

GENERAL PURPOSE STANDING COMMITTEE No. 1

Monday 24 June 2002

Examination of proposed expenditure for the portfolio areas

EDUCATION AND TRAINING

The Committee met at 4.00 p.m.

MEMBERS

Reverend the Hon. Fred Nile (Chair)

The Hon. Jan Burnswoods
The Hon. Patricia Forsythe
The Hon. Greg Pearce

The Hon. Peter Primrose
The Ms Lee Rhiannon
The Hon. Henry Tsang

PRESENT

The Hon. J. Watkins, *Minister for Education and Training*

Department of Education and Training

Dr K. Boston, *Director-General*

Mr K. Dixon, *General Manager, Finance*

Ms J Fitzgerald, *Chief of Staff*

Board of Studies

Mr J. Ward, *General Manager*

CHAIR: 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. Before questions commence, some procedural matters need to be dealt with. Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines for broadcasting are available from the attendants. I point out that, in accordance with the Legislative Council's guidelines for the broadcast of proceedings, 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 photos.

In reporting the proceedings of this Committee, the media 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. Witnesses, 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 identify themselves by name, position and department or agency before answering any question referred to them. Where a member is seeking information in relation to a particular aspect of a program or a sub-program, it would be helpful if the program or sub-program is identified. The Committee will allocate 20 minutes to the Opposition, 10 minutes to the Hon. Dr Peter Wong, 10 minutes to the Chair and five minutes to Ms Lee Rhiannon, who requested an opportunity to ask some questions. I declare the proposed expenditure open for examination. Are there any questions?

Mr WATKINS: If you wish to ask questions about the Board of Studies and the Department of Education and Training, can I suggest that you deal with questions in relation to the Board of Studies in its entirety and then move to Education and Training, or the other way around?

CHAIR: The Committee has decided to deal with the Board of Studies at the end, if that is agreeable to you. At this stage, there do not seem to be many questions in relation to the Board of Studies.

The Hon. PATRICIA FORSYTHE: I refer to the Computers in Schools Program and to your answer in the Legislative Assembly last Thursday. How many additional computers have you provided to schools this calendar year?

Mr WATKINS: I understand that no extra computers have been installed so far this calendar year—although there have probably been some replacement computers. By the end of this financial year 11,250 computers will be purchased for distribution to our schools. However, they will not be distributed before the end of this financial year because I made the declaration that no schools would receive computers in the final two weeks of term for security reasons. These computers will be rolled out in term two. That is not an unusual roll-out program. It has been staged from the beginning. Therefore, 11,250 computers will be rolled out.

The Hon. PATRICIA FORSYTHE: If no computers have been rolled out in the calendar year so far, how many additional computers will there be in the total financial year 2001-02?

Mr WATKINS: In this current financial year—July last year to July this year—11,250 will be purchased, and they will be rolled out early in the next financial year.

The Hon. PATRICIA FORSYTHE: In refer to your press release of 8 April, when you promised 12,500 computers to be delivered before the end of the financial year. Is it correct that that has been cut back to 11,250?

Mr WATKINS: The 11,250 computers will be provided to our government schools. The remainder to push it up to 12,500—

The Hon. PATRICIA FORSYTHE: You said that in your press release. That means we have a statewide ratio of one computer for every six students, with a further 12,500 to be delivered before the end of the financial year.

Mr WATKINS: Yes, 12,500 will be purchased—11,250 will go to government schools and the remainder will go to non-government schools, which is part of the roll out. That has been the position since the beginning of this computer roll out program. In government schools the student-computer ratio will be reduced to 1:5.6, which is quite a dramatic decrease when you consider that in 1995 the ratio was 1:22. As I said, when this roll out is complete the ratio will be one computer to 5.6 students.

The Hon. PATRICIA FORSYTHE: On Thursday in your answer in the Legislative Assembly you referred to what you described as a large Western Sydney high school that had an enrolment of 900 students. Under the previous phase of the computer roll out the school received 81 computers. Does that mean that the school has a total of 81 computers?

Mr WATKINS: That was an example to explain why this, by any measure, is a fantastic information technology program that is better than IT programs in every other State of Australia, and probably around the world. This is changing the education that occurs in our schools. This next round of computer roll out will assist schools even further. We are careful in identifying schools—you know that, for security reasons, I have not identified schools or even districts with regard to where computers are going. The new process will be allocating computers based on equity. We need to ensure often that our large high schools get more computers in that roll out.

The Hon. PATRICIA FORSYTHE: Does that mean that the school with 900 students had a ratio of one computer to eleven students?

Mr WATKINS: I do not know.

The Hon. PATRICIA FORSYTHE: You said under the previous phase of computers the school had received 81 computers. Is 81 computers its total? If so, is that a ratio of 1:11?

Mr WATKINS: Yes. I do not know where you are driving with these questions, but 11,250 computers are going into government schools. Last week's announcement was to ensure that people knew that was happening. Those computers are going to be delivered early next term. What do you want?

The Hon. PATRICIA FORSYTHE: I obviously have not finished.

Mr WATKINS: I would like to tell you—I just do not know where you are going.

The Hon. PATRICIA FORSYTHE: You talked about an additional 18 computers. Do you agree that will take the school ratio to one computer to nine students?

Mr WATKINS: That could also include computers that have been bought by the parents and citizens association. It was acknowledged that there are computers that are provided by the Government and that, to different levels, many schools across New South Wales have computers that have been purchased by the parents and citizens association or achieved by a number of other measures.

The Hon. PATRICIA FORSYTHE: If a parents and citizens association purchases computers is that then counted in the total computer asset stock of the school? Does the Government then provide fewer computers?

Mr WATKINS: As I explained in my answer to the question last week, this roll out of computers is based on a formula to achieve equity. Some schools have a higher number of computers than others with the same number of students. A delivery mechanism was designed, in consultation with the districts and the principals, to try to achieve some equity in the roll out of this round of computers. That is the equation on which this roll out is based. So some schools will get more than others, even though they have the same number of students.

The Hon. PATRICIA FORSYTHE: How then is the benchmark—or formula, as you describe it—determined?

Mr WATKINS: It is done in consultation with district superintendents and school principals to achieve an outcome which, as far as possible, will reduce the ratio and provide computers to the schools most in need.

The Hon. PATRICIA FORSYTHE: If a school parents and citizens association had chosen to use its funds to purchase computers, would those computers be offset against the number of computers determined by the formula?

Mr WATKINS: I am advised that the new computer roll out is on a per capita basis. The school is not disadvantaged if it has computers purchased by a parents and citizens association.

The Hon. PATRICIA FORSYTHE: Can you explain why that particular high school would have a 1:11 ratio?

Mr WATKINS: The rollout of computers is successful by any measure. The impact has been positive in all schools where that has happened. Under this equitable roll out, no school will lose computers. The computers are bringing real benefits to our schools. We can go into the fine detail about the way in which this roll out occurs, but I think a number of other issues are of relevance to the Committee.

The Hon. PATRICIA FORSYTHE: In the same answer you referred to some measures for improved security regarding school computers. If you look at the overall figures for computer theft since 1995—and we have the freedom of information document provided by the department—of the \$15,847,000 worth of computers that have been stolen since the 1995-96 financial year, which translates to 7,893 computers, almost one in seven seem to relate to one school district, listed to us as district 40. I am not assuming you will name the district, but is that the same district that has not had a permanent security contractor since November last year?

Mr WATKINS: You are right in saying that I will not release the name of the district. You touch on an issue that has caused me grave concern since I became Minister—the loss of computers by people breaking into our schools and stealing them. To think that someone would do that, perhaps in an organised way, is most unpleasant, because it is not just the loss of the computer—which is often replaced through insurance—but often the damage that is done to the school in effecting the theft and, perhaps more disturbing, the damage done to individual students and classes when someone loses work that has been stored on those computers.

That problem has been getting progressively worse since 1995. I do not have the figures with me, but I presume yours are correct. Last year was our worst, with 2,350 stolen—a matter I referred to last week. That is one reason we have done a few things. First, as I announced last week, I have given directions that no new computer be delivered without some sort of lock-down device. We are exploring other measures to try to provide security for computers in schools, but at least those allocated in this round will have lock-down devices. The other thing we have done in reorganising the Safety and Security Directorate within the department is to bring that section of Blacktown under the control of Ike Ellis, its director. But it is not just Ike Ellis; it is the fact that that matter has been brought under that directorate to give extra importance to security.

