

CHAPTER 6: DEPARTMENT OF EDUCATION AND TRAINING

Key Findings of the Committee:

- 6.1 The Department of Education and Training's budget allocation for 2004-05 was \$6,717.1 million, an increase of \$349.9 million from the 2003-04 estimated actual budget. The increase is largely due to the cost of the capital asset charge and depreciation, and employee entitlements.**
- 6.2 At the time this report was prepared, the department was in the process of identifying funding that would be carried over to 2004-05 and could not provide details to the Committee.**
- 6.3 Although 97 per cent of government schools are classified as either primary or secondary schools, the Department of Education and Training is unable to identify the funding allocated separately to each.**
- 6.4 The employment of casual school staff is not recorded centrally by the department which is a detriment to effective long-term workforce planning.**
- 6.5 While there was no overall teacher shortage, there are geographic areas and secondary school subject areas which are experiencing difficulties attracting teachers. The Department of Education and Training is implementing several initiatives to address these specific shortages.**
- 6.6 The Department of Education and Training is upgrading its human resources management system, including improving workforce planning mechanisms for use by school principals.**
- 6.7 Although the Department of Education and Training publishes national benchmarks for numeracy and literacy for primary levels, such benchmarks are yet to be developed for secondary year levels.**
- 6.8 While around \$1.5 billion of departmental funds were handled through trust funds in 2003-04, \$32 million of these funds were subject to an administrative charge by the department which recovered around \$500,000.**
- 6.9 The Department of Education and Training is planning to introduce a new system for funding schools from the 2005 school year. The new school resource allocation model (called the Student Resource Package) will be linked to each school's planning, accountability and performance management mechanisms.**

- 6.10 The Commonwealth Government allocated 2,349 additional university places to Victoria for the 2005-2008 period, 9.4 per cent of the total additional places allocated nationally.**
- 6.11 The details of a certified wages agreement between the Australian Education Union (Victoria) and the Department of Education and Training were not factored into the 2004-2005 Budget Estimates because the agreement was reached too late for the financial consequences to be incorporated into the 2004-05 Budget Papers.**

Departmental review

6.1 Departmental overview

The Department of Education and Training supports the portfolios of Education and Training, and Education Services. The department's objectives outlined in the 2003-04 Budget have been renamed 'goals' in 2004-05.¹ The department has adopted a new set of objectives which are at a higher level than previously.² These are:³

- increase learner participation, engagement and achievement;
- expand options and pathways in education and training;
- strengthen the quality of delivery to clients;
- strengthen a culture of working together;
- develop services in response to community and industry priorities; and
- maintain sound financial management.

The department also provides support to nine statutory bodies and several higher education institutions (including 14 TAFE institutions and five TAFE divisions within universities).⁴

6.1.1 Key challenges for the department in 2004-05

The Ministers highlighted to the Committee five challenges for education in Victoria:⁵

¹ Budget Paper No. 3, *2003-04 Budget Estimates*, p.18 and overheads shown during hearing of Hon. L. Kosky, MP, Minister for Education and Training and Ms J. Allan, MP, Minister for Education Services, 20 May 2004

² Department of Education and Training, 2003-2006 Corporate Plan, p.5

³ *ibid.*, p.12

⁴ Budget Paper No. 3, *2003-04 Budget Estimates*, p.18

- boosting participation and outcomes;
- improving performance of specific groups;
- improving workforce quality;
- improving accountability; and
- providing an environment for excellence and innovation.

The Minister for Education and Training also referred to three challenges facing school education identified in the document *Blueprint for Government Schools*.⁶ These are:

- recognising and responding to diverse student needs;
- building the skills of the education workforce to improve the teacher learning relationship; and
- continuously improving schools.

6.1.2 Key factors influencing the budget estimates

The Committee was informed that the department's budget estimates were shaped by the Government's election policy commitments, the accompanying Labor Financial Statement, and the Government's policy frameworks and ministerial statements for education and training including:⁷

- the *Blueprint for Government Schools*, which outlines future directions for the Victorian government school sector;
- the *Knowledge and Skills for the Innovation Economy* statement, which provides the strategic framework for TAFE and training; and
- the *Teacher Supply and Demand for Government Schools* statement.

The Minister for Education and Training advised that the key themes in the 2004-05 Budget are:⁸

- driving excellence and innovation in education and training;
- increasing access and expanding opportunities; and
- building better schools and community assets.

⁵ Hon. L. Kosky, MP, Minister for Education and Training, overhead presentation at hearing, 20 May 2004

⁶ *ibid.*, transcript of evidence, 20 May 2004, pp.4–5; and Department of Employment and Training, *Blueprint for Government Schools, Future Directions for Education in the Victorian Government School System*, November 2003, pp.2–5

⁷ Department of Employment and Training response to the Committee's 2004-05 Budget Estimates questionnaire, p.3

⁸ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.3

6.2 Output management framework

A new output structure has been developed for 2004-05. This differs from the previous structure which clearly separated primary schooling from secondary years. The department indicated that the new output structure and associated performance measures have shifted to a client focus based on student progression along the key stages of learning. In addition, the department advised that the new structure provides an increased policy focus on students in the post-compulsory years and associated cross-sectoral initiatives to improve the attainment of a Year 12 or equivalent qualification.⁹

The Minister for Education and Training informed the Committee that the new groupings took the focus away from the provider (that is, primary school, secondary school, etc). An increasing level of funding is to be provided to programs that cut across more than one level of education, largely because of the difficulty in tracking the funds into traditional school types.¹⁰

This situation is reflected in the department's new output structure, the output group, Compulsory Years, has two outputs relating to the provision of school education, namely Early Years and Middle Years. The Middle Years output relates to the provision of education to students in Years 5 to 9. Years 5 and 6 involve attendance at primary schools and Years 7 to 9 involves attendance at secondary schools. Total funding for this output in 2004-05 is \$1,983.8 million.¹¹

The department indicated that it is not possible to provide target expenditure for 2004-05 according to the old structure (that is, separately for primary and secondary schools).¹²

Despite the department altering the output structure so that primary and secondary schooling cannot be distinguished, several indicators appearing under the output Early Years (which relates to Prep-Year 4) cover all primary school years up until Year 6, even though Years 5 and 6 are included in the Middle Years output. The indicators include:¹³

- Koori educators employed;
- new arrival students receiving intensive or targeted support: primary;
- primary school welfare officers employed;

⁹ Department of Employment and Training response to the Committee's 2004-05 Budget Estimates questionnaire, p.2

¹⁰ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.21

¹¹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.56-57

¹² Department of Education and Training response to the Committee's follow-up questions to the Ministers, July 2004, p.5

¹³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.54-55

- teachers and principals with a notebook computer: primary; and
- teacher-student ratio: primary.

A similar set of performance indicators relating to secondary schools as a whole appear under the outputs Middle Years or Later Years.¹⁴

The Committee understands that 97 per cent of Government schools are classified as either primary school or secondary school.¹⁵

The Committee is concerned that, while the department routinely reports the number of primary schools together with the number of students and teachers, it cannot estimate funding allocated to these schools, despite a totally separate infrastructure and workforce existing for primary schools as distinct from secondary schools. The same situation applies for secondary schools.

The Committee believes that there is a community expectation that the department will provide information that allows funding allocations to primary schools and secondary schools to be separately identified. Such a structure would clearly identify any funding shortfalls in maintaining either system.

Accordingly the Committee recommends that:

- Recommendation 32:** **The Department of Education and Training include in the Budget Papers and its annual report the amount of funding separately allocated to:**
- (a) primary schools; and**
 - (b) secondary schools.**

The Minister for Education and Training and the Minister for Education Services have joint responsibility for three output groups: Compulsory Years, Post-compulsory Years and Portfolio Management. These output groups cover eight outputs. The Minister for Education Services has sole responsibility for the output group: Services to Students (refer to exhibit 6.1).

