

GENERAL PURPOSE STANDING COMMITTEE NO. 2

Monday 24 October 2011

Examination of proposed expenditure for the portfolio area

EDUCATION

The Committee met at 11.15 a.m.

MEMBERS

The Hon. M. A. Ficarra (Chair)

The Hon. J. Barham
The Hon. R. Borsak
The Hon. D. Clarke

The Hon. S. Mitchell
The Hon. S. Moselmane
The Hon. H. Westwood

PRESENT

The Hon Adrian Piccoli, Minister for Education

Department of Education and Communities

Dr Michele Bruniges, *Director-General of Education and Communities and Managing Director of TAFE NSW*

Mr Greg Prior, *Deputy Director-General, Public Schools*

Mr Peter Riordan, *Deputy Director-General, Workforce Management and Systems Improvement*

Mr Hugo Harmstorf, *Acting Deputy Director-General, Finance and Infrastructure*

Ms Leslie Loble, *Chief Executive, Office of Education*

Ms Pam Christie, *Deputy Director-General, TAFE NSW and Community Education*

Board of Studies NSW

Mr Tom Alegounarias, *President*

Ms Carol Taylor, *Chief Executive Officer*

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 the inquiry into the budget estimates 2011-12 open to the public. I welcome Minister Adrian Piccoli and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Education. Before we commence I shall comment on some procedural matters. In accordance with the Legislative Council's guidelines on the broadcasting 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, members of the media must take responsibility for what they publish or what interpretation they place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door.

Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, I remind you and officials accompanying you that you are free to pass notes and refer directly to your advisers whilst at the table. Transcripts of this hearing will be available on the web from tomorrow morning. The Committee has resolved that the return date for questions on notice is within 21 days. I remind everyone, including my colleagues, to turn off their mobile telephones or at least put them on silent and place them away from microphones.

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

GREG PRIOR, Deputy Director-General, Public Schools, Department of Education and Communities, affirmed and examined:

PAM CHRISTIE, Deputy Director-General, TAFE and Community Education, Department of Education and Communities

HUGO HARMSTORF, Deputy Director-General, Finance and Infrastructure, Department of Education and Communities,

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

TOM ALEGOUNARIAS, President, Board of Studies,

CAROLE TAYLOR, Chief Executive, Board of Studies, and

PETER RIORDAN, Deputy Director-General, Workforce Management and Systems Improvement, Department of Education and Communities, sworn and examined:

CHAIR: I declare open for examination the proposed expenditure for the portfolio of Education. As there is no provision for the Minister to make an opening statement before questions, we will begin with questions from the Opposition. I declare that there will be no questions from Government members. The Government has forfeited its allocated time for questions. That time will be divided between Opposition and crossbench members.

The Hon. HELEN WESTWOOD: Minister, what are the guidelines for storage at schools of the National Assessment Program—Literacy and Numeracy [NAPLAN] tests to ensure their security?

Mr ADRIAN PICCOLI: I understood that we were dealing with TAFE and Board of Studies?

CHAIR: We are proceeding with schools and early childhood for the first hour and 35 minutes, followed by TAFE and the Board of Studies for the following hour. Are you happy if there is an overlap into the last hour?

Mr ADRIAN PICCOLI: Yes. The reason we wanted the division is that there are many people involved. That is fine. We are flexible. I will get Michele to answer the question about security of the NAPLAN tests.

Dr BRUNIGES: The security would be set out in the administrative guidelines from the test administration point. To get a copy of those for both the receipt of the papers coming into the school and, indeed, the results, the papers are one thing coming into schools. My understanding is that they would be covered by the guidelines set out by the Australian Curriculum, Assessment and Reporting Authority [ACARA]. Storage within the schools I would think would come under personal and private information and be subject to those storage procedures. If any more detail than that is required, I would have to take the question on notice.

The Hon. HELEN WESTWOOD: Are you saying that the department does not have specific guidelines that it distributes to schools for the secure storage of the NAPLAN tests?

Dr BRUNIGES: I am saying that ACARA would set down the rules for distribution of the NAPLAN test data to schools. There would be protocols for its storage. My understanding is that parent reports are also sent to the schools for dissemination to individual parents following the testing program. I would need to check on the policy so I will take that question on notice.

The Hon. HELEN WESTWOOD: If you could take that question on notice.

Dr BRUNIGES: I am more than happy to do so.

The Hon. HELEN WESTWOOD: Given the incident earlier this year in western Sydney, of which I am sure you are all aware, in which the completed tests went missing from a storeroom which was accessed by many staff, are you confident that all schools are now securely storing their NAPLAN tests both before and after completion?

Dr BRUNIGES: I am not aware of the incident as I was only recently appointed, but I am sure that schools take a great deal of time and care in the storage of test papers. Following the incident that you have mentioned I am sure there has been follow up in the schools area. Mr Prior might wish to add some details for you.

Mr PRIOR: The administrative guidelines set out the clear processes for the security of papers. My understanding of that incident was that they were under secure premises, the incident was investigated and, as a result, a reminder was again put out to all schools about the administration guidelines and policies surrounding the security of the NAPLAN papers.

The Hon. HELEN WESTWOOD: Minister, are you confident that schools are now storing NAPLAN tests before and after completion in a way that ensures they are secure?

Mr ADRIAN PICCOLI: I am. We cannot ensure that cash held in banks is secure because banks get robbed. I do not think any measure of security is infallible. However, the integrity of the NAPLAN tests and, in particular, the Higher School Certificate, depends on the security of the tests before they reach schools—to ensure that schools do not have an understanding of what is in the tests—the test papers and the completed tests. That is critical to ensure that the NAPLAN tests are credible. The Department of Education and Communities, ACARA and the Board of Studies are doing everything to protect those examination papers in all those stages. However, as I have said, we cannot guarantee that banks will not be breached. Clearly, when additional forms of security can be put in place they are put in place. This year the Board of Studies used new technology and did some additional things around the Higher School Certificate. Things are constantly being done to improve the security of tests.

The Hon. HELEN WESTWOOD: Do all schools have secure premises or facilities on their sites in which to store documents such as the NAPLAN tests?

Dr BRUNIGES: For student record cards, which are now mostly electronic, there would be storage facilities at most school sites in which to place such confidential or test material. Often that is in a location at the school but the location might vary. New South Wales has a long history of basic skills testing prior to NAPLAN. Every time that test booklets have gone out the relative number of incidents has been few, given the student population across years 3, 5, 7 and 9 who are testing. Now that there is one national test I am sure that ACARA picks up the common set of guidelines across all States and Territories. Within New South Wales there are mechanisms for ensuring that those principles are clear. As Mr Prior pointed out, when there is an incident there would be automatic follow-up and investigation so we can learn from such an incident and do better in future.

The Hon. HELEN WESTWOOD: How are schools monitored to ensure that they are adhering to the ACARA guidelines?

Dr BRUNIGES: There are a number of things. My understanding is that each test booklet is bar coded and a set of numbers is assigned to each school. So there is an automatic monitoring system for the return of unused papers and material that has gone out. In regard to the department we rely on the judgement of principals in each school as they understand the confidential nature of the tested. I am not aware of a set monitoring program that ensures that that happens. This system has been in place in New South Wales since 1995. As we have moved towards national testing the protocols for administration of the tests have been tightened across the country.

The Hon. HELEN WESTWOOD: Given that breach of security in the western Sydney school to which I referred, has any additional funding been provided in this budget for secure storage areas for schools?

Dr BRUNIGES: No particular funding would be related to that. Principals will make a number of decisions for different purposes relating to the security facilities within their schools. As I said earlier in relation to student records, principals would be very conscious of electronic storage and protocols around that storage, which are incredibly important. There is no identified or targeted money in this budget for that purpose.

However, it might be in the maintenance. A principal might decide that something needs enhancing and he or she would make that decision at a local level.

The Hon. HELEN WESTWOOD: What investigations have occurred to ascertain how many schools in New South Wales are using National Assessment Program—Literacy and Numeracy [NAPLAN] results in the enrolment process?

Dr BRUNIGES: Could you repeat the beginning of that question, please?

The Hon. HELEN WESTWOOD: What investigations have occurred to ascertain how many schools in New South Wales are using NAPLAN results in the enrolment process?

Dr BRUNIGES: I am happy to take that on notice. I am not aware of any. I am happy to take it on notice and find out.

The Hon. HELEN WESTWOOD: Yes, if you could take that on notice. What is New South Wales Education and Training doing to ensure that NAPLAN results will not be used as part of the enrolment process?

Mr ADRIAN PICCOLI: It is Education and Communities now. That is an interesting question. There are two parts to the answer. The very reason why the MySchool site was put up was to inform parents' choice about which school their children go to.

Dr JOHN KAYE: Or misinform.

Mr ADRIAN PICCOLI: Or misinform—whichever way you want to describe it. It does concern me as the Minister for Education, and I have said this publicly, that we have been pushing at a national level, particularly a couple of weeks ago at the last ministerial council meeting, to address this decline in participation rates for the NAPLAN test. Anecdotally, there is evidence that schools are discouraging some kids from doing their NAPLAN tests. Some kids are allowed to be excluded based on disability and other factors. But there is anecdotal evidence—and I am sure most people have heard stories—about schools that are discouraging students from turning up because it might affect the school's results. We are addressing that at a national level.

NAPLAN is now a national test conducted essentially by the Australian Curriculum and Reporting Authority [ACARA]. We want the response to be a national response. New South Wales' participation rate is the highest in Australia. It has declined in the last few years but it is still higher than all the other States. That has an impact on various things, funding, et cetera. But the biggest impact it has is on the individual student who does not sit the test because it is a diagnostic tool designed for teachers in schools to see what a student is missing in their education or what a school may need to do differently. It is absolutely critical for individual students that they sit the test. I certainly would be very interested to know where schools are doing this. As I say, anecdotally is the only way I have heard of it. I am sure if there was evidence that schools are actively discouraging that measures of some sort would be taken to make sure that every student who is capable of doing the test has done the test.

As to your question about schools basing their enrolments on that test, I am not sure that there is anything prohibiting that from occurring. But we would hope that schools are more complex than simply looking at a student's previous NAPLAN results and basing their decision on that. Selective schools, particularly non-government schools, can base their enrolments decisions on a number of factors. This is one of the problems with publishing NAPLAN results. It is moving NAPLAN tests into something they were not designed for—that is, an argument between adults about school performance or funding or comparing schools. It was designed essentially in New South Wales with the Basic Skills Tests as a diagnostic tool for students. I am concerned about it from a student perspective. Michelle may want to say something about that.

Dr BRUNIGES: I presume we are talking about when students change schools and re-enrol at another school.

The Hon. HELEN WESTWOOD: Yes.

Dr BRUNIGES: Often as part of that a portfolio of material is taken from the previous school to the new school. As part of that some parents will put the parent report on the strengths and weaknesses as demonstrated by NAPLAN as a source of profile information. I have heard, and know, that is often used. It is

always in a broader context of other information and profile. I am yet to hear, as the Minister has said, of any particular case but I am certainly happy to follow up. As a test of aspects of literacy at one point in time, it probably is used in that profile sense when parents take along information about their child to another school to enrol.

The Hon. HELEN WESTWOOD: Minister, I understand you made a statement in the media about asking your Director General to carry out an investigation into whether NAPLAN was being used in the enrolment process by schools, virtually to cherry-pick. Were those reports incorrect?¹

Mr ADRIAN PICCOLI: Can I have a look at the comments that I apparently made?

The Hon. HELEN WESTWOOD: It is reported in the *Daily Telegraph* on 29 June that you made those comments.

Mr ADRIAN PICCOLI: Can I have a look at it?

The Hon. HELEN WESTWOOD: I do not have a copy of the article. As I understand, it was reported in the *Daily Telegraph* on 29 June that you asked the Director General of the department to ensure that NAPLAN test results were not being used as part of the enrolment process in public schools. Is that incorrect?

Mr ADRIAN PICCOLI: Is that a direct quote from me?

The Hon. HELEN WESTWOOD: Yes, that is what it says.

Mr ADRIAN PICCOLI: It is not paraphrasing? Before I answer the question, I would like a copy of the article.

The Hon. HELEN WESTWOOD: It may be incorrect. Is the statement in the media correct or incorrect?

