

GENERAL PURPOSE STANDING COMMITTEE NO. 2

Wednesday 14 August 2013

Examination of proposed expenditure for the portfolio area

EDUCATION

The Committee met at 9.00 a.m.

MEMBERS

The Hon. M. A. Ficarra (Chair)

The Hon. D. Clarke
The Hon. G. Donnelly
The Hon. J. A. Gardiner

The Hon. P. Green (Deputy Chair)
Dr J. Kaye
The Hon. P. Sharpe
The Hon. H. Westwood

PRESENT

The Hon. Adrian Piccoli, *Minister for Education*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this hearing for an inquiry into the budget estimates 2013-14 open to the public. Before the hearing commences I would like to acknowledge the Gadigal clan of the Eora nation, the traditional custodians of this land. I would also like to pay our respects to the elders, past and present, of the Eora nation. I extend that respect to other Aboriginal people present. I will shortly welcome Minister Piccoli, but I now welcome his accompanying offices to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Education. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus 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. The guidelines for the broadcast of proceedings are available on the table by the door. I note that today's hearing is open to the public and is being webcast live via the Parliament's website.

Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Officers accompanying the Minister are free to pass notes and refer directly to the Minister or advisers at the table. Transcripts of this hearing will be available on the web on Friday. The House has resolved that answers to questions on notice must be provided within 21 days. I remind everyone to turn off their mobile phones or at least place them on silent and away from the microphones.

MICHELE BRUNIGES, Director General, Department of Education and Communities, and

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

PHILLIP PEACE, Chief Financial Officer, Department of Education and Communities,

GREG PRIOR, Deputy Director General Schools, Department of Education and Communities,

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

PAM CHRISTIE, Managing Director, TAFE NSW, and

TOM ALEGOUNARIAS, President, Board of Studies NSW, affirmed and examined:

The Hon. PENNY SHARPE: Minister, the State Infrastructure Strategy says that the State schools population is expected to grow substantially, from 752,000 students to 821,000 students in 2021. Given this expected growth, why is the New South Wales contribution to the school infrastructure expenditure less than it was a decade ago?

Mr ADRIAN PICCOLI: State spending on school infrastructure is \$66 million more in 2013-14 than it was in 2003-04. This Government has increased maintenance spending by 23 per cent since the election; it is now about \$320 million. This budget includes an additional \$100 million, over four years, for additional school capital works. Some of the increases and decreases we have seen in capital expenditure over the past 10 years have been as a result of Commonwealth contributions to capital, particularly for the Building the Education Revolution, or BER.

The Hon. PENNY SHARPE: Minister, we are not talking about the Commonwealth contribution. Be very clear, this is about the New South Wales contribution. The figures I quote to you are not about the Federal contribution. You are right that capital works have fluctuated, but they were up to between \$486 million and \$635 million. Your Government is putting in only \$357 million this financial year. Do you think that is adequate given the growth in State school enrolments?

Mr ADRIAN PICCOLI: Only about six weeks ago we announced a package of about \$50 million to increase the capacity of schools in North Sydney, where we have significant capacity problems. I know there are growing capacity problems in the inner city. We have announced a number of schools in the inner west. We bought a new school in Strathfield only recently from a closed independent school. We bought a closed independent school in Camden last year.

The Hon. PENNY SHARPE: Thank you, Minister. I have read that media release.

Mr ADRIAN PICCOLI: You asked me about capacity.

CHAIR: The member asked a question, and the Minister is answering the question. I will not permit the member to interrupt the Minister's answer. Allow the Minister to answer. Minister, be as succinct as you can, but at least answer that point. Then the member can ask her next question.

Mr ADRIAN PICCOLI: I was asked whether I was happy that the capital works budget is sufficient to deal with capacity issues. I am explaining that we do have capacity issues. Sufficient capital has been allocated. I was going to mention also the south-west growth areas and the north-west growth areas. If I recall correctly, three schools are to be built at The Ponds, to the value of about \$50 million. The Department does the demographic work to establish where we have shortages, and where we have capacity problems capital is allocated. We bought the former UTS Ku-ring-gai site to build a high school. I think this Government has done a lot of good work to deal with capacity and the growing enrolments to which the member referred.

The Hon. PENNY SHARPE: So you acknowledge that Education is the only big-spending portfolio area that has gone backwards in terms of proportion of State capital expenditure.

Mr ADRIAN PICCOLI: You are telling me that.

The Hon. PENNY SHARPE: In your pre-budget submission to the Treasurer did you ask for more funding for school infrastructure spending than was provided in the budget?

Mr ADRIAN PICCOLI: I do not think there would be any agency that does not ask for more money. I have been a Minister for 2½ years; there are public servants here who have been around longer than I have. I do not think there would be any agency, any director general or Minister for Education who has not asked for more money.

The Hon. PENNY SHARPE: As a consequence of money that you did not receive, what is not being funded?

Mr ADRIAN PICCOLI: Find me a Minister who does not want more money in his or her portfolio, be that the Minister for Health, Minister for Education or Minister for Sport and Recreation.

The Hon. PENNY SHARPE: So, Minister—

Mr ADRIAN PICCOLI: You asked me a question.

The Hon. PENNY SHARPE: Yes. But when you go forward to Treasury you obviously have a very well costed plan about things you believe are essential in terms of your portfolio. You are saying you asked for things that you did not receive. I am very interested to know what it is that your department considers to be critical in terms of its funding needs but which is not being funded in this budget.

Mr ADRIAN PICCOLI: You are right; there are a lot of things that the previous Government failed to do. If we had a bottomless bucket of money we could fix all of those things up.

The Hon. PENNY SHARPE: I am not asking about the previous Government; I am asking you, Minister, almost three years into this Government's term.

CHAIR: Order! I repeat, the member has asked the Minister a question and should respectfully allow the Minister to answer. I will not allow the member to keep interjecting.

Mr ADRIAN PICCOLI: If we had a bottomless bucket of money we could have fixed all of those things in 2½ years. I will give an example: The BER was a great opportunity to transform public schools in New South Wales, in the same way that it transformed in many ways Catholic schools and independent schools. But because of the way the previous Government spent the money, public schools did not get the same value for money. So, in a sense, we have been left a capital works and maintenance gap that could have been filled with that Commonwealth money. We did have \$100 million of BER money left over. We did get the Commonwealth

to change the rules—something the previous Government in this State could have asked for, but never did. This Government asked for a change in the rules, and the Commonwealth agreed to a change in the rules. As a result, we are virtually rebuilding 19 schools for kids with disabilities. That is something that I am very proud of. If only we had had the \$3.4 billion, and not just \$100 million, and been to spend it more effectively. So, yes, there are gaps, and I do wish we had had the money to plug those gaps in the 2½ years we have been in government.

The Hon. PENNY SHARPE: So you acknowledge there are capital works gaps and maintenance gaps. You have had a lot to say about the previous Government, but I again note that New South Wales school capital expenditure is down by at least 42 per cent under your Government. What infrastructure projects in the Total Asset Management Plan will not go ahead because of this halving of the proportion of the total State infrastructure expenditure?

Mr ADRIAN PICCOLI: I do not know that I accept the 42 per cent figure; I am not quite sure how you worked that out.

The Hon. PENNY SHARPE: It was from your budget figures.

Mr ADRIAN PICCOLI: I will let the director general respond. We all know that there are different ways to cut figures, depending on what outcome you want.

The Hon. PENNY SHARPE: Are you saying that your budget figures are only cut in a certain way and that they are not accurate?

Mr ADRIAN PICCOLI: I do not know the figure that you refer to; I will let the director general answer in a moment. But I will explain how it works. There is a very long list of both major capital works and minor and maintenance projects. They are prioritised initially at a local level by the asset management committee. Then it is taken centrally, and then those projects are prioritised on a statewide basis. It is a very, very long list. I think it is fair to say that the full list has never been, and probably could never be, funded in one year's budget. Basically, following the capital budget and maintenance budget that we get, we go down the list and fund the projects that are the highest priorities, until essentially we run out of money. So, yes, there are unfunded capital works and maintenance projects that we wish we could fund. That is certainly no secret. You could ask any school, and they would tell you the projects on their lists. That is how the system works. I can assure the member that I take advantage of every opportunity I get to ask the Treasurer for more money. I have got to say I have asked the Federal Minister for Education on a few occasions if he had a few dollars to swing our way that we would be more than receptive. But I might get the director general to comment about that 42 per cent figure that you mentioned.

Dr BRUNIGES: The Minister is absolutely right; the department listens from the ground up to what schools are telling us they need, and the process that he has outlined actually formulates the Total Asset Management Plan. Each year we would complete that in a regular timeframe and put it forward for government's consideration; and depending on government's decisions, what we need to do is go down that list and form priorities. So I might ask Phillip Peace—

The Hon. PENNY SHARPE: Just on that; do you think that the Total Asset Management Plan process is a transparent process?

Dr BRUNIGES: Yes, I do think it is a transparent process. I think it is important that we listen to our regional asset managers and what they are telling us are their priorities in each of those regions on the ground.

The Hon. PENNY SHARPE: And, obviously, schools want to know where they are on a list in terms of getting things upgraded.

Dr BRUNIGES: They do; there is no doubt about that. Every year, with such a large and great public education system, with in excess of 2,200 schools, there is no doubt we are making sure that we have the maintenance cycle up-to-date and that we are listening to things that are changing in schools, and that forms part of that Total Asset Management Plan.

The Hon. PENNY SHARPE: Is the Total Asset Management Plan publicly available?

Dr BRUNIGES: I might refer to Phillip Peace. I do not think it is.

The Hon. PENNY SHARPE: Would you be willing to make it publicly available and provide it to the Committee?

Mr PEACE: As it is a document that is part of the State budget process, it really is captured by those processes; and ERC and Cabinet make decisions about funding based on the information provided in those plans.

The Hon. PENNY SHARPE: I will direct a question to the Minister then. Minister, given that you said that there is a long list, that schools wait very patiently to find out when they are going to get onto the list and when they are going to be prioritised, would it not be better for the whole list to be published so that schools know where they are on the list, and so that local communities know where they are on the list, and it is actually transparent in terms of where it is? Would you consider releasing the Total Asset Management Plan publicly?

Mr ADRIAN PICCOLI: No.

The Hon. PENNY SHARPE: Why not?

Mr ADRIAN PICCOLI: Because the list changes; and I think raising the expectations of schools because they are a particular number on the list does not do the schools any favours necessarily. But then—

The Hon. PENNY SHARPE: So you think they do not want to know where they are on the list?

Mr ADRIAN PICCOLI: They do. Even at a local level when directors get asked about where schools are, they might not say, "You are number four on the list," or number 24 on the list. They try to give schools an idea whether it is going to be soon or not. I think it does not do schools a favour when you raise their expectations, because things do change.

The Hon. PENNY SHARPE: But, Minister, you have just said that we could never meet all of the expectations. If that is the reason set out in the beginning, would it not be better if people actually understand exactly what is required and where they are on the list, so that they can get a better idea? Otherwise, how do you guarantee that there is any transparency around the Total Asset Management Plan?

Mr ADRIAN PICCOLI: I am sorry?

The Hon. PENNY SHARPE: Your director general said that she believes it is a transparent process.

Mr ADRIAN PICCOLI: Yes, it is a transparent process.

The Hon. PENNY SHARPE: I fail to see that it is transparent if it is not available for people to look at and you are not prepared to even contemplate making it public.

Mr ADRIAN PICCOLI: I would make the point that the previous Government had 16 years in which to make it public, and it never did. Nor am I going to make it public. As I said, it raises expectations, but things can change. So a school can be on a list for a couple of works projects; and then, because of changing demographics, we have to build a new skill. That takes a fair bit of capital, and that means that some projects are bumped down the list again. That causes problems for communities. So the answer is no. But the process is certainly transparent; it is certainly transparent at a regional level. The local asset management committees—previously, the regional director, but we do not have regional directors any more, but presumably a director will have a school principal and a regional asset—

The Hon. PENNY SHARPE: All of the school principals in the region?

Mr ADRIAN PICCOLI: No. And it has a regional asset management person on there. I think it even has parent representatives on there. So it is done at a local level. It is not done out of my office, and it is not done out of the director general's office.

The Hon. PENNY SHARPE: I am not suggesting that, Minister. Given its importance to the school, and given that the State allocation has been halved and that will mean demand, I assume that that means that the list will be longer. I am just wondering why you would not provide it to schools and to parent communities so

that they will know where they are on the list as they do all the things they do to try to improve their local school.

Mr ADRIAN PICCOLI: I have explained that. As you would appreciate, I often get requests about a particular project, and I say that I do not make a political decision about which projects get funded. I say, "In order to get your project up the list you need to go back and talk to the director, talk to the principal, talk to the asset management people, and basically make your case why it should be higher up in the regional list, and then it becomes centrally." I will use an example. Haberfield Public School had their Diplomat fence funded under part of the Schools Upgrade Fund. The process for that fund is the same process. They made the case, from a safety and security point of view, why that fence should be funded, and it was funded ahead of other projects in that region. I think that is a very transparent process.

The Hon. PENNY SHARPE: We will move on from that. Minister, has the reduction in the capital budget meant a decline in the average number of security fences that are being installed in schools?

Mr ADRIAN PICCOLI: This year's budget allocations mean that I think about 59 schools across New South Wales will get Diplomat fencing. Capital works and minor capital works—and most of these come under the minor capital works and maintenance budget; as I said, Haberfield comes under the Public School Upgrade Fund—are prioritised at a local level. So we do not just say we are going to fund a certain number of security fences. It might be security fences, and the next thing on the list might be the upgrade of a toilet block.

The Hon. PENNY SHARPE: Minister, you have been very keen to speak about the previous Government. You are aware that on average 83 fences were installed per year under Labor. Now you are saying that you will probably put in about 59 fences. Do you accept that the cuts that you have made to infrastructure spending are impacting on security fences at schools?

Mr ADRIAN PICCOLI: No, I do not accept that at all. Priorities change. We do not just look at the number of security fences put up in one year and increase that number by inflation. That would be a ridiculous way to prioritise your asset spend. It is done in a consultative way, and it is prioritised correctly. I presume that when security fences initially were put up they were put up at a faster rate because those areas that had the biggest security problems got fences. As we go through and prioritise our maintenance, capital works and minor capital works spend, in some regions a school fence is a priority. Then the next thing on the list might be a science lab upgrade, the next thing might be a sewer upgrade, and the next thing might be another fence. That is the way it works. We do not just say, "Here is all this money for fences," because I think that would be a poor way of prioritising your maintenance spend.

The Hon. PENNY SHARPE: Minister, have you given any State funding to upgrade Yass High School, so it is not having to accommodate students in leaky and mouldy demountables?

Mr ADRIAN PICCOLI: I met with the principal of Yass High School not long after the fire that occurred there several months ago. I also met with a representative of the parents and citizens organisation about six or seven weeks ago whilst I was in Young, and we had a very constructive conversation about this matter. I spoke to the local member, who has been advocating very strongly. For members of the Committee who do not know what happened, there was a fire in one of the buildings. That is always a devastating event at a school. The building was insured, so the capital to rebuild it is available. The school wanted some additional things that they were pretty passionate about; there were some demountable buildings that they wanted replaced. We have been able to change the design of the building to accommodate that. In addition to the spaces that were destroyed in that fire, there are now an additional five general learning spaces, staff study and, because it is a two-storey building, a lift. My understanding is that they are pretty happy at Yass.

