



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS, SMALL BUSINESS  
AND EDUCATION LEGISLATION COMMITTEE

**Consideration of Additional Estimates**

FRIDAY, 23 FEBRUARY 2001

CANBERRA

BY AUTHORITY OF THE SENATE



**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS, SMALL BUSINESS**  
**AND EDUCATION LEGISLATION COMMITTEE**

**Friday, 23 February 2001**

**Members:** Senator Tierney (*Chair*), Senator Carr (*Deputy Chair*), Senators Collins, Ferris, Stott Despoja and Tchen

**Senators in attendance:** Senators Carr and Tierney

**Committee met at 9.07 a.m.**

**EDUCATION, TRAINING AND YOUTH AFFAIRS PORTFOLIO**

Consideration resumed from 22 February 2001.

**In Attendance**

Senator Ellison, Minister for Justice and Customs

**Department of Education, Training and Youth Affairs**

**Executive**

Mr Steve Sedgwick, Secretary

Mr Peter Grant, Deputy Secretary

**Schools**

Tony Greer, First Assistant Secretary

Mr Chris Evans, Assistant Secretary, Budget and Coordination Branch

Dr Evan Arthur, Literacy and Special Programmes Branch

Mr Peter Buckskin, Assistant Secretary, Indigenous Education Branch

Ms Aurora Andruska, Assistant Secretary, Schools Research Branch

Ms Lois Sparkes, Acting Assistant Secretary, Quality Schooling Branch

Ms Shelagh Whittleston, Acting Assistant Secretary, Enterprise and Career Education Branch

Ms Julia Forrest, Director, Policy and Coordination Team

Mr Matt Davies, Executive Director, Special Projects Team

Ms Kris Erwood, Director, Schools Resources Branch (Policy and Monitoring Section)

**Department of Education, Training and Youth Affairs**

**CHAIR**—Welcome. Today we are continuing the examination of the Education, Training and Youth Affairs portfolio. The committee will return to outcome 1, output group 1.1, 'Infrastructure funding for the schools system'. We have to report to the Senate by 27 March 2001. The committee has fixed 29 March as the date for the submission by the department of written answers to questions on notice. I welcome Senator the Hon. Chris Ellison, the Minister representing the Minister for Education, Training and Youth Affairs. I also welcome the deputy secretary to the department, Mr Peter Grant, and officers from the Education, Training and Youth Affairs portfolio. Minister, do you wish to make an opening statement?

**Senator Ellison**—No, Mr Chairman.

**CHAIR**—We return to output group 1.1, ‘Infrastructure funding for the schools system’.

**Senator CARR**—Mr Grant, can you give me an indication of when we are likely to see the 1999 national report for schooling?

**Mr Evans**—I believe that report is at the printers at the moment. The reason that it has taken to this point is that year 5 reading results were at an advanced stage, so it was decided to hold the report so that those results could be included in the report. I understand that all of those results are now in and that we can expect the report to be published and distributed in March by the MCEETYA secretariat.

**Senator CARR**—When do we expect to see the 2000 report?

**Mr Evans**—There is work under way on compilation of the 2000 report at the moment. I would be hopeful that we would have it reported and produced this calendar year.

**Senator CARR**—In an answer to question E172, you advised me that the timetable being put to ministers for the online publication of the 2000 report is in three stages.

**Mr Evans**—I have it in front of me.

**Senator CARR**—You say here: late April, late June and late August, with traditional print publication later in the year. Presumably, that is what you are referring to when you talk of the calendar year?

**Mr Evans**—Correct.

**Senator CARR**—Are you confident that you can keep the online publication dates in April, June and August?

**Mr Evans**—There has not been a meeting of the ANR task force for this year so, before I answer, I would prefer to have had a discussion to find out exactly where the detailed preparation is at of each of those elements. The chair of the ANR task force comes from New South Wales.

**Senator CARR**—I noticed that in the recent innovation statement there was comment made by the minister that the reporting mechanism would be through the national report on schooling. As you know, there has been traditional concern about the speed at which this report is produced. Are you confident that it is an adequate means of providing educational accountability?

**Mr Evans**—Senator, there is a disposition with the Commonwealth and the states when significant elements of reporting are available not necessarily to await the ANR but actually to put it into the marketplace. I think there is an eagerness on the part of schools jurisdictions to have some of that reporting material provided at an earlier stage and then maybe reissued in an ANR. Also, I think that is the disposition towards online publishing as well.

**Senator CARR**—Presumably the online publishing will speed up the distribution of advice. Obviously, we will need to look at that in more detail. I look forward to the publication in April, June and August which you have mentioned in this answer. Can I also draw your attention to question E254 which goes to the issue of Commonwealth spending between 1996-2001 and 1996-2004 as a percentage of GDP. I take it you are happy to stand by those figures?

**Mr Evans**—I think these figures might have been prepared in our international division.

**Senator CARR**—They are not yours?

**Mr Evans**—But they look familiar to me.

**Senator CARR**—Familiar?

**Mr Evans**—Familiar.

**Senator CARR**—So you are not able to stand by them?

**Mr Evans**—I would expect that they are correct—that is why they have been provided to you in an answer, Senator.

**Senator CARR**—Right. We have had a couple of officers in this round of estimates indicate that their briefing papers may well be inaccurate. I trust that answers are not inaccurate.

**Mr Evans**—I will come back to you if they are not accurate.

**Senator Ellison**—Let's make it clear for the record that Mr Evans is saying that this is not his area of responsibility—

**Senator CARR**—Fair enough.

**Mr Evans**—Thank you, Minister.

**Senator CARR**—Can you advise me, Minister, whose area it is to tell me what Australia's comparative figures are in terms of spending as a percentage of GDP, for instance, with other OECD countries?

**Senator Ellison**—That was a cross-portfolio matter and I think that is the International, Analysis and Evaluation Division. I do not think we have officers from that area here, do we?

**Senator CARR**—Dr Arthur, can you assist us with that?

**Dr Arthur**—No.

**Mr Grant**—Mr Horne and Mr Thorn are the two experts in those matters.

**Senator CARR**—Indeed.

**Mr Grant**—And I doubt that they are here at the moment.

**Senator Ellison**—Perhaps we could take it on notice.

**Senator CARR**—If you would not mind. I am interested to know what Australia's level of investment in education is as a percentage of the gross domestic product. You have given me the figure here on the Commonwealth schools spending, so I would be interested to know what the Commonwealth level of investment in education is as a percentage of the gross domestic product. Also, Mr Grant, could you advise me on the international comparisons with the OECD country mean and how it compares with the 29 OECD countries?

**Mr Grant**—I may well be able to help you with an answer to the first part of that question a little later in the morning. On the second, we will certainly come back to you on notice with the best available indication. I would simply note that international comparisons of these matters are typically fraught with comparative and technical difficulties. There are differences in scope and institutional arrangements. The OECD does make an attempt to make allowance for those differences. But, that said, I do know that there are still differences that are unaccounted for in the comparisons. But we will come back to you.

**Senator CARR**—Thank you. I would be interested to know what the Commonwealth contribution is in that regard.

**Mr Grant**—I take it that you would not be looking to comparisons internationally between the Commonwealth contribution—

**Senator CARR**—No. I understand that you will provide me undoubtedly with the full direct public expenditure on all levels of education. That is the normal statistical set.

**Mr Grant**—Okay. That is your interest: public rather than total.

**Senator CARR**—Yes. However, I am interested to know, as a subset of that, the Commonwealth contribution as a percentage of GDP.

**Mr Grant**—Okay. But the latter obviously without any international comparison element.

**Senator CARR**—Clearly, you cannot compare, strictly speaking, a federal education system—although with Germany, you might—

**Mr Grant**—Again, there are some important differences, obviously.

**Senator CARR**—Yes.

**Mr Grant**—I not sure the comparisons would be too meaningful.

**Senator CARR**—It has been put to me that the Australian direct public expenditure as a percentage of GDP is running at 4.3 per cent. It was further put to me that the OECD mean average is 5.1 per cent. Of the 29 countries, Luxembourg at 4.2 per cent, Japan at 3.6 per cent, Greece at 3.5 per cent, the Netherlands at 4.3 per cent and the United Kingdom at 4.2 per cent are all below Australia; nonetheless, in general terms, we are in fact below the mean average. I am interested to see if I can get that confirmed.

**Mr Grant**—I do not necessarily accept your propositions there but I think the best thing is that we come back to you with advice on those.

**Senator CARR**—Thank you. Could you also provide me with advice on—say, if we can take it back from 1996 to the present—the shift in the percentage of GDP spending. It has been put to me that this figure has been declining and I want to know whether or not that can be confirmed by the department in terms of Australia's direct public investment over that period.

