

# GENERAL PURPOSE STANDING COMMITTEE No. 1

Wednesday 15 September 2004

Examination of proposed expenditure for the portfolio areas

## EDUCATION AND TRAINING, AND ABORIGINAL AFFAIRS

The Committee met at 8.00 p.m.

### MEMBERS

The Hon. P. T. Primrose (Chair)

The Hon. J. C. Burnswoods  
The Hon. C. E. Cusack  
The Hon. Dr A. Chesterfield-Evans

The Hon. R. M. Parker  
Ms L. Rhiannon  
The Hon. H. S. L. Tsang

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### PRESENT

**The Hon. Andrew Refshauge**, *Deputy Premier, Minister for Education and Training, and Minister for Aboriginal Affairs.*

**Minister's Office**

**Mr Michael Choucifate**, *Chief of Staff*

**Department of Aboriginal Affairs**

**Mr Jodie Broun**, *Director-General*

**Department of Education and Training**

**Mr A. Cappie-Wood**, *Director-General*

**Mr M. Bowles**, *Deputy Director-General*

**Mr K. Dixon**, *General Manager, Finance—Board of Studies*

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## **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 this meeting open to the public. I welcome you to this public hearing of General Purpose Standing Committee No. 1. I thank the Minister and the departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Education and Training, and Aboriginal Affairs. The Committee is proposing to do both portfolio areas. For the convenience of your officers it is suggested that we might begin with Aboriginal Affairs, and once those questions have finished those officers can leave.

I point out that in accordance with the Legislative Council's guidelines for the broadcasting of proceedings, which are available from the attendants and clerks, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. There is no provision for members to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

For the benefit of members and Hansard, could departmental officials please identify themselves by name, position, and department or agency before answering a question referred to them. The Committee has agreed to the following format: 20 minutes for the Opposition, 20 minutes for the crossbench, which will be 10 minutes each, and 20 minutes for the Government. Then we will rotate. We will commence with the portfolio of Aboriginal Affairs. I declare the proposed expenditure open for examination.

**The Hon. ROBYN PARKER:** Minister, could you outline what trips you have undertaken, and at what expense, to visit Aboriginal communities in New South Wales in the past 12 months? Could you specify which community you visited, the date of the visit, the cost, and the ministerial or departmental staff that accompanied you?

**Dr ANDREW REFSHAUGE:** Yes, but I will take that on notice. There is a lot of detailed information with dates to get accurate. I do not have my diary with me. It would take some time to do that. Is somebody from the Committee taking a list of these questions to provide for us later?

**The Hon. ROBYN PARKER:** It will be in the transcript. Budget Paper No. 3, page 5-16, says in relation to land councils that the department also continues to work closely with the New South Wales Aboriginal Land Council to improve the efficiency and effectiveness of the Aboriginal Land Council system. As Minister, are you now aware of all the problems in the land council system? Can you advise the total cost for administrators for the past 12 months in each of the land councils and can you indicate the cost of the administration of the New South Wales Land Council?

**Dr ANDREW REFSHAUGE:** That is not part of the Government's budget. That is money that is run by the land council itself. I do not think it is within your purview to ask.

**The Hon. ROBYN PARKER:** Surely it is within your purview, though. You are the Minister for Aboriginal Affairs.

**Dr ANDREW REFSHAUGE:** But I thought you were here to ask about the budget.

**The Hon. ROBYN PARKER:** Yes, but you are the Minister for Aboriginal Affairs. Surely it is within your purview to give us that information.

**Dr ANDREW REFSHAUGE:** You are asking about the budget and the expenditure of public money. This is not public money; this is a separate organisation, the New South Wales Aboriginal Land Council.

**The Hon. ROBYN PARKER:** But it says that you are working closely with the Aboriginal Land Council as the Minister. You have been the Minister for 10 years. Surely you must know.

**Dr ANDREW REFSHAUGE:** But it is their money, not taxpayers' money, that is being spent on administrators. It is up to them to provide that information. It is not part of government expenditure.

**The Hon. ROBYN PARKER:** But you appointed the administrators, surely?

**Dr ANDREW REFSHAUGE:** Yes. I can provide you the administrators that I have appointed. That is no problem at all. That is part of my responsibility, but the expenditure on that is paid for by another body; it is not paid for by the Government, it is not paid for by the taxpayer. It is not, therefore, necessarily within the purview, I would have thought, of this Committee. You might want to ask about it but it is somebody else's money. You are asking about their expenditure, not taxpayers' money. You may not know how the land council system works. I can give you a briefing on that later if you would like. But the money is actually spent by the Aboriginal land council. I will ask them to provide that information, but it is up to them if they want to.

**The Hon. ROBYN PARKER:** As the Minister for Aboriginal Affairs for the past 10 years, and given your undertaking to work closely with the Aboriginal land council, just how effective have you been? Numerous administrators have been appointed and now you are going to implement a review. Can you tell us what is wrong with the Aboriginal land council?

**Dr ANDREW REFSHAUGE:** Which Aboriginal land council? The New South Wales Aboriginal Land Council or a particular one?

**The Hon. ROBYN PARKER:** All of them. The whole system.

**Dr ANDREW REFSHAUGE:** The New South Wales Aboriginal land councils were established by the New South Wales Aboriginal Land Rights Act. They were established over 20 years ago, and for some significant reasons: because of the disadvantage that Aboriginal people had; the dispossession of their property or their land; and, to some degree, reparation for the past policies that the present Prime Minister refuses to apologise for. It is interesting that part of the bipartisan decision in this Parliament about 20 years ago was acceptance that those issues should be recognised, faced up to, and apologised for. It is interesting that the Prime Minister still refuses to apologise for the past practices of governments upon Aboriginal people with regard to dispossession.

So the land rights legislation was introduced to provide a basis for developing an economic base as well as a symbolic recognition of the dispossession. That economic base was to allow Aboriginal communities, through their State land councils, to be able to claim Crown land that was either unused or became unused because government had no specific function for it. The land rights claiming system particularly involved the individual land councils and the government agency, which has changed over time, that dealt with Crown land. No land that was directly claimed would necessarily be granted; it would go through a process to ensure that the criteria in the Act were met. That criteria did, of course, allow for the rejection of land claims.

As a result of the system that was established, a large number of land claims have been granted, totalling in the order of somewhere between—and this is an estimate from different valuers—\$700 million and upwards of \$1 billion. That is the most effective land claim system that has been in operation in this country. In that sense, just on the basis of the process of the most important aspect of the land council system, it has been a bigger success, of monumental proportions, than any other State or Territory system. That means, I would have thought, that on that pretty simple statistic, the aim of granting land claims has been a roaring success.

I think the claiming of land still has some way to go, although obviously the more obvious and easier land claims that are probably being dealt with now have become much more difficult ones. The ones that have more competing issues about them will probably take some significant time to finalise. A number of land claims are still to be processed. Aboriginal communities have been able to see the opportunity to use that land in a number of ways. Some land may have spiritual significance and they want to use the land in a way that maintains that significance. Often that is a way of making sure it is protected from too many visitors, and certainly that it is protected from any possible destruction to carvings or the like on that land.

Some land councils have seen the opportunity to develop land, as any other landholder might, and there have been some proposals for the development of land that has happened throughout New South Wales, some of which has been quite successful. Other land councils have, as you would

expect, come up with a number of ideas. Some have been outright rejected, others have been rejected at a later time, others seem to be unfeasible or not appropriate at the time. Significant land having been granted, we are now probably moving into a phase where land can be best utilised for realising the asset, and translating that into community development, or into any other purpose.

That is part of the realisation that we needed to review where the Aboriginal Land Rights Act is at the moment, to get a land rights Act that is successful in getting land claims granted. When the Act was initially drawn up or reviewed the complexity of land development that these opportunities now present probably were not taken into account.

So the review that we are doing now is to bring in some amendments that would allow for the best capacity to be available for land to be appropriately developed without losing local control, but also being aware of the pitfalls that anybody could get into when dealing with developers, who obviously have their own bottom line and interests at heart. A lot of ideas are being promoted at the moment that we are developing for a discussion paper. The people developing that paper are the head of the Department of Aboriginal Affairs, Jodie Broun, the administrator of the New South Wales Aboriginal Land Council and the registrar of the Aboriginal Land Rights Act.

We expect that there may be a number of facets to this review. Obviously, the first is the best way of developing land. There will be issues of governance as well, which led to the dismissal of the State land council some time ago, and there will be other issues. They may be covered as three different discussion papers, depending on the advice I receive from those who are developing it. So in answer to your question, delivery of the land rights Act in New South Wales has been more successful than in any other State. It has delivered the potential for Aboriginal people, probably greater than expected at that stage—and I was certainly involved from outside Parliament in discussions about the land rights Act. It is certainly bigger than we expected at that time. So in that sense it has delivered quite significantly.

We are now moving to a phase where we can ensure that we realise the assets, if that is appropriate and within the context of the issues and interests of the local Aboriginal land councils. I think this will be able to deliver further benefits for local communities. The land councils have often taken the opportunity to use land that has been granted to develop housing for their communities on their land. A number of land councils have either incorporated that activity of an Aboriginal housing company or have set up as Aboriginal housing providers and have developed a provision of service, Aboriginal housing, effectively equivalent to public housing, for Aboriginal communities.

This has been a significant boost for living standards for Aboriginal people. In no way would anyone suggest that that is enough, but it has certainly been part of the original intention of the Aboriginal Land Rights Act, which was to see, as much as possible, self-determination through this process. That delivery of service for Aboriginal housing by land councils or in conjunction with an Aboriginal housing company has been a significant part of delivering on that. The local Aboriginal land councils have also seen opportunities with the land that has been granted occasionally to establish enterprises, and a number of land councils have established enterprises. Near Lightning Ridge I think they provide the only service station in the region—they have been quite successful in doing that—and providing, in many other areas, significant economic benefit, not necessarily in terms of profit and loss but in terms of employment for local Aboriginal people.

**The Hon. ROBYN PARKER:** Do you think the \$500 million land fund has been used effectively by the land council system of behalf of Aboriginal people?

**Dr ANDREW REFSHAUGE:** The \$500 million land fund is not to be used so I am not sure what you mean. It is to be held and to accrue interest.

**The Hon. CATHERINE CUSACK:** The interest—

**The Hon. ROBYN PARKER:** Is that being used efficiently?

**Dr ANDREW REFSHAUGE:** The \$500 million fund, in that sense, has been used wisely because it has actually grown at a greater rate than most investment funds for most of its years. Mr Hazzard has recognised the work that Aiden Ridgeway did when he was the chief executive officer of

the Aboriginal Land Council. The investment during that period showed that the returns on the land fund then were greater than the average trust funds that were being held by other major financial institutions. So they have done a sterling job on that, but you may not understand what the fund is about.