The Hon. PENNY SHARPE: Is there any extra State funding for Yass High School in this budget?

Mr ADRIAN PICCOLI: Not for this project, no. My understanding is that that was funded from the insurance payout for the building that was destroyed.

The Hon. PENNY SHARPE: Minister, will you rule out increasing class sizes or increasing the number of composite classes to manage the reduced capital allocation?

Mr ADRIAN PICCOLI: Class size policy is encapsulated in the staffing agreement signed between this Government and the Teachers Federation about a year ago; and that is in place until March 2016.

The Hon. PENNY SHARPE: That is not an answer to my question though.

Mr ADRIAN PICCOLI: Well, it is, because you asked me about class sizes.

The Hon. PENNY SHARPE: So you are saying nothing changes until 2016?

Mr ADRIAN PICCOLI: That is right.

The Hon. PENNY SHARPE: When will funding be allocated to build a high school in the inner city?

Mr ADRIAN PICCOLI: When demand demands it.

The Hon. PENNY SHARPE: Are you suggesting there is not enough demand?

Mr ADRIAN PICCOLI: There is capacity in other high schools in and around the inner west. I do have—

The Hon. PENNY SHARPE: I am not talking about the inner west; I am talking about the inner city.

Mr ADRIAN PICCOLI: Sorry, the inner city. Forgive me, I live in western New South Wales, and I call Orange the inner west. I am advised there are 94 spare permanent teaching spaces in high schools serving the Sydney local government area that take local enrolments.

The Hon. PENNY SHARPE: Can you tell us which ones?

Mr ADRIAN PICCOLI: I do not know that I can, but I am happy to take that question on notice.

The Hon. PENNY SHARPE: Could you take that question on notice and provide that information to the Committee?

Mr ADRIAN PICCOLI: Yes.

The Hon. PENNY SHARPE: Thank you.

Mr ADRIAN PICCOLI: I just want to assure the Committee that work is being done. No-one could have ignored the media and calls from schools and parents about demand for places in the inner west, and I see it as a positive reflection on public education.

The Hon. PENNY SHARPE: I am not talking about the inner west, Minister.

Mr ADRIAN PICCOLI: Sorry; the inner city. *[Time expired.]*

Dr JOHN KAYE: Minister, I pick up on the questions asked by Ms Sharpe with respect to the new school. You say there are spare teaching spaces in the inner city schools. What is your boundary on inner city there, Minister?

Mr ADRIAN PICCOLI: Sorry?

Dr JOHN KAYE: What is your boundary?

Mr ADRIAN PICCOLI: As I said, I am no expert on street names in the inner city.

Dr JOHN KAYE: But does it include Leichhardt?

Mr ADRIAN PICCOLI: You can ask me geographic questions, but I am happy to—

The Hon. PENNY SHARPE: It is important whether it is inner west or inner city.

Dr JOHN KAYE: Yes. I am just confused. Minister, you say there are plenty of spaces in the inner city.

The Hon. JENNIFER GARDINER: He said in the Sydney local government area.

Mr ADRIAN PICCOLI: I did say Sydney local government area.

Dr JOHN KAYE: Sydney local government area?

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: Can you explain to me why it is that a parent of a young child in Paddington is told that they have to send their child to Leichhardt for a public high school? You might not know that Paddington is on the east, and Leichhardt is on the west, and that child at the age of 11 will have to cross the city by bus.

Mr ADRIAN PICCOLI: How long does that take?

Dr JOHN KAYE: I do not know how long it takes, Minister. I do not know about you, but I would not be keen on seeing a child crossing the city to get to a high school. There was an invitation to the parents to send the child to a private school. They are not going to, by the way. I am just surprised by your statement.

Mr ADRIAN PICCOLI: I am just giving you the facts about capacity. I am not giving you any statement about how long children spend on buses. But how long would it take to go from Paddington to Leichhardt?

Dr JOHN KAYE: At peak hour, it could take an hour.

Mr ADRIAN PICCOLI: There are plenty of kids who travel a lot longer than that in country areas of New South Wales, travelling down the Newell highway.

Dr JOHN KAYE: So, Minister, I can say to that parent that you do not think that is a problem, that sending a kid across the city is not a problem?

Mr ADRIAN PICCOLI: I do not think the words "is not a problem" crossed my lips; those are your words.

Dr JOHN KAYE: But you said: Oh, look, it doesn't matter because there are kids in the country who travel further. That is what you are saying, basically.

Mr ADRIAN PICCOLI: Well, we cannot, and do not, build schools on every second street corner; and, as a result of that, students have to travel.

Dr JOHN KAYE: Just to take it one step further. You accept that there is a growing population in the—

Mr ADRIAN PICCOLI: My question is: Why would you not ask me that same question about the north coast and a kid who has to travel? Is it only a problem in the inner city?

Dr JOHN KAYE: Minister, I asked the question. This is a budget estimates hearing. This is your third; you should know I ask the questions and you do not provide answers. That is how the system basically works. Minister, let us see if we can do better than that. Minister, would you accept that in the Sydney local government area there is a growing population due to urban densification?

Mr ADRIAN PICCOLI: I only know that anecdotally. I will ask the director general—

Dr JOHN KAYE: Do you never speak to the Minister for Planning about growing populations and his plans for urban densification?

Mr ADRIAN PICCOLI: I have never spoken to the Minister for Planning about it. But I know the department has a relationship with the planning department.

Dr JOHN KAYE: So there is never a ministerial level meeting where you sit down and he says to you, "Look, we've got these big plans for the inner city", and you go, "Gosh! We probably should put some more schools there then"?

Mr ADRIAN PICCOLI: We do not really sit around a table like a few generals ordering the troops around and discussing tank formations, if that is what you are suggesting.

Dr JOHN KAYE: My next question is from a strategic position. Are you concerned about densification of some areas—the inner city being one—with the absence of planning for new public high schools?

Mr ADRIAN PICCOLI: Sorry, would you ask me that question again?

Dr JOHN KAYE: You were saying there is plenty of space in the inner city; I think you said there are 94 teaching positions—

Mr ADRIAN PICCOLI: Ninety-four teaching spaces.

Dr JOHN KAYE: In the inner city.

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: That is fine. If we put 94 new teachers in there, there are probably 940 or 1,000 new students. Yet if you look around the city there are two phenomena. You do not live in the city, but if you looked around you would see two phenomena. One is lots of buildings going up. The second phenomena is lots of people having babies—lots of them. There is an inner city baby boom going on. I do not know whether your demographers have caught that or not.

Mr ADRIAN PICCOLI: They certainly have.

Dr JOHN KAYE: Well, they have not in the past. That is not your fault. Department demographers have a terrible track record of underestimating these things; they certainly did under Labor. Are you, from a strategic perspective, trying to align education planning to urban planning?

Mr ADRIAN PICCOLI: I am confident the department does that as accurately as it can. I would never presume that demographic planning is an easy thing to do. I mean, we thought people were going to retire and live in two-bedroom units on the North Shore and inner city. We find families with children living in them now. That was not predicted 20 years ago. But I just want to make it clear that, while there is capacity in the inner city now, there is planning in the future for how we are going to handle future years. So there is no ruling out of building new schools in the inner city if that is what demand requires.

Dr JOHN KAYE: No. But are you doing anything to actively secure sites?

Mr ADRIAN PICCOLI: I will let the director general answer that question.

Dr BRUNIGES: Dr Kaye, at last estimates you raised the issue of Cleveland Street High School.

Dr JOHN KAYE: I did.

Dr BRUNIGES: As one of the issues to do with the inner city. Certainly we have got that on our radar for some placements. But at this stage we are looking at local government area by schools. Within that area there are sufficient. But I do take your point that within the inner city our demographers are projecting for that increase that you spoke about, and that we are going to have to monitor very closely the enrolment trends, understanding that every year sometimes parents make choices about where to enrol their students at certain times. So we have got to monitor that from year to year, using the census data that we have got. But I certainly take the point about the concentration and the growing population demands in the inner city, and our demographers are keeping track of those very closely.

Dr JOHN KAYE: Thank you, Dr Bruniges. Minister, can you or the director general get back to me on notice about the mechanisms that you have in place to align decisions being made in the planning department with the infrastructure provision in the education department?

Mr ADRIAN PICCOLI: Sure.

Dr JOHN KAYE: Very briefly, before we move on from the issue of new schools, can I ask you about what is referred to locally as the old police site in Leichhardt? It is next door to Leichhardt High School. You may or may not be aware that Leichhardt High School is overflowing. I have had a meeting with parents, as have many politicians, and they are very concerned about the impact on the educational outcomes for their children of the overcrowding at Leichhardt. It is an excellent school and it provides fabulous education, but it is absolutely chock-a-block. There is a government site next door, the old police site. I think it was originally a cable storage site for the old tram network. It is currently vacant. What barriers are there to that site being converted to part of Leichhardt High School?

Mr ADRIAN PICCOLI: Given this is an operational question, which Jamie Parker has raised with me, I will refer it to the director general.

Dr BRUNIGES: Dr Kaye, I would have to take that on notice and have a look at the leasehold and what is actually happening. I do not have that information with me.

Dr JOHN KAYE: Thank you for that. I appreciate you taking it on notice. Minister, you introduced preschool fees at public preschools in New South Wales. I understand—correct me if I am wrong—that we have the second-lowest participation rate in preschools of any State or Territory in the Commonwealth. I also understand that we are the only State or Territory in the Commonwealth with a declining participation rate. Do you think it is now time to review those fees and the whole idea of having fees at preschools?

Mr ADRIAN PICCOLI: We commissioned Professor Deb Brennan to do a review. She handed that report to the Government earlier this year. Her recommendations were that there had to be changes to the way that we support preschools across New South Wales. She did make some references to the Department of Education and Communities preschools, but at this stage we are not going to change those fees.

Dr JOHN KAYE: So you are comfortable with the idea that we have got the second-lowest participation rate—second-lowest only to Queensland—and, at projected rates, sometime in the next couple of years we will have the lowest rate of preschools. You are no doubt aware of and sensitive to the data, the evidence on the impacts on preschools. I know Dr Bruniges is. Surely we are headed towards a crisis point in terms of preschooling; and it appears, at least from the correlation data, that part of the driver of that crisis is the fee structure.

Mr ADRIAN PICCOLI: Yes, and you are right; one of our 2021 goals is to increase that participation rate for four-year-olds. It is my recollection that we are the only State in the country that funds three-year-olds as well. As part of the review that is being undertaken of the funding model for preschools—and I am talking about not just Department of Education and Communities preschools but all the preschools in New South Wales—there is going to be a focus on four-year-olds, and rightly so. And that is also the policy position taken by the Commonwealth. Much of the Commonwealth funding for preschools is targeted at four-year-olds. So there is a requirement that we use Commonwealth money and target it towards four-year-olds. So, yes, there are changes coming. It is essentially going to be a needs-based funding model for preschools, similar to the Gonski needs-based funding model. Disadvantaged three-year-olds will also get some support. We are together here. We want every child in the year before school to get 15 hours a week. But we have also recognised—and I think Professor Brennan refers to this in her report—that we also need to get into preschool disadvantaged three-year-olds. So we will be providing support, and that support means ultimately, hopefully, lower fees in that year before school.

So I agree with you. But in terms of the Department of Education and Communities preschools, the previous fee was zero. I have got to say I did not find it reasonable that there were queues to get into Department of Education and Communities preschools because they were free. There are still Department of Education and Communities preschools that are free, but they are free for the people that they should be free for—very disadvantaged families, families from an Aboriginal background. I am not sure why politicians and journalists should have their kids at preschools for free, subsidised by taxpayers.

Dr JOHN KAYE: It is called public education, Minister.

Mr ADRIAN PICCOLI: It is not a requirement under the Public Education Act for us to provide free preschool.

Dr JOHN KAYE: We should arm wrestle over this later on. [*Time expired.*]

The Hon. PAUL GREEN: Minister, it has been reported that 2,240 public schools in New South Wales will no longer be allowed to earn interest on government funds because the State Government is taking over their accounts. Is this true? I note that in a media comment on 5 August 2013 the Public Schools Principals Forum was quoted as saying that this is a "significant hit" if it is true, given the facts that these funds were quite often used for extra teachers, books and equipment. Do you have a comment on that?

Mr ADRIAN PICCOLI: I saw the article. It has been explained to Cheryl McBride on a number of occasions what currently happens and what is going to happen, and it has been explained to the principals forum why this change is being made. Just by way of background, what currently happens is that State Government grants or program grants for schools get paid to the schools; and if they do not spend it, for whatever reasons—and sometimes there are legitimate reasons for it not being spent—that money sits in their bank accounts and they earn interest on it. For a school to earn \$20,000 a year in interest and then spend that \$20,000, at an interest rate of about 6 per cent or 5½ per cent, they need \$350,000 in their bank account. My maths is reasonably simple, but if you just spent the \$350,000 over whatever period—how long it takes, 15 years at \$20,000—I would just urge them to spend the money. There is about \$600 million sitting in school bank accounts across those 2,240 schools. That is a lot of money that has been allocated for students. I just want to make it clear that there are reasons why schools do not spend every single cent.

The Hon. PAUL GREEN: Exactly.

Mr ADRIAN PICCOLI: They hold some back to make sure for the following year, or sometimes they are saving money to do a project.

The Hon. PAUL GREEN: Exactly.

Mr ADRIAN PICCOLI: I am not in any way disputing that. But that money in those bank accounts, if I recall correctly, is increasing every year. I do not think it is necessarily reasonable that schools see it as a revenue source earning interest on State Government funds that have been allocated to students; but also because the way that we are going to fund schools is going to change through our own resource allocation model. But just to add a bit to that: where a school raises its own money, if the P&C raises its own money, and that money sits in its bank account, it can do what it likes; it can earn the interest off that and spend the interest.

The Hon. PAUL GREEN: What is the Government doing to check this out and ensure that public schools that may be undertaking this sort of method of saving for future projects are not adversely affected by this change in policy?

Mr ADRIAN PICCOLI: The director general might comment on that.

Dr BRUNIGES: As we move to the new finance system for schools we will establish that single banking system. And at the time when we transition to the new finance system schools will retain access to their existing reserves, such as funds held in trust for school and community purposes. Interest earned on those transfer reserves will be applied to schools until those reserves are extinguished. And, as the Minister pointed out, funds raised by schools from holding a fete or community event or such fundraising activity need to be recorded separately, and they can be used at the school's discretion, and it can earn interest on those, and they will be able to have that as an additional source of revenue. But government funding coming in that is appropriated for the use of government schooling, they will not in future be able to earn interest on that.

The Hon. PAUL GREEN: So what will you be doing with that money that you have taken from those accounts?

Dr BRUNIGES: I will not have access to that money in a government school. That will be just like the department draws down from Treasury. It is not cash; it is drawn down. And it is not as though there is another big pocket of interest sitting somewhere that we are keeping to do something else.

The Hon. PAUL GREEN: Minister, what processes are in place when a student is in a particular school zone, and obviously has to apply to be part of that school zone, if there is a bullying situation and they want to move outside that zone? What processes are in place to help someone that is facing that challenge?

