

Mr ADRIAN PICCOLI: I am happy to take the question on notice. TAFE institutes make changes all the time and I am not in a position to answer that question at this stage without taking it on notice.

The Hon. HELEN WESTWOOD: Perhaps you could tell me whether or not TAFE will be able to fund support for students with special needs? Students with disabilities need disability consultants, people such as note-takers and interpreters. Are those support services going to be available to students with disabilities as they are now?

Ms CHRISTIE: TAFE is proud of its record of supporting students with a disability and we provide a wide range of services to support those students. With any support needs we constantly review the way they are delivered. If there are efficiencies in the way we deliver services, we look to achieve those efficiencies. It is difficult to say that nothing will ever change. All our delivery consistently changes but we do have, as I said, a high proportion of students with disabilities and we are proud of our track record of supporting their needs.

The Hon. HELEN WESTWOOD: They are successful because they have the support they need but not if it is cut back. Those students need support to complete their courses. It is the way that they will actually be job ready and no longer dependent on support services or Centrelink. It is imperative that they are able to complete their courses. If you cannot guarantee they will have the support available to them, then we cannot guarantee that these people are going to complete their qualifications and hence get a job.

Ms CHRISTIE: I said I could not make a statement that nothing would ever change. We are constantly reviewing the way we deliver services to best meet our students' needs and we will continue to support students with a disability.

The Hon. HELEN WESTWOOD: Will the Government continue to offer the low level entry courses for students with disabilities and students with special and complex needs?

Mr ADRIAN PICCOLI: We have said in the—

The Hon. HELEN WESTWOOD: We are talking about the most disadvantaged students: those who may have had their education disrupted and those of non-English speaking background. If they do not have access to low level entry courses, they will not be able to go on to the other levels.

Dr BRUNIGES: Perhaps there is a specific case you have and we can take it on notice and follow up. There is legislation concerning students with a disability that TAFE will have to continue to support and in terms of TAFE fees the exemptions to those students. It is unclear to us if there is a particular case or issue.

The Hon. HELEN WESTWOOD: The concern from the sector is that there are no guarantees of funding for certificate 2 and certificate 1, only certificate 3. We need certificate 1 and certificate 2 for students particularly who have special needs, and there are many examples of people with disabilities actually being able to enter through those low level courses, go on to obtain qualifications, be job ready, earn an income and

become independent. Do we have a guarantee that those low level entry courses will continue to be funded at the same level they are now?

Mr ADRIAN PICCOLI: Can I refer you to the facts sheet on TAFE NSW fees that was released on 11 September? It states:

Will TAFE NSW continue to offer fee concessions and exemptions?

Yes. TAFE NSW has the most generous fee concessions and exemptions for disadvantaged compared to other states and territories, including:

- All Aboriginal and Torres Strait Islander students are exempt from paying fees.
- Students with a disability are fee exempt for one course per year and pay a concession for any subsequent enrolments during the year.
- Students in receipt of many Commonwealth benefits pay a concession fee of \$100 per course enrolment.
- Students who complete and are awarded the HSC or the Tertiary Preparation Certificate get their fee refunded.
- Apprenticeships and trainees—

The Hon. PENNY SHARPE: You can table that. You do not need to read it out. Minister, can you guarantee that no TAFE campus across New South Wales will be closed as a result of the cuts?

Mr ADRIAN PICCOLI: There is no proposal to close any of the campuses.

The Hon. PENNY SHARPE: Will you guarantee they will stay open?

Mr ADRIAN PICCOLI: You are asking me to guarantee something for a couple of hundred years—that no TAFE campus will be closed in the next couple of hundred years. That is a difficult guarantee to make.

The Hon. HELEN WESTWOOD: Minister, there is an advertisement this week in the *Blue Mountains Gazette* from one of the institutes talking about the need to consolidate. You are saying that the consolidation and closure of campuses and colleges is not on the table.

Mr ADRIAN PICCOLI: You have asked me about schools; I have been asked this question before. The department is constantly reviewing schools and the viability of schools. I have one in my electorate that was put into recess only a couple of weeks ago and another one that was closed last year. Presumably institutes do the same thing with TAFE campuses. I refer you to Seaforth TAFE. To suggest that TAFE colleges or campuses will never close—

The Hon. PENNY SHARPE: How much money is being raised from the introduction of a fee for service for the fine arts courses?

Mr ADRIAN PICCOLI: It is about \$60 million over four years and \$9 million this financial year.

The Hon. PENNY SHARPE: How many students are currently enrolled in fine arts courses in New South Wales?

Ms CHRISTIE: The current enrolments in fine arts courses in TAFE in 2011, which is the last final data that we have, was 5,815. But 75 per cent of these students, around 4,351, were in Government supported places, because we do currently run some fine arts courses on a commercial basis. We have done an analysis of continuing students and the likely number of students that might be impacted by the fee changes for 2013, and we anticipate that it will be around 790 students who may be re-enrolling in fine arts courses in 2013 who will no longer be supported by Government funding. We are working with those students to case manage their situation to try to give them the best option to complete their qualifications in the most cost-effective way.