**Mr Grant**—Again, we will take it on notice.

**Senator CARR**—Thank you.

**Mr Grant**—I believe that the latest ABS estimates available on this matter are for the year 1998-99 and that public expenditure on education in Australia as a percentage of GDP in that year was 5.3 per cent of GDP and private expenditures on education amounted to 1.5 per cent of GDP. But I know there are complexities and technicalities embedded in those figures. For example, the two components are not strictly additive. Therefore, I think it is best we come back to you with a considered answer on those.

**Senator CARR**—If you could. My source on these figures is the OECD indicators, *Education at a Glance OECD 2000*—

**Mr Grant**—Yes, we are familiar with that.

**Senator CARR**—If those figures are wrong or you can confirm that I have understood them correctly, I would appreciate that. If they are wrong, can you explain to me why that is the case.

**Mr Grant**—We will come back to you.

**Senator CARR**—In terms of question E254, the department tells me that Commonwealth schools spending as a proportion of gross domestic product has increased slightly in terms of overall spending on schools.

**Mr Greer**—That is correct.

**Senator CARR**—But for government schools it has remained absolutely static—0.27 per cent. For non-government schools, it has increased from 0.38 per cent to 4.7 per cent. Is that a fair representation of those figures?

**Mr Greer**—That is certainly what the answer is telling you.

**Mr Evans**—But, Senator, as you and I have discussed in the past, that is affected by not only the level of expenditure but also the student numbers in the two sectors.

**Senator CARR**—Yes, but just in terms of Commonwealth spending where the shifts are going—and we will come back to that in a moment—as you would appreciate, Mr Evans, given the minister's recent statements on this topic, I just want to be clear that I have understood them. The minister recently made a speech to the Group of Eight policies forum on 16 February. I presume the Schools Division had some input into that speech, did it not?

**Mr Greer**—I would need to confirm that, Senator. I think that was the minister's speech at an innovation forum.

**Mr Grant**—It was.

**Senator CARR**—Did the Schools Division—

**Mr Greer**—I would need to confirm that.

**Mr Grant**—I expect to the extent that it went to schools matters, there was Schools Division input.

**Senator CARR**—So when it says 'the Commonwealth's spending on schools is now at record levels and is a rising proportion of GDP', perhaps it is more accurate to say that Commonwealth spending on non-government schools is a rising proportion of GDP.

**Mr Greer**—Or as this says, Senator, on all schools it is a rising proportion.

**Senator CARR**—It is entirely in the area of non-government schools that the rise has occurred.

**Mr Grant**—The statement, however, is accurate.

**CHAIR**—But if it is a proportion of GDP, it will have been rapid growth—it is a real increase.

**Senator CARR**—Sure, but the growth has been entirely in the non-government school sector.

**CHAIR**—Where the growth in student numbers is; the others are fairly static. I really do not see the point you are trying to make, Senator.

**Senator CARR**—It is quite clear where the growth is.

**CHAIR**—Where the student numbers are. What are you suggesting—that it does not grow where the student numbers are?

**Senator CARR**—What we found yesterday was that, of the \$800-odd million extra going into the non-government sector, a disproportionate share of that is actually going to the very wealthiest schools. We will come to that in a moment in order to establish just what the equity principles are in terms of government spending. In terms of estimated specific purpose payments to the states, the government school share has declined, has it not, from 1997 through to the forward estimates for 2002-03?

**Mr Evans**—I think we provided you with an earlier answer to this, didn't we, Senator?

**Senator CARR**—You have. I wanted to understand it clearly.

**Mr Grant**—The share has declined but the absolute and real levels of spending have not declined.

**Senator CARR**—But the share to government schools has moved from about 43 per cent?

**Mr Evans**—I have not got that particular table in front of me, but it does sound reasonably correct.

**Senator CARR**—In 1997 it was about 43 per cent and in 2002-03 it will be down to 35 per cent.

**Mr Evans**—Those figures sound familiar to me.

**Senator CARR**—The non-government sector has increased, obviously, from 57 per cent to 64.3 per cent.

**Mr Evans**—I might confirm those figures for you. I will take that on notice. At some point later this morning, I expect that you will get to things like the EBA.

**Senator CARR**—You have read my mind, Mr Evans; that is exactly where I am going.

**Mr Evans**—That will actually reduce the drop in the share of the government sector.

**Senator CARR**—By a huge amount—you are proposing \$130 million on an aggregate figure of \$5.3 billion. That will make a dramatic difference. Mr Evans, in the interest of comprehensive answers, I would be interested to see how that variation will work. Since you have raised the EBA, let us look at that. As I understand it, the minister has announced that there is going to be an additional \$130 million over four years. Is that right? They are the words used in his press release.

**Mr Evans**—That is correct, Senator.

**Senator CARR**—Could you explain to me where the additional moneys fit into the picture, because I could not see anything in the PBS to suggest an additional \$130 million. Could you clarify that for me?

**Mr Evans**—This budget measure has come out subsequent to the PBSs.

**Senator CARR**—Is there an additional appropriation of \$130 million?

**Mr Evans**—There is an additional \$130 million that will be going to the states, if the states agree to sign up to plans.

**Senator CARR**—In terms of the budget itself, Mr Evans, where might I find this figure of \$130 million extra? The word 'additional' tends to imply this concept of additionality.

**Mr Evans**—I believe you will see it in the PBS for the forthcoming budget. That \$130 million in December did not appear in the forward estimates for the states. With the decision of the government, that \$130 million will appear in the figuring for the states now, so it is an additional \$130 million that is available for the government schools.

**Senator CARR**—Where does this additional \$130 million that you speak of come from?

**Mr Evans**—We have had a discussion over a number of years about the way in which the enrolment benchmark adjustment operates, how an amount is calculated and how that amount has been withdrawn from states. What we have here is, in fact, the way in which state governments can have that money provided to them, and that represents additional moneys.

**Senator CARR**—I see. Mr Evans, what if I actually said to you that, at best, this measure represents as cost neutral. It is actually shifting money from general purpose to tied grants.

**Mr Greer**—That is not correct, Senator. As we have indicated to you before at the table, the forward estimate in relation to the EBA dividend, for want of a better word, had been reduced downward to take account of that. In this budget context, that forward estimate will be increased by the equivalent of \$130 million over the forward estimate period to the extent that those jurisdictions that trigger the EBA agree to the guidelines about its use, that additional funding will flow to those jurisdictions.

**Senator CARR**—Mr Greer, I will come back to the point. Can you point me to the proposition, perhaps in the Backing Australia's Ability package, which demonstrates that this \$130 million you speak of has an additional effect on the fiscal balance?

**Mr Greer**—As Mr Evans has indicated, this will be a matter that will be decided by government in the budget context.

**Senator CARR**—Sorry. I have misunderstood you. So you are saying that in the future the government will decide on this and that it has not actually done so?

**Mr Greer**—I am saying that it will be in this budget context, when this money flows, in which the money will flow for the innovation package overall.

**Mr Evans**—I can guarantee that it will feature in a PBS in this coming budget, so you will see the amount shown against each of the financial years.

**Senator CARR**—Fair enough, but I would like to see the calculation that demonstrates that the fiscal balance has increased by \$130 million, not shifted from general to tied grants.

**Mr Evans**—It has not shifted from general to tied grants.

**Dr Arthur**—I think that Mr Evans has already answered that question. There has been a policy decision taken relating to the EBA, which meant that in terms of the forward estimates there was not the money equivalent to that \$130 million. A further decision has been taken which means that, subject to states complying with certain guidelines, they will have access to that \$130 million. Therefore, there was a \$130 million net difference in outlays.

**Mr Grant**—You will see that reflected in our portfolio budget statement and other relevant papers in the future.

**Senator CARR**—Minister, when I moved amendments in the Senate in December on this very issue, the government voted against them. Can you indicate why it did so?

**Senator Ellison**—I am just trying to recall the events in the Senate.

**Senator CARR**—It was to abolish the EBA.

**Senator Ellison**—This changes the working of the EBA and it does not abolish it as such.

**Senator CARR**—Well!

**Senator Ellison**—You see, at the time, that was the way that you conducted the debate, and really the government was deciding to continue the EBA mechanism but to redirect the funding. It was to direct all funds towards further strengthening government schools, particularly to increase their capacity for innovation. I think that you really have to understand that to begin with before you proceed on this issue.

**Senator CARR**—That has been my weakness all along—not understanding this government's policies. Since the EBA is going to continue, Minister, can you tell me what the buffer effect is going to be in the out years? Can you give me any indication on that?