Mr ADRIAN PICCOLI: Given this is an operational question, I will refer to the director general.

Dr BRUNIGES: Bullying should not be tolerated in any shape or form in any schooling setting. So if there is a case where a student, teacher or parent feels they are bullied, the first point of call is indeed the principal, to have a conversation with the principal and alert the principal of those concerns. There should be appropriate action taken—whether that be some of the support materials that we have in place around bullying, around bystander behaviour, around how to resolve conflict in positive ways. If that does not work, then it is an escalation procedure. If the principal feels the need to do that, or the parent feels as though the principal has not addressed that issue in a timely or sufficient manner, then indeed our directors of schools would take up that issue. In cases where it could not be resolved, I am sure that we would facilitate the best outcome for the student involved.

The Hon. PAUL GREEN: I guess for parents it would be a stressful thing to take it further up the ladder, when really all they want to do is probably relieve their child's discomfort.

Dr BRUNIGES: Absolutely.

The Hon. PAUL GREEN: So is there a lower level at which they can get some sort of agreement with the principal to shift schools without going further?

Dr BRUNIGES: I would hope that in some cases principals would do that at a local level, to satisfy the needs. But if there is a particular case or issues, I am more than happy to have that material referred and follow up. But there should be a response. The child's interests and wellbeing must be at the forefront of those decisions that are made. As I said, sometimes even moving students from classroom to classroom can alleviate some of that stress for individual students, depending on the nature and the type of situation.

Mr ADRIAN PICCOLI: It is only a problem to shift school if the school you are moving into is full. If you are in a particular zone and you want to move to another school, and that school is not full, you can go from living in one zone to a school in a different zone. It is when that school is full that it becomes a problem; it will only take enrolments from that zone.

The Hon. PAUL GREEN: You talk about local schools and some local decisions there. I was wondering if you could update the Committee on how the Local Schools, Local Decisions program is going. Is it successful? Are you happy with it? Or are there some teething problems?

Mr ADRIAN PICCOLI: No, there are no teething problems as far as I am aware. I have got to say that the feedback from principals has been very good. We have changed the procurement rules. Again, this is a change driven by principals. Where previously a school that wanted to buy a cricket ball went on the department's procurement website and went through a process of paying, it could take some time. This is about reducing the administration burden for principals. So we have changed that rule. Essentially, for 95 per cent of a school's purchases under \$5,000 they can buy locally; and that is good for local businesses, particularly in regional New South Wales. It allows schools to do things much more quickly. We have given principals more say over prioritising their annual plant maintenance. This is about giving those school principals more say in their prioritising what are specifically the issues that they want to address in their schools. We have removed restrictions on tied grants. There were lots of tied grants; you could only spend this little amount of money on this particular thing.

The Hon. PAUL GREEN: I have only a short amount of time on this. Have you had much feedback that experienced teachers with higher pay rates and requirements have been overlooked for say the budget's sake to be able to get say two first-yearers? Are you getting much feedback where principals have taken that sort of action? If you were getting that feedback, how would you approach that sort of situation arising?

Mr ADRIAN PICCOLI: I have got to say I have not. But Local Schools, Local Decisions is something that is going to be implemented over a few years; so those things that I was talking about—things we have already done, staffing agreements. But part of that is the resource allocation model, which is basically our

Gonski version of how we allocate funds to schools. That is all in the process of happening. We have given principals more flexibility in their ability to employ permanent or temporary teachers. On the issue of how a school can fill a vacancy, and what it can fill the vacancy with, the schools are starting to get used to that system. But again, it is the flexibility that principals have asked us for. Personally—I do not know about the director general or others—I have not had complaints from staff about this happening. But we work very closely with the Teachers Federation over this, because this is a concern that the Teachers Federation has. They do not want to see the casualization of the workforce, and we have made commitments to the union that we will work with them, because we do not want to see that either. I know it is problematic for teachers who are casuals if you are trying, for example, to get a home loan and you do not have a permanent job. So we do not want to see the casualization of the workforce either. But, as the Minister for Education, I have to temper that against what is in the best interests of students. If that flexibility means that a principal is going to do something that will benefit students, and might not necessarily benefit the teacher, I have to have the student as the primary concern. *[Time expired.]*

The Hon. HELEN WESTWOOD: Given the impact on New South Wales parents of high preschool fees, why has the Government again underspent the Early Childhood Education budget for 2012-13, this time being underspent by \$147 million?

Mr ADRIAN PICCOLI: There are timing issues with some of the payments from the Commonwealth. A substantial amount of the money that we spend in Early Childhood Education, in preschools particularly, comes from the Commonwealth; and there are timing issues in terms of when we have received those dollars and when we have spent them. I cannot remember the number off the top of my head, but earlier this year we allocated some of those Commonwealth dollars towards reducing fees in preschools across the State because we know the pressure that fees pose for parents. We are in the process of developing a new funding model for preschools, on the back of Professor Brennan's recommendations, and the dollars we have got are going to be spent.

The Hon. HELEN WESTWOOD: You talk about the new funding model. I have to say there is certainly some concern amongst parents that this is a strategy of the New South Wales Government to reduce its own effort in funding for Early Childhood Education because of increased Federal funding. Have you responded to that concern of parents?

Mr ADRIAN PICCOLI: We always welcome Federal funding; and whatever funds we have in early childhood we put towards early childhood education. There is no conspiracy here.

The Hon. HELEN WESTWOOD: You will not be reducing? Can we get that commitment?

Mr ADRIAN PICCOLI: No, we will not be reducing.

The Hon. HELEN WESTWOOD: Can we get that commitment that the New South Wales Government will not be reducing its proportion of funding to Early Childhood Education?

Mr ADRIAN PICCOLI: Well, when you ask about proportion, the dollars of the State Government contribution to Early Childhood Education will not be reduced.

The Hon. HELEN WESTWOOD: Will that \$147 million underspend in 2012-13 actually be rolled over, and is it reflected in the 2013-14 allocation?

Mr ADRIAN PICCOLI: Yes. All unspent money will be rolled over.

The Hon. HELEN WESTWOOD: Why is funding for Early Childhood Education going backwards, with funding for 2013-14 only \$301 million, when in the 2012-13 budget \$377 million was actually allocated?

Mr ADRIAN PICCOLI: I might let the director general respond to that question.

Dr BRUNIGES: Not all of the \$377 million was spent in 2012-13 because of delays in the Commonwealth sign-off of those significant partnership funds. So all of that fund has been rolled forward into the 2013-14 year, and there will be investment in the new community preschool funding model and related national project funding. So it was just a delay in the Commonwealth payment. What we have been able to do is take that money now and roll it forward.

The Hon. PENNY SHARPE: Is that \$147 million that you say is being rolled over encapsulated in the \$301 million that is shown in the budget papers, or is that in addition to the \$301 million in the budget papers?

Dr BRUNIGES: Some of that was also rolled into 2014-15.

The Hon. PENNY SHARPE: Could you give the Committee a breakdown of what that is?

Dr BRUNIGES: Yes. I am happy to take that on notice.

The Hon. PENNY SHARPE: So you are saying that the \$301 million in the budget papers for 2013-14 includes a proportion of the underspend of \$147 million in 2012-13?

Dr BRUNIGES: That is correct.

The Hon. HELEN WESTWOOD: Has the New South Wales Government reduced its contribution to Early Childhood Education services in the 2013-14 budget compared to previous years?

Mr ADRIAN PICCOLI: No.

The Hon. HELEN WESTWOOD: What was the New South Wales contribution to the Early Childhood Education services budget for the 2012-13 financial year and the 2013-14 financial year?

Mr ADRIAN PICCOLI: I will refer the question to the director general.

Dr BRUNIGES: Can I ask the Chief Financial Officer to give us that, or will we take it on notice?

Mr PEACE: If we could take it on notice.

Dr BRUNIGES: The Chief Financial Officer will take that on notice.

The Hon. HELEN WESTWOOD: Could you also provide information on when those Federal funds were provided, the dates?

Mr ADRIAN PICCOLI: Yes.

The Hon. HELEN WESTWOOD: Thank you for that. Minister, in your response to the Brennan review—and I know you spoke about that this morning in response to questions from Dr Kaye—you announced the spending of \$68.9 million and advised that a further \$68.9 million would be available in June 2013. Have you announced how these funds will be allocated?

Mr ADRIAN PICCOLI: The second amount?

The Hon. HELEN WESTWOOD: Yes. Have you announced how those amounts will be allocated?

Mr ADRIAN PICCOLI: No. We are in the process of consulting at the moment about the changed funding model. We are in the process of changing the funding model for preschools, and that process of working that out and consulting with the sector is still underway. I believe that probably in about October we will be ready to make some announcements about that.

The Hon. HELEN WESTWOOD: And when you say you are consulting, who are you consulting with, and how broad is that consultation?

Mr ADRIAN PICCOLI: The department is conducting the consultation.

Dr BRUNIGES: Leslie Loble might be able to describe the nature of the groups that we are consulting with.

Ms LOBLE: We have been holding forums around the State. We have made available online consultation. We have been working with an extensive range of peak bodies that represent stakeholders in the Early Childhood Education and care sector.

The Hon. HELEN WESTWOOD: Have representations been made to you or the department that preschools in New South Wales are at risk of closure if funding for three-year-olds is discontinued?

Mr ADRIAN PICCOLI: Yes. But I am not quite sure how accurate it is. I have received representations.

The Hon. HELEN WESTWOOD: Well, you have been holding consultations. Have you had feedback?

Mr ADRIAN PICCOLI: I have received representations. In fact, a member of Parliament raised with me yesterday that some of his local preschools had spoken to him about it.

The Hon. HELEN WESTWOOD: And your response?

Mr ADRIAN PICCOLI: My response is that services are using a calculation based on some presumptions that they are making, and I am not quite sure how accurate their assumptions are, and I have asked that before they jump to conclusions they wait until the department announces the changes that we are going to make—because we are going to make changes, and changes are never easy. But there are transition dollars available for services that would be impacted, so that we either minimise that impact to zero, at least for a period while services have time to make the necessary adjustments, or that that impact is minimized as much as possible. But, as I said earlier, we are the only State that funds three-year-olds in preschools. We are focussed on making sure that we get as many four-year-olds to preschool in the year before they start school. According to Professor Brennan, there are something like 30,000 four-year-olds in New South Wales who do not get preschool education for 15 hours, and we are targeting them. We make no apology about targeting those kids. Our funding model will be targeted towards the year before school. Three-year-olds are not the target, except where three-year-olds are classified as being disadvantaged. Professor Brennan does recognise the importance of two years of preschool for kids in that category.

The Hon. HELEN WESTWOOD: Minister, can you tell me how many three-year-olds are currently attending preschools in New South Wales?

Mr ADRIAN PICCOLI: My understanding is that it is about 30 per cent.

The Hon. HELEN WESTWOOD: Is that 30 per cent of the total enrolment?

Mr ADRIAN PICCOLI: Thirty per cent of the total enrolment in preschools are three-year-olds. Before I give you a definitive answer there, I had better check.

Ms LOBLE: The latest numbers we have are that approximately 15,000 three-year-olds are in preschool, and less than a quarter are disadvantaged.

The Hon. HELEN WESTWOOD: So 15,000 in preschools out of the total of what number?

Ms LOBLE: No; 15,000 three-year-olds. I can get you the precise proportion, but less than a quarter of them are disadvantaged.

The Hon. PENNY SHARPE: How is that disadvantage defined?

Ms LOBLE: Low income, Healthcare card, welfare.

The Hon. PENNY SHARPE: So it is the same across the system?

Ms LOBLE: Yes.

Mr ADRIAN PICCOLI: I think some of the services are presuming that three-year-olds are not going to be funded, and they are calculating next year's income based on that. I would just ask them to hold fire until they see what the department ends up with in terms of the model.

The Hon. HELEN WESTWOOD: When can they expect that?

Mr ADRIAN PICCOLI: In October. The first cut of enrolments occurs, I think, in August. The census is done in August. Services are usually given an announcement on their funding amount in October, and it will be roughly the same amount of time.

The Hon. HELEN WESTWOOD: Could you tell the Committee what financial modelling the department is undertaking to assess the impact on community-based preschools of ceasing funding for many three-year-olds currently in preschools?

Mr ADRIAN PICCOLI: For the funding model, I refer to the director general.

Dr BRUNIGES: I might again ask Ms Loble, who is responsible for that analysis, to walk that through.

Ms LOBLE: I might say a couple of things, if I may, about the approach to the funding model. Firstly, I think it is important to recognise that Doctor Brennan recommended, and we are proposing, that base rates would increase for four- and five-year-olds—as the Minister has suggested, that being a particular priority—and approximately 25,000 are not able to access it at the moment. There also will be loadings for location, for example, rural and remote; and child loadings, for Aboriginal and Torres Strait Islanders and for those on low incomes. There also will be transition funding for services that might be affected by the change. If government in the end makes these decisions there will be transition funding available for services that may need to orient their enrolments towards those higher rates.

In terms of the modelling, there is a series of approaches that we would take to developing a new allocation model. There is the consultation that we have spoken about. There has been, broadly, some modelling done to understand the envelope that we might need. And, as the Minister said, the census is currently open right now for services, as we have each year in August, and those enrolment figures and the make-up of the enrolment figures will then feed into any final modelling.

The Hon. PENNY SHARPE: I want to go back to this rolled-in money from the Commonwealth. If the figures are saying that there is \$147 million to be rolled into the budget this year, and the allocation is \$301 million—and I accept that we have not got a complete breakdown for the next two years—that shows a significant cut in what New South Wales is contributing to the Early Childhood Education budget. Are you able to explain that?

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

Dr BRUNIGES: The 2013-14 State budget for Early Childhood Education is \$301 million, and that includes significant funds for the preschool sector. The department and the community run preschools and other grants, such as vacation care playgroups and support for long day care. There has been some concern about a drop in the State budget, but that is not the case because not all of the \$377 million was spent in 2012-13 because of the delay in Commonwealth funding; and with that, we are rolling that forward. I think Mr Peace has already taken on notice to get that actual breakdown for you.

The Hon. HELEN WESTWOOD: And the timing.

Dr BRUNIGES: Yes, that is correct: and the timing of the Commonwealth payment coming in.

The Hon. HELEN WESTWOOD: Why did not New South Wales support an initiative proposed at the Commonwealth State Ministerial Council to establish a taskforce to look at the shortage of long day care and out-of-school-hours care?

Mr ADRIAN PICCOLI: I do not recall. But anything that has got the word "taskforce" in front of it I always view with some suspicion. I presume this is the planning issue.

The Hon. PENNY SHARPE: The issue is that there is a chronic shortage of out-of-school hours care places.

Mr ADRIAN PICCOLI: Would you ask me the question again?

The Hon. HELEN WESTWOOD: What I asked was: Why did not New South Wales support an initiative proposed at the Commonwealth State Minister Council to establish a taskforce to look at the shortage of long day care and out of school hours care places? There was a desire to establish a taskforce because there is a well recognised shortage of out-of-school hours care places right across New South Wales and in other States.

Mr ADRIAN PICCOLI: I presume the taskforce that you are referring to was raised by Minister Ellis.

The Hon. HELEN WESTWOOD: That is correct.

