

Monday 28 May 2012 - Estimates Committee B (McKim) - Part 2

DIVISION 5

(Department of Infrastructure Energy and Resources)

**Output group 1
Infrastructure**

CHAIR - We have adequate numbers at the table so welcome back, minister, and I invite you to head into Sustainable Transport. I believe a brief overview is what you would like to provide to the committee.

Mr McKIM - Thank you, Madam Chair.

The portfolio of sustainable transport was created in 2010. I am Tasmania's first-ever Minister for Sustainable Transport. It was created to basically separate passenger transport issues from the confines of the traditional infrastructure portfolio, which has been the way these things have been structured prior to 2010. We have done a lot of work in the last couple of years in the portfolio and rather than go through all that now I will just leave the committee the opportunity to ask questions about all of those things. They are quite broadly known, some of them, and others are available on request from the committee.

Since you have given me the chance of an overview, Madam Chair, I wanted to talk very briefly about our service development plans in the public transport sector. We allocated \$1 million per year in each of 2010-11 and 2011-12 for service development plans, and we have been very active in working with the private sector, in particular public transport providers, in order to roll out a range of new services around Tasmania, exclusively to rural and regional Tasmania.

Perhaps I can go back a step, the idea behind service development plans is that the government steps in and in a way underwrites the financial risk for starting up a new passenger transport service because the feedback we were getting from the industry was that it is very hard to initiate a new service and have it financially viable immediately. It takes some time before awareness that these new services are available spreads around the community. The concept, if you like, behind SDPs is that we have used the allocation of the \$1 million in 2010-11 and 2011-12 as money to underwrite the new services.

I can inform the committee today that a number of these services have now proved their viability and have actually been included into the regular contracts that the Transport Commission holds with various operators. We have successfully provided new services down to the Huon Valley and return from Hobart, which are additional weekday services, and new weekend services to Geeveston and Cygnet. That was an 18-month trial and those services have now been incorporated into the contracted timetable. We have also done the same on the Campania-Hobart return route with additional weekday services and new weekend services. Both of those, that is, the Huon Valley-Hobart and the Campania-Hobart services, are with Tassielink. We have also incorporated into the contracted timetable services run by Phoenix between Port Sorell and Devonport, and between Ulverstone and Devonport, and also additional evening and new Sunday services between New Norfolk and Hobart. All those five services, two from Tassielink, two

UNCORRECTED PROOF ISSUE

from Phoenix and one from Peter O'Driscoll, have been included into the contracted timetable now, which is testament to the success of the program.

The final point I will make in overview on SDPs, is that I can announce today that new additional services in the D'Entrecasteaux Channel region will be trialled for 12 months. We have provided \$74 000 to Metro to fund the trial in the Channel region which will involve three additional return weekday services per day on weekdays from Woodbridge to Hobart, and two additional return Saturday services from Hobart to Woodbridge, as well as a Saturday return service to Snug. We will be amending the existing timetable slightly to ensure a good spread of services.

Again, this is evidence of the SDP process – Service Development Plan - delivering extra services to the community. As always, this will be run for a finite period of time, in this case 12 months, and it will require the community to get on board and use those services because the government is not in a position to underwrite them indefinitely. That is good news for people down the channel who have been lobbying me, it is fair to say, for some time for increased passenger transport services. I am very pleased to be able to make that announcement today.

CHAIR - Thank you, minister, and would you introduce your two advisors at the table for *Hansard*.

Mr McKIM - On my left is Andrew Perry, my head of office, and on my right is Mr Bob Rutherford, deputy secretary in the Department of Infrastructure, Energy and Resources.

CHAIR - Thank you. I will now hand over to Mr Finch.

Mr FINCH - On that the point you were making about the SDP, you trialled about 12 with five being successful?

Mr McKIM - I will get the accurate numbers for you.

Mr FINCH - I just want to get a sense of how you feel about the fact that the other seven did not prove themselves.

Mr McKIM - On the latest information, we have four services that have been cancelled due to a lack of viability. There are others, for example, Tassielink between Cressy and Launceston and also Tassielink between Launceston and Evandale are still operating under the SDP funding. The Cressy to Launceston was a 20-month trial and the Evandale service was a 12-month trial. They are currently still operating under their initial SDP funding. What we do is we look at the patronage of these services and we make an assessment on a case-by-case basis and at times if the patronage is increasing but still not at a viable level, we will look at extending our SDP funding in order to provide the operator and the community with more time to adopt that service - hopefully, to get it up to a viable level.

We never expected all of these services to become viable. These were the ones that we thought had a good prospect of becoming viable. The ones that we funded we determined that there was at least a reasonable chance of those services becoming viable. As I said, some have shown up within the original 12 or 18 month trial that they are not viable so those services have now been cancelled.

UNCORRECTED PROOF ISSUE

However, the five that I have indicated have rolled into the contracted timetable and a number of others are still operating under SDP funding either in part or in full.

Mr FINCH - So you have introduced another couple. Is there a possibility for more? Are you looking for suggestions? Are communities negotiating with you or signalling to you that they would like to be part of the program?

Mr McKIM - I think that we have probably plucked the low hanging fruit, if I can put it that way, with the ones that we have funded to date. The model that we followed is that we required operators to do community consultation prior to applying for SDP funding. A couple of operators - I will not mention any names because there is no point - put in applications and we told them that they had to demonstrate to us that they had spoken to the community and their patrons about the possibility of these extra services. That did happen; the companies then went back and ran a community consultation process and then fed that in as part of a subsequent application for the service. To try to answer your question in a short way, if there is any operator out there that thinks that there is unmet need or demand for further public transport services in their community we would certainly be happy to hear from them and my door is always open to the Tasmanian Bus Association or individual operators if they wish to approach us.

Mr FINCH - How long does the support last?

Mr McKIM - It varies. In the main we have done trials of either 12 or 18 months and we assess that on a case-by-case basis and some, at least on one occasion, where there is 12-month trial which in this case was with Peter O'Driscoll from New Norfolk to Hobart, the idea of that was to extend to some of the smaller settlements around New Norfolk - Maydena, Ouse and other New Norfolk surrounds. That is still operating, although the Ouse service was clearly not stacking up. The Ouse service has been removed from the ongoing SDP, Service Development Plan, but the others, for example, out to Maydena, are still operating. We assess them towards the end of whatever the period that they were established for was and make a decision about whether we will cancel the SDP, whether we will extend the SDP to provide further opportunities to make the services viable, or, in the case of successful SDPs, we roll those services into the current contracted timetable.

Mr FINCH - In the big picture of public transport, using buses, how are the numbers going? Is there an increase?

Mr McKIM - Yes, there is. Although this is not Metro GBEs, I can tell you that Metro is currently growing at about 5 per cent per annum. That is boardings, rather than the number of passengers because, of course, most people catch public transport more than once in a year. But Metro boardings are increasing at over 5 per cent per annum. It is a little bit more difficult in terms of our data collection, to answer that question, in relation to our private sector operators. I do not think we have that data. But, anecdotally, when I meet with Geoff Lewis from the Tasmanian Bus Association - I hope I am not verballing him here - in general terms I think he is content with the way we are approaching this portfolio. Still, we do not currently have the capacity to collect data that gives an accurate headcount number for non-Metro bus services in Tasmania.

Mr FINCH - Are there strategies in place to increase the numbers of people using buses?

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes, there are. Part of that, to be frank, was the creation of the sustainable transport portfolio that we - and I should give credit to previous ministers here and use the royal departmental 'we' - have developed the Tasmanian urban passenger transport framework. I am sure that members have heard those words before. That framework describes six key action areas to improve the Tasmanian passenger transport system. Really quickly, they are moving mines, moving places, moving policies, moving legs, and moving forward, you will be happy to know.

The implementation of those six key action areas are around increasing public awareness and acceptance of passenger transport; designating key corridors and building population around them to support mass transit; delivering high frequency public transport with high quality infrastructure; ensuring that incentives are directed toward passenger transport; encouraging what we call 'active transport' and I am agnostic as to the mode there. Active transport is anything from walking to cycling, to rollerblading, to skateboarding, to scootering, and all those things that do not require any more greenhouse gas emissions than vigorous exhalation once every couple of seconds. Moving forward, it is adopting a long-term approach to land use and transport planning.

We have implemented actions in all of those areas since I have been minister and I am happy to speak about those in more detail, if the committee wishes.

Mr FINCH - You will be pleased to know that a certain bus company owner I was talking to was out riding his bike. I asked, 'Why didn't you catch a bus?'. He said, 'I don't get the exercise'.

Mr McKIM - Very pleased to hear that.

CHAIR - The question is?

Laughter.

Mr FINCH - I was going to talk a little bit about park-and-ride because it is mentioned in the output here that the diminution is of \$1 million which comes into the 2013-14 budget, as we move on, so it is stable for a couple of years and then there is a drop away of about \$1 million. I am wondering if you could explain it? It is down \$1 million, so can you explain how that comes about?

Mr McKIM - This money was identified or badged from its commencement in relation to developing park-and-ride facilities. We have received funding of \$2.8 million over four years that commenced in 2009-10. A park-and-ride facility, in the form of a trial, commenced operation at Denison Street in Kingston in August 2010. Without commenting too adversely on my very good friends in the Kingborough Council, there have been some delays in relation to obtaining planning permits for some of the infrastructure associated with that park and ride, specifically the bus shelter and there was a bit of toing and froing around the zebra crossing across the road. However, the services commenced in August 2010 from the Denison Street park and ride. We have had someone check that out a couple of times who has reported back to me and said that the car park is very well utilised. There has been an increase in patronage, on advice from Metro, once that park and ride and the new service was up and running. So we are not just smearing the same number of passengers across more services; there has actually been an increase in services and there is very little or no evidence that people are using that car park to park and walk to work in the Kingston CBD. The advice to me was, in fact, that 100 per cent of the cars that were parked there were using the Metro service.

UNCORRECTED PROOF ISSUE

We are also very close to being in a position to open our cycle storage facility at that park and ride. We are also working hard to identify a number of other park-and-ride areas in Hobart and Launceston, as part of that program.

Mr Finch, you asked about the budget line item. I will ask if Mr Rutherford can shed some further light on it.

Mr RUTHERFORD - No.

Mrs TAYLOR - It says in the notes, you have a \$1 million carry over from this.

Mr McKIM - I am aware that we have carried forward. I ask Steven Long to come to the table, who is familiar with the way these things operate. In broad terms, we certainly have carried forward funds and, on my understanding, that is with the support of Treasury for us to do that.

Mr LONG - Basically, the difference is that, because of the delays in these projects, we have had to carry money forward. We have \$650 000 a year allocated in perpetuity. Last year, we carried forward about \$630 000. We are carrying forward into next year another \$900 000 whilst we get these projects completed. When you look at the budget moving from 2012-13 to 2013-14 you will see a dip of \$993 000, being the money we carry forward into next year which we won't carry, we hope, into the year after.

Mrs TAYLOR - You hope.

Mr LONG - Yes.

Mr McKIM - We hope, but if we do not spend it, then we would hope to carry it forward so that we do not lose it for this initiative.

Mr LONG - This sort of rolls from year to year and we work with Treasury in making sure that the money stays there and that the money is there for the purpose it was intended. The Treasurer is happy to let us roll that money forward as we need it.

Mr FINCH - Another question I would like to ask while our money man is at the table; in this passenger transport, you are developing your regulatory and contractual framework that is then conducive to the sustainable delivery of passenger transport services. Do you contract outside of the department to do this? Do you use private contractors to give you advice?

Mr McKIM - For our regulatory approach?

Mr FINCH - Yes, and your assessments.

Mr LONG - That is more a question for Mr Rutherford rather than me.

Mr RUTHERFORD - It is a varied approach.

Mr LONG - Yes, I am not in delivery.

Mr RUTHERFORD - We use consultants for the actual delivery but not for the regulatory.

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes, so the regulatory approach is worked up internally.

Mr FINCH - So, what sort of consultants do you use? What more cost would they be to the department?

Mr RUTHERFORD - It is just the normal engineering services, isn't it, and plumbing.

CHAIR - We will not be able to get that on *Hansard* so -

Mr RUTHERFORD - If you want detail, you need the officer at the table.

CHAIR - That is what we are looking for; detail.

Mr McKIM - Perhaps if we just take that on notice temporarily, Mr Finch?

Mr FINCH - Yes, thanks very much.

Mr McKIM - We will seek some advice on that, rather than holding the committee up at the moment.

Mr FINCH - Thank you very much. What sort of a feeling are you getting as minister in respect of the department and the acceptance by, say, bus operators, by consumers of the way things are functioning at the moment. There was a bit of dislocation some years ago in many areas, but it seems that there is a settling down.

Mr McKIM - I would not disagree with that categorisation, Mr Finch. When I was briefed by the department on first becoming minister in mid-2010, it is fair to say I formed the view that we were coming from a fair way back in this portfolio. In part that was because the portfolio never had its own minister to drive a sustainable transport agenda, both internally within the department and more broadly externally. In terms of how I have found the department, I have found the department to be exceptional in the way that they have embraced what I am trying to do in sustainable transport. They have been very, very supportive of me as a minister and I thank everyone in the department for that support.

As I said when I became minister I did form the view that we were coming from a fair way back. I would have loved to have been able to take over as minister when there was a projects shovel ready to go and we could have gone forward with all the bells and whistles and delivered on concrete infrastructure and service delivery improvements. However, we are working towards those in a number of areas and, as members would be aware, there is another \$1 million allocation in the budget that has just been released that we are in the process of making decisions around how we will spend that money.

Things under consideration include an extension of some of our active transport infrastructures, such as cycleways or cycle lanes, but also further improvements on some of the key areas that are the most challenging currently in relation to the need to provide better passenger transport services. Primarily amongst those I would mention the main road in Hobart, that is Elizabeth Street from the Hobart CBD to Glenorchy. Mrs Taylor, I know that you will be happy to hear that. We have identified that as one of the major areas where we have not only the greatest unmet need, but also we have potential to invest into that route in order to deliver better

UNCORRECTED PROOF ISSUE

passenger transport services on that route, which I am confident will drive an increase in patronage on that route.

Mr FINCH - I am not sure if that is to get people into Glenorchy better or into Hobart better.

Mr McKIM - If I could just say of course we will be coming to consult with Glenorchy City Council at some stage prior to moving forward in that area. Of course, it is a key stakeholder.

Mr FINCH - Someone mentioned to me that you have an inquiry into bus transport.

Mr McKIM - An inquiry?

CHAIR - A review.

Mr FINCH - Is there a review of the bus transport?

Mr McKIM - No, I do not think we are. We are reviewing our taxi licensing arrangements, or we are about to start, Mr Dean, I am sure you will be happy to hear.

Mr DEAN - Absolutely.

Mr McKIM - In fact, if I might with your indulgence, Madam Chair, a group of taxi drivers came and saw me two or three months ago. It is fair to say that they shared with me some concerns that they have and after some discussions with the department I was able to advise them that we have brought forward the planned review of those arrangements commencing towards the end of this year to commencing very soon.

CHAIR - I have a question in relation to the subsidy for students who travel out of area and I know that almost crosses over into the education department area, if you like.

Mrs TAYLOR - It goes into the next area as well, output group 6.

CHAIR - I am interested in how you are going to assess how many of the students are travelling out of area, and what impact that has on the budget in relation to that.

Mr McKIM - I will give you a quick overview, Madam Chair, if I might. Members would be aware that the School Viability Reference Group made a series of recommendations, mostly around assessing viability of schools and as a result of that and cabinet's decision to accept the recommendations from the school viability reference group, Tasmania will, once we have gone through some of the processes we need to go through for the first time, have a strategic approach to what is obviously a very contentious issue.

One recommendation from the school viability reference group was to review the student transport system. That has been accepted by government. However, the school viability reference group quite sensibly made it very clear that there were three reviews that needed to occur before we began the process of assessing the viability of any school in Tasmania. Those three were a review of the catchment areas of schools, a review of the Department of Education's enrolments policy and, once those had been completed, then a review of the student transport system.

UNCORRECTED PROOF ISSUE

I can inform the committee that on advice from both the Department of Education and the Department of Infrastructure, Energy and Resources, we are prioritising the first two of those reviews - that is, catchment area and enrolments policy - because you really cannot review accurately or meaningfully the student transport system until you know what the catchment areas of schools are and what an enrolments policy will be and how it will be enforced.

The Department of Infrastructure, Energy and Resources is doing some preliminary work at the moment to prepare for the review of student transport but that will not be able to commence in meaningful way until the Department of Education has completed its work.

Dr GOODWIN - I have a question on the change to the day-tripper area and the radius of that. There is a particular issue that has been raised by a constituent who lives in Opossum Bay -

Mr McKIM - It is a Metro service, isn't it?

Dr GOODWIN - I presume so, yes. Are you able to take it on notice?

Mr McKIM - I will take the question on notice, Dr Goodwin. Obviously we have GBE estimates later in the year. I am happy to take the question on notice but I just indicate to the committee that I do not have advice from Metro here with me because this is departmental estimates and not GBE estimates. I am happy for you to throw it in.

Dr GOODWIN - Yes, throw it in and see if we can get some assistance.

Apparently the radius has changed to the day-tripper area and this particular constituent, who is a pensioner, now has to pay three times what she was paying. I am just wondering if I could get some advice on that on whether there has been a change to the radius, and that Opossum Bay has moved out of a non-central area and the cost has increased for this particular lady.

Mr McKIM - Out of the core passenger transport review there were recommendations, some of which were implemented by the previous minister, Mr Sturges, around changing areas from urban to urban fringe, and I think under anyone's reasonable assessment South Arm and Opossum Bay would not be urban areas, they are more accurately categorised as urban fringe areas.

I will seek some advice. I am in the hands of the committee as to whether that becomes a formal question on notice because it does not technically relate to the outputs of the department.

CHAIR - That is probably debatable because we are looking at an allocation for metropolitan general access and regular passenger transport services. It is very specific, but I think it does come in under that allocation of funds.

Mr McKIM - I am happy to proceed on that basis, Madam Chair. We will take that on notice and we will come back to the committee on that.

Dr GOODWIN - Thank you, I appreciate that.

CHAIR - That will be fine.

Mr DEAN - On the taxi legislation review, when is that likely to conclude or where are we at?

Mr McKIM - I think we are not too far off there, Mr Dean. I will see if we can get some advice on that. We are currently developing terms of reference for that review internally. It is our intention at this stage to engage a consultant to run that review on behalf of the department. We are hoping that the industry - that is, drivers and industry representatives - will hear something from us within the next couple of months but there is a little bit of work to do before we go out to the industry.

[12.30 p.m.]

Mr DEAN - Thank you for that, because they are in constant contact with me in relation to it and the number of licences which will all be covered as a result of this.

Mr McKIM - Yes, certainly the current regime under which we issue taxi licences will be part of those terms of reference.

Mr DEAN - Right, okay. Just going back to the park and ride again, you indicated that you are looking at Launceston. You mentioned Hobart and Launceston; what is the position with Launceston? What are you looking at there for park and ride?

CHAIR - You mean north?

Mr DEAN - Well, I think he said Launceston. He mentioned Hobart and Launceston on park and ride. He might mean the north.

Mr McKIM - Yes. My advice there is that we are developing a Launceston transport plan which will include passenger transport, so what we are going to do there, Mr Dean, is approach this in a strategic way. I am advised there is a meeting between departmental officers and Launceston City Council set down for next week to talk about this. We will develop with council on a sort of, I guess, more strategic level what the requirements for passenger transport are in the Launceston area. Once we have done that we will then move forward and begin to identify potential sites for park and ride facilities in the Launceston area.

Mr DEAN - Does that include also the ability of buses to be able to convey cycles. Is that going to be a part of this program?

Mr McKIM - Not specifically. I am still working with Metro Tasmania to move forward on the issue of buses being able to carry bicycles, which is the issue rather than cyclists. As members would be aware, we have run trials in the Hobart area relating to carrying cycles externally on buses with a bike rack fitted on the front of a Metro bus. We are in discussions with the relevant union at the moment about a couple of issues around implementing that on a permanent basis. Those discussions are ongoing, but I do not have advice on that before me because it is a Metro issue rather than a departmental issue.

Of course, I should say here that Metro operates in Launceston. We trialed those in Hobart but the trials were more to make sure that the racks themselves were safe and worked rigorously. We are in discussions with the unions, and once we have resolved those matters, which I hope is in the not-too-distant future, we will commence rolling out bike rack-equipped buses on appropriate services, and Metro won't be limiting that assessment to just Hobart. We will assess Metro services on a statewide basis. Private sector operators are a different situation, and there is

UNCORRECTED PROOF ISSUE

not any intent that I am aware of for any private sector operators to install bike racks on their buses.

Mr DEAN - My next question is on cycleways. Have you had any approaches yet from Dilston, Launceston and George Town areas for a cycleway, a cycle path? Has that been reviewed?

Mr McKIM - There are a couple of things I would mention here. First, we do have a small grants program that was designed to provide some funding from which we ideally would have had some co-funding from people like councils to develop scoping works and design works for cycleway extensions or new cycleways. What was the one you mentioned? Dilston?

Mr DEAN - Dilston. A group of people have come to me about Dilston, to approach the state and local governments in relation to a cycleway.

Mr McKIM - We don't think we have had an approach from Dilston, but I will take advice on that, so if you would like to put that on notice, Mr Dean, I will seek that advice for you.

CHAIR - Mr Finch on 1.7, passenger transport.

Mr FINCH - Just while we are talking about electorate issues, just one that I would like to clarify that might test the flexibility of bus transport services.

Mr McKIM - Tiger bus?

Mr FINCH - No. At Windsor Park, the West Tamar Council has developed a health centre, that is some 200 metres to 300 metres off the main bus route, but Metro is talking about a turning circle or ingress and egress being an issue for buses. I am wondering if you can apprise me of what the situation is there in respect to rectifying that situation and perhaps buses being able to cover that distance. People with health issues who are travelling by bus cannot get into the health services.

Mr McKIM - I do not have formal advice before me because it is a Metro issue, but what I am advised verbally as we sit here is that there was an issue around the safety of the operations there. Basically, Metro could not safely get a bus into that area, is the advice that I have currently. Again, Mr Finch, and I am sorry about this, but it is not, strictly speaking, a departmental issue. Those are more operational matters for Metro, but I am very happy to seek advice for the committee.

Mrs TAYLOR - Maybe it is part of the health strategy. If you want to walk 200 metres to the bus stop that is a good thing.

Mr McKIM - That is active transport, Mrs Taylor.

Mr FINCH - If you would not mind because I believe that the West Tamar Council is looking to improve that opportunity for buses to come in. I hoped that there would be flexibility there to support those people who have that distance to walk, and some are elderly and frail.

UNCORRECTED PROOF ISSUE

Mr McKIM - I do appreciate the points that you are making, Mr Finch, and we would be happy to hear from council and to engage with them to explore whether there is anything we can do to assist there.

Mr FINCH - A final question. I am wondering about how this output group is contributing to budget savings? Is there a defined plan?

Mr McKIM - I will see if Mr Long can shed some light on that for the committee.

Mr LONG - I certainly can. In the next financial year there will be \$107 000 out of output 1.7 as part of the government requirement, and \$44 000 out of output 1.8 to meet the government funding requirement.

Mr FINCH - Minister, is there something that needs to be forgone to introduce that saving?

Mr McKIM - I am certainly not aware of programs that need to be forgone as part of those savings. My understanding is that they will be achieved through the global departmental processes, but I might see if Mr Long has any further light he can shed on it.

CHAIR - Are there any staff cut numbers?

Mr LONG - We have had to meet an ongoing target. It was a big target last year and another one this year, and all of that has been done through natural attrition so far and a renewal program.

CHAIR - So fewer people are working harder.

Mr McKIM - You can pretty much say that across the public sector. .

Mr RUTHERFORD - And smarter.

Mr McKIM - And smarter.

Mr RUTHERFORD - We are putting a lot of effort into being more flexible in working across areas, and the head of agencies is looking at new approaches for the coming year to drive that even further. These challenges are never easy. We are also trying to put more attention on getting that balance right between the rule about you get 80 per cent of the work done in 20 per cent of the time, the Pareto rule, and then the problem is that often levels of management like mine ask for a degree of spit and polish that perhaps we could do without.

There is a lot more attention being given to getting it right and serviceable, and not necessarily having all the spit and polish we would normally have put on in a presentational sense. I think that is something to be applauded, but it takes a crisis sometimes to drive you to some of those things. I am not expecting, certainly in this area, a significant drop-off in the level of service delivery as we attain these levels of service. It is probably fair to say that the renewal program, because it is designed to give savings and does, is actually helping us fit the pegs to the holes a little bit better, if I can put it that way, and that is driving efficiency too. I could say more.