**The Hon. CATHERINE CUSACK:** They have access to the interest on the fund.

**Dr ANDREW REFSHAUGE:** That is right. That is the fund. The fund itself has been invested wisely.

**The Hon. CATHERINE CUSACK:** That is what my colleague—

**Dr ANDREW REFSHAUGE:** She said the \$500 million fund.

**The Hon. CATHERINE CUSACK:** I think that is splitting hairs. She is talking about the proceeds of the fund that are available.

**Dr ANDREW REFSHAUGE:** She was not, actually. You might like to check the transcript. But you can ask that, if you like.

**The Hon. CATHERINE CUSACK:** Can I ask that question?

**Dr ANDREW REFSHAUGE:** I have not finished answering the first question. The local Aboriginal land councils have also involved themselves with other organisations that might be wanting to develop on their land for Aboriginal advancement. They have taken up that opportunity with the Federal Government through the National Aboriginal Health Strategy [NAHS]. They have taken up the opportunity with the State Government through the Aboriginal Community Development [ACD] program. They have taken up the opportunity with the Department of Housing through what was the Housing for Aborigines program and now is probably more either the Aboriginal Housing Office program or general departmental housing.

In general, these opportunities have provided improved quality housing both in number and the actual quality of the fabric of the housing. Indeed, at the moment the ACD program is providing through two processes: one is its own infrastructure development, and the other is through a program jointly with the Department of Health, the Housing for Health program. Both increase the amount of housing for Aboriginal people, often much more with them being part of the design process. So it is designed with their interests in mind. They also use the Housing for Health program, developed by Paul Torzillo and Paul Pholeros, to do major improvements of maintenance of existing housing through using tradespeople and local people to assess the liveability of a house in a way that has not been used before.

It is a very exciting program. It has been able to develop significant improvements to existing housing. As was shown clearly by Fred Hollows, housing is probably one of the most important things for improving Aboriginal health. His report on the trachoma program showed clearly that overcrowding in housing and the availability of water, washing and cleaning facilities, and waste disposal—probably, as he called them, the health hardware—are the most important things for improving Aboriginal health. In that sense I think the land council system—you asked whether it has delivered—has in these ways seriously and significantly delivered improvements to Aboriginal people. Without those, they would not have happened. Without those, they would not have happened in a way that has been part of self-determination, which is an important part of the Aboriginal Land Rights Act, which has been maintained in the review of the land rights Act.

In that sense those who have been involved have done a good job. There is always more to be done. There is significantly more to be done. I would not want in any sense to suggest that we have gone the distance but, to answer your question, those benefits and more have seriously improved the lot of Aboriginal people. Certainly, they would not have happened in the way they have happened without the Aboriginal Land Rights Act and the Aboriginal land councils, and in that sense I think they have been very successful. However, there is more to be done. Problems have been emerging. We have tried to fix those at different times. I think this review will seriously take into account the

particular issues that face Aboriginal people and their land council system now. You wanted to ask about the interest on the fund.

**The Hon. ROBYN PARKER:** If the land council fund was managed so well, how did it fall below the statutory limit two years ago?

**Dr ANDREW REFSHAUGE:** At that stage it was very hard to defy the stock market. Most funds went negative at that stage. In terms of most superannuation funds, I think you would have done better if you had put the money under the bed. The land councils fund did dip under the statutory limit for a few months but it is significantly above it now.

**The Hon. ROBYN PARKER:** So would you say that the total assets held by the 122 land councils have been used in the best interests of Aboriginal people?

**Dr ANDREW REFSHAUGE:** In general. I think there have been areas where we have certainly had problems. I think there are areas where the lack of capacity in the local community has led to problems. That was seen by Nick Greiner. He made some significant changes to the land rights Act, but they did not fix the problem. I think there have been other changes that have also tried to fix it, not necessarily totally successfully. With this major review, we are looking—keeping in mind that we are moving into a phase more of realising assets than of acquiring assets—to take those and the advice that has come from places like the Auditor-General into account.

*[Time expired.]*

**The Hon. ROBYN PARKER:** But you have been the Minister for 10 years. Why has it taken this long to get to a review?

**CHAIR:** Order!

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There was a whole-of-government response to the Redfern-Waterloo inquiry, and the Department of Aboriginal Affairs was not very visible in all that. What is the department's position with regard to the redevelopment of the Block and does it propose to put any money in to that end?

**Dr ANDREW REFSHAUGE:** The department's role is much more of co-ordination of policy development, rather than a direct service provider. Indeed, the program that is involving the Redfern-Waterloo area is not a specific program; it is much broader than that, and it is being run from the Premier's Department through the Community Solutions program. So in that sense Aboriginal Affairs is part of that program but it is certainly not the manager.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The Redfern-Waterloo Partnership program is much bigger than just Redfern; it is Waterloo and the whole area.

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But the Block is under the control of the Aboriginal Housing Company, as you would be aware, which is a private company.

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Which I gather has about \$2 million in capital and estimates that the design of the rebuilding of the Block under the design suggested by the university project is about \$27 million. The committee suggested that half of that funding be Federal and half of it State, which would mean about \$12 million each. With the Federal election it might be a good time to ask the Federal Government for funding. Why is the State not offering its \$12 million and pushing the Federal Government?

**Dr ANDREW REFSHAUGE:** We have not finally responded to the report. Certainly, the report has given us significant directions of where the committee thought, from the evidence put

before it, would be the appropriate direction to go. The Government is developing a response to that. It would be inappropriate for me to comment until that response has been finalised.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There are only three weeks until the Federal election, as I said. It would be smart to come back as a response in order to encourage some response from the Federal Government.

**Dr ANDREW REFSHAUGE:** I noticed that Andrew Bartlett is very keen to put his oar in also. I have not heard him say a thing about it either.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Certainly I do not think the Democrats record is inferior to any others.

**Dr ANDREW REFSHAUGE:** No, I do not think so. To answer your question, a comprehensive response is being developed. The issues that were raised are being seriously considered and developed, and a response is being developed using that valuable information. It may be good to have a response earlier, but we want to do it right.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So it will not come before the Federal election?

**Dr ANDREW REFSHAUGE:** We are not timing our response to be political in that sense, no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You said your job was more the co-ordinator of services?

**Dr ANDREW REFSHAUGE:** No, policy.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Co-ordinator of policy? But if their services are not very well co-ordinated it might be good policy to get them as such?

**Dr ANDREW REFSHAUGE:** Yes, but the service provision and the co-ordination of service provision is for the service providers.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But if you are acting in the interests of the Aboriginal people and there is a lack of co-ordination of services, surely it is about implementing the policy as well in terms of getting those services better?

**Dr ANDREW REFSHAUGE:** Yes, but what is your question?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What are you doing about the lack of co-ordination of Aboriginal services, as revealed by the inquiry into Redfern-Waterloo?

**Dr ANDREW REFSHAUGE:** That is part of the response we are developing. As I say, that has not been finalised yet. We will be releasing it when it is available.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Also identified in the report was the problem, if that is the word, of Aboriginal community liaison officers [ACLOs], who are employed by the police. Reading some of the police submissions, it would seem that the police regard them as almost a sort of intelligence group who should be able to predict riots. That would not seem to be a credible position for Aboriginal persons co-ordinating with their communities. Do you have any views of a role for people co-ordinating between police and Aborigines?

**Dr ANDREW REFSHAUGE:** Yes, and I think theirs is a valuable role, but it will often vary depending on the community they are working within and on their own particular skills. The issues between police and the community will be very different from one area to another, therefore the role played by the ACLO will obviously have to be different as well. I think the police have seen that role as valuable. In the beginning, when I think Bill Galvin established the ACLOs, I think it was not seen by the police as necessarily the right way to go. There has been quite a significant cultural



change since those days of Bill Galvin and the establishment of the first Aboriginal community liaison officers.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you happy with the view of ACLOs as expressed in the police submissions to the Redfern-Waterloo committee?

**Dr ANDREW REFSHAUGE:** There is nothing I would particularly take issue with in a policy sense.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I understand that Aboriginal students and their families in Cooma and Bega high schools currently do not have an Aboriginal educational system?

**Dr ANDREW REFSHAUGE:** Aboriginal educational systems are generally funded by the Commonwealth.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The department here does not fund them?

**Dr ANDREW REFSHAUGE:** We fund some, but the vast majority are funded by the Commonwealth.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are they not within the public school system? Correct me if I am wrong.

**Dr ANDREW REFSHAUGE:** Yes. We thought we were going to get \$700 per student from the Federal Government. That is Federal Government funding. All of a sudden it pulled the plug on that. We have that money in our schools, but it is Federal money.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What happened to the departmental inquiry into Aboriginal education that was initiated in 2002?

**Dr ANDREW REFSHAUGE:** It has reported to me. I am analysing the report, and I will be making it public.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So it will be coming out shortly?

**Dr ANDREW REFSHAUGE:** Yes, I will be making it public.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The Aboriginal population in New South Wales is growing. There is a lot of focus on school leaving rates. Why is the number of Aboriginal students in schools anticipated to decrease? That would seem to go against the demographics.

**Dr ANDREW REFSHAUGE:** You will probably get a more comprehensive answer in the review we are putting out. At the moment I am not convinced that those figures are right. I would expect an increase rather than a decrease.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So you think the budget figures may be wrong?

**Dr ANDREW REFSHAUGE:** I am concerned that that may not be an accurate picture. I want to see if it turns out to be right. There has been an expectation that it would be fewer, partly because there is an expectation that retention rates are falling—and they certainly do fall in the senior school years. In general, that is what the principal issue would be. I do not think they have taken into account the expectation that there will be a rise in the number of children coming in at the kindergarten level, and I do not think the retention rates will significantly change or drop from one year to another.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you think you can improve the retention rates?

**Dr ANDREW REFSHAUGE:** Yes, I do. It will take some time. The ideas coming out of the Aboriginal education review are about finding ways to do that. Once we have the report and the Government's response, I would be keen to also get a further response from people like you and others in the Parliament as well. I think it is an issue that nobody feels we have been successful with, and we want to find better ways to achieve a realistic outcome for Aboriginal children, effectively the same as for non-Aboriginal children in that sense. The Parliament has taken a bipartisan approach to this, and I hope it will continue to do so and find some other ideas on how to do it better.

**Ms LEE RHIANNON:** Minister, are you aware of what the New South Wales Ombudsman said about your department's involvement in the closure of Beacon Hill High School on 22 April this year?

**Dr ANDREW REFSHAUGE:** Yes. Do not ask me to quote it word for word.

**Ms LEE RHIANNON:** I might do that because I do want to ask you questions about it. He said:

The Department accepts that there were deficiencies in its procedures prior to the decision to close the School and that good administrative practice was not followed.