Mr ADRIAN PICCOLI: It was raised by Minister Ellis, and it was in relation particularly to the planning restrictions on long day care places.

The Hon. HELEN WESTWOOD: I think it is more than that. One of the issues often is the difficulty that local communities have in trying to establish the services when they do not have a cooperative principal, or there are not those good relationships. So you end up with a community that does not have an out-of-school hours place located at their school, which is an absolutely under-utilised resource, I think you would agree.

Mr ADRIAN PICCOLI: Yes.

The Hon. HELEN WESTWOOD: It was certainly one of their aims to look at that, amongst other things.

Mr ADRIAN PICCOLI: Yes.

The Hon. HELEN WESTWOOD: I do not think it is unreasonable. There is no conspiracy theory here.

Mr ADRIAN PICCOLI: No. I am just trying to reconstruct my memory of that. The issue was about whether we set up another interjurisdictional taskforce that takes away senior officers from the department, in that they have to travel somewhere to have meetings. Lots of these taskforces are proposed at this ministerial council meetings. We knocked another Federal government education agency on the head for the same reason. So there is a general reluctance to set up taskforces—from my point of view anyway. But having said that, yes, I am aware that occasionally principals will be reluctant to have their schools open after hours. But that is the exception. I think schools are encouraged to offer their facilities for after school hour care providers. My recollection is that they are funded by the Commonwealth, and that the Prime Minister made some announcements a couple of weeks ago about additional funding, which is welcome.

The establishment of long day care centres again is predominantly Commonwealth funded. The department did some work on the planning issues. Without setting up a taskforce, it looked at what the impediments are. If I recall correctly, the impediments were not planning impediments necessarily. They have to meet planning requirements, but that was not necessarily an impediment to setting up centres. I recall that there were other ways of achieving the same objective without setting up another taskforce and another bureaucracy within that national framework.

The Hon. HELEN WESTWOOD: If we are not going down that path, then what is the strategy for addressing that shortfall of out of school hours care places in New South Wales?

Mr ADRIAN PICCOLI: As I said, it is on a school by school basis, on my understanding, but the director general might want to expand on that.

Dr BRUNIGES: In New South Wales we have about 1,279 out-of-school hours services in New South Wales. About 30 per cent of those services operate on Department of Education and Communities school grounds. The department has developed specific community use of school facility guidelines around children's services and implementation procedures to indeed reinforce and encourage and support the establishment of children's services, including out of school care and on school sites. So, while the education programs must have

priority, as you rightly say, the under-utilisation of government infrastructure for needs is considered in developing those guidelines. As we move towards Local Schools, Local Decisions the encouragement of the use of those guidelines and the greater use of those facilities in the recognition of that need hopefully will see more principals taking that up under those new guidelines.

The Hon. HELEN WESTWOOD: Does the Department of Education and Communities have a policy with regard to out-of-school hours care? Could you also let the Committee know what the policy provides for, and does it require the department to support the establishment of out-of-school hours care where there is a clear need?

Mr ADRIAN PICCOLI: The director general.

Dr BRUNIGES: School principals are responsible for managing the community use of school facilities to the mutual benefit of school and community. So those guidelines that I have spoken to really outline for community our expectations on community use of school facilities and encourage and support the establishment of children's services, including out of school care. So those procedures and guidelines would be my first point of call to share with community, and those are the published guidelines that we have.

The Hon. HELEN WESTWOOD: Regretfully, we have run out of time.

CHAIR: There will be another round.

The Hon. HELEN WESTWOOD: Thank you.

Dr JOHN KAYE: Minister, can we go to the issue of TAFE, and in particular your proposed Smart and Skilled training market that you are planning to introduce as of 1 July next year for everything up to and including Certificate 3. Am I correct in saying that, or does it go beyond Certificate 3?

Mr ADRIAN PICCOLI: No. But it is not every course; there will be a skills list.

Dr JOHN KAYE: And those that are not on the skills list will not be funded at all?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: They will not be funded, yes or no?

Mr ADRIAN PICCOLI: My understanding is no, other than those things that are foundation skills, the things that are going to be funded.

Dr JOHN KAYE: So students who are holding an entitlement under Smart and Skilled and cash it in at a private provider, and then fail, do they get another entitlement, or is that it, they are out of the system?

Mr ADRIAN PICCOLI: The work on this is proceeding in terms of precisely how this is going to work. We are proceeding very carefully about how we roll this out, because we have seen in other States the problems that have arisen. So we are being very cautious.

Dr JOHN KAYE: So the answer is that you do not know at this stage?

Mr ADRIAN PICCOLI: Not at this stage.

Dr JOHN KAYE: What about students who do not fail but transfer between a private provider and back into TAFE, would they then have to pay the full fees at TAFE?

Mr ADRIAN PICCOLI: You are asking me a detailed question that I do not know the answer to. I am happy for the director general to take the question.

Dr BRUNIGES: We are in the process of working out some of that detail. The first priority is the formation of the skills list that the Minister talked about, and working through what that will mean, the community service obligations and what TAFE is funded for and what we might have within the bucket.

Dr JOHN KAYE: Thank you. The Independent Pricing and Regulatory Tribunal report, which is still a draft report that is out for public consultation, suggested massive fee increases for some of the State-subsidised courses—leaving aside those that are not State subsidised, and we know what they look like because of what has happened to fine arts. Do you, Minister, have some concerns about that? Are you going to write to the Independent Pricing and Regulatory Tribunal and say that your concern is that some of these students will be excluded because of the nature of those fee increases?

Mr ADRIAN PICCOLI: That Independent Pricing and Regulatory Tribunal report is a draft, and there is an opportunity for submissions to be made to it.

Dr JOHN KAYE: Will you be making a submission?

Mr ADRIAN PICCOLI: No. I as Minister for Education will not be making a submission to it. But it is an independent process, and we will have to see when the final recommendations come out.

Dr JOHN KAYE: Given some of the fee increase recommendations, would you at this stage be concerned if that were to be what was implemented?

Mr ADRIAN PICCOLI: I do not think, as Minister for Education, it is appropriate for me to comment in any way on those recommendations.

Dr JOHN KAYE: Minister, so far this year 228 permanent TAFE teaching positions and other positions have been deleted, according to an answer to a question on notice that you gave me some weeks ago. What is your projection for the total number by the end of the year?

Mr ADRIAN PICCOLI: Firstly, you can see that we do answer questions.

Dr JOHN KAYE: It is an exception that makes the rule, Minister.

Mr ADRIAN PICCOLI: I will ask the director general to answer the question on specific numbers.

Dr BRUNIGES: Looking at TAFE, in total over the period of time there were to be 800.

Dr JOHN KAYE: We are aware of that. But I was asking how many will be gone by the end of the year. That was 800 over the forward estimates period, was it not?

Dr BRUNIGES: I am sorry, I do not have that figure with me.

Dr JOHN KAYE: Can you provide us with that figure, Dr Bruniges?

Dr BRUNIGES: Yes.

Dr JOHN KAYE: And can you provide a breakdown by college and by position classification?

Dr BRUNIGES: Yes, we can.

Ms CHRISTIE: I can give you the figures for positions that are being deleted to date, by classification.

Dr JOHN KAYE: I have those. The Minister gave me those.

Ms CHRISTIE: We certainly could not give forward projections because we are still in the process of consultation. So no final decisions have been made about how many positions, by location. All our institutes are engaged in discussions and consultations with staff, before the changed management plans are finalised and those positions then proceed to be deleted and staff go through the processes of being offered voluntary redundancy.

Dr JOHN KAYE: Thank you, Ms Christie. Minister, do you have figures on the reduction in the number of casual hours taught in TAFE?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: Can you get me those figures?

Mr ADRIAN PICCOLI: If those figures are available.

Ms CHRISTIE: Those figures change from day to day and from week to week.

Dr JOHN KAYE: Actually, I went through the same exercise with the previous Government. You say, "The number varies, therefore we cannot give it to you." You surely have a sense of the total number of casual hours taught in the last financial year.

Ms CHRISTIE: Human resources systems allow us to access that information at a point of time, so we can make a comparison from a point of time in the past to the present.

Dr JOHN KAYE: But you cannot give me the figure on the total number of casual hours taught in the financial year 2012-13?

Ms CHRISTIE: We can take that on notice.

Dr JOHN KAYE: And the number of casual hours taught in the first six months of this year. In fact, what I would like is by six-month block the number of casual hours taught, going back about four lots of six months.

Mr ADRIAN PICCOLI: If it can be provided relatively easily, sure. But it takes enormous amounts of work.

Dr JOHN KAYE: But, Minister, you accept the significance given that your policies have thrown TAFE into crisis; and one of the issues is that not only are they losing full-time teaching positions but the number of casual hours has reduced significantly.

Mr ADRIAN PICCOLI: I do not accept the crisis comment. We are changing TAFE to improve TAFE. I think anybody—

Dr JOHN KAYE: Minister, are you improving TAFE by deleting 228 positions?

CHAIR: Order! Dr Kaye, allow the Minister to answer the question.

Mr ADRIAN PICCOLI: Contestability is a reality, and the Commonwealth funding is subject to increased contestability. We have to make sure that TAFE can compete for that business. That is just a reality, and anybody in TAFE who thinks who thinks that that is not a reality is kidding themselves. We have to make sure that TAFE is given the freedom and the flexibility to be able to compete for business, because there are private providers out there. We try to make sure, through both what the State Government does and what the Commonwealth now does as the regulator, to make sure they are quality providers. Nobody wants to make sure that the duds get weeded out more than I do.

Dr JOHN KAYE: The dud teachers or the dud providers?

Mr ADRIAN PICCOLI: The dud non-government providers.

Dr JOHN KAYE: Let us talk about some dud private providers for a minute. Are you aware that Evocca College offers a free iPad as an inducement for enrolment?

Mr ADRIAN PICCOLI: I am not aware of that specific example. For what sort of subject?

Dr JOHN KAYE: Across a range of Certificate 2 and Certificate 3 subjects they offer a free iPad as an inducement. If that were true, would that be of concern to you, Minister?

Mr ADRIAN PICCOLI: I cannot comment on it. I do not know if they receive government funding, or what sort of qualification they are providing. But I am aware that in Victoria for example they were doing precisely the same thing, giving free iPads.

Dr JOHN KAYE: Evocca College was doing that in Victoria.

Mr ADRIAN PICCOLI: They were doing it in Victoria?

Dr JOHN KAYE: You said you are aware they are doing it in Victoria?

Mr ADRIAN PICCOLI: No. I am aware that a provider or some providers in Victoria were offering inducements to people to enrol, because of the way they had set up their contestable market. We are not doing that; we have seen what has happened in Victoria. That is why as part of Smart and Skilled we are going to set the fee and the subsidy, so you cannot do that to attract a student.

Dr JOHN KAYE: But they are doing that, Minister. I was in Erina Fair two weeks ago, and there were Evocca College recruiters in Erina Fair handing out free iPads to people who signed up. Minister, they are doing it here in New South Wales.

Mr ADRIAN PICCOLI: As I said, I do not know whether they receive any government subsidy from the Commonwealth or from New South Wales. I do not know. I am happy to take the question on notice and find out, because I think we do students a massive injustice if we allow them to get substandard qualifications. If some company is offering free iPads and giving awesome training, then I have no real problem with that.

Dr JOHN KAYE: Even if they are government subsidised.

Mr ADRIAN PICCOLI: Good luck to the students. If they are getting first-class training, good luck to the students who get a free iPad and good training. I think that is a great outcome.

Dr JOHN KAYE: You do not think there is something wrong with a training market where private providers are offering inducements to take students out of TAFE and into private providers, who are clearly doing other things to cut costs given the regime you have set up here in New South Wales?

Mr ADRIAN PICCOLI: What regime have we set up here?

Dr JOHN KAYE: Well, the Smart and Skilled regime.

Mr ADRIAN PICCOLI: Smart and Skilled has not started yet. So it is under the existing regime, which we are proposing to change.

Dr JOHN KAYE: Could I ask you one other very quick question?

CHAIR: Dr Kaye, you have another two rounds coming up.

Mr ADRIAN PICCOLI: Give us the details on Evocca College. [*Time expired.*]

The Hon. PAUL GREEN: Minister, given affordability issues and cost of living pressures faced by many families, how does the Government plan to support child care growth and remove the barriers that may be stopping parents from returning to work?

Mr ADRIAN PICCOLI: The two barriers are access and affordability. Both of those are clearly factors. The affordability factor is probably a bigger factor. We constantly see media reports of the cost of long day care particularly. But around preschools, as I said, we made an announcement earlier this year about fee relief for preschools. Some of that fee relief was substantial. It took some preschool fees to virtually zero dollars, particularly in disadvantaged parts of the State, particularly in regional New South Wales. I think we saw an average decrease of about 50 per cent in fees for regional and remote preschools. We are looking again to change the way that we support preschools, so that we can refocus on four-year-olds, the year before school. As the director general said, the greater subsidy for four-year-olds will lead to reduced fees, and that is how you get students in the door. The incentive will be there. The structure of these funding reforms will provide an incentive for preschools to go and find those four-year-olds who are currently not accessing preschool and enrol them, because of the greater subsidy, and parents will have cheaper preschool fees.

The Hon. PAUL GREEN: It concerns me a little bit when you talk about strictly four-year-olds. I guess there is an age of maturity. What do you do for the kids that are three-year-old and are far more mature than many of those ready for education, the four-year-olds?

Mr ADRIAN PICCOLI: Long day care is really zero to five; so long day care centres provide that child care and education for students before they go to school. Many parents choose to send their children to long day care centres; some choose to go to specific preschools. I think it is fair to say most long day care centres have a preschool program for four-year-olds, and that is what we want to see. We really want to see 100 per cent participation for four-year-olds or the year before school, either at a preschool or in a preschool program in a long day care setting. Long day care centres are predominantly funded by the Commonwealth. We have until now, and still do, fund three-year-olds. We are the only State in the country that does. But, as I said, the change will focus taxpayer resources on supporting four-year-olds to go to preschools, and that is a policy decision taken by the Government, supported by Commonwealth funding. As I said, the purpose of that is to provide the incentive for parents to enrol their kids because of the affordability of those fees. We are not discounting three-year-olds.

The Hon. PAUL GREEN: The goal is four-year-olds 100 per cent?

Mr ADRIAN PICCOLI: We are aiming for 100 per cent. We will never get 100 per cent, but we are aiming at that.

The Hon. PAUL GREEN: In terms of infrastructure and replacement programs, I guess some of the heated issues of the past included replacement of heaters across New South Wales schools for the winter break. Has that been totally solved, or is it still an issue?

Mr ADRIAN PICCOLI: "Solved" is an interesting word to use. The previous Government, if I recall correctly, commissioned a first report, which recommended a second report be prepared; and that second report said that unflued gas heaters did not need to be replaced across every school. The previous Government put some money towards replacing all unflued gas heaters across 102 schools, I think. That has been completed. As part of the announcement we made, we said that new schools would be built with flued gas heaters, and that is certainly the case, and that there were still some HiNox unflued gas heaters that were still in schools across New South Wales, and they have almost finished the replacement of all of those; there are eight schools that have not yet had those heaters replaced.

The Hon. PAUL GREEN: Can you let us know how the program to replace demountable classrooms is going?