It is probably worthwhile for the Committee to hear some of the things that we have done in that respect. New fences have been installed at 74 schools between 1995 and 2001. The idea is that those who would steal computers would find it hard to get them over the fence. There have been a further 24 fences erected as part of the 2001-02 program, with alarms in more than 1,300 schools, and hidden cameras in areas that have repeated problems. But, as for identifying particular schools or districts where there have been difficulties, I am not going to do that publicly. I share your concerns about the security of school computers. That is why we have taken action to try to prevent computer thefts. That is why I released the freedom of information figures to you just recently. I agree it is a difficult issue, and we have to be aware of it and try to do something about it, which I believe we are doing.

The Hon. PATRICIA FORSYTHE: I understand that in a school district—the one where no permanent contractor is in place at the moment for school security—a subcontractor of the previous contractor was charged some months ago with the theft of school computers. Arising out of

that, what is the department doing about the subcontractor system for school security? What is the department doing to check the subcontractor level of security?

Mr WATKINS: Is the matter to which you refer before the courts at the moment?

The Hon. PATRICIA FORSYTHE: It may be, but I am not asking about that. It gives rise to the issue about the subcontractor system.

Mr WATKINS: I have to be careful about identifying particular districts or schools. I will come back to you prior to the end of this meeting with an answer.

CHAIR: You may take the question on notice.

Mr WATKINS: I will provide an answer before the end of today's Committee hearing. The other point I should make is that Ike Ellis is the new director of that directorate, and he is reviewing all policies that apply not only to this area in particular but to other areas as well. I want to make sure that our schools are as secure as they possibly can be and that items of value placed in our schools—not just computers, because there is a lot of other very expensive equipment that goes into our schools—are protected. The forum we held in April had an 18-point communique that looked at a whole range of issues being considered at that time—including the personal security of students and staff, but also importantly the physical security of our schools. I think we have made a real difference in certain parts of the State where there have been difficulties in the past, but there is more to be done. I am confident that with the new directorate we are giving that matter the emphasis it deserves.

The Hon. PATRICIA FORSYTHE: What is the time frame for delivery of the 11,250 computers?

Mr WATKINS: They will be purchased this financial year, and they will be rolled out into the schools as quickly as possible, but in accordance also with the needs of the schools. I am not going to say today that 11,500 computers will be delivered within two weeks of next term, because that may not suit the particular school. But we will roll them out there as quickly as we can. There is a lot we could say about computers in schools. Also announced last week was extra funding to enable schools to have their properties properly networked and cabled, together with a range of ICT initiatives to increase bandwidth into our schools, and better support for our TAFE colleges and schools of \$963 million over the next four years for technology in schools, including \$390 million in new funding.

So there is a massive commitment to ICT in our schools—and so there should be. ICT has made a dramatic difference to the way education is delivered. It will continue to do so, in particular in country areas of New South Wales, where ICT provides us with a vehicle to overcome many of the difficulties faced by isolated communities. It is not the only answer, but it can really assist. It was made very clear in the press release that I issued on 4 June that in 1995 the average student to computer ratio was 1:22; the ratio now is 1:6, with more than 125,000 computers in schools, including those locally funded. I made very clear that many of the computers in some of our schools have been funded locally, and we should acknowledge the great work of the communities that have done that.

The Hon. PATRICIA FORSYTHE: I now turn to preschool services. In February you announced an additional 21 new preschools over three years. You said in the same period there would be a reduction in class sizes to 20 in preschools.

Mr WATKINS: Could you give me the detail of the budget paper?

The Hon. PATRICIA FORSYTHE: Preschool and Primary Education, page 6-17. Does this budget include any funding, either in recurrent funding or capital funding, to meet the cost of any of those additional 23 preschools?

Mr WATKINS: There has been an announcement of the extra preschool numbers. I made it clear in the announcement that the placement of those new preschools is important. Those 21 new preschools were over the next three years. I should make it clear to the Committee that class sizes in the existing 79 Department of Education and Training preschools are reducing because of changes to the Children and Young Persons Act. We will be increasing the number of preschools over that

intervening time—I think the announcement was by early 2005. So we will end up with 100 Department of Education and Training preschools. The placement of those preschools is also critical. It is interesting that the current 79 were delivered over the past 60 years.

We have established a working party—which includes the Department of Education and Training, the Teachers Federation, the Primary Principals Association and other interested groups—to properly place these preschools where they are most needed. That working party has formed, and it has met. When it comes forward with the plan on where the preschools should be placed, I will consider that report, and then we will begin the roll out of those new preschools, and they will be delivered in the time frame outlined in my press release and announcement at the time.

Just for the sake of completeness, I should add that that most important issue was raised first with me by the New South Wales Teachers Federation. I appreciate its concerns over this, but I cannot make massive changes to a big system like this quickly and I have to make sure the resources are targeted according to the greatest need. It would be foolish to start throwing money at something without that planning process being completed. I will be guided by the advice of that planning committee. I appreciate the work of all those people involved in that, particularly the federation for raising it with me.

CHAIR: In Budget Paper No. 3, volume 1, page 6-2, there is a paragraph which states, "In 2002-03 over 757,000 students will attend New South Wales Government schools", yet on page 6-25 under "Non-Government Schools Assistance", the number of students stated for 2002-03 is 352,910. Are they the total inclusive figures? I assume they are.

Mr WATKINS: Could you repeat that?

CHAIR: On page 6-2, it is stated for your portfolio that there will be more than 757,000 students attending New South Wales Government schools.

Mr WATKINS: Yes.

CHAIR: On page 6-25, the figure for non-Government schools for 2002-03 is 352,910.

Mr WATKINS: Yes.

CHAIR: Those figures are correct?

Mr WATKINS: Yes.

CHAIR: There are no other figures to be added to them?

Mr WATKINS: No, as I understand it. It is as accurate as far as we can be, with such huge figures. If you add them together, you get just over a million.

CHAIR: I notice that you are projecting those figures for 2002-03. Are you anticipating any dramatic changes in that ratio between total non-government and government school figures for the State? For example, have you done projections for 2003-04 or 2004-05? I know that they can only be estimates.

Mr WATKINS: I am prepared for this year's budget, not for those that are beyond that. Demographic studies are done by the department all the time when it is trying to plan the students we have and where they will be in the future, but I am not aware of any demographic study that we have done in relation to how many children may be enrolled in non-government schools in the out-of-budget years.

CHAIR: The basis of the question is that there has been a move to non-government schools. The Government must be monitoring and anticipating what that shift may mean—

Mr WATKINS: Yes.

CHAIR:—to engage in planning for non-government schools.

Mr WATKINS: Yes, and there has been a change. I think we should be careful in not overstating that and also in mis-identifying perhaps where it occurs. My impression is that it is more relevant in certain parts of the State than in other places, but there is no discounting the change in figures. The public schools educate about 69 per cent of students in New South Wales. Just by way of some information, about 66 per cent of students are educated in public schools in Victoria and about 63 per cent are educated in public schools in the Australian Capital Territory. There has been a decline in students enrolled in government schools over the past 20 years. Interestingly, the biggest decline was between 1989 and 1990 and it would be interesting to do a historical analysis on why that happened at that stage, I suppose. But there has been a change in the ratio of children enrolled in Government schools, but again I think that any analysis of that should also look at locations across New South Wales. There is often a whole myriad of reasons why that has happened.

CHAIR: You quoted the ratio in the Australian Capital Territory. Are you anticipating for example that there might be a 1 per cent shift per year, or a 2 per cent shift per year?

Mr WATKINS: I want children in New South Wales to come to public schools.

CHAIR: I appreciate that.

Mr WATKINS: I want them to choose the public school at the end of their road. I am responsible for the entire education system in New South Wales and my central or prime task—I said this on the day I was appointed—is to champion public education. It is certainly a world-class system. It is the best system that operates in Australia. I want to make the public system the choice of all people in New South Wales so that they will take that choice. I know that probably not all will, for a whole range of reasons, and that is fine. Choice has been part of our system since it started.