Mr ADRIAN PICCOLI: Can I have a look at the newspaper clipping before I answer that question?

The Hon. HELEN WESTWOOD: I do not have the newspaper clipping. I have a quote from it.

Mr ADRIAN PICCOLI: Would you be able to get a copy of the article?

The Hon. HELEN WESTWOOD: Certainly.

Mr ADRIAN PICCOLI: I am happy to come back to the question later if you wish, when we have a copy of the article.

The Hon. HELEN WESTWOOD: Did you direct your Director General to carry out that inquiry?

Mr ADRIAN PICCOLI: Have I directed the Director General? No.

Mr ALEGOUNARIAS: I add, on behalf of the Minister, there is a distinction between the public reporting of results comparing school results on the categories as defined by the Australian Curriculum and Reporting Authority on the one hand. Then there are the enrolment processes of schools when enrolling out-of-area enrolments. Then within that process there is the issue of whether a parent chooses to volunteer information about a student's achievements. In my professional, though incidental and anecdotal experience, I would have to say that government schools as a rule and schools generally as a rule ask parents to contribute evidence of the nature of the student, not necessarily the level of performance. Within that broad statement of a student's nature, interests and achievements, parents will typically offer information about a student's academic achievements.

Amongst the categories of academic achievement, issues that inevitably arise include NAPLAN or previous Basic Skills Tests or school certificate at the higher level. The key issues there, in my professional judgement, are, firstly, whether the school is using it as a discriminator. In fact, in all my experience, it is the

¹ Please refer to correspondence from Minister Piccoli dated 17 November 2011, providing clarification of this line of questioning located with the transcript on the Committee's website.

parent offering contextual information. There is the point whether it is contextualised within a discussion of the student's interests and the nature of their learning ambitions on the one hand versus cut-offs of attainment on the other. For the record, in terms of a professional judgement, I do not have experience of schools discriminating formally on the basis of NAPLAN attainment but only in that broader context as the issues arise and on the basis of being volunteered by parents.

Mr PRIOR: I note on the policy framework for public schools there are two critical aspects. The first one is that a student has an entitlement to the local public school. Therefore, there would be no criteria for them to prove a suitable place if they live within the entitlement area for that school. The second policy area, just leading on from what Tom is talking about from a professional point of view, from a policy perspective, within the enrolment policy for public schools there are certain guidelines about if you are in a non-local area.

Part of that process requires the school to have a committee, including parent involvement, and participation in determining criteria to be able to prioritise and be able to enrol students from the non-local area. The point in that policy is that one criteria would not be used in that practice, there would be a number of criteria—agreed to from a school community perspective—looked at, including whether there are already siblings within the school and other personal matters that may be impacting on a family, and they would be determined by the school community to ascertain whether that child would have priority into any vacancies after the local students are taken.

The Hon. HELEN WESTWOOD: So from what you are saying there is no capacity for the school to consider the NAPLAN results of that student?

Mr PRIOR: I cannot say whether there is a capacity or not because, as the Minister has indicated, some parents will provide proof of student work. What I am indicating, though, is that there are a number of criteria agreed to by the community to try to prioritise about non-local placement and the demand exceeds the places that are already in existence.

Mr ADRIAN PICCOLI: I do not recall the *Daily Telegraph* article you refer to so I would not mind having a look at it, but I have said that if I am made aware of the inappropriate use of NAPLAN results or encouraging students not to turn up then the department will investigate and take action if necessary. As I said, these tests are designed for students to improve their performance, so we should be encouraging everyone who is capable of doing them to do them and making sure that schools do not use the information inappropriately.

The Hon. ROBERT BORSAK: I note from Budget Paper No. 3 that the Department of Education's capital expenditure budget has decreased by 63.2 per cent in the 2010-11 to 2011-12 financial years. What is the reason for that nearly \$1.3 billion decline?

Mr ADRIAN PICCOLI: There are a number of reasons. I will defer to Hugo.

Mr HARMSTORF: The biggest reason is, of course, the coming to an end of the Commonwealth stimulus program. That contributed \$1.9 billion to the department's capital works program in 2009-10 and about \$1.3 billion in 2010-11. If you look at 2011-12 the total capital works budget for the department is in line with what it was before the stimulus program.

Mr ADRIAN PICCOLI: I answered a question in Parliament about this, and part of it was a \$140 million loan that was taken by the previous Government and spent over, I think, two years, which essentially brought forward some capital works to the two years prior to the election. The Department of Education, it is my understanding, is then required to pay that back in future years, including the interest repayment on it, which comes out of the maintenance budget. So that, plus the Building the Education Revolution [BER] program finishing, largely explains why there is a significant decrease. But I think from about five years ago, prior to the BER starting, if you take out the big lump there it has increased—I do not know the exact percentage.

Mr HARMSTORF: I do not have the percentage but, as I said, in 2011-12 the budget papers show the department's capital works budget of \$738 million. If you go back three years—say, back before the BER program—the capital works budget was only \$732 million. So it was \$732 million three years ago, \$738 million now.

The Hon. ROBERT BORSAK: What sport and recreation community facilities will be developed under the funding allocation this year of \$14 million?

Mr ADRIAN PICCOLI: A very detailed question like that we will have to take on notice.

The Hon. ROBERT BORSAK: I notice one of the achievements of last year was supporting national sporting events such as the Shooting World Cup. I would be interested to know what support was provided for that event.

Mr ADRIAN PICCOLI: I will take that on notice. I certainly do not know the answer to that question. To clarify, is the question about the support that the Department of Education gave to it or the new Communities part?

The Hon. ROBERT BORSAK: What the Department of Education gave last year. How many schools across the State currently provide target shooting as an optional sporting activity, and have there been any accidents reported in the last five years?

Mr ADRIAN PICCOLI: My understanding is there are about 10 schools, including Temora High School in my electorate, who are proud of their performance in clay target shooting. I can tell you exactly where they do it. Last time I visited Temora High School they went into some detail about the students who do clay target shooting at their field and game range. There are 14 students there. The detail I have is that there are nine schools with a minimum of 188 students who undertake shooting. There are different types. There is pistol shooting at Finley High School, there is firearm safety at another school and there is clay target shooting in other schools. Finley High School is also in my electorate. I know they are keen on their shooting sports down at Finley.

The Hon. ROBERT BORSAK: Minister, you seem to have a quite detailed report with you. How many are A class, AA class, B class, C class and novices?

Mr ADRIAN PICCOLI: I was aware that there was a member of the Shooters and Fishers Party on this Committee so I guessed that this question might come up. I do not know the answer to the specific question that you have asked me but I am happy to take it on notice.

The Hon. ROBERT BORSAK: I would not expect you to know that. Will the Government make it easier for schools in conjunction with their relevant local shooting clubs to offer target shooting as a sporting option by removing the unfair and unnecessary restrictions that now apply?

Mr ADRIAN PICCOLI: There are no plans at this stage to change the current arrangements for sports shooting in schools. It is a little difficult. For those schools that have been approved to undertake target shooting as a sport there are detailed rules around participating, for the obvious reason of safety issues. But going back to your previous question, I am not aware of any accidents involving injury to students or anybody else. I am conscious that there may have been, but I am not aware of any.

The Hon. ROBERT BORSAK: Could you check and come back to that question, please?

Mr ADRIAN PICCOLI: I will take it on notice.

The Hon. ROBERT BORSAK: The Government is committed to spending \$133 million on a range of sport and recreational programs this year, including grants to peak sporting bodies and managing government-owned or controlled sporting and recreational facilities. Is this an increase in last year's funding and, if it is, in what areas has it increased?

Mr ADRIAN PICCOLI: I think this relates to the Sport and Recreation part of Education and Communities. Minister Annesley will appear before budget estimates on Wednesday.

The Hon. ROBERT BORSAK: How many of the promised 50 new student support officers to help students through difficult periods in their schooling have been appointed since 30 June? How many schools are they working with? How much of the \$11 million cost of this commitment has been spent this year?

Mr ADRIAN PICCOLI: The election commitment was to pilot 50 across New South Wales and the pilot was due to start next year. But through some good work by the department we have been able to bring some of those positions forward. Ten have begun in the second term this year. I have the list of the first 10 schools: North Lakes High School in Wyong, Toronto High School in Lake Macquarie, Newcastle High School in Newcastle, Kempsey High School in Kempsey, Koorringal High School in Wagga Wagga, Fairfield High School in Fairfield, Ambarvale High School in Campbelltown, Dubbo Senior Campus in Dubbo, Chifley College Bidwill Campus in Penrith, and Jamison High School in Blacktown.

Obviously there has been a budget allocated to this. I think it is about \$11 million for the year, as you mentioned, and it will be expended as the year progresses. Most of that is clearly in salary, but there is also a training component part. We have been able to bring it forward, which I am pleased to have been able to do. There will be an additional 40 schools beginning next year. We have the full list of the other 40 schools if the Committee would like it made available. I met one of these officers at Dubbo College Delroy Campus a couple of weeks ago. He is young man who has worked in high school camps in the United States and has typically worked with teenagers and young people. Student support officers support the important role that school counsellors perform.

To be a school counsellor requires about nine years of training and experience. They need a degree in psychology, a teaching degree and a few years experience as a teacher. They are highly qualified and very good at what they do. We have provided an additional resource for school counsellors. We expect the student support officers to work in conjunction with school counsellors but doing the lower level-type counselling. School counsellors will still be required to do the high level counselling. They perform a number of clinical functions at schools and they will still do that. This role is not in any way intended to replace them, but rather to support them. The idea is that student support officers are a bit younger. They spend time in the playground at recess and lunchtime and before and after school getting to know the student body.

The purpose of their being a bit younger is for them to be a little more in touch with what the teenage demographic might be going through. This is no reflection on school counsellors, but perhaps the student support officers will be more in touch with modern technology and Facebook and those kinds of things. They will perhaps have a closer connection with students. Their role is to support the students but clearly if there is a more significant issue that requires the intervention of a school counsellor they will be referred to the school counsellor. The student support officers essentially have a subordinate role to school counsellors.

Mr PRIOR: The Minister has made the point that they are complementary to the school counsellors who are very much accredited to do the clinical assessments and more complex issues. The support officers provide another support mechanism, particularly in being able to develop relationships and in relation to anti-bullying strategies. They build up relationships so that students can get support when required. Often it is more to do with social work-type aspects. It is complementary to the school counsellor position and, as the Minister has indicated, 10 are already in place. They have just completed a five-day initial training course orientation and processes are now in place to appoint the next 40 beginning in January 2012.

Mr ADRIAN PICCOLI: This is essentially the implementation of one of the recommendations from an upper House inquiry into bullying.

Dr JOHN KAYE: By this Committee.

CHAIR: That is right. Would the Hon. Robert Borsak like a copy of those various schools and appointments?

The Hon. ROBERT BORSAK: Yes I would.

Dr JOHN KAYE: Going back to the questions asked by the Hon. Helen Westwood, were you surprised by the number of students and the growth in the number of students who are not participating in the National Assessment Program—Literacy and Numeracy [NAPLAN]?

Mr ADRIAN PICCOLI: I do not whether surprised is quite the right word, but it does concern me. I know that Dr Kaye and I share similar views about some of the issues around NAPLAN. I am aware that some students are not required to sit the NAPLAN test, so it is not all students.

Dr JOHN KAYE: We are talking about the percentage of those students who are required and the number who do not attend.

Mr ADRIAN PICCOLI: It concerns me and I think it concerns the Department of Education.

Dr JOHN KAYE: Does it concern you specifically because you believe they are being denied access to diagnostic tests?

Mr ADRIAN PICCOLI: It concerns me from an individual student basis, yes.

Dr JOHN KAYE: That the student is not being diagnosed appropriately?

Mr ADRIAN PICCOLI: Well, yes, it is part of what schools use to determine what resources and teaching are required for students.

Dr JOHN KAYE: Are you satisfied that the NAPLAN test provides the same level of diagnosis of student learning issues that the former New South Wales Basic Skills Test provided?

Mr ADRIAN PICCOLI: As I said, schools use it as part of their assessment of what students require. One of the reasons Michelle Bruniges is going to be such a great asset to New South Wales is that she has a PhD in educational measurement, so I will refer that question to her.