**Mr Evans**—There are some assumptions about buffers and there are some assumptions about the enrolment shift in each state. In terms of the calculation of the EBA for 2000, DETYA have written to each state asking them to confirm enrolment figures and costs of education so that we can advise the minister whether the assumption we have in the forward estimate is accurate to the last dollar. There is an assumption about a buffer effect in there as well.

**Senator CARR**—What is the assumption?

**Mr Evans**—For 2000, the assumption is 0.55 or 5,500.

**Senator CARR**—Explain to me how that is going to work.

**Mr Evans**—As you would appreciate, where there has been a shift in a state of 5,500, that would be taken into account and discounted off the calculation of the EBA, or if it was a figure greater than that it would be discounted off, and the same with a proportionate shift.

**Senator CARR**—What is the net effect of that for, say, New South Wales?

**Mr Evans**—The net effect is essentially what was in the announcement about the \$130 million. The \$130 million represents the Commonwealth's estimate of the shifts in enrolments and the application of the buffer over the next four years. In the case of the year 2000, across Australia the figure is \$31.4 million; for 2001, \$32.6 million; for 2002, \$33.5 million; and for 2003, \$34.3 million. That comes to about \$131.8 million.

**Senator CARR**—What are your assumptions about the breakdown per state?

**Mr Evans**—For New South Wales, in total it is \$114.9 million over the four years.

**Mr Greer**—On those assumptions.

**Senator CARR**—Can you go on with the aggregate figures. Mr Greer is a little ahead of me here.

**Mr Evans**—The aggregate figure?

**Senator CARR**—Per state.

**Mr Grant**—It is \$114.9 million for New South Wales, \$0.3 million for Victoria, \$13.8 million for Queensland and \$2.8 million for Western Australia.

**Senator CARR**—Tasmania—nothing?

**Mr Evans**—The EBA has never had an effect in Tasmania.

**Senator CARR**—I understand exactly. You will get the point, I am sure, in a moment.

**Mr Evans**—I think I know what the point is.

**Senator CARR**—South Australia—nothing?

**Mr Evans**—Nothing through this effect.

**Senator CARR**—Northern Territory—nothing?

**Mr Evans**—Correct.

**Senator CARR**—I do not think I have missed anyone there. The Australian Capital Territory—how could I miss the Australian Capital Territory! How much there?

**Mr Evans**—Nothing.

**Senator CARR**—Nothing?

**Mr Greer**—Because they do not trigger the EBA.

**Senator CARR**—I know exactly what the principle is. What strikes me here is that presumably they will get no access to this additional money as well; that in this proposal announced in January, the Backing Australia's Ability initiative, there is no money for Tasmania, South Australia, the Northern Territory or the Australian Capital Territory.

**Mr Greer**—That is not right. There is no money from this initiative because those states do not trigger this—

**Senator CARR**—That is exactly my point.

**Mr Greer**—but those states will continue to get the full amount of Commonwealth general recurrent funding and use it in a manner consistent—

**Senator CARR**—Sure. But of this additional \$130 million that you are telling me about, Tasmania gets nothing, South Australia gets nothing, the Northern Territory gets nothing and the Australian Capital Territory gets nothing.

**Mr Greer**—That is correct.

**Senator CARR**—You don't think there is an anomaly there anywhere, do you?

**Dr Arthur**—The purpose, and indeed the origin, of the funding is that those states and territories—or, in this case, actually states—which have an observed problem in the movements of proportional shifts between government and non-government sectors will have additional funds to deal with that issue, particularly in the areas of maths and science.

**Senator CARR**—You are not having a few problems with this policy are you, Dr Arthur? You seem a bit sensitive about this.

**Dr Arthur**—Not in the least.

**Senator Ellison**—Mr Chairman, you know it is not proper to ask questions about policy.

**Senator CARR**—I know it is not. It was a most unreasonable question, but Dr Arthur answered it.

**Mr Evans**—Senator, you also asked why the government had not simply abolished the EBA in December. There is an issue here about cost shifting and the failure of the states to respond to the Commonwealth minister on the issue of cost shifting as it occurs in states. That is one of the reasons why there was not a move to simply abolish the EBA.

**Senator CARR**—There was much fanfare about the establishment of a task force to look at this whole issue.

**Mr Evans**—That is correct, and the Commonwealth is still waiting to see any outcome from that states task force.

**Senator CARR**—So you have acted unilaterally, without reference to that task force?

**Mr Evans**—The announcement of this decision was conveyed to each state minister, and some states have reacted very positively since that announcement.

**Senator CARR**—New South Wales gets \$114 million. Would they be positive about it?

**Mr Evans**—I have not seen any correspondence from New South Wales yet.

**Senator CARR**—So who was positive about it?

**Mr Evans**—Premier Beattie was quite positive. He has already announced some initiatives that look—

**Senator Ellison**—And the former Western Australian government.

**Senator CARR**—We can see how positive they are. They had a great run in the press today, Minister. I am sure your colleagues find all that fascinating.

**CHAIR**—Can we return to estimates?

**Senator CARR**—So, Queensland thought it was pretty good?

**Mr Evans**—Yes.

**Senator CARR**—Did Victoria think it was good?

**Mr Evans**—I have not seen anything from Victoria yet.

**Senator CARR**—They get \$0.3 million. I can see how they would be overjoyed with that.

**Senator Ellison**—I might just add that, during the election campaign in Queensland, Mr Beattie said that he would use \$10 million from this to invest in our children's maths, science and IT skills. He used this federal policy as a campaign platform to help him get re-elected. I would have thought, Senator Carr, that you are in dangerous territory here.

**Senator CARR**—I am not in dangerous territory. On the contrary, I would have thought that, given the results in Queensland, anyone from the government drawing attention to those results might be the one in dangerous territory. It is a record majority in Queensland, is it not? A stunning figure, I think you would agree.

**CHAIR**—Senator, get on with the estimates, please.

**Senator Ellison**—Might I say that I would be interested to see what the new minister for education says in Western Australia. I am sure they will not reject the money.

**Senator CARR**—No. That is the old story of states and money; I understand that argument only too well. But the point I am getting to is the implication for Commonwealth policy. You do not think there are any anomalies in these arrangements, do you, Mr Evans—the fact that New South Wales ends up with \$114 million and Victoria ends up with \$0.3 million?

**CHAIR**—You want to have your cake and eat it, too. What would you do, Senator Carr? How would you rearrange it?

**Mr Evans**—This represents additional moneys in those states and should be welcomed in those states. It was money that they would not have got.

**Senator CARR**—Senator Tierney, I actually acted in the Senate to abolish the EBA. You voted against it.

**Mr Greer**—This is reflecting the magnitude of the drift from the public to the private schooling system in New South Wales. The magnitude of that is greater in New South Wales, and that is reflected through the EBA mechanism. Therefore, logically, New South Wales is going to get the lion's share of the return of these additional funds.

**CHAIR**—How would you do it, Senator Carr? What is your alternative?

**Senator CARR**—Thank you, Senator Tierney. It may well be that, by early next year, you will get the opportunity to ask me a few of these questions. You never know your luck in a very big city.

**CHAIR**—The EBA was your policy to start with.

**Senator CARR**—That is right, and I look forward to the amount of preparation and time that you take on Senate estimates then.

**CHAIR**—Look back to my record from 1991 to 1996 and see it.

**Senator CARR**—I want to come back to how you actually calculated the figure of \$130 million, Mr Evans. What is the basis for that calculation?

**Mr Evans**—The basis for the calculation is projections of enrolment shifts in states over the forward estimates period and, against that, assumptions about changes in the cost of education in those states and also changes in the application of a buffer that might be applied in those states in each year.

**Senator CARR**—We have talked about this buffer already. Can you give me a breakdown, state by state, of what the buffer effect was going to be?

**Mr Evans**—You do not have a buffer effect state by state, but you have a buffer that applies in a program year, and then that impacts on it, and the net effect is how much might have been taken off through the EBA.

**Senator CARR**—But you must have had some form of calculation of how this buffer effect would apply in each of the states. You have indicated to me that there is a \$5,500 discount.

**Mr Evans**—That is correct. As I said, the amount in each state is the net effect of the enrolments and the buffer.

**Senator CARR**—Presumably you can tell me what you calculated the buffer effect to be in New South Wales.

**Mr Evans**—I can tell you what the buffer effect is that I have used in each year. I have told you the figure for 2000.

**Senator CARR**—All right. Perhaps you could go through it in the forward estimate period, please.

**Mr Evans**—Okay. If we go for 2001, it is 0.74 or \$7,500; 2002, 0.95 or \$9,500; 2003, 1.15 or \$11,500. They are the broad assumptions.