CHAIR: Have you had any analysis by the department on why there has been that shift from the public sector to the private sector?

Mr WATKINS: No, I have not had that done.

CHAIR: I note too from the budget papers comment on expenditure on page 62 that expenses on government preschool, primary and secondary education programs are estimated at \$5,585.8 million in 2002-03, which represents an increase of \$313.3 million from 2001-02. However, I note that the Non-Government Schools Assistance Program provided only \$542.9 million to non-government schools. There is a great difference between the two.

Mr WATKINS: Yes, there is—and so there should be.

CHAIR: Are there any plans for a future increase in that Non-Government Schools Assistance Program?

Mr WATKINS: The reason for the divergences, surely, is that the prime responsibility of the State Government in New South Wales is to provide public education to the citizens of this State. We do it extremely well in over 2,200 schools. It is not the Government's prime responsibility to fund non-government education. It is partially a Government responsibility under the Education Act, but even that recognises that it is done on a percentage, which is 25 per cent. There is an acceptance by this Legislature that we do not fund non-government schools in the same way that we fund government schools, but these are matters always of contention and debate—it certainly has been over the past 35 years and particularly over the past five years. That is one reason why the previous Minister commissioned Warren Grimshaw to undertake an independent consideration of funding for non-government schools—not just the funding, but the whole aspect of non-government schools.

Warren Grimshaw has released his first report, which looks at issues such as accountability, reporting, accreditation and registration of schools, and planning of new schools. Warren came to me and said that he needed more time to consider aspects in relation to the financing of non-government schools. Because he is independent and because he said he could not provide me with a fully reasoned and accurately prepared report at this stage, I told him to take the time he needs because there was no

point in going out in the marketplace with a report that is not accurate. He is seeking extra information from non-government schools, in particular in relation to the new funding mechanism that the Federal Government has introduced in recent years. That has not been bedded down so it is difficult for Warren Grimshaw to provide an accurate picture of the funding of non-government schools until he gets that extra information.

The New South Wales Parents Council Inc. raised this with me. When I walked in the Hon. Patricia Forsythe was at the meeting and there was a suggestion that it was irresponsible of the Government not to report on the financial aspects of the funding of non-government schools. As I said at the meeting, it would have been irresponsible of me to have forced Warren Grimshaw to have reported on these matters when he said to me that he was not prepared and that he did not have the information to enable him to do that adequately. There is no way that I want to put something out into that market without it being properly researched and prepared.

I also explained to the parents at that meeting that the Ministerial Council on Education, Employment, Training and Youth Affairs [MCEETYA] committee on the funding of government and non-government schools—in fact, education across Australia—is doing valuable work at the moment. I am going to the MCEETYA ministerial meeting of education Ministers in Auckland in July, where I hope that that will be put with more clarity. But this is a contentious area and we will report on this in a thought-out, open and public way. I want to correct a slight inaccuracy in what I said earlier. We fund non-government schools based on 25 per cent of the cost of educating a child in a government school. That is an accepted measure, if you like, so hopefully that answers part of your question.

CHAIR: On page 6-25 there is a reference to per capita pupil allowances to non-government secondary schools. With the Commonwealth Government adopting the socioeconomic status [SES] method of per capita funding since 2001, how does the New South Wales Government classify all per capita funding for new non-government schools?

Mr WATKINS: My understanding is that the equation or the manner in which we fund non-government students and non-government schools, whether they are new or established, is based on the current equation. There has been no change to that, despite the Federal Government changing its formula for funding. But, again, these are questions that are central to the work that Warren Grimshaw is doing. I urge the Committee to consider that Warren will come forward with that report after he has done the required research.

CHAIR: We have already had some questions on computer expenditure, but I wish to relate that issue to non-government schools. On page 6-3 there is a reference to technology initiatives for the next four years. Will the full expenses of the Computers in Schools Program and other IT initiatives listed for government schools be included in the per capita regime for non-government schools?

Mr WATKINS: There is a certain flow-on that follows from the Computers in Schools Program. There is some detail that I can provide you with before the end of this meeting.

CHAIR: Thank you. We have been advised that Lee Rhiannon is replacing the Hon. Dr Peter Wong as a substitute for this hearing.

The Hon. PATRICIA FORSYTHE: I understand that she is involved in another estimates committee at this time.

The Hon. JAN BURNSWOODS: I do not want to ask questions at this stage, but perhaps we can have some of the spare time later on.

The Hon. PATRICIA FORSYTHE: Can I ask about the process for grants from the Commonwealth Government for schooling?

Mr WATKINS: I would prefer you to ask the Federal Minister.

The Hon. PATRICIA FORSYTHE: If the grants are made on a per capita basis, when is that paid?

Mr WATKINS: That is a question for the Federal Minister.

The Hon. PATRICIA FORSYTHE: No. Surely whether it is paid by term, by semester or per annum is a legitimate question.

Mr WATKINS: You are asking questions about the Federal program of funding of non-government schools in New South Wales. I suggest you ask the Federal Minister. He is a colleague of yours.

The Hon. PATRICIA FORSYTHE: I will pursue this a bit further.

Mr WATKINS: That is fine.

The Hon. PATRICIA FORSYTHE: Does the department provide to the Federal Government a per capita figure for the number of enrolments?

Mr WATKINS: Yes, we do. I am advised by the director-general that we do that monthly.

The Hon. PATRICIA FORSYTHE: Are payments based on the receipt of that figure?

Mr WATKINS: It depends. I would have thought that a shadow Minister for Education and Training in New South Wales would be keen to ask questions about the public education budget rather than ask questions of the New South Wales Minister for Education and Training about the Commonwealth budget.

The Hon. PATRICIA FORSYTHE: I am asking about the process that is used by this department to provide information. If it provides information on a monthly basis, does it have a date by which it is required to provide those figures?

Mr WATKINS: I will answer that question before the end of the meeting.

The Hon. PATRICIA FORSYTHE: What happens if the department does not provide information by that date?

Mr WATKINS: It depends. I will answer that question before the end of the meeting. We are wasting the time of this Committee if the honourable member is talking to me about Federal Government programs that apply in New South Wales.

The Hon. PATRICIA FORSYTHE: I am asking a question about the role of the department.

Mr WATKINS: The department plays a much more important role in education in New South Wales rather than being a mechanism for the Federal Government's funding policies.

The Hon. PATRICIA FORSYTHE: My question was not about funding policies; it was about the role of the department. I move to an associated area.

The Hon. JAN BURNSWOODS: Would it not be better if these questions were taken on notice?

The Hon. PATRICIA FORSYTHE: I do not know how much the Minister knows about his portfolio.

CHAIR: The Minister said that he will provide answers at the end of the hearing. If those answers are not provided at the end of the hearing they will be supplied on notice.

The Hon. PATRICIA FORSYTHE: I move to the area of investment income.

Mr WATKINS: On the question of funding, part of the reason that I am unwilling to go down that track is I am advised by the director-general that there are hundreds of programs for which

funding comes from the Federal Government. If the honourable member wants to talk about specific funding programs that impact on government schools I am willing to talk about those issues in the Committee. I think those issues are worth talking about. In the past few days my office has been put through quite a traumatic experience. Quite a few of these programs were finalised with hardly any notice being given by the Federal Government. There are scores of programs for which Federal funding comes into New South Wales schools. If the honourable member can identify the programs in which she is interested, I would be happy to talk to her about them.

The Hon. PATRICIA FORSYTHE: I am interested in the broad per capita figures.

Mr WATKINS: It depends on the particular program. The ones that I have seen in the last couple of weeks are nearly all different.

The Hon. PATRICIA FORSYTHE: I move to another matter for the moment. There is a line item in the budget for the areas of primary, secondary and TAFE education called investment income.

Mr WATKINS: Will the honourable member identify where that appears in the budget papers?

The Hon. PATRICIA FORSYTHE: In the budget papers there is a line item Operating Statement, Investment income for primary, secondary and TAFE education.

Mr WATKINS: To which page is the honourable member referring?