The Hon. HELEN WESTWOOD: Minister, are you aware that the threat of closing courses in adventure tourism is putting businesses at risk across New South Wales?

Mr ADRIAN PICCOLI: No.

The Hon. HELEN WESTWOOD: The outdoor recreation course currently available through Western Sydney institute is going to be closed.

Mr ADRIAN PICCOLI: Right.

The Hon. HELEN WESTWOOD: You are not aware of that, you have not been consulted?

Mr ADRIAN PICCOLI: No, I have not been briefed about that, so I do not know.

The Hon. HELEN WESTWOOD: There are a number of businesses that rely upon the graduates for their business to continue and a number of those students are from disadvantaged backgrounds. Would you be concerned that that course is going to be closed without any warning or consultation—just not available next year?

Mr ADRIAN PICCOLI: I am not aware of it off the top of my head but I am happy to take that question on notice.

The Hon. HELEN WESTWOOD: Would you describe the closure of such a course as "dynamic"? That is how it has been described by Roza Sage, the local member.

Mr ADRIAN PICCOLI: I do not know.

The Hon. HELEN WESTWOOD: You will take it on notice?

Mr ADRIAN PICCOLI: Yes.

The Hon. PENNY SHARPE: Minister, why did you sign the pledge to invest in TAFE prior to the last election when you clearly have no intention of honouring that pledge?

Mr ADRIAN PICCOLI: We have been forced to make decisions right across the education portfolio and unfortunately none of the sections of education were exempt—TAFE included. As I said in answer to an earlier question, TAFE is probably the highest quality provider in New South Wales and particularly in regional New South Wales. I think I signed the pledge in Cooma.

The Hon. PENNY SHARPE: It was not worth much was it?

Mr ADRIAN PICCOLI: I went to Cooma earlier this year and announced a \$5 million capital redevelopment of their metal machining facility. We do invest in TAFE; we do invest in facilities and in capital works—

The Hon. PENNY SHARPE: You are now investing less.

Mr ADRIAN PICCOLI: —and invest in training. Had your Government made some better decisions, we may not have been left in quite the situation we are in now. I do not know that anybody is exempt from blame here.

The Hon. GREG DONNELLY: Minister, if I could move on to Board of Studies and ask questions on the new policy area? Minister, will you guarantee that cuts at the Board of Studies will not impact on the Higher School Certificate operation or its markings?

Mr ALEGOUNARIAS: None of the adjustments that we are making to meet the budget requirements for next year will affect the Higher School Certificate or Higher School Certificate marking.

The Hon. GREG DONNELLY: Just next year, not over the forward estimates as well?

Mr ALEGOUNARIAS: There is nothing in the forward estimates that would indicate that we need to make an adjustment to Higher School Certificate or Higher School Certificate marking.

The Hon. GREG DONNELLY: Thank you. I move to the next question area. Are there any plans to change the way the Higher School Certificate is marked this year?

Mr ALEGOUNARIAS: There is continuous change every year. There is nothing that has not been foreshadowed and partly implemented in previous years. The most obvious change is with regard to online marking. We have agreement with teachers and associations to phase in online marking of the Higher School Certificate; but there is nothing specific that stands out for this year. Everything we are doing has been phased in over the past two or three years. In fact, this year we are planning to set the process and just let it consolidate; so there will not be any change this year.

The Hon. GREG DONNELLY: Minister, do you like being ambushed?

Mr ADRIAN PICCOLI: When you are ready to ask me a serious question I will give you a serious answer.

The Hon. GREG DONNELLY: Well, it is a straightforward question. Do you enjoy being ambushed?

Mr ADRIAN PICCOLI: I do not know that it is a proper question.

The Hon. GREG DONNELLY: Minister, on 4 September this year, when you sat down with the independent and Catholic schools you indicated to them that they would have to take a \$268 million cut, or 8 per cent, over four years. Then there was a strong reaction from those two sectors, leading you—on the following weekend, the Sunday into the Monday, when you had your Cabinet meeting the following Monday—to reassess that figure down to \$116 million. Why did you put the \$268 million figure on the table in the first place at that meeting on Tuesday 4 September?

Mr ADRIAN PICCOLI: As I said subsequent to that date, when there was some media around this, the Government had not made a decision about savings measures that we would require of the non-government sector, and that that decision would be made on the following Monday, which it was. Then on the Tuesday it went through our party processes, and then I made the announcement on that Tuesday, which was 11 September.

The Hon. GREG DONNELLY: But why did you put that figure on the table?

Mr ADRIAN PICCOLI: We had a confidential discussion that day. I still treat it as a confidential discussion. I know others have not; but that is a decision for them to make. If you want more information, perhaps you should ask them.

The Hon. PENNY SHARPE: Minister, why was the budget for early childhood services underspent by more than \$40 million in the financial year 2011-12?

Mr ADRIAN PICCOLI: I might let Leslie Loble explain the underspend, and then I might expound.

Ms LOBLE: The Commonwealth funding for partnership funding is given to the State, and the State is able to allocate the funding in its own time and at its own pace and according to its priorities. So that explains the carryover of the close to \$40 million.