Can you tell us what community and school community consultation did take place, and can you do that in the context of the requirements for school closures set out in section 28 of the Education Act?

**Dr ANDREW REFSHAUGE:** Yes. There is quite an amount of documentation about this. It may be better if I present you with all of that information. I am happy to do that rather than try to record it all now. I will give you a quick response on some of it. It is worthwhile pointing out that the Crown Solicitor's Office has advised us that the procedures we went through were legitimate and legal.

**Ms LEE RHIANNON:** When did you get the Crown Solicitor's advice, and is that the usual process or is that because there were problems?

**Dr ANDREW REFSHAUGE:** No, because it was contentious and contended.

**Ms LEE RHIANNON:** I understand that under the Act you are required to have a school closures committee. Mr Aquilina wrote to the school on 14 June. I find that date significant because the Act sets out that any school closures have to be notified by 15 June, so I get the feeling he knew he had to get the letter in that day. That letter says nothing about setting up this school closures committee. That seems to be a huge omission and a serious break with what is required under the Act.

**Dr ANDREW REFSHAUGE:** As I say, it might be easier if I get you a full and comprehensive briefing about it. But I point out that the Crown Solicitor has advised it was done within the Act, it was done legally, and the closure should stand.

**Ms LEE RHIANNON:** So you are not able to give us any details about the decision now?

**Dr ANDREW REFSHAUGE:** I can give you the details but there are a lot of files about it. I am happy to give you all of that and you can go through it all yourself.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You may be aware that I have a motion before the House calling for papers.

**Dr ANDREW REFSHAUGE:** I am highly aware of the excitement of the upper House.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I am pleased, Minister. Does that mean you will comply with the order?

**Dr ANDREW REFSHAUGE:** We always comply.

**Ms LEE RHIANNON:** Not always. In any case, I appreciate your comments about further meetings. I also understand that some members of the community who have been concerned about how this matter has proceeded wrote to you on 26 July requesting a meeting. Will you be willing to meet with them and go through the Crown Solicitor's advice, because as far as I am aware—and I have been following this closely—this is the first we have heard about the Crown Solicitor's involvement in this?

**Dr ANDREW REFSHAUGE:** It is not. We have told them about that before.

**Ms LEE RHIANNON:** I am talking about myself. I was not aware.

**Dr ANDREW REFSHAUGE:** Sorry. I did not know you were interested. We have met with Sue Covey and some of her colleagues at different times. She has always had access to the department's advice as well. She has been meeting, or has met, with senior officers of the department. She has not been held back from obtaining information. She made a freedom of information request on my office to find what information I had.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** And was stonewalled, Minister.

**Dr ANDREW REFSHAUGE:** And was told that we had no information. She went back to the Administrative Decisions Tribunal and it upheld the fact that I had nothing in my office that related to it.

**The Hon. CATHERINE CUSACK:** I believe a further meeting with your staff has been organised?

**Dr ANDREW REFSHAUGE:** I am quite happy for her to meet with my staff if my staff feel that it could be useful to her.

**Ms LEE RHIANNON:** I understand the Crown Solicitor was advised that a school closure review committee was set up? This is where we have a dispute.

**Dr ANDREW REFSHAUGE:** I can provide you with quite significant information about it and the Crown Solicitor's advice if you like.

**Ms LEE RHIANNON:** Can you take that on notice?

**Dr ANDREW REFSHAUGE:** Yes.

**Ms LEE RHIANNON:** We would like to get that on the record. One of the key issues relates to the school closures review committee. On what day did you meet with Sue Covey and her colleagues?

**Dr ANDREW REFSHAUGE:** I met with her on site last year.

**Ms LEE RHIANNON:** Can you provide me with the date? It is a matter that has been raised with me when I have been there: that it has not been possible to have a meeting?

**Dr ANDREW REFSHAUGE:** I met with her and the local member on site at the school last year.

**Ms LEE RHIANNON:** Can you take it on notice and give me the date, please?

**Dr ANDREW REFSHAUGE:** Yes. You might like to ask the local member. He might know.

**Ms LEE RHIANNON:** Moving on to another issue, will the Government fulfil its pre-election commitment to implement a three-tiered approach to equity programs, namely, the Priority

Schools Funding Program, the Priority Action Schools Program and the Priority Schools Help Program?

**Dr ANDREW REFSHAUGE:** We are committed to fulfilling our election promises. We are looking at how we can deliver a better system for those schools that are deemed to be disadvantaged. I think I would prefer—and we have had discussions with a number of interest groups in the education sector about making sure—to aim for improved outcomes rather than just fund on disadvantage. The idea that we provide money because of disadvantage rather than expect that money to provide an outcome is probably the wrong way to go.

**Ms LEE RHIANNON:** What do you mean by that—full funding?

**Dr ANDREW REFSHAUGE:** What I mean is, I am looking at how we can deliver a better system that delivers outcomes for children from disadvantaged areas rather than just funding to schools because they happen to be disadvantaged. The reason I am promoting that in particular is, if you look at the success in the old Mount Druitt district, which I highlighted to Parliament some time ago, the vast majority of those schools had been—since the beginning of the Disadvantaged Schools Program [DSP], followed subsequently by the Priority Schools Funding Program—on the DSP, but their results had not been improving significantly. They were getting patchy results. With the interest of a particular district director and some others in the district office, they were able to see that there was a capacity to improve the results of the children if they focused on using that funding particularly well, and they convinced the principals of each of the schools, and also the teachers, to relook at what they were doing.

In other words, instead of getting the money and just using it, let us look at the outcomes for the children and how we can use the money to improve their outcomes. As a result, over a three-year or four-year period, all of the schools in that district had significant improvements to their children's educational outcomes that have not been seen before, despite the fact that the same money was there. So it seems to us that instead of just giving the money because the children are disadvantaged and hoping it will work, we actually see proof by targeting it better to achieving outcomes for children. We get that money delivering results. In that sense I think we will be looking at how we can reshape those programs to be delivering for improved educational outcomes for children.

**Ms LEE RHIANNON:** With all due respect, Minister, that is what governments are supposed to do. When you have a budget you are supposed to make sure it works. You have emphasised that there.

**Dr ANDREW REFSHAUGE:** That is why we are looking at how we can fulfil that election promise. I think we need to do it more sophisticatedly, as has been shown can be done in the Mount Druitt example.

**The Hon. CATHERINE CUSACK:** More flexibly.

**Dr ANDREW REFSHAUGE:** More targeted, I think, than more flexibly.

**Ms LEE RHIANNON:** What is the total funding in these sections of the Education budget for the Priority Schools funding program in 2004-05? Will the total level of funds for all elements of Priority Schools funding assistance be maintained over the next three years?

**Dr ANDREW REFSHAUGE:** For 2004-05 it is \$59,800,000.

**Ms LEE RHIANNON:** Are you going to maintain that over the next three years in light of the review of special education assistance announced by you in August and the yet-to-be-released evaluation of Priority Action Schools initiatives?

**Dr ANDREW REFSHAUGE:** No, it has been released. It is suggested that the Priority Action Schools should only be on the program for two years, they should then potentially have a third year if there are special circumstances, and each year should be diminishing funding. It should start with base level funding and then be diminished each following year, with other schools subsequently coming on. So in that sense it should be a rotating program.

**CHAIR:** Does the Government have any questions?

**The Hon. HENRY TSANG:** No.

**CHAIR:** We will proceed to the Opposition's 20 minutes.

**The Hon. ROBYN PARKER:** Minister, following up on Beacon Hill High School, will you provide assurances that the buildings will be retained for community purposes, as is the Coalition policy?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. ROBYN PARKER:** In terms of maintenance and school cleaning contracts, would you tell us how much money has been spent on school cleaning contracts in 1999, 2000, 2001, 2002, 2003 and 2004 and how much has been allocated to cover contracts currently being renegotiated?

**Dr ANDREW REFSHAUGE:** Yes, I can. I do not have the figures in front of me for those years but I will get them for you. The Committee can note that and I will take them on notice.

**The Hon. ROBYN PARKER:** Would you tell us what the benchmarks are in current cleaning contracts and what benchmarks are being negotiated as part of the new contracts?

**Dr ANDREW REFSHAUGE:** I do not have the list of benchmarks with me here. Again, I can provide you with that. It is really part of the tender process. At the moment it has not been finalised for the next tender process. As soon as it is finalised I will approach Minister Della Bosca, who is the Minister for Commerce and is developing those tenders. I am sure they will be able to be made available.

**The Hon. ROBYN PARKER:** You will provide those benchmarks on notice?

**Dr ANDREW REFSHAUGE:** The present benchmarks that we have. The ones that are being developed I do not have to provide because they have not been developed.

**The Hon. ROBYN PARKER:** Could you tell us how many of the 1,633 government primary schools have preschools co-located?

**Dr ANDREW REFSHAUGE:** I will find that out. I do not know off the top of my head.

**The Hon. ROBYN PARKER:** Does anyone else have that information?

**Dr ANDREW REFSHAUGE:** We will get that accurately for you.

**The Hon. ROBYN PARKER:** Could you tell us how much money was allocated for contracted maintenance packages in each school education area in 2003-04, how much of the allocated funding was actually spent and how much has been allocated for 2004-05?

**Dr ANDREW REFSHAUGE:** The maintenance has not been allocated in that way to date, although we are looking at that option in the future. Do you want to know how much is spent in that area?

**The Hon. ROBYN PARKER:** Yes.

**Dr ANDREW REFSHAUGE:** We can get that for you. I think we can get it, as long as it does not take up an inordinate amount of time to collect. I would not think it would. We would be happy to get that for you. It is not actually allocated for each area. You may say how do I work out how much is spent at which schools in that area. It is not an allocation to the areas specifically. Are you asking for the future as an allocation to an area rather than to the schools in the area?

**The Hon. ROBYN PARKER:** In each school area. You do not have those figures?

**Dr ANDREW REFSHAUGE:** We could probably do it for you. We do not actually say for this area we will allocate that amount of money. We look at what the schools require and provide funding for that, and the contract packages as well. We do not particularly say that this area will get that amount of money. It depends on what the schools are. If you are asking what the funding for the schools are and then tally that for an area, that is a different way of allocating funding. I am happy to look at that and see if we can provide that information.

**The Hon. ROBYN PARKER:** Is the maintenance funding that is provided to schools part of their global budget?

**Dr ANDREW REFSHAUGE:** Part of the maintenance funding is, most of it is not.

**The Hon. ROBYN PARKER:** Do you take into account the age and condition of the buildings within a school?

**Dr ANDREW REFSHAUGE:** Obviously the allocated maintenance would be very much affected by the age in the existing maintenance of the school. Age does not necessarily mean it costs more. Some eras of building might have led to schools that would need much more maintenance much faster than others.

**The Hon. CATHERINE CUSACK:** How much money was allocated for contracted maintenance packages in each school in Education in 2003?