Mr ADRIAN PICCOLI: We do not have a specific demountable replacement program. I know the previous Government had, as part of its capital budget allocation, a specific demountable buildings program. That program had a defined period, and that period ended. But just because we do not have a program called a demountable buildings replacement program does not mean we do not spend money—

The Hon. PAUL GREEN: You might take this question on notice, but how many demountables do we have across New South Wales schools?

Mr ADRIAN PICCOLI: We have 4,300 located on school sites and 25 on TAFE sites. Last financial year we replaced over 100 demountables.

The Hon. PAUL GREEN: Is there a sort of target of 100 a year?

Mr ADRIAN PICCOLI: There is not a target. Again, we prioritise our major capital works and minor capital works based on need. We do not necessarily target a particular thing, like demountables or fences. I was at Rutherford High School, Maitland, the other day. That school is getting about a \$20 million refurbishment, and part of that will be the replacement of quite a few demountables in that school, as part of a big redevelopment. I saw those demountables; they certainly need to be replaced.

The Hon. PAUL GREEN: They are terrible clinical and cold buildings. Minister, could you elucidate how the Gonski situation will be rolled out in the budget and how that will affect our future budgets?

Mr ADRIAN PICCOLI: We were very pleased to be the first State to sign up to it because we recognised the benefits of a needs-based funding model. The announcement that we made yesterday was around teacher quality and the update of the Great Teaching, Inspired Learning blueprint; it is \$155 million, some towards scholarships and cadetships and the like. But the biggest portion of that money is going to supporting teachers in their first two years, to give them more release from face-to-face teaching so that they can do that on-the-job training, particularly in those first couple of years. Just as importantly is the release time for the mentors to actually provide that training; and that will be funded partly through some National Partnership rewards funding. But, in the outer years, as the Gonski dollars ramp up, we will be able to use some of those Gonski dollars to fund this.

Part of Gonski is a recognition that the money be spent on things that really make a difference to student performance. There is no doubt that international experience and research that has been done backing up what we have announced says things like supporting teachers in their first couple of years. So we are putting Gonski dollars towards the things that make a difference, around quality teaching. The dollars ramp up slowly. Next year it is \$153 million, and then it ramps up slowly over that six-year period. The fifth and sixth years are when it really ramps up. But that money will be put towards schools and will go essentially inside the school gate. How it gets distributed to public schools is subject to the resource allocation model that the department is currently developing, which is along the lines of Gonski: base funding for every student, and then the loadings, as has been explained in the past. I think that is very good for education and very good for public education. Public education receives about 83 per cent of that additional funding. Because of those loadings and where those students who get those loadings attach to, where they go to school, that is why 83 per cent of it goes to government schools.

The Hon. PAUL GREEN: Does it affect the size of the classes? You made some comment about 2016 and the size of classes and so on. Will it affect any of that?

Mr ADRIAN PICCOLI: No. We are bound by the staffing agreement, and schools are resourced, staffed, based on that class size policy.

The Hon. PAUL GREEN: In terms of the 59 Diplomat fencings across New South Wales, have you got any qualitative data that actually says how much you are actually saving in the reduction of graffiti and vandalism?

Mr ADRIAN PICCOLI: I am not sure that we have any dollars, but there is data around the number of incidents that occur before and after a school has fencing around it.

The Hon. PAUL GREEN: Are you able to take that on notice?

Mr ADRIAN PICCOLI: I will take that on notice and provide that data.

The Hon. PAUL GREEN: Thank you. I would imagine it is an investment, not so much a cost, at the end of the day.

Mr ADRIAN PICCOLI: I will give you the data. You can draw your own conclusions.

(Short adjournment)

The Hon. GREG DONNELLY: Minister, could I return to the theme of restructuring of the department, and take us back 12 months ago. You may recall we had a furious discussion about cuts in numbers, and your undertaking that all cuts were to take place outside the school gate, so to speak. Does it continue to be the position that any announced cuts are taking place outside the school gate as opposed to inside the school gate?

Mr ADRIAN PICCOLI: Yes. As I said at the time, the only staff positions affected inside the school gate were the 400 Public Service Association positions that were part of the deal struck by the previous Government and that union in exchange for a wage rise.

The Hon. GREG DONNELLY: If we could go through the numbers. The documentation that we looked at last year from the Department of Education and Communities shows that staff numbers would be reduced by a total of 1,800. Minister, can you give us a breakdown of the numbers of those reductions that have

taken place, by schools, primary, high and TAFE, up to date? Have you got those numbers with you? This is since the announcement.

Mr ADRIAN PICCOLI: There were updated figures. The figures that were announced were 1,800.

The Hon. GREG DONNELLY: A total of 1,800.

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: So since the announcement was made last year and basically to date, so roughly 12 months.

Mr ADRIAN PICCOLI: The director general has those specific numbers.

Dr BRUNIGES: That 1,800 is made up of 600 realignment of State regional officers—

The Hon. GREG DONNELLY: No; I am talking about the reductions that have taken place since the announcement.

Dr BRUNIGES: Yes. In terms of the net positions deleted to date, in corporate services there have been 40; in the Office of Director General 18.2; in the Office of Education 22; Schools State Office 118.2; Schools Regions 6; and that gives a total in the schools area of 204.4. In TAFE Corporate there have been 10.5, and in TAFE Institutes there have been 249, giving a total of 259.5 in TAFE. That gives a total across TAFE and the Department of Education and Communities of 463.9 positions.

Dr JOHN KAYE: That does not include teachers in TAFE.

Dr BRUNIGES: In the institutes, that does include, yes.

The Hon. GREG DONNELLY: What was that total number again?

Dr BRUNIGES: 463.9.

The Hon. GREG DONNELLY: And that is across the whole area?

Dr BRUNIGES: That is across TAFE and Corporate Services and Schools, yes.

The Hon. GREG DONNELLY: So you are pushing up towards the 500 of the total of 1,800 announced, is that right?

Dr BRUNIGES: Yes.

The Hon. GREG DONNELLY: The number of 1,800 still sits there?

Dr BRUNIGES: The 1,800 still sits there. But remember, 400 of those are school administration staff in that industrial agreement. So for us, across TAFE and State Office and regional we have 1,200.

The Hon. GREG DONNELLY: Looking forward in the next 12-month period, or the current financial year, what do you anticipate will be the numbers for that period?

Dr BRUNIGES: We are just working through that. The next tranche will be towards the end of this year with school regions, under the new configuration with directors of schools. I need to keep within the labour expense cap allocated in the budget and work forward from there. So I cannot give you what my predicted numbers are. Some of those things are still happening in institutes; as Ms Christie said, the consultation in TAFE and what is actually happening. The next issue will be around the schools region. And in schools regions I can give you the indicative number; it is 294, of which six have gone to date.

The Hon. GREG DONNELLY: So 294 is for regional restructuring?

Dr BRUNIGES: That is correct.

The Hon. GREG DONNELLY: That is the aggregate. And it is expected that those numbers would be gone by when?

Dr BRUNIGES: Probably in the next 12 months; the bulk of them will happen before the end of this year.

The Hon. GREG DONNELLY: So the bulk of the 294 before the end of the calendar year 2013?

Dr BRUNIGES: That is correct.

The Hon. GREG DONNELLY: Do you have any other indicative numbers, for example, with respect to TAFE?

Dr BRUNIGES: No, only the 800, because the consultation in TAFE is a little different than it is in the schools region, so they are still undertaking some consultation.

The Hon. GREG DONNELLY: Are there any other indicative numbers with respect to the schools themselves?

Dr BRUNIGES: No; apart from the 400 in the industrial agreement, there is nothing else in schools themselves. For example, you mentioned primary or secondary schools; that is not where the positions are being deleted. They are being deleted in State and back office.

The Hon. GREG DONNELLY: What about positions, for example, such as cleaning staff, office staff who perhaps work in schools, on gardens and maintenance, teachers aides and people like that? None of those are caught by these numbers?

Dr BRUNIGES: The 400 includes school administration staff, which we have spoken about. Those other numbers do not include anything in schools.

Mr ADRIAN PICCOLI: I might make the point here that many schools have received National Partnership funding and have employed teachers on a temporary basis to expend those dollars. When that National Partnership funding expires—as some did last year, and some will expire at the end of this year—those positions will no longer be in schools. But they are not State recurrent funded positions; they are program funded positions. Some schools say they are losing three teachers. Well, they are losing three National Partnership funded teachers.

The Hon. GREG DONNELLY: So what is going to happen with those vacancies? Are they going to be filled?

Mr ADRIAN PICCOLI: They are not vacancies.

The Hon. GREG DONNELLY: When those positions cease to be filled in the school, what will happen in those schools when those positions go?

Mr ADRIAN PICCOLI: National Partnerships have expired in previous years, and schools knew that. They signed up for most of those as four-year National Partnership agreements, and they knew that the funding would last for a certain period and that it would then end. That is why they could not employ permanent teachers, because it was for a defined period. And then—

The Hon. GREG DONNELLY: So those positions will just come to an end?

Mr ADRIAN PICCOLI: The funding comes to an end, therefore the position comes to an end.

The Hon. GREG DONNELLY: And you are not prepared to provide any funding to cover any of those positions?

Mr ADRIAN PICCOLI: I cannot remember how much National Partnerships was at its peak, but it was never understood that where National Partnerships ended the State would essentially pick up the funding for them.

The Hon. GREG DONNELLY: I move on then. Given the commitment that the States made in signing the National Education Reform Agreement, how many more job losses will there be in the Schools portfolio, and what is the total quantum of savings you are now seeking to achieve from the Schools portfolio in the next year and over the next four years? So, in other words, the restructuring was announced last year; but since then we have had the announcement with respect to the National Education Reform Agreement. Are you changing in any way, as a result of that announcement, what you announced in September last year?

Mr ADRIAN PICCOLI: No.

The Hon. GREG DONNELLY: Not at all?

Mr ADRIAN PICCOLI: No.

The Hon. GREG DONNELLY: In no respect whatsoever?

Mr ADRIAN PICCOLI: No. Because when I made that announcement last year, I made it very clear; the Gonski report had been given to the Commonwealth, and obviously there were preliminary discussions about State contributions and Commonwealth contributions. We were going through a period of bringing our budget into order, and that was part of the announcement we made. I made it very clear on 11 September when I made that announcement that Gonski was within sight, and I said that if we do not take measures to get our budget in order New South Wales will not be able to make a contribution to Gonski; we will not even be able to consider it. That is why we needed to do what we did, and that is why in April we were able to sign up to Gonski and make a 35 per cent contribution to those additional dollars. So, no, we cannot unwind them, otherwise our budget will not be in a position to actually make our contribution. It was difficult for the Government to find our contribution for Gonski as it was. But I would say further that—

The Hon. GREG DONNELLY: It is always possible to alter a position. I mean, you cannot say it is set in stone and that is the end of it.

Mr ADRIAN PICCOLI: We choose not to alter our position.

The Hon. GREG DONNELLY: That is the point: you choose not to alter your position.

Mr ADRIAN PICCOLI: That is right. And I would say this. The savings, other than the 400, are in the back office, they are in the bureaucracy. It is about streamlining bureaucracy. Essentially, we have got rid of a layer of the bureaucratic structure. Essentially, what we are doing is putting the savings from the back office into schools through our Gonski contribution. So when we put \$1.7 billion in for our Gonski contribution, that is not going to reinstate bureaucracy; it is going into schools.

The Hon. GREG DONNELLY: I understand the argument. I move on. Given the Federal Coalition has only committed to four years of funding for the National Education Reform Agreement, as we understand the policy at this point, will New South Wales provide its share of funding increases committed to over the six years, no matter what the outcome is at the Federal election?

Mr ADRIAN PICCOLI: Well, we have signed an agreement with the Commonwealth. As I have said before, we did not sign an agreement with the Labor Party; we signed an agreement with the Commonwealth. I would certainly welcome—

The Hon. GREG DONNELLY: That is clear and unambiguous: there will be no change?

Mr ADRIAN PICCOLI: I did my best to argue the benefits to Gonski to everybody that was willing to listen. I am pleased that the Coalition changed its position and supported it, at least for the four years of the forward estimates. I think that is a good outcome. No-one will be campaigning harder than I will to make sure the Coalition gets elected.

The Hon. GREG DONNELLY: I move on to the issue of special education. Minister, looking at the figures as we appreciate them, in 2011 there were 1,693 special education classes in regular schools. I am not talking about the Every Student, Every School policy; I am talking specifically about classes in regular schools. In 2012 that number had been reduced to 1,577, a decline of 116. What would be the explanation for reducing the number of special education classes in regular schools? Why would that be done, given that we have a greater appreciation of the needs, and that need becomes more and more appreciated in the general community?

Dr BRUNIGES: Before I hand to Mr Prior, I would say that sometimes parents will make a choice not to have their child in a special education school, but rather in mainstream and mainstream support. So some of that may be due to parents seeking a form of support at different ages of their children to move to mainstream and have support within the classroom. I might ask Greg Prior if he has any more information. So it could be driven by parental choice.

Mr PRIOR: I think there are a number of contributing factors. I would have to take the question on notice if you want exact examples of where schools might have been deleted.

The Hon. GREG DONNELLY: If you could do that, that would be great.

Mr PRIOR: As you would be aware, we have 90,000 students in public schools that require additional learning and support needs, and around 80 per cent of those students are enrolled in around 50,000 regular classes. As I think the director general was saying, there is not a clear pattern. Obviously, we work with families, and I think we hold a very clear view that over the child's lifecycle in school those needs can vary as well. So there may be appropriate times that they are actually in support classes, and they may even move into special school settings, and then back into the mainstream. So it is quite a dynamic environment in which we are trying to meet their needs.

The Hon. GREG DONNELLY: Without cutting you off, do we have what the figure would be as at July 2013?

Mr PRIOR: I am happy to take that on notice around the support classes figures for you.

The Hon. GREG DONNELLY: No-one has got those numbers in their files?

Mr PRIOR: Not the number of support classes, no.

The Hon. HELEN WESTWOOD: Is the department actually monitoring the outcome for these children with special needs who are then going into mainstream classes with support? We get feedback that sometimes that support is not exactly what every child needs. Are we monitoring that to ensure that children are not being disadvantaged by the Department of Education and Communities closing special classes within schools?

Dr BRUNIGES: Obviously, the teacher in each of those settings would be monitoring the learning outcomes for those students, and that would be the first point of call when we look at it, and of course communication and partnership with parents and the decisions that parents make. So that would be the first tranche of monitoring. If there was an unprecedented number of complaints coming through to me or the unit—which there has not been—of parents being concerned, then I would take that as my first litmus test that we have some concerns. But I have not had that.

The Hon. HELEN WESTWOOD: What about measuring the education outcomes for those children?

Dr BRUNIGES: Every teacher, so the individualised learning plan for those students is incredibly important, but the nexus of where that has got to happen is in every classroom, in every school, with every teacher monitoring; and then, just like normal reporting requirements for all students, those conversations with parents or carers in relation to those students, and readjusting personalised learning plans for those students happens all the time.

The Hon. GREG DONNELLY: On another issue, the national curriculum. How many curriculum consultants are there in the new structure of the department to support schools in the rolling out of the new national curriculum? That is, specifically curriculum consultants.