The Hon. PENNY SHARPE: So that money is going to be rolled over and will not be lost to children's services?

Ms LOBLE: In fact, today the Minister announced a series of programs.

Mr ADRIAN PICCOLI: Just this morning we were at a preschool in Glebe. So, \$8 million of it will be used to provide fee relief for connected community families across Bourke, Brewarrina, Menindee, Toomelah, Moree and Hillview in south Tamworth. That will benefit up to 1,400 children from Indigenous and low-income families that do not already have access to a Department of Education and Communities preschool. A few of the connected communities have Department of Education and Communities preschools. Up to \$3 million will be available, over two years, to address infrastructure barriers that are currently preventing services from setting up at these locations and families from accessing them.

The Hon. PENNY SHARPE: Minister, I appreciate that. I just wanted to know what had happened with the \$40 million. We are running out of time, and we have some other questions. So you might table the balance of that answer.

Mr ADRIAN PICCOLI: I just make the point that the \$30 million—

The Hon. PENNY SHARPE: Forty million.

Mr ADRIAN PICCOLI: Yes. Thirty million of it was announced today in terms of how we are going to spend it. There are several initiatives, and I am happy to table that.

The Hon. PENNY SHARPE: What is happening with the other \$10 million?

Ms LOBLE: It will be rolled forward.

The Hon. PENNY SHARPE: Thank you.

The Hon. HELEN WESTWOOD: Minister, how many additional literacy and numeracy teachers have so far been appointed as part of your Literacy and Numeracy Action Plan?

Mr ADRIAN PICCOLI: This financial year we will allocate \$26 million to support the implementation of that plan. Under the leadership of Ken Boston, as the chair of that advisory group—

The Hon. HELEN WESTWOOD: Do you have the number of literacy and numeracy teachers?

Mr ADRIAN PICCOLI: Yes. In government schools we provided funding for the appointment of 50 hands-on instructional leaders in schools with the greatest needs; and 44 of those instructional leaders were appointed by the end of September 2012. My understanding is that we are a term ahead of the implementation schedule of that election commitment. I will ask Greg Prior to elaborate on that.

Mr PRIOR: The 50 instructional leaders will be appointed by the end of this year. There will also be an additional 18 full-time equivalent teachers to support the training in the programs in schools as they develop. There are also, from the department's point of view—and I am just talking about public schools—an additional 54 full-time equivalent positions which will be allocated to schools to support the tier two and tier three interventional levels. So that will bring those figures up for government schools implemented over this financial year. The other thing, just for the record, is that 16 of that resource are also being given to the Exodus Foundation, as part of the non-government organisations, for implementation of the literacy program.

Mr ADRIAN PICCOLI: There was a commitment across all sectors, including non-government providers of education, so the Exodus Foundation and the independents, the Association of Independent Schools and Catholic Education Commission, have been given an allocation. But I am happy, if you wish, to provide on notice a more detailed answer on precisely how it is being implemented this financial year.

The Hon. HELEN WESTWOOD: Thank you.

The Hon. PAUL GREEN: Minister, how much per year, on average, does the State pay for a child in the public education system?

Mr ADRIAN PICCOLI: It does differ for different schools, and there are several ways to answer this question. I might ask Michelle Bruniges to respond.

Dr BRUNIGES: I am thinking about the sources of data there are to answer that question. My school website would have one per capita flow that we would have, but we would have to separate out things like national partnership money and a whole range of things that go into that mix. So I might have to take that on notice and find the data source for you.

The Hon. PAUL GREEN: Thank you. I am just concerned—

Mr ADRIAN PICCOLI: If it helps: The total budget for school education is \$10.655 billion, and there are total enrolments of 745,540. There are many ways of giving the answer to your question.

The Hon. PAUL GREEN: My point is simply that. What do we pay for a public student, as opposed to what is contributed to the private sector for a student to go to a private school? I am referring to the comments of Dr Kaye earlier about penalising certain schools because of their ability to pay. Would that be a model that the Government would take on in other sectors as well, if we started to hit those who were more prosperous in other areas?

Mr ADRIAN PICCOLI: I am sorry?

The Hon. PAUL GREEN: The model that Dr Kaye is suggesting is that there are probably some schools that can afford the cut and other schools that are not able to afford it. Is that a model that we move into other areas if we went down that line?

Mr ADRIAN PICCOLI: I do not know that we are proposing to go down that line.

The Hon. PAUL GREEN: With 800 jobs cut from TAFE, are you concerned about losing some of our most experienced TAFE teachers?

Mr ADRIAN PICCOLI: As I said, nobody wants any of these positions to go and, of course, in any restructure like this any organisation—government or non-government—wants to keep its most experienced staff. But there is a process that all departments have to abide by and managing excess employees I think is Fair Work Australia because TAFE employees now are under Fair Work Australia.

Ms CHRISTIE: There are a number of savings measures that TAFE is implementing to achieve its budget and the 800 figure is the estimate of the number of jobs that may be impacted over a four-year period. We have not determined yet completely how all those savings will be achieved and we are in the process of engaging and consulting with staff about how we can operate more efficiently.

The Hon. PAUL GREEN: That is over and above attrition?