Dr BRUNIGES: Having seen the birth of basic skills testing in New South Wales in the early years, I note that the first attempt in 1995 probably was not curriculum linked as they are today. There has been a much greater effort to ensure that each of the test items is described in teaching and learning terms so that we are able to get a better picture of students' strengths and weaknesses and indeed have those linked to the curriculum. As regards the diagnostic capacity of NAPLAN, NAPLAN is modelled on the New South Wales Basic Skills Test. New South Wales had a lead role in making sure that the good practice it had in place for curriculum-linked items for diagnostic capacity continued. In 2008, when the NAPLAN test was designed, I was there and we made sure that we articulated the curriculum link of each test item so that teachers would know and understand what each of those test items was assessing and how that matched their curriculum. So, probably on par.

Dr JOHN KAYE: Are you aware of feedback from teachers that they are not getting the same level of diagnosis of individual students that they got out of the Basic Skills Test, or at least the last incarnation of it, which I think was 2009?

Dr BRUNIGES: That may well be the case. New South Wales had traditionally put additional item analysis in the pack so if that is not happening at the national level I would like to go away and at least have a conversation with the Australian Curriculum, Assessment and Reporting Authority [ACARA] about that issue and look at the comparison.

Dr JOHN KAYE: Will you get back to us on that? This is a significant issue and in the rush for national uniformity it appears that some of the capacity to analyse what is happening to individual students and in classrooms has been lost.

Dr BRUNIGES: That would be a shame. I am certainly happy to get back to you on what the differences are, at least from 2008-09, what New South Wales had and what the national test does at a school level.

Dr JOHN KAYE: Minister, you said measures were being taken at the national level—I presume that is the Ministerial Council for Education, Early Childhood Development and Youth Affairs [MCEECDYA]—to address this issue. Are these punitive measures against schools or punitive measures against students?

Mr ADRIAN PICCOLI: It was raised by New South Wales in a paper at the ministerial council meeting Friday week ago. I understand it is the first time it has been raised at MCEECDYA. New South Wales cannot act unilaterally. Of course we can do so with our schools but the problem needs to be addressed nationally and that is why we took it to that forum. We have essentially given it to the Australian Curriculum, Assessment and Reporting Authority to design some tools to make sure the participation rate is as high as possible.

Dr JOHN KAYE: Are those the measures being taken—that we asked ACARA to report back?

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: Will the parameters of ACARA's report back include punitive measures against schools?

Mr ADRIAN PICCOLI: That is why we have given it to ACARA. It is the national body.

Dr JOHN KAYE: Is it possible you would accept punitive measures against schools?

Mr ADRIAN PICCOLI: Let us see what ACARA comes up with.

Dr JOHN KAYE: You are not ruling out punitive measures against schools?

Mr ADRIAN PICCOLI: ACARA will presumably make recommendations to MCEECDYA about measures that should be put in place and I, as the New South Wales Minister for Education, and all other Ministers across Australia will consider it as well.

Dr JOHN KAYE: I take you to the perennial issue that you and I have been involved in of unflued gas heaters. I think I am correct in saying that the Government has now commissioned a health risk management report in addition to the original Woolcock report. When will the report be delivered?

Mr ADRIAN PICCOLI: The New South Wales Government already has that report and it will be released after Cabinet has had an opportunity to consider it.

Dr JOHN KAYE: Is that likely to be in the near future?

Mr ADRIAN PICCOLI: It depends on what the "near future" means. How long is a piece of string? The near future is such a difficult term. Cabinet will consider its content and then it will be released. There is no doubt about that.

Dr JOHN KAYE: Presumably that will be before June 2012.

Mr ADRIAN PICCOLI: I presume so.

Dr JOHN KAYE: We should now have the number of unflued gas heaters that have been removed from schools from the original 51,000-odd. In addition to the 101 schools addressed in the original \$15-million so-called pilot program conducted by the previous Government, how many more unflued gas heaters will be removed by June 2012?

Mr ADRIAN PICCOLI: As part of any unflued gas heater program?

Dr JOHN KAYE: Yes.

Mr ADRIAN PICCOLI: None. There may be others removed as part of minor works or capital works.

Mr HARMSTORF: The original program was for 101 schools because school 100 and school 101 had the same need. When we went to those 101 schools we identified five that had already replaced their unflued gas heaters, so we moved further down. Because, again, some of them were equal, we replaced those five with another six schools. Those six schools are currently in the process of having their heaters replaced. So, as you said, between now and June the unflued gas heaters at those six schools will have been replaced.

Mr ADRIAN PICCOLI: There is no additional program.

Dr JOHN KAYE: Apart from the \$15 million allocated after a major melt down in Cabinet by the previous Government, no other money has been allocated for the removal of the heaters?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: The budget we are examining does not allocate any additional money?

Mr ADRIAN PICCOLI: No, not as a specific program.

Dr JOHN KAYE: As someone who campaigned in opposition to get rid of these heaters knowing full well how dangerous they are, are you disappointed that in your first 18 months in office you will have removed no more than that which was predicted to be delivered by your predecessor?

Mr ADRIAN PICCOLI: No, because unlike the previous Government this Government is doing things properly. We are taking an evidence-based approach and we are thinking things through. We are carefully considering everything, particularly something like this, which is potentially a multi hundred million dollar project. That additional research was commissioned and, as I said, we have the recommendations and they will be considered in due course.

However, there have been difficulties with the previous Government's commitment to complete the work in 101 schools by last winter. This Government had to procure an off-the-shelf heater because there were no flued gas heaters on the market specifically designed for school use. Obviously, a heater in a school gets a lot more wear and tear than a domestic heater. It was also done rather quickly. Selecting an inappropriate heater means it will not stand up to the classroom environment and will last only half as long as a purpose-built heater. The implications of that are significant in terms of what it will cost not only to replace the existing heaters but also to replace the new flued heaters much more quickly. It would be a massive future liability because any future Government would have to replace a domestic heater way in advance of a specifically designed heater.

In addition to the future cost liability, we must keep in mind that the expected and budgeted cost of the initial program was \$15 million for 100 schools and that blew out to \$18 million, which is a 20 per cent blow-out. If we were to rush in and replicate that across every school in New South Wales that would clearly be a significant problem. The Government is trying to avoid some of the problems that arose as a result of the Building the Education Revolution program, which involved rushed capital investment. We are trying to do things properly and to spend responsibly from both a health perspective and a budget perspective. Cabinet will consider that additional report in the reasonably near future. It will also consider options for funding a replacement program.

The Hon. HELEN WESTWOOD: How many of the 21 demountables have been replaced at Fairvale High School since the commitment was made in June to undertake that work?

Mr ADRIAN PICCOLI: The information I have is that the refurbishment and replacement work will be completed by the second term next year.

The Hon. HELEN WESTWOOD: How many of the 21 demountables will be replaced by June next year?

Mr ADRIAN PICCOLI: I do not have the specific detail on what will be repaired or replaced. However, \$250,000 has been approved as part of this financial year's minor capital works program to upgrade and refurbish the school's demountables inside and out. I am conscious of the Fairvale High School issue. It gained significant media attention. The video was emailed to me, but I cannot remember whether that was prior to or after the election. Capital works and minor capital works projects are funded on a priority basis, and clearly Fairvale falls into that. The amount allocated is determined by the asset management people within the region and in conjunction with the school principal and others.

The Hon. HELEN WESTWOOD: Will all of the \$250,000 go to Fairvale?

Mr ADRIAN PICCOLI: I understand that it will all go to Fairvale.

The Hon. HELEN WESTWOOD: You said "upgrade" and "refurbish". Are the demountables not being replaced?

Mr ADRIAN PICCOLI: You can appreciate that as the Minister I do not delve into the detail of individual programs.

The Hon. HELEN WESTWOOD: Certainly.

Mr ADRIAN PICCOLI: There will be an upgrade and refurbishment of the school's demountables, both inside and outside.

Dr BRUNIGES: I am happy to take the question on notice and to provide specific details if that would be helpful. I do not have any more information here.

The Hon. HELEN WESTWOOD: I understand that the school community believes it had a commitment for replacement. I think they will be very shocked to hear that the Government is talking about refurbishment and not replacement with permanent buildings.

Mr ADRIAN PICCOLI: Where did that commitment come from?

The Hon. HELEN WESTWOOD: That is what I have heard from the school community. Perhaps you have other information, Minister.

Mr ADRIAN PICCOLI: I am wondering whether you are suggesting that I made the commitment. I do not recall making that commitment, but I may have.

The Hon. HELEN WESTWOOD: I understand that the commitment was made in June. Perhaps you can take the question on notice.

Mr ADRIAN PICCOLI: I understand that the minor capital works project at Fairvale High School came up as one of several minor capital works programs. However, I do not recall making a specific commitment about whether to replace or to renovate. Again, we can provide all of the detail about exactly what that will entail. I presume that the school, as a matter of course, is advised about what those works will entail. These works are done and are prioritised in conjunction with the school; they are not done in isolation.

Mr PRIOR: Any capital works or minor capital works are managed by the regional director with the assets manager locally, within the policy, and they work with the school around what the solution is. So there certainly is a process, and I imagine the school has been involved in that process in the current conversations. But we will take the specifics on notice and provide the Committee with those at a later date.

Mr HARMSTORF: I would like to make some comments on the department's demountable policy. The department has not purchased new demountables for many years. So, even if the demountables at that school were to be replaced, they would not be replaced new for old; they would be replaced with refurbished demountables from our existing stock. So, depending on the school's need for the spaces during the period, it may be more cost-effective to refurbish the existing demountables on site, effectively giving them what we would give them if we gave them a replacement demountable, which would also have been refurbished.

The Hon. HELEN WESTWOOD: But you will come back to the Committee with the specific information about the Fairvale school?

Mr PRIOR: Yes.

Mr ADRIAN PICCOLI: Just on the demountables, I cannot remember the name of the Central Coast company that renovates demountables.

The Hon. HELEN WESTWOOD: Corrective Services at Cessnock does that.

Mr ADRIAN PICCOLI: No; there is a business on the Central Coast that refurbishes them. Some of the demountables are really bad. The company guts the demountables to the steel frame and completely rebuilds them. So, whilst we do not buy new ones, the refurbished demountables are essentially completely new. But we will get back to you on the detail about Fairvale, because we are really keen to do the right thing. That video with the children was compelling; and good on them for doing that video and making it available to me.

The Hon. HELEN WESTWOOD: Minister, do you still agree that demountable classrooms are a poor alternative to learning in real classrooms? And, if so, why has funding for the demountable replacement program in this budget been reduced by more than 50 per cent?

Mr ADRIAN PICCOLI: In an ideal world at every school every building would be of bricks and mortar. But I understand there are educational planning reasons why demountables are used. I have been to a school in Camden that is built for 600—I cannot remember the exact numbers—but demountables bring it up to about 750. This acknowledges that in a new suburb like that there will be young families coming in. But the planners in the Department of Education recognise that they will have a burst of young people and then the numbers drop off and the demountables are removed.

Plenty of schools in my electorate have had demountables for years and year. There is always a fight when they are removed. In an ideal world, of course the buildings would all be of bricks and mortar, but we have had demountables—I presume forever—because they are a way of having a flexible classroom footprint across our schools. But, in a perfect budget environment, it would be nice to be able to replace demountables that have been there for a long time.

The Hon. SHAOQUETT MOSELMANE: Minister, the wages and conditions of public sector workers were slashed by you and your Government. In your opinion do teachers deserve a salary increase greater than 2.5 per cent?

Mr ADRIAN PICCOLI: Government policy is very clear: a funded 2.5 per cent minimum increase, with increases above that to be granted based on offsets agreed to by the department and the union.

The Hon. SHAOQUETT MOSELMANE: What sorts of offsets?

Mr ADRIAN PICCOLI: Under the previous Labor Government there were a number of offsets in salary negotiations. I might ask Michele to respond here.

Dr BRUNIGES: I think some were to do with leave. Is that correct, Peter?