CHAIR - We will move now to an area of extreme interest for the committee. Mrs Taylor, it is 1.8 Passenger transport innovations.

1.8 Passenger transport innovation -

Mrs TAYLOR - I am sure the minister will not be surprised that I put up my hand to talk about this one. We are very much of the same mind, minister, I think, in wanting to get public transport more efficient and more used.

Mr McKIM - I think we are, Mrs Taylor.

Mrs TAYLOR - In the current budget, \$4.65 million was allocated to the passenger transport innovation program and you have already mentioned the Tasmanian Urban Transport Framework, which is part of it. Last year no funding was allocated in forward estimates for this line item.

Mr McKIM - That is right.

Mrs TAYLOR - I see a couple of things. First of all, in the priorities areas of the framework you mentioned moving whatever.

Mr McKIM - I think we are moving pretty much everything.

Mrs TAYLOR - Moving everything, that is right. There were originally eight priority areas before we got to the moving bits, and STPs were one of those certainly, and the transit corridor strategies, the urban transport plan was one of those. There were a couple that seem to have dropped off the list. One is targeted improvements in off-bus infrastructure on urban fringe bus routes in partnership with local government. Does that sound like bus shelters?

Mr McKIM - That is in the main bus shelters and associated infrastructure. Often you need to do some work on kerbing and so forth to ensure compliance with the Disability Discrimination Act.

Mrs TAYLOR - Obviously that was part of the program last year but there was nothing in it for this year's budget.

Mr McKIM - If I could just explain, Mrs Taylor, and I am speaking broadly in terms of the passenger transport innovation fund, there has been a carry forward from that fund.

Mrs TAYLOR - Significant; nearly half of it.

Mr McKIM - That is right. Plus the \$1 million in this year's budget. That explains how the budget has presented that fund going forward. Specifically in relation to off-bus infrastructure, we have so far committed \$297 590 to bus stop upgrades from the passenger transport innovation fund.

Mrs TAYLOR - That is in this financial year?

Mr McKIM - No, that is so far. That would be from 2010-11 through to now. We are nearly at the end of the 2011-12 year. That has upgraded 18 bus stops in total and we are still working with a number of councils. Currently we are negotiating funding arrangements with a further six councils. We have funding arrangements in place with Huon Valley, Sorell, Northern Midlands, Central Coast, Waratah, Wynyard, Latrobe, West Tamar and George Town councils. They have resulted in bus stops being upgraded in Huonville, Geeveston, Cygnet, Midway Point,

UNCORRECTED PROOF ISSUE

Sorell, Dodges Ferry, Perth, Longford, Cressy, Penguin, Turners Beach, Wynyard, Port Sorell, Shearwater, Legana, Exeter, Beaconsfield and George Town. I hope that adds up to 18. There is probably a couple in some of those areas. Further funding agreements are being negotiated with six councils. That program is part way through its implementation.

Mrs TAYLOR - Why is there nothing in next year's budget for it, as there apparently is not?

Mr McKIM - We believe at the moment we can roll out the rest of the funding in the upcoming financial year.

Mrs TAYLOR - That will then mean that all of them around the state have been done?

Mr McKIM - No.

Mrs TAYLOR - It just seems like that ought to be an ongoing program so that is why I am just wondering why there is nothing in next year's budget.

Mr McKIM - The simple fact is that at the moment we do not have an onward allocation from Treasury but, rest assured, as I always do I will be fighting for the best funding in my portfolios.

[2.45 p.m.]

Mrs TAYLOR - You have obviously done very, very well because when I look at it, as you say, the \$4.65 million, \$2.1 million of that is being passed on to this year's budget. You have managed to persuade Treasury that you need far more money than you can expend in the year that you are asking it for. It is very smart.

Mr McKIM - That is one way of putting it. What often happens is that unforeseen operational issues or implementation issues sometimes arise during a financial year. This means that despite the hopes and desires of the minister, things do not move quite as quickly as I may dream of. At times, and that has certainly been the case for a couple of the bus stops that we are discussing now, there have been unforeseen delays and they may be planning applications through a council being delayed for one reason or another. We do our best to roll out the money in the year that it is allocated for but Treasury, to their credit, have allowed us to roll over funds from the park-and-ride line item and the passenger transport innovation fund line item in order that we do not lose those funds for passenger transport simply because there are delays.

Mrs TAYLOR - As you said with the previous item. I say that you do very well.

Mr McKIM - Thank you.

Mrs TAYLOR - Some of the other ministers could probably take a leaf out of your book.

CHAIR - They are trying to.

Mrs TAYLOR - There are no forward estimates after the next budget year; there is nothing for 2013-14, 2014-15 and so on. Innovation is going to be all completed in the next budget, or are you looking to carry some of that forward?

Mr McKIM - We may seek to carry some of that forward depending how we go rolling the money in the upcoming financial year. I will be, as all ministers do, meeting with the Treasurer as next year's budget is formulated to advance the best arguments I can for more money into passenger transport. As cost of living pressures continue to impact on people in Tasmania, including specifically people who have financial challenges or financial difficulties, the role that passenger transport can play in the social inclusion agenda will become more and more important as time goes by.

Mrs TAYLOR - You know, minister, that I feel very much it ought not be just for people with disadvantage; we are trying to encourage everyone to use public transport.

Mr McKIM - We are. I am not sure if you have seen the posters up around the 10 Murray Street building where we are running a little internal travel change project inside the department of Infrastructure, Energy and Resources, a form of a trial, to see if it would be suitable to roll out right across the public sector in Tasmania. That involves the potential for public servants to salary sacrifice for Metro tickets. My understanding is that the program is going quite well at DIER at the moment. We are working not only for people with disadvantage but for all Tasmanians. The peak demand periods for public transport on a day-by-day basis in Tasmania are in getting people to and from work. That is when we face our biggest challenges because we are transporting students to and from school, particularly in the morning period. It is not so challenging in the afternoon because schools finish a couple of hours before most work places finish. In the morning period, our real challenge is trying to get people to work and students to school all at the same time. That is our biggest pressure time of the day.

Mrs TAYLOR - When we get to education we will talk about the students going out of area or not going out of area.

This budget is for innovation. I see the framework for change, but there are two things here. One is, if you have unexpended funds then you know that next year whatever program you are going to do is going to cost more dollars. The money sitting there is not all that brilliant and I would rather you spent it in the year that you have it if you could. Second, it is money that is sitting there not being used when we are in such a tight financial situation. Would it not be better if that money was being used, if not by this department then somewhere else? I can understand why you want to keep it in the budget because you are going to use it in the future.

Mr McKIM - I want to keep it in passenger transport.

CHAIR - Save on the interest bills is what the member is getting to.

Mr McKIM - As I said, we do everything we can to expend the money in the year in which it is allocated in the budget. If we cannot spend it, I will fight hard to keep it in the passenger transport portfolio.

Going back to my comments a bit earlier about coming from a fair way back in the portfolio, when I first assumed the portfolio, I am very happy to say that the original intent of the fund was innovation and we have certainly done many innovative things with that money, for example, trialling wi-fi on inter-regional and some urban fringe bus routes involving three different bus operators - that is obviously something that is innovative. Some of that money has gone to things like developing the passenger transport strategy for Launceston. Some might argue that it is not

innovative. If you do not have a strategic approach to passenger transport in Tasmania's second biggest urban centre, probably some people would think it is quite innovative to develop that.

Certainly, the STP funding again has come from that fund and people in Maydena who did not have a bus service and now do would probably say that is quite innovative to have a bus service. Also, as I have said, we have developed the Cycling for Active Transport - Local Infrastructure Development Fund. That is in its second year and we are currently assessing applications from councils and other organisations to that fund.

We do our best to roll out that money in the year but if we do not, and what I have learned as a minister in my couple of years as a minister is that not everything goes as quickly as you would like. I could apply that to the corrections portfolio in some of those issues that we were addressing this morning - if money is not spent in a particular year, my view, as the relevant portfolio minister, is always that I will fight to have that rolled over for the next year so it is not lost to the particular portfolio.

Mrs TAYLOR - Absolutely, I understand that but it just seems to me that when Treasury is assessing any minister's budget needs would they not want you to actually show what you are going to do with that money that year and have some plans to spend it? There are things then that you would plan to do this year that the department, or whatever, did not get done.

Mr McKIM - That is probably true but on a case-by-case basis there are various reasons for money not being expended in the year for which it is originally allocated and -

Mrs TAYLOR - This is nearly half, minister.

Mr McKIM - Yes. That is true, it is.

CHAIR - I am mindful that we need to get to education and we have light rail to discuss.

Mrs TAYLOR - I suppose my next question addresses that. When we are talking about passenger transport innovation, one would think of both light rail and ferry transport, of which one has been investigated and found wanting, so far, with our \$350 000 study into light rail, but nothing about ferries, despite the fact that there has been quite a lot of public interest and interest from the mayors of the greater Hobart area. Is there money, minister, to help with investigating those kinds of projects? It is related to the innovation fund, and I accept that those other things you have mentioned are also innovative or at least strategic. I would like to see progress, as I know you would, in people actually getting out of their cars and into public transport, and different modes of public transport.

Mr McKIM - Yes, as would I. Quickly, before I go to ferries, I will tell you where we are on light rail. I believe you personally, or your representative at times, was on the reference group for the study that was done to develop a business case for light rail. We discussed this last year on this committee and, Mrs Taylor, you are probably just as aware as I am of some of the details of how that went forward. My advice at the moment is that we have forwarded the proposal to Infrastructure Australia late last year, to keep Infrastructure Australia informed of the work completed to date and to formally open a dialogue on possible options for light rail in Tasmania. My advice is that before considering a project for funding, Infrastructure Australia requires an objective comparison of the capacity of different approaches to address the problems identified, and my further advice is that a proposal that focuses on a single mode, without considering

UNCORRECTED PROOF ISSUE

alternatives, will be rejected by Infrastructure Australia. What we are doing at the moment is consistent with those requirements. We are commencing work on an investigation of the potential role of Main Road as a transport corridor. I spoke a little bit about that earlier.

Mrs TAYLOR - I will let the council know that you are about to come and talk to them.

Mr McKIM - Please do not ask them to hold their breath. But before we go forward in any meaningful way, we certainly will be discussing this with council. Consistent with the requirements of IA, we have commenced work on investigating the potential role of Main Road as a transit corridor and we are undertaking a further analysis at the moment to define the problems that we need to address there and potential solutions to those problems.

We are still doing work necessary to inform a full bid in to Infrastructure Australia for light rail.

In relation to ferries, there has obviously been a fair bit of -

Mrs TAYLOR - Once again, there is another opportunity for commuting to get people out of cars, possibly.

Mr McKIM - That is absolutely true. There has been a fair bit of media interest in this and my understanding is that there are some of the greater Hobart councils which are working together on this issue. You are shaking your head there, Mrs Taylor.

Mrs TAYLOR - I do not think so. The latest I heard from the Lord Mayor is that Hobart is looking at talking with a private operator about extending the service that they are currently running.

Mr McKIM - My understanding is that Hobart City Council has had an approach for a different service by another potential operator. It is not clear to me if the group of five councils will continue with their arrangement to develop a business plan but that, ultimately, is a matter for them. I can inform the committee that the Lord Mayor of Hobart wrote to me foreshadowing the intent of the five greater Hobart councils to develop a business case for a ferry service. I have been pleased to be able to offer support to investigate this proposal.

Mrs TAYLOR - Money, minister?

Mr McKIM - No. We will offer human support, DIER staff support, to assist with analysis and for gathering of information to support the development of that proposal.

Mrs TAYLOR - Why would that not come under innovation, if you and the greater councils think it is worth investigating? Why would you not invest some money into a business case from an innovations budget?

Mr McKIM - My advice and my recollection is that we were not asked for financial support for that process. In fact, we were asked for human departmental support which we acquiesced to. The department did do some work on a ferry service a couple of years ago, which you would be aware of -

UNCORRECTED PROOF ISSUE

Mrs TAYLOR - There have been six studies in the last 10 years, minister and they all say the same thing, in the end. They all say they cannot guarantee that it will work. It would always need to be subsidised as bus transport is subsidised. That is not unusual for public transport.

Mr McKIM - No. In fact, it is de rigueur for public transport and I am very comfortable with that, by the way.

Mrs TAYLOR - Yes. It is a matter of all of those studies saying: yes, it would be really good if there was a business plan and a viability study done. We have had the feasibility study six times but there has never been anything practical. That is the next step. That is a business case now.

Mr McKIM - As you have pointed out, there have been some recent developments around the business case from Hobart City Council and ultimately how they go forward is a matter for them in terms of their relationship with other councils. But, as I explained to you and Mr Farrell, when you came to see me about this issue a month or two ago, we need to make sure that what we are developing, and if it comes to delivery, what we are delivering in a ferry service - by the way, I would love to see a ferry service in Hobart; I am very comfortable in saying that to the committee - is not simply replicating services on water that we already deliver on land, through Metro.

[3.00 p.m.]

Mrs TAYLOR - That is the point, isn't it, that we want to grow the pie of people using public transport.

Mr McKIM - That is exactly right, and in the most efficient way for the taxpayer.

Mrs TAYLOR - Absolutely, but that is the area that is missing. We have a number of people now who catch public transport, mostly because they cannot afford to do anything else and we need to grow that into people who just regard public transport as being the normal thing to do to go to work.

Mr McKIM - That is absolutely true.

Mrs TAYLOR - We do need to be innovative.

Mr McKIM - We do. For example, we have allocated \$50 000 out of the Passenger Transport Innovation Fund that has been - it might be \$75 000, I will take some advice on that - but we have contributed to work that is going to be done on a central Hobart bus interchange, or updating the central Hobart bus interchange. The federal government has contributed, as has Hobart City Council, to that process. Ultimately, we only have a finite amount of funds available for passenger transport and we need to make sure that we spend those funds in the areas that deliver the biggest passenger transport bang for the passenger transport buck.

Mrs TAYLOR - My final question on this, Chair. Do you have all the money that is in this year's budget then, including last year's - your \$3.2 million - already allocated in projects, or might there be money if there was a request from whoever, councils or a group, whoever came to you, would you consider a request at least? Is there capacity within this budget to do something like that if a business case was drafted?

Mr McKIM - Yes, there are still unallocated funds in the Passenger Transport Funds.

Mrs TAYLOR - In the innovations fund.

Mr McKIM - Yes, in the Innovations Fund and as always, my door is open to anyone who has an innovative idea if they would like to approach me.

Output group 6
Transport subsidies and concessions

6.4 Metropolitan general access regular passenger transport services -

Mrs TAYLOR - You asked for an increase of 3.15 per cent, I think, over last year's budget. When we talked about the increase last year, you said that the increase you need in dollars flows more because of an increase in patronage, rather than from meeting more fuel costs, or whatever. More people catching public transport means for the subsidies that you give that you need more money to cover those subsidies, yes? Sorry, does that make sense? If more people use the buses the numbers in terms of dollars will go up.

Mr McKIM - That is right, in general terms.

Mrs TAYLOR - That is a direct quote. This year, how much of that increase is due to your prediction that fuel prices will rise, and how much is because patronage numbers have gone up?

Mr McKIM - There is a question for you, Mrs Taylor, I will just see if we can answer that. I will need to take that on notice.

Mrs TAYLOR - Can I have it please in dollar terms and can you tell me how many additional patrons those extra dollars will pay for? Can I ask also about concessions versus full fare? For the increase in passengers, how many of them are normal, full-fare-paying passengers and how many are concessions?

Mr McKIM - We may not have the data sets to make that information available to you, but we will do the best we can with the data we have available.

CHAIR - Minister, I have just been informed that the Economic Regulator recommended that there should be a full cost recovery model. Is that something completely out of the question?

Mr McKIM - For passenger transport?

Mr RUTHERFORD - I am sorry, which report was that?

CHAIR - The Economic Regulator recommended - I don't have the report at my fingertips, but I can also get that to you - a full cost recovery model. Is that something is just so much pie-in-the-sky that it never has been addressed, given what the minister just said that there will always be a need for subsidies for passenger transport?

Mr RUTHERFORD - I am struggling to remember the report, so I need to take it on notice, but as the minister said, it is a normal feature of public transport models which have networks of

UNCORRECTED PROOF ISSUE

natural monopoly characteristics, but the pricing usually requires a level of public subsidy, and that is for the basic reason that the marginal opportunity cost of -

Mr McKIM - Bob is sounding like my old university economics lecturer.

Mr RUTHERFORD - It is because to price efficiently for patronage gives you a pricing structure that doesn't cover total costs, and so if you fully cost recover then you have actually resulted in too low a level of patronage and the costs emerge elsewhere in our system, whether it is congestion or other costs in the urban environment. So it is a normal feature, but I cannot remember the report, I am afraid, Madam Chair, so I am not sure of the rationale that led the regulator to that conclusion.

Mr McKIM - While Mr Rutherford has been talking I have just received some further very good advice, Madam Chair. My understanding is that in 2009 GPOC was asked to have a look at this, so they did the work to inform what a full cost-recovery fare structure might actually look like, but they did not recommend that it be implemented. They simply did the work to inform or to provide better information around this issue, but there was no recommendation to implement that structure.

I very much support the fact that we are not implementing that structure, because to go to a full cost-recovery mode would not only shift costs, as Mr Rutherford has just explained to the committee, but it would price lower-income Tasmanians out of the public transport system. With the government's social inclusion agenda, which the Greens very much support, and with cost of living pressures continuing to bite hard, we need to make sure that we do everything we can to keep fares down. Might I add in this context, that Metro for the past two years has increased fares only by CPI when, under the order from the regulator, they had the capacity for fare increases, from memory, of over 8 per cent. I believe it was the right decision for the Metro board to only apply approximately - because we round them off to the 5 cents and 10 cents so you can't deliver CPI exactly in your fares - CPI, since I have been minister, rather than taking advantage of the opportunities which they had from the recommendations of the regulator to increase fares by significantly more than what Metro actually did.

All of us are on the same page in doing what we can to keep fares down, and there are two or three primary drivers there. One is the cost shifting. Another one is looking after Tasmanians doing it tough, and the third one is that generally speaking the lower the fares the more people will use public transport, so we are trying to drive our patronage up at the same time.

CHAIR - Thank you, and Bob didn't give me that question. I thought that all up myself as well.

Mr DEAN - I have a question on 6.4. In this area you have been provided with an extra \$3.3 million to pursue a range of priorities, including the purchase of low-emission buses. Is the cost of purchasing a low-emission bus greater than the cost of purchasing, say, a normal diesel bus? What are the running costs of the low-emission buses?

Mr McKIM - Diesel at times can be a low-emission fuel, and with the Euro 5 and Euro 6 standards that have come in that has led to a significant improvement in the emissions profile, not only greenhouse gas equivalent or carbon equivalent emissions, but also the particulate emissions from diesel. The Euro 5 and Euro 6 standards have really driven a revolution in diesel engineering around the world. It just goes to show how regulation can deliver good outcomes.

Now to your question, if I am correct I think I could interpret your question around what I might call alternative fuels. Diesel is the traditional fuel for buses. There are alternative fuelled buses available and running in some of the states. For example, compressed natural gas is the one that is often used. There are hybrid buses coming on line and available. Through my discussions with Metro, my understanding is that their next tender, which I believe will go out early in the next financial year, will be agnostic in terms of its preference for fuel which will allow providers to bid into their bus replacement program with alternative-fuel-powered vehicles. For example, compressed natural gas or hybrid. I understand that in the past that has not been the case but Metro will provide a level playing field so that there is no disadvantage to alternative fuel vehicles as part of that process. They would, of course, have to be assessed in terms of value for money and things like that as well.

Mr DEAN - The \$3.3 million that is provided here in this budget is 'for the company to pursue a range of priorities including;' - does that mean that the money is set aside for the purposes of looking at the priorities, or for the purposes of going towards some of the resources that they need? I want to know where the money is going to be spent.

Mr McKIM - Metro has spent that on a range of areas and I accept that it is a line item of the budget.

Mr DEAN - It is 6.4.

Mr McKIM - There is no problem with you asking the question there. Metro spends that on a range of things including new buses but not limited to new buses. Interestingly, when we talk about the \$3.25 million, I could draw the attention of the committee to a statement made by Mr Ron Ward, the chair of the Metro board, when he said this in last year's GBE estimates: 'The reality is that the current financial condition of Metro is such that without that funding we could not replace buses'. That is critical and the consequences of not doing that are significant in terms of maintenance and service quality and so it goes to the whole sustainability of the organisation. I cannot resist pointing out that the Liberal Party in its alternative budget has cut that funding to zero for Metro, which would mean that under a Liberal Party government Metro could not afford to replace a single bus in its fleet - on Mr Ward's assessment, with which I agree.

Mr DEAN - Given that they are looking at the new low-emission accessible buses, we continually raise the possibility of smaller buses. Mr Wing used to raise this subject too. We see so many buses with three or four people in them on certain runs at certain times, and so on. Are they not worth talking about as well?

Mr McKIM - It is something that intuitively one would think would be something that ought to be implemented. The feedback that I have had from Metro on this, because I did ask Metro to have a good look at this when I first became minister, was that the savings are marginal in terms of purchase cost of buses and operating costs because most of the operating costs are actually the cost of paying the driver to drive the bus and depreciation which is similar between a small bus and a large bus. Yes, they do use slightly less fuel but the cost savings are marginal and what you lose is operational flexibility across the entire fleet. You cannot put a small bus on to run on a busy service in peak time because it will simply fill up too quickly and not be able to pick up passengers. The advice that I have received from Metro is that the downside to small buses from the constraints it places around fleet operations is greater than the upside which is very marginal savings.

6.5 Rural and special needs school bus services -

[3.15 p.m.]

Mr FINCH - I did have a general question about the alternative fuel which the minister touched on a moment ago. Alderman Cocker of Hobart has been talking quite a bit about this situation along the lines that the increasing price of petroleum could cripple Tasmania's economy. Do you have a view on that? Does that come into your thinking when we talk about these alternative fuels and the price of petroleum?

Mr McKIM - Yes, it does and peak oil is something that we are in the process of having a strategic look at within the department in terms of the work we are doing to inform a peak oil strategy for Tasmania. I have a view, and my party has a view, that peak oil is with us and it is highly unlikely that we will ever go back to the days of 10 or 20 years ago in terms of the price of fuel and, overwhelmingly, it is likely that the price of fossil fuels will continue to rise.

I also make the point that compressed natural gas is a fossil fuel, just as petrol and diesel are fossil fuels. Not all of what are generally designated as alternative fuels is renewable; they are still a finite resource, although it is fair to say that the globe has not been exploiting compressed natural gas for quite as long or as strongly as it has been exploiting more traditional fossil fuels, such as oil, over the last century or more.

Yes, these things do exercise my mind and I do think that the more that we can do to prepare Tasmania for the oil shock that I believe we are in already, then the more sustainable our economy will be and the more sustainable our communities will be.

Mr FINCH - In the area that we have moved to, rural and special needs bus services, there does not seem any surprises in the forward estimates for this, just a steady -

Mr McKIM - I certainly hope not, Mr Finch.

Mr FINCH - No. There is just a steady increase. Is that because of the fuel costs?

Mr McKIM - Maybe James could inform the committee about this.

Mr VERRIER - That would just be the indexation based on the models that apply under the different contracts. They take into account a variety of the operating costs. Fuel is one of the components but labour is another component, the costs of maintenance and repairs. All of those things are factored in and that is what you are looking at there in the budget estimates. You could not look at it and say any one particular aspect of the increase is for a particular component. It is just looking at that overall package.

CHAIR - The average age of the bus fleet now?

Mr McKIM - It is down significantly on -

CHAIR - You have put a lot of money into it, it should be.

Mr McKIM - To be honest, what the government has done is create a framework that allows private operators a greater level of certainty which is, in turn, required by lending institutions -

CHAIR - They had a carrot.

Mr McKIM - Yes, they did. I congratulate the private sector for having the confidence in the government's framework and the confidence in passenger transport in Tasmania to do that investment. I think we are getting some figures on where we are in terms of the average age.

CHAIR - I am happy for it to be provided while we move on, just for the record, so I can keep my information.

Mr McKIM - At the time of the core passenger services review, the average age of buses was 21.8 years.

CHAIR - Old clunkers, I think they were referred to.

Mr McKIM - Yes. Currently, the average is 16.6 years. That has come down 27 per cent in approximately five years.