¹⁴ *ibid.*, pp.56–59

¹⁵ In 2003, there were 1223 primary schools, 261 secondary schools and 49 primary-secondary schools (excluding special schools and language centres). (Source: Department of Education and Training, *2002-03 Annual Report*, Appendix 2)

**Exhibit 6.1: Department of Education and Training
Ministerial responsibilities**

Output	Responsible Minister	
	Education and Training	Education Services
Compulsory Years		
Early	✓	✓
Middle	✓	✓
Post-compulsory Years		
Later	✓	✓
Training and Further Education	✓	✓
Adult and Community Education	✓	✓
Cross-sectoral	✓	
Services to Students		
Services to students		✓
Portfolio Management		
Services to Ministers and Policy	✓	✓
Regulation	✓	✓

Source: Department of Education and Training's response to the Committee's 2004-05 Budget Estimates questionnaire, p.1

The Ministers share responsibility for seven outputs. In addition to the shared responsibilities, the Minister for Education and Training has specific responsibility for the cross-sectoral output as well as having responsibility for overseeing the following statutory education bodies:¹⁶

- Adult, Community and Further Education Board;
- Registered Schools Board;
- Victorian Curriculum and Assessment Authority;
- Victorian Institute of Teaching;
- Victorian Learning and Employment Skills Commission;
- Victorian Qualifications Authority; and
- Victorian Schools Innovation.

¹⁶ Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, Attachment 1

The Minister for Education and Training has overall responsibility for the Education and Training portfolio. This includes strategic directions, budget management, service delivery and program implementation within school education, training and further education, adult and community education, and higher education.¹⁷

The Minister for Education Services has specific responsibility for:¹⁸

- teacher workforce supply and demand, including recruitment and retention strategies;
- implementation of capital programs, including buildings, equipment and ICT;
- school councils, except in relation to school educational policy and funding issues;
- asset maintenance and security, including emergency management;
- health and safety issues, including asbestos;
- student welfare services, including students with disabilities, transport and drug education; and
- the Merit Protection Board.

6.3 Budget summary/financial analysis

Exhibit 6.2 shows the output groups for the Department of Education and Training. Departmental output costs are expected to be \$6,717.1 million in 2004-05, up \$349.9 million or 5.5 per cent on the expected outcome for 2003-04. As previously indicated, the department advised that it is not possible to recast costs in previous budget periods according to the new output.¹⁹ Consequently, it is not possible to calculate the expected changes in expenditure for most of the outputs, under the current or previous structure.

¹⁷ *ibid.*, p.2

¹⁸ *ibid.*, p.2

¹⁹ Department of Education and Training response to the Committee's follow-up questions, July 2004, p.5

Exhibit 6.2: Department of Education and Training Output group costs

	Column 1	Column 2	Column 3	Column (3-2)/2
Output group	2003-04 Budget (\$ million)	2003-04 Estimated Actual (\$ million)	2004-05 Budget (\$ million)	Variation (%)
Compulsory Years	n/a	n/a	3,838.9	n/a
Post-compulsory Years	n/a	n/a	2,337.1	n/a
Services to Students	462.2	466.2	494.9	6.2
Portfolio Management Services	n/a	n/a	46.2	n/a
Total	6,258.4	6,367.2	6,717.1	5.5

Note: n/a Not available due to introduction of a new output structure

Sources: Budget Paper No. 3, 2004-05 Service Delivery, pp.54-68; Budget Paper No. 3, 2003-04 Budget Estimates, p.26; Department of Employment and Training's response to the Committee's 2004-05 Budget Estimates questionnaire, p.16; Department of Education and Training's response to the Committee's follow-up questions, July 2004, p.5

The main reasons for the increase in output costs between 2003-04 and 2004-05 were:²⁰

- capital asset charge and depreciation (\$115.8 million);
- employee entitlements (\$111.9 million); and
- supplies and services (\$107.9 million).

6.3.1 Operating performance

In 2004-05, the Department of Education and Training anticipated receiving \$7.2 billion in revenue for its controlled operations, around 2 per cent more than budgeted expenditure and more than 5 per cent higher than the expected outcome in 2003-04 (see Exhibit 6.3). The surplus shown (\$151.6 million in 2004-05) reflects non-appropriation surpluses generated by schools and TAFE institutes from fees and fund raising and are not available for general departmental use.²¹

²⁰ Budget Paper No. 4, 2004-05 Statement of Finances, p.46

²¹ Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, p.13

**Exhibit 6.3: Department of Education and Training
Statement of Financial Performance**

	Column 1	Column 2	Column 3	Column (3-2)/2
	2003-04 Budget	2003-04 Estimated Actual	2004-05 Budget	Variation (a)
	(\$ million)	(\$ million)	(\$ million)	(%)
Controlled items				
Operating revenue	6,741.9	6,850.9	7,218.7	5.4
Operating expenses	6,590.4	6,712.2	7,067.1	5.3
Net result	151.6	138.7	151.6	9.3
Administered items				
Administered revenue	1,641.0	1,707.8	1,863.4	9.1
Administered expenses	1,640.9	1,707.8	1,863.3	9.1
Surplus/Deficit	0.1	0.1	0.1	0.0

Source: *Budget Paper No. 4, 2004-05 Statement of Finances, pp.44–49*

The Committee noted the following reasons for the major variations between the expected actual expenditure in 2003-04 and the budget estimates for 2004-05:²²

- operating revenue – the flow-through effect of initiatives approved in previous budgets, funding for new initiatives announced in the 2004-05 Budget, increase in appropriations to cover the rise in the capital asset charge, and general inflation-related indexation; and
- operating expenses – most of the increase is related to the increased cost to the department of providing additional education and training services.

6.3.2 Balance sheet performance

Exhibit 6.4 shows that the department's net asset position is expected to improve by around \$220 million from 30 June 2004 to 30 June 2005. This reflects a projected increase in total assets of around \$230 million and an increase in liabilities of around \$10 million over this period.

The Committee noted the following explanations for the budgeted increase in assets between 30 June 2004 and 30 June 2005:²³

²² Budget Paper No. 4, *2004-05 Statement of Finances*, p.44

²³ *ibid.*, p.45

- the Government's ongoing asset investment program in education and training and new initiatives in the 2004-05 Budget which are largely targeted at improving existing schools, building new schools and upgrading TAFE institutes' teaching equipment;
- further investment in IT infrastructure aimed at reducing the human resource management administrative burden on schools, improving schools' internet access and upgrading the Victorian Assessment Authority's assessment system; and
- Commonwealth funded asset initiatives in schools and TAFE institutes.