**Senator CARR**—What is the net effect of those?

**Mr Evans**—The net effect is the figure in each state in each of those years.

**Senator CARR**—How does it break down year by year? If New South Wales was to get \$114 million across the three years, how does that apply year by year?

**Mr Evans**—I will read out some figures for you.

**Senator CARR**—I don't suppose you can give me a table, can you? It saves me a lot of bother to have them written down in front of me.

**Mr Evans**—At the morning tea break I might cut up a bit of a brief and give it to you.

**Senator CARR**—Delete some things you do not want me to see! I would appreciate it if I could get an indication of what it is per state in the out years. Are you able to do that?

**Mr Evans**—I can do that. They are estimates, you appreciate.

**Senator CARR**—Yes, I understand that. We are in an estimates committee so we would all agree about that. I am interested to know how you got this figure of \$130 million. What was the basis for your estimate? I take it that is only an estimate.

**Mr Evans**—It is an estimate, but it is robust enough to be in the forward estimates and it is robust enough that it is additional money that will be going back out to the states.

**Senator CARR**—But you need to explain to me how you got it. You have told me it is robust—

**Mr Evans**—And I told you that it is calculated by looking at the assumptions of enrolment pattern changes in each state and then the application of a buffer, and that with the cost effects of student movement from one sector to another sector there is a net effect. That is the effect that leads you to the \$130 million.

**Senator CARR**—Yes, I have got that impression. What I would like is the assumptions per state spelt out for me, the formulas that you have used and, of course, the figures you have used as a result to get you to the \$114 million.

**Mr Evans**—We would not normally go that far in providing that level of detail.

**Senator CARR**—Why?

**Mr Evans**—It gets down to the very detailed analysis. At this stage, as you might appreciate, we have written to New South Wales and the other states to ask them for their enrolment figures and their cost effects to confirm whether the forward estimate that we have is correct.

**Senator CARR**—Your failure to provide this to me leads me to suspect that you are in fact guessing.

**Mr Evans**—No, I am not guessing, Senator. I can give you an example of the mechanism that would apply, but without giving you the specifics in every state. That is probably what I wanted to do in the first instance.

**Senator CARR**—There are not too many states that we are talking about. I cannot see what the problem is. There are only four sets of calculations. It is not rocket science, surely.

**Mr Evans**—It is not rocket science, Senator, but if it turned out that it was up by half a million in one state and down by a half overall, it might still be correct but it might be used mischievously.

**Senator CARR**—What a shocking allegation! In answer to question E96 you told me that the EBA has a flat line in the forward estimate and an estimated \$30 million annually.

**Mr Evans**—That is pretty well shown by the figures I read out to you for Australia. When we look at 2000, the figure was \$31.4 million; for 2001, \$32.6 million; for 2002, \$33.5 million. That is a pretty flat line, Senator.

**Senator CARR**—There is no estimate in the out years for the buffer effect; is that still the case?

**Mr Evans**—The flat line effect has caused us to examine what a buffer effect might be in each of those out years.

**Senator CARR**—So this answer is no longer accurate?

**Mr Evans**—To come up with the figure to return the money, there had to be some further work done on—

**Senator CARR**—I am saying that this answer is no longer accurate.

**Mr Evans**—What date was that answer, Senator?

**Senator CARR**—It was 19 July 2000.

**Mr Evans**—It shows there has been a lot of work done between July last year and January this year.

**Senator CARR**—There has been a complete backflip by the government; that is what you mean.

**Mr Evans**—No, I am saying there has been work done, Senator.

**Senator CARR**—There has been a complete somersault from the government from December to February.

**Mr Evans**—No. In December the government refused to abolish the EBA. As Minister Ellison has indicated, the government has still not abolished the EBA. It is still using it as a mechanism but it is reapplying the way in which that mechanism operates.

**Senator CARR**—Can I turn to the use of this money. I might want to come back to that issue, Mr Evans, when I look at some other—

**Mr Evans**—Senator, if it would help you, I can give you an example of how the calculation would be conducted nationally so that you can see the movement of enrolments, the application of the buffer and how that figure comes up. That would give you the level of detail to understand how that was calculated in each of those years, using the national figure. Would that be sufficient?

**Senator CARR**—I do not know whether it will be sufficient until I see the figures. I will need time to have a look at them.

**Mr Evans**—We will do that anyway, Senator.

**Senator CARR**—I appreciate your assistance in that regard. Could you also look at questions E160 and E161, which detail a series of estimated funding under the States Grants (Primary and Secondary Education Assistance) Act 2000. Could you update those tables in the light of the announcement in January?

**Mr Evans**—Yes.

**Senator CARR**—I am still troubled as to why the fiscal balance table which was released with the innovation statement did not appear to draw attention to this \$130 million. Could you explain that to me?

**Mr Greer**—As we say, the fiscal impact of this measure will be reflected in the 2001-02 budget context.

**Senator CARR**—Why wasn't it in the fiscal balance table which was released with the innovation statement, where these points were announced?

**Mr Greer**—I would need to take it on notice and consult—

**Senator CARR**—If it was, perhaps you could show me where I could find it, given that this is additional money.

**Mr Grant**—It is additional money, Senator. I am not sure that we have a ready answer for you on that question, but we will come back to you. We can assure you again, as before—

**Senator CARR**—Thank you. If you could take it on notice, I would be very interested to know that. What about the proposition that this money is going to be used to foster scientific, mathematical and technological skills, and innovation in government schools where the EBA is triggered? Can you explain to me how that is going to happen?

**Mr Greer**—The advice to jurisdictions that has been provided at this stage suggests that states will be able to undertake a range of innovative projects in government schools to enhance their science, maths and technology programs. Some examples, without being overly proscriptive, have been reflected or shown to states. They include providing incentives for experienced and advanced skills teachers of science to remain in classrooms; retraining or providing existing teachers with industry placements to ensure that they have up-to-date knowledge in the field in which they are teaching; engaging specialists to work with teachers and students to improve skills and literacy in science, maths and technology; clustering arrangements for government schools; running summer schools in science and maths for students; and government schools providing extension programs in science and maths. These were examples of the character of ways that states and territories who trigger the EBA may be able to apply them, recognising that these are GR funds in a sense and have to be used for the operating costs of the school. So we need to be careful that the use is consistent with the act in that sense. The government also indicated that there will be some measures here that they cannot be used on. They should not be used on substitution of existing effort or for administrative and bureaucratic supports.

**Senator CARR**—Although you did say that all of these activities you referred to are the normal operating programs for schools, presumably there would be difficulties.

**Mr Greer**—We are looking for additional effort in these areas.

**Senator CARR**—Additional effort, but would they not be normal—

**Mr Greer**—We would be alert to substitution.

**Senator CARR**—Sure. As you know, in the past I have argued that that is a reasonable course of action for the Commonwealth to take in terms of avoidance of substitution in terms of educational effort. How will you know?

**Mr Greer**—We will be requiring, as the minister and the documentation indicated, that as we develop the guidelines and consult with states on these, we will be requiring those jurisdictions that do trigger this to come forward with a form of strategic plan—something akin perhaps to the literacy plan where we can see and measure effectively what current effort is and look at activity beyond that. It will be after we go through and sign off on those that these funds could flow.

**Senator CARR**—In the letter to the state ministers, Dr Kemp says:

I am willing to consider anything that will strengthen government schools and enhance their attractiveness to parents.

That is a very noble sentiment. Doesn't the word 'anything' in that context contradict the conditions that you have suggested?

**Mr Greer**—Anything consistent with the conditions I would have thought would be appropriate.

**Senator CARR**—The letter does not say that.

**Mr Greer**—I think it was implicit. If you read the preceding paragraph, the minister is asking each jurisdiction to provide a strategic plan. He goes on to say:

In particular I would like to see these plans pay particular attention to instructional issues such as building students' scientific and technological literacy, building supportive environments and school-based innovation.

Senator, I think you need to look at the totality of the letter.

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**Senator CARR**—Could it be used for capital projects?

**Mr Greer**—I do not believe it could be, because it is a release of general recurrent.

**Senator CARR**—Yes, I know, but if we are building the environment, why doesn't that include capital?

**Mr Greer**—I do not think capital was in contemplation, but we are certainly prepared to look at that as we formulate the guidelines for this.

**Senator CARR**—Thanks, Mr Greer. I have worked in the state system, as you are aware, and I know how creative colleagues can be in the state system. I am just saying I do not see anything in these guidelines that precludes spending this money on capital.