Ms CHRISTIE: No. Some of those positions could certainly be achieved through attrition and that is one of the mechanisms we are certainly looking at, yes.

The Hon. PAUL GREEN: In terms of vocational training, obviously for rural and regional areas skills it really does affect the productivity and future prosperity of the State. Are you not concerned that the job losses might actually compromise that as well?

Mr ADRIAN PICCOLI: I will let Pam answer this, but in a broader sense the general public want governments to deliver everything; they want them to deliver infrastructure and services, and we all want that, but we have to deliver what we can deliver in the budget parameter that we have got and certainly we want to provide as much training as possible with the dollars that we have got. We are in constrained times but certainly the desire of the Government is to spend it as effectively as possible on as much front-line actual student hours delivered to students as possible.

Ms CHRISTIE: Every effort is being made to minimise the impact of any savings measures on front-line staff. But, as we were discussing earlier, TAFE offers a range of courses. We have a very wide footprint and a wide range of courses—over 900 courses—and some of those courses over time may need to be refreshed and changed. We do have facilities and courses that are underutilised currently so we are looking at how we can consolidate those and deliver more efficiently without actually reducing services, because all the time we are having to introduce new courses too to meet new industry needs—courses like in areas of sustainability, for example, which are a very high demand in TAFE.

The Hon. PAUL GREEN: Minister, if a private system that is meant to be competitive fails to deliver what you are thinking of delivering in terms of vocational training for the better, does it concern you what it will take to rebuild the TAFE system as we know it? Sometimes a short-term gain can be long-term pain.

Mr ADRIAN PICCOLI: You are talking now in terms of the measures that we have undertaken?

The Hon. PAUL GREEN: Yes.

Mr ADRIAN PICCOLI: No. I do not accept this rebuilding notion. I think we have a very strong TAFE and we will continue to have a strong TAFE.

The Hon. PAUL GREEN: That is my point: we do.

Mr ADRIAN PICCOLI: We will continue to have a strong TAFE. Non-government providers are part of the mix and have been for a long time and will continue to be. So in that sense I have got every confidence in the future of TAFE and, as I said, for my part of the world it is absolutely critical. It has got a great reputation internationally and I know that members of TAFE have been with the Premier to India and China promoting TAFE and doing great work. I expect that to continue. Measures like this, as I said, nobody likes to do, but I certainly do not think in any way it is a matter of somehow destroying TAFE and it needs to be rebuilt.

Dr JOHN KAYE: Minister, can I begin by congratulating you on doing something I tried to do for a decade and did not succeed, and that is getting TAFE into the media. I tried to do it by sounding the alarm on the cuts that the Labor Party was inflicting on TAFE. You have done it by doing your cuts in public. A Smart and Skilled discussion paper dated September 2011 was released in October 2011. Shortly after that discussion closed, consultation was concluded and analysis of the consultation was supposed to be concluded by early 2012. Why have we not heard the results of that? Has that gone to Cabinet?

Mr ADRIAN PICCOLI: I cannot tell you what has been to Cabinet or what has not been to Cabinet.

Dr JOHN KAYE: You can tell us what has been submitted to Cabinet; you cannot tell us what happened when it got there.

Mr ADRIAN PICCOLI: Not necessarily—only the things I want to tell you.

Dr JOHN KAYE: That is not "can't", it is "won't"—there is a difference, Minister.

Mr ADRIAN PICCOLI: We did undertake that Smart and Skilled consultation and we had a lot of positive feedback about the changes that people would like to see made. We have some requirements as part of our COAG National Partnerships Agreement with the Commonwealth that the Premier signed, I think, late last year. We have been watching what has happened in Victoria and I think from a New South Wales perspective it has been quite useful to see what has happened in Victoria so that we avoid the same mistakes. But there will be a response to the Smart and Skilled discussion paper in due course.

Dr JOHN KAYE: With respect to the national partnership, 8 October was the date by which, as I understand it, you had to tell the Commonwealth how you were going to implement entitlement-based funding and income-contingent loans. Is that correct?

Mr ADRIAN PICCOLI: Leslie does our intergovernmental stuff.

Ms LOBLE: Negotiations with the Commonwealth are under way and they have not been completed yet.

Dr JOHN KAYE: Is it correct that there was a cut-off date of 8 October?

Ms LOBLE: The Commonwealth requested that all States and Territories complete their implementation plans by then, but New South Wales has not, nor have all States.

Dr JOHN KAYE: Minister, is the reason why the State of New South Wales has not completed its implementation plan because there has not been a determination on Smart and Skilled?

Mr ADRIAN PICCOLI: As I said, we have not made an announcement about it, but when we do we will make sure that we let you know.

Dr JOHN KAYE: That announcement will include the issue of income-contingent loans and the issue of entitlement-based funding and how you will implement it?

Mr ADRIAN PICCOLI: I cannot make all my announcements here.

Dr JOHN KAYE: I am not asking you to make the announcement. It is public knowledge, is it not, that New South Wales is committed to implementing income-contingent loans as diplomas and advanced diplomas and it is also committed to some form of entitlement-based funding for TAFE and for vocational—

Mr ADRIAN PICCOLI: When we are ready to make an announcement about the Smart and Skilled response we will make it.