Mr RUTHERFORD - The important thing is, when the previous date was given, it was going up by a year every year. We were not getting any new buses into our fleet.

Mr McKIM - Just to inform the committee that 'yer' is Yorkshire for year!

CHAIR - We absolutely knew that.

Mr FINCH - This line item garners \$19.5 million and increasing. I want to have some understanding of the special needs bus services that are referred to here.

Mr McKIM - Do you mean disability compliant?

Mr FINCH - Yes, like rural and special needs bus services. What are those special needs? What are the categories that come into the special needs area?

Mr MULLEN - At the moment there are 17 special needs buses contracted across the state. They are specifically for people mostly in urban areas who have mental or physical disabilities to get them to and from their front door to the school they attend.

Mr FINCH - How much of that \$19.5 million covers that particular area of the operation?

Mr MULLEN - I do not have an exact figure, but of the order of \$100 000 a bus, so about \$1.7 million of that would be for the special needs service.

Mr FINCH - So, the bulk of that \$19.5 million that is increasing is really about the rural bus services.

Mr MULLEN - That is right, getting rural kids to their local rural school, essentially.

Grants and subsidies -

UNCORRECTED PROOF ISSUE

CHAIR - I will kick off because I continually hear about the issues with the Bruny Island ferry service, minister.

Mr McKIM - What specifically is your question?

CHAIR - I am interested to know whether there has been any discussion with the operator of the Bruny Island ferry service into relieving and reducing the bottleneck.

Mr McKIM - I am confirming my understanding that this actually falls within Minister O'Byrne's portfolio, not mine.

CHAIR - It says output group 6 and then it is indicated in the budget papers that it comes under your area.

Mr McKIM - Well, it has never been my understanding this is my area. Within output groups there are sometimes different output groups that relate to different ministers. I would be -

CHAIR - So you do not want to talk about the Bruny Island ferry service with me?

Laughter.

Mr McKIM - Well, I am happy to but I am aware that Minister O'Byrne has a brief on the Bruny Island ferry service and I don't.

CHAIR - The same as yours, minister?

Mr McKIM - I don't have one, Madam Chair, because my very clear understanding is that it is not in my portfolio areas, despite what the budget papers may or may not say.

CHAIR - I often think that this is a ploy to try to confuse members of the Legislative Council on the aspects of the budget. If we cannot talk about that can we at least talk about the pensioner air travel subsidy, particularly for the islands? Can we talk about that?

Mr McKIM - I do not think we can, Madam Chair, but I will take some advice. Yes, we can talk about it.

Laughter.

CHAIR - Thank you. Obviously, with an ageing population, I am interested to know whether that subsidy meets the needs of those who access it, the number and the -

Mr McKIM - You are talking about the pensioner air travel subsidy?

CHAIR - That's right. I only get three, out of this lot, to talk about.

Mr McKIM - You are absolutely right that this is in my portfolio area. Basically, this subsidy allows aged pensioners living on King, Flinders or other Bass Strait islands to claim reimbursement each year of 50 per cent of the cost of one direct return flight between King or Flinders Island and northern Tasmania. Claims for payment are completed after travel has been

UNCORRECTED PROOF ISSUE

undertaken and are endorsed by the local council to confirm residency and aged pension status. They are submitted to DIER for payments.

In 2011-12 to date, with obviously a month and a bit to run to the financial year, 51 claims have been processed under this scheme. I am not aware of any unmet demand in terms of a demand for financial resources out of this subsidy.

CHAIR - Obviously then, there is no increase estimated across so the allocation is meeting the needs.

Mr McKIM - My understanding is that that is the case. Perhaps I could phrase it in this way: I do not have any advice that it is not the case.

CHAIR - Is there anything else left here?

Mrs TAYLOR - One general question about this, which you raised, minister, at some stage.

Mr McKIM - Silly me.

Mrs TAYLOR - I know. You said you were pleased that there had been a split, that sustainable transport had actually been taken away. There must be some times when that raises some difficulties because in a recent conversation we had, for instance, I mentioned to you that there was a ferry terminal that had been built at Wilkinsons Point and you said you didn't know anything about that because it is not your area; it is actually infrastructure or economic development or something, which is not yours. So, do you not find there are tensions there?

Mr McKIM - No, I don't find that there are tensions there. The department works very hard to support me and I am sure works equally hard to support Minister O'Byrne in relation to his portfolio as Minister for Infrastructure. I think on balance to have an identified sustainable transport minister has been really beneficial to passenger transport. It means that when cabinet is making decisions or there is interaction between ministers and departments and, in this case, the Department of Infrastructure, Energy and Resources, there is a minister who is putting the views and the needs of passenger transport just as hard as Minister O'Byrne I am sure would put views around the needs for car transport and further road construction.

Mrs TAYLOR - It is not just car transport though. As you will recall, when this ferry question came up and both Craig and I were asked to help. We went to Minister O'Byrne because he has the infrastructure stuff, the ferry terminals and whatever, and he said, 'This is very good but of course I can't talk much about this because it is really sustainable transport'. So then we went to you and your end, and you are both right, and you are both in a sense part of the solution, but it makes it very difficult for people who want to talk to you or to someone about bringing in a ferry service, because it is in both your portfolios.

Mr McKIM - It is, and inevitably there is an overlap there, because for example DIER might decide to build a new road somewhere -

Mrs TAYLOR - Or a ferry terminal.

Mr McKIM - or a ferry terminal, and I would have an interest in a new road or a new subdivision to make sure that buses can turn around in that subdivision, or that there are

provisions made for bus stops in the planning and design work. I, at least, have been speaking to the department about the way that it plans and scopes and designs projects to make sure there is a holistic approach within the department, to make sure that the views of passenger transport are put internally within the department during the process of planning and scoping and designing infrastructure as well as by me at ministerial level. So there are moves afoot in the department to make sure that there is a conduit, if you like, for those views to be put.

Mrs TAYLOR - Let me ask you the specific question then, the one that you said yes, yes, yes, yes, yes to. If there were to be this request for a business plan to be done, say, for ferries, is it your money or Minister O'Byrne's money that is going to pay for it?

Mr McKIM - Tempted as I am to say that it should -

Mrs TAYLOR - Or are you going to share? So you would say it is his and he would say it is yours. I want to know who we go to.

Mr McKIM - It would probably be appropriate to discuss that with both Mr O'Byrne and me.

Mrs TAYLOR - In the same room at the same time?

Mr McKIM - I am very happy to sit in the same room at the same time as Mr O'Byrne, yes.

Mrs TAYLOR - Excellent.

CHAIR - Okay. Well let us organise that over a break, so I will suspend the sitting and we will return at 3.40 to commence In-school Education.

The committee suspended from 3.28 to 3.40 p.m.

DIVISION 2

(Department of Education)

Output group 1

Pre-compulsory and compulsory education.

1.1 In school education -

CHAIR - This is the last part of our journey for this afternoon, more than likely.

Mr McKIM - It will be very sad when it is over, Madam Chair.

Laughter.

CHAIR - Minister, I know we have had a conversation about how we might progress later and we will have a look at that again around 6 o'clock to see how we are travelling.

Education is a very serious aspect of the budget and also for Tasmania -

UNCORRECTED PROOF ISSUE

Mr McKIM - Absolutely.

CHAIR - The education aspects of our community and what their aspirations are. Are you looking to provide an overview for the committee?

Mr McKIM - I was but then again, as I stated this morning, I am very happy to forego that opportunity in order to provide the committee with more opportunities to ask the questions. Perhaps I could just introduce the people at the table.

CHAIR - I was going to say that might be a good idea to introduce your team.

Mr McKIM - On my right is Mr Colin Pettit, Secretary of the Department of Education. We have Liz Banks and Andrew Finch here as well as Mr Nick May who - gee, I was going to call you 'the money man', Nick - is the Director of Finance from the department.

CHAIR - Thank you. Obviously there is considerable expertise at the table, minister.

Mr McKIM - There is indeed considerable expertise.

CHAIR - In light of that I am going to invite Mr Gaffney to begin proceedings. Thank you, Mr Gaffney.

Mr GAFFNEY - Thank you. Minister, I noticed before that you said you would forego the overview so for the record and for *Hansard* it should be noted that we, the members of this place, who work with and visit schools on frequent occasions can only express our support of the many excellent schools we have, and the principals, teachers, staff and students who are critically important to our communities.

I also appreciate the personnel here today who have worked long hours and have to make decisions that sometimes are not always easy. We give them credit for that and for the paperwork they have provided.

Mr McKIM - Thank you, Mr Gaffney.

Mr GAFFNEY - I will be looking at output 1 and then the honourable member for Elwick will be looking at output 2 - the post-compulsory education, and the honourable member for Windermere, Mr Dean, will be looking at output 3 - the LINC.

I appreciate that the Minister for Children also has a responsibility in her role.

Mr McKIM - Yes, she does.

Mr GAFFNEY - So there is some crossover there but I also understand that there are quite a lot of questions for output 2 and output 3 regarding the post-year 10, which will take some time. To help streamline this a little bit, this is how I suggest it operates for this section. If you could pass each of those to your staff.

CHAIR - As you can see minister, this is a very organised committee.

Mr McKIM - A very impressive development.

Mr GAFFNEY - People on this side of the table have already received a copy. I will point out number 13, the Fairbrother recommendations, when I was working this out I could not remember if it was the 'school viability reference group' or the verification one so I just went with 'Fairbrother' because it was easier.

Mr McKIM - Yes, that is the school viability reference group but certainly we know where you are coming from, Mr Gaffney.

Mr GAFFNEY - What I intend to do is work down those issues and then I thought that staff here would not have to break an elbow trying to flick to the right page so that they could see where they were going to have some input into the conversation as we work along. I have invited the other honourable members to make comment and ask questions at any section as we flow through. Obviously there will be some crossover but we will just see how that works.

I suppose, minister, this is where you can give an overview of some of the savings strategies and the progress to date which will be helpful for the record.

Mr McKIM - Yes, I can do that. I have Mr Finch next to me to assist me with any questions of detail. I should actually say assist the committee.

First, in overview we remain on track to operate within our 2011-12 budget appropriation. Of course, we were challenged by Treasury to deliver \$46.864 million in budget savings strategies. I will go to the detail of some of that shortly, Mr Gaffney, but in overview of the 2012-13 DoE budget, we have a total DoE budget for total expenses of \$1.311 billion, which is actually an increase of nearly \$2.5 million from 2011-12 contrary to the Liberal propaganda which says that we have cut it by \$58 million so that is wrong, just for the edification of the committee.

Budget savings strategies applied in the 2011-12 budget will continue in 2012-13 because the 2011-12 budget covered budget savings right across the forward estimate. The savings task has increased by just over \$10 million from \$46.864 million in 2011-12 to \$56.046 million in 2012-13. Of the increase in savings, \$6.869 million relate to recurrent services while the remainder reflects new one-off capital savings in 2012-13 of just under \$20.5 million, which is \$3.313 million greater than the 2011-12 capital savings of \$17.127 million.

[3.45 p.m.]

I think you are asking about our original 2011-12 savings requirements. There have been some variations in those. That is, reality has not entirely corresponded to the budget in 2011-12. There are four particular strategies that there have been significant variations to. First, the school structures strategy was scheduled to achieve savings of \$1.75 million in 2011-12. We have deferred that strategy, as members would be aware, and we have identified alternative savings for 2011-12 and 2012-13 which I am very happy to discuss for the committee in more detail.

Also, the Learning Services restructure was varied significantly in that it was scheduled to achieve savings of \$1 million in 2011-12 growing to \$1.5 million in 2012-13. Following a revision to that strategy, structural savings of \$3 million have been achieved in 2011-12. That would, of course, flow through the out-years at a similar quantum.

UNCORRECTED PROOF ISSUE

We have also achieved more than our targeted saving in the amalgamation of corporate services and shared services within the department. That was targeted to achieve \$3 million in savings but the final outcome, we believe at the moment, will be in excess of \$4 million of savings in that area.

Finally, the school class size strategy was scheduled to achieve savings of \$7.118 million in 2011-12. We deferred the implementation to the start of the 2012 school year so we were not making changes half-way through a school year and this is often a tension between accounting and what is happening on the ground because, of course, schools run on a calendar year whereas financial years run through to the second half of any given year and the first half of the following year. So we deferred that implementation to the start of the 2012 financial year. That saw the 2011-12 savings reduced by \$2.425 million but that will only be on a one-off basis. In other words, as we move forward through the out-years, we believe we will achieve the savings target there.

The additional \$2 million in savings achieved through the restructure of Learning Services has contributed to overcoming some shortfalls in other strategies whilst other savings have been achieved by maintaining tight controls across the portfolio, especially in relation to salary and classification profile management.

I hope I have been clear in my overview about those saving strategies that have varied from the original budget projections. I am happy to talk more about those in detail if you require.

Mr GAFFNEY - I am interested to see that with the Learning Services you have created greater savings than what you first anticipated but something has to go - it cannot just be efficiencies, otherwise you would be saying that in other years we were inefficient. So what has had to be withdrawn?

Mr McKIM - I will ask Mr Andrew Finch to provide further details on that but broadly speaking, the restructure of Learning Services was actually taking the two southern Learning Services and amalgamating them into one Learning Service so, whereas previously we had Learning Services South and Learning Services South-East, we now have one Learning Services budget centre for the entire south of Tasmania. That was the main one that we delivered in that area. I think Mr Finch can provide further information.

Mr A. FINCH - Thanks, minister. Basically, what we have been able to do is look at some of the administrative processes that existed in Learning Services and between Learning Services and the central office, for example, in some of the human resource functions and staffing. We have been able to change some of those processes around, or remove the duplication that existed, and do more routine in operations on an economies-of-scale basis from the central office, which has enabled us to reduce staffing positions. We have also brought the learning services from four to three which did achieve some significant savings for us in reduced positions throughout the state. That is probably the predominant saving that we have achieved there.

Mr GAFFNEY - It was interesting to note that there is supposedly an extra amount of about \$10 million to save between 2011-12 and 2012-13. I know you alluded to that earlier, minister, but could you expand on that a little bit more as to what agencies you think those savings will come from and what impact that will have on learning outcomes for students?

UNCORRECTED PROOF ISSUE

Mr McKIM - If I could say that we do everything we can to ensure that we keep to an absolute minimum the impacts on educational outcomes when we are considering how we are going to meet our budget challenges that are set for us by Treasury. A majority, I think it is fair to say, fall within the area of capital investment in children and family centres, which is Minister O'Byrne's portfolio rather than mine.

The other one was the schools class size strategy for which we will achieve a much greater saving in the upcoming financial year in 2013 because in 2011-12, that saving strategy was only implemented for the second half of the year.

Mr GAFFNEY - On that, interestingly enough, you mentioned not affecting student outcomes and learning -

Mr McKIM - We try to minimise the effect.

Mr GAFFNEY - Yes. To take away the reduction of class sizes is quite a step away from the norm that has been in Tasmania now for the last 10 years where they are trying to reduce the class sizes and it is a reality, I suppose. But the impacts on outcome - how will that be assessed on student learning? How will you be able to monitor whether the class sizes are now too big that it is becoming more detrimental to the outcomes of student learning?

Mr McKIM - My view is that there has been a focus on class size which has overstated its importance to educational outcomes. I have a very firm view, having waded through a lot of research since I have been Minister for Education, that the primary driver of educational outcomes is the quality of the teachers and school leaders that we have in our schools. If you look at the PISA results, a number of the world's highest performing educational jurisdictions have class sizes significantly larger than the class sizes we currently have in Tasmania.

At the heart of my vision, as Minister for Education, is that we need to do more to prioritise supporting and inspiring our teachers and school leaders. In my view, out of all the things that we can control or influence in the education portfolio, those are the ones that deliver the greatest potential increase in educational outcomes. All other things being equal, I would like to see smaller class sizes. However, I do not think that class sizes are as important as others might think and, in fact, do think, looking at the public debate on this issue. I am not saying that class size is irrelevant because it is clearly not; but I do not think it is as important a driver of educational outcomes as some might consider.

Mrs TAYLOR - Can I ask a supplementary to that?

Mr McKIM - Sure.

Mrs TAYLOR - I absolutely agree with you that the quality and the professionalism and the skills of our teachers are paramount in education. I could not find any line item in here, though, that says what you are doing to fund increasing skills and professional development for teachers.

Mr McKIM - Yes, thank you, Mrs Taylor. We are doing quite a bit to support our teachers -

CHAIR - So it is incorporated in another area?

Mr McKIM - We have developed our professional learning institute which is basically investing a lot more into professional development for Tasmania's teachers. Can I firstly just inform the committee on this issue that Tasmania has the second-leanest education bureaucracy in the country? That is, on a per student basis, Tasmania spends less than any other jurisdiction except for New South Wales on administrative costs within the department. What that means is that the Department of Education in Tasmania is extremely efficient in terms of its administrative processes. New South Wales is leaner on a per student basis than us but that is explainable in large part because of the economies of scale available for a jurisdiction the size of New South Wales compared to one that is the size of Tasmania.

We have allocated extra funding of \$3.4 million in the budget over the next two years to help fund the Tasmanian professional learning institute which is designed to deliver high quality professional development for teachers and department staff. That is \$1.7 million in 2012-13 and another \$1.7 million in 2013-14.

CHAIR - Is that more personal development days and so more student-free days?

Mr McKIM - Not necessarily. The professional learning institute is an online institute which has been developed under the leadership of the department by Mr Pettit. So again the department helps the minister look good, but I want to pay credit where it is due to the people within the department and to Mr Pettit's leadership in this area. He and I agree wholeheartedly on the priorities for this portfolio and the need to do everything that we reasonably can to prioritise support for our teachers and school leaders. Initially, the professional learning institute is focusing on school leadership roles. I would welcome the opportunity to discuss what we are doing to support school leaders as we move forward through this budget estimates committee process. Over time it will expand its focus to encompass all areas of the department.

CHAIR - When you talk about school leaders, are you talking about staff or about students as well?

Mr McKIM - I am talking about school leaders which include but are not limited to principals because there are assistant principals.

CHAIR - ASTs.

Mr McKIM - We have ASTs and we also have our principal network leaders who are now a structure in place. It is not administrative but a school-based structure that is designed to mentor and support principals as they have an incredibly difficult job. I often say to principals that I cannot think of many more jobs that are as similar to a politician's because they are dealing every day with difficult issues such as finite resources, human interaction and interaction with their constituency, if you like. These are crucial to the way a principal goes about his or her role.

The term 'school leaders', in this context, includes but is not limited to principals.

CHAIR - Mostly, when you go into a school and they talk about school leaders, they are referring to the students who are the leaders in the school. It is a terminology that is a bit confusing.

Mr McKIM - The professional learning institute is focused on our staff. The last point I will make is that the activities of the PLI complement the development of our school improvement

UNCORRECTED PROOF ISSUE

framework. If the committee is interested, I can, with Mr Pettit, go into further detail about our school improvement framework because we have had some assistance from Professor Geoff Masters.

I spoke at a leadership symposium for the Big Day Out that we had the Rokeby Police Academy earlier this year where almost all Tasmania's government school principals plus other leaders from within the Department of Education gathered. About 250 of the department's leaders, including most of the principals, were there and Professor Masters gave an outstanding presentation about a school improvement framework. What we have basically done with Professor Masters' help is to deliver a school improvement framework that is flexible and adaptable and can be used by schools in any different circumstance to self-assess where they are in terms of improving their school, and also then to plan strategies to improve their school in the identified areas where they may not be performing so well, and I can indicate - and I have passed this on to Mr Pettit - I visit many schools, as you would expect as Minister for Education, and I always ask principals three or four questions to interrogate how they think we are going within the department and within this portfolio and the school improvement framework which I think -

Mr GAFFNEY - Excuse me, minister, can we come back to that, because otherwise, with all due respect, we seem to be floating into another area.

Mr McKIM - Sure we can. Okay, no worries.

Mr GAFFNEY - With regard to staffing, what impacts have the budget decreases had over the past year and into the future FTEs and relief? I understand that it is not easy getting your numbers because of the six months in 2011 or from one financial year to the other financial year.

Mr McKIM - I'm sorry, Mr Gaffney. Perhaps my enthusiasm for a school improvement framework might have got the better of me there, but that is okay.

Mr GAFFNEY - Yes, I have worked with some people like that before.

Mr McKIM - I am happy to come back.

Mr GAFFNEY - Could you just talk about the staffing, the savings and how it is panning out?

Mr McKIM - These are whole-of-department figures that I will share with you in the first instance, and then we can drill down into teachers and other stuff. There has been an overall reduction in staffing numbers from March 2011 to March 2012 of 588, and that is a headcount, not FTEs. This is due to a combination of factors, and I will now go through those factors. We have approximately 50 fewer teachers as a result of fewer students. When I say fewer students, members will be aware that, in common with all other Australian jurisdictions, the government system in Tasmania is continuing to lose students to the non-government system but also to demographic change. We have approximately 40 fewer staff associated with non-essential roles in the polytechnic. We have approximately 40 fewer staff in learning services associated with the restructure of learning services that I spoke about earlier. We have approximately 50 fewer staff in corporate services following the amalgamation with shared services that I spoke about earlier. Approximately 229 of those heads are due to simply a change in the reporting rule, and that means that the rules of reporting on this basis have changed so that staff on unpaid leave are no longer included, and that accounts for approximately 229. As members would be aware, we are

UNCORRECTED PROOF ISSUE

running a workforce renewal incentive program, and I can advise the committee that 242 employees have accepted -

CHAIR - The \$20 000.

Mr McKIM - Yes, the \$20 000 in round 2, and there is an ongoing round 3 as at March this year.

Mr GAFFNEY - Thanks for that. Can you give me a figure of what was spent on relief teachers for 2010?

Mrs TAYLOR - Can I just ask a supplementary to that last one? If we have 200 -

Mr McKIM - Sorry, Mrs Taylor. If I could just indicate, Madam Chair, that on that last question from Mr Gaffney we can provide those figures but we don't have them here, so we will take that on notice if that is okay.

Mr GAFFNEY - Thank you.

Mrs TAYLOR - Can we just go back half a breath, half a sentence? In that 242 who have accepted the incentives to leave, you have not replaced those? Is that 242 teachers in addition to the 50?

Mr McKIM - I will ask Mr Finch to explain some of the details on that one.

Mr A. FINCH - Yes, 242 people did accept early retirement incentives. A number of them will be replaced. The significant majority will be replaced, given that we still need staff in those roles, but what we do is replace them with staff on a different salary level - that is, bring a graduate teacher in to replace one of the other teachers.

Mrs TAYLOR - I understand that, but the minister started by saying there were 588 fewer people, and 242 of those are teachers who took the incentive, so it is not 588 fewer.

Mr A. FINCH - No, but what it means in terms of FTEs it does contribute to it, because we have had a number of teachers in over-quota roles; they did not have a substantive position. We have been able to slot those people into a substantive position as other substantive staff have left the agency, which means we have a lesser requirement to employ fixed-term staff.

Mrs TAYLOR - So you had more people than - especially if you amalgamated with learning services. There were many teachers in that lot who had nowhere to go. That is what you have done then.

Mr A. FINCH - We have had a reduction in the numbers of staff that we generally employ on a fixed-term basis. We do not need to employ on a fixed-term basis because we are putting people into more permanent positions.

CHAIR - Minister, what are the rules around taking the \$20 000 and leaving? Are they allowed to come back and do relief? I am interested to know whether people are still engaged in the system in another way.

UNCORRECTED PROOF ISSUE

Mr McKIM - Mr Finch manages this program so I will ask him to respond.

Mr A. FINCH - There is a whole-of-government policy on it where generally staff are unable to come back within a two-year period -

CHAIR - So anyone who has taken the \$20 000 cannot come back and work in the system no matter whether they are one day -

Mr A. FINCH - I will say it again as I did not quite finish the answer. They are unable to come back within two years into what is called a fixed-term position - regularly employed.

CHAIR - So they come back as a relief teacher.

Mr A. FINCH - In certain circumstances they can come back as a relief teacher. As you would appreciate, around the state in some regional areas we do have some coverage issues in obtaining relief teachers.

CHAIR - So, minister, tell me how that helps a graduate get a job. How does allowing those people who have taken the money and said they no longer want to be part of the system on a full-time basis and who can come back on relief, how does that help those new graduates get a job?

Mr McKIM - It helps in a global sense in that when we lose someone from a substantive position at times we can then employ a graduate teacher to fill that substantive position, as Mr Finch has indicated. But we do have coverage challenges in some of our schools in some areas so we need to ensure we have enough workforce flexibility to keep the teachers up to the schools.