**Dr Arthur**—As a number of colleagues have stated, these funds are in fact appropriated under the general recurrent elements, and that legislation will prevail. Nothing in the guidelines is required to deal with issues that are covered by the provisions of the legislation per se.

**Senator CARR**—So it cannot be used for capital—is that what you are telling me?

**Dr Arthur**—I am saying that the provisions in terms of the appropriate uses of general recurrent funds prevail.

**Senator CARR**—I am sorry, Dr Arthur, I am having trouble getting a clear answer from you on that. Does it mean it cannot be used for capital projects?

**Mr Greer**—We would need to take some advice on that, Senator. Clearly, the act provides that the general recurrent funds are to be used for the operating costs of schools. We will take some advice to see whether 'operating costs' for schools includes or excludes capital provision.

**Senator CARR**—Could it be used for the development of technology centres, the refurbishment of existing school infrastructure?

**Mr Greer**—Certainly I would have thought it could be used for infrastructure.

**Mr Evans**—There are some states that engage in leasing IT equipment, and that can appear as a recurrent cost, therefore you can be involved in refurbishment of an IT centre, so it is of a recurrent nature.

**Senator CARR**—So long as you leased it rather than purchased it?

**Mr Evans**—Most states do that.

**Senator CARR**—If they are purchasing industrial equipment, would that be regarded as appropriate?

**Mr Evans**—Many states are already purchasing industrial equipment. They are already using their capital budgets. They could complement this initiative with some of their own capital money.

**Senator CARR**—I see. But could they use this money for the purchase of industrial equipment in schools?

**Mr Greer**—The focus of this is on maths, science and technology. There will be a number of preconditions—

**Senator CARR**—Sorry, I thought industry was part of technology.

**Mr Greer**—A number of preconditions will need to be set. I take your point. We have indicated that we will take advice on the statutory provision of operating costs.

**Senator CARR**—I thank you for that. I just think you may need a broader definition of capital—it is not just bricks and mortar; any teaching equipment may well be capital as well. As I read your letter, it suggests to me that there is nothing here to preclude expenditure in those areas.

**Mr Greer**—And these would be issues we would like to work through bilaterally with the strategic plans in those states that are impacted.

**Mr Evans**—Senator, we have not had a response back from any state yet on that.

**Senator CARR**—You could hardly expect them to write to you and say, ‘Listen, we think we are going to spend this outside the guidelines.’

**Mr Greer**—Our advice to states was that, once we had settled with them their figures for 2000, we would be coming back to them with a formal set of guidelines. I think today is the day on which states were due to return their staffing data to us.

**Senator CARR**—Okay. In the *Australian* of 24 January you report that the states will be required to provide firm proposals aimed at ending the drift to private schools. Have I understood that correctly? Is that what this is about?

**Mr Greer**—I do not have that article.

**Senator CARR**—Right. It goes on to say that moneys will only be provided when the states produce a satisfactory spending blueprint.

**Mr Greer**—Strategic plan. The advice that the minister sent to his state and territory colleagues was to come forward with a plan akin to something like the literacy and numeracy plan.

**Senator CARR**—When you talk about a strategic plan to ‘strengthen government schools in that state’—that is directly quoting from the minister’s letter—it would seem to suggest that the report in the *Australian* is accurate.

**Mr Greer**—The way the minister’s note goes on—I am reading from a copy of it—is that he said:

To demonstrate that commitment I am asking each jurisdiction affected by the EBA to provide a strategic plan to strengthen government schools in that state. This would be similar to the literacy and numeracy plans already in place, but focused on maths, science and technology.

**Mr Grant**—Senator, I think you should use as your source the minister’s formal letter rather than an article in the *Australian*.

**Senator CARR**—I am relying on the minister’s formal letter dated—I am just looking for the date. He is not keen on dating his letters, is he?

**Mr Evans**—I believe it might have gone out on 23 January.

**Senator CARR**—Yes, I can see that it might have gone out at about that time. It is just an unusual practice not to date ministerial correspondence from source—perhaps because it takes a while to get it signed, which accounts for that.

**Senator Ellison**—The minister does not normally date his letter personally.

**Senator CARR**—No, but someone should, surely.

**Senator Ellison**—Normally a letter is dated, but I do not think anything rides on that.

**Senator CARR**—No. It is just that it was the same with the one I quoted yesterday. I suspect it is quite common. Can you tell me when this scheme will come into operation?

**Mr Evans**—As Mr Greer has indicated to you, we are waiting for advice from the four states at this stage to confirm their enrolments and their cost effects that would be used to calculate accurately the EBA impact for 2000, which would have been collected in 2001. Once we have those figures we would then be engaging in dialogue with the states as to how they might develop a plan that would meet the requirements the Commonwealth has set down. Then that money would be allowed to continue in the state over the course of this calendar year.

**Senator CARR**—The states can receive this money in the course of this calendar year—is that what you are anticipating?

**Mr Evans**—Correct.

**Senator CARR**—What happens to the cuts that have been imposed presumably from the beginning of this year?

**Mr Evans**—I am not aware of what you mean by ‘cuts’.

**Senator CARR**—The effect of the current operation of the EBA.

**Mr Evans**—The current effect of the EBA before the decision was taken is that there would have been money withdrawn from states over the course of this calendar year. The impact of this decision is that that money will not be withdrawn, but it would be agreed between the Commonwealth and the state that that money would continue to be provided to the state and applied in an area that has been agreed to between the Commonwealth and the state.

**Senator CARR**—So there has been no money withdrawn in the year 2000?

**Mr Evans**—There was money withdrawn in 2000 for the application of the EBA on 1999. Under this arrangement, there will be no money withdrawn in 2001 in respect of 2000.

**Senator CARR**—Will there be formal guidelines prepared?

**Mr Evans**—There will be formal guidelines. They will be a subsequent amendment to the states grants guidelines for the 2001 to 2004 quadrennium.

**Senator CARR**—There is no legislative amendment required?

**Mr Evans**—No.

**Senator CARR**—Are they disallowable?

**Mr Evans**—The guidelines are not disallowable.

**Senator CARR**—When will they be available?

**Mr Evans**—After we have had some dialogue with the states, because there might be issues that the states want to raise. Some of the issues that you have touched on, Senator, might be issues that states want to talk to us about.

**Senator CARR**—When do you anticipate they will be available?

**Mr Greer**—Our expectation was that we would have those guidelines in place during the course of March.

**Senator CARR**—Do they exist at the moment? Do you have a draft at the moment?

**Mr Evans**—I do not have a draft at the moment.

**Senator CARR**—You do not have a draft?

**Mr Evans**—No.

**Mr Greer**—There is a firm conceptual framework for what those guidelines would be.

**Senator CARR**—How will the proposals from the states be assessed?

**Mr Evans**—As Mr Greer has just indicated, there is a framework here. Even though there might not be formal guidelines at the moment, there is a framework around which we believe those guidelines will be framed. It depends on what the states want to raise with us as to how best to achieve the objectives of the program as announced by the minister and the Prime Minister.

**Senator CARR**—That suggests to me it is quite arbitrary.

**Mr Evans**—It is in no way arbitrary.

**Senator CARR**—No guidelines. It will have some sort of framework.

**Mr Evans**—Mr Greer has just indicated that there will be guidelines prepared in March, and there is a framework that has already been announced that is very clear in terms of how it would operate.

**Senator CARR**—That is all quite unilaterally instituted.

**Mr Evans**—And we are awaiting a response from ministers to whom Dr Kemp has written.

**Senator CARR**—Will the department assess these claims or will it be the minister?

**Mr Evans**—I expect that, in the first instance, the department will look at the proposals that are put forward by state ministers and make recommendations to the Commonwealth minister.

**Senator CARR**—But the decision will be made by the minister.

**Mr Greer**—Yes.

**Mr Evans**—That is usually the case in a lot of these areas.

**Senator CARR**—At risk of labouring the point, can you tell me whether the criteria that will be used will be made available?

**Mr Greer**—Certainly. It will be available in the guidelines.

**Senator CARR**—Prior to the guidelines, will you be assessing any cases?

**Mr Greer**—It will be difficult to assess cases prior to the guidelines. We have informed the states and we have informed the jurisdictions that after we have their data—which was due in today—we will be going back to them with a set of guidelines. As I have said earlier, we have tried not to be overly prescriptive with our examples. We want to work with jurisdictions to reflect—

**Senator CARR**—In terms of monitoring the strategic plans that the states put forward, what is your proposal for evaluating the implementation of them? How will that be done?