Dr JOHN KAYE: That will include your response to the national partnership?

Mr ADRIAN PICCOLI: When we are ready to make that announcement we will. I cannot say any more than that.

Dr JOHN KAYE: Is New South Wales incurring any financial penalties for having missed the 8 October date?

Ms LOBLE: No.

Dr JOHN KAYE: So the 8 October date was just a wish?

Ms LOBLE: The funding will not be available to the State until there is an agreed implementation plan, but no funding has been taken away from New South Wales.

Dr JOHN KAYE: So the funding has been delayed. Will the total funding under the partnership be less than if we had met the 8 October date?

Ms LOBLE: No.

Dr JOHN KAYE: It will just be delayed?

Ms LOBLE: The Commonwealth has not indicated in any way that they will adjust the funding available to New South Wales.

Dr JOHN KAYE: But under the terms of the agreement they could begin to reduce the funding available to New South Wales?

Ms LOBLE: I have not memorised every aspect of that agreement but I do not recall that—

Dr JOHN KAYE: This is a serious matter. There was a cut-off date of 8 October. It is now past 8 October; it is now 10 October—two days past. Surely you would know if there was an entitlement from the Commonwealth under the agreement signed by Mr O'Farrell and Ms Gillard as to whether there was to be the possibility of financial penalties.

Ms LOBLE: No, I am confident that the Commonwealth has not indicated any penalty will be applied to New South Wales. We are in discussions with them and have been for quite a while and they have not indicated any concern with our timetable.

Dr JOHN KAYE: Minister, are you aware of the National Council for Vocational Education Research [NCVER] and its data series on the State's spending on vocational education and training?

Mr ADRIAN PICCOLI: I cannot say I know it off the top of my head.

Dr JOHN KAYE: But you are aware there is such an item? Ms Christie, perhaps you could help the Minister. You are aware of the NCVER data?

Ms CHRISTIE: Yes, I am.

Dr JOHN KAYE: And you are aware of what the NCVER data says for funding in New South Wales of vocational education and training for example over the period 1997 to 2010?

Ms CHRISTIE: I do not have the data in front of me but I am aware of that, yes.

Dr JOHN KAYE: Your department would analyse that data, I would imagine, and look at what the State's spending is per student according to NCVER?

Ms CHRISTIE: Yes, I think Ms Loble's area actually does the briefing on the data. It is data for the whole of the State; it is not just TAFE data.

Dr JOHN KAYE: When you say the whole of the State, it includes vocational education and training?

Ms CHRISTIE: Yes.

Dr JOHN KAYE: But it looks at public contributions to vocational education and training in New South Wales?

Ms CHRISTIE: Yes, for TAFE and for private providers.

Dr JOHN KAYE: It is fair to say that it is the most reliable data set for interstate comparisons and intertemporal—that is, across time—comparisons?

Ms CHRISTIE: It is certainly an important data set that we refer to.

Dr JOHN KAYE: What does it tell us for per student funding for vocational education and training from the New South Wales Government over the period 1997 to 2010?

Ms LOBLE: I can take that on notice.

Dr JOHN KAYE: Compared to the funding in 1997 to 2010 and after the current round of cuts are implemented do you have a sense of what will happen to per student funding or per student hour funding?

Ms LOBLE: Not at this point, no.

Dr JOHN KAYE: No analysis has been done within the department on the total per student hour funding of vocational education and training in New South Wales and the impacts these cuts will have?

Mr ADRIAN PICCOLI: I guess you can cut figures a million ways. Maybe that is a legitimate way to cut the number. I do not know that it has been specifically worked out on a per student hour basis.

Dr JOHN KAYE: Minister, what input analysis did you have? When you were told there would be cuts to your budget and you implemented those across TAFE surely you had a baseline that you worked from. Surely you knew where we were at and you had some measure of what the inputs to TAFE and to non-government vocational education and training were in New South Wales?

Mr ADRIAN PICCOLI: I take the advice of the director general and deputy director general, Ms Christie, about how the Government's decisions about its budgets are implemented across schools and across TAFE.

Dr JOHN KAYE: That was not my question. My question was: Did you have a baseline that you measured from?

Mr ADRIAN PICCOLI: I do not personally do the statistical analysis of dollars per student hour, et cetera.

Dr JOHN KAYE: You are a lawyer, we would not expect you to, but we would expect you to have some data or to have sought some data that told you what was the baseline inputs to vocational education and training from the New South Wales Government so that you could understand what the percentage impacts of the current cuts would be.

Mr ADRIAN PICCOLI: I take advice from the director general and the deputy director general about how we implement the Government's decisions about its budgets. I rely on the enormous amounts of experience

and professionalism from these two senior public servants about how to do that. I have every confidence in the advice they give me. I am sure Ms Christie will elaborate, but they use all kinds of measures to determine the best way in order to implement these measures.

Dr JOHN KAYE: When the negotiations were occurring within the Government over which departments would receive what cuts at no stage did you try to ascertain the funding history of TAFE to put that to the Treasurer?