CHAIR - Explain to me why you would give a teacher in an area where you have challenges to fill the position a \$20 000 bonus to go, and then employ them on a relief basis? Why would you do that?

Mr A. FINCH - What we would generally be doing is trying to attract a graduate to that area and replace them, whether it be in a full-time or a part-time capacity. That is the ultimate goal, but occasionally there is a short-term for people. For example, if a number of teachers happened to be sick on the one day we may need to call on someone. We are only talking about limited cases here.

CHAIR - Out of the 242 people that have taken the incentive, how many have been re-employed on a relief basis back into schools? You may have to take that on notice. Region by region might be a good way.

Mr McKIM - If we have the data sets we will provide that.

Mr DEAN - Add to that the number of those teachers who are on the relief list to be recalled.

Mr McKIM - What you are asking is the number of teachers that accessed the workforce renewal program who are now registered as a relief teacher.

Mr DEAN - Yes.

UNCORRECTED PROOF ISSUE

Mr McKIM - If we have the data sets we will provide that for the committee.

CHAIR - Are there any other issues around teachers?

Mr GAFFNEY - I was wondering how the education department assesses the impacts of savings strategies in schools. Principals get so much money and they then have to make a choice of what staff or what programs they run. At the end of the day, what requirement is the education department having on its cohort of principals to say this is the impact we have had in our school and this is why, and this what we have had to do to reach the financial constraints that we have been asked for?

Mr McKIM - You are right. In Tasmania we go through a process to determine what any individual school's resource package will be for the upcoming school year. We communicate closely with schools about the department's calculation but in effect we provide that school resource package - SRP - to each individual school and then schools in consultation with their local communities make decisions about how to spend that money because, philosophically, I have a view that those decisions are better made at a local school level rather than the minister or the secretary, for that matter, sitting in his or her office, dictating to schools exactly how they spend every last dollar of their funding package. Philosophically, I am very comfortable with the approach that we have.

There are three savings strategies that have had direct impacts on school resource packages. The first was the withdrawal of class size funding which we spoke about earlier. The second was the withholding of indexation on school resource packages. That was a one-off for the last school year. For 2012 we are now indexing rates once again.

Mrs TAYLOR - You are working on a calendar year for schools, aren't you, rather than a financial year?

Mr McKIM - That is exactly right. It overlaps again with half of the financial year. Just before you ask your next question, Mr Gaffney, I would add that one of our saving strategies was to withhold interest earning on school bank accounts. That is to resume that interest, essentially, rather than allow schools to keep that interest. That was a strategy which I support strongly because many schools were, I believe, not spending. When we allocate a school resource package, the intention is that it will be used in that year to deliver the best educational outcomes to students. It is not intended to be investment money for the school. Some schools had over 30 per cent of their funds unspent at the end of the calendar year which means they were not using that money to provide educational outcomes for their student.

Mrs TAYLOR - Minister, you cannot talk about that when we have just gone through the previous thing, where you received 40 per cent unspent from last year.

Mr McKIM - That was the third savings strategy and we are going to keep that in place but it will likely return smaller savings to the department as schools respond to that by doing what we would like them to do, that is to spend the majority of the money in the year that it was allocated to.

School resources have also been indirectly impacted by the learning services savings strategy. As part of the redesign of learning services, many of the funds that were formerly managed by learning services have now been redistributed directly to schools for them to manage locally. For

UNCORRECTED PROOF ISSUE

example, the majority now of the \$11 million, Raising the Bar, Closing the Gap funding is now managed within the individual target schools. Similarly, the \$5.4 million Launching into Learning funding is now provided directly to schools.

Mr GAFFNEY - Thank you. The SRP, it is interesting that you have raised that, is something like student link funding which was a transition program for 6 to 7, or 10 to 11, and I think schools were getting \$80 per student to run that and it was available in 2010-11. I do not think there is funding there for 2012-13. That transition program between 6 and 7 is really important for students to have a good time at school and be safe in that environment. I wonder if that funding that was external is now expected to come out of the SRP, or do they just drop that program off their books because they cannot afford it?

Mr McKIM - That \$4 million was previously supporting some local strategies and programs within individual learning services but that also has now gone back into schools as part of their school resource packages.

Mr GAFFNEY - Has there been an evaluation of how important or how successful or otherwise that program was because from people I have been speaking to, it was very worthwhile and they had much less trauma at school and anxiety because those students had gone through a program that was funded? Surely, if we are looking at retention rates in 6 and 7 and 10 and 11, we evaluate those programs and say, it was good but we cannot afford it anymore.

Mr McKIM - We have not formally, centrally evaluated that program, although schools will, of course, form their own views about the success or otherwise of programs that are rolling out in those schools. I make the point again, Mr Gaffney, that \$4 million has been reallocated from the learning services into the individual schools and now schools themselves will make decisions about whether to move forward and retain that funding to fund that specific program or whether, at a local level, they have identified higher priorities or higher needs for that funding. That decision can be made at school level.

Mr GAFFNEY – The Reach Your Potential program began in early 2011. Can you tell me what percentage of students in year 10 in 2010 went on to year 11 in 2011, and what percentage of students in year 10 in 2011 went on to year 11 in 2012? That is a measurable one so I just want to know what statistics you have regarding that because, given the success, if possible, of that program, for higher retention rates, I am wondering where that money is going.

Mr McKIM - I am seeking some advice on that, Mr Gaffney. We are looking for that information but if we can park that temporarily, I will see if we can get some advice on it.

Mr GAFFNEY - Okay.

CHAIR - Are we still on school education?

Mr GAFFNEY - Yes.

CHAIR - Good.

Mr GAFFNEY - If you have a look at that sheet we are going down, we are on about number 3 but the others get quicker.

UNCORRECTED PROOF ISSUE

Can you tell me about the outcomes from the innovative and flexible education grant? Is the department still funding this?

Mr McKIM - Yes, there are no further rounds for grants but some of the grants that were previously allocated are still in operation because they were grants for longer than one year.

Mr GAFFNEY - Is there one for the Ashley school?

Mr McKIM - I will see if we have some advice on specific grants.

Mr GAFFNEY - According to a press release, Minister Thorp, in 2011, said that \$5.4 million was for that but I am wondering now what the funding for that Ashley innovative flexible path program would be.

Mr McKIM - I was correct in my previous advice: there are no further rounds of that funding available and the expiry of the last of those will occur at the end of the next school year; that is the 2013 school year.

Mr GAFFNEY - If you were a principal and you had a flexible provision program, say, at Devonport High School, which matches students with mentors, they would then have to make the decision if that comes out of the SRP, if they want to continue the program.

Mr McKIM - That is correct.

Mr GAFFNEY - So, is there any additional funding coming from the savings out of the learning services for that?

Mr McKIM - No, not for that.

Mr GAFFNEY - This is fine, I just want to understand. It means some of the programs that have been innovative within schools to try to deal with students who have all sorts of behavioural programs, difficulties and challenging behaviours, those are the programs that, if you were a principal, at the end of the day, are the ones that are going to be most likely not to get money.

Mr McKIM - I won't pre-empt decisions that may be made by principals and school communities about their funding allocations. As I have previously explained, that is done at an individual school level by the school leaders and the school communities in individual schools. In overview, Mr Gaffney, you are right in that any funding that has been delivered to a school through the innovative education grants will cease in 2013 so schools will need to make decisions at a local level about whether they continue those programs or not.

Mr GAFFNEY - Moving onto number 4, I am quite happy for honourable members to jump in whenever. Empowering local schools: could you outline the focus of that program, how it is funded, how will it be measured -

Mr McKIM - Is this empowering local schools?

Mr GAFFNEY - Yes. Outline the focus, how is it funded, how will it be measured. I notice there is no funding for forward years so how is that going to be -

UNCORRECTED PROOF ISSUE

Mr McKIM - This is a commonwealth government program delivered as part of Labor's election commitments at the last commonwealth election. We have indicated publicly that up to 22 Tasmanian government schools will have the opportunity to be part of this national partnership. We are not quite in a position to announce which schools they are, but we are not far off that, I would think.

CHAIR - How will they be chosen, minister?

Mr McKIM - They will be chosen on a range of criteria.

CHAIR - Which will be?

Mr McKIM - As always from you, Madam Chair, that is a very good question. I will just see if we can get some further advice on that in terms of the criteria, but each participating school will receive a one-off startup grant of between \$40 000 and \$50 000 to support their participation in the Empowering Local Schools Initiative. There will be \$77 000 of this funding targeted for training and professional development which will be provided through the professional learning institute I mentioned earlier. Also, the department will receive \$900 000 to support system changes which will, in turn, support this program. That will include a student administration data collection system being developed to support participating schools, particularly to measure improvements. We believe that by the end of this month, in approximate terms, we will have selected the 'plus' schools - which is what we are calling the schools that will participate in that program. As of the start of the next school year, up to 22 schools will commence as active plus schools.

Mr GAFFNEY - That is good. That is extra funding. Did they have to apply? How were the schools chosen? Did they apply?

Mr McKIM - Yes. I will ask Mr Pettit to provide some further information.

Mr PETTIT - Thanks, minister. Yes, there is a process - an agreement with the national body. There are three elements on the basis of which schools can elect to become plus schools. One of them is governance - working with parents and having greater decision-making, particularly of parenting the school itself. The second one is around the leadership in the school - a different structure of leadership, or a different way of perhaps performing leadership, and it is up to the school how they determine that. And the third one has just slipped my mind.

CHAIR - It is a really important one.

Mr PETTIT - The third one is the way that they can balance human resources. Now all of those would need to be supported by the system; so the system would go through a process as outlined by the minister. By the end of May, they opt in. It is not a forced measure. Schools have the opportunity of opting. We have had two sessions with principals and/or parent bodies. We outlined this process for them, for those who were interested, in each of the three regions, and by the end of May they will put in an application. Liz Banks, as deputy secretary, will chair that meeting, but it also will involve the Parents and Friends Association representative, and our executive officer, Brendan Kelly. They will select from the applications the schools best suited. The best suited will be assessed around things like: can the school sustain its own self-management so that it is not keep coming back for further money? Can the school deliver what it

UNCORRECTED PROOF ISSUE

says it will deliver? Does it have support of parents, for example, if you ask them for governance?

Once that is done, we will select the 22 and they will be notified through the minister. We will then go into a process of helping them develop a program in each of those schools to be rolled out by the end of this year to start next year. In that time, the professional learning institute will provide support not only for school leaders, but also for people in the school and also parents, if they go down the governance model.

CHAIR - How many applications do you have thus far?

Mr PETTIT - The applications are still open; I haven't checked.

CHAIR - So that information was circulated to every school - that this was an opportunity and these are the three criteria that you would need to meet?

Mr PETTIT - In April, Ms Banks and myself with Brendan Kelly met with every principal in three forums and outlined the entire process. We showed them the opportunities that they could tackle. The third criterion was innovation - I should have remembered that- because we wanted to keep it broad. So if schools have an idea about innovation or HR, for example, and it is of value to them, we want to be able to explore that.

CHAIR - If a principal decided that it might be a little bit more work and they were not that interested, yet there was a community of parents who were very keen, how would they know about it if the principal did not take it back to the school? I am not saying that there was such a principal - but just in case.

Mr PETTIT - I am sure not. There was an announcement through the government at budget that this was being rolled out and information went out through newspapers, through media statements. We also encouraged all principals to go back to their communities and share it and then we invited the principal with a parent representative and an SEO from that school to come along because they would be the three key players in any change that was likely to happen. We have had three different parent information evenings and I think we have had around just over 40 schools attend those because it is one of the programs that not every school is going to be ready for. It would be difficult for a newly-appointed principal, for example, to have the confidence to say to their community, 'We want to change things'. We are trying to leave it as open as we possibly can.

Mr GAFFNEY - Moving on to number 5.

Mr DEAN - I had a question on 4: empowering local schools. It seems to me as if it is bureaucracy gone mad. I start looking at things like power in local schools, learning services, principal network leaders, professional learning institute, and I wonder where the end of all of this will be and when we will really start focusing on students. 'Empowering local schools' - I ask the question, what does this actually mean? Does it give principals more autonomy than they have had previously? I am taking my questions from a principal who is well-known in the department.

CHAIR - Do not name him.

Mr DEAN - No, I am naming him. He has not given me the right to name him, but he is a well-respected principal and the questions come from him: 'With learning services sitting on top of them with the power to interfere at any time they want to, how will it improve education? What is it really doing, at the end of the day?' I wonder how many of these groups you are going have.

Mr McKIM - There are a lot of issues you have raised there, Mr Dean.

Mr DEAN - How much money is involved there?

Mr McKIM - Tasmania runs the second-leanest administrative structure within its Department of Education compared to every other jurisdiction.

Mr DEAN - With the greatest respect to you, minister, it probably ought to. It is a small state and we are more confined.

Mr McKIM - No, to the contrary; it is more difficult to run a lean administrative structure in a small jurisdiction. In fact, it is much easier to do it in a larger jurisdiction where they have access to economies of scale that we simply do not have in smaller jurisdictions.

You have asked a range of questions there and I make the point that the empowering local schools national partnership is not an administrative structure in the same way that, for example, learning services would be. We need to make sure we are talking about apples all the way through, or oranges all the way through here.

I am a very strong, personal supporter of the principal network leaders and I have spoken before about the reason we have moved forward with that. I can tell you that I have asked this question of every principal I came across since we have put the principal network leaders in place and, anecdotally, they are being embraced wholeheartedly by the overwhelming majority of principals. It is fair to say that not every principal would share that enthusiasm.

Mr DEAN - Sorry, can I just interrupt you? The same questions come from that same principal and this is how he put the question to me when talking about the principal network leaders: 'Appears to be just another layer of interfering and unnecessary bureaucracy and at a cost of \$2.2 million in the 2012-13 budget. What will it do for the education of students? What will it do for the education department?'

Mr McKIM - It will do a lot, in my view, for the education of students which is what we are all here to optimise. The idea behind the principal network leaders and, by the way, this is national partnership funding and there are some very rigorous constraints about the kinds of things that we can spend this funding on, and this one specifically was on the school improvement agenda.

[4.30 p.m.]

Just to finish the sentence I was half way through, yes, I am aware that there is not universal love amongst the principals for the idea of principal network leaders but there is overwhelming majority support for it from the principals that I have spoken to directly. Here is one, without mentioning the school. I will put my hand over the logo in case members can see it. This is from the principal of a smallish school in Tasmania who says:

UNCORRECTED PROOF ISSUE

The role of the principal network leader has supported my leadership for school improvement in a way I have not experienced in my career as a principal. My principal network leader meets with me regularly with a clear and agreed agenda. At each meeting we have discussed in great detail my school improvement plan ...

which was the framework from Professor Masters that I was speaking about earlier and my enthusiasm got the better of me and I went off budget briefly. The principal goes on:

At each meeting we have discussed in great detail my school improvement plan, our targets and the strategies that we are implementing.

CHAIR - He.

Mr McKIM - You have spotted the school, Madam Chair.

Laughter.

Mr McKIM - He or she goes on to say:

The greatest strength of our work together is that I am challenged in my thinking and other dimensions to my thinking are developed. It is a strong collaborative approach. Without these discussions and the detailed feedback that I receive within several days of our meeting, I know I would not be making the difference that I am as a strategic instructional leader.

So, yes, some school principals may have certain views and others different views but I like to validate information that I am given and I speak at length to every principal that I meet about a range of matters.

There are three or four matters that I always raise with principals. One of them is the school improvement framework that was provided to us with assistance from Geoff Masters and another issue that I always raise is the principal network leaders. I am really comfortable to say that, in my discussions with the Tasmanian Principals Association and some principals there was a degree of caution around what impact or what benefit principal network leaders would have but the overwhelming majority of principals I have spoken to have embraced that concept absolutely and I remain, as I know Mr Pettit remains, a strong supporter of these positions. While there will inevitably be different views amongst principals, I am confident to say that we have overwhelming majority support.

The people that were selected as principal network leaders were the cream of Tasmania's principals, for example, David Hamlett, who is recognised as the best secondary principal in the country from both government and non-government sectors in national awards a year or so ago. David is just one of the outstanding principals that we have promoted into these principal network leaders' positions. They are not outsiders coming in and issuing instructions. They are people who have lived through all the challenges that any principal will face and a large part of their role is to support and mentor principals so they do not have to reinvent the wheel every time a challenge arises. I have spoken to all our principal network leaders as a group and I have spoken to many of them individually. They say that one of the things they find most rewarding from their role, and they all find their role to be incredibly rewarding, is that mentoring and support that they

UNCORRECTED PROOF ISSUE

can provide to principals because being a principal at a school is a very challenging job indeed. Even though it is early days, I believe we are looking good in terms of the support that those positions are providing.

Finally, Mr Dean, when we had selected the people that would fill that role, we then went through a process of allocating a network of schools for those principal network leaders and we took a lot of trouble to make sure that principal network leaders were allocated to school areas that they already had either come from, or had a degree of commonality with. So there are those existing relationships that are being leveraged there.

Mr DEAN - So the three now, I think you said -

Mr McKIM - Three?

Mr DEAN - In this network area.

CHAIR - No, there are 12.

Mr McKIM - Sorry, 11.

Mr DEAN - Eleven in that area, and they were all teachers, 'the cream' you said?

Mr McKIM - They were all principals.

Mr DEAN - So that is a full-time engagement for them, is it? Or is that on top of their other-

Mr McKIM - Yes it is. It is a full-time engagement.

Mr DEAN - So it is a full-time engagement out of the class room, out of the schools.

Mr McKIM - That is correct, Mr Dean. They have been promoted out of the individual school into a leadership position to oversee a network of schools. Interestingly, you allow me to make an interesting point here which is that the creation of these positions has engendered a degree of workforce renewal through the whole system because, of course, as we have promoted them out of principal roles we have needed to promote other people within the system to fill those roles.

Mr DEAN - You have raised an interesting issue for me. The police department used to do that. They used to promote all of their good workers into areas where they were not involved in the real coalface work. They would shoot them all out of there and into other areas where they really did not serve much purpose.

Mr McKIM - Well, principals are right at the coalface in our schools so I am not sure that applies here.

CHAIR - So am I to take it that we no longer have the cluster reference? We now have a network reference? Is that the new jargon?

Mr McKIM - That is probably pretty safe.

UNCORRECTED PROOF ISSUE

Mr GAFFNEY - As chairperson of the TPA when it met here and spoke with parliamentarians I have heard a lot of good comments about the principals' network and it is well worth following through. It does get the experienced principals out to share their knowledge with younger principals coming through. It is a good idea. I support it.

CHAIR - Thank you. I think Dr Goodwin has general in-school education questions.

Mr McKIM - Just before Dr Goodwin kicks off, I can provide just a small piece of advice to the committee which we had previously taken on notice, and that is that teacher relief costs for the 2011 calendar year were \$12.021 million. That certainly does not answer that question in its entirety but that is a small part of that answer.

CHAIR - Then we will get the number and the regions and the rest of it.

Mr McKIM - Yes.

Mr GAFFNEY - It was \$15 million in 2010 so it has actually decreased and that is good.

Mr McKIM - Yes.

Dr GOODWIN - I am sorry. .

Mr McKIM - There is no need to apologise.

Dr GOODWIN - These are probably questions going back to the beginning but I got a bit lost along the way there. If I could just clarify a couple of points. Earlier on, minister, you made a point that the overall education budget is, I think you said, \$1.3 billion.

Mr McKIM - Yes, \$1.311 billion, which is an increase of \$2.4 million.

Dr GOODWIN - I am looking at and thinking that you are relying here on table 3.2 in the budget papers.

Mr McKIM - I will just let you know what we are relying on there, Dr Goodwin. That is right. The actual number is \$1 310 763 000 rounded up to \$1.311 billion.

Dr GOODWIN - As I understand it, the budget papers are in a bit of a different format this year which may well have caused a bit of confusion for people. Anyway, if I could now just take you to table 3.9 on page 3.21.

CHAIR - That is the appropriation.

Dr GOODWIN - Revenue from appropriation. When you look at that there is a decrease from 2011-12 to 2012-13, \$1.191 million down to \$1.137 million.

Mr McKIM - Mr Finch assures me that he can explain that so I will ask him to do that.

Dr GOODWIN - I thought the difference might be around the Australian government funding.

UNCORRECTED PROOF ISSUE

Mr McKIM - Mr Finch and Mr May are just going to seek to explain that apparent discrepancy to you.

CHAIR - It has been difficult for us because it is a different format than we have been used to. Obviously we have become too comfortable with the format that we had.

Mr McKIM - I appreciate that.

CHAIR - Because we were confused before and this actually lines up with the budget now, with the bill itself.

Mr McKIM - I see. I will just throw it to Mr Finch.

Mr A. FINCH - There are two different views on how to look at the budget. What you are looking at in the second table is what we call the appropriation, that is, money provided by government.

CHAIR - Which lines up with the bill itself that we approve.

Mr A. FINCH - Yes. That is right. Then we have total expenditure which brings into account significant other funds that are provided from various sources, predominantly the Australian government, to give you a total expenses view. We also bring into account issues such as non-cash items like accrual accounting items, depreciation and so on. They come into expenditure yet they are not in Consolidated Fund appropriation.

The biggest movement in the appropriation was a change in practice that Treasury adopted via the accounting for the Australian government National Partnership funds. They were taken out of the Consolidated Fund appropriation and put into the Special Deposits and Trust fund. They are effective when you look at the appropriation movement, but if you look at total expenses they do not have that impact because we are looking at the Consolidated Fund plus the Special Deposits and Trust fund.

Dr GOODWIN - That is included in this table 3.9.

Mr A. FINCH - Yes.

Dr GOODWIN - Is everything in there - Australian government funding and the state contribution?

Mr A. FINCH - Yes.

Mr McKIM - In short terms, and Mr Finch will correct me if I am wrong, the first table relates to what we have to have spend; and the second table relates to what we need to appropriate.

Mr A. FINCH - That is right.

Dr GOODWIN - In terms of the state government contribution to the education budget this year there has been a decrease based on table 3.9. If I can just get this clarified, looking at those two figures, there has been a decrease but in overall terms the budget has increased?

UNCORRECTED PROOF ISSUE

Mr McKIM - We will seek some advice on that one.

CHAIR - Table 3.9 compared to table 3.2 is where you need to be, minister.

Mr McKIM - I have some further information and I am just working through it quickly to see whether it responds to your question.

My advice is that the appropriation from the state has gone up just over \$18.5 million from \$791 million in 2011-12 to \$809 million in 2012-13. The funding from the Australian government has decreased from \$372 million in 2011-12 to \$318 million in 2012-13. There was a works and services expense in 2011-12 of \$850 000 and there is no works and services expense in 2012-13. We have movements in the Special Deposits and Trust Fund, which Mr Finch was speaking about earlier, that has gone from \$85.6 million in 2011-12 to just over \$138 million in 2012-13. The accrual items that primarily include depreciation, salaries and wages and long service leave allocations have decreased from \$58.6 million in 2011-12 to \$44.9 million in 2012-13, a decrease of just over \$13.5 million. That means that when you look at the total output group expense summary it has gone up from \$1.308 billion in 2011-12 to \$1.311 billion rounded up in 2012-13.

The state funding has increased. I know that Dr Goodwin is now going to ask why does the Consolidated Fund - perhaps I should not pre-empt your question.

Dr GOODWIN - No, I am still puzzled.

[4.45 p.m.]

Mr McKIM - The biggest decrease we have in the budget this year compared to last year is a decrease in Australian government funding of just over \$54 million. I presume that most of that will relate to National Partnerships.

Mr Finch has just advised me that that relates to a change in accounting practice, and in effect much of that money has come out of the Australian government line item and gone into the movements in the Special Deposit and Trust Fund line item. If you would like to know any more details about those accounting practices I will have to ask Mr Finch to explain that to the committee.

Dr GOODWIN - Table 3.9 is still a bit of a mystery to me, but perhaps someone can explain that to me at a later stage.

CHAIR - You need to be clear before we have to pass it through the parliament.

Dr GOODWIN - Is everyone else following it?

CHAIR - That is what I mean. The 3.9 table certainly shows a decrease, but obviously it is about how you put the figures on the paper.

Mr A. FINCH - But it was about what we explained just previously, that that is the appropriation, which is money required to be given to us by government, whereas the other view includes the other expenditure. The table 3.2 is the total expenses. So, the one on appropriation does look like it is down, because the Australian government National Partnerships money has

UNCORRECTED PROOF ISSUE

come out of the appropriation and gone into the Special Deposits and Trust Funds. It is still in our overall budget but has changed from the Consolidated Fund to the Special Deposits and Trust Fund.