Mr RIORDAN: Yes. In the last round for schoolteachers changes were made to workers compensation arrangements. Teachers were entitled beyond 26 weeks of absence on workers compensation to the topping up of their pre-existing salaries using their sick leave entitlements. It was agreed that that be removed. So that for the first 26 weeks they can top up their usual salaries beyond the statutory rate, and it reduces after that to the statutory rate. There were changes to sick leave arrangements. Teachers were entitled to 22 days sick leave on full pay and 22 days sick leave on half pay each year. That was reduced to the public sector standard of 15 days, fully cumulative. Those were the two major changes made for school teachers in the last lot of changes.

The Hon. SHAOQUETT MOSELMANE: What other offsets are there that you are contemplating, Minister?

Mr ADRIAN PICCOLI: That is a negotiation to be had between the department and the union.

The Hon. SHAOQUETT MOSELMANE: Have the negotiations commenced?

Mr ADRIAN PICCOLI: No, not yet. I have had many discussions with the union about many things, including their desire, naturally and expectedly, for increases in salaries. I have a positive relationship with the Teachers Federation, as I should. These things come around every few years, and the Government has made clear what our policy is, and the Government will be sticking to that policy.

The Hon. SHAOQUETT MOSELMANE: The Minister for Police was able to exempt police from these policy conditions. Why were you not able to exempt your teachers from these conditions?

Mr ADRIAN PICCOLI: The changes were made as part of negotiations of legislation.

The Hon. SHAOQUETT MOSELMANE: I am sure the Minister would have argued in Cabinet. Did you argue your case for teachers in Cabinet?

Mr ADRIAN PICCOLI: I cannot tell you what I argue in Cabinet.

The Hon. SHAOQUETT MOSELMANE: But did you argue?

Mr ADRIAN PICCOLI: I am not going to answer the question. If you ask me any question about a Cabinet meeting I cannot answer the question.

The Hon. SHAOQUETT MOSELMANE: You are the Minister for Education. I am sure you would have stood up for your teachers, wouldn't you?

Mr ADRIAN PICCOLI: You are asking me whether I raised this in Cabinet, and I am telling you that I have sworn an oath of confidentiality with respect to Cabinet meetings.

CHAIR: The member knows that Cabinet discussions are always confidential, regardless of what party is in government.

The Hon. SHAOQUETT MOSELMANE: Will teachers have to trade off their conditions of employment in order to receive a pay increase above 2.5 per cent?

Mr ADRIAN PICCOLI: Did they have to at the last round of salary negotiations?

The Hon. SHAOQUETT MOSELMANE: You are the Minister; I am not. I am asking you.

Mr ADRIAN PICCOLI: In the same way that they did three years ago for anything above 2.5 per cent, it is the same in this round.

The Hon. SHAOQUETT MOSELMANE: What sorts of conditions?

Mr ADRIAN PICCOLI: Peter has explained what the main offsets were last time. This time it is a matter of negotiation, and those negotiations have not yet started. Even if I could tell you, I do not think it would be an appropriate way of negotiating with the union if I disclosed that in an estimates hearing.

The Hon. SHAOQUETT MOSELMANE: I am not asking you, but obviously you would have had guidelines as to what the department should be discussing. You would have had guidelines as to the conditions that you were expecting.

Mr ADRIAN PICCOLI: This is a matter for negotiation, and those negotiations have not yet begun. I will leave those negotiations where they should be, and that is around a table with the Department of Education and the union.

The Hon. SHAOQUETT MOSELMANE: What direction did you give the Department of Education so that they were able to negotiate? What are the parameters?

Mr ADRIAN PICCOLI: The parameters are to act in good faith. I think that is always the way that every government department should act with its employees: in good faith. I expect that the Teachers Federation also will act in good faith in its negotiations with the department.

The Hon. SHAOQUETT MOSELMANE: Minister, have you identified any areas of reform that could deliver efficiencies and savings to fund a salary increase?

Mr ADRIAN PICCOLI: I think I have answered the question. I do not think this is the appropriate forum to undertake salary negotiations. There has been no offer received by the department from the union. Nor has there at this stage been one made by the department to the union.

The Hon. SHAOQUETT MOSELMANE: I will move on to the next question. Minister, will you rule out increases in class sizes?

Mr ADRIAN PICCOLI: Again, I am not going to get into the rule-in and rule-out game.

The Hon. SHAOQUETT MOSELMANE: What is your policy in relation to class sizes?

Mr ADRIAN PICCOLI: I am not going to rule anything in or out, because we rule one thing out and then you ask the next thing. That is an old trick that we used to use as well. I am not going to rule anything in or

out. I think this would be a disingenuous way to begin negotiations with the union, by them reading the *Hansard* about what might be in or out.

The Hon. SHAOQUETT MOSELMANE: I do not recall asking anything about the union. I am what your policy is.

Mr ADRIAN PICCOLI: What the department might negotiate with the union is essentially open. The union can put anything to the department and the department can put anything to the union. That is the way negotiations begin. Where we get to, who knows? But in the broader context, outside the context of salaries in terms of class sizes, when the class size reduction program was introduced a few years ago it was supported by the Opposition at the time, the Liberal-Nationals. In fact, at the time I think John Brogden, the then Leader of the Opposition, originally proposed the decrease in class sizes. It has always been a bipartisan position.

The Hon. HELEN WESTWOOD: Minister, you would agree that class size is not just about teachers' conditions; it is also about conditions for students, is it not?

Mr ADRIAN PICCOLI: Absolutely.

The Hon. HELEN WESTWOOD: Will you rule it out?

Mr ADRIAN PICCOLI: As I said, I am not going to rule things in or rule things out. That is not the way I am going to negotiate with the union and it is not the way that I expect the department to negotiate with the union—by negotiating in public in front of the media. I think the union deserves more respect than that and the department deserves more respect than that. All negotiations over salaries are difficult. We all wish we could pay public servants more money than we already pay them—of course we all want to see that happen—but there is a responsibility for the Government to run a responsible budget and that is a tough balance to strike, and the unions have already taken industrial action over it. It is a hot subject and, as I said, I am going to pay the union more courtesy than to canvass what might be in or out during an estimates committee hearing—and I say that with all due respect to the estimates committee.

The Hon. SHAOQUETT MOSELMANE: Will schools that exceed their relief teacher budget continue to receive supplementation so that teaching programs at schools are not compromised?

Mr ADRIAN PICCOLI: I will let Dr Bruniges answer that question.

Dr BRUNIGES: Clearly, supplementation has been an issue and I know that the team in the department have been sitting down and working with principals. I think we have a situation where supplementation works very well in some schools and not so in others, but whether or not that will continue, I guess we are going through a due diligence process where we are working through that with primary principals and secondary principals associations, and those discussions are still underway.

The Hon. SHAOQUETT MOSELMANE: Can you give us examples of supplementation not working well, as you say?

Dr BRUNIGES: I can certainly take that on notice, yes, where we have supplementation that is not used to its full degree. Is that your question?

The Hon. SHAOQUETT MOSELMANE: You said it worked with some schools and did not work with others.

Dr BRUNIGES: Yes, we can take that question on notice and give you some examples.

The Hon. SHAOQUETT MOSELMANE: How much funding will the Support for Beginning Teachers initiative receive in 2011-12 and how does that compare with the program funding received in 2010-11?

Dr BRUNIGES: I will have to take that on notice; I do not have the details with me for beginning teachers.

The Hon. HELEN WESTWOOD: Turning to government preschools, what fees will you be charging from next year?

Mr ADRIAN PICCOLI: Last week the department put on its website the schedule of fees for all 100 Department of Education and Communities [DEC] preschools. I know the announcement was made a few months ago, but before making the fees for all the schools public, we wanted to make sure that the schools had been properly informed and that parents had been properly informed. My recollection—and I have the list here—is that the fees range from a low of zero dollars to a maximum of \$40 a day.

The Hon. HELEN WESTWOOD: Can you tell the Committee what modelling or research was done to assess the impact that this decision will have on the number of students attending preschools? Also, you say that the Government's rationale for charging for government preschools is so that it is consistent with the community-based sector. Why does this rationale not apply to government and non-government schools?

Mr ADRIAN PICCOLI: There are about four questions there and I am trying to think which one I should answer first. They are not in line with the community sector; they are still lower than the community sector generally. As to research, we used the Index of Community Socio-Educational Advantage [ICSEA] of the surrounding area to determine the level of fees. The reason preschools in primary schools were established was that there were primary schools in areas of concentrated disadvantage, and I understand and support that. In communities such as Boggabilla, Mungindi, Coonamble and Wilcannia there are zero fees for all students, so that recognises the fact that those communities, in particular, need the most support. We are trying to encourage students to attend preschool as part of our national target in terms of increasing participation in early childhood education and care. Based on the Index of Community Socio-Educational Advantage, they are the most disadvantaged communities and the fee is zero for all students.

In higher ICSEA suburbs, the fees are higher, recognising that there is, generally speaking, a capacity to pay. But even in higher ICSEA communities there are those who have less capacity to pay, so they are devising a very complex way to make sure that students who need the support of low fees get that support of low fees. This will not be replicated across all government schools because school is compulsory from kindergarten onwards, so there is a requirement for the Government to provide accessible and free education. At this stage, schooling before kindergarten is not compulsory. There is not a requirement for governments—and I say "requirement"—to provide universal access to preschool or early childhood centres. There are not enough preschool places for every student that wants to go to preschool and they are not necessarily distributed in the areas where the demand might be. That is the answer to your question as to why it will not happen in kindergarten and onward in government schools, but a couple of factors are at play here. Preschools were designed for children in low socio-economic communities or families.

We were finding that people were using those places with a voluntary fee—so essentially free—who could well and truly afford to pay fees. If you wanted to make the most money out of this policy, you would hope that everybody paid the full fee. If you want to get the right policy outcome, you would hope that no-one pays any fees or that there were minimal fees. They were designed to allow the kids who really needed to go to preschool to go for an affordable fee or for free. It may be that some people who are required now to pay \$40 may choose to go to a community-based one. I think they will struggle to find one that is affordable, but that may be the outcome.

Dr JOHN KAYE: Can you tell us how much money these fees will collect annually?

Mr ADRIAN PICCOLI: That is a good question because that is the how-long-is-a-piece-of-string question as well. Michele or Hugo will answer that question.

Mr HARMSTORF: The answer will depend on how many students who need to pay full fees will continue to attend those preschools. As the Minister said, if preschools are perfectly targeted to students who have high needs—

Dr JOHN KAYE: Mr Harmstorf, do not think I am rude, but as your answer is quite obvious I am going to cut you off. The answer to my question is that you have not yet analysed or do not yet have an estimate of how much this will collect, is that correct?

Mr ADRIAN PICCOLI: I presume there is an estimate, but it would be—

Dr JOHN KAYE: What is that estimate?

Mr HARMSTORF: We are still waiting to see how the enrolment changes flow through.

Dr JOHN KAYE: You either have an estimate or you do not. My question is: Do you have an estimate? I have a few questions to get through. I do not want to go round the mulberry bush on this. Do you or do you not have an estimate?

Mr HARMSTORF: I do not think we have a current estimate that would fully reflect all the information that is emerging as the enrolment patterns of those schools change.

Dr JOHN KAYE: At the time of the budget—

Mr ADRIAN PICCOLI: It is a difficult question to answer because the fees are based on a number of things, particularly the circumstances of the family. We are not quite sure which families fit into which circumstances. That might change.

Dr JOHN KAYE: So you do not have an estimate of how much this will collect.

Mr HARMSTORF: It is in single figures of millions. It is not designed to raise a significant amount of money, but the policy will result in preschools being better targeted.

Dr JOHN KAYE: Some kids attending public preschools will pay about \$8,000 a year and some will pay nothing. As I understand the Minister's previous answer, those at schools that serve communities with low Index of Community Socio-Educational Advantage [ICSEA] will pay no fees and those at schools with high ICSEA will pay up to \$8,000 a year?

Mr ADRIAN PICCOLI: How do you calculate the \$8,000?

Dr JOHN KAYE: I took \$200 a week and I multiplied it by 40 weeks, which is roughly—

Mr ADRIAN PICCOLI: Five times 40.

Dr JOHN KAYE: Yes. It could be different. My point is that if there is a low-income family in a relatively high ICSEA area, and we know this occurs, will they pay the full fees?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: Will they be on some kind of scholarship arrangement?

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: So in one public education institution we will have people paying different compulsory fees.

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: Are you not at all concerned about what having differentiated fees means in a public education institution?