**Dr ANDREW REFSHAUGE:** The total for all schools?

**The Hon. CATHERINE CUSACK:** Yes.

**Dr ANDREW REFSHAUGE:** \$212,647,000.

**The Hon. CATHERINE CUSACK:** How much of the allocated funding was actually spent?

**Dr ANDREW REFSHAUGE:** We will take that on notice and get specific figures.

**The Hon. CATHERINE CUSACK:** How much has been allocated for 2004-05?

**Dr ANDREW REFSHAUGE:** \$184,403,000. That is the schools only. Last year there were unusual items that were funded from, I think, asset sales as well. There were some asset sales that added to the expenditure. The previous year it was \$178 million. So there was an increase for one year due to asset sales particularly.

**The Hon. CATHERINE CUSACK:** What was the contribution? What was the size of that lump sum?

**Dr ANDREW REFSHAUGE:** I will get you more accurate information. I think it was about \$30 million to \$40 million.

**The Hon. ROBYN PARKER:** When did the Government introduce a policy banning students doing bin duty?

**Dr ANDREW REFSHAUGE:** We have not done so.

**The Hon. ROBYN PARKER:** Picking up rubbish and litter around the place?

**Dr ANDREW REFSHAUGE:** The Government has not banned that. The principals as site managers of their schools will manage how they believe the school community should respect and use their schools. We are very much devolving that, but there is no government decision that bin duty should not be done. It would be very much up to the local school to make the decision.

**The Hon. ROBYN PARKER:** As to the schools that have bin duty, are their cleaning contracts adjusted to take that into account?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. ROBYN PARKER:** Budget Paper No. 3, page 5-25, shows a drop of \$13 million in maintenance funding allocated to primary schools and at page 5-28 a drop of \$14 million in maintenance funding for secondary schools, which is a total cut of 13 per cent. How can you justify that cut in funding considering the Auditor-General has already identified a maintenance backlog of approximately \$124 million?

**Dr ANDREW REFSHAUGE:** The year prior to that was \$178 million. In 2003-04 there were some asset sales that boosted that specifically for that one year. If you look at 2002-03 to 2004-05 you will see a progression that would be a normal increase.

**The Hon. ROBYN PARKER:** The budget papers refer to completing new preschool accommodation and state, "The completion of new preschool accommodation at a number of existing schools at a cost of more than \$14 million in 2004-05." The State Asset Acquisition Program shows \$13.6 million as the estimated total cost of the preschool program, which commenced in 2003. Is that the same program?

**Dr ANDREW REFSHAUGE:** If I understand which lines you are reading, yes. We are building 21 new preschools. That was a Government commitment before the election. We are in the process of doing that now.

**The Hon. ROBYN PARKER:** Can you explain why only \$2.65 million was spent on preschool buildings last year when \$7.86 million was allocated in last year's budget?

**Dr ANDREW REFSHAUGE:** I am advised that it is the contractual cycle. It is a matter of getting the contracts out, the contracts agreed to. The program will be delivered in the time frame that has been determined. It is not as if we are not spending the money. I am advised sometimes there are development application delays.

**The Hon. ROBYN PARKER:** The State Asset Acquisition Program shows that the estimated cost of new school projects is expected to be \$141.7 million, with an allocation of \$24.7 million this year. There are no details provided of the value of individual projects because of, apparently, commercial sensitivity. Does that mean all of those projects are private sector projects?

**Dr ANDREW REFSHAUGE:** No. We explained at the time of the budget that we were concerned if we put the estimated figures of the cost of each project, then when people were tendering they would not tender anywhere near that figure. They certainly would not tender under the figure. They might tender over the figure and, therefore, the cost would blow out. We thought it would be worthwhile trialling this year not putting the figures in to see if the tenderers are not encouraged to tender at a higher price than we have allocated for. It would be interesting to see if it works.

**The Hon. ROBYN PARKER:** Is the \$24.7 million a government allocation?

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. ROBYN PARKER:** When will you make the details available of spending on these projects?

**Dr ANDREW REFSHAUGE:** When the contracts have been signed. We will know then what the price is for each one of them. It is interesting if it works like that. I would be recommending that the Government may look into other portfolios to do the same because we do not want to waste taxpayers' money by saying, "This is what we think it is going to cost", and effectively asking tenderers to bid at a higher price.

**The Hon. CATHERINE CUSACK:** Minister, just by way of background, I note in relation to Beacon Hill High School that the honourable member for Wakehurst has confirmed that you did meet with him on the school site last year and discussed the future of the sportsground. I also note, however, that Sue Covey considers that she was a member of the community, rather than meeting with you in any professional capacity on that occasion.

**Dr ANDREW REFSHAUGE:** I am not sure if I am able to distinguish that. It may be, with some help from other wise heads, that we can work out the difference.

**The Hon. CATHERINE CUSACK:** It is also noted that yesterday your staff member, Carmel McKeough, agreed to meet Sue Covey and Sylvia Cohen next week. My question is: will you release any papers you have on this issue to Miss Covey at that meeting?

**Dr ANDREW REFSHAUGE:** On the meeting? I do not think we have recently had a letter from her asking for a meeting. I would be happy to release her letter to her, if she wants it.

**The Hon. CATHERINE CUSACK:** You may wish to confirm this but it is my understanding that there was an agreement yesterday to meet with a member of your staff.

**Dr ANDREW REFSHAUGE:** Yes, I understand that, but I am not sure what she wants released. Does she want some papers about the meeting released?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Probably a freedom of information request, Minister, as in Standing Order 52.

**Dr ANDREW REFSHAUGE:** Everything we have has been given to her. She has everything we had in our office, which is nothing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, nothing. She was not delighted with that, for some reason.

**Dr ANDREW REFSHAUGE:** If there is nothing there to have—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There is plenty of stuff under Standing Order 52 which are the substantial documents that she actually wanted, whether they were in your office or not.

**The Hon. JAN BURNSWOODS:** Is this an advertisement?

**Dr ANDREW REFSHAUGE:** She was asking about my office.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, but she was asking for the papers that she assumed had been sent from the Department of Education and Training to your office—she assumed.

**Dr ANDREW REFSHAUGE:** She got those, but she asked for anything I had separately.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I do not think that is right.

**Dr ANDREW REFSHAUGE:** I know what you are asking for.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I am trying to save the Upper House from having to debate the subject. If you would agree to the request, that would be simpler, Minister, but if that is not to be, I will win the vote on the floor of the House. It does not matter.

**The Hon. JAN BURNSWOODS:** This is gazumping. There are more than 100 motions on the business papers and you are attempting to get your motion debated first.

**The Hon. CATHERINE CUSACK:** Point of order: I would like to continue with the Opposition's questions.



**CHAIR:** I think that is a reasonable point of order. Would the Opposition please continue.

**The Hon. CATHERINE CUSACK:** In relation to the teachers' pay rise, the budget estimates at page 5-28 show an increase of \$571 million or 9 per cent in the life of this budget. Page 5-29 states that the cost of the teachers' pay rise is \$590 million in 2004-05. How will this shortfall be covered?

**Dr ANDREW REFSHAUGE:** The total cost of the teachers pay rise is fully funded by Treasury. If there are any discrepancies in the figures, they will not affect the allocation from Treasury for the teachers pay rise. We do not have to find any funding internally.

**The Hon. CATHERINE CUSACK:** So it is not being found from other sections of the education budget?

**Dr ANDREW REFSHAUGE:** No. Every cent of the pay rise will be funded by Treasury.

**The Hon. CATHERINE CUSACK:** What is the cost of the pay rise?

**Dr ANDREW REFSHAUGE:** The cost of the teachers pay rise is \$590 million in 2004-05, the full \$696 million in 2005-06. On top of that, of course, is the increase that has been provided to principals, deputy principals and head teachers of around about \$50 million. That is not contained in the budget papers because the decision in respect of the teachers was later in time than the budget.

**The Hon. CATHERINE CUSACK:** Is the increase of \$571 million an accurate figure?

**Dr ANDREW REFSHAUGE:** It is \$590 million.

**The Hon. CATHERINE CUSACK:** So that the \$571 million has been upgraded to \$590 million?

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. CATHERINE CUSACK:** The Treasurer, at page 3 of his budget speech, claimed that an extra 800 teachers would be employed by the end of the year in order to lower class sizes. How then do you explain the figures in the budget estimates at page 5-24 that show an increase of only 121 staff?

**Dr ANDREW REFSHAUGE:** A comparison between the number of teachers you would have had without the class size reduction program and the number of teachers you do have because of it leads to an assessment of about 800 staff. The number of staff in our schools depends on the number of students in our schools. Although one would expect everything to be exactly the same, there are variations within schools and within the whole system. Therefore, those figures will not necessarily tally up in the same way. I think it is fair to say that the Treasurer was right when he said there will be extra staff, an equivalent of 800, in the sense that there would be 800 fewer staff if that program was not occurring.

**The Hon. CATHERINE CUSACK:** You are obviously relating the number of staff to the number of pupils in the system.

**Dr ANDREW REFSHAUGE:** And the configuration of the number of students in each school, because the staff in each school will not be a straight direct formula. Thresholds and variations depend on those things as well.

**The Hon. CATHERINE CUSACK:** So if we did not have this program we would have 780 fewer teachers?

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. CATHERINE CUSACK:** To what would you attribute that reduction? Would you attribute that to the population in government schools?

**Dr ANDREW REFSHAUGE:** Part of that, sometimes. The smaller schools may have a higher proportion of staff to students developing. Therefore, you might get more students in a class but the class would not reach a size that would demand an extra teacher.

**The Hon. CATHERINE CUSACK:** There would be a reduction in smaller schools. Is that right?

**Dr ANDREW REFSHAUGE:** It would vary. It would involve a whole range of issues.

**The Hon. CATHERINE CUSACK:** It is a stunningly large number.

**Dr ANDREW REFSHAUGE:** I think the previous year was also included.

**The Hon. CATHERINE CUSACK:** Your feeling is that the changes over those two years are due to configurations rather than reductions in enrolments?

**Dr ANDREW REFSHAUGE:** Oh, yes. There are variations in enrolments, of course, as well. There has been a reduction in enrolments proportionately between the systems. That has been well canvassed.

**The Hon. CATHERINE CUSACK:** Do you actually have a breakdown of those figures?

**Dr ANDREW REFSHAUGE:** Not with me at the moment.

**The Hon. CATHERINE CUSACK:** Would it be possible to obtain more information?

**Dr ANDREW REFSHAUGE:** Yes. They have been well publicised.

**The Hon. CATHERINE CUSACK:** The budget estimates at page 5-24 show an increase in the number of students receiving special education support and a constant enrolment in special schools. Will you advise how many special education teachers are currently employed, and how this compares with 2003-04?