**Exhibit 6.4: Department of Education and Training
Statement of Financial Position**

	Column 1	Column 2	Column 3	Column (3-2)/2
	2003-04 Budget	2003-04 Estimated Actual	2004-05 Budget	Variation
	(\$ million)	(\$ million)	(\$ million)	(%)
Controlled items				
Controlled assets	10,494.2	10,471.3	10,701.4	2.2
Controlled liabilities	1,252.0	1,241.9	1,252.3	0.8
Net assets	9,242.2	9,229.3	9,449.1	2.4
Administered items				
Administered assets	34.8	35.5	35.5	0.0
Administered liabilities	3.2	3.9	3.9	0.0

Source: Budget Paper No. 4, 2004-05 Statement of Finances, pp.48-49

6.3.3 Carry over funding

The department advised the Committee that it has recently finalised its internal budget management framework for 2004-05 and has put in place internal strategies to ensure a balanced budget outcome. A zero based budget process underpins the development of divisional budgets which were expected to be in place for internal reporting purposes from the start of the 2004-05 financial year.²⁴

At the time this report was prepared, the department was in the process of identifying funding that would be carried over to 2004-05 and could not provide details to the Committee.²⁵

²⁴ Department of Education and Training response to the Committee's follow-up questions to the Ministers, July 2004, p.4

²⁵ *ibid.*

6.4 Human resources issues

6.4.1 Departmental workforce

The department is one of the biggest employers in Victoria with around 50,000 people employed as principals, assistant principals, teachers, and support staff in more than 1,600 government schools.²⁶

Exhibit 6.5 shows that the total number of staff in the department was expected to increase by around 300 in 2003-04. However, this overall rise comprises an increase of almost 550 school based support staff, offset by a reduction of almost 300 public servants. These changes are a result of a restructure aimed at reducing central office staff and boosting resources in regional areas and schools.²⁷

The department advised the Committee that it expects to employ an additional 260 teachers and 60 other school based staff in 2004-05 (see Exhibit 6.5). The 2004-05 Budget allocated \$61.9 million to employ an extra 250 teachers, 200 from the start of 2005 and a further 50 from the beginning of 2006.²⁸ Initiatives funded from the 2003-04 Budget also resulted in an increase in teaching and support staff in the 2004 and 2005 school years.²⁹

²⁶ Department of Education and Training, *2002-03 Annual Report*, pp.10, 135, 136

²⁷ Minister for Education and Training, media release, *Kosky Announces Department Restructure*, 13 August 2003

²⁸ Minister for Education and Training, media release, *\$66.4 million for 250 new teachers and professional development*, 4 May 2004

²⁹ Budget Paper No. 3, *2003-04 Budget Estimates*, p.23

**Exhibit 6.5: Department of Education and Training
Equivalent Full Time Staff**

	June 2003 Actual	June 2004 Estimate	June 2005 Estimate
Ongoing staff			
Teaching	31,937	31,990	32,290
Non-teaching school based	5,334	5,740	5,795
Public service Executive Officer	74	68	68
Other public service	1,770	1,593	1,593
Sub total	39,115	39,391	39,746
Fixed term staff			
Teaching	6,986	6,985	6,945
Non-teaching school based	3,619	3,760	3,765
Public service Executive Officer	1	0	0
Other public service	258	144	144
Sub total	10,864	10,889	10,854
All staff			
Teaching	38,923	38,975	39,235
Non-teaching school based	8,953	9,500	9,560
Public service Executive Officer	75	68	68
Other public service	2,028	1,737	1,737
Total	49,979	50,280	50,600

Source: Department of Education and Training's response to the Committee's 2004-05 Budget Estimates questionnaire, pp.8-11

The department advised the Committee that casual staff employed at the school are not recorded centrally and are therefore not included in the above figures.³⁰ The Auditor-General found that the lack of information on casual teaching staff was a barrier to the department's workforce planning and identified casual relief teachers as a critical part of school staffing.³¹

The Committee agrees that the level of employment of casual staff is an important factor in determining workforce requirements and recruitment strategies.

Accordingly, the Committee recommends that:

³⁰ Department of Education and Training, response to the Committee's 2004-05 Budget Estimates questionnaire, p.9

³¹ Victorian Auditor-General's Office, *Teacher workforce planning*, November 2001, pp.77-79

Recommendation 33: The Department of Education and Training develop a centralised human resources management system that records the employment and cost of casual staff and identifies trends.

6.4.2 Staffing issues

The Minister for Education Services reported that while there was no teacher shortage in Victoria, there are geographic areas and secondary school subject areas which experience some difficulties attracting teachers.³² The Minister outlined five initiatives to address these issues:³³

- non-teaching professionals to undertake teacher education courses while being employed as a trainee teacher;
- financial incentives for student teachers to encourage them to undertake their placements in hard-to-staff schools;
- work with university education faculties to improve pre-service course quality;
- refresher training courses for ex-teachers seeking to return to teaching; and
- assistance for teachers in rural schools to retrain in particular hard-to-fill subject areas.

In the 2004-05 Budget, the last two initiatives were allocated \$2 million and \$2.5 million respectively over three years, starting in 2004-05.³⁴

According to the department, the first initiative will require \$1.3 million over two years and is scheduled to start in 2005.³⁵ The second initiative requires \$250,000 per year and will start in the second half of 2004.³⁶ The department advised that both programs will be funded internally from the department's budget.³⁷

Taking a long-term perspective, the department's forecasts show a teacher labour market broadly in balance over the next three to five years. However, work commissioned by the department predicts a peak shortfall of several hundred teachers in 2007 in a workforce of over 38,800 full-time teachers.³⁸

³² Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.10

³³ These initiatives are also outlined in Department of Education and Training report *Teacher Supply and Demand for Government Schools*, January 2004

³⁴ Budget Paper No. 3, *2004-05 Service Delivery*, p.270

³⁵ Department of Education and Training, *Teacher Supply and Demand for Government Schools*, January 2004, pp.5-6

³⁶ *ibid.*, pp.7-8

³⁷ Department of Education and Training response to the Committee's follow-up questions

³⁸ Department of Education and Training, report on *Teacher Supply and Demand for Government Schools*, January 2004, p.12; and the 2003 workforce analysis by the Boston Consulting Group referred to in this publication

The department indicated that these pressures are increased by the ageing of the teacher workforce, which is more acute in particular subject areas. For example, the proportion of mathematics teachers in the 50–54 age group increased from 10 per cent in 1995 to 24 per cent in 2002.³⁹

The Committee commends the department's initiatives to increase teacher supply, particularly in hard-to-fill subjects and rural schools.

In a review undertaken in late 2003, the Auditor-General found that the Department of Education and Training needed to improve its teacher workforce planning and recommended that a range of enhancements be made to the departmental human resources management system to support workforce planning activities.⁴⁰

According to the Auditor-General, the department developed a business case in 2002 for upgrading its human resource management system including a proposal to include internet-based access by the department's staff for:⁴¹

- recording teacher qualifications and skills;
- workforce analysis and budget planning tools for managers; and
- a management information system and decision making tools.

The Committee is aware that the 2004-05 Budget has allocated \$7 million in 2004-05 to upgrade the department's human resources management system.⁴² The new system will seek to centralise human resource management, increase functionality and provide internet-based options for staff to access teacher profiles.

The department informed the Committee that a component of the \$7 million upgrade aims to improve workforce systems, including workforce planning by school principals.⁴³

³⁹ Department of Education and Training, report on *Teacher Supply and Demand for Government Schools*, January 2004, p.12

⁴⁰ Victorian Auditor-General's Office, *Report on Public Sector Agencies*, November 2003, p.75

⁴¹ *ibid.*, p.69

⁴² Budget Paper No. 3, *2004-05 Service Delivery*, pp.272–273

⁴³ Department of Education and Training response to the Committee's follow-up questions, p.8

The Committee acknowledges that the upgrade of the human resources management system will largely address the issues identified in the department's 2002 business case, with the apparent exception of an on-line database recording teacher qualifications and skills. Given the critical importance of effectively managing a very large workforce where skills and qualifications affect workforce placements, the upgrade needs to encompass all the issues identified in the business case provided they still remain relevant.

The Committee recommends that:

Recommendation 34: **The Department of Education and Training address all outstanding issues identified in the department's 2002 business case for upgrading the human resources management system.**

Review of Portfolios

6.5 Output budget analysis

The output budgets for the Education and Training and Education Services portfolios are presented together. As portfolio responsibilities do not align with output groups it is difficult to identify separate budgets for each portfolio.