Dr BRUNIGES: If I could give an example, in terms of what the department is actively doing at the moment, it is monitoring the situation closely. As enrolments come in at this point in time it is important that we have an idea of how many places the school has and how many enrolments are coming in. When we see a difference in enrolments, what we are finding on some accounts is that when parents make other choices, if they are not paying \$40 a day, what we are able to do is work actively with our interagency colleagues to see if a child might benefit from inclusion in preschool. That is normally yielding someone who is not paying fees at all. The tendency for the list to shorten can come at a cost of people choosing to go elsewhere for their 40 dollars. That is affording the opportunity to target particular students in need through our colleagues in Health and other agencies for placement of students. Of course, they would not be paying fees because of exceptional circumstances.

Dr JOHN KAYE: I appreciate that. That is an interesting piece of information, but it does not really answer my original question. Within the one public education institution some students will pay fees up to the order of \$8,000 a year and other students will pay no fees at all, depending on the socio-economic status of their families. As this is within a public education institution, my question was a philosophical one to the Minister: Does that not cause you some concern that it is undermining the principles of public education?

Mr ADRIAN PICCOLI: As I said, kindergarten and above is compulsory until you are 17. Preschool is not. I think preschools fall into a slightly different category from that which you are suggesting. But you are right. I am looking, for example, at the preschool at Annandale Public School. The full fee is \$40, for an Aboriginal student it is \$20 and for those on low income it is \$20. At Plunkett Street Public School the proposed fee is \$10, for an Aboriginal student it is \$5 and for those on low income it is \$1. So there is a differential. We tried to design the fee schedule to make it as reasonable as possible. Having two young children who attend early childhood education in care, \$40 a day is pretty good. I have to say, the parent you are referring to for \$40 a day, five days a week, in a preschool would be a fortunate parent, given that the presumption is that they are of sufficient means because there is probably a community-based one across the road where they would not let you enrol for five days for a start—I think it is 2½ days or two days. They would not let you enrol and it would be substantially higher than \$40. This is the thing. Do we let a \$300,000-a-year salaried merchant banker not pay preschool fees but if you are a schoolteacher on \$80,000 you pay \$50?

Dr JOHN KAYE: That is exactly my point about public education and the comprehensive nature of its provision. I refer now to the public sector wages case. How much of the \$2 billion saving that the Government has identified in its budget papers comes out of public school teachers? We will leave TAFE teachers aside.

Mr ADRIAN PICCOLI: When you say "comes out of public school teachers"—

Dr JOHN KAYE: How much of that comes from your department?

Mr ADRIAN PICCOLI: Okay.

Dr JOHN KAYE: The figure of \$2 billion statewide has been identified. How much of that is in your department?

Mr HARMSTORF: The department's target in terms of its budget is on page three of Budget Paper No. 3. We do not have subsidiary targets in relation to what you are talking about.

Dr JOHN KAYE: You are saying that you do not know how much the public sector wages policy, as implemented by the legislation and the regulation, is going to reduce your wages bill—the so-called save from your wages bill?

Mr HARMSTORF: The wages policy is for wages to increase by 2.5 per cent. So there will be an additional cost.

Dr JOHN KAYE: Mr Harmstorf, are you challenging the statement in the overall budget papers that there will be a \$2 billion saving across the public sector?

Mr ADRIAN PICCOLI: No. What is he saying is that there is going to be a funded salary increase and as for anything above that, well, you know the rest of the story. The Department of Education, like every government department—and I presume as occurs in The Greens' office—always looks for efficiency savings. If there are ways of doing things more efficiently and more effectively, certainly in a back-office sense, we will do it that way.

Dr JOHN KAYE: Do you understand the anger that teachers are expressing? Do you understand that they are taking industrial action on Wednesday? Do you have any sympathy at all as to how they feel about this policy?

Mr ADRIAN PICCOLI: As I said, I do not think anybody in this room or anybody in New South Wales would not like to be able to pay public servants more, particularly front-line public servants such as teachers, nurses and emergency services people. Of course we all do, but there is also a responsibility to run a

budget. I understand that teachers are not particularly happy about it. There is a 2.5 per cent minimum funded guaranteed increase in salaries.

Dr JOHN KAYE: Which is about 0.5 per cent below inflation. Minister, I know you are estimating roughly, but of that \$2 billion about \$400 million is coming out of teachers and your department in general.

Mr ADRIAN PICCOLI: The 2.5 per cent?

Dr JOHN KAYE: The whole policy. The budget itself identifies a \$2 billion saving, a proportion of which will come from education, from teachers.

Mr ADRIAN PICCOLI: My understanding is that the 2.5 per cent is funded by Treasury, not out of savings from the department. It is an additional budget allocation by Treasury.

Dr JOHN KAYE: But we are talking about the savings to Government.

Mr ADRIAN PICCOLI: My answer to that is that the department is always looking to make savings and efficiencies. There is always rhetoric around doing things better in a back-office sense and more efficiently.

Dr JOHN KAYE: Have you done any analysis on the impacts of this wages policy on recruitment and retention while recognising—as I think you have said publicly—there is a problem with retention? Before you were the responsible Minister I think you agreed with statements The Greens made on that matter. Have you done any analysis on the impacts of this policy on retention and recruitment?

Mr ADRIAN PICCOLI: I will defer to the Director General to answer that.

Dr BRUNIGES: The wages policy is partly by Treasury but from a departmental point of view, in terms of retention of teachers in the workforce, there is a body of research on retention in its own right. In respect of the wages policy, the department has not done any analysis. What I can say though is that when we look at the retention figures from around the country we know that probably the areas of maths and science are the most difficult in terms of retention because of the career opportunities in other related fields that people make individual choices about. There have been a number of programs and support for teachers in particular fields put in place around teacher professional learning, and that is incredibly important for those fields that are more subject to greater career opportunities than in the maths and science fields.

The Hon. ROBERT BORSAK: I see from Budget Paper No. 3 page 3-14 that the number of newly appointed primary school teachers resigning from the Department of Education within the first five years has averaged nearly 11 per cent for the past three years. Why are you expecting that to drop to 9.1 per cent this financial year?

Dr BRUNIGES: I will take that question on notice, but I suspect they have looked at the cohort and age of teachers coming through and projected the retirement figures from that.

The Hon. ROBERT BORSAK: I note that in February this year the current Minister visited Blaxcell Public School at Granville and noted that the school's new Building the Education Revolution [BER] classrooms were not air-conditioned. The Minister described it as a "wasted opportunity". Are those classrooms now air-conditioned?

Mr ADRIAN PICCOLI: Not to the best of my knowledge. Since becoming Minister I have had discussions with the BER implementation group about the air-conditioning issue and it is as yet—I think I can say—unresolved. But there were issues around what the Commonwealth allowed New South Wales to spend its BER money on. My understanding is that schools in the hot zone that had BER classrooms built were air-conditioned, but schools outside that zone were not air-conditioned as part of, I presume, the normal policy around air-conditioners. As far as I am aware Blaxcell Street Public School is still not air-conditioned.

The Hon. ROBERT BORSAK: Is it a fact that only about one-third of New South Wales public schools are air-conditioned? How many schools with a mean maximum temperature of 30 degrees Celsius or more in January have no air conditioning?

Mr ADRIAN PICCOLI: I am not sure of the exact statistics. Perhaps the director general can assist with that.

Dr BRUNIGES: I can help to a certain degree. We know that more than 800 schools are air-cooled, which represents more than one-third of public schools, and it has also been provided in all demountable classrooms and demountable libraries across the State. In addition to that, it is important to say that the department is also investigating the use of active approaches with ventilation and a whole line of sustainability. Things like more effective upgraded insulation, improved ventilation, including night flushing of buildings, providing screens and awnings for sun shading, soft landscaping to include the planting of appropriate deciduous tree species to provide shade, upgrading of ceilings fans, sun-controlled blinds, strategic placing of surfaces like asphalt with soft landscaping to reduce reflected heat in playgrounds and improving roof space performance using turbo roof ventilators with additional roof insulation. Those are important measures, and I expect in the design of schools as we go forward it will be important to also think about the ways we can achieve those things as a stock standard in planning for future schools.

Mr ADRIAN PICCOLI: Can I add to that? I recently went to Wakehurst Public School, which ironically is not in the electorate of Wakehurst, to announce the development of a thermally comfortable framework trial—to implement the kinds of things the director general was talking about. This will reduce our reliance on air conditioning and heating and, as a result, reduce schools' power consumption particularly, given the increase in electricity prices and given, if I dare say, some direct action on climate change. Some 11 schools will take part in the trial: Casino West Public School, Curl Curl North Public School, Elizabeth Macarthur High School, Hinton Public School, Kiama High School, Leeton High School, Molong Central School, Nepean High School, Tamworth West Public School, Marrickville High School and Peakhurst West Public School.

We are doing a number of things at those schools essentially along the lines of what the director general was talking about—some of those passive heating and cooling things. A school such as Leeton High School will have air conditioning, but if we can reduce the amount of air conditioning required to be used it will be in the interests of everybody—it will reduce power bills and it will reduce carbon dioxide emissions. This is an attempt to do something more sophisticated than just putting in heaters and air conditioners. They will still be needed in hot and cold climates particularly, but surely we can do things around that in a more sophisticated manner. That is what the pilot is all about.

The Hon. ROBERT BORSAK: I note that 4,300 interactive whiteboards are to be placed in 1,000 schoolrooms before 30 June next year at a cost of \$23 million. How many interactive whiteboards have been placed in classrooms so far?

Mr ADRIAN PICCOLI: I do not know the answer to that question.

Dr BRUNIGES: We will take that question on notice.

The Hon. ROBERT BORSAK: How many schools outside your electorate have you visited since becoming Minister?

Mr ADRIAN PICCOLI: That is also a good question.

The Hon. ROBERT BORSAK: Do you want to take it on notice?

Mr ADRIAN PICCOLI: Yes, I will take that on notice but it has been quite a few, as well as TAFE colleges, universities and early childhood education and care centres, because they all fall within the Department of Education now. I thank the Committee—I was going to say this in an introductory remark but I was not allowed to—for changing the date of this hearing from Wednesday to today. My wife and two children also thank the Committee. You have made it far more family friendly for a regionally based Minister with two young children. But we will give you that information.

Dr JOHN KAYE: You owe us all lunch.

Mr ADRIAN PICCOLI: I know. I want to put that on the record.

CHAIR: We will call in the return favour.

Mr ADRIAN PICCOLI: I want to say that I appreciate that having been done because it can be difficult having young children, as many would know. What I have tried to do as the Minister as I have gone around the State is instead of necessarily going to one place and visiting five schools because it does take some time—I was in Kiama a couple of months ago and we did this—I will visit a school and bring in a dozen principals from the district. I have found that to be an effective way of really communicating directly with principals and there is usually only me or me and a member of my office, one of the education advisers. With all due respect there is no bureaucracy; it is an opportunity for principals to have an honest opportunity to tell the Minister what they think and for me to bounce stuff off them as well. It has been very effective.

At last count we had had that direct conversation with more than 100 principals. Just last Thursday I met with a dozen Catholic school principals in north Parramatta. That has been an effective way of making that direct communication. They are generally about national things, particularly the Catholic principals, around national curriculum, performance pay for teachers, bonus pay, and those kinds of things. There are a number of schools but I have used a different approach to have that more direct conversation with school leaders. I will give you both of those lists if you like.

The Hon. ROBERT BORSAK: Is the Government contemplating or will it plan for the installation of solar panel technology in schools in New South Wales to reduce the future requirements for mains-supply electricity?

Mr ADRIAN PICCOLI: There has been a program in place and it has been going for some time, but I will let Hugo answer that.

Mr HARMSTORF: We do not have any current plans to have any State-funded program for solar panels. There have been solar panels installed through the Building the Education Revolution program and through other programs, but no current plans at the moment. It may well be something we look at given the increasing cost of the utilities bill.

Ms LOBLE: There is a National Solar Schools program that supports installation of solar panels.

CHAIR: With the Minister's concurrence, we are now going to go on to the Technical and Further Education New South Wales and Board of Studies part of the portfolio.