CHAIR - I don't suppose we would be able to say that it is shifting the deck chairs on the *Titanic*, would we.

Mr McKIM - No, there are no *Titanics* here in the Education Department.

CHAIR - We know they have been very lean, mean and whatever else.

Mr McKIM - Absolutely, they have, and many people are working harder and smarter as a result.

Dr GOODWIN - Okay, I might try another question. This one is just about what programs have been cut or discontinued in the coming financial year. There was a breakfast program, the Tasmanian Centre for Global Learning; have those programs been discontinued or can you just elaborate on that for me please?

Mr McKIM - Are you talking about breakfast clubs?

Dr GOODWIN - Yes.

Mr McKIM - No, off the top of my head that funding is continuing, so it hasn't been cut.

Mr GAFFNEY - Just on that, it is not a separate line item as it was in 2010. It was \$100 000 over four years. It is now not as a separate line item, so where does that show in the budget?

Mr McKIM - That has been absorbed into output 1.1, so it has been absorbed into the In School Education line item. It has not been cut in any way. So basically, in the 2010-11 budget, we committed \$400 000 over four years, so \$100 000 a year, as you have accurately said, Mr Gaffney, to increase the number of schools providing breakfast programs in areas of highest need. 2012 is the second year of this initiative, obviously, and we have made \$100 000 available for schools or other educational institutions to apply for up to \$5 000 of seed funding. We received 41 submissions and 22 schools were selected for 2012. The set of criteria we used were disadvantage, links with the community, and evidence of sustainability. Of the 22 schools, 18 requested and received the full \$5 000, two schools requested and received a lesser amount, and the remaining funds were allocated to two schools that the panel believed would still be able to offer a quality program with lesser funds. I could go through the schools, but it might take a little bit of time.

Dr GOODWIN - No, that's fine. I was really seeking an assurance that it is continuing.

Mr McKIM - That is still going, Dr Goodwin, and there is no intention to cease those opportunities into the future.

Dr GOODWIN - And the other one, the Tasmanian Centre for Global Learning? I think that is the Are You Mad or Are You Making a Difference?

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes, I visited the Centre for Global Learning quite recently and have just written them a personal cheque to become a friend of the Are You Mad -

Dr GOODWIN - So hopefully that one is continuing then.

Mr McKIM - Certainly my \$500 is continuing, has gone to them. But again with the indulgence of you, Madam Chair, we will just park that briefly while we seek some advice on that.

Mr GAFFNEY - An associated question to that is the safe and secure schools program funding that it had in 2010, \$500 000, then it went to \$150 000 and \$250 000. Has that also been incorporated into 1.1? And I think there was \$93 000 for driver education as well.

Mr McKIM - No change to that program is my advice, so still running. Ms Banks has just informed me that there was a cut to that program last time but the savings were applied to employing extra school psychologists so the funding is still flowing but it is into a slightly different line item.

Mr GAFFNEY - And the \$93 000 for the driver education program; that was a line item. Is that also being seconded somewhere else?

Mr McKIM - Also continuing as previously, in output group 1.1.

Dr GOODWIN - Just to tidy that question up and finish it off.

Mr McKIM - Sorry to interrupt, Dr Goodwin, but yes, we continue to provide funding for the Tasmanian Centre for Global Learning of \$200 000 which is \$50 000 per annum for four years commencing in 2010-11. On the basis that that does not exist as a separate line item, as is pretty common practice that line item has been absorbed into a bigger line item in the budget. We have a commitment to continue funding for the period of 2010-14, which was the commitment that was made.

Dr GOODWIN - The more general question was whether there are any programs that have been cut or discontinued in the coming financial year that you are aware of.

Mr McKIM - Not in terms of a central budget sense. An individual school may assess a program that is being offered at that school and decide to discontinue and fund more teacher aides, or a landscaper, or whatever a school wants to fund. But in the context of the state budget and the central delivery of programs there have been no cuts.

CHAIR - I suggest that when there are significant changes like that, a note is made. It makes it a lot easier for members. I do not know how difficult that is but when those things are in one year and then they are not shown the next year, a note helps. There are good notes in the papers and it is very helpful.

Mr McKIM - We will take that feedback on board, Madam Chair.

Mrs TAYLOR - Then he would not need to keep asking where a program has gone.

Mr McKIM - I am happy either way, Mrs Taylor.

CHAIR - It is useful for anyone else who reads the budget. I know that there are not too many junkies like us but they are out there.

Mrs TAYLOR - You have indicated that there is more responsibility given to schools to work out what they do with their allocation, which is good, but where does central financing sit then? Does that only apply to high schools and colleges?

Mr McKIM - What do you mean by central financing?

Mrs TAYLOR - I am told that there is now a central budgeting area which an increasing number of schools are having to use. I hear from a college which is not in it but about to be brought into that system that it provides a whole lot less flexibility. If it only applies to colleges or post-year 10 I will ask it later.

Mr McKIM - I think I know what you might be referring to. If I start my answer and I am on the wrong track you can pull me up. We are in the process of rolling out both new student administration systems and new finance systems in government schools in Tasmania.

Mrs TAYLOR - Yes. So in primary schools as well.

Mr McKIM - Yes, primary, high schools and colleges, so all government schools. Basically we have two systems; one is a new student administration system called Edupoint, and the other is a finance system called Finance One. I can confirm to the committee that more than three quarters of Tasmania's primary schools have now made the transition to the two new systems. I know you did not ask about the student admin but Edupoint has been customised to fit Tasmania's requirements and covers a very broad range of student enrolment and administration responsibilities. The idea behind the rollout of these two new systems is actually to provide better support for schools to help them better manage both their student admin and their finance systems at a school level. We are going through a process of training up SEOs and other people working in schools to make sure they are familiar with the new system. In fact, this has been a very successful implementation to date and, again, I have received good feedback. I take the opportunity to thank everyone involved in the rollout of these systems.

The finance system has been implemented so that school finances are now much more clearly part of the department's overall financial activities and, while schools maintain their own budgets and account structures, these all now reside within one large departmental finance system or will, when all schools have made the transition to the new finance system. This is a really strategic approach that we have taken. The model operates in such a way that it continues to support the level of autonomy that schools have been given over recent years, even to the point of maintaining virtual bank accounts for each individual school. However, it has given the department the opportunity to not only improve its oversight of all financial activity within the department but it has also enabled some financial tasks to be centralised, therefore relieving the administrative burden on the hardworking people who are out in our school budget centres.

At the moment, we are still going through the implementation process and we are not necessarily seeing all of the potential efficiencies immediately but I can, for example, inform the committee that schools are now no longer required to perform their own BAS returns which I am sure they are all pretty relieved about. They are no longer required to perform their own bank reconciliations and that frees the human resources up in our schools to do more valuable things

UNCORRECTED PROOF ISSUE

for their schools. The department now completes all their payments through EFT or has their cheques issued and also issues invoices and statements on their behalf.

The final point I would like to make is that the approach improves the overall control of financial transactions. Members would be aware there have been a couple of publicised instances recently of allegations of fraud and theft against the Department of Education. We believe, and I certainly believe as a minister, that when we have rigorous electronic payment authorisation processes and strong central controls over the creation of creditors, it means that the opportunities for inappropriate transactions, and even fraud, are minimised.

This is very important for us because we are ultimately stewards of the taxpayers' money here so we need to make sure we have the appropriate structures in place to identify very early if there are any issues and, indeed, minimise the opportunity for things like inappropriate transactions or fraud to occur.

Mrs TAYLOR - You have fewer places for it to occur. It could occur centrally and be much bigger if it happens.

Mr McKIM - Yes, and more central oversight over some of the processes.

Mrs TAYLOR - What I am hearing on the ground is that schools find that it is much less flexible and, at the same time, they are still having to employ staff for the day-to-day budgeting, receiving money and that sort of thing but there now appears to be an extra layer. On the one hand you are saying we give schools their allocations, you deal with it and apply it how you need to, and on the other hand you are saying every bill, every invoice, everything has to be done centrally. While I take your point that there are some tasks that the schools may not now have to perform, which might be very nice, they still have to employ those people for all the other myriad financial tasks that have to be done.

Mr McKIM - Schools will still need SEOs. I am not sitting here today saying that SEOs will become redundant due to the rollout of these systems but it does take, in my view at least, some of what I might call the grunt work for managing financial transactions, away from the schools in that they no longer need to do their own BAS returns or perform their own bank reconciliations which can be quite time consuming. With the rollout of any new system there are occasionally people that might take a little bit of time to come to grips with it but we are working closely with all the schools as we roll out both Edupoint and Finance One. I think, both in terms of greater accountability and capacity to scrutinise centrally, which we hope will minimise the opportunity for any inappropriate transactions or fraud. I stress the case that has been publicised in the last six months is still unproven as yet. It is currently before the courts so I will not talk any more about that but there has been an allegation and charges laid over a very serious alleged defrauding of the department.

[5.00 p.m.]

Mrs TAYLOR - There is always risk in any company with finance.

Mr McKIM - Yes.

Mrs TAYLOR - There is always a degree of risk and obviously you minimise it but what I am hearing on the ground is that the extra level of supervision and control is not reflecting in a whole lot less work on the ground, because it has to go through twice. People still have to work

out what it is going to cost and get estimates and get bills and whatever, and then it has go through to FinanceOne so it sounds like a fair amount of double-handling.

CHAIR - It might be more work for MPs, minister, when bills are not paid, from personal experience.

Mr A. FINCH - We actually are reducing the work because, as the minister said, that grunt work, the low, non-value-added, just processing, we are trying to do it on a bureau basis. A good example is that up until this new system every school would write a cheque to Telstra for their phone bill -

Mrs TAYLOR - Why would they not be paying it online like the rest of us do?

Mr A. FINCH - Their system did not enable them to do online payments in schools - similarly with Aurora bills or Australia Post bills. What we can do now is make those payments on behalf of the system and generate one payment on behalf of all the schools within our system. We have become a lot more efficient through this mechanism.

Mrs TAYLOR - But you are not getting the bills. The school is still getting the bill, isn't it?

Mr A. FINCH - In some cases the schools still gets the bill, if it is one of those local circumstances but, where it is one of the bulk-billing arrangements, we can actually get the bills and pay them on behalf of the schools. In most cases, however, the bills are still coded and charged up at the local level.

Mrs TAYLOR - That is what I am saying. It sounds like double-handling. The school gets the bill and then instead of being able to pay it, they send it off to you and then you -

Mr A. FINCH - It is still only one process of making a payment. It is just where the work is done so there is no duplication in it. Some work is done at the school level; some is done at the central level. We are confident that we are getting efficiencies and reducing our costs and reducing the work of people. As the minister explained, schools are not doing their own GST returns every month now. We are just doing one big statement on behalf of the whole organisation. We have reduced the work on behalf of the education system.

Mrs TAYLOR - So you might be reducing the workload on a person in the school but you still have to employ that person.

Mr A. FINCH - Again, as the minister explained, what we are doing is removing the non-valued-added work and hopefully the SEO, whose time we are not reducing nor the resources available to that school, can better assist the school in achieving their educational outcomes. We are trying to put their focus on helping the school do its core delivery in supporting students as opposed to writing cheques and sealing envelopes and that sort of work, which we can better do through a couple of people in our central finance area, on a global basis.

Mr GAFFNEY - The Australian curriculum in a Tasmanian context - what is being required now from the Australian national level with education is going to have an impact on the budget and how you achieve those goals and targets and performance indicators. Could you give us a quick overview of what we are doing here in Tasmania to make sure that we are well-placed,

because this is a little bit different to how the education system here has operated in the past. Can you please give us an overview?

Mr McKIM - You are specifically asking me about the national curriculum and its introduction into Tasmanian schools?

Mr GAFFNEY - Yes.

Mr McKIM - Sure. First, Tasmania joined all other states and territories in endorsing the first areas of the Australian curriculum and those are in our schools for the first time in the current school year. That is, English, mathematics and science, and schools have had the option, from memory, to introduce the national curriculum on history as well this year. We have worked very hard to develop curriculum resources and information resources for teachers, parents, carers and school communities as well as the Tasmanian community more broadly, so basically what is happening is the Tasmanian curriculum is being gradually replaced according to the nationally agreed time line for the implementation of the Australian curriculum, and I am very happy to talk further about that.

I might just talk a little bit further, and then I am happy to seek the leave of the committee to table an information pack on the Australian curriculum, but one thing that I would welcome the opportunity to speak about very briefly is the different reporting methodologies that will flow from the Australian curriculum, and importantly the Australian curriculum will be reported on an A to E scale. That is, students will receive a letter from A to E to indicate how they are going, which is different from the way that the Tasmanian curriculum is reported, and there has been long debate about the reporting of the Tasmanian curriculum going back to the Essential Learnings period.

Mr GAFFNEY - Is 'E' for excellent?

Laughter.

Mr McKIM - No, it is not. I am just trying to think what it might be for, but it would not be excellent. It would be the opposite of excellent, Mr Gaffney.

CHAIR - More effort, I reckon, without the E.

Mr McKIM - E for more effort, I reckon, and I am tempted to say A for outstanding, but I won't.

Mrs TAYLOR - A for admirable.

Mr McKIM - A for admirable. Thank you, Mrs Taylor, I appreciate it.

CHAIR - I can see a dinner break coming on, so we might move on.

Mr McKIM - We will move on. But we are aware of our need to communicate with the parents on this different reporting methodology. We have already provided a resource to schools to send home with students for parents earlier this year, and certainly the children at my house have arrived home with them, so I am pleased that one or two of the schools are sending those home, and I am sure that is only a small part of the number of schools. Phase 2 and 3 of the

implementation over the next couple of years will involve history, geography, languages and the arts, and other areas of the curriculum including health and physical education.

The last thing I will say before offering the committee the opportunity to ask further questions on this is that when I was considering whether the Tasmanian government system should move to four terms, part of my thinking was about making sure we had a term structure that suited the national curriculum. The national curriculum is developed to be delivered over two semesters, which is easier to manage over four terms because one semester fits neatly into two terms rather than manage of three terms, which would have meant we would have been swapping to the second part of the national curriculum halfway through a school term. But there were a number of other educational reasons why I made that decision, not just on the national curriculum.

Mrs TAYLOR - Has that finally been laid to rest?

Mr McKIM - Yes. The government system will be on a four-term year model from next year. The dates are on the Department of Education's website, and I have released them publicly via media release, and that followed a decision of the Tasmanian Industrial Commission the week before last, which meant that we had the confidence to state definitively that we would be in a four-term model from next year.

Mr GAFFNEY - My question on that would be about the budget implications for changing, because change does not come cheaply in any organisation. So how is that impacting, or is it not impacting?

Mr McKIM - We have not allocated any extra costs to the implementation of the national curriculum. It is simply being dealt with as part of our existing structures and our existing relationships between the department centrally and schools.

Mr GAFFNEY - And stress on staff in schools - it is not just the curriculum; it is the testing and stuff. I see people who are really quite stressed because they are getting to the stage where that becomes a bit of a focus, which is not intended; Education has not been in Tasmania for a long time, so how do you manage that within, because of the extra pressures within the schools, or what are principals and the people from the principal network leaders telling you?

Mrs TAYLOR - It comes back to the professional development thing, doesn't it?

Mr McKIM - What I am hearing from people, including our principal network leaders, teachers and school staff, is that there is broad support for the introduction of the national curriculum. When you change from any operating model to a slightly different model, there is a degree of extra work and focus that is required. In order to reflect that and address it, we have refocused our 2012 moderation and professional learning days so that there is a focus around supporting teachers to implement the national curriculum.

Local networks that are led by principal network leaders and learning services are directly working to support schools to implement the national curriculum. A statewide curriculum services team is developing electronic resources for teachers and school leaders for the implementation of the national curriculum also. We have known this was coming for some time and we have worked hard to make sure that we are doing all we can to support our school leaders and our teachers as they work through this change.

UNCORRECTED PROOF ISSUE

This is something that is facing every teacher in the country at the moment. The challenges that we are facing here are no different, or only minimally different, from the challenges facing teachers and school leaders in other states because each state in the past has had its own curriculum. Some of them may line up with the national curriculum to a slightly greater degree than others but, because we have known about this for some time, we have been able to prepare for this change well in advance. My feedback is that, yes, it is a change, so inevitably it will require a little bit of extra work. But, generally, the change is running as smoothly as one could hope for.

Chair, with the indulgence of the committee, I will table a few of the materials that we are providing, including a message from Liz Banks to schools, an explanatory note on the reporting requirements, and also examples of how we currently report and how we intend to report.

I know that this will not go well into the *Hansard* but this is an example of a hypothetical student report under the current Tasmanian curriculum reporting which relate to minimum standards for particular years. We have also included what a report will look like under the national curriculum, which is the A to E standard. You will be pleased to know that our hypothetical John has an A and he is performing well above the standard expected for his particular year.

I will table that material for the committee.

Mr GAFFNEY - Minister, you mentioned testing. I am interested in that. In 2009-10, the numeracy rate for year 3 students was 94.6. In 2011-12, which is two years later, our target was actually 94. Our target for numeracy for the same cohort was less two years later and we have put a lot of money in. It was also the same for the education outcome gap for Aboriginal students - our targets were actually less. I am wondering, what is the explanation for that?

[5.15 p.m.]

Mr McKIM - With your indulgence, Mr Gaffney, I have just been provided with one more piece of advice from the secretary, Mr Pettit, that responds in part to the issues around the national curriculum. That is that we identify the number of people who are on stress leave due to workload considerations. In the year ending 31 March 2011, we had seven people on stress leave, if you like, due to workload and in the year ending 31 March 2012, we just had one. I am not suggesting that that is due to the introduction of the national curriculum by any stretch of the imagination. However, we have reduced from seven to one.

Mr GAFFNEY - Can you take on notice the other one to do with the targets?

Mr McKIM - Yes, we may; could you repeat that for us, Mr Gaffney?

Mr GAFFNEY - It looks to me as though -

CHAIR - It relates to table 3.3, doesn't it?

Mr GAFFNEY - Yes. It says that the target for kids in grade 3 two years ago was 94.6 and now it is 94. That is not a good way to set a target for numeracy levels.

Mr McKIM - I suspect what has happened is that reality has intervened but I will ask Ms Banks if she can provide some further information there.

Ms BANKS - The targets were measured on trend lines into out years previously and what we discovered is that, in some instances, that method results in targets which are not achievable. What we have decided to do is to go off the actual from the year before to strive to achieve something that is actually attainable. That is simply it. It is a change in the methodology.

Mr GAFFNEY - Fine.

CHAIR - Minister, what is being done in assessing how the four terms will impact on the budget for this education department?

Mr McKIM - The model that we have adopted of four terms is a contact-day-neutral model. In other words, there will be an identical -

CHAIR - No extra days.

Mr McKIM - There are no extra days for teachers or students; we are simply reallocating that exact same number of days over four terms rather than three. In brief, that has meant that the summer holiday will now be one week shorter than it currently is. In my view, that is actually the biggest improvement in delivering improved educational outcomes because the research is very clear that students, particularly from lower socio-economic areas, suffer learning loss over extended periods of holiday. I believe that coming in one week sooner in the summer holiday will reduce that learning loss. I don't know about you, Madam Chair, but I remember those endless summer holidays when I was in the school system in Tasmania - they really did seem to go on forever. It was a great thing when you were a kid but I am not convinced that it was the best that we could do in terms of a term structure that delivers the optimal educational outcomes.

CHAIR - Coming from a farm, minister, there was never a holiday.

Mr McKIM - Never a holiday; I am sure about that.

CHAIR - The holiday was to get back to school.

Mr GAFFNEY - Minister, with the Raising the Bar Closing the Gap 7 Up program, there is an extra \$6 million allocation. Can you give us some feedback on that because initially I think it started off at \$900 000 as a pilot, then it went to \$3 million in 2010, then to \$6 million, and it has gone to even more. I am wondering, since 2007 when the program was introduced to 13 high schools and 24 primary schools, what data is available to see how effective that program will be. Obviously, it has been effective because you have given it more money.

Mr McKIM - Are you talking about Raising the Bar Closing the Gap?

Mr GAFFNEY - Yes, that's the one.

Mr McKIM - We have done some work on assessing the Raising the Bar Closing the Gap. The University of Tasmania, under Professor Ian Hay, has done some research and the conclusions that they reached were that the Raising the Bar Closing the Gap program was improving educational outcomes. I do not have a brief on that with me but I am very happy to provide further information on the research done by the University of Tasmania that supports our

UNCORRECTED PROOF ISSUE

view which is that the Raising the Bar Closing the Gap program has been particularly effective in delivering improved educational outcomes.

Mr GAFFNEY - Thank you. With the huge amount of BER funding supporting infrastructure building in many of the schools over the last so many years, I am interested to know what process is in place for the maintenance, or the minor and major projects going forward. We cannot have a period where we do not do any of that. I am wondering how that works now. There used to be a system where schools were assessed across the state about priorities. I am wondering how do you get back in line now that the federal funding has gone?

Mr McKIM - You are right to identify that as an issue, Mr Gaffney, and I can confirm that unfortunately the federal government provided no ongoing funds for the maintenance of those assets.

CHAIR - Were you surprised by that, minister?

Mr McKIM - No, I was not surprised by that and, like every jurisdiction in Australia, Tasmania will now have to assume responsibility for the maintenance of those assets going forward. We will do that within our existing structures and our existing funding arrangements. So part of the school resource package is identified or at least badged as money to conduct minor maintenance and repair works that inevitably occur in any piece of infrastructure, although again schools have the flexibility to determine to spend those funds on other areas if they wish. The department also has a fund centrally for minor works, and schools can apply into that fund as they always have been able to.

Mr GAFFNEY - How about the major works for a school, is that a special purpose payment fund, or grant, or something?

Mr McKIM - In terms of major works, if a school thinks it needs a new building, for example, or a new roof?

Mr GAFFNEY - Yes.

Mr McKIM - Schools are able to choose to use the BER funds for that purpose if they wish. Many schools use the BER funds for other purposes, which is fine. That is all part of school autonomy and flexibility at a local level, which I support. In terms of our capital works, we probably have reams -

Mr GAFFNEY - Just on that, minister, sorry, I thought the BER funding guidelines were for new buildings and not for maintenance.

Mr McKIM - No, they were not for maintenance, but they could have used funds, for example, if they had old and decrepit classrooms. They could have used those BER funds to build new classrooms, to take the old ones away. Sorry, I did not mean to imply that they were for maintenance; if I did I apologise for that. What I meant was that they could choose to use those funds to take out old outdated facilities and replace them with modern facilities, but many schools chose to go for the cream on top of the cake rather than the cake itself, and that was a matter for them.

UNCORRECTED PROOF ISSUE

I have lost count of the number of schools I have toured around who say, 'Minister, we desperately need these classrooms. Look at how bad these classrooms are', and then you turn around and they have a brand new theatre, and I often say to the principals, 'Why didn't you use some of you BER funds, if your classrooms were that bad, to replace them?' But ultimately those are decisions for local schools.

Regarding our capital works program for the upcoming year, we would have information that we could provide on that to the committee if you wished.

Mr GAFFNEY - I would be interested to see what processes are in place for schools to apply for minor or major works.

Mr McKIM - Such as minor maintenance?

Mr GAFFNEY - Yes. Minor or major works.

Mr McKIM - I will ask Mr Finch to go through that process for you.

Mr A. FINCH - We have a Building Better Schools policy that we have had in place for about four years now to improve school buildings, to support learning. Schools have been able to apply for major works. They would be projects generally in excess of \$100 000, and we do have some key criteria there so that schools can demonstrate how the project would link to improving student learning outcomes, that they are addressing any space requirements that they may have, and optimising the utilisation of their facilities, improving building conditions, demonstrating community benefits and extending the use of facilities and so on.

Schools can apply for major works. We have had a number of applications. We have a priority list that we continue to submit for funding as part of the annual budget process. I guess, given the difficulties in the state budget, there has not been too many projects funded in the last couple of years but the priority list does remain and we will be endeavouring to see these schools being funded for redevelopment purposes.

Mr GAFFNEY - So, in other times, would there be a certain amount of money set aside for the education budget for capital projects per year so that that is the well you go to, or is it now just depending on whether we have got some money free. Do you know what I mean? Is it so many a year or just on projects?

Mr A. FINCH - For the major works component, what we call the Capital Investment Program, we have always been part of a process where we have needed to apply alongside other state service agencies for capital works each year. The program does not have any fixed share entitlement across portfolios or service areas so we do need to compete for the capital funding alongside other departments. However, we have about \$15 million within our budget that is shared between schools through the school resource package and central, as the minister explained, for certain maintenance contracts for things like roofs, electrical systems, switchboards and so on. So we do have funds that we can apply to those requirements and help schools with their ongoing maintenance requirements as well as the central minor works program which we use to fund urgent works in schools.