Exhibit 6.6 shows that total departmental expenditure is expected to be around \$6.7 billion in 2004-05, of which almost three-quarters relates to school education (target expenditure of just over \$5 billion).⁴⁴

⁴⁴ \$5,002.3 million. Source: Department of Education and Training response to the Committee's follow-up questions, p.5

Exhibit 6.6: Department of Education and Training Output costs

Output Group	Outputs under the responsibility of the Minister for Education and Training and the Minister for Education Services	2004-05 Budget (\$ million)
Compulsory Years	Early Years	1,855.1
	Middle Years	1,983.8
Sub total		3,838.9
Post-compulsory Years	Later Years	1,163.4
	Training and Further Education	1,102.2
	Adult and Community Education	34.9
	Cross-sectoral	36.6
Sub total		2,337.1
Services to Students	Services to Students	494.9
Portfolio Management Services	Services to Ministers and Policy	26.9
	Regulation	19.3
Sub total		46.2
Total		6,717.1

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.54-68

6.6 Outlook and performance measures

6.6.1 2004-05 outlook for the portfolios

Key risks identified by the department and its agencies for 2004-05 include:⁴⁵

- financial management;
- IT systems recoverability;
- duty of care to students;
- asset management; and
- security arrangements regarding external assessment of the Victorian Certificate of Education.⁴⁶

⁴⁵ Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, pp.3-4

⁴⁶ Email correspondence from Department of Education and Training, 10 August 2004

The major initiatives for 2004-05 are:⁴⁷

- Education Maintenance Allowance (EMA) (\$14 million in 2004-05 and a total of \$78.1 million over four years). The funding will increase the primary student EMA to \$200 a year (from \$127 a year) and secondary student EMA to \$400 a year (from \$254 a year). Payments will continue to be made to families and schools on a 50-50 basis;
- extra resources for TAFE and training (\$10 million in 2004-05 and a total of \$90 million over four years);
- additional teachers for the Student Resource Package funding model⁴⁸ (\$7.5 million in 2004-05 and a total of \$62 million over four years);
- school maintenance (\$50 million in 2004-05);
- *Building Better Schools*: modernisation (\$44.5 million in 2004-05 and a further \$66.8 million in 2005-06); and new and replacement schools (\$21.3 million in 2004-05 and a further \$24.5 million in 2005-06);
- classroom replacement: relocatable classroom renewal (\$18 million in 2004-05 and a total of \$50 million over three years); and
- other asset initiatives (\$31.4 million in 2004-05 and a total of \$74.7 million over three years).

6.6.2 Performance measures

The Committee was informed that the department uses independent data or audited internal data, where possible, to ensure performance information is accurate and impartial.⁴⁹ In 2003-04, several organisations validated a range of the department's performance outcomes, including the Victorian Auditor-General's Office, Victorian Curriculum Assessment Authority, Australian Bureau of Statistics, and the National Centre for Vocational Education Research.⁵⁰

⁴⁷ Budget Paper No. 3, *2004-05 Service Delivery*, pp.265–274

⁴⁸ Previously known as the "New Resource Allocation Model". Source: Hon. L. Kosky, Minister for Education and Training, media release, *Record investment gives school children a better deal*, 16 September 2004

⁴⁹ Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, p.7

⁵⁰ *ibid.*

The Committee notes that the department has a total of 145 performance measures: 14 are new since the previous budget and 40 have been discontinued.⁵¹ The department informed the Committee that the new indicators were introduced to improve the current suite of performance measures and to support the new output structure by:⁵²

- providing important information that would otherwise be lost as a result of the replacement of the previous output structure;
- providing more information that aligns with the new output structure; and
- replacing obsolete performance measures that are no longer monitored such as *Briefings prepared for Ministers' and Executive Group's signature* as this has been replaced with *Number of briefings provided following requests from the Ministers*.

While none of the new performance indicators are quality measures, the department uses a large suite of performance measures that are outcome focused and are comparable across states or internationally. For example:⁵³

- *percentage of Year 3 students reaching national benchmarks in numeracy; and*
- *participation rate of 15 to 19 year olds in training and further education in Victoria.*

The Committee was informed that the department supports the compilation of nationally comparable performance and benchmark information. To achieve this the department participates in:⁵⁴

- the Performance Measurement and Reporting Taskforce of the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA);
- the National Education and Training Statistics Unit operated through the Australian Bureau of Statistics;
- committees supporting the production of the Report on Government Services through the Steering Committee for the Review of Government Service Provision; and
- the preparation of Australian National Training Authority performance information.

⁵¹ Budget Paper No. 3 *2004-05 Service Delivery*, pp.54–58, 333–335; Budget Paper No. 3, *2003-04 Budget Estimates*, pp.27–44

⁵² Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, p.6

⁵³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.55, 60

⁵⁴ Department of Education and Training response to the Committee's 2004-05 Budget Estimates questionnaire, pp.7–8

The Committee notes the department is seeking to adopt a more rigorous approach to developing performance measures and using external or audited internal data to ensure the relevance and accuracy of the performance information.

However, the Committee is concerned that, while the department publishes national benchmarks for numeracy and literacy for primary year levels, such national benchmarks are yet to be developed for secondary year levels. This means that basic student outcomes for secondary students in Victoria cannot be compared with those of other states and territories.⁵⁵ The department informed the Committee that it is anticipated that agreement for national benchmarks for Year 7 reading, writing and numeracy benchmarks will be reached later in 2004.⁵⁶ However, the department did not indicate when national benchmarks for later year levels will be developed and published.

The Committee considers the development of benchmarks for secondary year levels at a national level should be given a high priority as student performance at this level will determine opportunities for tertiary education and/or future employment options. In this regard, the ability of Victoria to achieve national benchmarks and compare performance against other states would provide an overall indication as to the effectiveness of the state education system.

The Committee recommends that:

Recommendation 35: **The Department of Education and Training work with other education bodies in Victoria and other states and territories to develop and publish national benchmarks for numeracy and literacy for secondary school year levels.**

6.6.3 *Key issues impacting on the portfolios*

The department's response to the Committee's 2004-05 Budget Estimates questionnaire and the estimates hearing identified several issues that will affect the portfolios and the budget estimates for 2004-05.

(a) *School maintenance*

Maintaining school facilities is important to ensure high quality learning environments in schools that promote student health, safety and wellbeing. Regular maintenance also reduces costs, for both future maintenance and capital expenditure, in the longer term.

⁵⁵ Budget Paper No. 3, *2004-05 Service Delivery*, pp.55-59

⁵⁶ Department of Education and Training response to the Committee's follow-up questions, p.7

As mentioned above, the budget provides an additional \$50 million in 2004-05 for school maintenance works, including roofing, asphaltting and electrical and plumbing upgrades.⁵⁷ The Committee notes that all schools will receive a minimum 22 per cent increase on their maintenance budget allocation compared with 2003-04.⁵⁸

The Minister for Education Services informed the Committee that the department is reviewing the school funding model generally,⁵⁹ including the method used to fund school maintenance.⁶⁰

Prior to the review, maintenance funding was provided annually to schools through the maintenance works component of the annual School Global Budget (SGB) process. Each year, the SGB made available \$27 million to address the maintenance needs of all schools.⁶¹ Half of this funding was allocated to schools on the basis of a triennial stock-take of school maintenance requirements, referred to as the Physical Resource Management System audit (or PRMS audit). The remainder could be spent by schools on maintenance outside the PRMS funding, for example to meet unforeseen maintenance needs.⁶²

In 2003, the Auditor-General reported that the PRMS audit *'provided a sound basis for establishing the physical condition of school facilities. A similar review will need to be conducted regularly in future to ensure that data on the condition of school facilities remains up-to-date and continues to provide useful information for planning and management purposes'*.⁶³

The Minister for Education Services informed the Committee that the triennial PRMS audit will not be conducted in 2004 as the overall school funding process was being reviewed.⁶⁴ The Minister declined to provide details of the department's estimates of the unmet maintenance needs of schools.⁶⁵

While it is acknowledged that it is the responsibility of the department to develop an effective, fair and robust school maintenance funding model, the Committee would be concerned if the database underpinning the model was out-of-date, as the maintenance backlog in Government schools would not be identifiable. This is of particular concern with buildings constructed decades ago. The extent of the maintenance backlog is seen by the Committee as a major factor influencing future funding decisions.