**Dr ANDREW REFSHAUGE:** Yes, but I do not have the specific figures for those two years with me. I will get them for you.

**The Hon. CATHERINE CUSACK:** The budget estimates at page 5-27 show that while enrolments in secondary schools are expected to rise by 144 this year, staffing will reduce by 265. Is this acceptable?

**Dr ANDREW REFSHAUGE:** I do not think that is right, if you are looking at the staffing. I think that would vary. It would only be the configuration of the classes that would make any difference. The staffing cannot easily change because it is rigidly determined by formula, so we know it is right. Whether you want it or do not want it, there will not be any other change apart from the configuration inside the classrooms.

**The Hon. CATHERINE CUSACK:** There is a line item that refers to the funding you have allocated for the 200 teacher scholarships promised by the Premier in his election policy launch in March 2003. Why has that policy been dropped?

**Dr ANDREW REFSHAUGE:** In the allocation of grants. It is interesting—

**The Hon. CATHERINE CUSACK:** It is in the grants funding?

**Dr ANDREW REFSHAUGE:** Yes. We could actually double the number of scholarships we provide if the Commonwealth did not charge fringe benefits tax [FBT] on it. I have talked with Brendan Nelson about this and he is keen to get that changed, but obviously his view and mine do not prevail with Peter Costello. If you could lend your voice as well to get the FBT removed from the scholarships for teachers it would be a major boost and pretty much double the number of teacher scholarships we provide at the moment.

**CHAIR:** Order! It is time for Ms Lee Rhiannon's questions—ten minutes.

**Ms LEE RHIANNON:** Minister, I want to ask some questions about the Department of Education and Training and superannuation. Will you inform the Committee how much the Department of Education and Training deducted from employees' accounts as superannuation contributions to be paid to State Authorities Superannuation [SAS] and the State Super Scheme [SSS] for the financial ended 30 June 2003?

**Dr ANDREW REFSHAUGE:** We believe we can disaggregate the superannuation figures and provide them to you. That is a protected Treasury item. It is always funded by Treasury.

**Ms LEE RHIANNON:** The other night the Treasurer said he had nothing to do with this and he would not answer my question.

**Dr ANDREW REFSHAUGE:** It is a protected Treasury item, which means we pay it through our budget, but if it goes up because of entitlements or legislative change, it is always fully funded. We can provide the information for you.

**Ms LEE RHIANNON:** Are you aware of the comments of the Auditor-General in his report to Parliament for 2003, volume 3, about the problems with the superannuation payments of the Department of Education and Training?

**Dr ANDREW REFSHAUGE:** Not at the moment, no.

**Ms LEE RHIANNON:** So you are not aware of the problem?

**Dr ANDREW REFSHAUGE:** I cannot remember. What did he say?

**Ms LEE RHIANNON:** Yours is not the only department concerned, but it stands out considerably. It deducted contributions from the employees' pay differently to the amounts forwarded to the administrator, but the differences are not attributable to individual contributors. The Department of Education and Training currently has a shortfall in deductions of \$335,000, down from \$1.6 million some years back. I hope you will not behave like the Treasurer, who belittled these figures and said they were meaningless. However, to people who are on the bottom rung so far as wages are concerned, these can be significant differences.

**Dr ANDREW REFSHAUGE:** Their entitlements will be preserved. There is no doubt they will maintain their entitlements. The Auditor-General often has a different view about how things should be, which is not necessarily a policy consideration but simply an accounting way of doing things. I am happy to look into that, but no issue has been raised with any people about their entitlements. They are quite happy that they are getting their entitlements.

**Ms LEE RHIANNON:** I put it to you that they would not know that they are not getting their entitlements, because the way it has been done is very complex. The Auditor-General has suggested there is a problem with reconciliation.

**Dr ANDREW REFSHAUGE:** I think the Auditor-General has a problem with that rather than me. I will check it out. I do not have any information to suggest that that is the case. Certainly no-one would miss out on their entitlements. By law they have those entitlements and they will get them.

**Ms LEE RHIANNON:** I will put some other questions to you. I hope you will be able to answer them or take them on notice. Are you able to say how much your department transferred to SAS and SSS?

**Dr ANDREW REFSHAUGE:** I will obtain that information for you. The current management letter from the Auditor-General to the Department of Education and Training does not mention that as an issue. The Auditor-General does not see this as an issue at the moment. He does not see this as a major issue that needs to be raised with the department at this time. I will be happy to obtain the information for you.

**Ms LEE RHIANNON:** I will put some additional questions to you and if you wish to take them on notice I will understand. Why is the gross amount deducted from employees not reconciled with the gross amounts transferred to SAS and SSS?

**Dr ANDREW REFSHAUGE:** As stated, I will take that question on notice.

**Ms LEE RHIANNON:** I suppose you are arguing that it is not a systemic problem?

**Dr ANDREW REFSHAUGE:** My advice is that the Auditor-General's latest letter to us does not see this as a problem. Employees have legal entitlements and they will retain them. If the Auditor-General has a way of perceiving how this should be done differently from the way it is being done, I would have thought he would raise it in his recent management letter. We will seek advice.

**Ms LEE RHIANNON:** A perusal of the Auditor-General's report would indicate that this has been going on for more than a decade.

**Dr ANDREW REFSHAUGE:** It is not in his latest management letter. It is not as though it is such an important issue that we should immediately fix it. It could be, in fact, an accounting issue at the other end at, say, the superannuation reception end.

**Ms LEE RHIANNON:** When one reads the comments in his report what comes through is the fact that there is an issue with the competency level. I will refer you to page 7 of his report. He questioned the general competency of agency staff and the adequacy of agency systems, and highlighted problems with the reconciliation process and delays in remitting contributions and in recording and forwarding superannuation information. That is the theme that prevails throughout: there is a problem.

**Dr ANDREW REFSHAUGE:** As I say, he has not raised it with me and he did not specifically raise it in his recent management letter to the department. I would have thought that, if it is an issue of significance, he would have taken the time to do that. I will be happy to ask him for further information about what he sees as a problem.

**Ms LEE RHIANNON:** Have you or any of your officers consulted with SAS or FSS on this issue?

**Mr CAPPIE-WOOD:** The casual payroll system could well be the cause of this, but I am not saying that it is. That old system—which we are planning to replace—needs to be improved. I would like to examine whether that is the cause of it. Obviously we want to get to the bottom of the issue. I have had a number of discussions in our audit committee meetings with the Auditor-General's staff about what matters we need to address in the organisation. They have not raised this at our regular audit committee meetings, but I am happy to take up the details that the honourable member has highlighted here today.

**Ms LEE RHIANNON:** The other problem area identified is late payments. Hopefully you can answer my questions, but if you cannot I would appreciate them being taken on notice. It appears that some members will be left hundreds or thousands of dollars in arrears and others will be overpaid.

**Dr ANDREW REFSHAUGE:** Are you referring to their superannuation or their pay?

**Ms LEE RHIANNON:** Their superannuation.

**Dr ANDREW REFSHAUGE:** People will not be left underprovided for.

**Ms LEE RHIANNON:** Are you confident of that?

**Dr ANDREW REFSHAUGE:** They have a legal entitlement and it will be met. It is the Government's responsibility to do that and it will be done.

**Ms LEE RHIANNON:** I am surprised that you say that so confidentially, given that you have said that you are not aware of the problem and you need to examine the situation. It would appear that the determination of superannuation is often not based on the full package that members may be receiving, and therefore the calculations may be incorrect. Having said that you cannot answer these questions, you now appear to be confident that staff are being paid properly.

**Dr ANDREW REFSHAUGE:** I am saying that they will get their legal entitlement. If there is an issue with reconciliation, the Auditor-General has not raised it with me. He has not seen it as an issue he needs to raise with me, his officers have not raised it with the director-general in their regular meetings, and it was not mentioned in his management letter. It does not sound as though it is an issue of major importance. It certainly concerns me enough to ensure that we talk to the Auditor-General to see whether it is an issue he would like to raise with us. If it is, we will find a way to resolve it.

**Ms LEE RHIANNON:** They are talking about long-term procedural and training issues.

**Dr ANDREW REFSHAUGE:** Yes.

**Ms LEE RHIANNON:** Another concern relating to SAS and FSS may illustrate the point better. Are you familiar with the First State Superannuation Act 1992?

**Dr ANDREW REFSHAUGE:** I cannot list all its clauses, but I know it exists and its general goals.

**Ms LEE RHIANNON:** Are you aware that the Act requires employer contributions for FSS to be paid within one month of the end of the contribution period? And is that being adhered to?

**Dr ANDREW REFSHAUGE:** The advice I have is that it is.

**Ms LEE RHIANNON:** Are you aware of significant late payments in 1992 and almost every year thereafter, including 2003?

**Dr ANDREW REFSHAUGE:** No.

**Ms LEE RHIANNON:** Are you saying the Auditor-General is wrong? You have just said that the money has been paid on time within one month of the end of each contribution period.

**Dr ANDREW REFSHAUGE:** There is no indication that the Auditor-General has raised this with the department. He certainly has not raised it with me. If he believes it is a major issue I would have thought he would do so. He has never been shy about raising issues with me or the department if he thought they were important. His latest management letter has not raised this as an issue.

If there is a significant problem, or any problem, we want to fix it. We will seek his advice about what he thinks is wrong in the system and see whether we can resolve what is either a real problem—it appears from what you have said that it could be—or an accounting method that he does not like. He often does not like the accounting method we use and requires that it be done in a different way. However, the outcome for individuals is the same. We will look at the situation and establish whether an issue needs to be resolved.

**Ms LEE RHIANNON:** Can I confirm that the questions the Minister could not answer have been taken on notice?

**Dr ANDREW REFSHAUGE:** If you provide them they will be answered.

**Ms LEE RHIANNON:** They are in the transcript.

**CHAIR:** The Committee cannot put questions on notice, but the Minister can provide additional information.

**Dr ANDREW REFSHAUGE:** They are important issues and I am happy to resolve them.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, do you accept the Auditor-General's finding on the schools' annual reports released today: that they need to be more rigorous and that the reports are primarily spin at the moment?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you think that reports on schools should be independent so that people have some way of judging them?

**Dr ANDREW REFSHAUGE:** I am not sure what you mean.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If they are not presented in a consistent format, and each school merely writes about its good points, a large amount of energy is being expended on marketing.

**Dr ANDREW REFSHAUGE:** No. It is important to realise that Parliament has passed legislation to ensure that we do not have school league tables. The Auditor-General seems to be peeved because he wants league tables, but that would be against the law.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Is there any use simply saying that each school should provide its story without any benchmark?

**Dr ANDREW REFSHAUGE:** I think my previous answer stands.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Surely the number of teachers and students and such elementary data does not preclude—

**Dr ANDREW REFSHAUGE:** No. Other things—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** We could have a constant format without having a rating system.