Dr BRUNIGES: I might ask Mr Prior.

Mr PRIOR: In the structure of the State office around curriculum support, we have broken it up into early learning and primary education and secondary education directorates, and there is one curriculum adviser for each of the key learning areas plus a number of the languages.

The Hon. GREG DONNELLY: I am sorry to interrupt. What would be that total? Have you got that number there?

Mr PRIOR: I am sorry, I cannot give you that off the top of my head. But for each of the key learning areas for the Board of Studies curriculum areas we actually have a strategic adviser. Be very clear though that their role is about providing expert strategic advice around curriculum delivery and developing statewide frameworks. They are not there to actually go out into schools. At another layer, we have in the field officers that work closely with schools, supporting delivery of curriculum, and particularly Australian curriculum. As we are aware, this is a major implementation phase at the moment. We have put in a number of additional expert policy support curriculum advice for schools, so additional to what we have in our normal structure.

The Hon. GREG DONNELLY: Are they full-time positions?

Mr PRIOR: They are full-time positions, currently for a short period of time. They are for the 2013-14 period of time.

The Hon. GREG DONNELLY: I am sorry to interrupt. I presume the ones that you referred to when you first commenced answering the question are full-time positions as well.

Mr PRIOR: They are full-time positions, and recurrent positions. They are a permanent position in the structure. But we have provided additional—

The Hon. GREG DONNELLY: Would you be able to provide, on notice, those numbers for us?

Mr PRIOR: We can give you those numbers. We have also provided a lot more online support for teachers and increased directly for this particular year an additional \$12 million directly to schools, and another \$7.665 million next year for professional learning funds to support the development of the Australian curriculum.

Mr ADRIAN PICCOLI: I would add that the total amount of additional dollars contributed to government training for the national curriculum is more than \$30 million—about \$22 million or \$23 million for government schools and about \$9 million for non-government schools—towards professional development in the implementation of the national curriculum.

The Hon. HELEN WESTWOOD: Minister, going back to special education and those special classes: how many students are waiting for placement in a special class in a regular school?

Mr ADRIAN PICCOLI: The director general.

Dr BRUNIGES: I think we would have to take that one on notice.

The Hon. HELEN WESTWOOD: Could you tell us the waiting list for those classes?

Dr BRUNIGES: We can tell you how many are waiting.

The Hon. HELEN WESTWOOD: Thank you.

The Hon. GREG DONNELLY: I move on to the issue of literacy and numeracy teachers, and specifically, Minister, the Coalition Opposition's pre-election commitment of 900 additional literacy and numeracy teachers over five years. Can you give us a breakdown, since you came to office, of the specific numbers of additional literacy and numeracy teachers? We have gone through two cycles and are into our third cycle. Can you break that down?

Mr ADRIAN PICCOLI: I can break that down for you. The commitment was over five years.

The Hon. GREG DONNELLY: Correct.

Mr ADRIAN PICCOLI: Where there has been some discussion is around full-time equivalents, so I want to make it clear. The annual salary cost of the first 50 instructional leaders was approximately \$7.6 million, which equates to approximately 65½ full-time equivalent teaching positions. When positions are calculated to dollars, I think it has worked out roughly \$100,000 per full-time equivalent. But given that the instructional leaders are high quality personnel, they are appointed—

The Hon. GREG DONNELLY: I do not think the election promise was qualified, was it? The election promise was not qualified in the way you are trying to make out.

Mr ADRIAN PICCOLI: No. We said 900 positions.

The Hon. GREG DONNELLY: Yes, additional positions.

Mr ADRIAN PICCOLI: That is right. And it was costed, I think, at \$255 million; and I think that is now \$261 million. Yes, we have changed it, that is right, because the advice we got from the ministerial advisory group that we set up—with Dr Ken Boston as the chair, and with other eminent people, academics, teachers and principals from across government and non-government—was that you need people of the highest quality in those positions. So we are appointing people at executive teaching levels, and those levels range from assistant principal to the level of principals of our largest schools. So the cost of the actual people—

The Hon. GREG DONNELLY: You are backing away from the 900, Minister. I guess that what we are getting at. I mean, it was a rolled-gold promise made of 900 in the election campaign. You are moving away from that total.

Mr ADRIAN PICCOLI: Part of that election commitment was to set up this advisory group. The advice they have given us is: Make sure the people you appoint to those positions are the right people. Now, I could do what you suggest and roll out 900 staff and they would be the wrong people.

The Hon. GREG DONNELLY: No, that was not your election promise. [*Time expired.*]

Dr JOHN KAYE: Minister, if we could return to the issue of TAFE for a minute. You said that you were preparing TAFE for the contestable market. You also said that anybody in TAFE who thought a contestable market was not coming was kidding themselves.

Mr ADRIAN PICCOLI: That is right.

Dr JOHN KAYE: I can tell you they are not kidding themselves. I have spoken to a lot of teachers. They are angry about what you are doing. In terms of making TAFE better, which is what you are saying, how does it make TAFE better to spill and fill 300 positions down to 150 positions in North Sydney?

Mr ADRIAN PICCOLI: I cannot speak specifically about the changed plans that individual institutes are undertaking. I will ask the director general to answer the specifics about that. TAFE needs to be a flexible, responsive organisation that can respond to workforce demands and the demands of students. If they are not, then students will go to non-government providers, as they currently do, because they are more flexible.

Dr JOHN KAYE: Because you are funding those non-government providers on the same basis as you are funding a government provider.

Mr ADRIAN PICCOLI: We are going down a path of greater contestability. Whether we like it or not, the reality is that the Commonwealth attaches conditions to some of its funding. TAFE needs to be competitive. I think we would do TAFE an injustice if we were to not give them that greater flexibility. I know some of the negotiations around the new award are about greater flexibility. Some of the governance changes that are being proposed are around giving institute directors greater flexibility, transparency for the TAFE budget, allowing them greater flexibility to attract commercial revenue, like non-government providers can do.

Dr JOHN KAYE: Does that include deleting second-chance learning, a second-chance Higher School Certificate entirely from the Hunter? Is that making TAFE better?

Mr ADRIAN PICCOLI: As I said, specific questions about institutes—

Dr JOHN KAYE: Or having just one senior disability manager for the entire western institute? You have set directions for the institutes. Are you looking at what they are doing?

Mr ADRIAN PICCOLI: The change plans do come to me, and I do look at them.

Dr JOHN KAYE: So you would have been aware of the 300 to 152 spill and fill at North Sydney.

Mr ADRIAN PICCOLI: And I have great confidence in the very capable institute directors that we have and in the decisions that they make. In a leadership role like that of an institute director there are often very difficult decisions that you have to make. That is the reality of running an organisation, whether it is a private organisation or a public organisation. It is not a job about making friends with people; it is about making decisions for the right reasons. Everyone lives within a budget, as does the Government and the Minister for Education and the director general, and so do institutes, and they often have to make tough decisions.

Dr JOHN KAYE: So, too, Minister, do the people seeking second-chance education, which you have eradicated entirely from the Hunter.

Mr ADRIAN PICCOLI: You are saying that. I do not—

Dr JOHN KAYE: Well, you have said you have seen the plans.

CHAIR: Order!

Mr ADRIAN PICCOLI: You are saying that we eradicating second-chance education for people in the Hunter. I am not sure that that is true.

Dr JOHN KAYE: What is happening with second-chance education in the Hunter? You say you have seen the plans. What is happening there?

Mr ADRIAN PICCOLI: If the director general wants to make comment about specific institutes—

Dr JOHN KAYE: No. You said you have seen the plans, Minister, and you said you have seen the changed plan components.

Mr ADRIAN PICCOLI: Yes, I did. It is for me to see the plans; that is right. But in terms of the detail, and why these decisions are made, we see decisions that are difficult decisions to make all the time. No decision to make a person redundant or delete a position is easy because those decisions have personal consequences for the person affected. Yes, we would love to provide every single service that every single person wants, but we are just not in a position to do that.

Dr JOHN KAYE: Minister, you are confusing two things. On the one hand you say, "We are making TAFE better in preparation for the Smart and Skilled market," which you say is being forced on you by the Commonwealth. I will get to that in a minute. On the other hand you say, "Oh, well, we are living within a budget; we have got to squeeze down the TAFE budget."

Mr ADRIAN PICCOLI: Yes. Why can't both those things be true?

Dr JOHN KAYE: I think I am correct in saying that you increased the funding in this budget for non-government providers by more than 60 per cent, or thereabouts, so you were not short on money for the non-government providers. You cut the budget for TAFE, depending on how you measure it, by between 1 per cent and 4 per cent. It seems to me this is not about budget; this is simply about you taking money away from TAFE and giving it to private providers.

Mr ADRIAN PICCOLI: That is not the case. The TAFE budget is made up of two things: government contribution and their commercial revenues. It is no secret that commercial revenues, particularly from international students in Australia, have taken a hit. I saw a report the other day that Australia is the most expensive country in the world for international students, and that has an impact on TAFE revenues.

Dr JOHN KAYE: So this is everybody's fault except yours, Minister. It is the fault of the Commonwealth because of the competitive market, it is the fault of the mining companies because of the high value of the Australian dollar, but none of it is Adrian Piccoli's fault.

Mr ADRIAN PICCOLI: I am responsible for the changes, so if you want to call it my fault, you can, and you are entitled to.

Dr JOHN KAYE: Well, let us talk about your suggestion that the Commonwealth forced this training market on you—and there is an element of truth in that. But they did not tell you how to design that. All they said in the agreement that you signed, as I understand it—and let us be clear here; they did not actually hold your hand while you signed it. You, as the Minister—

Mr ADRIAN PICCOLI: Well, they hold a pretty big gun to your head.

Dr JOHN KAYE: How big was that gun, Minister?

Mr ADRIAN PICCOLI: I cannot remember, but it was a fair bit of money.

Dr BRUNIGES: Correct me if I am wrong, Leslie, but I think it was \$561 million.

Dr JOHN KAYE: Over how many years?

Dr BRUNIGES: Over six years?

Ms LOBLE: Over five years.

Dr BRUNIGES: Over five years.

Dr JOHN KAYE: So it was \$100 million a year over five years.

Dr BRUNIGES: No; it was \$560 million over five years.

Dr JOHN KAYE: So \$112 million a year, out of a TAFE budget of \$1.4 billion. So the gun was less than 10 per cent of your funding, the current money you put in, and hence less than about 30 per cent of the Commonwealth's funding.

Mr ADRIAN PICCOLI: So what are you suggesting—that we should have said no to the money?

Dr JOHN KAYE: Minister, tell us exactly what you signed off on in that training agreement?

Mr ADRIAN PICCOLI: Several things. It is a reasonably sized agreement.

Dr JOHN KAYE: But there was one clause in it, clause 28, that said that there had to be a contestable market.

Mr ADRIAN PICCOLI: That is right.

Dr JOHN KAYE: That is all it said.

Mr ADRIAN PICCOLI: We are designing a contestable market. We have looked very carefully at other States. It is probably fair to say that we have been criticised for taking a cautious approach to this. The non-government providers would like a much more aggressive approach to this. I have always said that my concern is to protect TAFE as the public provider. It has probably the best reputation of all providers. I come from western New South Wales, and one of my focusses is to make sure particularly that TAFE training is provided in thin markets. So we put in there measures to protect TAFE. But to protect to a degree, they have got to remain competitive; they have got to offer training to students flexibly, in the same way that non-government providers provide it. I will use an example in my own electorate, where to do some hospitality courses students have to drive from Griffith to Wagga Wagga, 200 kilometres each way. About 18 months ago a young girl was killed on her way back. If a non-government provider can provide that training in Griffith at the Leagues Club,

then why not? If it serves the purposes, and it is of high quality, et cetera, et cetera, and they can provide it with four students but TAFE cannot provide it unless there are ten students, then why wouldn't we allow the Leagues Club to provide it if it serving the interests of those students?

Dr JOHN KAYE: Have you asked the question: Why is that the private provider can provide it and a TAFE provider cannot?

Mr ADRIAN PICCOLI: I am not sure what I want to say about industrial relations given that we are in the middle of some negotiations.

Dr JOHN KAYE: Basically, it is a wages issue, isn't it? Basically, what you are saying is that you are prepared to sacrifice wages in the training industry in order to satisfy the thin markets.

Mr ADRIAN PICCOLI: I would say this. When I look at what we should do in TAFE, I look at what we should be doing for students, what is in the best interests of students. That comes first. What is in the best interests of staff comes second. I would presume taxpayers have an expectation that that is exactly what we would do. So we are not designing a TAFE system to suit the needs of teachers. Of course we take their needs into consideration, but if it provides a benefit to that student who does not have to take a day off work to travel 400 kilometres, then presumably that is what people would expect a Minister for Education to do.

Dr JOHN KAYE: So you take an instantaneous snapshot of it: you say, "We can do this cheaper in Wagga with a private provider." That means cutting costs; it means cutting wages. You do not think that has a long-term impact on the industry by lowering the wages?

Mr ADRIAN PICCOLI: It does not necessarily. My point is that if you give TAFE that flexibility to provide the service, then why can't TAFE provide it with four students? Currently TAFE needs 10 to make it viable. If we can make it viable for TAFE to provide it with four students I would have thought that is a good outcome for the students.

The Hon. PAUL GREEN: Minister, when can we expect the evaluation reports on the pilot programs?

Mr ADRIAN PICCOLI: Which ones are you referring to specifically?

The Hon. PAUL GREEN: Bravehearts and Proud Schools. I am not too sure whether there are any others.

Mr ADRIAN PICCOLI: Let me look.

The Hon. PAUL GREEN: While you are looking for that, are there any other new pilot programs?

Mr ADRIAN PICCOLI: For Proud Schools, the evaluation will be finalised at the end of this term.

The Hon. PAUL GREEN: Is there a month there, or is just at the end of school term?

Mr ADRIAN PICCOLI: In term three, and term three ends in September. As for Bravehearts, the Premier allocated \$100,000 for an evaluation of the Bravehearts at Ditto's Keep Safe Adventure.

The Hon. PAUL GREEN: An excellent program.

Mr ADRIAN PICCOLI: The final report of the evaluation is scheduled to be available in September.

The Hon. PAUL GREEN: Are there any other pilot programs underway or planned since the last budget estimates?

Mr ADRIAN PICCOLI: Not off the top of my head, no.

The Hon. PAUL GREEN: It was just a question to see if there is anything else going on. Minister, can you update the Committee on the introduction of the ethics classes in New South Wales schools? Is the Government collecting data on the attendance of both the ethics and Special Religious Education classes?

Mr ADRIAN PICCOLI: I will ask the director general.

Dr BRUNIGES: I think Mr Prior has some information on that.

Mr PRIOR: We published the new special education in ethics policy on 20 May 2013. Public school enrolment figures indicate that about 65 per cent of parents nominate a specific religion for their child on enrolment at a public school. But coming in particular to your point about the number in classes, we actually do not collect centrally enrolments in those classes. They might at school level.

The Hon. PAUL GREEN: Minister, has the criteria changed for attending for Special Religious Education?

Mr PRIOR: No, the criteria are still the same. It requires an exemption from the religious education for a child to be allowed to enter into the ethics class around years 5 and 6.