The Hon. SHAOQUETT MOSELMANE: Minister, have you received any advice from the department that indicates that your legislation to transfer TAFE staff to the New South Wales TAFE Commission will allow the TAFE Commission to reduce conditions of employment for existing staff?

Mr ADRIAN PICCOLI: No.

The Hon. SHAOQUETT MOSELMANE: No advice whatsoever?

Mr ADRIAN PICCOLI: Ask your question again so I can be careful with my answer.

The Hon. SHAOQUETT MOSELMANE: It is a long question. Have you received any advice from the department that indicates that your legislation to transfer TAFE staff to the New South Wales TAFE Commission will allow the TAFE Commission to reduce conditions of employment for existing staff?

Mr ADRIAN PICCOLI: No.

The Hon. SHAOQUETT MOSELMANE: None whatsoever?

Mr ADRIAN PICCOLI: I have had lots of briefings about it but the answer to your question is no.

The Hon. SHAOQUETT MOSELMANE: What impact does transferring staff from TAFE to the TAFE Commission have? What advice did you get?

Mr ADRIAN PICCOLI: I defer that to the director general.

Dr BRUNIGES: The bill has the three key features: The specific power to enable TAFE New South Wales to employ its staff. It transfers all existing employees including TAFE teachers, institute managers,

administrative staff and educational support staff from their existing employment under the Public Sector Employment and Management Act 2002, so they become direct employees of TAFE New South Wales. The bill maintains existing core conditions of employment for a 12-month transition period, including hours of work, salary, shift, overtime and penalty rates, allowances and leave while the new agreements are being negotiated. That means that staff will be once again employed by TAFE New South Wales. Just as employees of a statutory authority, the staff will be covered by the Commonwealth Fair Work Act 2009, similar to those of New South Wales-owned corporations such as RailCorp and Sydney Water.

The Hon. SHAOQUETT MOSELMANE: What is the purpose behind the transfer of staff from TAFE New South Wales to the TAFE Commission? What is the real reason?

Mr ADRIAN PICCOLI: By way of background: In 1990 the New South Wales TAFE Commission was created and all TAFE New South Wales teachers were employed by the New South Wales TAFE Commission until 2006 when in the context of Work Choices the previous Government shifted TAFE New South Wales employees. It did not close the New South Wales TAFE Commission, but shifted the employees under the employment of the Department of Education. This legislation moves TAFE employees back to the New South Wales TAFE Commission. My understanding is there were not any particular issues about TAFE New South Wales staff being employed by the New South Wales TAFE Commission. I think, again anecdotally, TAFE New South Wales teachers were happy to be employed by the New South Wales TAFE Commission because they see themselves differently than school teachers.

Dr JOHN KAYE: How do you know that, Minister?

Mr ADRIAN PICCOLI: I am saying anecdotally from what TAFE teachers have said to me, they liked being essentially independent, or as they saw themselves, as independent of the Department of Education. They are not part of the massive big bureaucracy.

Dr JOHN KAYE: I have 4,000 emails that put it the other way.

Mr ADRIAN PICCOLI: But the 4,000 emails are in response to an email from the Teachers Federation which tried to link this legislation in with the salary negotiations and various other things. I do not have a copy of it here. I am not surprised you got 4,000 emails. I know the Deputy Director General of TAFE New South Wales, who is here today, also sent out an email with accurate information and did not receive nearly as large a response. The response depends on what prompts the response. If you are going to run a fear campaign I thought it was effective.

The Hon. SHAOQUETT MOSELMANE: I have a few more questions. Minister, will you give a commitment that TAFE New South Wales staff will not have their salary and conditions of employment reduced as a result of transferring to the New South Wales TAFE Commission?

Mr ADRIAN PICCOLI: The Government's salary policy remains for TAFE New South Wales teachers. In fact this change means that TAFE teachers are not subject to the industrial relations legislation that went through the Parliament a few months ago and the regulation that subsequently went through because they now, instead of being under the New South Wales jurisdiction they are under the Commonwealth jurisdiction. The protest in the Domain included TAFE teachers who did not want to be subject to New South Wales legislation, and now because of this change they are not. The salary negotiations with TAFE teachers will be pursued in the same way that salary negotiations with schoolteachers will be pursued.

The Hon. SHAOQUETT MOSELMANE: Will you rule out making all Government funding for vocational educational and training contestable?

Mr ADRIAN PICCOLI: We have a discussion paper out at the moment and I urge you to make a submission to it. Again, it is not a discussion paper if we rule things in and rule things out. I have said on the record that we have seen—I think this is a benefit actually—what happened in Victoria with TAFE, given that it is pretty much in a fully contestable market. We have the benefit of seeing what has happened in a jurisdiction where it has gone almost entirely down that path. There were newspaper reports recently that stated there has been a 1,000 per cent increase in the number of personal trainers being trained. I am not sure that is the outcome we would want from a training system, that we end up seeing a lot more people trained in professions where there is not necessarily a skills shortage.

The other thing is that it has seen a couple of TAFE education institutes in Victoria threatened in terms of their viability. Those are regionally based TAFE facilities, and as a regionally based Member of Parliament and a member of The Nationals that is certainly something I would not like to see happen in New South Wales and I think I can comfortably say it will not happen whilst I am the Minister in New South Wales. We have released a discussion paper called Smart and Skilled: Making NSW Number One where we are inviting TAFE New South Wales, industry and the unions to make submissions about how far down this path we should go.

The Premiers and the Prime Minister have signed off on a communiqué over skills, and the Commonwealth is going some way down the contestability path. We have to be prepared for that. I think they have softened their language in the last few months, but we must be prepared for that. That is why we are not simply going out and announcing huge changes without ensuring that we know exactly where the sector is and those impacted by the sector, which are the employers and the students. We want to ensure that any changes that are made are the correct changes and that that is done with proper consultation.

The Hon. SHAOQUETT MOSELMANE: Will you give a commitment that any reform as a result of your recently released discussion paper on vocational education and training does not result in significant fee increases for students?

Mr ADRIAN PICCOLI: Commitments one way or the other, I do not want to see fees increase. There was a significant fee increase a couple of years ago, which we opposed and we opposed for good reason. We want to make sure that particularly students who are from disadvantaged backgrounds or low-income backgrounds have the opportunity to access training. Where we can keep fees as low as possible—fees are a reality in most subject areas—we certainly will.

The Hon. SHAOQUETT MOSELMANE: Will you rule out the introduction of income-contingent loans as a scheme being introduced in New South Wales?

Mr ADRIAN PICCOLI: My understanding is that there are already income-contingent loans in New South Wales, introduced by the previous Government.

Ms CHRISTIE: Currently, vocational education and training VET FEE-HELP is available in New South Wales for both public and private providers of full-fee vocational courses, and that is an income-contingent loan.

The Hon. SHAOQUETT MOSELMANE: Does that mean that you will maintain it, you will keep doing that?

Mr ADRIAN PICCOLI: They are already here. Income-contingent loans are already here, introduced by the previous Government. It is part of the discussion paper about what we might do with them. As I said, it is not a discussion paper if as the Minister I start ruling stuff in and ruling stuff out, because you start to define the discussion and I am not willing to do that. Depending on the result of that discussion paper, there might be more questions about it at estimates next year.

The Hon. SHAOQUETT MOSELMANE: What action is the Government taking to address low apprenticeship completion rates?

Dr BRUNIGES: I do not have the trend data, but it would be interesting to have a look at the trend on whether there were peaks or troughs in the data in terms of completion rates of apprenticeships and trainees. But I know there is a lot of hard work done in a number of jurisdictions in terms of further support for apprentices in the workplace. It is hard. I taught spray painting to automotive students in a TAFE in a previous life, and that was fine but the demands on them to come to work or come to TAFE after work and to ensure that they were still learning was a difficult call. I think there is workplace support for apprentices and trainees in the workplace. I know there are some programs that enable sufficient time for them to travel to and from their apprenticeships, which we are all in support of them going through. I do not think anyone likes to see someone begin a course and not complete it. A lot of personal and professional factors come into play; students make individual decisions. So our task from a department point of view is to try to provide as much support as possible for those completion rates to be as high as we can get them.

Mr ADRIAN PICCOLI: In addition to that, at the last training ministerial council meeting in Melbourne, I recall this was raised again as a paper, from New South Wales—addressing completion rates for

training and apprenticeships. Again, much of this is driven at a national level and the Commonwealth also provides a lot of funding for training. There are examples that I have heard of, again just talking to, in this case, one private provider, who said that with one of the Commonwealth programs funded you for every student you enrolled. At the beginning of the course you got a certain amount of funds and then you got the rest of it when it was finished. But it was financially in the interests of the provider to enrol people and then if they dropped out it did not matter because if they got the first \$5,000 of the \$10,000 it was quite a good money earner.

Dr JOHN KAYE: Productivity places, was it?

Mr ADRIAN PICCOLI: Yes. I think they have changed the criteria for that now, but those are the kinds of incentives for providers not to ensure that their students do not complete. This private provider told me that the Government needs to make changes to make sure that public money is spent properly because the whole idea of putting public funds towards these training programs is so that people get trained. There are a number of things that can be done at a national level and by the Commonwealth to make sure that we encourage that completion.

Ms LOBLE: The only thing I would add is that in New South Wales traineeship and apprenticeship completions have gone up 6 per cent between 2009 and 2010, and part of that is not only the support programs that have been mentioned here but also increasing the proportion of apprentices who are getting competency based approval rather than being forced to go through time based—more recognition of prior learning and more of a competency based evaluation of whether they are ready or not has helped. We would be happy to share the Deloitte Access Economics evidence around the cost of non-completion, which is quite substantial to New South Wales and remains a big concern. Finally, the New South Wales Board of Vocational Education and Training is just completing a very in-depth study of exactly why certain relationships, certain employees, certain employers and apprentices have a better prospect of completion than not.

Mr ADRIAN PICCOLI: It is a good question. Perhaps it is a bit of an unsexy subject matter, particularly for the media, with respect, but it is important because of the importance of getting people trained to fill skills vacancies, skills shortages in New South Wales, but a substantial amount of public funds go into it and rightly so. It is essentially wasted if it is not completed. One of the other interesting bits of data around this is—again, I made this point at the ministerial council meeting—is that in that room are Queensland and Western Australia. The big resources companies there are saying to the Commonwealth, "Put all your training money into Queensland and Western Australia because that is where the skills shortages are". But, interestingly, 25 per cent of workforce-aged people who do training in New South Wales leave New South Wales. So 25 per cent of people who are trained in New South Wales leave and go to States like Queensland and Western Australia to fill their shortages. The point is that the Commonwealth should not fund Queensland and Western Australia only; it must also fund Victoria and New South Wales, particularly because we are essentially the nursery for many of their employees who fill their skills shortages.

The Hon. SHAOQUETT MOSELMANE: How many apprentices and trainees commenced training in 2011 and how does this compare with 2010?

Mr ADRIAN PICCOLI: That is a good question. I do not know the data exactly.

Ms LOBLE: I can tell you that 163,951 apprentices and trainees were in training as of 1 September this year. I will have to take on notice the commencements. I have a national figure, but I will have to take on notice the actual commencements in New South Wales. But there were over 163,000 in training as of 1 September.

The Hon. SHAOQUETT MOSELMANE: The second part of the question was compared with 2010.

Ms LOBLE: I will take that on notice.

The Hon. SHAOQUETT MOSELMANE: What resources and funding will be allocated to increase the number of people with certificate III and above? Is the increase in the percentage from 55.8 per cent to 58.6 per cent considered achievable when the historical data shows a slower increase of 1 per cent?

Ms LOBLE: There has been a very substantial increase in the proportion of training hours delivered at certificate III. We have gone from 59 per cent in 2002 to 70 per cent in 2009. The proportion of completions at that level or higher likewise has gone up quite substantially: 63 per cent in 2002 to 75 per cent in 2008. Pam

Christie may want to comment particularly on TAFE where there also has been a very big increase in diplomas and above. By and large, New South Wales has made substantial progress in being able to raise the qualification level. That remains a priority under the State Plan and under our Council of Australian Governments commitments.