⁵⁷ Budget Paper No. 3, *2004-05 Service Delivery*, pp.270–271

⁵⁸ Ms J. Allan, MP, Minister for Education Services, media release, *\$50 million facelift for Victorian schools*, 10 September 2004

⁵⁹ The new model is called the New Resource Allocation Model and will be implemented in schools in 2005. Source: Department of Education and Training, *Blueprint for Government Schools*, November 2003, p.16

⁶⁰ Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.23

⁶¹ Victorian Auditor-General's Office, *Report on Public Sector Agencies*, June 2003, p.23

⁶² Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.14

⁶³ Victorian Auditor-General's Office, *Report on Public Sector Agencies*, June 2003, p.26

⁶⁴ Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.23

⁶⁵ *ibid.* pp.14–15

The Committee is also concerned that schools that have been identified as requiring urgent maintenance under the previous funding model (and had their expectations raised that their school was next in line for funding), may miss out on funding when the new arrangements are introduced. The department needs to ensure that schools previously identified as requiring maintenance are not prejudiced under the new arrangements.

The Committee recommends that:

- Recommendation 36:** **The Department of Education and Training:**
- (a) provide an estimate of the cost of unmet maintenance needs in government schools in its annual report; and**
 - (b) develop appropriate transition arrangements to ensure that schools previously identified as having urgent maintenance needs under the previous funding model are not disadvantaged under the new maintenance arrangements.**

The Minister for Education Services indicated in June 2003 that the Government's investment in new and upgraded schools has reduced maintenance needs in schools by \$70 million.⁶⁶ The Minister advised the Committee that capital works undertaken at a particular school '*frees up maintenance money that would normally be spent on that school to go to other schools that need it the most*'.⁶⁷ The Committee notes the Minister's assessment that for every \$1 million spent on capital works, future maintenance costs are reduced by up to \$150,000.⁶⁸

While acknowledging the information provided by the Minister for Education Services, the Committee would like to know how the estimate of future savings of maintenance costs was calculated.

⁶⁶ Ms J. Allan, MP, Minister for Education Services, media release, *Capital investment in schools reduces maintenance need*, 5 June 2003

⁶⁷ Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.23

⁶⁸ Ms J. Allan, MP, Minister for Education Services, media release, *Capital investment in schools reduces maintenance need*, 5 June 2003

Accordingly, the Committee recommends that:

Recommendation 37: **The Department of Education and Training include in its annual report details of the method used to calculate the savings in maintenance derived by expending funds on capital works.**

(b) *Allocation of capital works funds*

As mentioned above, the 2004-05 Budget provides asset initiatives of \$281.8 million over three years for capital works in schools.⁶⁹

The Minister for Education and Training advised the Committee that 65 schools would benefit from the Building Better Schools - Modernisation Program.⁷⁰ The Committee was interested in the method used by the department to allocate capital works funds among schools.

The Minister for Education and Training informed the Committee that departmental regional offices develop priority lists of school capital needs based on a range of criteria, such as size of school, enrolment trends and the quality of current facilities.⁷¹ These lists are consolidated by the department. Once the total capital works budget is known, the schools with the highest priority on the consolidated list are allocated funding.⁷²

Accordingly, the Committee recommends that:

Recommendation 38: **With respect to the allocation of school capital funding, the Department of Education and Training include the following information in its annual report:**

- (a) the method used by regional offices to establish the priority list of schools in their region;**
- (b) the process used by the department in determining the merits of each school's capital needs based on the regional lists; and**
- (c) the amount of capital allocation for each school.**

⁶⁹ Budget Paper No. 3, *2004-05 Service Delivery*, pp.272-273

⁷⁰ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.3

⁷¹ *ibid.*, p.9

⁷² *ibid.*

(c) Administrative charges made on trust accounts

Just over \$1.5 billion of departmental funds was expected to be handled through trust funds in 2003-04.⁷³ During the estimates hearing, the Committee learnt that the department commenced charging a levy against some of these trust funds in 2003-04.⁷⁴ The department informed the Committee that 19 trust accounts have had an administrative charge levied on them in 2003-04. The administration charge is levied on the salary component of the trust fund expenditure and covers staffing overheads including payroll processing, power, computers, telephone and other incidentals.⁷⁵

Exhibit 6.7 shows that just over \$500,000 of administration charges were recovered in 2003-04 from a total of about \$32 million in fund expenditure for the 19 trust accounts.⁷⁶ As a percentage of fund expenditure, the charges ranged from 0.03 per cent (for the Student Wellbeing Drug Education - general trust account) to 9.78 per cent (for the Treasury Trust Language Allowance). Charges recovered ranged from \$13 (for the Student Wellbeing Drug Education - general trust account) to \$264,479 (for the Student Wellbeing - Individual School Drug Education Strategies trust account).

⁷³ Budget Paper No. 4, *2004-05 Statement of Finances*, p.50

⁷⁴ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.7

⁷⁵ Department of Education and Training response to the Committee's follow-up questions, July 2004, p.1

⁷⁶ The \$32 million figure is calculated by dividing the total administrative charge (\$504,425) by the administrative cost as a percentage of expenditure (1.59%)

**Exhibit 6.7: Department of Education and Training
Trust account charges levied in 2003-04**

Trust account	Administrative charge (\$)	Administrative charge as % of expenditure
Treasury Trust Language Allowance	521	9.78
Primary School Libraries	2,739	0.16
Indigenous Education Strategic Initiatives Program - pre 2003	22,464	6.43
Koorie Middle Years Numeracy	6,203	6.50
Indigenous Education Strategic Initiatives Program - post 2003	60,025	6.66
VET in Schools National Project	3,311	0.09
Student Wellbeing Year 12 Celebrations	1,514	3.78
Truancy Reduction Pilot	21,429	3.66
Student Wellbeing - School Support Special Education (Non-Govt)	16,050	1.19
Language Other than English	12,146	0.36
National Asian Languages and Studies in Australian Schools	15,220	2.26
Student Wellbeing - Individual School Drug Education Strategies	264,479	4.02
Student Wellbeing - Parent Education	339	1.08
School/Community Forums	4,814	0.56
Student Wellbeing - Drug Education - General	13	0.03
Teacher Development - Teaching for Design	9,832	2.65
Aust Govt Quality Teacher Program - Regional Funds Coordination	52,905	1.29
Aust Govt Quality Teacher Program - Central Funds Coordination	6,038	0.09
Discovering Democracy	4,383	0.82
Total	504,425	1.59

Source: Department of Education and Training's response to the Committee's follow-up questions, p.1

The Committee was informed that no charges were levied by the department on funds received as a community donation.⁷⁷

⁷⁷ Department of Education and Training response to the Committee's follow-up questions, p.2

While the Committee accepts that the department may incur some costs in administering trust funds, it is concerned at the potential for such administration charges to be seen as revenue raising rather than compensation for actual costs incurred. The Committee is aware that across Government individual trust fund activities are not disclosed in annual reports. This issue is the subject of a separate inquiry by the Committee.

Nevertheless, the charging of an administrative levy on trust accounts is a new initiative by the department and the Committee considers that the recoupment of charges from this source should be separately disclosed to promote greater transparency and accountability in financial management.