**Mr Evans**—That would form part of the guidelines.

**Senator CARR**—Do you have a proposition at the moment?

**Mr Evans**—We have indicated that we have a framework for how the program might operate. The finalisation of the guidelines would include how proposals would be evaluated.

**Senator CARR**—So we have to wait for the guidelines to determine the evaluation process?

**Mr Greer**—For next month, yes.

**Senator CARR**—I am also interested in the evaluation of this demonstration of improvement in performances. How will that be undertaken? Do you have a view about the value of, for instance, the Third International Mathematics and Science Study?

**Mr Greer**—These are some issues we would like to work through collaboratively with jurisdictions: what benchmark material we could work from as a baseline and what we could agree on as movement from that. We do this in other areas—for instance, in the ISEP area, with our supplementary funds for indigenous education.

**Senator CARR**—Is it the case that Australian students in years 8 and 9, according to the Third International Mathematics and Science Study, are in fact performing above the international average?

**Mr Evans**—In science, only Taiwan, or Chinese Taipei's, average performance was better than Australia's. Australian students performed at a level equivalent to countries including Singapore, Japan, Korea, England, Canada and Hong Kong. Countries performing below Australia included the United States, New Zealand and Malaysia. So I think the short answer to your question is yes.

**Senator CARR**—I am interested to know, because there has been a suggestion that we are not doing particularly well, as I read the statements from the minister. I am interested to know if we are in fact above the international average. Should attention be given to that?

**Mr Greer**—When those teams' results came out, my understanding—and I will check this for you—is that the minister reflected, in a sense, the acknowledgment that the ACER had on that, that they were very encouraging results but that we should not be dropping the ball and we should be looking for further stretch.

**Mr Evans**—If we turn now to maths, Australian students performed above the international average in maths but were outperformed by students from Singapore, Korea, Taiwan, Hong Kong, Japan and Belgium. The United States, England and New Zealand all performed below Australia. Again, whilst we performed well and above the international average, as Mr Greer said, it is not a reason to sit back and become complacent.

**Senator CARR**—You do indicate to me in question E184—and this is where I am obviously grateful to you for drawing it to my attention—that, despite the claims about the deterioration in the teaching of maths, Australian secondary students continue to perform above the international average in mathematics studies such as the Third International Mathematics and Science Study. I wonder if the minister has read your answer?

**Mr Evans**—Again, Senator, I think it is an issue about not resting but making sure we maintain our effort and excellence in this area.

**Mr Greer**—That answer also reflected that the government was developing an innovation action plan.

**Senator CARR**—Indeed. I just think we spend a lot of time running down teachers. It would appear that the evidence does not bear out those critical comments that have been made. I need a few updates on some other statistics in regard to the AGSRC index in terms of previous questions I asked you about the funding drift. The ministerial statement and the press release K08 say that the government has increased spending on public schooling by 26 per

cent while enrolments went up by less than three per cent and an extra \$1.4 billion will be poured into government schools over the next four years, a further increase of 21 per cent. Presumably, Mr Evans, you prepared those figures?

**Mr Evans**—They seem very familiar, Senator.

**Senator CARR**—It seems like the sort of thing you might say. Can I draw your attention to a question that was put on notice and the answer that Senator Ellison, on behalf of the minister, actually provided to the Senate? It is question No. 1099 and I do not expect you will have that here with you today. It is a question on education funding. In that answer the department indicated that 87 per cent of additional funding came from indexation and supplementation, the funding for increased enrolments was at two per cent and the new money was 12 per cent. This is obviously in relation to the budget at that particular year. Can you give me an update on those figures in terms of the current budgetary situation? How much of the moneys spent on public schooling is—

**Mr Evans**—The additional moneys?

**Senator CARR**—No, there is additional moneys and I want that information. I would like to know how much is funding for increased enrolments as a percentage and how much is funding for indexation and supplementation?

**Mr Greer**—We will take that on notice, Senator.

**Mr Evans**—Are we talking 2001, Senator?

**Senator CARR**—The current situation in terms of the current budgetary year. Presumably you will have an indication of the out years on that as well, won't you?

**Mr Evans**—Yes.

**Senator CARR**—I am just wondering if I could get some measure of the accuracy of this figure of an increase of 21 per cent, and whether or not it is an increase in nominal or real terms.

**Mr Greer**—That is a disaggregation of that figure?

**Senator CARR**—Yes.

**Mr Evans**—Senator, that figure, as we discussed earlier this morning, does not have the impact of the EBA in it so it might have gone up from—

**Senator CARR**—We will get to that. You will be able to provide all that detail for me in the answer. The other issue that I think needs some attention is the new literacy guidelines. Presumably they will fit within the same numeracy guidelines packages we have just been speaking of. Mr Greer, I understand you have written to the states about these new benchmark guidelines. Is that the case?

**Mr Grant**—Excuse me, Mr Chairman, can I just check? Does this mean we have moved on to 1.2?

**Senator CARR**—I tell you what. Rather than have all these officers hanging about, I need the officers that deal with the quality of teaching and learning, particularly the issues relating to teacher shortage.

**Mr Grant**—Quality outcomes.

**Senator CARR**—That is 1.3. I think I have dealt with all the indigenous education matters, Mr Buckskin. Thank you. So it is literacy and numeracy and these new benchmarking studies. The rest I think—

**Mr Grant**—Chairman, could I just make the point that Mr Buckskin and I have had to send our apologies for an important meeting on indigenous education matters? This is a meeting across departments being convened by PM&C this morning. That meeting is in train now and has been running for the best part of an hour. It would have been helpful, I must say, to know that there were no further questions on indigenous matters when we finished last night.

**Senator CARR**—That is a reasonable point, Mr Grant, and frankly I was not aware of that last night, but I am now aware of it and I take the point. So we only need people in relation to literacy, quality outcomes and the teacher shortage issue.

**Senator Ellison**—So officers only in relation to those need stay?

[10.16 a.m.]

**CHAIR**—We move on to output 1.2—assistance for school students with special needs.

**Senator CARR**—Mr Greer, when did you advise the states that there would be new regulations prepared on literacy and numeracy?

**Mr Greer**—We wrote to the states on 31 January providing a copy of draft regulations that the Commonwealth was putting into effect consistent with the States Grants Act.

**Dr Arthur**—The issue of the accountability arrangements under the revised legislation had, of course, been the subject of discussions with the states and territories and other stakeholders in a number of months towards the end of last year. The issue of the power to make regulations and the likelihood that, given the existing agreements, literacy and numeracy would be the issues which would feature in the regulations was made known to the states and territories and other education authorities in those consultations.

**Senator CARR**—So this advice was tendered late last year?

**Dr Arthur**—It would have been in the course of the consultations, which occurred last year, and I do not have those dates in front of me.

**Mr Evans**—The consultations occurred in a period around July through to August-September.

**Senator CARR**—Did you actually tell them that you were going to gazette new regulations?

**Dr Arthur**—We told them that the structure of the legislation included regulation making power, and we informed them that, given the existing agreements, it would be likely that the first regulations to be made under that power would concern literacy and numeracy.

**Senator CARR**—When were the proposed new draft agreements, which would outline the provisions under the States Grant Act, distributed to the states?

**Mr Greer**—On 1 January—no, sorry.

**Dr Arthur**—The draft agreements were sent in December. I do not recall the dates, but it was as soon as those elements of the legislation concerning accountability passed the Senate without amendments, not waiting until the full bill, because there were other issues, as you well recall, that were subject to some negotiation.

**Senator CARR**—But it presumably late December by the time you would have got that.

**Dr Arthur**—That is correct.

**Mr Evans**—There were 892 draft agreements sent out in December.

**Senator CARR**—Right.

**Mr Evans**—They were sent out in respect of general recurrent, capital and targeted programs pursuant to the states grants legislation.

**Senator CARR**—When were the proposed regulations gazetted?

**Mr Evans**—The regulation is to be introduced into the parliament this sitting week.

**Senator CARR**—No, gazetted, not tabled in the parliament. There are two separate processes, as I understand it. Is that right?

**Mr Greer**—We will take that question on notice. On 6 February the Governor-General made the regulations.

**Senator CARR**—Presumably they were then gazetted thereafter.

**Mr Greer**—I have not got the gazettal date.

**Senator CARR**—And they were tabled in the parliament on the first day after that, I would expect, so presumably some time last week you would have gazetted regulations.