The Hon. PATRICIA FORSYTHE: I refer to pages 6-20, 6-24 and 6-27 of Budget Paper No. 3, Volume 1, which deals with primary, secondary and TAFE education.

Mr WATKINS: I will refer first to program 40.1, Pre-School and Primary Education Services on page 6-20 of Budget Paper No. 3, Volume 1.

The Hon. PATRICIA FORSYTHE: The amount received in investment income was actually \$2.5 million below the budgeted amount.

Mr WATKINS: Yes, the budgeted amount was \$7.5 million and the actual amount was \$5.064 million.

The Hon. PATRICIA FORSYTHE: Will the Minister explain the process that is used to invest funds? Are they invested only in Australia? Are funds invested on the overseas money market, for example? How does the department get its advice about investments?

Mr WATKINS: I am wondering whether that question would be better directed to the Treasurer.

The Hon. PATRICIA FORSYTHE: It is the Minister's budget.

Mr WATKINS: I am advised that it is the interest earned on our cash balances at the bank. The director-general says that it is not money invested in Saudi Arabia.

The Hon. PATRICIA FORSYTHE: If the Department of Education and Training did not receive funding from the Commonwealth by a particular date, would that impact on its budget? If the department was late in putting in its returns would that impact on its budget?

Mr WATKINS: Is the honourable member asking whether the department is late in putting in its returns?

The Hon. PATRICIA FORSYTHE: Yes.

Mr WATKINS: No, we are not.

The Hon. PATRICIA FORSYTHE: Will the Minister provide information relating to this financial year? On what dates was the department required to lodge returns for per capita grants from the Federal Government, and on what date were they submitted?

Mr WATKINS: I am advised that we do not put in claims. It is paid automatically by the Commonwealth each month.

The Hon. PATRICIA FORSYTHE: Based on an enrolment figure provided at some stage during the year?

Mr WATKINS: We provide annual information to the Commonwealth, and it bases its funding program on that.

The Hon. PATRICIA FORSYTHE: Does that explain why the investment income was down?

Mr WATKINS: I do not think so.

The Hon. PATRICIA FORSYTHE: If not, how does the Minister explain that fall, given the interest rate changes during the year? Why was the amount below the amount for which the department budgeted? I am referring to all three educational areas.

Mr WATKINS: The interest that was earned is down.

The Hon. PATRICIA FORSYTHE: It is down about \$6.5 million from what the department budgeted.

Mr WATKINS: I understand that there is a downward revision of Crown interest.

The Hon. PATRICIA FORSYTHE: Why?

Mr WATKINS: The honourable member will have to ask the Treasurer that question.

The Hon. PATRICIA FORSYTHE: It is the Minister's portfolio

Mr WATKINS: Where are we going with this line of questioning?

The Hon. PATRICIA FORSYTHE: An amount of \$6.5 million is a significant amount of money.

Mr WATKINS: There has been a downward revision of Crown interest. I think that covers it all.

The Hon. PATRICIA FORSYTHE: I turn to the area of TAFE and refer to the training budget. How much money has been distributed in the area of grants for education and training services?

Mr WATKINS: To what page is the honourable member referring?

The Hon. PATRICIA FORSYTHE: I am referring to page 6-28 of Budget Paper No. 3, Volume 1, subprogram 40.4.2, Grants for Education and Training Services. How much money was distributed in the current financial year to registered training organisations?

Mr WATKINS: An awful lot.

The Hon. PATRICIA FORSYTHE: That is not a good answer for estimates committees.

Mr WATKINS: It is, considering the detail of the question and the fact that I do not actually carry those figures in my head. If the honourable gives me a minute I will try to find out the detail. The honourable member's question gives me an opportunity to talk about what a wonderful TAFE

system we have in New South Wales. TAFE is the major provider of vocational education and training in this State. In the financial year 2002-03 it received more than \$1.63 billion from the New South Wales Government. That funding will be spent on a whole range of measures, including capital works, building maintenance and ongoing programs and activities so that TAFE can continue to deliver the first-class quality vocational education and training that it has delivered for many years.

There are 500,000 TAFE students a year. It is interesting to note that about 20 per cent of the students enrolled in TAFE are between the ages of 15 and 19. That raises an issue of youth at risk and the need to ensure that young people are involved in education and training—an issue that we took the time to raise recently with the Federal Minister. There are still too many students in New South Wales and in other States who are falling out of formal education. School does not suit them, they leave, they do not go to TAFE and too many of them end up on the unemployment lists. They do not get off the unemployment lists quickly enough because they are not involved in training.

That is a tragedy for this country because we are losing a huge resource. TAFE is a first-class education and training institution. The reason it is a first-class institution—and this reason applies also to our schools—is that it is comprised of wonderful, professional teachers who, day in and day out, do an exemplary job in caring for and educating young people in New South Wales.

The Hon. PATRICIA FORSYTHE: How much money has been distributed to registered training organisations?

Mr WATKINS: I will provide that information to the honourable member before the end of the meeting.

The Hon. PATRICIA FORSYTHE: I request that information in two parts: figures for the first part of the financial year, that is, July to December, and figures so far for this calendar year.

Mr WATKINS: If we have those figures we will provide them by the end of the meeting.

The Hon. PATRICIA FORSYTHE: How does the department reconcile its role as a provider of services, that is, to TAFE? What are the criteria for distributing funds to other registered training organisations? Would that matter be handled by the same people within the department?

Mr WATKINS: The director-general just advised me—and this is something that I knew—that that is handled by the Board of Vocational Education and Training [BVET], an independent body that reports to me. It advises me about the breakdown of that funding.

The Hon. PATRICIA FORSYTHE: While we are in the area of TAFE and vocational education and training [VET] courses, if a non-school student enrolled at TAFE to undertake a VET course how much would that non-school student pay?

Mr WATKINS: It depends on the course and it depends on whether or not students come within particular criteria and they receive relief from any charges.

The Hon. PATRICIA FORSYTHE: Is the Minister suggesting that there is a course fee as opposed to a TAFE administration fee?

Mr WATKINS: The honourable member asked about non-school students. I presume that she means, say, someone in the work force who wants to do a TAFE course, and who goes along and enrolls in such a course. First, it depends on the nature of the course and on whether a student is doing a certificate course or a diploma course. There are different charges for those courses. The director-general informs me that generally the charge is an administration fee, but, depending on what criteria apply, some students may be exempt from that fee.

The Hon. PATRICIA FORSYTHE: But they would pay an administration fee?

Mr WATKINS: No, they may not.

The Hon. PATRICIA FORSYTHE: What about 17-year-olds or 18-year-olds enrolled through school?

Mr WATKINS: Perhaps you are driving at the point that a different situation applies to non-government students than applies to government students.

The Hon. PATRICIA FORSYTHE: No, I am basing it on a broad level of school students. There is a variation, depending on which school system a student is in. Am I correct in saying that for a VET student there is an administration fee and a course cost? The department may pick up the course cost, but it is different from a non-school student undertaking the same course.

Mr WATKINS: We will have to get to the heart of some of these definitions. Firstly, what do you mean by a VET student?

The Hon. PATRICIA FORSYTHE: A student undertaking the same course. That student could enrol privately and perhaps do the course as an HSC course at some stage.

Mr WATKINS: I am not being difficult, but I do not understand. Are we talking about a non-government student who—?

The Hon. PATRICIA FORSYTHE: No, I am talking about any school student undertaking a VET course, as compared with a person who is not at school taking the same course.

Mr WATKINS: It also depends on where it is being delivered. About 40 per cent of HSC students are currently undertaking a VET course. Many of those students undertake the course at school, others do it at TAFE, and different rules may apply depending on whether the student is enrolled in a non-government school or a government school.

The Hon. PATRICIA FORSYTHE: I will place the question on notice, and give you an example of what I am talking about.

Mr WATKINS: TAFE is one of the most detailed and multilayered organisations I have come across.

The Hon. PATRICIA FORSYTHE: I return to the announcement you have made about 50 teacher mentors, which is referred to in the budget papers. Has the criteria been set for those mentors? Are they to be paid a salary enhancement, or will they be given a reduction in face-to-face teaching hours?