The Committee recommends that:

**Recommendation 39: The Department of Education and Training
publish in its annual report:**

- (a) the method used to calculate the
administrative charge on trust accounts;**
- (b) the aggregate administrative charges levied
on departmental trust accounts; and**
- (c) the balance of funds held in trust accounts at
the end of the financial year.**

(d) *New resource allocation model (Student Resource Package)*

As previously mentioned, the department is planning to introduce a new system for funding schools from the 2005 school year. The School Global Budget will be replaced with a new resource allocation model that intends to provide for a student-centred funding arrangement which will be linked to schools' planning, accountability and performance management mechanisms.⁷⁸ The new funding model is called the Student Resource Package.⁷⁹

The Committee notes that the 2004-05 Budget provides funding for 250 additional teachers for the new model (\$7.5 million in 2004-05 and a total of \$62 million over four years).⁸⁰ The department plans to issue schools with their new school budgets in September 2004.⁸¹

⁷⁸ Department of Education and Training, *Blueprint for Government Schools*, November 2003, p.16

⁷⁹ Hon. L. Kosky, Minister for Education and Training, media release, *Record investment gives school children a better deal*, 16 September 2004

⁸⁰ Budget Paper No. 3, *2004-05 Service Delivery*, p.270

⁸¹ Department of Education and Training response to the Committee's follow-up questions, p.7

Prior to the commencement of the new arrangements, the department indicated it undertook an extensive consultation and training process with stakeholders, principals, business managers and regional office staff. Following the release of the new schools funding model in the third term of 2004, the department advised the Committee that schools were provided with additional training and support.⁸²

Given the importance of the new funding model in encouraging better budgeting, financial management and performance management in schools, the Committee believes the training programs and support to be provided by the department need to be evaluated after the first full year of implementation in order to determine their effectiveness in communicating the new directions.

The Committee recommends that:

Recommendation 40: **The Department of Education and Training ensure the training programs and support to be provided to schools in readiness for the new resource allocation model (Student Resource Package) are evaluated after the first full year of implementation in order to determine their effectiveness.**

(e) *New student relationship management information system*

The 2004-05 Budget allocates \$1.5 million in 2004-05 to pilot a student relationship management information system in several schools.⁸³ The Committee was informed the system seeks to enable student achievement to be tracked over time at an individual, school and whole-of-system level.⁸⁴ At the student level, it is anticipated that the information collected will provide a comprehensive picture of each learner, and thus aim to provide students, parents and school with useful information about an individual's progress and wellbeing.⁸⁵

The department informed the Committee that the evaluation phase of the pilot will include an assessment of:⁸⁶

- improvement in the ability of schools to track student data over time;
- the ability to observe a measurable change in desired educational and learning behaviour over the pilot period;
- student, parent, teacher and school satisfaction measures;

⁸² *ibid.*, p.6

⁸³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.270–272

⁸⁴ *ibid.*

⁸⁵ Department of Education and Training response to the Committee's follow-up questions, pp.8–9

⁸⁶ *ibid.*, p.9

- a detailed cost benefit analysis; and
- the feasibility of the proposed statewide implementation plan.

The Committee welcomes the pilot of the student management information system and its potential to assist schools to target resources to students with particular needs.⁸⁷ The fact that the department has established an evaluation framework prior to implementing the pilot is particularly pleasing.

The Committee notes the Budget Papers indicate that funding has been committed for only one year.

If the system were to be implemented statewide, it has the capacity to identify student achievements at specific schools which may then need to be provided with more resources or receive special assistance. The Committee envisages the system would provide valuable information that would complement existing data and assist with determining state benchmarks for literacy and numeracy.

However, the Committee has two concerns:

- the fact that funding is committed for only one year may limit the department's capacity to evaluate the success of the system's effectiveness in tracking student achievement over time. Presumably, the focus of the system is to capture student performance on a year-to-year basis, including allowing students to switch between schools; and
- privacy issues concerning who in the school or school community has access to individual student information. This concern may be heightened if the student moves to another school.

Accordingly, the Committee recommends that:

- Recommendation 41:** **In relation to the new student relationship management information system, the Department of Education and Training ensure that:**
- (a) adequate funding for the pilot and subsequent evaluation is provided to allow key objectives of the system to be tested; and**
 - (b) privacy issues with respect to individual student's information are adequately addressed.**

⁸⁷ *ibid.*

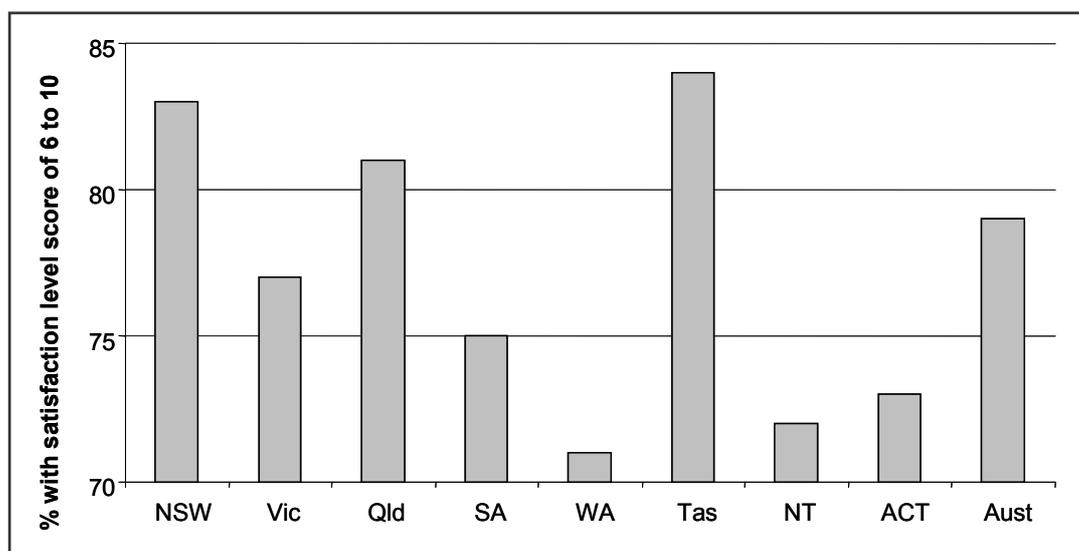
(f) Employers satisfaction with TAFE

The Committee noted that although around \$1.1 billion has been allocated for Training and Further Education in 2004-05, there are no performance indicators regarding employer satisfaction in the Budget Papers.⁸⁸

The department informed the Committee that employer satisfaction with TAFE training for apprentices and trainees is available from an employer satisfaction survey conducted nationally for the Australian National Training Authority. As the survey is undertaken every three years (the last one being in 2001), it is not suitable for inclusion in the Budget Papers.⁸⁹

The department pointed out that the 2001 survey showed 77 per cent of employers with recent vocational education and training (VET) graduates in Victoria were satisfied with VET providers. However, the Committee notes the survey also reveals that Victoria was below the national average of 79 per cent and significantly below NSW employer satisfaction of 83 per cent (refer to exhibit 6.8)

Exhibit 6.8: Overall satisfaction with Vocational Education and Training providers states and territories, 2001



Source: National Centre for Vocational Education Research Ltd, *Statistics 2001, Survey of Employer Views on Vocational Education and Training, National Report, pp.36-40*

⁸⁸ Budget Paper No. 3, *2004-05 Service Delivery*, p.61

⁸⁹ Department of Education and Training response to the Committee's follow-up questions, p.9

The same 2001 survey also showed that Victorian employers were less satisfied than NSW employers (and the national average) with respect to:⁹⁰

- relevance of course content;
- balance between theory and practice; and
- teacher's experience with industry.

Apart from the commissioned survey, the department informed the Committee that employer and employee industry representatives work collaboratively in the design and development of training products. Training packages and state curriculum are informed by feedback from industry and community about the effectiveness of the training outcomes in meeting the needs of employers, learners and the community.⁹¹ The extent to which these actions are successful will need to be evaluated in the next survey due in 2004.