Ms CHRISTIE: If I could speak for TAFE, as Ms Loble mentioned, with growth in enrolments being particularly significant at 23.8 per cent, but a similar growth in certificate III. The way we have been able to achieve that in TAFE is through the purchasing agreement that I have with each of the 10 institutes. It requires the institutes to give priority to higher level qualifications. All of our institutes and all of our teaching sections are working to try to increase opportunities for students to achieve higher level outcome. We are particularly proud of our ability to do that for groups such as Aboriginal students. Again, their participation rates at those high-level qualifications and completions have been quite significant. It has been a deliberate policy shift. We have been working on pathway programs, ensuring students have adequate learner support to achieve a high-level qualification, making information on job outcomes for students with higher qualifications available to students, and working with employers in partnership to recruit students into employment opportunities, such as the IPROWD program. We are very proud of working with the NSW Police Force to create pathways for indigenous learners. So it is not only about getting higher qualifications but also getting jobs as an outcome of achieving those higher levels.

The Hon. ROBERT BORSAK: In regards to TAFE, I note the allocation this year of \$98 million to commence 10 new projects and to continue 21 others already underway. How many of the new projects have begun and where are they?

Ms CHRISTIE: Is that capital projects?

The Hon. ROBERT BORSAK: I would think it is talking about capital projects, yes.

Ms CHRISTIE: Could you repeat the question?

The Hon. ROBERT BORSAK: I note an allocation of \$98 million to commence 10 new projects and to continue 21 others already underway. How many of the new projects have already begun and where are they?

Ms CHRISTIE: I will have to take that one on notice. I am sorry; I do not have the details.

Dr JOHN KAYE: I will commence with questions on TAFE. I note in the 2011 budget there was no figure for retained revenue. As I understand it, retained revenue includes such things as fees and charges for the provision of TAFE courses. I also understand that between 2005 and 2010 retained revenue grew by about 70 per cent in real terms. Can you tell us why the retained revenue was not in the budget and how much it was?

Mr ADRIAN PICCOLI: Pam Christie is best placed to answer this question and perhaps an explanation of how TAFE is reported in the budget.

Dr JOHN KAYE: This is a change. This is not about how it is reported, with due respect. The reporting changed dramatically. In almost all previous years, but not all, going back to 2002 retained revenue has been reported. This year it was not reported and it cannot be deduced from the numbers in the document.

Dr BRUNIGES: Dr Kaye, that is probably best asked of the Treasurer in the formation of the budget papers.

Dr JOHN KAYE: Did you provide the Treasurer with retained revenue figures?

Dr BRUNIGES: I would need to take that on notice.

Dr JOHN KAYE: Can you provide us with the retained revenue figures—the achieved figures for last year and the budget figures for this year?

Dr BRUNIGES: Again I would need to take that on notice.

Dr JOHN KAYE: To be clear, is it correct that the department came to budget estimates without retained revenue figures—without an estimate or without the actual figures on retained revenue?

Dr BRUNIGES: I certainly have not got it with me today, Dr Kaye. I would need to take it on notice.

Dr JOHN KAYE: Ms Christie, do you have those figures?

Ms CHRISTIE: I am aware that there was a difference in the presentation of the budget papers this year. I cannot give an explanation as to why that changed, I am not aware of that. By "retained revenue", I understand in previous budget papers it was referring to externally sourced revenues achieved by TAFE. I can certainly say that is in the order of \$400 million. I am happy to provide the exact amount. I will just say there has been a reduction in externally sourced revenues in the past year. There are a number of reasons for that. The biggest influence has been the downturn in international students, which has impacted on revenues right across the vocational, the higher education and even the school sectors. There has been an impact on TAFE revenues because of the downturn.

Dr JOHN KAYE: So it was below the 2010-11 budget figure?

Ms CHRISTIE: The budget for 2010-11, which is the estimate that includes revenues, was higher than was achieved. There are two main reasons for that. The first is the reduction in external revenues. But there was also a transfer of some TAFE staff to the department in the shared services area and also in assets portfolio, and that resulted in a reduction of salary costs for TAFE.

Dr JOHN KAYE: You are taking it on notice and you will get back to us with the exact retained revenue figures, both the achieved amount for the previous year and the budgeted amount for this year?

Ms CHRISTIE: Correct.

Dr JOHN KAYE: Thank you. I now go to the issue that was raised by the Opposition in its questions, that is, the issue of transfer of TAFE staff back to the TAFE Commission. As I understand it, that means those TAFE staff will come under the Fair Work Act 2009, which means they will engage in enterprise bargaining to reach an enterprise agreement underwritten by a modern award. Can you give us any statement on what size units will form the enterprises? Will it be TAFE in general, the institutes, the colleges, the campuses or right down to the individual business units within TAFE?

Dr BRUNIGES: At this point, Dr Kaye, I cannot tell you that. Mr Riordan or Ms Christie might be able to help out.

Mr RIORDAN: It will be TAFE New South Wales.

Dr JOHN KAYE: The only enterprise will be TAFE New South Wales? There will be no enterprises with smaller units for the purpose of enterprise bargaining?

Mr RIORDAN: There may well be but currently there is only the National Aerospace Training Centre of Excellence [NATCOE] contract, a national aeronautical contract with the Riverina Institute, which currently has an enterprise agreement. There may well be an agreement for that. But the initial discussions in terms of the TAFE teachers award will be with TAFE New South Wales and there will be separate discussions for separate enterprise agreements in relation to staff covered by the Public Service Association [PSA].

Dr JOHN KAYE: So you will be negotiating for two enterprise agreements in the 12-month protected period, one with TAFE teachers and one with the PSA covered staff?

Mr RIORDAN: It may well be three; I am not sure about the NATCOE.

Dr JOHN KAYE: And the NATCOE and no more? And there is no intention by this Government to create smaller enterprises than that?

Mr RIORDAN: No.

Mr ADRIAN PICCOLI: That is Mr Riordan's answer.

Dr JOHN KAYE: Is that a commitment that you will not go for any other structure?

Mr ADRIAN PICCOLI: Well in the forever I do not know, but I think Mr Riordan has just answered your question.

Dr JOHN KAYE: In an environment of increasing competition, both for dollars and for students, and in an environment where, by your own discussion paper there has been a substantial increase in the contribution from fees and charges, do you feel there will be pressure on the Government to go for smaller enterprises to competitively respond to private providers?

Mr ADRIAN PICCOLI: I do not necessarily think so; I do not think that is necessarily the case.

Dr JOHN KAYE: So how will you respond? What is the Government's strategy to respond to an increasingly contestable environment?

Ms CHRISTIE: Can I perhaps give an example that might help demonstrate this? What Mr Riordan said, and the Minister is absolutely right, our intention is to have an enterprise agreement across TAFE for all our teachers. TAFE has already been operating in a highly commercial contestable market for the past 20 years, in fact since the commission was established, and there are some circumstances where business opportunities may come that may require different wages and conditions—that does not mean they are lower wages and conditions, but it may mean that they are different to those arrangements for all our other teachers. The example I wanted to use was one where we are successfully operating a commercial activity in Abu Dhabi. It is quite a big project. We tendered for it more than three years ago, nearly four years ago now, and since that time we have seconded and sent over 200 staff—teachers and administrative staff—to establish and administer a vocational education and training facility. That has brought enormous benefits for us as an organisation.

Some of the surpluses from that project have been used to provide professional development opportunities for all TAFE staff. But staff who have had that experience have also benefited and brought skills back. At the time we did attempt to establish an enterprise agreement for that project, which was unsuccessful. We had to release staff on leave without pay in the end and then allow them to be employed locally. That was not our preferred method of managing that project. We did not think that was in the best interests of the organisation or of staff, but we did proceed with it and it has been successful. But I would hope in the sort of environment we are talking about now, where TAFE is recognised as a public sector statutory authority, it can negotiate with its staff and unions more flexible type arrangements that provide opportunities for different business models. That is not about reducing wages and conditions; it is about having the flexibility we need to continue to be successful.

Dr JOHN KAYE: I am a little bit confused. Are you saying that you will have a situation where not all TAFE teachers will be on the same salary or conditions? Or when you say flexibility, do you mean flexibility amongst units within TAFE?

Ms CHRISTIE: Well not within units. The example I gave was for a specific project.

Dr JOHN KAYE: So you would be looking for—I am not sure how this gels with the answer that Mr Riordan or the Minister gave—specific enterprise agreements for specific activities?

Ms CHRISTIE: At this stage our plan is to have an enterprise agreement for all our staff and Mr Riordan gave the example of one existing enterprise agreement. In fact Bradfield is another existing enterprise agreement that we have. I gave an example of something that was in the past. I am not suggesting—

Dr JOHN KAYE: Miss Christie, I am confused by your answer. It is a fairly straightforward issue. Is it your intention to maintain all TAFE teachers of a certain level of qualification, and a certain level of experience, on the same pay and conditions, or do you look to change flexibly—and you say not better, not worse, just different, across the system so you can respond to competitive pressures? Is that your intention, and that will be done within the one enterprise agreement, or will you need to have separate enterprise agreements to achieve that?

Ms CHRISTIE: I think what I am trying to explain is that there may be opportunities in the future for TAFE to tender for or to pursue other business opportunities and I thought to suggest that forever and ever there would only be one set of conditions for wages and conditions for staff, to fit every single arrangement, would be unrealistic. All I was trying to demonstrate through that example is that in that example the wages and

conditions were different to those to our teachers here. They were remunerated at a higher rate but they worked longer hours so they were different, but they would not fit within the current arrangements.

Dr JOHN KAYE: I will ask this one last time because I am really not getting a straight answer. Are you looking for an enterprise agreement that gives flexibility to do that or are you looking for a situation where you may seek to put some staff on to it or you may seek to negotiate a separate enterprise agreement for a subgroup of staff?

Ms CHRISTIE: We have not commenced negotiation—obviously we are not at that stage yet—so I do not think it would be appropriate for me to say what would be. What I can say is we would certainly hope in negotiating any enterprise agreement with staff to maximise the flexibility to reflect the hugely diverse situations where TAFE teachers currently operate. We have TAFE teachers working in mines, we have teachers working and supporting students online, we have teachers working and supporting students in workshops, in classrooms, so we would certainly want to maximise that.

Dr JOHN KAYE: And clearly the increasingly contestable and competitive environment that TAFE now faces would inform your negotiations on those matters?

Mr ADRIAN PICCOLI: I think TAFE should be commended for going out and trying to find these kinds of opportunities because I think we all want to see a stronger and bigger TAFE, and there are private companies out there that want training and they are asking people or organisations to offer that training—Abu Dhabi is an example. It is great for New South Wales to actually be able to do that. Whether it is, as Pam Christie said, increased salary with increased hours, or whatever it might be, is as an opportunity for TAFE. It certainly is not a threat to TAFE.

Dr JOHN KAYE: To that point, Minister, you said we all want to see a bigger TAFE—a bigger TAFE system I presume you mean. Why then was the total expenditure, excluding losses, budget to budget 2010-2011-2012 slashed in real terms by 3.1 per cent?

Mr ADRIAN PICCOLI: This gets back to what I was going to say to Pam Christie before about explaining how the budget—

Dr JOHN KAYE: But this is budget to budget.

Mr ADRIAN PICCOLI: But I will let Pam Christie answer how the budget is—

Dr JOHN KAYE: There is a 3.1 per cent cut.

Mr ADRIAN PICCOLI: Pam Christie is going to answer that question for you but—

Dr JOHN KAYE: And 18.3 per cent in capital, 2.1 per cent in recurrent.

Mr ADRIAN PICCOLI: There are private companies out there that want training offered and I would like to see TAFE in as strong a position as possible to be able to respond to their needs and offer that training. Otherwise there are going to be private providers out there who will gobble up all of this work.

Dr JOHN KAYE: Minister, how do you achieve that by cutting TAFE expenditure by \$56 million in real terms—

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

Dr JOHN KAYE: —while it still provided the same number of student hours?

Mr ADRIAN PICCOLI: Pam Christie will answer this.

Dr JOHN KAYE: How do you strengthen TAFE by causing it to provide the same number of student hours but cutting its total expenses, excluding losses, by \$56 million in real terms?

Ms CHRISTIE: As I explained previously, the budget is an estimate of all our expenditure. Certainly we have achieved efficiencies in TAFE and we are proud of those efficiencies, but the reduction was a direct result of a reduction in, first, external revenues and, secondly, the transfer of staff. Those staff—shared services staff and assets staff—did not impact directly on the enrolments of students because they were corporate services staff that were reflected in the budget.