Mr WATKINS: There are no details on that as yet. We are working that out in discussion with the union, because its co-operation in this is most important.

The Hon. PATRICIA FORSYTHE: But it will be announced before the end of the year?

Mr WATKINS: The announcement will be made when we have worked out those details, and I will be very happy to share it with you at that time.

The Hon. PATRICIA FORSYTHE: Have you made a budget allocation?

Mr WATKINS: In the budget it was announced that \$88.5 million was set aside for a number of measures, which included the Leaders in Teaching Program, because that would provide mentor teachers, and there will be 50 mentor teachers in schools with a high proportion of teachers. That was the announcement, we certainly know the importance of that, and I think you would probably agree with that. But the details of how we will do it we will work out with the profession so that we get the right teachers and we target them appropriately to the schools where they are most needed.

The Hon. PATRICIA FORSYTHE: You would make an allocation in the budget?

Mr WATKINS: It is within the allocation of the \$88.5 million for extra teachers, teacher quality, and so forth. We can work out the details of how much it will cost for 50 mentor teachers: it is 50 teachers multiplied by whatever salary. When the details have been developed, I will be happy to share them with you. I think I am meeting you soon to discuss Ramsey and professional issues in relation to teacher quality, so perhaps at that stage we could talk about some of the detail.

CHAIR: I refer to Budget Paper No. 3, Volume 1, page 625, under the heading "Non-Government Schools Assistance". Under the line item "Recurrent grants to non-profit organisations" budgeted expenditure for 2001-02 was \$4.5 million, it then increased to \$6.871 million in actual expenditure, and then dropped back again to \$4.6 million. What is the explanation for that sudden increase in grants to non-profit organisations, and which organisations received those grants?

Mr WATKINS: The explanation for the increase in the actual expenditure over the budgeted expenditure for the previous year is a change in enrolments and cost escalations. Non-government schools received the grants.

CHAIR: The budget paper uses the term "non-profit organisations". I am trying to clarify whether it applies to a non-government school or some other organisation that is working in the non-government school sector.

Mr WATKINS: One example could be a school run by the Autistic Association—in other words, a non-profit, non-government organisation.

CHAIR: You say the reason for the increase was simply increased enrolments. But enrolments dropped the next year.

Mr WATKINS: The drop-back is the budgeted figure in this current budget. We hope that the actual expenditure in the current budget will be about that level. However, perhaps you should ask me that question in 12 months time.

CHAIR: Would some of that money have been for expanding facilities in some of the special schools?

Mr WATKINS: No. It is a recurrent grant to these organisations based on enrolment, so it does not cover capital.

CHAIR: If there have been increased enrolments, one would assume that enrolments will increase next year. Why would you budget for a lower figure if enrolments will surely change?

Mr WATKINS: Perhaps not. We may need to go into a little more detail with the figures. I am advised that the figure we have budgeted for is the figure we expect to expend, and that is what a budget is. With several of these figures, the actual expenditure is either up or down on the budget, and that will continue to happen. Whether it is the same level, I cannot answer at this stage.

CHAIR: If some special schools have special needs and make a special request, that request would be met and that would increase the budget?

Mr WATKINS: No, not under this line item. I understand that this is a recurrent grant based upon enrolment.

CHAIR: I refer to Budget Paper No. 3 Volume 1, page 6-25, line item "Other operating expenses", which is budgeted for \$1.4 million. Could you give an example of some of the items that you include under "other operating expenses"?

Mr WATKINS: I can give you one at this stage; I might be able to give you more shortly. Insurance costs is one of the items that comes under that line item. I will try to get some detail on that before we conclude.

CHAIR: As you know, your review of non-government schools has recommended a planning process for new non-government schools. What consultation was conducted with non-

government school authorities about the impact on their schools of the proposed government school closures in the inner Sydney area? In other words, some of those students may then enrol in non-government schools, which may not be able to cater for the extra numbers unless there was consultation.

Mr WATKINS: Several members of this Committee have been intimately involved in committee processes looking at that whole area, and from the beginning I have been consistent in my position in regard to that important matter. I did not oppose the establishment of the upper House inquiry, and I made sure that the department assisted it at every stage. I facilitated the attendance of officers of the department at the inquiry. You, Mr Chairman, have had the opportunity, because you are Chair of that committee, of questioning in detail my departmental officers. I have not been a commentator on that committee. I have said very clearly that I allow it to do its work. I cannot stop it, but I would not intervene in the process. I believe that it would be most appropriate for me not to comment on those issues until the committee finalises its work, which I understand will be very shortly. I note that this matter has been looked at in detail by a parliamentary committee. It is probably appropriate for me not to comment on those matters until the committee finishes its work in the near future. Your question goes to the heart of those issues.

CHAIR: There is a simple answer—to say yes, there was consultation.

Mr WATKINS: It was a complex answer, and I have just given that. I will not comment on matters in relation to that, for that reason.

CHAIR: I refer to Budget Paper No. 3 Volume 1, page 613, line item "Cash flow statement", which shows Commonwealth receipts for government schooling. How much are the special purpose payments from the Commonwealth for government schooling, and where is that shown in the budget papers?

Mr WATKINS: It is not shown on that page. The director-general advises me that the Commonwealth funding for government schools is spread right across the programs and is not identified in one particular place in the budget. There are several issues about the quantum of Federal Government funding for government schools. At the time of the last Federal budget I was distressed to note that there was only a very small increase in funding to government schools and quite a large real increase in funding to non-government schools.

For the first time, it became clear that the Federal Government will spend more on non-government schools across the nation than it will spend on universities. That is a disturbing and distressing development for anyone who is committed to public education in Australia and New South Wales. As I said earlier today, a level of funding for non-government schools has always been the situation, and it is appropriate, but this massive increase in Federal Government funding for non-government schools is a distressing development. From the figures I gave you earlier, just on 70 per cent of students in New South Wales are educated in government schools. Why has the Federal Government not acknowledged that and provided increased funding to our government system appropriately?

CHAIR: Do you know the total amount of special-purpose payments from the Commonwealth, approximately? You said it has not increased very much.

Mr WATKINS: I am advised that the total Commonwealth funding for 2001-02 was \$624 million. That includes capital. As I have said publicly, there has been no real increase in this year's Commonwealth budget to government school students. I know that the Federal Minister is playing all sorts of games and making suggestions, and I do not know where he gets the statistics from, but it is clear from any clear-sighted analysis of the Federal budget—and I am not here to answer questions on the Federal Budget—that it has been an extremely disappointing one for public schools in New South Wales. Education is and should always be the first item on the national agenda. I cannot contemplate what drives a Federal Minister to not adequately fund government schools across the nation. It is being irresponsible in the extreme to the future of this nation if a Federal government does not properly and adequately fund government schools wherever they are.

The Hon. JAN BURNSWOODS: I have been struck by the fact that we have been here an hour and a quarter and we have not yet had any questions about teachers. I am particularly interested in hearing what you are doing in relation to assisting country areas to attract and maintain teachers and also to assess the teachers themselves, who are working in sometimes more difficult locations.

Mr WATKINS: Making sure our schools in country areas, and especially remote country areas, are appropriately staffed is a most important responsibility of the State Minister for Education and Training. I was quite taken by the fact that the Leader of the National Party released a policy in regard to education. I have been looking forward to some policies from the Opposition. They are few and far between. The grandly announced National Party policy was in relation to teachers for rural schools. I understand the Leader of the National Party is planning to attract 100 teachers to rural schools by giving them scholarships. If that were put in place, it would mean a 30 per cent cut in the number of scholarship-holding teachers currently going to the bush in New South Wales.

A scholarship program was introduced by the New South Wales Government last November, and 140 teaching students said they would work in the bush. I do not know why the National Party would suggest that that should be cut to 100. Instead of getting more teachers into regional New South Wales, the honourable member's plan would cut that successful program substantially. Rural students and parents would not be impressed by a National Party that would effectively, by one of the few policies it has announced, decrease the number of teachers in country New South Wales. The plan was unveiled at the National Party conference, I think, on 14 June. The Leader of the National Party said they were official National Party commitments for the next election. It is especially disturbing when it is joined with the party's second policy, released in June, which was to offer living-away-from-home allowances to encourage teachers to move to the country. That is already operating—another policy announcement from the National Party which is already a policy in place.