**Dr ANDREW REFSHAUGE:** Or setting it up for a rating system. That is fair. We are always looking at how we can improve accountability and reporting. The latest Ministerial Council on Education, Employment, Training and Youth Affairs conference determined to put to the Federal Minister ways to improve reporting and accountability. Some of the ideas he has put up are worthwhile pursuing. I particularly like the idea of developing a closer relationship with parent groups and providing scope for the presidents of P&Cs to put forward ideas for inclusion in annual reports. There may be some aspects of a standard format that could be used, but I do not want to take away from the individuality of each school.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What has the Government done about the National Asian Language Strategy? I pointed out some time ago that New South Wales was dropping behind.

**Dr ANDREW REFSHAUGE:** I think the Commonwealth has withdrawn significant funding.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It has, and that is the problem. The question is whether the Government has done anything about it. The problem will not go away because of a Federal Government line item.

**Dr ANDREW REFSHAUGE:** Perhaps it is the Commonwealth that should do the reparation work and bring in the money.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** One may be the master of one's fate.

**Dr ANDREW REFSHAUGE:** If we change the Federal Government we would get a better deal. The Federal Labor Party is particularly looking at increasing funding in this area. I suggest that you vote Labor.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That is a bit glib. You are responsible for Asian languages in New South Wales schools at the end of the day.

**Dr ANDREW REFSHAUGE:** Not through that program; it is a Federal program.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That may be true, but have you made other attempts to improve the provision of Asian language tuition? And what benchmarks have you achieved in that regard?

**Dr ANDREW REFSHAUGE:** We have dramatically revamped our syllabuses. We probably have the most comprehensive Asian language syllabus in Australia. Generally in languages, our offer is greater than that in any other State. The effort put into Asian languages is good at the moment. There is increased interest in some, but not all, Asian languages.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you have figures for the number of students at each level, the number of teachers, and the number of schools offering programs?

**Dr ANDREW REFSHAUGE:** I can provide that information.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Does the New South Wales Government intend to continue to meet interest payments for capital works in private schools?

**Dr ANDREW REFSHAUGE:** We have recently changed the procedure. Category 1, 2 and 3 schools will not get interest payments on capital works and we have reduced the interest rate that we will pay. That was announced in the mini-budget. The figure has gone from 10.5 per cent to 7.5 per cent.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It is still above the home loan rate.

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If New South Wales public schools were to raise money for agreed capital works, would the New South Wales Government meet those interest payments?

**Dr ANDREW REFSHAUGE:** We do that through public finance projects.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you mean public-private partnerships [PPP]?

**Dr ANDREW REFSHAUGE:** You can use whatever terminology you want. Schools are not allowed to raise their own money; they are not allowed to borrow.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If they found the money and asked you to make the payments, would that be possible?

**Dr ANDREW REFSHAUGE:** They are not allowed to do it.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** In other words, big corporations can build and buy schools, but little citizens cannot put money into their schools.

**Dr ANDREW REFSHAUGE:** They can put money into their schools. However, I will not pay your Bankcard interest if you want to donate to your school.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Would you pay my home mortgage interest payment?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Even if I were to build a new hall at the school?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So, if a P&C were to establish a trust you would not give them the money.

**Dr ANDREW REFSHAUGE:** We are happy to do joint funding programs, which are probably more generous. We pay half of them.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It is maddening. If someone wanted to build a school hall, you would not fund it. However, you would fund a private school and you would fund a PPP.

**Dr ANDREW REFSHAUGE:** We have a budget allocation. Within that we are able to spend on capital acquisitions for our schools. That includes a joint funding program that effectively offers 50-50, with the school contributing half the cost of the asset and our contributing the other half. That is not on anyone's say so. That program is finite and we need to assess what is there. The idea of underwriting a private citizen's loan becomes a bit more difficult. It would be better to look at a joint funding agreement rather than paying someone's interest charges.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But you are making those interest payments for private schools.

**Dr ANDREW REFSHAUGE:** That program was started some time ago. It was an election promise and we do not intend to break it.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So you will pay the capital costs of a private school but not a public school.

**Dr ANDREW REFSHAUGE:** No, we will make the interest payments. Public schools cannot get interest rates; they cannot borrow.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If they were to set up a trust for the P&C—

**Dr ANDREW REFSHAUGE:** That is a P&C, not a school. We do not pay that interest either. We will look at joint ventures in the sense of joint funding.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Will the Government guarantee the employment of school cleaners employed by subcontractors?

**Dr ANDREW REFSHAUGE:** The contractual arrangement is organised by the Minister for Commerce. We are obviously the beneficiary of the cleaning contracts, but they are run by the Minister for Commerce.



**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Who controls the quality of school cleaning?

**Dr ANDREW REFSHAUGE:** The Minister for Commerce; he controls the contracts.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Does he send inspectors to establish whether schools are clean?

**Dr ANDREW REFSHAUGE:** Yes, but we obviously comment.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Has the department made any assessment of Linux open-source software to lessen software costs?

**Mr CAPPIE-WOOD:** The question of open-source versus proprietary software licensing is being seriously considered by large and small agencies. Linux is one supplier. The process involved in open-source software is not yet fully developed for a large organisation such as ours. We are watching the market extremely closely because obviously software costs are a considerable factor. We will continue to monitor the development of open-source software arrangements in the months and years ahead.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What is the current spending on software?

**Mr CAPPIE-WOOD:** Desktop software licences is effectively what you are talking about in terms of open source. At this point in time approximately \$12 million per year is spent on those software licences.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How many school computers are out of lease?

**Dr ANDREW REFSHAUGE:** We are changing our policy in regard to the delivery of computers in schools. We now want to move from leasing to outright buying. We think we will get a much better deal by doing that, because costs are coming down. We are looking at increasing the maintenance provision in that contract from the present three-year leasing to a four-year maintenance contract, so we will get better service from the providers. Our plan is about \$795 million over the next four years—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** To buy computers?

**Dr ANDREW REFSHAUGE:** Of that sum, \$544 million is for the Computers in Schools Program, \$156 million for upgrading the bandwidth in schools, \$77.5 million for the e-learning accounts, and \$16 million to \$17 million for computer technology training for teachers.

One of the things we are also looking at is to make sure we get a better product. At the moment we are still in the process of negotiating those contracts. Any school that wants the replacement of its computers at the moment can certainly get the old computers replaced, but most of them are choosing to wait until the new ones come in. The new computers will have flat screens, they will have infra-red mice, rather than roll-ball mice, and we believe that will cause a significant reduction in the technical problems that have been traced with the mice. I am told that the flat screens are better for concentration for users, and that they have a lower energy consumption as well.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Will you employ maintenance staff, as has been suggested by the Teachers Federation?

**Dr ANDREW REFSHAUGE:** We are looking at how we can get the best deal to provide that sort of capacity.

**The Hon. ROBYN PARKER:** With regard to the computer roll-out you have just been discussing, how much has been saved given that the computers due for delivery in February and August have not been delivered?

**Dr ANDREW REFSHAUGE:** No money will be saved. We will be spending that money on the computers. If schools want them now, they can get them, but they will not have the flat screens that we are hoping to get under the new contract, they will not have infra-red mice but roll-ball mice, they will not have the upgraded chip, and I think the motherboards in the new computers are a little more sophisticated.

**The Hon. ROBYN PARKER:** How much money was allocated for that roll-out in 2004?

**Dr ANDREW REFSHAUGE:** \$53 million for lease fees.

**The Hon. ROBYN PARKER:** What was the estimated total cost of providing Internet accounts for students and teachers when the project commenced in 2003?

**Dr ANDREW REFSHAUGE:** The total cost over four years will be \$77.5 million, and that includes TAFE.

**The Hon. ROBYN PARKER:** What was the expected completion date?

**Dr ANDREW REFSHAUGE:** We thought it would probably take the four years. The budget estimate figures for the year suggest that it is probably a little more in the later years than in the earlier years.

**The Hon. ROBYN PARKER:** Can you tell us how much has been spent so far?

**Dr ANDREW REFSHAUGE:** No. I will get an accurate figure for that, because we are one-third of the way through this year already.

**The Hon. ROBYN PARKER:** You will provide that figure to us?

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. ROBYN PARKER:** How many teachers and students have been provided with Internet accounts?

**Dr ANDREW REFSHAUGE:** I will take that on notice also.

**The Hon. ROBYN PARKER:** And how many more are yet to be provided with Internet accounts?

**Dr ANDREW REFSHAUGE:** Yes, I will provide that. The accounts are voluntary. They do not have to accept them; they are not compulsory. They will be available. We will let you know how many have been offered. But I cannot guarantee that every student has decided they want to use it, or that every teacher has decided they want to use it.

**The Hon. ROBYN PARKER:** You say that that will be in the later years. Will you revise your estimate of cost?

**Dr ANDREW REFSHAUGE:** It is a contracted amount. Unless there is a reason to change that contract, it would stay.

**The Hon. CATHERINE CUSACK:** How are you regulating the demand for the email accounts?

**Dr ANDREW REFSHAUGE:** Partly on our capacity to be able to roll them out. A certain amount of information technology time needs to be allocated to do that, so we need to make sure we do that in a way that maximises their usefulness.

**The Hon. CATHERINE CUSACK:** I think that relates to regulating supply. I am referring to demand. In other words, who gets the accounts.

**Dr ANDREW REFSHAUGE:** A number of regions have been started. It is probably easier to do it that way.

**The Hon. CATHERINE CUSACK:** You are prioritising regions?

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. CATHERINE CUSACK:** Is there a strategy for that?

**Dr ANDREW REFSHAUGE:** Yes. We announced that some time ago. I think we have been able to bring one region forward a little earlier, but I am not sure whether that has advanced the region now more than it would have been.

**The Hon. CATHERINE CUSACK:** The demand for accounts has equalled what you estimated the supply would be?

**Dr ANDREW REFSHAUGE:** No. The demand in some areas is greater than we anticipated, and in other areas it is less than we anticipated. Some areas are wanting to jump the gun and come in earlier, and others are saying they want to wait. The Teachers Federation has a ban on it.

**The Hon. CATHERINE CUSACK:** Is it evening out, on the whole?

**Dr ANDREW REFSHAUGE:** We are not behind because of overdemand.

**The Hon. ROBYN PARKER:** Budget Paper No. 3, Volume 1, page 5-33, shows an allocation for adult and community education services of \$18.4 million. That is a reduction of \$4 million. What is the impact of that on colleges that are often the only education provider in small country communities?

**Dr ANDREW REFSHAUGE:** We do not see that there is. With regard to my community education provider, I await its prospectus to look at whether I should learn sailing, guitar for beginners, or sketching for travellers. It provides lots of interesting courses. One might call them lifestyle courses. I do not think I have seen any cutback on those courses. There seems to be a good range of interesting courses that people would want. But they tend to pay for themselves.