The Committee is also aware that the Auditor-General found in 2001 that the department sought the views of a narrow range of employers.⁹² For example, employer surveys regarding the learning outcomes of students were directed at apprenticeships and traineeships which received only about 25 per cent of funding allocated to the VET sector. The views of employers of other students, such as those completing certificate or diploma courses, were not sought on a statewide basis.⁹³

While the Committee endorses the approach of having nationally consistent employer data to allow comparisons of performance across states, it is concerned that:

- neither the Budget Papers nor the department's annual report show employer satisfaction with the VET sector;
- the current infrequent survey of employers will not be responsive to change, potentially resulting in a mismatch between skills taught by TAFE and competencies demanded by industry; and
- in several key areas, employers in Victoria are less satisfied with the VET sector compared to the national average.

The Committee notes the finding in its 2002-03 Budget Outcomes report that the level of satisfaction expressed by TAFE graduates with the quality of training provided by TAFE institutes declined in 2002-03. The Committee recommended that the

⁹⁰ National Centre for Vocational Education Research Ltd, *Statistics 2001, Survey of Employer Views on Vocational Education and Training, National Report*, pp.54–55

⁹¹ Department of Education and Training response to the Committee's follow-up questions to the Ministers, July 2004, p.10

⁹² Victorian Auditor-General's Office, *Teaching equipment in the Technical and Further Education sector*, May 2001, p.56

⁹³ *ibid.*

department investigate the underlying factors contributing to declining student satisfaction in these colleges.⁹⁴

The Committee recommends that:

Recommendation 42: **The Department of Education and Training collect, analyse and report in the Budget Papers indicators of employer satisfaction with the training and education courses provided by the Vocational Education and Training sector.**

Recommendation 43: **The Department of Education and Training include in its annual report an assessment of its performance in improving employer satisfaction with Vocational Education and Training outcomes comparative to other states.**

(g) *TAFE governance review*

A review of TAFE governance was completed by the department in May 2003.⁹⁵ The Committee was interested to learn what actions the department had taken to implement the recommendations.

The department informed the Committee that an implementation plan has been developed and best practice documentation is being drafted in consultation with TAFE Institute councils. Implementation of the recommendations will involve development of:⁹⁶

- examples of best practice governance;
- a governance charter; and
- risk management framework for subsidiary companies.

(h) *Commonwealth funding of higher education*

Victorian universities currently enrol over 150,000 domestic students and 40,000 international students.⁹⁷ Access to higher education in Victoria is critical to ensuring

⁹⁴ Public Accounts and Estimates Committee, *Report on the 2002-2003 Budget Outcomes*, April 2004, pp.194–195

⁹⁵ Department of Education and Training, *2002-03 Annual Report*, p.60

⁹⁶ Department of Education and Training response to the Committee's follow-up questions, p.13

⁹⁷ *ibid.*

that Victorians are appropriately skilled and equipped to respond to the increasing challenges of a global economy.⁹⁸

The Minister told the Committee that the number of Victorian applicants failing to receive a university offer at a Victorian university increased significantly from 14,593 in 1997 to 21,695 in 2003.⁹⁹ This resulted in an increased level of unmet demand in Victoria from 28 per cent in 1997 to 37 per cent in 2003.¹⁰⁰ The Minister for Education and Training advised the Committee that Victoria has the highest level of unmet demand of higher education places – 38 per cent of unmet demand across Australia is located in Victoria.¹⁰¹

However, the Committee is aware of a study by the Australian Vice-Chancellors' Committee that puts the level of unmet demand in Victoria in the range of 6.8 per cent to 11.6 per cent in 2004 (compared with a range of 5.4 per cent to 12.1 per cent in 2003).¹⁰² The Vice-Chancellors' figures are lower than those quoted by the Minister for Education and Training as the former discounts the number of applicants to take account of double counting of interstate applicants, the number of preferences expressed by applicants and other factors.¹⁰³

The Committee was told that in the two areas of national priority, nursing and teaching, a substantial pool of eligible applicants currently exists. The Victorian Parliamentary Education and Training Committee found that in 2004, 1,579 Victorian applicants who placed nursing as a first preference and 2,607 applicants who placed teaching as a first preference missed out on a place in these courses.¹⁰⁴ The Minister for Education and Training informed the Committee that of the extra 220 nursing places that were funded by the Commonwealth Government in 2003, Victoria received only 35 places.¹⁰⁵

The 2003 Commonwealth higher education reforms were negotiated and introduced in the context of a sector that was widely held to have been under funded in Victoria for over a decade.¹⁰⁶

The Committee understands that the Commonwealth Government allocated additional places to Australian universities for 2005-2008 through the conversion of marginally funded places into fully funded places. In total, 2,349 converted marginal places were

⁹⁸ Parliament of Victoria, Education and Training Committee, *Inquiry into the impact of the higher levels of unmet demand for places in higher education institutions on Victoria, Final report*, June 2004, p.vii

⁹⁹ *ibid.*

¹⁰⁰ *ibid.*

¹⁰¹ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.24

¹⁰² Unsuccessful applicants (shown in Table 4) divided by eligible applicants (shown in Table 1). Source: Australian Vice-Chancellors' Committee, *Applications for undergraduate higher education courses, 2004*, pp.2, 4

¹⁰³ *ibid.*, p.13

¹⁰⁴ Parliament of Victoria, Education and Training Committee, *Inquiry into the impact of the higher levels of unmet demand for places in higher education institutions on Victoria, Final report*, June 2004, *ibid.*, p.viii

¹⁰⁵ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.24

¹⁰⁶ Parliament of Victoria, Education and Training Committee, *Inquiry into the impact of the higher levels of unmet demand for places in higher education institutions on Victoria, Final report*, June 2004, p.xi

allocated to Victoria, representing only 9.4 per cent of the total additional places allocated nationally.¹⁰⁷ The Minister for Education and Training advised the Committee that this allocation is unfair as Victoria has 25 per cent of the student population.¹⁰⁸

Accordingly, the Committee recommends that:

Recommendation 44: **The Department of Education and Training urge the Commonwealth Government to review the allocation mechanism for university funding in an attempt to achieve a more equitable national approach to education.**

(i) *Teachers certified agreement*

The Minister for Education and Training informed the Committee that the details of a certified wages agreement between the Australian Education Union (Victoria) and the Department of Education and Training were not factored into the 2004-05 Budget Estimates because the agreement was reached too late for the financial consequences to be incorporated into the 2004-05 Budget Papers.¹⁰⁹

The Committee notes that under the agreement, staff are expected to receive four 3 per cent salary increases between April 2004 and October 2006, with no further pay claims allowable until December 2007. Two of the salary increases will occur in 2004 (in April and December).¹¹⁰ Other benefits include:¹¹¹

- a career restructure that recognises and aims to retain quality teachers in the system;
- improvements to graduate progression to encourage young enthusiastic teachers to stay teaching;
- a new streamlined expert teacher strategy category; and
- a standards-driven salary progression.

The Committee notes that the Budget Papers allow for a total increase in employee entitlements for the department of 2.8 per cent in 2004-05.¹¹² Further, as previously indicated, the department expects to increase teacher numbers by 0.7 of one per cent over the same period (see exhibit 6.5).

¹⁰⁷ *ibid.*

¹⁰⁸ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.24

¹⁰⁹ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.30

¹¹⁰ Hon. L. Kosky, MP, Minister for Education and Training, media release, 30 April 2004, *Teachers to get 3 per cent pay rise: Kosky*

¹¹¹ *ibid.*

¹¹² Budget Paper No. 4, *2004-05 Statement of Finances*, p.46

The Minister for Education and Training advised the Committee that wage increases in excess of three per cent are to be funded through productivity gains.¹¹³ This will be achieved through changes to the classification structure for teachers (where advancement will be based on merit rather than on years of service) and changes to the principal class structure.¹¹⁴

As previously indicated, the Government's funding model introduced for 2004-05, provides funding for wage increases that are consistent with the Government's wages policy of a three per cent wage rise.¹¹⁵ The Committee believes that the department needs to closely monitor the implementation of the certified agreement to ensure that total departmental employee entitlements stay within budget parameters.