The Hon. GREG PEARCE: Chairman, I ask you to invite the witness to address his budget.

Mr WATKINS: This goes directly to what we do in our budget. First, rental subsidies in the Teaching Housing Authority, accommodation in the most remote areas, one week's extra holiday a year for teachers in the Western Division, localities allowances such as climate allowances to compensate teachers for the additional cost of living in some areas, a pilot annual retention payment of \$5,000 to difficult-to-staff schools introduced late last year, and priority transfers to other areas following minimum service in certain areas. That is serious, effective policy designed to deliver teachers to country New South Wales. I have now visited several parts of the State and I am very conscious of the need to ensure, as far as is humanly possible, that distance and geographical isolation are not factors in the quality of education we deliver to the students in the State. You will help those people buy well thought out, well resourced, properly targeted policies. You are not going to help them with off-the-cuff numbers being thrown around where policies are currently in place.

The one advantage, benefit or good thing about the policy of the Leader of the National Party is that he has one. There is a National Party policy ready to be looked at. Where are the policies coming from the Liberal Party of New South Wales in regard to this essential area of education? There are none. The question today is about Federal Government funding and State Government funding of non-government schools. Where are the policies in relation to delivering to students of this State our public education system? You have to get out there, put your policies up and allow people to test them.

Ms LEE RHIANNON: Minister, I notice in the budget that reduction of class sizes in K-3 classes attract only \$5 million over three years. What will this money be used for and how many classes will be reduced by 2003?

Mr WATKINS: Perhaps I need to put this in some context. We are all aware that there is a push from the Teachers Federation, the Primary Principals Association and parents and citizens associations to reduce class sizes in the early years of schooling. Certainly, all those groups have raised that issue with me. It is raised with me when I visit schools around New South Wales. Most of those organisations cite research from the United States of America—in particular from Tennessee, the Star project—which indicates that reduced class sizes is very important in improving the educational outcome for small children, and that has a kick-on effect as they go through the education

system. There is another piece of research based on the class size reduction program in California. That involved 1.8 million students.

The most recent report coming out of that research in February this year stated that researchers could not find sufficient evidence to link improved students' achievements to class size reductions. There is very little, if any, research into this important area in Australia. From the United States you have those pieces of research, and some others, with conflicting outcomes. In the past five to seven years in New South Wales we have increased teacher numbers, but many of those have been targeted at special education programs—reading recovery, support teacher learning difficulties, English as a second language [ESL] and so forth, support for teachers in the classroom. Many of you have been in classrooms and will have seen that there are students who are withdrawn, perhaps for reading recovery, perhaps for other special support.

Over the past five to seven years the thrust has been to target and provide for students with special educational needs. I have raised the question with people: If we were to find more funds for education should we put it into more specialist support for classrooms as they currently are established or reduce class sizes? Generally speaking they say we should reduce class sizes. I have told them that my responsibility is to organise the funds to get the best possible educational outcome. Accordingly, I have said in a number of forums that we should look at how it operates in New South Wales. We set aside in the budget \$5 million to run a pilot study. The first thing to do in that pilot study is to conduct an audit of K-3 classroom sizes across New South Wales. We do not have those figures now.

In that audit we must also look at what forms of teachers support there are for a particular class: Do we have a class somewhere in Sydney with 24 students, and does it have only one teacher or is there also teachers support? Does that class of 24 have two or three children with special needs? Does that change the educational profile of that class? It does! If there is a class of 24 students, none of whom have special needs, in an area where there is a great deal of parental support for education, the educational outcome will be different from that in a country school or a school in a socially deprived area of Sydney where there may be two or three children in a class of 24 with special needs. If we are going to design a round of funding to reduce class sizes, surely we should be informed by these variables. So I have said we will undertake this pilot study, appropriately research it independently and be guided by what it says. The choice of where we are going to do that pilot study will be informed by the audit that we are doing. I am not going to say we should choose 20 or 30 schools.

Ms LEE RHIANNON: So that has not been determined yet?

Mr WATKINS: Not yet. It is early days. I have asked the department to work on the implementation of this plan, and it is currently doing so.

Ms LEE RHIANNON: You did say it would be researched independently. What you mean by independently?

Mr WATKINS: It has to be done with the co-operation of the department, because they are our schools and so forth, but I would have thought we would find someone in the wider educational community who could do that work for us. We currently use independent researchers to do other work—perhaps from a university. The number of schools to be involved will be determined after the survey and audit. The benefits and cost implications of different strategies will be considered, and the independent researcher will be engaged in July. The principals involved in the pilot will be briefed by December and data will be collected from the beginning of the 2003 school year. I know this is important to the education community. People talk to me about it. But we are going to do this right, we are not going to go off half-cocked.

Ms LEE RHIANNON: On the figures, do you not already know how many children are in every primary school class, K-6?

Mr WATKINS: No.

Ms LEE RHIANNON: But I understood that on census day that data was in place.

Mr WATKINS: I understand we do not know how many teachers are involved with our classes—those factors I went through earlier.

Ms LEE RHIANNON: Would that not require a return of the number of children in each class?

Mr WATKINS: You get a snapshot that is taken on census day which does not identify the variables that I believe are essential to identify if this pilot study is going to be worthwhile.

Ms LEE RHIANNON: Can you say what those variables are?

Mr WATKINS: There is probably a fair selection of schools with class sizes as low as that—and people are calling for 20—scattered around for a whole range of unusual reasons. So we will do a pilot study which will involve reducing class sizes in certain schools. We will also take in all those other schools—there is not a huge number of them but there is a percentage; I am reminded that it is 4 per cent—where there are class sizes—

Ms LEE RHIANNON: So they will be part of the pilot study.

Mr WATKINS: Yes, they will, to give it some width. The federation survey indicated there were about 4 per cent of classes below that number, and that is for a whole range of accidental reasons. But you asked about the criteria. For it to be done properly, we need to consider variables such as this—and this is not the total. I will not answer all the breadth of it because it is being worked out at the moment. Are there children with special needs in the class? Is there other teacher support or teacher aid special support? What is the educational outcome as currently measured by a range of indicators? What is the social milieu or the social factors at the context of the particular school? For example, is there a larger number of non-English speaking background children with English as a second language needs? Is there a percentage of Aboriginal children in the class? Does that have an impact? These are factors that need to be worked out.

Ms LEE RHIANNON: Can you give us a time line of when you think the pilot will begin?

Mr WATKINS: It begins in 2003.

Ms LEE RHIANNON: At the start of the 2003 school year?

Mr WATKINS: The pilot study begins in 2003, the independent researcher next month, the schools worked out by the end of the year so they are aware of it, and staffing changes made where appropriate. The pilot study begins next year. I will also ask the newly appointed Public Education Council to play a role in this. I know I am criticised by some people in the education community for not going fast enough or far enough. My counter to that is that if we are to invest a large amount of extra money in education it has to be to achieve the best educational outcomes, and we need to know the best way of doing that.

Ms LEE RHIANNON: Are you aware that the New South Wales Teachers Federation conducted class size surveys based on more than 8,000 classrooms across the State that showed that more than 49 per cent of kindergarten classes exceeded the department's "need not exceed" figure of 26? Do you accept those figures? Will you be moving to address this problem? If so, how?

Mr WATKINS: There were two surveys, and I think I reacted to both of them by issuing press releases. I think at the time I said that I did not doubt or suggest that the figures showed anything other than what was on the ground. The second survey, which was done in February-March of this year and was compared to the survey at the end of last year, showed an improvement in class numbers. Are we going to do something about that? The pilot study K to 3 is the first step in that. That seems to be where most emphasis is because there is a deal of flexibility available to some school principals, depending on the enrolment patterns, in terms of class sizes. Most commentators in this area are concerned about K to 3.

Ms LEE RHIANNON: Hearing the constraints that you have outlined, and considering the benefits of reduced class sizes continuing through to the senior years of school education, will we be waiting, quite seriously, 13 years until we hear the results of the pilot study?