Mrs TAYLOR - The limited funds in the capital investment program leads me to ask a question that I am sure you are expecting from me today, about at least three education

UNCORRECTED PROOF ISSUE

department sites in my own electorate - and I know there are more around the state - that have been sitting empty for 18 months. It seems to me that if you are short of capital funds then why on earth is the department of Treasury, or whoever, not selling those sites and giving you the money?

Mr McKIM - I will get some advice on the specific sites because I obviously know at least -

Mrs TAYLOR - It is also costing you money, minister, in maintenance and in security of those sites.

Mr McKIM - Yes, it is but in terms of being short on funds, it is important to note that where the closure of a particular facility was linked to the development of a new school - for example, Windermere Primary School was one that would fit in that space -

Mrs TAYLOR - Which, by the way, is bursting at the seams, I am told - it has been a great success story.

Mr McKIM - It is a very good school with a very good principal.

Mrs TAYLOR - You might have to build another classroom.

Mr McKIM - Yes, and we regularly review those demands on our schools. Where the closure of a particular facility related to the construction of a new school, the funds of the disposal of that facility were directly allocated to the construction of the new school.

Mrs TAYLOR - So, has Treasury loaned it to you?

Mr McKIM - I am not sure if it is actually a Treasury loan. It is in the department's cash flows. In effect, yes, Treasury does fund that -

Mrs TAYLOR - So they have been paid for and when those schools are sold that will be reimbursed.

Mr McKIM - I guess it is a bridge.

Mrs TAYLOR - So it is actually Treasury that it is costing. But are you paying for the maintenance and the security for those sites, or is Treasury paying it?

Mr McKIM - I believe that we still pay that. Mrs Taylor, I am figuring Claremont Primary School would be one of those.

Mrs TAYLOR - It is one of those and so are Abbotsfield and Mt Faulkner primary schools.

[5.30 p.m.]

Mr McKIM - Basically, the disposal process is that the schools are declared surplus to requirements by the Minister for Education. They are then transferred to Treasury, which deals with the disposal of the asset. Abbotsfield Primary School has been handed over to Treasury. Treasury is currently completing asbestos removal works prior to that being sold.

Mrs TAYLOR - It is the same with Claremont.

UNCORRECTED PROOF ISSUE

Mr McKIM - Claremont Primary has been handed over to Treasury for sale as I think I have notified a couple of people recently by letter.

Mrs TAYLOR - This week.

Mr McKIM - Yes. At Mt Faulkner, survey work has now been completed and part of the oval at Mt Faulkner. The proposed plan is to transfer that to council for community use and to sell the balance of the site. The survey work to enable that has now been completed. Issues around the water supply to the oval need to be resolved, on my advice, with Glenorchy City Council, so that is what we are working on currently.

Mrs TAYLOR - I am sure that school will need to have an asbestos thing done as all schools do.

Mr McKIM - That has dealt with Abbotsfield, Claremont Primary and Mt Faulkner.

Mrs TAYLOR - There must be more around the state. I know that I have three but there must be others. I understand now that it is not costing you money; it is just costing the state money.

Mr McKIM - It is costing DoE money because we pay for security and maintenance

Mrs TAYLOR - I am told that you are paying a lot of money just to mow the lawns.

Mr McKIM - That is right. This gives me the opportunity to urge Treasury to dispose of those properties as soon as possible.

Mrs TAYLOR - Absolutely. Perhaps you should send the bills to Treasury.

Mr McKIM - I reckon they would send them straight back.

Mrs TAYLOR - You have disposed of the sites; they are not yours anymore.

Mr McKIM - You would have a very valid argument there, Mrs Taylor.

Mrs TAYLOR - The point is that whether they are yours or whether they are Treasury's, we are in a tight financial situation and we have dead money sitting there, and always security problems because of them.

Mr McKIM - There is no doubt that that is the case. Disposing of any physical asset takes some time, inevitably, and it once again provides me with the opportunity to implore Treasury to dispose of those as quickly as is reasonably possible.

Mrs TAYLOR - Then I will not harass you about it anymore.

Mr McKIM - You can harass the Treasurer about it when she comes up.

Dr GOODWIN - I just wanted to follow up on that fund that Mr Finch was talking about where schools could apply if they wanted to build something to help with their education needs. I

UNCORRECTED PROOF ISSUE

think Geilston Bay High might have applied for some funding for a building a couple of years ago and then it was earmarked for closure and that was put on hold. I am just wondering if that might come back on the agenda now for funding.

Mr McKIM - Yes, in broad terms the points you have made are accurate. There was a decision made when the previous debate around school closures was under way not to allocate that funding to Geilston Bay until there had been some level of resolution there. Now there has been a level of resolution. I know that the secretary has quite recently visited Geilston Bay to have a discussion with them about that money so we are currently in an ongoing discussion with Geilston Bay school and the school community about the issue.

Mr DEAN - I am not sure where I am.

CHAIR - Output group 1 still, Mr Dean; 1.1, In school education.

Mr DEAN - With regard to assaults on teachers, I should think that you would have those details here. How many incidents have there been in schools? Weapons in schools was a big issue last year. Is that improving?

Mr McKIM - I will get some information there.

CHAIR - Probably around behaviour management.

Mr DEAN - I have another question on that also.

CHAIR - Those briefing notes often come thick and fast.

Mr McKIM - Yes, and that is because we have an exceptional department here supporting me. What we have here, obviously the 2012 school year we do not have figures for because we are not even halfway through that, but in the 2011 school year the number of recorded suspensions declined by 137 compared to 2010.

Mr DEAN - Are students being told to remain at home in an area to avoid an actual suspension? That has been brought to my attention by a particular school, that rather than a suspension parents are being told to keep their child at home.

Mr McKIM - No, I would be really disappointed if a school was giving that advice to parents. Certainly we do not encourage that.

Mr DEAN - Okay. Thank you.

Mr McKIM - The two most common reasons for suspensions in 2011, consistent with 2010, were physical abuse and harassment, or disobedience of instructions. In relation to weapons, which you have asked about, Mr Dean, there were proportionally very few suspensions involving weapons or dangerous objects. In 2011, there were 97 suspension incidents involving weapons and other dangerous objects, with 59 suspensions where this was the primary reason.

Mr DEAN - Did you say 97?

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes. I do not have the 2010 numbers for that although I might have them on this chart. Just give me a moment.

We have here suspensions by primary reason and, as I indicated to you, there were 59 suspensions in the last school year where weapons or other dangerous objects were the primary reason; that is up from 46 in 2010. As the secretary has accurately pointed out, down significantly from 71 in 2009. These numbers do fluctuate and I am not sure there is a trend that you could assess from those figures, so 51 in 2008, 71 in 2009, 46 in 2010 and 59 in 2011. So 59 is on or about the trend figures for the last four years, from a very quick mental calculation by me.

You may have asked about other reasons for suspension.

Mr DEAN - I asked about assaults on teachers, abuse of teachers, staff, and student on student.

Mr McKIM - I don't think we disaggregate that but we do have a code of physical abuse and harassment so that encapsulates both physical abuse and harassment. That is down slightly from last year. Perhaps if I give to the committee the four years to establish a trend, if there is one. Suspensions for the primary reason of physical abuse and harassment: in 2008, 2 490; in 2009, 2 880; in 2010, 2 539; and in 2011, 2 485 which is almost identical to what it was in 2008. Again, the numbers are wobbling around a bit but there's no definitive trend in those numbers.

Mr DEAN - It is still a high number, isn't it?

Mr McKIM - It is a lot. Again, we do not disaggregate to simple physical abuse. This is a more global allocation of physical abuse and harassment.

Mr DEAN - On the management - Mr Gaffney might have been going down this track, I think - were you going to go down the student management system?

Dr GOODWIN - I was going down there.

CHAIR - As long as someone goes there quickly.

Mr DEAN - The student management system is what I want to ask some questions on because of the money that is set aside this year for the student management system. Many in this room would be aware of Mr Ivan Webb, well-known within the education department circles and a well-respected person, who worked with the education department and developed a school student planner relating to records interventions for students to analyse student patterns, pulling it all together for parent interviews and other departmental needs. In fact, he worked in conjunction with about 80 local schools, and is still, to this day, giving his time free in the main to schools and this student planner. In the budget there is \$350 000 set aside to do what Ivan Webb has already done, that is, to develop a student management system. Is Mr Webb's work going to be recognised and is it going to be used? Is he going to be used? Is his system going to be used? Why is there a need to go back and reinvent this and redesign it all when it has already been done by Mr Webb and has been accepted within the department by many schools, I am told, 80-odd schools?

Mr McKIM - I can inform you, Mr Dean, that due to Treasurer's instructions we had to go to the market when we wanted to find someone to partner with the department on developing the

student management system, and in answer to your series of questions about whether Mr Webb will be used and his system will be used, the answer is no.

Mr DEAN - It has been accepted, though, hasn't it? You would agree with that, that it has been accepted by a number of schools? A number of schools have been using it.

Mr McKIM - I will ask Ms Banks for further details on this.

Ms BANKS - I am quite familiar with that and Mr Webb and I work closely. Most of the schools are in the north of the state, and he has for a long time worked to support schools to give them a database kind of application to help support student tracking of behaviour. One of the issues for us as a system, however, is that Mr Webb's program is a stand-alone program and so it is very expensive to manage, because each single site has to be managed as an individual site. We need something that we manage as a system-wide approach. The other issue about Mr Webb's program is that it does not have some of the failsafe mechanisms in place that we would need across the system so, for example, automatic flags for students when there are issues, such as students in out-of-home care who require a personalised learning plan. So you have to have those sorts of failsafe mechanisms put in, and that is another sort of element to the program that the student management system that we are developing can have that Mr Webb's couldn't.

While recognising the contribution that he has made, absolutely, there are some components of his program that simply will not transfer across to a system-wide approach.

CHAIR - Thank you.

Dr GOODWIN - I wanted to follow up on that. I suppose I was a little bit surprised that you did not already have a system capability around this, but it sounds like you have had something in place but it just is not centralised, so you are not able to track students easily if they move from one school to another, presumably, if it is not an integrated sort of system. But will it enable you to also capture the numbers of students with special needs in the schools, and the prevalence of specific disabilities? Will it have that sort of functionality as well as tracking the behavioural issues so it will be a very comprehensive data-capturing system in that sense?

Mr McKIM - My understanding is we are building that functionality into the system. Just for the benefit of the committee, phase 1 of the project encompasses an agreed minimum set of functions, but with full system architecture, and that will be trialled in some schools in term 3 this year, and later phases will be developed in parallel with the trial and added to the function set, and we are aiming to have this up and running in schools by term 1.

[5.45 p.m.]

CHAIR - Speaking of children with special needs, minister, I take you to the issue of special needs, particularly in the area of autism. There was a significant media release today in relation to a particular school not being able to offer five-day-a-week support for a student with autism. I expect that this is probably not unique to one school's situation. Can you provide to the committee some comment on how you might meet the needs of those special-needs students?

Mr McKIM - Yes, thank you, Madam Chair. I would like to commence by saying that of course any family living with a high- or additional-needs student, including a child on the autism spectrum, has a number of challenges just in their day-to-day life, and of course many of those students also provide significant challenges within our education system.

We work very hard to support those students to the best of our capacity. I can inform the committee that in 2012 the total special needs budget is \$68.1 million, which is an increase of \$4.3 million from 2011.

Students who qualify for inclusion on the SDR - severe disability register - have been allocated \$33.9 million in 2012 from that total special needs budget of \$68.1 million. Students with high and additional needs are supported by \$8.34 million of the total special needs budget and that is allocated directly to school resource packages. Specialist staff, including social workers, speech pathologists and school psychologists support students with special needs in schools for a total of \$13.2 million and learning services, and students with disability support receive funding of just over \$10 million - the hearing, visual and early learning students and for the employment of physical impairment coordinators and special education advisers statewide, and a further \$2.6 million is available for provision of therapy services, alternative education programs and the funding of specialist staff in colleges.

I would like to draw to the committee's attention to a graph in the Gonski report and I will seek the leave of the committee to table it because it shows conclusively that Tasmania is top of the nation in the level of support that we provide for students with disability in government schools - and not only top but top by an awfully long way on the evidence provided in the Gonski report.

On a measure of average funding per student for students with disability in government schools I will just go through from the bottom: \$4 808 on-average funding for students with disability in government schools in South Australia; \$8 143 in the Northern Territory; \$13 244 in New South Wales; \$19 800 in Victoria; \$20 233 in Western Australia; \$25 765 in the ACT; and \$41 807 in Tasmania. That is a very significant finding from Gonski and I seek leave to table that excerpt from the Gonski report.

CHAIR - The committee is happy to take that and it is admirable but is that going to help if there is legal action against the state? That is what is being proposed in this one particular issue. Obviously, if there is a class action I am looking to see whether you believe that the special needs children should have five days a week in school, or whether three days a week is the requirement the department believes is appropriate.

Mr McKIM - I am not going to comment on whether there may or may not be legal action. That is something anything any citizen or group is entitled to, as long as they are acting in accordance with legislative frameworks, to take legal action if they wish, and people will make their own judgments about that. So I won't comment at all on the potential for legal action, Madam Chair, and I know that the committee will understand my reluctance to comment directly on that matter. But in terms of length of a school week for students, of course five days is the school week, and as minister I expect students, where they can, to attend schools for the five days. Obviously there are things like sickness that come up from time to time, or other family circumstances, or individual circumstances for children which means that they cannot attend school on a particular day. That -

CHAIR - Are you aware of this situation, minister?

Mr McKIM - Which situation?

UNCORRECTED PROOF ISSUE

CHAIR - It is a situation where there is a student who has been told that three days a week is all that the school can provide in support.

Mr McKIM - We have been very clear in our response publicly on this, and discussions between a school and parents about high and additional needs students do not even begin until about September in the year and those discussions are then relating to the next year. So here we are in May, four months before we begin official discussions with parents. I obviously do not know who said what to any individual parent, but we certainly do not authorise parents to be told that their child is only required to come to school for three days in the week. That is not the policy of the department and these discussions are months away from even beginning officially for the 2013 school year.

CHAIR - So if I am to understand what you are telling the committee, the arrangement to have that student, or any student for that matter, on a five-day week supported situation in a school has already been made previously and so that already should be in place.

Mr McKIM - Sorry. Could you say that again, Madam Chair?

CHAIR - Okay. The situation where someone comes to school and has a special needs requirement for five days or three days or whatever, should already be in place for the current school year?

Mr McKIM - For the current school year, yes.

CHAIR - So obviously there is an issue here.

Mr McKIM - Again I cannot shed any light on who might have said what to whom in this particular area. All I can say is that it is not my policy as minister or the department's policy for any parent to be told that they are only required to bring their student to school for three days a week.

CHAIR - That would also then raise the question about a new student to a school; so their arrangements would have to be transferred from another school or perhaps another state in that matter then.

Mr McKIM - That is correct, and the funding will go with the student.

Mrs TAYLOR - But that is within our state. If a child came from interstate and was not already getting it, it would be different.

Mr McKIM - If a child came from interstate and was assessed and included on the SDR, for example, then the funding would attach to that student in their new school in Tasmania. This is a part of the Department of Education's budget that goes up every single year. It has gone up for a number of years, and there is \$4 million extra in the current year to support students with high and additional needs compared to the 2011 school year. I have no doubt at all that it will increase significantly again next year.

Dr GOODWIN - Can I just ask you, minister, for a further explanation about how this works? You have mentioned the average funding per student of \$41 817.

UNCORRECTED PROOF ISSUE

Mr McKIM - I have given that graph to the committee secretary, so I do not have that in front of me at the moment.

CHAIR - It has just come around now.

Mr McKIM - Okay, thank you, Madam Chair.

Dr GOODWIN - It is just a question of how it is worked out what sort of support a child with special needs will receive.

Mr McKIM - How do we work it out in Tasmania?

Dr GOODWIN - Yes, and does it come out of the central fund, or does the school have to make up a shortfall? How does it work?

Mr McKIM - There are basically two categories of students living with disabilities. One is students that qualify for our severe disability register, and the other is students with high and additional needs. The high and additional needs students, once they are identified, the funding to support them goes to schools in their school resource packages but, again, as I have said about a range of issues today, it is ultimately the school that decides how that money should be spent. So the school principal and the school leadership will engage in discussions with parents and other members of the school community about that. Therefore, there may be schools that decide to put more money into supporting an individual student requiring additional needs; there may be some which take some of that money and allocate it somewhere else in their school if they think they have a higher need in that area. That funding that goes through school resource packages is completely a discretionary decision that schools make.

CHAIR - Didn't you say it belongs to the student, though?

Mr McKIM - It does not belong to the student; it is allocated to that student but then the school will make a decision about how it is spent.

Dr GOODWIN - So if they have six students with high and additional needs, they get funding for six students but then it is up to them how they -

Mr McKIM - How they use that funding.

Dr GOODWIN - Yes, how they use the funding.

Mr McKIM - Yes, that is right. I think Ms Banks is keen to assist us here.

Ms BANKS - There are two buckets; one is the severe disabilities register. If a student is on that, the funding is discrete for that student. However, we recognise that there are some students with high needs whose needs are not as significant. They are not on the severe disabilities register so there is an allocation of about \$8 million that goes directly into schools for those students who are recognised as still needy but not on the register. That money is completely flexible.

The point that you were making a minute ago, though, about numbers of students; if you had six students on the severe disabilities register, of course you would pool the resource so that it best met the needs of all those students. Schools will do that in their own way, depending on their

UNCORRECTED PROOF ISSUE

context but that funding belongs to those students. If they move school, that funding goes with them. That is, as well as the cash allocation, 0.2 FTE of a support teacher as well.

Mr GAFFNEY - On behaviour, sometimes in schools it is the many challenging behaviours we have with students who are not funded, so a whole range, and it is crucial that students in schools try to keep connected, to keep the kids at schools for their education. What funding in the SRP or with schools which have identified increasing numbers of challenging behaviours, how do they cope? Is there a pool of money they can go to, to help those students who need that support?

Mr McKIM - Students with what you have categorised as challenging behaviours, Mr Gaffney; I am advised that some of those students will qualify or may qualify as high and additional needs students so they are supported through the funding attached to high and additional needs students.

In relation to a flexible education provision, we have a strategy around flexible education provision for students at risk of disengaging from education, or for students where mainstream learning environments are either not available or not a viable option for that particular student. Schools and, in some cases, areas are developing and providing flexible learning which responds to their local circumstances and individual student needs. As we have discussed previously, we have provided over \$3 million over three years to fund 15 innovative flexible education programs across the state.

This would be of interest to Mr Dean and Mr Finch. I dropped into the Radar facility in Launceston on Invermay Road a few weeks ago. That is a fairly innovative facility run by Learning Services North in conjunction with local schools in the area where students who are disengaged or have disengaged, or where mainstream learning environments are not viable for those students are supported in the facility just off Invermay Road. Interestingly, some of the budget for Radar comes from Learning Services North but often a school will contact the guys at Radar and say we have a student who is disengaged; we do not think the mainstream of our school is appropriate and, in fact, that student is disrupting learning outcomes for other students. That school will often take some of its school resource package and transfer it to RADAR so that in a way the funding does follow the student into that facility. They were running on the smell of an oily rag in there but they were delivering really good outcomes, and the students I spoke to were very engaged with the teachers in there. I think that for many schools that sort of model is providing them with the capacity to deliver better educational outcomes across the whole range of students in their schools because some of their most disruptive students are no longer in that school.

[6.00 p.m.]

Mr GAFFNEY - A last question regarding behaviour management, do you have statistics regarding literacy and numeracy standards for students who are in state care and out of the home? What programs do you have in place to help and assist those students?

Mr McKIM - I will just take a little bit of advice on that.

While we are looking for that advice there are a number of initiatives that we undertake to promote positive behaviour and reduce bullying in Tasmanian schools. This goes directly to how we deal with some of the student cohort that are at risk of disengaging or have disengaged. We, of course, have the National Safe Schools Framework and the draft Safe School Framework for Tasmanian state schools but we also have school-wide positive behaviour support which is

UNCORRECTED PROOF ISSUE

currently used in 83 government schools in Tasmania, and each learning service provides support for that program.

We are also developing restorative practice. In fact, Learning Services North has developed but not yet signed with Tasmania Police an MOU based on restorative practice. We have the RAW educate cyber safety program which had \$90 000 allocated to it in 2011 to address cyber bullying and cyber safety issues for students and teachers from kindergarten to grade 12. We also have Mind Matters and Kids Matter which are programs to provide professional learning for staff in relation to mental health issues for students.

In relation to students who are wards of the state or in state care, obviously the main way that we support students in that category is through our school at Ashley which I visited three or four weeks ago to how they are travelling up there. The learning centre at Ashley has had more than \$600 000 spent to establish it since 2002-03 and it also received some BER funding of \$250 000 to construct and furnish vocational and applied learning workshops. I have been in those workshops recently and they are outstanding in terms of the built infrastructure and the outcomes that are able to be provided. I can confirm that all students now have access to full-time equivalent education while they are at Ashley School.

Subjects taught at Ashley include literacy, numeracy, information technology including online learning, some science, health and physical education, woodwork, metalwork and some hospitality including a barista course, and I can say that the cup of coffee I had when I was at Ashley was outstanding; so thank you very much to the person who made that coffee using their lovely coffee machine up there. They also provide dedicated cooking subjects as well. In addition to this, some students access college subjects from time to time and teachers on site provide tuition support. We also deliver Polytechnic programs on site at Ashley. That deals with students who are incarcerated at Ashley for various reasons.

We also have some information for the committee on how we deal with students who are under guardianship, or custody orders, who are enrolled in state schools. We have an MOU with the Department of Health and Human Services signed at the end of November 2010. It does not at this stage include further education and training but we are working on that issue at the moment. We provide information under that MOU to DHHS that allows it to monitor a student's performance at school, including attendance and disciplinary action. They then provide targeted intervention in consultation with the school, when that is required.

In the 2011 school year, 63 per cent under guardianship or custody orders to DHHS attended state schools and the actual number of students that that relates to is 679. The other 37 per cent, that is, the children under guardianship or custody orders to DHHS who are not attending state schools, we believe would be attending private schools, undertaking an apprenticeship, in employment or living interstate, even though they are still under an order under DHHS. In 2011, there were 17 schools that had 10 or more students under guardianship or custody orders.

The highest proportion of students under guardianship custody orders to DHHS enrolled in any government school was, quite unsurprisingly, Ashley school with 41 per cent of its enrolments in that category, which is seven students. The partnering agreement between DoE and DHHS for educational achievement for students under care and protection orders includes the following: the requirement for all children under care and protection orders to have a personalised learning plan - that is a learning plan tailored specifically to that individual student; a protocol for sharing information between the Department of Education and DHHS - specifically

UNCORRECTED PROOF ISSUE

that relates to the personal learning plan that is developed by the Department of Education or teachers at the students relevant school and the DHHS case and care plans; and an agreement to update databases to enable more effective sharing of information between the two agencies.

I could go on at some length about this, Mr Gaffney. I am not sure if I have answered your question or whether you would like to interrogate me further.

Mr GAFFNEY - I did ask the question about whether you had any numeracy and literacy statistics for students in state care in comparison to other age groups, but I will leave that with you.

Mr McKIM - We would have the literacy and numeracy statistics on an individual basis for those students because we do have a personalised learning plan but I do not think that we have that as a collective.

Dr GOODWIN - I have a follow-up question in relation to that protocol you mentioned of the sharing of information between DHHS and the Department of Education, particularly around the personalised learning plans. Does that protocol also extend to the Commissioner for Children who, as I understand it, in the past has done some random audits of children in state care?

Mr McKIM - I am advised that the answer to the question is 'no', based on legal advice that we are not able to share that information with the Commissioner.

Dr GOODWIN - Right, so she is not able to continue whatever was the practice of her predecessor in terms of doing random audits of children and having access to their personalised learning plans.

Mr McKIM - The Commissioner for Children obviously does not fall within my portfolio area so I do not have advice on whether she has been able to continue the work of her predecessor.

Dr GOODWIN - You did indicate that because of the legal advice she would not be able to access that personalised learning plan.

Mr McKIM - Not through schools.

Dr GOODWIN - Okay.

Mr McKIM - Could I respectfully suggest that you ask the Minister for Children about this issue when she is before your committee.