The Hon. PAUL GREEN: Minister, I go to TAFE issues now. Given the skills shortages in New South Wales in 2012 were about 64 per cent for technical and trades occupations, what specific steps is the Government taking to reduce the shortfall of skilled workers in these sectors, and can you guarantee that the recent TAFE cuts will not contribute to a shortfall in future skilled workers?

Mr ADRIAN PICCOLI: I might ask the director general to give some detail around some of the measures.

Dr BRUNIGES: One of the important things is the work that we are doing at the moment on formulating a skills list. That will prioritise the government funding to training areas that look at maximising vocational outcomes for individuals and making sure that that is aligned to the priority needs of industry in regions. The intention is to update that skills list on a regular basis to reflect things like new qualifications coming on board, and to make sure that we are keeping in sync or aligning with priority needs of industry and business. During the formation of the list a number of factors need to be considered. Some of those go to the heart of what you said in terms of skill shortages. Industry feedback projected employment growth, the matching between training and job outcomes, looking at national, State and regional priorities, and things like the important historic trends and the take-up of training and pathways to high-level students. So those consultations around what that should be with industry were held in May and June, with industry representatives, peak bodies, providers and community organisations. We had over 450 stakeholders participate, and 600 online submissions were received. So clearly there is a great deal of interest in the community. We are anticipating that that skills list will be published later this year.

The Hon. PAUL GREEN: Given that TAFE fees are projected to increase something like \$1,500 for 80 per cent of students in 2014, how will the Government provide for young people who as a result will be priced out of an education and the workforce?

Dr BRUNIGES: We still await the Independent Pricing and Regulatory Tribunal's final decision in that process of consultation. We need to wait and see that, and that will form part of the advice to government prior to a government decision. For some of our community service obligations for disengaged or marginalised youth and so forth, exemptions will still be in place in TAFE. TAFE has a very strong track record of servicing a great deal of those populations. So all of those exemptions on fee structures will remain in place.

The Hon. PAUL GREEN: I think that is the biggest blessing of TAFE; it does cater for that demographic, which is crucial.

Dr BRUNIGES: The other thing we are starting to do is look in the school sector about how we meet with TAFE. For example, there is some provision on the Central Coast, where we have looked at a new form of schooling that engages the student in on-the-job training as well as at school in a different environment. So there are lots of things across our system. Of course, you would have heard that some of the vocational education and training staff in schools engage students learning, to make sure they can get credits that can go on to TAFE or other learning institutions using that. So there is a comprehensive list there.

The Hon. PAUL GREEN: In the vocational education and training program, what is the Government's commitment, and do you see that increasing, because it seems to be a very powerful tool to help young people move into the workforce?

Dr BRUNIGES: I would agree with that. Mr Alegounarias is probably on top of the data with the Board of Studies, but I think he has probably seen an increase in students wanting to pick up vocational education and training courses from public education.

The Hon. PAUL GREEN: A conflict of interest: my son has just started vocational education and training. It is very helpful.

Dr BRUNIGES: Each school will look at what it can deliver. There is no doubt, from my anecdotal evidence and visiting schools, that there are certainly students wanting to pick that up. That really centres around the relevance of the engagement of students with learning. They can see a real pathway.

The Hon. PAUL GREEN: Are there any schools that are disqualified from entering the vocational education and training system?

Dr BRUNIGES: None are disqualified as such; we do not do that. But in some—

The Hon. PAUL GREEN: Are there are criteria that stop them from entering vocational education and training?

Dr BRUNIGES: They have to be registered training organisations.

Ms LOBLE: They have to be registered with the Australian Skills Quality Agency.

The Hon. PAUL GREEN: How many schools would not meet that criterion?

Ms LOBLE: I do not know. Mr Prior may know.

Mr PRIOR: I do not have the numbers to give you, but we have a registered training organisation as a department. So schools individually have no need to register. As part of our quality assurance under that qualification we have to ensure that all the conditions are met across all of the delivery sites. One of the things that may affect individual schools is that they may not have a teacher that has the qualifications to teach in a particular framework. Other than that, by having the statewide regulation we try to ensure that we do have a delivery right across the State and open up that option as broadly as possible.

The Hon. PAUL GREEN: What are you doing to address that potentially? Obviously in regional schools, and I would imagine even more so in rural schools, you just do not have all that talent around; you have probably got two or three kids at this school and two or three at that school. How is the Government addressing that?

Mr PRIOR: There are a number of ways that we address that, depending on locality. One is obviously in the school-delivered vocational education and training. We have TAFE-delivered vocational education and training [TVET]; so students actually attend a TAFE institute. We are also looking at where we can across a number of schools be able to tap into the expertise where we have got the teachers to teach those curriculum frameworks; therefore a student may be attending another campus or another school to have the delivery, and where possible we try to use modern technology to link that up as well. As a good example, I was just recently at Denison College in Bathurst. Across that secondary college senior students have an optional choice of 90 subjects in their senior years. In addition to that, they have an option of 30 vocational education and training subjects which are either school-delivered or delivered through the trade training centre or through the local TAFE.

The Hon. PAUL GREEN: I note that you mentioned that there are schools that actually combine. I could not encourage that enough, certainly in regional and rural Australia. The ability for one higher school to combine with independent schools and whatever else to get the crucial numbers so that a course to run is paramount for many of the smaller schools still enjoying what they offer to the students but also giving the student a greater opportunity to do what they dream to do. Let me clarify: I think my son is involved in TVET; he goes to school and goes to TAFE. It is a wonderful program. It certainly is offering him opportunities that he probably would not have got if that school was not involved in that TVET system. So well done on that. [*Time expired.*]

The Hon. GREG DONNELLY: Minister, I have a couple of your quotes, and I will put them to you to clarify that this is your position, and I will ask you a couple of questions that flow from that. It is in regard to NAPLAN participation. The quote is taken from the Education and Communities website, and it quotes you, Minister: "NAPLAN is one of the most important tools that parents and teachers use to identify those students who are falling behind in literacy and numeracy and not reaching their full potential." Further on in that media release you go on to say: "I believe it to be of paramount importance that we have as many school students as possible sitting NAPLAN tests across Australia". Are those statements that you hold as important and true and believe in?

Mr ADRIAN PICCOLI: Yes.

The Hon. GREG DONNELLY: Minister, in April this year, when discussions were taking place on the issue of national literacy and numeracy testing programs being expanded into the area and looking at the issue of science, you were quoted in this article in *The Australian*: "Mr Piccoli questioned the expansion of that plan to science, saying there was no evidence that 'testing makes the slightest difference to student outcomes'." Can you reconcile your statement there with the earlier statements that I have quoted?

Mr ADRIAN PICCOLI: Testing is a measure of student outcomes. It does not necessarily change student outcomes. You learn stuff, and you get tested on what you learn. I have an issue with science testing. My issue has not been with NAPLAN. I do not have any problem with NAPLAN or basic skills in the way it was intended to be used, which was by teachers. I support greater transparency when reports are given to parents. My issue has always been around the politicisation of those results when they are aggregated on a school by school basis. Nobody can tell me that is not true that schools use it as a marketing tool and train their kids to perform as well as possible so that they can use it as a marketing tool. That is the problem, and then you add science to it.

The Hon. GREG DONNELLY: You are the Minister for Education and I think people listen to what you say about these things and pay attention to it. But you say that there is no evidence that "testing makes the slightest difference to student outcomes." Is that a position you stand by?

Mr ADRIAN PICCOLI: The test itself is a measure of what a student knows. Testing is important; nobody would dispute that. My issue is about what you do with the results. If you give the results to teachers, that informs them how they might teach, or it might have them reflect on how they might have taught. Then there is data there available to see where the gaps are and where a student needs to go. But when you start publishing that data—aggregated admittedly, not on a student by student basis—then it becomes problematic because it becomes a tool for adults to argue over.

The Hon. GREG DONNELLY: If I understand you correctly, the position is that you only accept the notion of testing with respect to what is currently being tested, and not being extended beyond where it is at the moment. Is that what you are saying?

Mr ADRIAN PICCOLI: Schools test for science. The question is do we expand it to science nationally.

The Hon. GREG DONNELLY: I understand that. But you are strongly opposed to the idea of extending national testing to incorporate science.

Mr ADRIAN PICCOLI: The director general has a doctorate in educational measurement, so I will let her give an answer in a moment, but—

The Hon. GREG DONNELLY: With the greatest respect, we are interested in your response, as Minister for Education, because that is what people listen to.

Mr ADRIAN PICCOLI: The issue has always been—and I have made no secret of this—that I have concerns about what that data is used for. The literacy and numeracy NAPLAN test results are misused to a great degree; and when you add science to it, I think that is the same. Michele, would you like to give a—

The Hon. GREG DONNELLY: Minister—

CHAIR: Order! The Minister is entitled to have his director general, who has direct expertise on the question that you asked, answer the question.

The Hon. GREG DONNELLY: With the greatest respect, Chair, my question was to the Minister. I have asked the Minister for a response, then I want to move on to another matter.

CHAIR: If you do not want the information, that is fine.

Mr ADRIAN PICCOLI: Anyway, I have given you the answer.

The Hon. GREG DONNELLY: Minister, you are flipping it over and saying testing really does not matter with respect to literacy and numeracy that is currently being tested. Does your argument flow that way?

Mr ADRIAN PICCOLI: I am sorry?

The Hon. GREG DONNELLY: You seem to have a question mark over the issue of testing.

Mr ADRIAN PICCOLI: But science is tested in schools.

The Hon. GREG DONNELLY: What I am saying is that if you apply the argument that testing makes no difference, do you equally apply that argument with respect to testing that is going on nationally at moment with respect to NAPLAN?

Mr ADRIAN PICCOLI: There is an obsession, particularly nationally, about testing and about using testing to improve results. And testing on its own does not improve results. It is a measure of what students know.

The Hon. GREG DONNELLY: So do you think it should continue?

Mr ADRIAN PICCOLI: I am not sure that I have ever learnt anything in a test. It is a measure of what I have learnt previously. Science is tested. If the Commonwealth wants to go science testing, next it will go to geography testing. It is getting a bit out of control.

The Hon. GREG DONNELLY: Just so that it is clear: you only support testing with respect to literacy and numeracy but not beyond that. Is that your position?

Mr ADRIAN PICCOLI: We have made a decision about science testing. But the Commonwealth wants to proceed, and often they have leverage to make States proceed with things they are not necessarily supportive of.

The Hon. GREG DONNELLY: I think I will move on. I think you have been reasonably fair. I go back to the issue of TAFE. I refer to Budget Paper No. 3, page 3-11. Given the need to increase the number of people with vocational qualifications—and I do not think there is too much argument about the importance of trying to boost those numbers—why do the budget papers forecast a decline in the annual student hours and student enrolments at TAFE for 2013? So I think we have general agreement about the importance of boosting availability and access, and encouraging people to consider these as their vocational qualifications. But we see this as a backward move, and we just do not understand it.

Mr ADRIAN PICCOLI: I presume there are variations for a variety of reasons, and I will ask the director general.

Dr BRUNIGES: I think Ms Christie might assist us here.

Ms CHRISTIE: The budget papers do project a slight decrease in both student numbers and hours delivered in TAFE, which is in line with the projected decrease in total expenditure for TAFE of 0.6 per cent. That—

The Hon. GREG DONNELLY: Does that translate to \$10.4 million?

Ms CHRISTIE: That is correct. So that is the total expenditure. There are some efficiency savings included within that total expenditure, as well as a decline in commercial revenues in some areas. I think we have already mentioned that the international student market has been in decline over the past few years, and we are still projecting some downturn in that market. But it does include efficiency measures as well. The ongoing—

The Hon. GREG DONNELLY: So are you saying that the efficiency measures are incorporated in the \$10.4 million?

Ms CHRISTIE: In the total budget, not in the \$10.4 million.

The Hon. GREG DONNELLY: I understand it is of the total budget.

Ms CHRISTIE: Within the total budget, yes.

The Hon. GREG DONNELLY: Where do we look to understand how that decrease of \$10.4 million is made up? What are the components of that \$10.4 million?

Ms CHRISTIE: There are a number of factors: the application of the budget efficiency measures; the downturn in international revenues; and there has been some adjustment in Commonwealth funding to TAFE, especially around the productivity places. All of those contributed to reductions in the total TAFE expenditure. Those reductions are offset by increases in relation to depreciation, re-evaluation of assets and increases in employee-related expenditure. So there are some issues and areas impacting on decreases in the budget as well as increases in the total expenditure. You cannot break that \$10.4 million up.

The Hon. GREG DONNELLY: Moving along then: Minister, will you rule out replacing TAFE teachers with less-qualified tutors and assessors as the reform of TAFE unfolds before us?

Mr ADRIAN PICCOLI: I am not generally in the business of ruling things in and ruling things out, as would be the standard answer you would probably expect, but there are award negotiations going on at the moment, and it is probably safest for me to leave it at that for fear of prejudicing those negotiations.

The Hon. GREG DONNELLY: My question is not specifically leveraged off the current negotiations; it is just the issue of reforming TAFE more generally. There is the issue though of the potential to employ less-qualified tutors and assessors. It would be your view, would it not, that that would be a retrograde step if that were something that took place?

Mr ADRIAN PICCOLI: These matters about staff classifications are being negotiated. I just do not think it is right for me at this moment to make comments about it.

The Hon. HELEN WESTWOOD: Surely the quality of teaching being provided at TAFE is important.

Mr ADRIAN PICCOLI: It is.

The Hon. HELEN WESTWOOD: The qualifications of those doing the teaching is also about quality.

Mr ADRIAN PICCOLI: Sure, it is. But in any organisation—and I am not speaking about TAFE specifically—I suspect it would not be a good use of taxpayers' money to be paying somebody \$100,000 to do photocopying.

The Hon. HELEN WESTWOOD: We were not talking about qualified photocopiers; we were actually talking about teachers. There is a difference.

Mr ADRIAN PICCOLI: Let us forget about TAFE; but in any organisation people on high salaries and at higher levels perform higher-value tasks. Presumably, you do not pay somebody \$100,000 to do the filing or the photocopying.

The Hon. HELEN WESTWOOD: So you will not rule it out?

Mr ADRIAN PICCOLI: You employ somebody at a lesser salary. That would be normal business practice.

The Hon. HELEN WESTWOOD: So you will not rule it out?

Mr ADRIAN PICCOLI: No, I do not rule anything out, and I do not rule anything in.

The Hon. GREG DONNELLY: Have you given any instructions to the departmental people oversighting the negotiations from the department's point of view to be discussing these management issues of qualified tutors and assessors?

Mr ADRIAN PICCOLI: I am not sure it is right to say that I give or do not give instructions, but it is part of the discussions that are going on. It is part of the award negotiations.

The Hon. GREG DONNELLY: So the award negotiations are covering at least some discussion around those issues?

Mr ADRIAN PICCOLI: There is some discussion around classifications.

The Hon. GREG DONNELLY: I move on. Of the jobs or positions that have been lost from TAFE since the announcement in September last year until now, what proportion of the jobs that have gone have been from the areas of TAFE outreach, disability support and the multicultural units? If you do not have those numbers, I am happy that you take the question on notice.

Mr ADRIAN PICCOLI: We will take the question on notice.