**The Hon. ROBYN PARKER:** Could you tell us how many teacher mentor positions were funded in 2003-04 and how much money was allocated for that purpose?

**Dr ANDREW REFSHAUGE:** Fifty-one, and \$4.9 million.

**The Hon. ROBYN PARKER:** Will all those positions continue to be funded in 2004-05?

**Dr ANDREW REFSHAUGE:** No. We have looked at how we can get a better reach from that program. The program has a very limited reach. We wanted to be able to get that type of program to reach a lot better, so we will be looking at a different way of doing that, to be able to learn from what has been able to be achieved there and to deliver a much broader reach to teachers who need it.

**The Hon. ROBYN PARKER:** How much has been allocated in the budget for teacher mentor positions?

**Dr ANDREW REFSHAUGE:** The same amount.

**The Hon. ROBYN PARKER:** Where is that set out in the budget papers?

**Dr ANDREW REFSHAUGE:** It is under "Salaries—primary and secondary".

**The Hon. CATHERINE CUSACK:** Did you say \$4.9 million for 51 positions?

**Dr ANDREW REFSHAUGE:** Yes. That it is why I thought I might be able to get better reach.

**The Hon. CATHERINE CUSACK:** What sort of reach are you expecting?

**Dr ANDREW REFSHAUGE:** Significantly better.

**The Hon. CATHERINE CUSACK:** Do you have a target?

**Dr ANDREW REFSHAUGE:** A target that is significantly better.

**The Hon. CATHERINE CUSACK:** On behalf of taxpayers, can I pin you down to a target?

**Dr ANDREW REFSHAUGE:** Not at the moment, but I am happy to talk to you about it before the next estimates committee hearing.

**The Hon. CATHERINE CUSACK:** What is the background to that?

**Dr ANDREW REFSHAUGE:** It was a good idea to get mentors for individual teachers, but it cost an enormous amount. Individual teachers who were being mentored received serious value from it. In that sense, it was a pilot program to see how it would work. The pilot showed very clearly that the teachers benefited, but I think that, with that money, we can get the same benefit in a bigger reach. In that sense I think we have learnt from the pilot and we need to expand it, but not necessarily at the same intensity.

**The Hon. ROBYN PARKER:** The budget papers show an increase for the vocational education and TAFE budget of only 2.4 per cent, or around \$33 million. Where will the money come from to fund the TAFE teachers pay increase, which is 12 per cent?

**Dr ANDREW REFSHAUGE:** Every pay increase is fully funded. Nothing has to be found from within the existing budget to pay for the pay increases; they are all absolutely fully funded. The budget increased from \$1.33 billion in 2002-03 to \$1.42 billion in 2004-05. I am sorry, I have looked at the wrong figures. Confusion arises when people compare the actual figures for last year with the budget figures for this year. The figures cannot be compared, because you need to compare actual figures with actual figures—what was spent in one year with what was spent the following year. The budget for 2003-04 was \$1.34 billion, and the budget for 2004-05 is \$1.42 billion. That is the way to compare the figures. I am told it represents a difference of about 5.6 per cent.

**The Hon. CATHERINE CUSACK:** Are you able to update the Committee on the Tamworth west situation?

**Dr ANDREW REFSHAUGE:** No.

**The Hon. CATHERINE CUSACK:** Has the review been completed?

**Dr ANDREW REFSHAUGE:** Not yet.

**The Hon. CATHERINE CUSACK:** Do you have an estimate of when it will be completed?

**Dr ANDREW REFSHAUGE:** Before the end of the year.

**The Hon. CATHERINE CUSACK:** Are options being considered by the review?

**Dr ANDREW REFSHAUGE:** I am leaving it to the review to consider that. It will be presented to me later.

**The Hon. CATHERINE CUSACK:** Who is conducting the review?

**Dr ANDREW REFSHAUGE:** I do not have the details on that. I will take that on notice.

**The Hon. ROBYN PARKER:** The State Asset Acquisition Program, in relation to TAFE projects particularly, shows the estimated cost of new projects to be \$54.1 million with an allocation of \$10 million this year. No details of the value of individual projects are provided. I am sorry, I will leave that question for the moment.

**The Hon. JAN BURNSWOODS:** What was that about literacy again, Minister?

**Dr ANDREW REFSHAUGE:** It is funny you should ask that, Jan. The literacy results that we are getting these days are dramatically improved. We have the most literate students in our schools now that we have ever had. We have never had more literate students. And I think that is a great tribute to not only the teachers who are doing the actual teaching there but also, I think, the revision of the curriculum. I must point that out to the Premier. The Premier has been very strong at driving a more rigorous curriculum. The reading recovery teachers were put in.

**The Hon. ROBYN PARKER:** That is fascinating, but I would like to draw you back to the State Asset Acquisition Program which, on pages 51-57 show that of the 64 works in progress 31 were underspent and 18 will not be completed by the estimated deadline. Who estimates the costing and the completion dates for capital works, and what do you intend to do to ensure their forecasting is more accurate?

**Dr ANDREW REFSHAUGE:** The Department of Commerce does that. We have let them know that this has been a problem and we would like to see if we can get a better result. Part of that, as you see from the questions you have asked earlier about the lack of detail about the expected cost, has been a way of trying to get that. It is difficult, of course, when you have an allocation for funds and the tender comes in significantly higher, to make sure that you then can actually deliver that if you do not have the money for it. So that has been a difficulty in ensuring that we get more projects delivered on time on whatever budget we can get them to hold to. That is why we have tried this new process to see if we can get a better way. As I say, hopefully we will show that and it may lead to other agencies doing the same in their budget papers.

**The Hon. ROBYN PARKER:** Could you outline the review process that has been undertaken to determine facilities needed to meet future educational needs in the Medowie area in Port Stephens, and what plans you have for the land that the department owns in the Medowie area?

**Dr ANDREW REFSHAUGE:** It is a bit specific. We can certainly get some information for you. One thing I would like to highlight is that the way in which the Federal Labor Party has developed its program for the extra funding for government schools of \$1.9 billion over four years—which is a very strong commitment that I would hope John Howard might match, or in fact even surpass—is to look at the commitments for educational attainment that have been determined by the Ministers for education when they met in Adelaide, and part of the development of the process or the formula for what would be effective funding included what we would expect to achieve for our students in a whole range of key learning areas. So the development of that has been part of the information. I notice that the present Federal Government has rejected the process, and you may want to talk to your colleagues there because that may be directly relevant to the Medowie area.

**The Hon. CATHERINE CUSACK:** Page 5-8 of Budget Paper No. 3, Volume 1, states that \$373 million will be allocated over four years to progressively reduce class sizes in government schools for students enrolled in kindergarten to year 2. The Budget Statement at page 2-14 indicates a total of \$347.4 million over the next four years. Which of those two figures is correct?

**Dr ANDREW REFSHAUGE:** They are probably both correct because the first year costs less than the fifth year and if you are looking at two separate levels of four years you might find that there is, because of the ongoing costs, a difference in a matter of which years you are talking about. I think because you do not mention dates that may be where the confusion is.

**The Hon. CATHERINE CUSACK:** Are you saying there is an establishment cost in the first four years that does not apply to the second one?

**Dr ANDREW REFSHAUGE:** No. Because it is a staged roll-out we just do the Priority Schools Funding Program for schools for kindergarten and year 1, and in year two we do those

schools for year 1 and the kindergarten for all the other schools. Year three we do year 2 for the Priority Schools Funding Program and the year 1 for the other schools, and year four we do all of the schools. So there is an increase in the expense per year and the ongoing expense. In other words, year 5 would be the same as year 4 but would be higher than year 3.

**The Hon. CATHERINE CUSACK:** That is what is puzzling me: \$373 million for the first four years and \$347 million for the next four?

**Dr ANDREW REFSHAUGE:** There is a capital cost.

**The Hon. CATHERINE CUSACK:** What is the capital component?

**Dr ANDREW REFSHAUGE:** It is \$107 million over four years, I think. Not all of the schools will need increased classrooms. Some of them have got classrooms already there that are not being used. Others will need new classrooms.

**The Hon. CATHERINE CUSACK:** What is the year four cost?

**Dr ANDREW REFSHAUGE:** I will find that out. I do not have that at my fingertips now. I will get the details for you.

**The Hon. ROBYN PARKER:** The budget estimates indicate that TAFE course fees raised \$61 million. How much of that was raised by charging secondary school students?

**Dr ANDREW REFSHAUGE:** We do not have that breakdown in the figures we have got here. We will be able to get that for you. Some private schools choose to make their students pay but they actually get an allocation to pay for it.

**The Hon. ROBYN PARKER:** In terms of TAFE fees for secondary school students—

**Dr ANDREW REFSHAUGE:** The schools are funded to pay for those fees, so some schools choose to make the students pay and use that funding for other things. Government school students do not pay.

**The Hon. ROBYN PARKER:** The Federal Opposition leader in his budget reply speech said that he would abolish TAFE fees for all secondary school students. Will you abolish those fees?

**Dr ANDREW REFSHAUGE:** If he wins, yes. Vote Labor.

**Ms LEE RHIANNON:** Do you expect that the 9 per cent increase to non-government school funding against the revised 2003-04 compared with the increase to primary and secondary education, which is of the order of 6 per cent, will be repeated in this financial year?

**Dr ANDREW REFSHAUGE:** The Commonwealth funding is certainly outside my control. The State funding to non-government schools is determined by legislation. I do not intend to break the law.

**Ms LEE RHIANNON:** So it is business as usual?

**Dr ANDREW REFSHAUGE:** Well, I do not intend to break the law. If you are suggesting I should, that is a very different suggestion.

**Ms LEE RHIANNON:** No, I am not. I am suggesting you do the right thing. When will the Government announce the list of 574 schools to be included on the Priority Schools Funding Program for 2005-08 so the planning organisation and staff into the new schools can proceed?

**Dr ANDREW REFSHAUGE:** I do not know where you have been, Lee, but we have already announced it.

**Ms LEE RHIANNON:** I am sorry, I do not keep up with it all, Minister. Could you tell me when it was so I can track it down please?

**Dr ANDREW REFSHAUGE:** About a month ago.

**Ms LEE RHIANNON:** You may have also finalised the list of schools to be included on the Priority Action Schools Program and the Priority Schools Help Program. Is that all done too?

**Dr ANDREW REFSHAUGE:** Yes.

**Ms LEE RHIANNON:** I want to ask you about a specific school. I am sure you are not aware of all of your schools, but this is an interesting one. Numulgi Public School, near Lismore, is a chemical-free school. Are you aware of it?