Mr ADRIAN PICCOLI: I might ask the director general to answer that question.

Dr JOHN KAYE: No, Minister, my question is to you. Did you seek that information at any stage?

Mr ADRIAN PICCOLI: I seek advice. In terms of how budgets are determined, the Government, the Cabinet, decides on the budget for various agencies and we receive a budget allocation letter from the Treasurer. Then it is a question for the director general to essentially operationalise that budget and to determine the things that the department will do to deliver services and at the same time meet that budget.

Dr JOHN KAYE: Minister, when you took over responsibility for the portfolio when you were elected in March 2011 were you aware at that stage that the total State Government funding for vocational education and training per student hour in New South Wales had been significantly reduced over the previous 16 years?

Mr ADRIAN PICCOLI: I cannot remember off the top of my head.

Dr JOHN KAYE: You were not aware of the impacts that it had on TAFE at that stage?

Mr ADRIAN PICCOLI: I am certainly aware that in the past, and presumably for the same reasons, measures had been taken with TAFE in terms of budgetary measures, similar budgetary measures to what we have been required to implement. Yes, I am aware that in the past when I was in opposition measures were undertaken in TAFE.

Dr JOHN KAYE: You should have been because I certainly told you at that time. At any stage did you ask for a briefing that you could have used on the position of TAFE, the condition of TAFE and the cuts that had been inflicted on TAFE over the previous 16 years? Did you ask for that information in order to take it to the Treasurer or to another member of the Government to argue to protect TAFE from further cuts?

Mr ADRIAN PICCOLI: I am not going to discuss what discussions I might have had with the Treasurer or within—

Dr JOHN KAYE: No, I asked you whether you—

Mr ADRIAN PICCOLI: No, you asked me that question.

Dr JOHN KAYE: No, I asked whether you asked for such information to be prepared. Did you ever ask for such information to be prepared?

Mr ADRIAN PICCOLI: I am not going to answer that question because documents such as that are covered by Cabinet-in-confidence privilege. The department provides me with a range of advice and information and data to be used in Cabinet meetings and in Expenditure Review Committee meetings as we argue backwards and forwards about what the budget should or should not be and what measures the department might undertake to actually meet its budget.

The Hon. HELEN WESTWOOD: Minister, I return again to literacy and numeracy, specifically the pre-election commitment that you gave for 200 places for 2012. Can you tell me when the 200 will be delivered in 2012? What month are we talking about? The numbers that were indicated earlier are nowhere near the 200 that you committed to.

Mr PRIOR: Minister, you might want me to respond to that. Just for clarification, the literacy and numeracy strategy and the commitment for 200 full-time equivalent [FTE] teachers is for this year. As the Minister said previously, it is across the three sectors. The numbers that I gave you previously would have been the public education commitment. Just to try to explain that and clarify that, remembering too it is FTE, there

actually will be 50 instructional leaders in public schools by the end of this year. There is also a commitment of 30 FTE positions to support the training of teachers that are developing and implementing literacy strategies. Of the department, the public education, we have got 18.5 of that 30. The rest is across the other sectors.

There are 120 or equivalent of FTE positions to be again shared across the sectors. Once the plans are developed this year they will be used across the sector to support what they are calling the tier 2 and tier 3 interventions: as the plans are made, how to support the students that we believe are at risk in this program. The instructional leaders with the school leadership team develop the plans and those FTEs will also then be used from a funding source, not necessarily a permanent teacher but again what is appropriate in different communities to be able to deliver those programs in the literacy and numeracy strategy.

The Hon. HELEN WESTWOOD: Just to be clear, the 200 full-time equivalent places that were committed to will be delivered in 2012?

Mr PRIOR: What I can commit to is I think there are 120 in public education that will be delivered from that sector. I cannot speak for the other sectors.

The Hon. HELEN WESTWOOD: And the other 80?

Mr ADRIAN PICCOLI: We have allocated the resources to them and then it is obviously a matter for them to employ people.

The Hon. HELEN WESTWOOD: What impact will the \$35 million shortfall in national partnership on literacy and numeracy reward funding—and this is the result of not meeting the benchmark—have on the funding of the literacy and numeracy action plan, given that almost half of its funding, which is almost \$114 million, was to come from that national partnership reward funding?

Mr ADRIAN PICCOLI: Leslie, do you want to talk about the shortfall and why we have the shortfall?

Ms LOBLE: Yes. As you indicated, there is a component of the literacy and numeracy national partnership that is up-front facilitation payment, and a substantial part is reward payments. There were two years of reward. In the first year New South Wales achieved 98 per cent of its targets and got nearly all of our reward money. In the second year we were the only State where nationally it was insisted that we use a 2009 base line instead of 2008. As a result of that, we essentially had to hit a higher hurdle and that is what affected our reward payment. The Council of Australian Governments [COAG] reform council noted in its report that New South Wales had been disadvantaged by having a different base line, and that is what resulted in the \$35 million shortfall.