The Hon. GREG DONNELLY: The next question is a quite specific one, but an important one for the people who live in these areas. Dr John Kaye alluded to this in earlier questions. Will TAFE campuses at Cessnock, Maitland and Glendale continue to offer courses in tourism and hospitality in 2014?

Mr ADRIAN PICCOLI: It is a very specific question, and I do not know the answer to it.

The Hon. HELEN WESTWOOD: Does Ms Christie know the answer?

Ms CHRISTIE: No, I do not know the answer.

CHAIR: Perhaps there is a psychic.

The Hon. HELEN WESTWOOD: So you are suggesting what?

CHAIR: Maybe they can look into the future.

The Hon. HELEN WESTWOOD: Are you suggesting that TAFE does not plan for the courses next year?

CHAIR: You are asking for black and white answers. Anyway, this is your time.

Dr JOHN KAYE: It is absolutely frightening that the Minister does not know the answer.

The Hon. HELEN WESTWOOD: It is unbelievable.

The Hon. GREG DONNELLY: With the greatest respect, Chair, to make a comment like that I think is very unreasonable.

CHAIR: I just think your questions are improbable and unrealistic.

The Hon. HELEN WESTWOOD: This is important to the Hunter. Tourism is so important to that economy, and you are dismissing it.

CHAIR: You have a minute and 45 seconds left.

The Hon. GREG DONNELLY: I move to the issue of Smart and Skilled and excuse the Chair for the sarcasm. With regard to the Government's Smart and Skilled reforms, you have said that the training organisations will need to meet stringent quality of performance measures to be eligible for government funding.

Mr ADRIAN PICCOLI: That is right.

The Hon. GREG DONNELLY: What are the criteria and standards that training providers will need to meet?

Mr ADRIAN PICCOLI: There will be tough measures because quality is important for the student.

The Hon. GREG DONNELLY: My question was what will they be.

Mr ADRIAN PICCOLI: Yes. I know that the director general can give some greater detail about what those measures are. But they are being worked on.

Dr BRUNIGES: There has been consultation statewide about the development of a quality framework that will set higher standards for entry into the market.

The Hon. GREG DONNELLY: Are these finalised matters that you are about to go through in a document, or are they a work in progress?

Dr BRUNIGES: They are a work in progress, and we need to come to a finalisation along with the skills list.

The Hon. GREG DONNELLY: Please continue. I am sorry to have interrupted.

Dr BRUNIGES: So, the quality framework; and part of that will be the skills list, which defines the qualifications. Ms Loble might like to talk about the consultations around the quality framework from the stakeholder point of view.

Ms LOBLE: The elements that have been raised in those consultations are, for example, having strong contracts with performance points and review points and payment points, so that we can ensure that dollars are associated with progress and completions; a two-stage tender, where the first stage will be to determine eligibility of a training organisation; and then a second stage will look at their past practice and performance. A complaints mechanism will be established, with greater transparency of publication of the outcomes for students. We have started the process of having a pilot around independent validation of assessment. Industry in particular has raised this, wanting to know that training provider A and training provider B are indeed applying rigorous assessments to determine whether those students have achieved those skills, and that part is underway. [*Time expired.*]

Dr JOHN KAYE: How do you expect students to make decisions in this market? You have out there students who have no experience in education decision-making at all. How do you get them to make good decisions?

Mr ADRIAN PICCOLI: I disagree with you there. I think students have probably never been more informed. Students have a range of capabilities.

Dr JOHN KAYE: So you disagree that they do not have experience in making decisions?

Mr ADRIAN PICCOLI: There is obviously a range of capabilities. But I do not think we have ever been in an era where there is more information. What we have to be careful about is that the dodgy operator that has all the bells and whistles is not registered to be part of Smart and Skilled.

Dr JOHN KAYE: Let us talk about the dodgy operator for a moment. One operator has been caught enrolling a student who had an intellectual disability in a graduate diploma, and told the student, "Don't worry about it; just come to the graduate diploma; you can put it all on fee help; you won't have to pay, it's all on fee

help. You will never earn an income it's that great." I have seen some of the material that was supposedly assessed in that course. This is frightening stuff. What are you going to do to stop that happening, Minister?

Mr ADRIAN PICCOLI: Have you referred it to the department or to me?

Dr JOHN KAYE: I cannot. I do not possess it; I have seen it, but I cannot do it. But can you tell us what you are going to do to stop that happening?

Mr ADRIAN PICCOLI: As I said, and as Leslie Loble said, there are significant steps that we are going to put in place to make sure that any non-government provider is of the highest of quality, recognising what has happened in other States. Can I guarantee you that every single operator will do 100 per cent the right thing all the time? The answer is no. But if you have individual incidents that you want to refer to me, I am happy to have them investigated.

Dr JOHN KAYE: Can I go to Local Schools, Local Decisions?

Mr ADRIAN PICCOLI: You can go anywhere you like.

Dr JOHN KAYE: I want to ask you two questions. The first is about the Learning Management and Business Reform program, which plays a crucial role in your rollout of Local Schools, Local Decisions. Am I correct in saying that in the pilot schools you trained the school administrative managers using the Learning Management and Business Reform program, but that that training has now come to an end?

Mr ADRIAN PICCOLI: I do not know the specific answer to that question. But the Learning Management and Business Reform is a very big project; it dates back to 2006.

Dr JOHN KAYE: That ought to say something in and of itself.

Mr ADRIAN PICCOLI: It is very big. It has not been without its problems since 2006, but I know that the director general has taken personal carriage of the program to ensure we deliver it and that it gives the benefits to schools that we expect of it. In terms of training, of course we need to keep staff trained as we roll it out.

Dr JOHN KAYE: Dr Bruniges, do you want to comment on that?

Dr BRUNIGES: On the project or the training aspect?

Dr JOHN KAYE: My question was very specific. Are you going to continue with training for the school administrative managers in the Learning Management and Business Reform after the pilot project?

Dr BRUNIGES: In the pilot project they would have been trained as part of that pilot, and gained feedback which would have informed the next tranche of training for the next lot of schools.

Dr JOHN KAYE: So there will be training for the next tranche of schools?

Dr BRUNIGES: Absolutely.

Dr JOHN KAYE: You are giving us a guarantee here that school administrative managers will continue to be trained in the Learning Management and Business Reform?

Dr BRUNIGES: Absolutely. And part of the pilot and gathering that information from piloting schools was to ensure that people who are actually using the system gave us good quality feedback to improve our training.

Dr JOHN KAYE: Will that include training in cash flow budgeting?

Dr BRUNIGES: I will ask Mr Riordan to respond on that.

Mr RIORDAN: It will include sufficient training for them to operate in the new environment.

Dr JOHN KAYE: Are you expecting school administrative managers to do the cash flow budgeting of the school, or is that a responsibility of the principal?

Mr RIORDAN: There will be opportunities in the school level. Whether the principal does it or the administration manager does it will be a matter for the school to decide. The schools will be given sufficient training to enable them to operate in the new environment.

Dr JOHN KAYE: Is it correct that a principal's salary includes an understanding that they will be doing the cash flow budgeting?

Mr RIORDAN: The system will largely produce the budget for the school, so each school will receive a budget allocation. The principal then—

Dr JOHN KAYE: My question was about cash flow budgeting; not the allocation but cash flow budgeting.

Mr RIORDAN: I understand. The principal will be able to allocate that according to the school needs across the various cost centres that the school may create having regard to its needs. The system itself will generate most of the work that needs to be done to reconcile that budget.

Dr JOHN KAYE: You have not answered my question. Is there an assumption here that the principal will be doing it, or are we going to pay the school administrative managers to have that responsibility?

Mr RIORDAN: School administrative managers currently do manage the budget of the school, as does the principal. It is a shared responsibility.

Dr JOHN KAYE: I will pursue that on notice if you do not mind. I want to go to one other issue with Local Schools, Local Decisions. Seventy per cent of the school's budget will be managed by the school principal. If the school principal gets it wrong, or does not have the training to do it, or in a small percentage of cases is incompetent, or in a tiny percentage of cases is malign in the way they allocate the money, what allocation do you set aside, Minister, to protect those schools where a bad decision is made locally?

Mr ADRIAN PICCOLI: We still have the accountability structures in place, so every principal is accountable to a director, and that accountability goes up the chain. Every year they have to prepare a school plan which will include a budget about how they intend to spend their money. I have got confidence that principals will use this additional discretionary power, this decision-making authority very well and very effectively. We saw it in the 47-schools pilot. I think it is fair to say that most of the 229 school principals, who are going to be in the first tranche of schools, are enthusiastic about the greater decision-making authority that they will have. There may well be a very small proportion who, for whatever reason, either deliberately or unintentionally, get it wrong. But I am certainly of the view that you should not hold back the 99 per cent who will really use this for the benefit of the students because of the 1 per cent who cannot handle it.

Dr JOHN KAYE: My question to you is do you have money set aside for those schools where it goes badly wrong?

Mr ADRIAN PICCOLI: We are not expecting it to go badly wrong, because we have accountability measures in place, and we have training in place. We are not expecting it to go wrong.

Dr JOHN KAYE: You have 229 schools, and you have already got one school principal under investigation. So you have already got a rate of problems. You are right that 99.99 per cent of school principals are fabulous men and women. But I am asking you about the small percentage of cases where things inevitably will go wrong. Do you set aside money to step in and fix things up in those schools?

Mr ADRIAN PICCOLI: The department has forever had process in place to handle any school where things go wrong. Things have gone wrong pre Local Schools, Local Decisions, and things potentially go wrong under Local Schools, Local Decisions.

Dr JOHN KAYE: But they are much bigger under Local Schools, Local Decisions. The size of the problem is much greater, and the consequences are much greater. [*Time expired.*]

The Hon. PAUL GREEN: I want to carry on with that, because I have had some further representation about that sort of thing and problems that could arise. Most principals are not business people; I understand they are teachers who have achieved a higher level of qualification and then end up doing one of the best jobs in the world in terms of running a school. But not all of them have business acumen. Minister, given the fact that you have said two or three times today—which I am very happy to hear—that your first concern is above the teachers and is for the students, are you confident you have enough protection in our schools, because bad business plans do not always go bad in the first year; it is normally in the third and fifth year when they tend to go bad? Are you confident that you have enough protection or sufficient accountability structures in place to catch it way before it affects the students?

Mr ADRIAN PICCOLI: I am confident. As I said, we have those accountability measures in place; and I would expect that the decisions made by principals will not be made by the principal alone without consultation with either the director—their direct report essentially—and with other staff in the school. That is what any good principal does. Yes, they will be required to make more of what would be called business-type decisions. But really, they are in many ways educational decisions. While a lot of principals hanker to go back to the classroom, they are the educational leaders in their schools, and I think where you put your money is an educational decision. The vast bulk of the budget will be tied up in things that they are required to fund: classroom teachers, based on the class size policy, subjects, et cetera, et cetera. They will have a proportion that will be discretionary. But a principal may have to make a choice such as, "Should I have an extra kindergarten teacher to reduce my kindergarten class size to cater for some kids who did not go to preschool, or do I get a speech pathologist or behaviour specialist?" That is an educational decision, if you ask me. It is a business decision, but it is an educational decision. We are drawing on their experience to make those decisions. Previously, those decisions were really made at a central level by the Minister or by the director general or others. We are leaving it in the hands of the principals to make those decisions and backing their judgement. I have confidence that the vast majority of them will get it right. Some will need more assistance than will others, and that assistance is there to be given.

The Hon. PAUL GREEN: Let us hope they have more success than small business, because the stats for the first few years are not good. But we know that the vast majority of principals will do the right things by the students anyway.

Mr ADRIAN PICCOLI: It is a big change; it is a big reform. We have 2,000 principals out there who have not done this before. Some are eager to get involved in it; others are much more cautious. As they get to see the power of this, I think they will become more and more anxious to get involved in it.

The Hon. PAUL GREEN: Earlier the Hon. Greg Donnelly brought up the issue of literacy and numeracy teachers. The *Illawarra Mercury* recently reported that instead of the promised 60 new literacy and numeracy teachers in the Illawarra, 51 instructional leaders have been appointed. Can you explain what the difference is basically between an instructional leader as opposed to the teacher? Can you commit to permanently employing the 60 teachers promised on a full-time basis?

Mr ADRIAN PICCOLI: The 900 full-time equivalent positions are across the State, over a five-year period, and those instructional leaders are being rolled out. I could say 200 in 2012, 100 full-time equivalents in 2013, 200 full-time equivalents in 2014, and 400 in 2015. Those are the rough figures over the five-year period.

The Hon. PAUL GREEN: Sorry, Minister, is there a difference between the 60 new literacy and numeracy teachers and instructional leaders? Is there a difference in terminology? Are they one and the same? Are they powered-up teachers? I am trying to get the definition of what an instructional leader is as opposed to a literacy and numeracy teacher.

Mr ADRIAN PICCOLI: The instructional leader position is a specialist position that we are funding out of this program.

The Hon. PAUL GREEN: So it is a different grade to the teacher?

Mr ADRIAN PICCOLI: Yes. That is why we say full-time equivalent. As I said earlier, some of these instructional leaders we are paying more than the average cost of a teacher because basically we are getting people with more experience. The advice was: Don't just put an extra classroom teacher in; put in an instructional leader who can actually professionally develop the entire staff of the school to improve literacy and

numeracy across every single classroom. If you just put one teacher in, that is terrific for the 20 or 30 kids that they might have; but this is about lifting the capacity of the entire teaching workforce.

The Hon. PAUL GREEN: I congratulate you that you made the adjustment that was needed. I have no problem with that. I personally think that is good leadership. Does that mean that they are not going to get the other nine positions that were talked about?

Mr ADRIAN PICCOLI: No. As I said, it is over five years, so it is rolled out over a five-year period and the 60 number is over five years.

The Hon. PAUL GREEN: Given the economic downturn, how can State training services ensure apprenticeships and traineeships are not affected or are minimally impacted?

Mr ADRIAN PICCOLI: I might let the director general answer this question.

Dr BRUNIGES: From memory, there has been a decrease in the number of apprenticeships and traineeships, but we have had an increase in completions. But I will refer to Ms Loble, who looks after State training services to confirm that.

Ms LOBLE: In 2012, according to National Centre for Vocational Education Research figures, New South Wales had the highest number of trade commencements in Australia, with 26,000. Dr Bruniges is correct regarding our completion rate. In fact we are the only State to increase completion rates for the trades; we are higher than Victoria and Queensland. I think related to that is that our attrition rates out of trades programs is also quite low. There is no doubt that apprenticeships and traineeships are employment based training programs. So you are correct to raise the connection with the overall economy, and that is why there is a range of incentives that are provided to employers and why we are working particularly with industry trade bodies to try to encourage the take-up of apprenticeship pathways in particular. I know that the time for this hearing has run out, but another effort that we are putting in is around early completions; so competency based completions. When TAFE has signed off that they have completed their training aspect, and when the employer says in fact that that person is competent, they then get their trade qualification rather than having to keep serving. Those are some of the ways in which we are trying to beat those skill shortages.

The Hon. PAUL GREEN: Well done.

CHAIR: I thank the Minister, the Hon. Adrian Piccoli, and his team for their attendance today and for the manner in which this budget estimates meeting was conducted.

(The witnesses withdrew)

The Committee proceeded to deliberate.