Dr GOODWIN - No, we do not have them - too late. That is fine because you have answered it from the education perspective.

CHAIR - Question on notice in the House.

Mr DEAN - The position with absenteeism has been in the press of late and Brooks High School has put it at the forefront with their checking of attendance three to four times during a day. What is the position around the state? Absenteeism, as I understand it, is improving, but are other schools only doing it of a morning and not doing the rolls during the day or of an afternoon?

UNCORRECTED PROOF ISSUE

What is happening? Is there going to be some consistency applied across the state in regard to that? I ask that because we seem to have many students in the malls and in the town areas in the afternoon. There are not so many in the morning, but a lot in the afternoon.

Mr McKIM - Yes. There is a range of strategies in place for following up unexplained absences and attendance issues, including phoning students' homes and using SMS to get in touch with parents. The 2010 attendance rates, on my advice, were fairly stable across the primary years, but gradually decrease across the secondary years. This trend again, I am advised, can be observed across all states and territories in Australia.

CHAIR - It is because they think they know it all as they get a bit older, you see.

Mr McKIM - I will leave that kind of interpretation to you, Madam Chair.

CHAIR - I have four children. I know.

Mr McKIM - I am sure you do. The reason for the majority of student absences in 2011 was sickness, followed by absences where the parent or carer had failed to contact the school to inform them of the reason for their child's absence. In the most recent national report on schooling in Australia, Tasmania had some of the best attendance rates across the nation for students in government schools from years 1 to 6, and for the other year levels Tasmania performed as well as or better than most other states or territories.

Mr Dean, I have numbers and data here which I am able to place on the record if you wish me to, but before I provide you with the opportunity to ask me to do that, I will ask Ms Banks to step in here, because I am aware that she has been conducting some workshops in this area with schools.

Ms BANKS - We are very aware that student attendance at schools is a community issue, and there have been times when other members of the broader community have raised it with me. So, during this year, we will be doing some work with school principals, and we have already begun that. We have tried to put the professional learning days into groupings so that you have an expectation, and that came from a local police concern about students claiming that it was a professional learning day and that is why they were not at school. At the moment we have tried to make sure that the professional learning days are around a time frame so that it is easy for people to recognise whether the claim is truthful or not. Then we will consult with principals to try to rein that in even more and try to put in place some strict guidelines around attendance. Our legal department has been working through the processes that we use to work with parents to ensure that students attend school regularly. As you know, if in the end we cannot get students to attend school, then we can prosecute, and so that will be the pathway that we will be taking. We will be clear and firm.

Mr DEAN - Excellent, that is a good result. My next question - again it has been in the press - concerns the acting principals' positions around the state. When would you expect to get some control over that? A number of schools have had acting principals for long periods. Rocherlea, I think, currently has an acting principal, which concerns me.

Mr McKIM - Yes, we have announced the successful applicants today.

Mr DEAN - Today?

Mr McKIM - Yes.

CHAIR - For every position?

Mr McKIM - No, there is a range of things that I need to tell you there. Can I just begin by thanking both Mr Pettit and Ms Banks, because either Mr Pettit or Ms Banks or both have sat on every selection panel for these positions, and that demonstrates outstanding leadership in the department, that the secretary and relevant deputy secretary place such importance on selecting the right candidates for these positions. Mr Pettit has been intimately involved in this process, so I will ask him to update the committee.

CHAIR - We do not expect him to name every new principal, but a number would be excellent.

[6.15 p.m.]

Mr PETTIT - There are 31 positions that we have just gone through of which we have filled 28 - three we have deemed to have had no suitable candidate and they will be readvertised.

CHAIR - It is amazing what a newspaper article will do.

Mr McKIM - Madam Chair, this has been a lengthy process that has been undergone and I do not believe it was accelerated or decelerated for that matter due to media reports. It is simply that the announcement has been made.

Mr DEAN - I thank you for that.

We talked about the bureaucracy and so on in the education department and we now know that is going to increase by another person. What is the position with Mr Sayer where the education department has been told that they will find a position for Mr Sayer? Will there be a new position created? Will it be at the same pay rate that Mr Sayer is currently receiving?

Mr McKIM - I will make a couple of overview comments here, if I might, Mr Dean, because we suspected that this one might come up and I have been provided with some advice.

Mr DEAN - I did not want to let you down.

Mr McKIM - No, thank you very much, I appreciate that.

CHAIR - I hope you have mine ready.

Mr McKIM - I am not sure, Madam Chair, but time will tell.

As members would be aware, Mr Sayer was appointed chief of staff in the Premier's office from October 2010 and his appointment at that time was by way of a secondment from the Department of Education where he was a contracted SES officer at SES level 3. Mark's contract with the Department of Education expires on 23 September this year. Mark's secondment as chief of staff ceased on 18 May this year and he has reverted to the Department of Education from that date.

UNCORRECTED PROOF ISSUE

My advice is that he is currently taking a period of leave and will then resume working under his existing contractual terms with the Department of Education and I am further advised that Mr Pettit is discussing with Mr Sayer the future role that he will undertake in the department.

In terms of payment details that you have asked about, as with any ministerial staff who are seconded from a department to work in a ministerial office, Mr Sayer is entitled to be paid a salary maintenance reversion allowance when his secondment to a ministerial office ceases. I know you are going to ask me what a salary maintenance reversion allowance is -

Mr DEAN - Absolutely.

Mr McKIM - I will have to take some advice on that.

Laughter.

Mr McKIM - What I can tell you on advice is that the period of salary maintenance is calculated on the basis of the person's length of service in ministerial offices and that is one month for each three completed months of service and in Mark's case this period amounts to six months. The amount of the reversion allowance is the difference between his ministerial staff salary and his SES level 3 contractual salary with the Department of Education.

Mr DEAN - That has to be maintained?

Mr McKIM - Yes, as I have said, his contract expires on 23 September.

CHAIR - Minister, you talked about what Mr Sayer might do in the future, but what is he going to do now?

Mr McKIM - He is taking a period of leave.

CHAIR - But once he gets back from leave?

Mr McKIM - Those are the discussions the secretary is currently having.

CHAIR - There is no job? The job that he had is no longer there?

Mr DEAN - That is my question.

CHAIR - Sorry.

Mr DEAN - No, thanks for asking that.

Mr McKIM - The position that he had is no longer available to him as the CEO of Schools Tasmania and in fact I think we have the current CEO ready to make himself available to the committee if we would need him to.

Mr DEAN - Following on from that, there are currently no positions within the education department at that salary level and for his band to place Mr Sayer in?

Mr McKIM - Don't worry, Mr Dean, we will find something for him to do.

UNCORRECTED PROOF ISSUE

Mr DEAN - No doubt you will do that, but I am saying there is currently no position vacant or available so it will be an extra job specifically created?

Mr PETTIT - Yes, you are correct, it will be a new position. There is no existing position for him to go into.

Mr DEAN - How long does that have to be created for? Is it only until his time expires in September of this year?

Mr PETTIT - The contract is until September.

Mr DEAN - It can conclude or it will be likely to conclude in September?

Mr PETTIT - Like all other state service, he could have his contract extended if we believed there is a need for that to happen.

Mr DEAN - If it is a made-up position then that is probably not likely, but anyway -

CHAIR - We cannot pre-empt that

Mr DEAN - No, but it is a created position; that is the point I wanted to make.

Mr PETTIT - Perhaps if I let you know that in March 2011 we had 33 SES positions and we are now down to 24 as of March 2012. So there is obviously going to be work there that we can well and truly engage.

CHAIR - Minister, the issue that I would like to explore a bit further and, hopefully, there might be some progress, is teacher aides and the concept that it becomes a struggle every year to hold those good people because they do not have what we class as full-time employment. Can you tell me where you are up to in negotiations with teacher aides?

Mr McKIM - I can tell you where we are in relation to how we provide for teacher aides. First, I inform the committee that industrial agreements for Tasmanian State Service Award and education facility attendance staff have been negotiated and agreed to. We now call them teacher assistants rather than teacher aides, which was something that they requested as I understand.

We have now shifted our teacher assistants over to the Tasmanian State Service Award. This will result in significant annual increases in pay for teacher assistants once the transition is complete. The cost of this classification translation to the TSSA for teacher assistants is \$2.3 million to the department in the first year, rising to \$6.8 million per annum after four years. I am seeking some advice about the benefits that will bring to teacher assistants who have been transferred over but it is a significant annual increase in pay.

Mrs TAYLOR - Will that come out of the schools' budgets?

Mr McKIM - No. It will be found internally within the department.

Mrs TAYLOR - Within the department?

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes. There are all sorts of increasing and decreasing cost pressures on a department every financial year. Some go up, some go down.

Mrs TAYLOR - Don't teachers' salaries come out of the school allocation?

Mr McKIM - There are two classifications here. One is the teacher assistants employed centrally and the department will fund those centrally. The ones that are employed by schools, the schools will be required to fund that extra pay.

CHAIR - How many are there?

Mr McKIM - How many teacher assistants?

CHAIR - Yes, how many that will benefit from this industrial resolution?

Mr McKIM - The short answer is all of them. I will find a number for the committee.

Dr GOODWIN - Why are some of them employed centrally and some by the school? How does that work?

Mr McKIM - Some schools decide that they want teacher assistants for various reasons and they are entitled to go out and employ them. The head count of teacher assistants is 1 450 as of March this year.

CHAIR - How many are employed under the school system; and how many are employed under the department's system?

Mr McKIM - I am advised that all teacher assistants are, in effect, employed by the schools but we fund some of them from a central allocation outside the school resource package process.

Dr GOODWIN - I am not quite following why that is.

Mr McKIM - Through the special education process.

Dr GOODWIN - So, do schools get allocated a certain number and then if they want to top them up that comes out of their budget? Is that how it works?

Mr McKIM - I will ask Mr May to assist.

Mr MAY - There are two explicit ways that we fund teacher aides in schools: through the special education process and through kinder aides. So, the students in kindergarten attract funding through the SRP that is to allow them to employ teacher aides, but then beyond those explicit allocations that we assume schools will use to employ teacher aides, schools use their own discretionary funding to add others to their work force.

CHAIR - So they might choose to have a teacher assistant rather than a music program.

Mr MAY - Every budget decision is an option like that, yes.

UNCORRECTED PROOF ISSUE

Mr McKIM - In response to a previous question around Raising the Bar Closing the Gap, I did mention the research that the University of Tasmania had done. I seek leave to table that research because there were questions asked about it. One of the key findings from the report was that the additional literacy funding and resourcing under Raising the Bar Closing the Gap did enhance the students' level of literacy in the participating schools. Obviously, there is much more in that report than that one sentence synopsis. I table that report for the committee and with the indulgence of the committee I will come back very briefly to teacher aides.

CHAIR - It is going to be hard to get out of that habit

Mr McKIM - I am sorry, I have lapsed almost immediately. My political party took a policy to the last election of taking action to reduce and ultimately end the unpaid stand-downs that currently occur. Under the current budget climate it is just not possible to find the money to do that, although I make the point that the transfer of teacher aides across to the State Service Award has cost us significantly: \$2.3 million this year rising to \$6.8 million per year after the full implementation of that process. After the four years of implementation we will have invested an extra \$7 million per annum directly into the pockets of teacher assistants.

Dr GOODWIN - When you say the 'unpaid stand-down' this is the issue over the holidays and they do not get paid.

Mr McKIM - Yes, that is right.

CHAIR - Is the process still in place where anyone in that boat is able to get some pay held back and then have it paid later?

Mr McKIM - Yes, it is. They can annualise their salary. That was brought in from memory by two ministers previous to me - Mr Bartlett and -

CHAIR - Because of the issue around not having any holiday pay so to speak.

Mr McKIM - Teacher aides do have the capacity to annualise their salary and also at that time they were given the option of working an additional two weeks per year and also a 5.5 per cent pay increase effective from 1 July 2008. I well remember sitting on that side of the table in House of Assembly budget estimates asking questions of minister Bartlett. Since 1998 we have also transferred over to permanent employment status over 1 300 teacher aides, so almost all of our teacher aides - the head count 1 450. 1 300 may no longer now be with us but since 1998 we have transferred over 1 300 teacher aides to permanent employment status.

CHAIR - Obviously significant gains for that portion of school staff.

Mr McKIM - There have been gains and I would argue that they are significant, but I also need to acknowledge that we have not delivered on the unpaid stand down and I will be very upfront about that and that is due effectively to the financial situation that the state government finds itself in with about \$1.7 billion less in the forward estimates compared to pre-GFC times.

[6.30 p.m.]

CHAIR - Minister, I am hoping that I am up to about order of issue No. 10, Mr Gaffney. That is what I am hoping.

Mr GAFFNEY - Yes.

CHAIR - Thank you.

Mr GAFFNEY - Could the minister explain the budget implications of students bypassing the school they were zoned to and going somewhere else, and what strategies will the department utilise to deal with them? I believe there was a recommendation by the reference group. This is just something so that we can record it here in this sitting, even though you mentioned it before in the transport one.

CHAIR - A serious question.

Mr McKIM - It is a serious question and I acknowledge that, but really, Mr Gaffney, there is no meaningful difference for the Department of Education in a student choosing to go to school in school A rather than school B. We need to fund that student no matter which government school they are in. The impact for government comes in the sustainable transport portfolio which I also administer obviously and that is in the context of expenditure on the student bus service in Tasmania.

The only real impact on the department of students choosing to go out of area would be if there is a number of students that choose to go from one school area and not go to their local school and go to another area and that may impact on the viability of school A in that situation. In terms of the global budget, money would shift from school to another because part of the school resource package calculations are enrolments-based but that would be a shuffle within the department rather than a cost or a benefit to the department.

Mr GAFFNEY - Certain schools put on certain programs to benefit students and parents are aware of those so there is a greater capacity for those parents to think that they will bypass the school because the programs are running over here seem to be more suited to their child, which means that there is extra pressure put on that school. It is happening all the time. It is fine to say it will not impact the overall but it does impact on the school that those kids are bypassing.

Mr McKIM - Yes, no doubt. If many students decided not to go to their local school and go to one school down the road instead - I even know of students who get on a bus or jump in their parents' car and drive past five schools to get to the one of their parents' choice and, of course, that will impact at least potentially on the school resource package of both schools because if it is in a large-enough number you will see a reduction in the school resource package at the local school and a corresponding increase at the school that those students are attending.

Mr GAFFNEY - With regard to the school transition fund, you have allocated \$1.2 million for 2012-13 and \$2.3 million for 2013-14 for those voluntary **(6.34.00)**. In the last five years there have been 20 or so schools in Tasmania that have either closed or amalgamated -

Mr McKIM - That sounds about right.

Mr GAFFNEY - What state funding has been given to those schools that have amalgamated over the last five years? What is the financial funding arrangement and commitment of the state government to those?

UNCORRECTED PROOF ISSUE

Mr McKIM - There have been a range of strategies and a range of funding arrangements put in place.

CHAIR - Minister, while you finish eating that lolly, I might just remind you and members that we have one hour left to complete this whole section. That might help everyone in the question and answer process.

Mr McKIM - You have certainly focused my mind, Madam Chair.

There is a range of strategies, Mr Gaffney. In fact, BER funds were leveraged to assist in the construction of new schools during the time when those funds were available. We, the state government, through the department, also assisted in the construction of other schools and school facilities during that time. If you would like that information on a project-specific basis, I would ask you to put that on notice.

Mr GAFFNEY - With regard to the two Somerset schools that were joined, I would be interested to know what was the budget allocation for those schools when they were separate and what is the budget allocation now that they are -

Mr McKIM - Do you mean in terms of the school resource package?

Mr GAFFNEY - Yes. And what it is now so that we can see if there are financial benefits to the amalgamation process. That is obviously going to come back in the next couple of years -

CHAIR - Branxholm and Winnaleah did the same.

Mr GAFFNEY - I would be interested to know if we could have that information at a later date.

Mr McKIM - Yes, we can get that if you put those questions on notice.

CHAIR - I don't think you will ever convince Avoca, though.

Mr GAFFNEY - Is there a limit per school on the school transition fund? For instance, if you had six or seven schools that want to amalgamate is there a limit to that?

Mr McKIM - No.

Mr GAFFNEY - There's not.

CHAIR - I think almost federation and transition fund is similar, isn't it?

Mr GAFFNEY - No, it's not. We can just bypass the federation concept and do that one another time. Although, has it been considered in the Tasmanian education system?

Mr McKIM - Federations?

Mr GAFFNEY - Yes and has it got some headway?

UNCORRECTED PROOF ISSUE

Mr McKIM - Yes it has. There is an overlap here with the school transition fund in that if schools wish to adopt a federation model they have been told we will consider a federation model for inclusion in the school transition fund. That is, schools have been informed that they can approach the department with a federation model and that would at least qualify them to apply for school transition fund dollars.

Mr GAFFNEY - For the record, can you say what the federation model is so that all members are aware?

Mr McKIM - The federation model is really -

CHAIR - St Marys and Fingal.

Mr McKIM - That is one example of it. We are not going to be prescriptive about this but it may be that schools in a particular geographic area decide to federate and that may, for example, include a sub-campus model, where there is one or more sub-campus of a central school or one of the major schools in the area and that may result in ongoing savings for the department in terms of leadership positions, for example. It may be we have a number of primary and high schools that are co-located in Tasmania whether it be, for example, Taroom or Ulverstone, just picking them off the top of my head without agenda -

CHAIR - They are not in the gun -

Mr McKIM - They are not in the gun. In fact, from memory we have about 17 sites in Tasmania where the primary school and the high school are co-located. They currently all run separate administrative centres and we are happy to hear from schools that may wish to take advantage of the school transition fund or suggest any other funding arrangements, by the way, to the department whereby they may decide to work more closely together and deliver efficiencies in that way at co-located primary and high schools.

Mrs TAYLOR - There are all kinds of models, aren't there. In my electorate there is a high school that is federated with its primary school so that the students get to look at where they are likely to go and the high school is providing all kinds of outreach programs, I suppose.

Mr McKIM - That's exactly right. There was, for example, a 100 per cent retention rate between grade 6 and grade 7 at Ulverstone, between Ulverstone primary and Ulverstone high. That is because both principals at the time - and in fact we have promoted the principal from Ulverstone high or the previous principal into a principal network leaders position -

CHAIR - It always happens that you take the good ones.

Mr McKIM - those two principals worked very closely, in a very targeted way, working with students and parents to retain students in the government system with 100 per cent success rate. I accept that Ulverstone does not have some of the other educational options that somewhere like Hobart or Launceston would have but, in any event -

Sorry, the secretary is pointing out a correction - I am talking about Penguin here, not Ulverstone, so if *Hansard* would just take care of that, it would be much appreciated.

CHAIR - Too late.

UNCORRECTED PROOF ISSUE

Mr McKIM - That is Penguin, not Ulverstone so I apologise to the committee for that.

CHAIR - It is a wonder Madam President wasn't in the door, actually.

Mr McKIM - It is; she would be right onto me for that one. But again, 100 per cent is 100 per cent, and that is a very good outcome. The two principals when I was visiting there late last year both indicated that they had agreed they needed to focus on that in the Penguin area and, as I have said, delivered on a 100 per cent retention rate, which I only wish we could match in every government school in Tasmania.

Mr GAFFNEY - So there are obvious savings with amalgamations, and that is why you have put it on the table, and that came through the recommendations from the group. Could you make a short comment on why then you would not consider the process until after the elections in 2014? If there are savings to be made and there are transitions, and the recommendations from that report said that is the way forward, why would it be held over until after the election?

Mr McKIM - The School Transition Fund is available as of now, so we are not waiting until after 2014. This issue has nothing to do with election timing, and I know that people have been sceptical about that but the simple fact is that the School Viability Reference Group made it abundantly clear, and I refer members to the report, that prior to assessing any school for viability we had to first do the three reviews I spoke about earlier - the review of catchment areas, the review of enrolments policy and the review of student transport - and that we should not begin to assess the viability of any school until those reviews have been completed. And when you accept the need to not commence in a meaningful way the review of student transport until we have within the Department of Education done the work on catchment areas and enrolments, the time line simply stacks up to be what I announced, that we will not commence assessing the viability of any school for some time, and that is just simply the way that it panned out.

Mr GAFFNEY - Thank you. I was thinking you might have brought up the zoning report or work when we talked about the bussing going past schools. I thought that would have been when you would have mentioned one of the strategies you are using.

Mr McKIM - Do you mean the enrolments policy?

Mr GAFFNEY - Yes.

Mr McKIM - One of the recommendations of the School Viability Reference Group was to review the Department of Education's enrolments policy, so that is what we intend to do.

Mr GAFFNEY - Thanks, Madam Chair.

CHAIR - I think if we are moving onto Years 7 and 12, the Roadmap to Recovery, Mr Finch I believe has some -

Mr McKIM - Before we go to Mr Finch, very quickly we were talking about teacher assistants. The salary increases. Once there is full implementation for a full-time teacher assistant they will receive an extra \$6 250 per annum from the transfer to the State Service Award. Presumably that is pre-tax.

UNCORRECTED PROOF ISSUE

Mrs TAYLOR - On 1 July?

Mr McKIM - It is a four-year implementation, so per annum. No, they won't receive it in a lump sum.

Mrs TAYLOR - No, but from 1 July they will start receiving that increase.

Mr McKIM - It started in October last year, so in October 2014 that will be complete. So as of October 2014 a full-time teacher assistant will be getting \$6 250 per year more than they were prior to this transition occurring.

CHAIR - Thank you, now we will move on to Mr Finch.

Mr FINCH - Minister, Tasmania has the lowest retention rate of grades 11 and 12 in Australia. I am just wondering about the strategy to improve that retention rate. I might just remind you that Tasmania's retention rate is at 38 per cent, and the rest of Australia is at 64 per cent, so it is an abysmal figure, really.

Mr McKIM - We do have a strategy that we are working on, Mr Finch. Is this the apparent retention rate from -

Mrs TAYLOR - I am not sure that we are comparing apples with apples.

[6.45]

Mr McKIM - No, I am not sure that we are either, Mrs Taylor.

I welcome to the table Mr Malcolm Wells who is the deputy secretary in the department with responsibility for this area. We have developed and commenced to implement a retention and attainment strategy for years 10 to 12 in the government system in Tasmania. Much of practical work is being done to encourage all year 10s to move into year 11 education or equivalent. I can indicate that three transition and retention officers ring every student from government schools who appear not to have continued to year 11. We are doing a lot of direct contact in this area. Colleges and the polytechnic telephone all year 11 leavers in an attempt to reengage those in education that left during year 11 or at the end of year 11.

We have trained 25 staff in the delivery of literacy programs for our year 11 and 12 students and all colleges and the polytechnic are working on increasing completion rates for TCE and attainment rates in general.

There appears to be an upward trend in direct retention of students from year 10 into year 11. There has been a significant improvement in our apparent retention rate although we use some caution when interrupting this data because the methodology used to calculate the apparent retention rate means that its reliability is measured over time and is subject to changes over policy and organisational structure.

CHAIR - There is a requirement that if you are not 17 and you do not have a full-time job then you legally have to go to school. So that would assist those figures.

Mr McKIM - That is right. Our apparent retention rate went up from 62.2 per cent in 2009 to 73 per cent in 2010 and dropped again to 70.4 per cent in 2011. But our direct retention from

UNCORRECTED PROOF ISSUE

year 10 to year 12 has gone from 48 per cent in 2009 up to 50.8 per cent in 2010 and climbed again to 55.9 per cent in 2011.

Mrs TAYLOR - These are actually your completion rates at the end of year 12, are they?

Mr McKIM - That is retention.

Mr WELLS - I am glad that you came in with that comment because -

CHAIR - You did not want to interrupt the minister?

Mr WELLS - No I didn't. With respect to Mr Finch's question, I believe there were two different data sets that we used in your question. That apparent retention figure, which is the one that is used nationally, we came in at 70.4 per net this year and the minister is right: last year it was 73 and we have done most of our target setting off a much lower base going back to about 2006-07 when we were very much in the low 60s - 62, 63 was where we were performing. The figure that you referred to, I am not quite sure, but I think would be a completion figure at the end of year 12, and is possibly a figure from the Tasmanian Qualifications Authority indicating the percentage of students who have completed a certain quantum of study as they have defined it. One is a year 12 completion figure, the other figure is an apparent retention figure produced by the ABS. Mixing the two is not quite the same sets of information.

Mrs TAYLOR - The TQA does not count when students in year 11 or 12 leave to get an apprenticeship or to go into another training organisation. They just say that the student has not completed year 12. But in fact they go on to do other education and training. Some states count that and we do not.