Mr ADRIAN PICCOLI: The Premier has made it pretty clear that all election commitments will be delivered. Clearly, we will need to fill that hole. The funding for that election commitment was based on an assumption that we would get the vast bulk of the reward funds. I will speak for myself: I am very disappointed that New South Wales was the only State to have a different base line. As a result we were quite adversely affected, but we intend to deliver on the election commitment. I think Ken Boston and his advisory group have done a terrific job in making sure that the money we spend is spent as effectively as possible.

The Hon. PENNY SHARPE: Minister, can I take you back to early childhood services? Have you received the review of the New South Wales Government funding for early childhood education? If you have, when is that going to be released?

Mr ADRIAN PICCOLI: Yes, I have received it and it will be released at some stage.

The Hon. PENNY SHARPE: At some stage? Is that before the end of the year or in the next six months? It is an important report.

Mr ADRIAN PICCOLI: There has been no decision in terms of when it will be released. I know it is an important report. Deb Brennan did a terrific job.

The Hon. PENNY SHARPE: We would like to see for ourselves.

Mr ADRIAN PICCOLI: Yes. There are some other factors here. The Commonwealth is reviewing its national partnerships for early childhood, so there are a few other factors at play here. Leslie, do you want to elaborate?

The Hon. PENNY SHARPE: That is okay. I just want to know whether you have got it, and I want to know the time frame for its release. The rest of it we will await and we will deal with it then.

Mr ADRIAN PICCOLI: I have got it and it will be released.

The Hon. PENNY SHARPE: Can I take you back to literacy and numeracy?

Mr ADRIAN PICCOLI: We have advised all the early childhood peak bodies about the fact that we have got it and that it will be released at some stage.

The Hon. PENNY SHARPE: It is coming at some point.

Mr ADRIAN PICCOLI: Yes. There is high expectation for it.

The Hon. PENNY SHARPE: Sure. Minister, will the Government maintain the 120 full-time equivalent [FTE] literacy and numeracy leaders as part of the Best Start Program? Is this in addition to the 120 full-time equivalents for the literacy and numeracy plan?

Mr ADRIAN PICCOLI: It is in addition.

Dr BRUNIGES: What we have is 2012. The Best Start initiative will continue and be available in 2013 in New South Wales public schools. It is a recurrent funding source. It will continue for 2013.

The Hon. PENNY SHARPE: Thank you. Minister, are you familiar with the Links to Learning Program?

Mr ADRIAN PICCOLI: I have heard about Links to Learning.

The Hon. PENNY SHARPE: It has 80 projects across New South Wales that basically support kids at risk.

Mr ADRIAN PICCOLI: Yes.

The Hon. PENNY SHARPE: Are the grants to Links to Learning projects under the \$1.7 billion cuts?

Dr BRUNIGES: We focused on this financial year and doing that, but we have not made decisions about programs in that space at this point in time.

The Hon. PENNY SHARPE: But over the forward years you cannot rule out that cuts to Links to Learning and other grants programs to community organisations will not be part of those cuts?

Dr BRUNIGES: I think we have to look in education communities under every place that we need to go, and we have just begun that process. We have started consultation. We have started to look down at the list of things. I would hope that we can maintain all of those things that have a direct impact on students. I do not have all the details on the Links to Learning Program, but we certainly will look at our program areas to make sure that we continue those that best support students.

The Hon. GREG DONNELLY: Minister, I turn to the Local Schools, Local Decisions part of the discussion. There is a time line on the fact sheet that has been issued entitled "Staff in our Schools". I will hold it up. It is probably one you have seen before.

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: It has a green time line at the bottom.

Mr ADRIAN PICCOLI: That is right. I have a different version.

The Hon. GREG DONNELLY: From 2015 the program will run as if it is fully implemented. Is that correct? It has 2015 there and I am trying to be sure that the program is intended to be fully implemented from 2015 going forward. Is that the intention?

Mr ADRIAN PICCOLI: Which particular heading is it? There are four, I think.

The Hon. GREG DONNELLY: "Staff in our Schools". It is the second-last one.

Mr ADRIAN PICCOLI: I believe all the measures are on target. A large part of those changes are contained in the staffing agreement that hopefully will be signed in a few weeks time.

The Hon. GREG DONNELLY: Okay. If we make the assumption that from 2015 going forward it will be fully implemented, Minister, are you in a position to guarantee that no school, speaking in terms of where we are now in October 2012, will lose funding when Local Schools, Local Decisions is fully implemented? It is fully implemented—we have a time line for that. So will you guarantee that schools will not receive less funding by virtue of its full implementation?

Mr ADRIAN PICCOLI: A school's funding changes depend on its enrolments. In the current situation in which there are various programs some schools come on and some go off. It is not quite as easy as saying yes or no.

The Hon. GREG DONNELLY: Are you able to guarantee in general terms?

Mr ADRIAN PICCOLI: There are lots of factors.

The Hon. GREG DONNELLY: It is not a trick question.

Mr ADRIAN PICCOLI: I do not imagine it is.

The Hon. GREG DONNELLY: People are concerned about their school communities. There is concern that some schools may be negatively impacted by the rollout of this and its full implementation. I know that is not the hope of the Government, obviously, but there is this concern that funding cuts will go into schools as a result of its implementation. Is there any capacity for you to guarantee in any way to these people that this is not the case?