The Committee further notes that the certified wages agreement provides for a range of salary packaged benefits including superannuation, a novated lease on a motor vehicle, payment of medical benefits insurance and mobile telephones.¹¹⁶ The agreement states that all costs associated with salary packaging, including administrative costs and any additional tax associated with the employment benefit, are to be met from the salary of the participating employee.¹¹⁷ However, the Committee is aware that employer contributions toward superannuation may rise when new scheme members choose to increase their personal contributions.¹¹⁸

The Committee also notes that funding for the increase in employer contributions appears not to have been taken into account when the certified wages agreement was negotiated. The Committee considers further information is needed to fully assess the budget implications of salary packaging superannuation and other benefits as a result of the certified wages agreement. The Committee will follow-up this issue at next year's estimates hearing.

(j) Performance measures for underperforming schools

The Committee is aware that each Government school is required to prepare a school charter document every three years. A triennial review is conducted by schools at the end of the three year charter period and involves school self assessment, independent verification of this assessment by an external reviewer and development of a new three year charter.¹¹⁹

¹¹³ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.30

¹¹⁴ *ibid.*

¹¹⁵ Budget Paper No. 2, *2004-05, Strategy and Outlook*, p.92; Hon. S. Bracks, MP, Premier, transcript of evidence, 18 May 2004, p.8

¹¹⁶ *Victorian Government Schools Agreement, 2004*, p.17 (downloaded from Australian Education Union Victoria website, www.aeuvic.asn.au)

¹¹⁷ *ibid.*

¹¹⁸ Information provided by email from the Victorian Auditor-General's Office

¹¹⁹ Victorian Auditor-General's Office, *Schools of the future, valuing accountability*, Special review no. 52, December 1997

The Committee notes that the 2004-05 Budget Papers reported that the triennial review process showed a decrease in the number of schools performing satisfactorily. In particular, the percentage of:¹²⁰

- primary schools identified as performing at or above expected levels is forecast to fall from 96.2 per cent in 2002-03 to a target of 93 per cent in 2004-05; and
- secondary schools identified as performing at or above expected levels is forecast to fall from 91.3 per cent in 2002-03 to a target of 90 per cent in 2004-05.

The Minister for Education and Training advised the Committee that the definition of the performance measure had changed since the 2003-04 Budget. The measure had been made 'harder' to be consistent with the *Blueprint for Government Schools*.¹²¹

The Committee believes that, as a general rule, all changes to the definition of performance measures should be identified in the Budget Papers by an explanatory footnote. Further, to allow meaningful year-on-year comparisons, the Committee suggests that the department's annual report should show data for such indicators for the budget year and the previous year on the basis of both the old and new definitions.

Accordingly, the Committee recommends that:

Recommendation 45: **With respect to any change in definition of performance measures from one budget year to the next, the Department of Education and Training identify any changes in the Budget Papers so that meaningful year-on-year comparisons of performance indicators can be made.**

(k) *Funding for students with disabilities*

The Committee is aware that the department's program for school students with disabilities provides additional resources to either a regular school or one of the various specialist schools for eligible students with disabilities. These resources may be provided in the School Global Budget, through other support services such as visiting teachers, social workers, guidance officers and curriculum consultants, or through specific early identification and intervention programs.¹²²

¹²⁰ Budget Paper No. 3, *2004-05 Service Delivery*, pp.55-57

¹²¹ Hon. L. Kosky, MP, Minister for Education and Training, transcript of evidence, 20 May 2004, p.11; Department of Employment and Training, *Blueprint for Government Schools, Future Directions for Education in the Victorian Government School System*, November 2003, pp.2-5

¹²² Department of Employment and Training, *Program for students with disabilities*, review 2005, p.4

The department advised that eligibility is defined by criteria based on guidelines set by the World Health Organisation designed to identify that group of students with more severe or profound disabilities.¹²³

The Committee notes that the percentage of students funded under the disabilities program in Government schools as a proportion of the total student population is expected to fall from 3.4 per cent in 2003-04 to 3 per cent in 2004-05.¹²⁴ However, departmental funding in services to students with disabilities is expected to increase marginally (from \$291.9 million to \$293.4 million over the period).¹²⁵

The Minister advised that schools are allocated additional funding for students with disabilities based on the level of student need.¹²⁶ Exhibit 6.9 shows the six levels of funding that apply, together with enrolments and total funding for that level.

**Exhibit 6.9: Department of Education and Training
Program funding for students with disabilities, 2004**

Level	Per student allocation (\$)	Enrolment (EFT)	\$ (million)
1	4,030	6,061	24.43
2	9,320	5,932	55.29
3	14,711	3,379	49.71
4	20,078	1,927	38.70
5	25,403	861	21.88
6	30,757	619	19.02
Total		18,779	209.01

Source: Department of Education and Training's response to the Committee's follow-up questions, July 2004, p.14

The Minister for Educational Services informed the Committee that the level of funding provided to a student is determined on the basis of an educational needs questionnaire.¹²⁷ The Committee noted the questionnaire is completed by the school principal in consultation with the student's parents and with the assistance of specialist departmental staff and professional staff who provide an independent assessment of the student's disability.¹²⁸

Additional resources will only be provided if the student meets specified criteria in at least one area of:¹²⁹

¹²³ Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.16

¹²⁴ Budget Paper No. 3, 2004-05 Service Delivery, p.65

¹²⁵ *ibid.*

¹²⁶ *ibid.*

¹²⁷ *ibid.*

¹²⁸ Department of Employment and Training, Program for students with disabilities, review 2005, p.6

¹²⁹ *ibid.*, p.12

- physical disability;
- severe language disorder;
- severe behaviour disorder;
- hearing impairment;
- intellectual disability;
- visual impairment; and
- autism spectrum disorder.

For example, to meet the criteria of physical disability, the student must either have a significant physical disability or significant health impairment. In addition, the student must require regular paramedical support. Evidence of impairment must be provided by a paediatrician and a physiotherapist or occupational therapist.¹³⁰

The level of funding is determined by an assessment of the student's capability with respect to a range of topics such as:¹³¹

- mobility;
- fine motor skills;
- expressive communication;
- challenging (excess) behaviour;
- safety;
- hearing and vision; and
- self-care.

(I) Fire prevention measures in schools

The Committee notes that the 2004-05 Budget provided \$5.2 million of asset initiative funding to rebuild facilities that were damaged by fires in 2003 at Cowes Primary School and Malvern Valley Primary School.¹³²

The Minister for Educational Services advised that the department has a comprehensive plan and strategies in place to provide immediate assistance to schools affected.¹³³

The Minister for Educational Services informed the Committee that the installation of sprinklers in school buildings would not be a cost effective way of dealing with fires

¹³⁰ *ibid.*, p.13

¹³¹ *ibid.*, pp.18–24

¹³² Budget Paper No. 3, *2004-05 Service Delivery*, pp.272–273

¹³³ Ms J. Allan, MP, Minister for Education Services, transcript of evidence, 20 May 2004, p.28

in schools. The cost of installing sprinklers in every school was \$390 million.¹³⁴ The Minister quoted research showing that the annualised costs of installation and ongoing maintenance of sprinklers would be approximately 5 to 7.5 times the potential savings in reduced school fires.¹³⁵

The Committee will follow-up the department's actions with respect to fire prevention in schools at next year's estimates hearing.

¹³⁴ *ibid.*

¹³⁵ Ms J. Allan, MP, Minister for Education Services, media release, *Research project to combat school fires*, 14 June 2004