Mr WATKINS: No, you will not.

Ms LEE RHIANNON: Are you sure?

Mr WATKINS: Yes, absolutely. I hope I am the Minister for Education and Training in a year or two so that I can give you the results.

The Hon. PATRICIA FORSYTHE: Where in the budget is the provision for the additional salaries for teachers?

CHAIR: We might be dealing with the Board of Studies in this segment.

Mr WATKINS: The salary increase is provided for within the Education budget and within the Crown finance entity. This has been an issue of some concern to the teachers of New South Wales, wanting to know where their 9 per cent salary increase over the next 12 months was. Certainly, the TAFE Teachers Association was perhaps more vocal than the Teachers Federation in expressing its concern prior to the budget. It asked me for very explicit comment as to those funds being available to pay the salary increase. I was able to do that for them and explained that it was within the Education budget and the Crown finance entity. The TAFE Teachers Association and the Teachers Federation accepted that the money was there. If the teachers of New South Wales are happy about that, so am I.

The Hon. PATRICIA FORSYTHE: Except we have to sign off on the budget in Parliament. Where in the Education budget is the figure? How much is provided in the Education budget?

Mr WATKINS: A lot. The section that is within the Education budget is provided for under expenses with each of the program groups—for example, preschool, primary education, secondary education and TAFE. It is spread across the budget so the Education budget aspect of the 9 per cent is across the programs in that section. As for the Crown finance entity, you will have to speak to the Treasurer about that aspect of the budget because that is his. As I said, the people I care most about with regard to this issue, which is the teachers who will be rightly receiving their 9 per cent pay increase over the next 12 months, accept that the money is in the budget.

The Hon. PATRICIA FORSYTHE: How much of that which has been spread right across the budget represents a real increase in the budget line items and how much is redirected to pay for the salaries? Is it a real increase or is it a redirection of funding from some of the other programs?

Mr WATKINS: No. That is the sort of question that the TAFE in particular put to me: Is this salary increase going to come from reducing courses or reducing services? I was able to say to them very clearly, and I say it to you, that it will not. It is paid for out of the budget and the Crown finance entity. I made it very clear that there will not be a reduction in service.

The Hon. GREG PEARCE: I just pick up on that. You referred for example in the preschool figures to employee-related expenses on to page 6-20 of Volume 1 of Budget Paper No. 3. The 2001-02 figure is \$2.13 billion, budgeted to be \$2.145 billion. I do not want to go too much into the maths, but there is no way that is a 9 per cent increase.

Mr WATKINS: You have identified a very interesting thing about budgets. You would note that if you are comparing the 2001-02 budget estimates with the 2002-03 budget estimates there is an increase of about \$100 million. We sort of touched on this debate earlier. From the budget last year to the budget this year that is an increase of about \$70 million.

The Hon. GREG PEARCE: That is an increase of about 5 per cent. How can you be satisfied that the money is available for the salary increases?

Mr WATKINS: Part of it is funded out of the Education budget and part of it comes from the Crown finance entity.

The Hon. GREG PEARCE: But earlier you were very firm that the Teachers Federation and others would be satisfied that that 9 per cent is in the figures I am looking at.

Mr WATKINS: No, no, no.

The Hon. GREG PEARCE: You said it was in these figures.

Mr WATKINS: No, in the budget. Part of that increase of 9 per cent is within the Education budget and part is not in the Education budget. Part is in the Crown finance entity. I am not able to answer questions about that; you should speak to the Treasurer. Within what I am responsible for, there are funds available in this budget to pay for the teacher salary increase. You are getting a bit confused on another matter.

The Hon. GREG PEARCE: I am not confused. I am asking you to show us the figures to back up what you said.

Mr WATKINS: I am trying to explain to you that you will note that there is a difference between the 2001-02 budget estimates and the revised outcome that year, the actuals.

CHAIR: Can you give us the amount of money that is coming from the Crown finance entity?

Mr WATKINS: No. That is a question that you need to ask the Treasurer.

CHAIR: But you must know how much has been allocated to education.

Mr WATKINS: No, I do not. You should direct that question to the Treasurer.

CHAIR: And you do not know how that figure has been made up by additional money.

The Hon. GREG PEARCE: Because you do not know how much it is.

CHAIR: You should know the lump sum, if it is \$100 million.

Mr WATKINS: You can work out how much the increase is in our budget and you can work out how much we need to pay the 9 per cent and we can come to that figure. But those figures are available.

The Hon. GREG PEARCE: Perhaps you could give them to the Committee. Perhaps you could take that question on notice and give them to us in a clearer format.

Mr WATKINS: On page 6-20 of Volume 1 of Budget Paper No. 3, the increase between employee-related expenses is \$308 million. So for preschool and primary education services, the part—

The Hon. GREG PEARCE: I am sorry, you are looking at the wrong line. That is other operating expenses. The employee-related is the \$2.13 billion above it. I know it is a bit hard for you to read the numbers.

Mr WATKINS: Next question.

The Hon. GREG PEARCE: So you cannot answer that.

Mr WATKINS: I will, but not if that is the attitude you are going to take. No, I will not.

The Hon. PATRICIA FORSYTHE: What is the department doing to monitor the progress of targeted graduates who take up appointments in schools?

Mr WATKINS: A new program is in place, and it was announced because beginning teachers need more assistance. But the normal way in which teachers in our schools are monitored—

The Hon. PATRICIA FORSYTHE: New targeted graduates.

Mr WATKINS: —is through the principal and established measures that each school undertakes. It is the responsibility of the principal to have in place a range of measures to assist and monitor new teachers. They do it in a range of ways.

The Hon. PATRICIA FORSYTHE: Does the department have benchmarks against which it measures progress in terms of stress leave or resignation?

Mr WATKINS: There is a new program that will be put into place. The development of what we need to do is currently being designed. These issues that you raise today will be part of that. One of the most important groups that we have coming into our schools are the beginning teachers. There was a 14 per cent increase in Higher School Certificate graduates in last year's group going into teaching. We need to make sure that when they graduate—and those others that are currently in the system—and come into our school system, they are supported and are happy to stay.

The Hon. PATRICIA FORSYTHE: What about those that went out this year?

Mr WATKINS: I am agreeing with you that this is a most important group. We are putting in place new programs to assist beginning teachers and we have programs in place to target them. But it is clear that we need to do more. I am disturbed by the percentage of young teachers who are not staying in the profession. One of the reasons it is critical is the estimates I hear now of the average age of teachers. People say it is around 48 years old now. The current new group coming in are going to be critically important to the health of this profession. That is why we have deemed it important to put in place some new programs. I would have thought that the work of the Ramsey review into teacher quality and numbers, some aspects of which we will not have time to go into today, will also look at the role of teacher training and young teachers coming into the profession. That is an area that will be developed further, and so it should be. I accept that we need to do better with young teachers coming into the profession. The drop-out rate is too high.

The Hon. PATRICIA FORSYTHE: Do you know what it is?

Mr WATKINS: No. I have heard estimates of it.

The Hon. PATRICIA FORSYTHE: No, not estimates. Each year the department employs your targeted graduates. Can you tell me at this stage in the year whether any have left?

Mr WATKINS: No.

The Hon. PATRICIA FORSYTHE: Do you hold statistics?

Mr WATKINS: As I said, we need to do better in this area.

CHAIR: On page 6-10 of volume 1 of Budget Paper No. 3, in relation to "Computer Skills Assessment for Year 10 students" it says that the test will be available for all schools throughout the State from 2003. Has that timetable changed?

Mr WATKINS: No. The board, which is responsible for year 10 computing skills assessment, has looked at this matter. I will refer to some advice from the board. In November 2000 consultation occurred to identify some broad parameters. There was a trial paper and in May 2002 the board extended the trial period to include 2003 to enable all schools to take part in a statewide trial. This will give schoolteachers plenty of time to understand and prepare for the assessments prior to their mandatory testing for all year 10 students, which currently is proposed to follow in 2004. In a sense the budget papers are accurate because this year the test will be available for all school students throughout the State but it will be a trial, and then be implemented in 2004.

CHAIR: Has any progress been made on the development of test of year 6 students by the Department of Education and Training?