Dr BRUNIGES: For us, it is a three to five year reform. At the moment we are working on our resource allocation model and the first tranche of schools, which is the 229 that have been given additional money through a national partnership agreement.

The Hon. GREG DONNELLY: Right.

Dr BRUNIGES: We need to work with them closely in 2013 and to have a look at making sure of the systems and processes we have put in place. With some things we are leaps and bounds in front with the staffing situation and guidelines around staffing.

The Hon. GREG DONNELLY: Yes.

Dr BRUNIGES: We have done a whole range of things for schools. What I do not have is a crystal ball on what the budget is in the next three or five years.

The Hon. GREG DONNELLY: Sure.

Dr BRUNIGES: But, in the main, I actually think the reform and the movement of dollars into schools to give them the decision-making to meet students' best needs should better position the students.

The Hon. GREG DONNELLY: Right. That is the hope. I will move on to the issue of cuts and the \$1.7 billion that was the first part of proceedings this afternoon. First of all, can I cast this question to the Minister? Will you agree, from now on, to share with the Premier the use of the term "inside the gates" when talking about employees being protected from announced cuts? You have an agricultural background and an

interest in fences, so we have an issue of ambiguity. Can we be talking about inside the gates and outside the gate in future?

Mr ADRIAN PICCOLI: I actually think it is a really nice description.

The Hon. GREG DONNELLY: Are you prepared to use it when we are talking about how we are going to protect people inside schools?

Mr ADRIAN PICCOLI: It is not a description that the department officially uses in advice to me or anybody else.

The Hon. GREG DONNELLY: But would you use it? It is a pretty good one. You are attracted by it. You are happy to use it?

Mr ADRIAN PICCOLI: It is actually an expression that I think appeals to parents because they understand. You can talk about regional offices, State offices and bureaucracies, whatever. Parents understand it.

The Hon. GREG DONNELLY: But you like to talk about FTEs. That is what you prefer to talk about?

Mr ADRIAN PICCOLI: As I say, the department uses FTE.

The Hon. GREG DONNELLY: What do you like?

Mr ADRIAN PICCOLI: It depends on who I am talking to.

The Hon. GREG DONNELLY: Of course. That is what our concern is.

Mr ADRIAN PICCOLI: If I am talking to parents I might use "inside the gate". If I am talking to Ken Dixon on my right here I might use FTE.

The Hon. GREG DONNELLY: And when do we use "front-line" and "front of house" and "back of house" and all of that? Who do you use that conversation piece with?

Mr ADRIAN PICCOLI: You are a member of a political party too. We all use it.

The Hon. GREG DONNELLY: Mates over a beer?

Mr ADRIAN PICCOLI: Interchangeably.

The Hon. GREG DONNELLY: I would like to speak about the \$1.7 billion. It has been announced; it is all clear and is on the table. But are we clear that this is the totality of the cuts that will take place? You have come out and had a bloody nose or two from negotiations. It is out there and that is the end of it, there are no more cuts? We have heard the whole lot?

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: There is nothing more? There is nothing in the back pocket?

Mr ADRIAN PICCOLI: No. We have tried to be as open as possible about this. Dr Kaye mentioned this earlier. We have done publicly what the previous Government used to do in a different way. That is a choice governments make. I have tried to be as transparent about this as possible. We provided fact sheets on the day of the announcement. We probably gave more information publicly about these measures than any previous government has given. The community has reacted the way it reacted.

The Hon. GREG DONNELLY: So there are no other caps on employee expenditure sitting somewhere in a bottom drawer or any other worst-case scenario, need to make, cuts that sit there somewhere that could come out in the in the near future?

Mr ADRIAN PICCOLI: I am telling you at 10 to 5 on whatever the date is today that that is it.

The Hon. HELEN WESTWOOD: Also on the same issue, Local Schools, Local Decisions. Under that policy will funding for teachers' salaries continue to be demand driven by student numbers?

Mr ADRIAN PICCOLI: The Department of Education and Communities will still be funded by Treasury on a demand basis, driven by student numbers.

The Hon. HELEN WESTWOOD: That will also apply under Local Schools, Local Decisions?

Mr ADRIAN PICCOLI: Treasury funds the Department of Education and Communities, and the Department of Education and Communities provides funding.

The Hon. HELEN WESTWOOD: Under Local Schools, Local Decisions, if a principal wanted to employ one less class teacher but wanted to employ instead a business manager for the school, can they do that?

Mr ADRIAN PICCOLI: They have to abide by the department's policy. They have to implement the curriculum and class size policy, amongst other things. They have to meet all those requirements. There will be requirements as part of the two buckets of money, the staffing bucket and the other bucket. So there are plenty of parameters around what schools have to do. We are giving them increased flexibility but we are not giving schools complete and utter flexibility. We have seen what has happened in other jurisdictions, not just in Australia but around the world, and I think Dr Bruniges picked the best things from around the world and in Australia and implemented a reform that is designed for New South Wales and New South Wales alone.

(The witnesses withdrew)

The Committee proceeded to deliberate.