Mr ADRIAN PICCOLI: So the answer to your question is that TAFE uses its revenues to fund its programs—that is international students, private contracts—so it needs to be strong to be able to raise that revenue.

Dr JOHN KAYE: You accept that the total number of student hours taught did not change from one year to the next?

Mr ADRIAN PICCOLI: Again I go to Pam Christie's answer.

Dr JOHN KAYE: There was a \$35 million cut in recurrent expenditure, which I presume you are explaining in terms of the staff who were transferred; there was \$21 million in capital expenditure in real terms.

Ms CHRISTIE: I can certainly explain the capital expenditure in a similar situation to the Schools portfolio. We were benefiting from a number of Commonwealth stimulus programs—the Better TAFE Facilities, the Education Investment Fund and Australian Technical Colleges—and a number of those projects concluded in that time. So, again, it was not a cut, it was the cessation of those programs.

Dr JOHN KAYE: Can I shift my question to the national curriculum, which may involve Mr Alegounarias? Where are we up to with the negotiations over the national curriculum? The Australian Curriculum, Assessment and Reporting Authority put out a slightly sweaty media statement, I think last week, saying that the next step had been taken. Can you wipe the sweat off that statement for us and explain what really did happen?

Mr ALEGOUNARIAS: At the last ministerial council Ministers endorsed achievement standards. The nature of the presentation of those achievement standards will vary from jurisdiction to jurisdiction. In New South Wales those achievement standards will be built into our syllabuses and into what we call stage statements, and those syllabuses, including that Australian Curriculum, Assessment and Reporting Authority [ACARA] content, is currently in consultation. We have a common platform in the common content of the achievement standards but they will be presented slightly differently in different jurisdictions in New South Wales through the syllabus.

Dr JOHN KAYE: I am not really across—and I suspect other members are not either—what an achievement standards means and how it relates to our existing syllabus structure. Have we now signed off on the national curriculum?

Mr ALEGOUNARIAS: Yes, we can say we have signed off on English, maths, science and history. But in substance, from a school perspective, what they will be required to teach and what students will be required to learn will be finally defined through the syllabus. So the common dimensions—that is, what we all agree will be common—we have come to terms with and that is represented in the content and the achievement standards. The content is what it is that kids need to learn, achievement standards are the level to which they need to learn it. That is the simplest way to put it. We have agreed to all of that nationally, but in different jurisdictions it will be presented differently. In New South Wales the assurance that teachers wanted and that they are gaining is through this material being included in syllabuses—that the syllabuses help clarify the content and the achievement standards detail what is required to learn and a greater explanation of the depth to which they learn it, and that is currently being consulted.

The Hon. SHAOQUETT MOSELMANE: Why are TAFE student enrolments predicted to increase by only 1,000 in 2011 compared with 2010, given the Government's commitment to increase the number of people with vocational qualifications?

Dr BRUNIGES: I think part of that story is going to be that we expect high qualifications. There is no doubt through both the Federal level and what we are doing here in New South Wales is trying to lift the qualifications of people rather than just have maximum people in at Certificate I or II. We want people to take

the extra step and do higher qualifications. That would be part of the reason. Perhaps Pam Christie can add to that. Is that the main reason?

Ms CHRISTIE: That is definitely the main reason, yes.

The Hon. SHAOQUETT MOSELMANE: Why do grants and subsidies for registered private providers increase by such a significant amount—more than \$100 million—for 2011-12, as outlined on page 20 of the budget papers?

Ms LOBLE: That is principally the Productivity Places Program, the Commonwealth program, flowing through the budget. Overall, the Board of Vocational Education and Training has recommended consistent amounts through the core funding for competitive programs, of which TAFE gets about a third. But that increase reflects the Productivity Places, which is a specific Commonwealth program.

The Hon. HELEN WESTWOOD: I return to schools. What is the projected enrolment for the government school sector in New South Wales over the next five years and also over the next 15 years, and how many schools will be required to accommodate this growth?

Dr BRUNIGES: Leslie Loble is looking up our submission to Gonski and looking at the projection. From memory I think it is 400 additional schools that we put into that submission, based on projected trends. But the year-by-year one I would have to provide for you on notice; I do not have it with me. There may be something that Leslie Loble can add in relation to that.

Ms LOBLE: The advice that we had from our demographic projections—which are like any projection: factors can change—and it was included in our submission, was that there would be an increase of 135,000 students across New South Wales in the next 15 years. Just based on the current size of schools, that translates into 400 schools.

The Hon. HELEN WESTWOOD: Given that there are only seven major new building projects in the 2011-12 budget, and only one of those was for a new school to meet the growth in student needs, and that was at Oran Park, how does the Government intend to meet this growing demand?

Mr ADRIAN PICCOLI: That is a forecast, and new capital works in schools are usually planned well in advance by the demographers in the Department of Education, and, as you can probably appreciate, there are a lot more requests for new schools than new schools built because they are built after proper research. We want to make sure that they are built and certainly in the right places. But that 400 figure also includes non-government schools.

Ms LOBLE: That is one of the reasons that we featured it in our submission, because clearly we are now facing a very significant discussion at the national level about how schools funding will be structured, and one of the areas that we wanted to make sure the Gonski review paid attention to was the capital needs not just the recurrent needs.

The Hon. HELEN WESTWOOD: Is the Government committed to building a new high school at Medowie and will funding be provided in 2011-12 for this project?

Mr ADRIAN PICCOLI: There is no funding for it in 2011-12, if my recollection is correct, but we have given an undertaking to the community there to provide them with information around the demographics because, again, there are local calls for a new school to be built and I have said previously—even prior to the election—that we would give them information around the demographics and the research the department has done so that the local community can have a look to see if it is right or wrong. There are a couple of other examples where we have offered to do that. One was at Kellyville Ridge, I think, and I think there is another example up in the Tweed. Yes, within a community anecdotally there can be the evidence that a new school needs to be built et cetera, but these are major pieces of infrastructure with significant recurrent costs.

So there is a need for these to be planned carefully, but the offer was, "We will show you what the department is saying and you can essentially ground-proof the data that the department has got."

The Hon. HELEN WESTWOOD: So at this stage you have discussion plans with the community. There is no plan for a design or construction?

Mr ADRIAN PICCOLI: Look, it is at the discussion stage with the community.

The Hon. HELEN WESTWOOD: As you indicated, Kellyville Ridge high school is the other area in which I understand the community is really looking for a commitment for the construction of a new school.

Mr ADRIAN PICCOLI: There are ongoing discussions between the department and the community there as well. If I recall correctly, I met with the community on the site that has been set aside for a high school. We had this discussion. I will make the point that I do not think they were very happy about it. I mean, they wanted a commitment for a new school, but these things have to be planned properly.

Dr JOHN KAYE: I would like to go to the special needs trial in the Illawarra, if we can spend a bit of time focusing on that. It should have concluded by now. It is scheduled to have concluded by now, and it will be under review.

Mr ADRIAN PICCOLI: Yes.

Dr JOHN KAYE: Can you tell us who is reviewing it and when they will complete that review?

Mr ADRIAN PICCOLI: Yes. It was extended until the end of this year, from memory, because of the election intervening.

Dr JOHN KAYE: The trial was extended, or the review?

Mr ADRIAN PICCOLI: The trial was extended.

Dr JOHN KAYE: Okay.

Mr ADRIAN PICCOLI: There has been more work done on the effectiveness of that trial in the Illawarra. The Government will make an announcement about it in due course.

Dr JOHN KAYE: Have you received the review yet?

Mr ADRIAN PICCOLI: There has been more research done on it. The review research will be made public in due course.

Dr JOHN KAYE: Who is conducting the research? Is that the department, or do you have external consultants doing that?

Mr ADRIAN PICCOLI: I cannot remember.

Mr PRIOR: Dr Kaye, if I can assist the Minister there: It has actually been an external company that was commissioned last year, 2010, to do the initial review. They also conducted a second phase of that review which, from memory, concluded a little while ago. I cannot give you the exact date at this time, but this year.

Dr JOHN KAYE: You are in receipt of documents from that company. Are you prepared to name the company?

Mr PRIOR: I do not have off the top of my head. Can I take that on notice?

Dr JOHN KAYE: You can take the name of the company on notice. Are you prepared to provide this Committee with those documents, those two reviews?

Mr ADRIAN PICCOLI: No.

Dr JOHN KAYE: Why would that be, given that it is a public trial and a public school?

Mr ADRIAN PICCOLI: Well, they are there to inform. They will be made public.

Dr JOHN KAYE: They will be made public?

Mr ADRIAN PICCOLI: They will be made public.

Dr JOHN KAYE: When will they be made public?

Mr ADRIAN PICCOLI: The Government needs to make a decision about that pilot and whether it will be continued, or whatever might happen. The Government commissions that kind of research to inform decisions we make, so it will be made public. My understanding is it will be made public.

Dr BRUNIGES: Yes.

Dr JOHN KAYE: You do not think, given the amount of controversy around the trial and heated opposition to some aspects of that, it would inform public debate to release that data or release those reviews?

Mr ADRIAN PICCOLI: It is essentially a decision for the Government to make about what happens with that trial. But that information will be made public, the same as with the unflued gas heaters. What else can I say?

Dr JOHN KAYE: Can I ask about the rate of growth of children with special needs in public education, which has been running at about 4.3 per cent a year fairly constantly for the past decade? One can presume that that growth is still occurring. I was unable to identify in the budget any additional dollars for that. There should have been at least, at an absolute minimum, an additional \$60 million to keep up with a 4.3 per cent growth, yet I was unable to identify that money anywhere in the budget. Have I just missed something, or is there any increase in funding?

Dr BRUNIGES: I am just looking to see if I have something there. First of all I would just like to say that identification of students with special needs is on the increase over the whole nation in terms of the identification, particularly around the area of autism. I think it is probably one that has grown significantly. In terms of the budget and a dedicated line, I am not aware that there was a dedicated line in there, but we would have to have a look at existing program areas.

At the moment in equity program areas I am very interested in doing a review, in my role in New South Wales, of the equity programs area to have a close look and establish what works best. Clearly, students with special needs, we need to look at that. Also I have to say that in terms of Gonski, the New South Wales submission to Gonski and the work around that, we have also talked about the importance of looking at student characteristics and building those into the future funding model for the flow of recurrent funds. While I cannot off the top of my head recall from the budget papers, Dr Kaye, at the moment—

Dr JOHN KAYE: But you will take on notice a request that you release the amount of money that is spent or budgeted for students with special needs?

Dr BRUNIGES: Yes, I can have a look at that in terms of program structures and things. I am more than happy to do that for you.

Dr JOHN KAYE: While you are doing that, you might also do Priority Schools Funding Program [PSFP] and Priorities Action Statement [PAS], if you would not mind.

Dr BRUNIGES: Yes.

Dr JOHN KAYE: The figures for the Priority Schools Funding Program and its predecessor used to be a line item in the budget. They were eliminated by your predecessors. Would you be interested in putting them back in, so that people have a sense of what the equity expenditure is?

Mr ADRIAN PICCOLI: I do not structure the budget papers, but I would be happy to have a discussion and get back to you about that.

Dr JOHN KAYE: Minister, if you do not, who does? This has been a game that your predecessors played: "It's not my fault." There was an awful lot of buck-passing by your predecessors on the ever-diminishing quantity of information in the budget. Who does have responsibility? To whom do I address these questions, if not to you?

Mr ADRIAN PICCOLI: I assume you ask Treasury, or perhaps Mr Harmstorf might want to make a point about it.

Mr HARMSTORF: The budget documents are the Treasurer's documents. We provide information to them, but what turns up as published is not a decision that is made by this department.

Dr JOHN KAYE: We have Mr Baird before us tomorrow, or I am before Mr Baird tomorrow. I will ask him then.

Mr ADRIAN PICCOLI: I am sure he will give you an excellent answer.

Dr JOHN KAYE: He is on notice.

CHAIR: Minister, thank you for attending, and I thank your officers also for attending today.

Mr ADRIAN PICCOLI: I again thank the Committee for changing the date.

(The witnesses withdrew)

The Committee proceeded to deliberate.

=====