**Mr Greer**—We will find out.

**Senator CARR**—I do not think it is this week. These are disallowable instruments, are they not?

**Mr Greer**—That is correct.

**Senator CARR**—What is the cut-off point for those disallowable instruments to come into effect?

**Mr Greer**—The statutory period after they are introduced into the House.

**Senator CARR**—Fifteen sitting days after that?

**Mr Greer**—I would assume so.

**Senator CARR**—How many of the draft agreements have been signed?

**Mr Evans**—As at 21 February, of the 892 agreements, 848 of them have been signed.

**Senator CARR**—So these 892 agreements are to individual schools or systems?

**Mr Evans**—It is to state government jurisdictions, it is to non-government systems, it is to associations of independent schools, it is to Catholic education commissions and, in some instances where non-government schools might not be a member of one of those associations, it could be to an individual school.

**Senator CARR**—Who has not signed them?

**Mr Evans**—There are 50 non-government non-systemic schools that have not signed; there are about six state or territory governments that have not signed; three AISs have not returned the targeted agreements; two Catholic systems have not returned the targeted agreements; and two block grant authorities have not returned the capital agreements. Turning that around, in terms of the state governments, South Australia has signed its agreement in respect of general recurrent capital and targeted. I have been advised of, but have not seen, correspondence from the ACT. I am told the territory minister has signed the agreement in

respect of recurrent capital and targeted. Discussions have been going on between representatives of state departments and DETYA on aspects of the draft agreements.

**Senator CARR**—I am sure there would be a lot of discussion, because only two state and territory jurisdictions, the Australian Capital Territory and South Australia, have actually signed it.

**Mr Greer**—At this stage.

**Mr Evans**—At this stage, and I have seen a letter from Premier Beattie to the Prime Minister in which he said he expected his education minister to sign very soon.

**Senator CARR**—Are you telling me that Queensland is not proposing any amendments to the proposed agreement?

**Mr Evans**—I am saying that the Commonwealth put a position to states and the non-government sector in late December. The vast majority of the non-government sector has signed those agreements back to the Commonwealth.

**Senator CARR**—Yes, I understand that.

**Mr Evans**—In the conversations that I have had, and a number of other people have had, with some state government representatives, we have emphasised in particular that we want something in writing if there is a concern from a state—we would like to see what that concern is. I received something as late as yesterday that was prepared in one state on behalf of a number of states. Because of Senate estimates I have not had a chance to give that detailed consideration, but the process that I am looking at is to examine that document and call for a multilateral meeting to discuss the elements that some states might be putting.

**Senator CARR**—Which state provided you with the document?

**Mr Evans**—That information was provided by New South Wales.

**Senator CARR**—New South Wales provided you with information on behalf of which states?

**Mr Evans**—I have not seen a sign-off on behalf of each state, but I expect it is on behalf of aspects of issues that have been raised by Queensland, New South Wales, Western Australia, Victoria and Tasmania. It is about a 1½ page document, some of which, at first glance, I think could be settled very quickly.

**Senator CARR**—Are you able to table that document?

**Mr Evans**—Because of the state of the negotiations between the Commonwealth and the states, I do not think it would be helpful at this point.

**Mr Greer**—Senator, we have a gazettal date for the regulations. The regulations were gazetted on 13 February.

**Senator CARR**—Thank you. I thought it was something like that. With respect to these agreements that have been signed off by over 800 organisations, are they all the same agreement or do they vary?

**Mr Evans**—They vary because of the amounts in schedules, but the terms and conditions would be the same, I believe.

**Dr Arthur**—With the exception that those agreements which are with education authorities are going to have some differences with individual schools, particularly in the independent sector. The role of education authorities vis-a-vis schools is different from the

role of the state government—they do not have administrative control. So there are some differences to reflect that in the wording of those agreements.

**Mr Greer**—In essence, all of those that have been signed off have signed off to the educational and financial accountability arrangements in those—

**Senator CARR**—They are all consistent?

**Mr Greer**—Yes. The requirements that have been signed off are consistent with the requirements that are in the agreements that are yet to be signed off.

**Senator CARR**—So there is no significant difference between these?

**Dr Arthur**—Correct. The only differences are points of detail reflecting layers of hierarchy.

**Senator CARR**—Can I go through some of the issues that occurred to me from my reading of the administrative guidelines for the Commonwealth program for schools. There are some issues that trouble me and I am wondering whether you could comment on them.

**Mr Evans**—Are you talking about the guidelines or the agreements?

**Senator CARR**—It is the agreements and the administrative guidelines which come together. Is there a proposal in these agreements that the Commonwealth would not be committed under these terms to treat all students in government schools equally?

**Mr Greer**—Could you repeat that?

**Senator CARR**—This is in 9.3 of the document.

**Mr Greer**—What was the question, Senator?

**Senator CARR**—Does the meaning of the term ‘treated equally’, as it is outlined in the document, imply that the Commonwealth does not have to have regard to the relative needs of students in government schools and the agreed national goals for schooling? Is that consistent with the targeting of funds, for instance, for students who are educationally disadvantaged?

**Mr Evans**—One state raised the issue with us and said that they would like to come back to us with an alternative form of words there. They felt—and I think it is probably what you are touching on—that there could instances in a state where, because of the particular needs of an individual student, you would not treat every student in that state as needing that level of assistance.

**Mr Greer**—That is right. The suggestion, we understand, is that maybe we could modify the wording to have regard to the relative needs of students in government schools and the agreed national goals for schooling. That is one of the issues that we will be going into with an open mind.

**Senator CARR**—I am pleased to hear that you are prepared to look at that. Another one goes to the requirement of the Commonwealth as well as the states to commit to the national goals for schooling. Is there a requirement in the arrangements that the Commonwealth be committed to the national goals for schooling?

**Mr Evans**—The Commonwealth has committed to the national goals for schooling.

**Senator CARR**—But in the agreement?

**Dr Arthur**—The agreement is an agreement whereby the Commonwealth provides funds to another body on conditions. Therefore, by design, the question that you are asking is not something which is covered by these agreements.

**Senator CARR**—I can see your point. In regard to the administrative guidelines, is it the intention that commitments to the performance measures be agreed by MCEETYA?

**Mr Evans**—To the maximum extent possible, it is proposed that the performance measures be developed through a MCEETYA process, so you would expect that there should be sign-off by MCEETYA ministers to those performance measures. That is the work that MCEETYA ministers have asked to occur over the last two years, and it is work in progress.

**Senator CARR**—But why doesn't the agreement specify that any performance measures would be agreed by MCEETYA?

**Dr Arthur**—The primary act gives the minister a power to set performance measures which is not limited. The guidelines cannot limit that power.

**Senator CARR**—So you have no intention of having that component put in the agreement?

**Dr Arthur**—The guidelines cannot limit the minister's power under the act.

**Mr Evans**—Senator, if you turn to clause 14 of the agreement, 14(1)(a) and 14(1)(b) deal with the issues about the performance information, and 14(1)(a) talks about a reporting framework which will be agreed by the ministerial council and 14(1)(b) talks about performance measures which would be in the report referred to in paragraph (1)(a). So in that sense we are talking about performance information that is developed by the MCEETYA process.

**Senator CARR**—However, the reports are to the Commonwealth minister under that clause, not to MCEETYA. Is that the case?

**Mr Greer**—That is my understanding. That reflects the provisions of the act.

**Senator CARR**—Yes, exactly. So the reporting line is to the Commonwealth minister, not to MCEETYA.

**Dr Arthur**—This act is concerning the disbursement of Commonwealth funds. The accountability is to the Commonwealth parliament and, in the first instance, to the Commonwealth minister. I might add that, as a point of fact, the performance measures that are being put in place at the moment by way of the regulation are performance measures which have been agreed by MCEETYA.

**Senator CARR**—In terms of clause 16(1), is it proposed that, where all conditions are met, Commonwealth money would automatically flow to the full level of funding?

**Mr Evans**—Yes, where all conditions have been met.

**Senator CARR**—Will that be specified in that clause?

**Mr Evans**—When you say 'where all conditions are met' you have obviously got something in mind.

**Senator CARR**—I am just wondering whether or not there is any discretion for the Commonwealth minister to withhold moneys.

**Mr Evans**—There is no discretion for the Commonwealth minister to withhold moneys if a state does not achieve a performance measure.

**Senator CARR**—As determined by him.

**Mr Evans**—As developed by MCEETYA.

**Senator CARR**—No, as determined by him, not developed by MCEETYA—it is as determined by the Commonwealth minister.

**Dr Arthur**—The answer given by Mr Evans is correct. The act does not give the minister a power to affect funding because of failure to meet a performance measure. That was stated very clearly by the minister in a number of public comments about this and is the fact of the legislative scheme.

**Senator CARR**—Dr Arthur, does this agreement provide the Commonwealth with the capacity to unilaterally change the administrative guidelines?

**Dr Arthur**—The guidelines are subject to the powers in the act and, indeed, the general legislative powers for the making of guidelines.