**Dr ANDREW REFSHAUGE:** I am aware of it but I do not have a lot of details.

**Ms LEE RHIANNON:** I would like to ask you and maybe some of your officers a question about the school, or you can take it on notice. It has had some difficulties; it has had a large number of principals over a short period of time and it has been suggested it might close because it is one of those schools that has only a short number of pupils.

**Dr ANDREW REFSHAUGE:** Hopefully it is a small number rather than a short number.

**Ms LEE RHIANNON:** Considering the service that it provides to children who have a sensitivity to chemicals, are you giving any special support to this school?

**Dr ANDREW REFSHAUGE:** I will have to get the specific details about support and provide it to you.

**Ms LEE RHIANNON:** I understand that the district superintendent has informed the school and the parents and citizens association that if it does not have seven children resources will be withdrawn. What does that mean, resources will be withdrawn?

**Dr ANDREW REFSHAUGE:** I do not know what the regional director has said, but I will seek advice from them to see what they did say and what they meant by it.

**Ms LEE RHIANNON:** Just in a general sense?

**Dr ANDREW REFSHAUGE:** I do not know what they meant. I will seek advice from them.

**Ms LEE RHIANNON:** I am just asking you, across New South Wales—

**Dr ANDREW REFSHAUGE:** I have not heard of that statement being used.

**Ms LEE RHIANNON:** So that is not a general policy when numbers drop down?

**Dr ANDREW REFSHAUGE:** No, I would have to find out what they said and what they meant by it.

**The Hon. ROBYN PARKER:** How many have they got?

**Ms LEE RHIANNON:** They are fluctuating around seven, and they think that they can increase it above seven.

**The Hon. CATHERINE CUSACK:** Like eight?

**Ms LEE RHIANNON:** They have parents saying that their children will be coming to the school. It has been suggested that they could be about to get a new principal. If you could take that on

notice and tell me the current status of the school with regard to resources and getting a permanent principal?

**Dr ANDREW REFSHAUGE:** Yes.

**Ms LEE RHIANNON:** I would like to ask about community colleges. How will the funding reductions to the adult and community education sector affect community colleges?

**Dr ANDREW REFSHAUGE:** As I said, my community college is thriving. There is a whole range of interesting courses that seem to be expanding every year. One that comes to mind is Travellers' Spanish.

**Ms LEE RHIANNON:** We have heard those jokes before, and you did not get a laugh then.

**Dr ANDREW REFSHAUGE:** That is exactly what is there, and I am very happy with the provision that they have got. I think that they are providing a very valuable service.

**Ms LEE RHIANNON:** So you do not see that there is going to be a 10 to 15 per cent cut back, as has been rumoured?

**Dr ANDREW REFSHAUGE:** No.

**Ms LEE RHIANNON:** Surely that must mean closure of these colleges in rural areas?

**Dr ANDREW REFSHAUGE:** No.

**Ms LEE RHIANNON:** So you are quite confident that you can give that guarantee?

**Dr ANDREW REFSHAUGE:** These are private organisations that make their own decisions. I cannot guarantee what their decision will be. But there is no reason why that should be.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You said that some schools have supply problems with electricity and cannot run airconditioning, lights and computers at the same time. How many of those schools are there and what is it planned to do about them and when?

**Dr ANDREW REFSHAUGE:** We have made it very clear to schools that are putting on extra electrical equipment that they really need to check with the electricity supplier about the capacity of their schools before they put them on. We often find that the P and C might raise money for new computers or airconditioners or other electrical equipment. Sometimes they might even put it all onto one part of the electricity supply in the school, and that part of the school cannot cope with it. If they put it onto a different circuit at the school it would be able to cope with it. So they need to realise it is not just a matter of buying more equipment and plugging it in; they need to also be aware of the configuration of the power supply within their school and the power supply to the school from the electricity supply.

If they talk to the electricity supplier it can advise them, and will advise them, the best way to do that. Sometimes, because of the vast increase in the number of electrical appliances that they are using, they will need a significant change to their supply; they might need a substation because they are actually quite a major drain or user of electricity from that area. Again, that would need to be discussed with their supplier. We do get into trouble when that discussion does not occur and when they put appliances in the system they have, which overloads one part of the system rather than more appropriately—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But surely if the supplier's job is merely to get it to the gate, is not how it is distributed within the building and the facilities in the building up to the department and its advisers?

**Dr ANDREW REFSHAUGE:** That is why I want some more involvement.



**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But your department will presumably give advice on where the airconditioner can be put into the wall and where the power is—

**Dr ANDREW REFSHAUGE:** But often it is done without that advice. Because a large number of appliances are being used, the way they are put in can cause problems unless they are put in appropriately. I am saying that we need to ensure that they have the adequate supply from the supplier. You are right; the department will be involved as well. But if a school does this on its own, without talking to the department or the supplier, it can get into trouble. We have found that happening —

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Sure but you must be getting free airconditioning or something from the parents and citizens.

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The least you could do is help them install it.

**Dr ANDREW REFSHAUGE:** We are happy to help them but when they do it without asking for our help they can get into trouble, and it is important that we try to minimise those problems.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I understand that North Sydney Demonstration School has been declared unsafe. Is that to be repaired?

**Dr ANDREW REFSHAUGE:** I do not believe any school has been declared unsafe.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** By the Department of Commerce. The wiring has been declared unsafe.

**Dr ANDREW REFSHAUGE:** The wiring has been declared unsafe. It is not the school being declared unsafe. That would be seen as a major urgent maintenance issue and would be immediately attended to.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That would happen immediately?

**Dr ANDREW REFSHAUGE:** Certainly.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I understand that there are other schools in the same situation, where they have to turn off the airconditioning and send the kids outside. Is that correct?

**Dr ANDREW REFSHAUGE:** If schools have put in airconditioning without getting the supply or getting the department to fix the supply or putting it within the configuration of their supply internally, it can lead to that. As we said, it is very important for them, before they put in new appliances, to get technical advice about the best way to do that, how to do that, and if an upgrade—a substation or whatever—is needed, to work with the supplier to make sure that it happens. If they do not do that, what can happen is what you have described.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Sure, but if it is a current problem how long would it take the department to send a electrician to re-wire that area or replace the appliance feeding through another part of the circuit or whatever?

**Dr ANDREW REFSHAUGE:** It would not be seen as the same as an electricity system being declared unsafe. Obviously that would take priority but it would be done reasonably rapidly. We would have to be informed of it.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How many public-private partnerships [PPPs] are planned for schools in New South Wales?

**Dr ANDREW REFSHAUGE:** There are nine under way at the moment. We are not averse to using PPPs, or whatever you want to call them, as a way of developing our assets, but they are not necessarily the best way of doing it. Sometimes for particular circumstances they can be but we are happy to look at the cost-benefit analysis and ensure that if they do provide us with a benefit we would be looking at it, and if they do not we would not.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you still building your schools in the conventional way, borrowing the money? Do you borrow any money to build a school?

**Dr ANDREW REFSHAUGE:** As a department of education, no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But the State borrows money for you to build schools in the conventional way?

**Dr ANDREW REFSHAUGE:** No. The State has a budget deficit this year for the first time in eight years, I suppose I would like to say to pay the teachers their pay rise. But all of our capital is being done not on borrowings, apart from the existing borrowings that we are paying off. You should ask Treasury about this.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Bernie Fraser said that there is nothing wrong with debt so long as you have equity to cover it. Is that not the general principle?

**Dr ANDREW REFSHAUGE:** It is an issue for the Treasurer rather than the education Minister, who does not actually borrow.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I am happy to leave it with the Treasurer.

**Dr ANDREW REFSHAUGE:** It is pointed out that the department effectively borrowed from Treasury for the Inner City Schools strategy, the redevelopment of inner city schools, so we did get an advance on that funding. But that is not the same thing that you are talking about.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** When you build schools you get an idea of how much a school costs, do you not?

**Dr ANDREW REFSHAUGE:** Yes but we do not want to tell the potential contractors or tenderers what we think the estimate is.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No, but you are not totally dependent on tenderers to tell you what the school might cost.

**Dr ANDREW REFSHAUGE:** That is right. The Department of Commerce tells us that.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I note from an article in the *Daily Telegraph* yesterday that 84 schools are being sold or partly sold. How much is the schools disposal program? How many schools or bits of schools will be sold off in the next 12 months?

**Dr ANDREW REFSHAUGE:** To some degree that depends on the school community. This has to be its decision if it wants to do that. We are open to their proposals. Obviously you would want to ensure that any proposal they have still maintains enough land at that school for any further expansion that might be required and also to ensure that there is enough outdoor space for the school to have as recreation and sporting facilities. But it will depend significantly on what the school community itself decides it thinks it wants to do with that asset. As I said, we would make sure that it is a reasonable proposal.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** With rising urban density—

**Dr ANDREW REFSHAUGE:** They keep about 90 per cent of the proceeds of any sale.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But surely if there is rising urban density and rising childhood obesity you want schools with a sufficient amount of land around them.

**Dr ANDREW REFSHAUGE:** Yes.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How then can you dispose of big chunks of schools?

**Dr ANDREW REFSHAUGE:** If they have a sufficient amount of land around them, after that then they have sufficient land around them.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How long is a piece of string?

**Dr ANDREW REFSHAUGE:** Exactly, sufficient.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Has the department considered using Dvorak keyboards to lessen tendonitis, or is it committed to the QWERTY keyboard forever? I asked you about this a couple of years ago.

**Dr ANDREW REFSHAUGE:** I remember you asking.

**The Hon. JAN BURNSWOODS:** But do you remember the answer?

**Dr ANDREW REFSHAUGE:** At the moment we have no indication that it would be any value to us to change, but we will keep an open mind on it. I think that was the answer I gave you then.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There is a higher incidence of tendonitis with QWERTY keyboards than with Dvorak keyboards, is there not?

**Dr ANDREW REFSHAUGE:** I am not aware that that evidence has been reproduced in peer review journals in a way that would guarantee that.

**The Hon. JAN BURNSWOODS:** Has there been a longitudinal study?

**Dr ANDREW REFSHAUGE:** Double-blind crossover, no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Ergonomically it makes a lot of sense. I notice that TAFE has a budget fall in real terms this year. Is that correct? I think it has gone up 0.9 per cent.

**Dr ANDREW REFSHAUGE:** No, it has gone up 5 per cent.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No, it has gone up 5 per cent relative to last year's budget, not relative to last year's spending.

**Dr ANDREW REFSHAUGE:** If you want to compare spending to spending, you do that. If you want to compare budget to budget you do that. But you do not compare unlikes.

**The Hon. CATHERINE CUSACK:** With respect, is that spending the latest available figure?

**Dr ANDREW REFSHAUGE:** Yes. You compare budget to budget.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So you are going over budget by the same amount this year, is that—

**Dr ANDREW REFSHAUGE:** We may. It depends on what happens.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**

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