Mr McKIM - In response to that statement, as I indicated we do ring or attempt to ring each year 10 student from government schools who did not appear to have moved on to year 11. We have some data gathered from those phone calls and we have gathered that: around 20 per cent had moved on to apprenticeships or traineeships; around 10 per cent have moved interstate or overseas; around 10 per cent have moved to non-government schools; around 10 per cent were working full-time, which we have classified as 25 hours per week or more; around 5 per cent were working part-time; around 15 per cent were actually re-engaged in education as a result of those phone calls and other action by transition and retention officers; around 15 per cent we could not contact; around 5 per cent are still discussing re-engagement; and around 3 per cent were basically school or education refusals, that is, they just refused to attend. I think that, in part, addresses the point you were raising.

Mr FINCH - I might be treading warily into some party policy here, but has there been any exploration of the idea of retaining years 11 and 12 at high schools? I am thinking of Exeter High School in my own electorate.

Mr McKIM - It is interesting, you know, that there has been a fair old political debate about this in recent times, it is fair to say. In fact, there is very little difference between current government policy and the policy position of the Liberal Party which is being espoused in the main by their shadow minister, Mr Ferguson.

We are already delivering vocational and educational training to around 18 campuses predominantly in regional locations and this involves students actually remaining enrolled at the

UNCORRECTED PROOF ISSUE

relevant high school or district school in that area up until year 12. Arguably, on one measure, which is where a student enrolls, we are already delivering at least parts of year 7 to 12 in a number of places around Tasmania. I will just really quickly go through them, Mr Finch - did you refer to Exeter? Exeter is not one of them but we have Deloraine, Dover, Glenora, the Jordan River Learning Federation, Kingsmeadows, City Campus King Meadows, Kings Meadows campus, Lilydale, Mountain Heights, Port Dalrymple, Rosebery, Scottsdale, Sheffield, Smithton, Sorell, St Helens, St Marys, Tasman and Winnaleah.

CHAIR - Winnaleah - I knew it would be last, a W.

Mr McKIM - It is just a W, that is all it is, Madam Chair. We are already offering those now and there is no need to party politicise this and I am sure that is not your intention, Mr Finch.

CHAIR - Because we have not the time, minister.

Mr McKIM - We are not quite sure, to be honest, what the Liberals' policy is because it seems to change on a regular basis and we do not have any clarity at all around what they would do with colleges. They say that they would retain colleges but that also provides 7 to 10 in every high school and district school in Tasmania, so we are not sure where they are getting the students or the teachers from to run the colleges under their policy. But we have done a preliminary costing of their policy and we believe they would need to find about \$67 million in capital funding before they could move to full implementation of year 12 tops in Tasmania. We believe that it would be a recurrent additional operational cost of about \$81 million per annum and the Liberals in their alternative budget allocated \$10 million per annum over four years. We are not quite sure what they intend to use that money for but what I can say is that we are approaching this matter strategically.

We are assessing where the greatest needs are in this area and they are generally in more regional or remote areas where the travel times are longer, and we are moving forward in a strategic way to offer particularly vocational education and training up to year 12 through enrolments at the local school.

Mr FINCH - Thank you.

Mrs TAYLOR - If I can get back to the budget - I am not interested in your party politics.

Mr McKIM - I thought I was pretty restrained, but anyway.

Mrs TAYLOR - Output group 2, is that funding in 2.4 which is post-compulsory education in schools - and I am sorry to leap forward but I think that that is what this is talking about, isn't it?

CHAIR - If you are not moving forward we will not be finishing.

Mrs TAYLOR - The post-compulsory education in schools, that is that funding, is it?

Mr McKIM - What do you mean by 'that funding', sorry?

CHAIR - 2.4 on your page of 3.9 revenue.

UNCORRECTED PROOF ISSUE

Mr McKIM - What is the question?

Mrs TAYLOR - The funding for post year 10 education in schools. The education you have just been talking about, offering up to year 12 for some year 12 subjects.

Mr McKIM - Yes, correct. That is exactly that funding, Mrs Taylor.

Mrs TAYLOR - So why is it going down, minister? I am sorry, but it seems to me a really important need. I am not familiar with all of them but I am familiar with the St Helens one and I know how important that is to the parents and students of that -

Mr McKIM - By the way, St Helens is a really good example of how doing this well can lead to some very good outcomes.

My advice is that it does not reflect a decrease in funding. I note that I will need to then explain that. That is because we have reallocated the way we account for some overheads in that output group and we have transferred those overheads into the in-school output 1.1.

CHAIR - Okay. Another one that could have done with a note.

Mrs TAYLOR - Yes, it makes it really difficult, minister, when it looks that way and then you say no - it is really hard to do estimates.

Mr McKIM - No worries, Mrs Taylor, we will take that on board and do our best to improve our footnoting in the budget next year.

Mrs TAYLOR - It seems that every year we end up asking questions that are irrelevant in a sense because things have shifted from one budget to the other. I won't need to ask this question now - when we get to output 2.

CHAIR - Yes, that's good. In light of that line of questioning, is there any other area that members would like to ask about output group 1 which is between 1.1 and 1.5?

Dr GOODWIN - Yes, the STARS program -

Mr McKIM - The what program, sorry?

Dr GOODWIN - STARS, which is an autism -

Mr McKIM - STARS?

Dr GOODWIN - I think it is a project or program. I am wondering what the level of funding for that is. I think it used to be the A Team; I am not sure.

Mr McKIM - No, I do not believe that is the A Team. It is the STARS program.

Dr GOODWIN - Yes, the STARS program, sorry.

Mr McKIM - This program operates within the northern campus of the Tasmanian e-school. It provides a personalised learning program for students with an autism spectrum disorder.

Schools pay a contribution of \$300 per term per student out of their school resourcing packages. The program is also supported with high and additional needs top-up funding from the Learning Services North. It is located at the Tasmania e-school northern campus at Mayfield Primary School. Schools are able to nominate students with high functional autism to participate in the STARS program and nominations from schools may include students on a severe disability register. The costs associated with students attending STARS are met by schools and generally come from high and additional needs funding. As I said, the Tasmanian e-school provides support and also provides staffing for the STARS program that is supplemented by Learning Services North high and additional needs top up funding.

We had 32 students accessing the STARS program in 2011. In 2012, the program is available to students for the equivalent of three and a half days a week or 0.7 FTE as it was in 2011. We have 14 primary and secondary schools which have students currently accessing the program.

Dr GOODWIN - What about the A Team? Is that still around?

Mr McKIM - Dr Goodwin, you were right. This is the next iteration of the A Team, so yes, I think the way you categorised it earlier was correct. This has been developed from what was previously known as the A Team.

Dr GOODWIN - Right, okay, I am glad we are all clear about that now.

CHAIR - Mr Gaffney, are you happy with the progress that we made through the -

Mr GAFFNEY - Yes. The \$1.5 million where it says for grants and financial assistance which has been, according to the note, due to the cessation of the Australian government grants for childcare providers phasing out accommodation.

Is it just 6817[?] for 2013-14, 2014-15, 2015-16, or you just do not know so you just put a few in?

[7.00 p.m.]

Mr McKIM - My advice is that that is our best estimate for those figures at the moment.

Mr Gaffney, in relation to a question you asked previously about direct retention, the EPS data - which is the department's education performance services data - and this relates to 2011-12 year 10 into year 11, that is between the August census and the March census the following year, direct retention rate of 80.3 per cent and year 11 into year 12, again from the August census to the March census, a direct retention rate of 67.6 per cent.

Mr GAFFNEY - The question I was asking was, in year 10 in 2010 to year 11 in 2011, what was the percentage, and then in 2011 to 2012, what was the percentage, to see if there was a percentage change between 2010-11 and 2011-12, to see if the program was working.

Mr McKIM - I have given you there the direct retention rates for year 10 into year 11, and year 11 into year 12 for 2011-12. I will take on notice the 2010-11 figures. We will obtain that for the committee.

Output group 2
Post-compulsory education and skills development

2.1 Skills development contestable funding -

CHAIR - Is there a need for a change at the table, minister?

Mr McKIM - If we need to make a change at the table we will make it on the quiet, Chair.

Mrs TAYLOR - I will not take terribly long on my question here because a number of them have already been answered and worked on. For a start, in 2.1, the skills development contestable funding, there is a significant drop but I think that is reflected in the partnership that we have already talked about.

Mr McKIM - I might ask Dr Chrissie Berryman, who is the CEO of Skills Tasmania, to come to the table. Skills Tasmania is the statutory authority responsible for purchasing VET in Tasmania and also my statutory advisor in this area.

Mrs TAYLOR - Thank you, but I think that you have already covered the answer to this. My only subsequent question to this is: how much of this is state government funding? The partnership means that there is a change in this year but I know that some of this year's funding is still national partnership.

Dr BERRYMAN - In 2.1 the contents of that are funding for the Skills Institute, funding for User Choice, Skills Equip and industry-focused programs. The change between the current financial year and the next financial year relates a drop of \$1.628 million; that is all commonwealth funding. It is additional commonwealth-funded programs of \$6.1 million. It is rescheduling of expenditure from the PPP program which was commonwealth funding. I am afraid that this does get a little complicated. There is rescheduling of expenditure amounting to \$20.02 million for the Productivity Places Program to meet cash flow commitments for existing contracts for the training providers in the forward estimates. That went back to the Treasury Trust Fund. Then the rest of the difference there is some reallocation of overheads to shared services, an inclusion of an amount for indexation for staff salaries and the application of the department saving strategy and there was also an allocation of movements in trust account balances. It is quite a complicated answer to your question.

Mrs TAYLOR - That is not my question, the difference between this year and next year, the question is: of the \$41 million that you have allocated next year, how much of that actually comes out of the state appropriation - that is, take out the commonwealth? That may be hard to answer on the spot, minister, I understand that.

Mr McKIM - We are just trying to find it - is this in 2.1 Skills development contestable funding and where is the \$41 million that you are referring to, Mrs Taylor?

Mrs TAYLOR - It is table 3.9 on page 3.21. It says -

Mr McKIM - We were on the wrong table, sorry. We may be able to provide some information.

UNCORRECTED PROOF ISSUE

Mrs TAYLOR - This is actually revenue from appropriation and that is what I am trying to get and not overall, taking all those other things into account.

CHAIR - Our assessment, minister, is it should be all state funding but we just want to check that.

Mr McKIM - Sure. My preliminary advice from Mr Finch is that this is all state funding but we will take that on notice and confirm that for the committee.

Mrs TAYLOR - Thank you. Can I ask you, how is the 'remarriage' between the Polytechnic and the Academy and the Skills Institute going?

Mr McKIM - I do not know about a remarriage.

Mrs TAYLOR - They were tragically separated and they are now coming back, sharing some services.

Mr McKIM - There are a few things here. Obviously the Polytechnic is now back inside the Department of Education, which under the original Tasmania Tomorrow structure it was not and that has resulted in some efficiencies, there is no doubt about that.

Mrs TAYLOR - There was a lot of undoing to be done because they were terribly separated and I believe there is an ongoing process.

Mr McKIM - There are certainly processes ongoing, however, the Skills Institute remains outside the Department of Education under the current structure. In relation to both the Polytechnic and the Skills Institute, we have required them to deliver further budget efficiencies as part of the department's and the government's saving strategies off the back of the 2011-12 state budget.

Mrs TAYLOR - Except it does not reflect in the budget for next year because they are actually both getting more money. I am happy to think about savings but in both next year and in the outgoing estimate years - not much but it keeps going up rather than down.

Mr McKIM - That line item includes things like salary indexation and pay increases, if you like, through various negotiations that are done. So that would at least in part explain that increase. I am just seeing if we can offer you any further advice on that, Mrs Taylor.

While we are looking for that I will just remind the committee that I engaged through the department and a consultant to provide a report on the structures of the public provision of vocational education and training providers in Tasmania, and in the main the public providers are currently the polytechnic and the Skills Institute.

Ms Simmons handed me her report on 30 April this year, about six or seven weeks ago, and I have committed to releasing that report in full once cabinet has made a decision on how we will go forward in relation to the public provision of vocational education and training in Tasmania. I know there is a great degree of public interest in this report, and that is why we will make a decision in cabinet as soon as we possibly can around that. Once the government's response to that report has been determined and announced, we will be offering briefings to all MPs in the Tasmanian parliament.

UNCORRECTED PROOF ISSUE

In addition, Ms Simmons has agreed to conduct a forum in each area of Tasmania to explain her findings and to help move forward in that space. As you would be aware, Mrs Taylor, similar to the light rail process, I did wrap a stakeholder reference group around Ms Simmons to assist her in her work, and the feedback that I have received from stakeholders has been that they thought the process was robust, inclusive and consultative. They have a very high level of confidence in Ms Simmons making appropriate recommendations in her report. I am just not able to canvass what they are at the moment.

Mrs TAYLOR - That is good.

CHAIR - Mrs Taylor, any more?

Mrs TAYLOR - You are finding me the answer as to why and when we are looking for savings, but I have one more question.

Mr McKIM - Mrs Taylor, for you I will say upfront that we will try to footnote better next year, but we have transferred some of the guaranteeing futures money from output 1.2 into the polytechnic line item, and that is nearly \$4 million; \$3.963 million has been transferred from output group 1.2 into output 2.2 for the Tasmanian Polytechnic, on my advice.

Mrs TAYLOR - Right, so why is the academy going up?

Mr McKIM - Okay, it is that old chestnut, the overhead reallocation there, Mrs Taylor, of \$1.8 million that has been reallocated into the Tasmanian Academy output line of 2.3, and also \$1.6 million extra in indexation, which is for salary indexation.

Mrs TAYLOR - I am not sure I understand that, minister, but perhaps someone could enlighten me later.

Mr McKIM - Basically, what we are trying to do by allocating the overheads into different budget lines is better reflect what actually happens on the ground.

Mrs TAYLOR - So where has it come from, where is the corresponding drop?

Mr McKIM - The polytechnics are obviously back in the Department of Education, whereas it was not previously, but Mr Finch is effectively advising me that we are basically trying to reallocate overheads across a number of outputs in the department to better reflect what the reality on the ground in terms of overheads.

Mrs TAYLOR - So you have to give more money to the academy to cover those overheads, but then it must be coming from somewhere else.

Mr McKIM - This is essentially the cost of things like corporate services, for things like payroll and finance. The academy does not actually get that money. It is simply a budgetary mechanism, if you like, to better reflect the fact that even though corporate services does not sit within the polytechnic, they gain a benefit from the work that corporate services does. That work is then allocated into different budget lines that enjoy the benefits of this.

[7.15 p.m.]

UNCORRECTED PROOF ISSUE

Mrs TAYLOR - So, somewhere in corporate services in the education department there is a subsequent drop, because you do not have to put it in the budget twice, do you?

Mr McKIM - Yes, in another output there would be a drop but corporate services does not have its own output so it does not actually come from a particular output.

Dr GOODWIN - So you spread it across all the other outputs?

Mr McKIM - Maybe not all, but all the relevant outputs.

Mrs TAYLOR - But it has to come from somewhere.

Dr GOODWIN - Yes. They must change the formula every year or something or even it out.

Mrs TAYLOR - Can I ask you a tiny question - we will leave that one.

Mr McKIM - Of course.

Mrs TAYLOR - I am told that mature age students, and I do not want to be emotive about this, are no longer welcome, which is probably not the right word; there are new guidelines or rules about mature age students going to college or the academy. They are not part of the school age group, obviously, so they are being encouraged to go elsewhere.

Mr McKIM - I will ask Mr Wells if he can shed some light on this.

Mr WELLS - Every person has an entitlement to two years, a year 11 and a year 12. In certain circumstances, we will extend that entitlement to provide a year 13. We make an assessment of that based on a range of circumstances. So it is a year 11, a year 12 and an opportunity to do a year 13 for some adults. We then try to channel those adults who have exercised that entitlement, if they want further education and training, into the vocational education and training. Therefore they are picked up through the polytechnic because if you have exercised your entitlement, we cannot be in a situation where we currently educate people through the appropriation of the money that we have to provide education for up to and inclusive of year 12. The difficulty for us is to make sure that we, in each case with each adult, are certain that their entitlement has been exercised and we will assess circumstances and extend that entitlement to year 13 where we think it is appropriate and reasonable to do so, but beyond that we are really trying not to continue to have a year 14, a year 15 and a year 16 -

Mrs TAYLOR - I absolutely understand that -

Mr WELLS - If that is being reflected out there as perhaps tightening it up it is because we do need to make sure that the resource that we have for up to and inclusive of year 12 with that year 13 option is being fully utilised by those people who have an entitlement.

Mrs TAYLOR - I understand that. I am talking here, though, about people who are mature age and I don't mean 20, I mean 40 or 50, who may or may not have had year 11 and 12 - probably because it was not there when they did it, but they would have completed their schooling. I am talking in particular of Claremont College which had about 10 per cent of mature age students; people actually wanting to come back to get education they had not got earlier for

UNCORRECTED PROOF ISSUE

whatever reason. I understand the budgetary thing but I also understand, first, that those people are not going back to get education and, second, that they are an extraordinarily good influence on the other 90 per cent of the students. I hear what you are saying, that you obviously do not want people to stay there and keep staying at school but is there flexibility around that?

Mr WELLS - Well, there is around year 13. We really have to look more closely at a case-by-case basis rather than generalise beyond those parameters that we have set to access your entitlement to post-compulsory education.

Mrs TAYLOR - I just know that the 10 per cent has dropped to almost nothing. Thank you, I will investigate that.

CHAIR - Minister, I have a question regarding the trade training centres. I know that \$7.1 million will be spent on the current six centres. What will be the take-up rate for the programs in the first six centres? I do not mind if you provide that to the committee at a later date so I can follow that through.

Mr McKIM - I will see whether we have any figures on take-up rates. I might need to take that on notice.

Mr WELLS - I have 2011 data in relation to Bridgewater, George Town, Scottsdale and Smithton and it is from the polytechnic where the polytechnic had 283 enrolments across those four training centres during the course of 2011. They came on at different times of the year as you probably know in terms of start-up, but the 2011 data was 283 enrolments through the polytechnic.

CHAIR - What about for the year to date?

Mr WELLS - I might have to take that one on notice.

CHAIR - That is fine. Is there anything else in post-compulsory education in schools that any members want to touch on?

Dr GOODWIN - I have a quick one on the polytechnic and whether that will come in on budget this financial year.

Mr McKIM - Thank you for your question, Dr Goodwin. In the calendar year of 2011 - and this is where we again fall foul of the school years and financial years - the polytechnic reported operational deficit of \$2.8 million. This represents a significant improvement on 2010 where the polytechnic recorded a deficit of \$4.9 million for the six months from 1 July to 31 December in that year. This is a significant reduction on the previous year's deficits.

The management in the polytechnic has continued with the support from the department to ensure a strong budget management focus into the current financial year and are continuing to work to address any underlying issues that may be contributing to the deficit and to instigate savings wherever possible.

I can inform the committee that as the academy now has responsibility for 16 to 19-year-old students in the main, polytechnic resources which were allocated to areas primarily focused on this group have been reduced in 2011-12 - for example, resources allocated in the polytechnic

budget, that is, to support young students. Administration resources allocated to teaching terms have been reduced. Existing teaching resources are also being used more effectively and cost savings are also being realised through a more focused approach to the allocation of resources to core business activities.

Strict vacancy control processes are being followed, as you would expect, in line with those required of all government agencies in the current fiscal climate and there has been a strong focus on achieving revenue from sources other than the recurrent Skills Tasmania funding. For example, in 2011 the polytechnic was successful in achieving the adult migrant education program six-year federal contract with DIAC, a federal department. It was also awarded 24 productivity placement program contracts compared to eight in 2010.

CHAIR - So it is likely to come in on budget, minister?

Mr McKIM - I am about to get there. Work is continuing in relation to the staffing profile of the polytechnic and in excess of 30 staff to date have either accepted workforce renewal incentive packages and ended their employment at the polytechnic, or accepted positions elsewhere in the department or the state government public service.

A number of these processes are still under way. I expect the polytechnic to come in on budget every year. If it does not, given that it is internal to the Department of Education now, I will request that the department cover any deficit that the polytechnic has.

CHAIR - Mr Dean, we are winding down fairly quickly so go for it - whatever is the most important question.

Mr DEAN - My question might have been asked as I have been out of the room for a while. How does the number of students or enrolments in the polytechnic this year compare with previous years?

Mr McKIM - That question has not been asked. There has been a slight increase in the Skills Tasmania-funded enrolments in the Tasmanian Polytechnic for 2012 compared to this time in 2011, so they are VET-only students. I will see if we have any more global enrolment figures and, if we do not, we will certainly take that on notice.

CHAIR - Do you want to table that, minister?

Mr McKIM - I am happy to, but it will only take 10 seconds for me to read it out. There was a decline in enrolments in the polytechnic. It dropped from 6 152 to 5 648 between 2011 and 2012, so the first figure of 6 152 is 2011, and 5 648 is 2012. Part of that is as a consequence of fee for service arrangements in 2012 where the number of shared or multiple enrolments within the polytechnic has been reduced because students are counted as being in a college, which is in the academy of the (7.26.49).

Mr DEAN - Minister, is there a break-down of mature-age students in that?

Mr McKIM - I do not have that. I will see if -

CHAIR - What do you call that - over 25?

UNCORRECTED PROOF ISSUE

Mr DEAN - Well, adults, I guess.

Mr McKIM - Mr Wells can assist you there.

Mr WELLS - For students who are 20 years and over who are studying on a VET-only pathway at the polytechnic, the numbers there for this year as at the census are 2 845.9, and that is an increase of 380 on numbers taken at the same time using the same process in the preceding year.

Mr DEAN - The 0.9, I take it, is where you have a number on part-time. Is that it? How does that work?

Mr WELLS - Not everyone is a full-time enrolment. Some people enrol in a full qualification right through the year, some people do part-time, so it is a calculation brought down to a full-time equivalent.

Mr DEAN - I see, right. So in effect there would be a lot more than that.

Mr WELLS - Yes, it would be.

CHAIR - We have time for one more question.

Mr DEAN - That is all I had on that.

CHAIR - What about your LINC centre?

Mr DEAN - I had quite a few on the LINC.

CHAIR - Well, if you could pick out the most pressing, either that or we will head you somewhere else.

Mr DEAN - I will just ask one question. I notice that online is increasing in that area. In other words, people are staying out of the LINC centres and, I take it, doing online business, because the number of visitations into the centres has decreased fairly significantly. Over a period of time it is decreasing. In 2011-12, it has dropped some 4 000 and then it is programmed to drop, I think, about another 30 000 in next year, 2012-13. So what does that mean for LINC centres?

Mr McKIM - What I might do is ask Jenny Rayner, who has been waiting patiently to assist us, to speak briefly on this matter if I might, Mr Dean.

Mr DEAN - I was at one of your LINC centres as a volunteer the other day and I enjoyed it immensely. It was incredible; a wonderful experience.

Mr McKIM - Aren't they fantastic?

CHAIR - Thank you, time is of the essence.

UNCORRECTED PROOF ISSUE

Mr DEAN - What will it mean for LINC centres when for 2013-14 visitations are programmed to drop by about 30 000 visitations? What does that mean for the centres in the way of staffing and the other things that are provided?

[7.30 p.m.]

Ms RAYNER - We are delivering more services online, so there is a need for staff to develop those online services and respond to clients through electronic means. We do not anticipate that there will be any major impact on the centres themselves in the near future because there is still quite a high number of people that are coming in.

Mr DEAN - Okay. I will keep going.

CHAIR - Unfortunately, minister, we have come to the end of our allocated time and there are still questions that members have.

Mr McKIM - If you would like to provide them to us in writing then we will do everything we can to provide answers to those questions.

CHAIR - Obviously we have a process through the parliament as well of putting them on the notice paper with or without notice. That is something that members will attempt to do. Once you have had time to digest what we heard today then there will possibly be some other areas of issue.

I would like to say thank you, minister, and particularly thank the people who support you. It is a big day and members have done their homework extensively. I believe you have realised that from the quality of the questions today.

Mr McKIM - Absolutely, Chair, and I thank all members of the committee for their indulgence at various times while we sought answers to questions. We have done our best to provide you with the answers to questions in real time. There has been a number of questions placed on notice that we will come back to you on and, as the Chair has said, there are forms of the parliament available to members should they wish to avail themselves of those.

Thank you and all members of this committee for the way in which this hearing has been conducted today.

CHAIR - Thank you and I appreciate everyone's time. I am sorry that we did not get to see Mr White at the table; I was waiting patiently.

The committee adjourned at 7.32 p.m.