Mr WATKINS: I understand that it is being developed and it will be piloted in 180 schools on 26 June and during August 2003. There are two methods of assessing year 6 students' computer skills, understandings and knowledge. Yes, there is development of that.

CHAIR: Has the department developed a policy on the method of charging for those tests. For example, will non-government schools be charged for the tests of their year 10 students or, later, year 6 students? Are State schools having the costs debited against their global budgets?

Mr WATKINS: I will take that question on notice.

Ms LEE RHIANNON: On page 6-15 of volume 1 of Budget Paper No. 3 there is provision for your department to draw down \$13 million current liabilities interest bearing and \$41 million non-current liabilities interest bearing. Is it true that the revitalisation of inner-city schools project is where this money is to be spent if it is needed?

Mr WATKINS: I am advised that this section of the budget is not about capital funding. It is current and therefore it does not apply to capital issue.

Ms LEE RHIANNON: Is it making up for the shortfall?

Mr WATKINS: Current liabilities are an employee provision so they do not apply. Non-current liabilities do apply for the purpose for which you indicated.

Ms LEE RHIANNON: For the revitalisation of the inner-city schools project?

Mr WATKINS: I understand so, yes.

Ms LEE RHIANNON: You have just advised that current liabilities are for employee costs—

Mr WATKINS: Yes, unrelated.

Ms LEE RHIANNON: Is that making up the shortfall, because clearly once you decided not to sell Marrickville and Dulwich Hill you were out—

The Hon. JAN BURNSWOODS: Mr Chair, I refer you to the Minister's comment to your question. We are getting close to ground to be traversed by the Committee of which most of us are members .

CHAIR: I will leave it to the Minister.

Mr WATKINS: I do not think Ms Lee Rhiannon was here at the time.

Ms LEE RHIANNON: I heard and was disappointed in the earlier comment. You seem to be taking great leave to interpret how this place works. At budget estimate hearings we should be able to explore these issues with the Minister. I think it is detrimental to your own work if you do not answer the question.

CHAIR: Can we go back to the question, and the Minister can respond.

Mr WATKINS: The response is that the current liabilities entry of \$13 million relates to salaries. The non-current relates to the factor that was in the question. As I explained earlier, I do not think it is appropriate for me to traverse here the ground of this Committee's inquiry into that matter, for the reasons that I outlined. I do not think it is necessary to repeat them.

Ms LEE RHIANNON: Clearly, the inquiry cannot answer all the questions or the issues that arise with school closures, and surely we should be able to explore some of these issues with you.

The Hon. JAN BURNSWOODS: Chair, I think Ms Lee Rhiannon is canvassing your ruling.

CHAIR: Ms Lee Rhiannon ask a specific question and the Minister can explain his role and the Committee's inquiry.

Ms LEE RHIANNON: There is clearly a shortfall because Marrickville and Dulwich Hill have not—

The Hon. JAN BURNSWOODS: Out of courtesy we have allowed this member to go way over the five minutes we agreed on. This is her third attempt to ask a question about a matter on which you accepted the Minister's statement on about 1½ hours ago. I ask you, Mr Chair, to either get Ms Lee Rhiannon to move on to another question or to admit that she is way over the time we allocated to her.

CHAIR: As Ms Lee Rhiannon has taken the place of the Hon. Dr Peter Wong the five minutes became 10 minutes.

The Hon. JAN BURNSWOODS: On the other hand the Government said earlier that we wanted some time. We have limited ourselves to one question. Ms Lee Rhiannon took 12 minutes in her first burst. I do not know how long she has taken this time, but it is at least another 10 minutes. She has taken more time than you have and she is out of order.

CHAIR: Do you have a specific question that is outside that inquiry?

Ms LEE RHIANNON: Is it possible to put questions on notice?

CHAIR: Yes. It is up to the Minister whether he wishes to answer them.

Mr WATKINS: I will save Ms Lee Rhiannon the trouble because she will get the same answer that I gave her earlier. I said that I would not be a commentator on that inquiry. That inquiry is continuing its work and I will comment on it when it finishes and reports.

CHAIR: That is usually the correct policy.

Ms LEE RHIANNON: I was not just referring to the matter of school closures, but to questions in general. Is it possible to put questions on notice?

CHAIR: Yes. We will deal with that policy issue as a Committee in a moment. I asked Ms Lee Rhiannon if I could have a letter from the Hon. Dr Peter Wong. Apparently she has not got a proxy letter substituting herself?

Ms LEE RHIANNON: No.

CHAIR: I understood you were replacing him but we need to have that authority signed by him. Minister, can you outline what the Government is proposing to do in the important area of parent support programs? It does not seem to be clearly identified in the budget papers, but there must be some parent support programs.

Mr WATKINS: I am wondering what aspect of parent support Reverend the Hon. Fred Nile is talking about. Is this Families First type of support, support for parents as teachers, support for organisations that represent parents in the educational community, or is it support for educational programs designed to support the work that parents do?

CHAIR: Educational programs to support parents in their role.

Mr WATKINS: I will need more guidance on the specifics of the question.

CHAIR: Can you indicate whether you have any priority in supporting parents by any programs? You may not have any. There do not appear to be any specific programs in the budget papers.

Mr WATKINS: I could talk about a number of measures, including the financial assistance we provide to the Federation of School and Community Organisations, the Parents and Citizens Association, and the Isolated Parents Group. They certainly have a number of programs and support measures in place for parents. We have the Parents as Teachers Program. That is a parenting program for families with children aged birth to three years. The Government has a much wider responsibility with regard to Families First, but that does not come within my portfolio. Every primary school provides some level of assistance for parents who provide support for the education of their children. There is recognition of the role of parents as the first educators of their children, and the fact that we should support them and that they also should support the education system of New South Wales for the good of their children.

The Hon. GREG PEARCE: The Minister indicated on a number of occasions that before the expiry of the session he would provide answers to questions.

Mr WATKINS: The shadow Minister asked a question about a cancelled security contract. The contract was in place from 3 November 1999 to 27 March 2002. The contractor was the Combined Area Response Service, CARS, which uses subcontractors. There is a short contract in place at the moment, but again I remind the honourable member that all security policies, including those contracts, are under review by Mr Ellis. A question was put to me about the amount allocated to registered training organisations in 2001-02. The amount is \$72.5 million. Dare I suggest it was the responsibility of the Board of Vocational Education and Training .

The Hon. PATRICIA FORSYTHE: Is that broken down into the figure for July to December and the amount provided since?

Mr WATKINS: I do not have those figures here.

The Hon. PATRICIA FORSYTHE: Except that the figures are normally out in September.

Mr WATKINS: That is as much as I can give you at the moment. Another question related to funding for the Computers in Schools Program and the flow-on to the non-government sector. That occurs through per capita grants, as has always been the case. There was a question regarding other operating expenses for the non-government schools program. That represents departmental overheads in running funding programs for non-government schools, such as interest subsidies, per capita grants, supervisor subsidies, et cetera. It is the cost of the non-government school funding unit in the department.

There was a question regarding year 6 computer tests. The year 6 tests are developed by the department. They do not represent a cost to a school's global budget. A fee will be charged to non-government schools wishing to use the Department of Education and Training tests, as is the case with the basic skills tests. The same rules apply. There was a question about vocational education and training in non-government schools. Oncosts apply for non-government schools. Some non-government schools pass those on to parents. It is basically a matter for those schools. Were there any others?

CHAIR: The Clerk will check *Hansard* to establish whether there are further questions that you agreed to take on notice and have not yet been answered.

Mr WATKINS: At some trouble and expense, I have these very talented people behind me and next to me. If there are questions that the Committee would like to ask, I am happy to take them now.

CHAIR: Secondly, you said you were agreeable to answering questions on notice. You will have 35 days in which to answer those questions.

Mr WATKINS: Rather than put questions on notice, I am happy to stay now and answer them.

CHAIR: Committee members may wish to reconsider what questions they wish to put on notice. Those questions are to be given to the Clerk by 5.00 p.m. on the second business day after this hearing, and those questions will be forwarded to you. You will have 35 days from the day you receive them in which to answer those questions.

The Committee proceeded to deliberate.