**Mr Greer**—Section 8(2) of the agreement specifically says:

Before amending the administrative guidelines, the Commonwealth agrees to provide the state with an opportunity to make any representations on the proposed amendments and shall use its best endeavours to ensure that mutual agreement is reached on such representations.

**Senator CARR**—Thanks, Mr Greer. That sounds as if the Commonwealth has the power to unilaterally change the guidelines.

**Mr Evans**—I think that actual provision about best endeavours—and I can go back and check—was in the previous quadrennium. It was there because at some stage—

**Senator CARR**—I am delighted to hear that you have got this level of command over this arrangement. It does seem to me, though, that the concerns being expressed do have some validity.

**Dr Arthur**—As I have said before, these guidelines concern the disbursement of Commonwealth funds. In the final analysis, the authority for what is satisfactory accountability to the Commonwealth parliament for the disbursement of Commonwealth funds rests with the Commonwealth.

**Senator CARR**—Are you able to indicate to me the areas of concern provided to you by New South Wales, Queensland, Victoria, Tasmania and Western Australia that you will be agreeing to now?

**Mr Greer**—I do not know about ‘agreeing to’. What we will be agreeing to do is to discuss these issues in multilaterals with them. The issues include strength and recognition of the national goals for schooling; providing greater certainty on administrative guidelines; commitment to MCEETYA and national processes; clarification of performance reporting and measurement issues; the capacity for directions by the minister, which is one you have indicated; and a range of what they have termed ‘other issues’.

**Senator CARR**—Thank you very much, Mr Greer. I appreciate the candour with which you have put that. My question then comes down to this: if it is a disallowable instrument, ought we not be considering the final guidelines as distinct from what appears to be an interim set of guidelines subject to amendment?

**Mr Greer**—Senator, the guidelines are not a disallowable instrument. What is a disallowable instrument is the regulations which will be set in the first national targets for literacy and numeracy, which we argue have been agreed by ministers now for the past three years. Many of the other targets are work in progress that have been collaboratively developed through states and territories. The intention is that, as they are collaboratively developed and agreed by MCEETYA, that agreement will be reflected in the regulation.

**Senator CARR**—There is a considerable dispute as to the level of collaboration on these matters which we will perhaps turn to now. What I would like to know is that the matters that you are going to table, presumably next Monday, are the final regulations. They are not going to be amended.

**Mr Evans**—Senator, it is the first regulation of a performance measure in the area of literacy and numeracy.

**Senator CARR**—The issue here is if they are to be, for argument's sake. I am not saying what I am proposing, so I do not want you to pre-empt that. What about these regulations that are tabled on Monday? Is it a document that will stand for any length of time? How long will the regulations last before they are amended?

**Dr Arthur**—The regulations to be tabled address the agreements which were achieved in 1997 in terms of literacy and numeracy. That agreement has stayed in place since 1997. If it were to be the case that ministers were to change that agreement, obviously there would need to be consideration of change to that regulation. No-one can foretell that, but we appear to be dealing with a very stable situation in the subject matter covered by the proposed regulation.

**Senator Ellison**—I think the process to change those regulations would be quite lengthy. It has taken four years to get to this stage.

**Senator CARR**—No, it has not.

**Senator Ellison**—It has. There is no secret about it—no magic. It was a big initiative. So it has taken four years to get from 1997, when the agreement was reached, to the regulations now. If there is any further change, it is going to require quite a bit of discussion. There are several stages that we would have to go through. What we are saying, Senator Carr, is that it is not something that we just changed at whim.

**Senator CARR**—The bilateral discussions that you are going to have with the states—

**Senator Ellison**—Multilateral.

**Senator CARR**—Multilateral. There are no bilaterals?

**Mr Evans**—We are not proposing any bilaterals, Senator.

**Mr Greer**—The states have requested a multilateral discussion.

**Senator CARR**—I wanted to be clear about that. So those multilateral discussions will not affect the regulations?

**Mr Greer**—They will not affect these regulations.

**Senator Ellison**—If all the states said, 'We want to can it. We want to do away with the benchmarks,' of course it would. If the states just walked away and said that, you would have to have a cooperative situation. Senator Carr, to say what will happen and what will not happen in multilateral negotiations is really a hypothetical question.

**Senator CARR**—Senator Ellison, the issue—

**Senator Ellison**—There is an agreement, and we have reached this position. Governments of all persuasions have reached this position. What I understand you to be saying is that—shock, horror—these regulations could be very temporary ones because the week after they could all be changed. The process for changing them—from how I understand the evidence and the process involved—would be extensive.

**Senator CARR**—Let me just go through these changes. You notified the states in late December of the detail of these, did you not? Did they see the regulations for the first time when they were gazetted?

**Mr Evans**—No. They saw the regulation. Mr Greer wrote to them—

**Dr Arthur**—I think we mentioned that earlier. I think it was 8 February, wasn't it?

**Mr Evans**—It was 31 January when Mr Greer wrote to them.

**Senator CARR**—The first time they saw them was in January?

**Mr Greer**—They saw a draft of them, Senator.

**Senator CARR**—Once the regulations had been gazetted, were they significantly different from the draft?

**Mr Evans**—No.

**Mr Greer**—They were as gazetted.

**Senator CARR**—So this consultation process has come about since 18 January?

**Mr Evans**—No. Senator, the discussion on the passage of the legislation—the consultation occurred in the third quarter of last year.

**Mr Grant**—And, as I have indicated, Senator, the content of the regulation is consistent with the agreement of ministers in 1997. This is an agreement that within four years of 1997 all students entering school would achieve an appropriate standard of literacy and numeracy. The regulation does no more than give effect to that longstanding commitment.

**Senator CARR**—It was put to me that these new benchmarks that the minister has announced do not reflect the MCEETYA decision.

**Mr Greer**—In what respect? The national benchmarks for reading, writing and spelling for years 3 and 5 are those benchmarks that were approved by MCEETYA at its April 1998 meeting, and the national benchmarks for reading, writing and spelling for year 7 are those benchmarks approved by MCEETYA at its meeting in March 2000, and the national benchmarks for numeracy for years 3, 5 and 7 are those benchmarks approved by MCEETYA at its meeting in March 2000.

**Mr Grant**—What is the basis of the suggestion that there is a difference, Senator?

**Senator CARR**—Is it not the case that you have had correspondence from the states on this very issue?

**Dr Arthur**—I certainly have seen correspondence which addresses a verbal issue as to whether a commitment to a subgoal is a commitment to a target, and cliché remarks about that sort of issue. But you have an agreement to a standard to be achieved, you have an agreement of how many students are to achieve that standard—that is, all—and you have a definite time frame by which that is to be achieved. You therefore have all the objective characteristics of a target agreed by ministers.

**Senator CARR**—However, the critical issue is whether or not the benchmarks that were agreed were aspirational or were specific targets.

**Dr Arthur**—It is very difficult to have an aspiration which is given a definite time frame for achievement and which is measured against, not something which is aspirational, but something which is clear, defined and which the states and territories and the Commonwealth

have been engaged in a detailed technical process to give precise expression in the assessment instruments of all those states and territories.

**Senator CARR**—I have some questions to go to the technical arguments here. I do not know necessarily how far we will go or how far we will get, in trying to analyse what you have just said, Dr Arthur. Tell me this, is it the case that MCEETYA actually agreed to the use of state based testing programs for the measurement of those aspirational benchmarks?

**Dr Arthur**—That is correct.

**Senator CARR**—How are you going to effect a single national test?

**Dr Arthur**—We are not going to effect a single national test. It has never been a proposition that we would effect a single national test. The proposition has always been that the results in those state and territory assessment instruments, and indeed any other assessment instruments that might be used in Australian schools, will be equated to a technical process so the results are comparable one with another. This has already occurred in respect of year 3 reading for 1999 figures and that has already been published. We expect that the figures for year 5 reading will be published quite soon, and the figures for 2000 will be published reasonably soon thereafter. That technical process which we discussed before is well established and has been agreed to by all the states and territories as the mechanism by which one will report performance against the benchmarks.

**Senator CARR**—Is this the testing based on the Western Australian methodology?

**Dr Arthur**—The initial proposition for how to carry this out was indeed brought forward by the Western Australian government.

**Senator CARR**—And was it the case that the benchmarking task force took the decision to calculate the 1999 year 5 reading and the 2000 year 3 and 5 reading data using a new method and to not republish the 1999 year 3 data using the new method?

**Dr Arthur**—It is the case that, on the advice of the technical equating group, a change should be made to one element of the overall equating process. That element had to do with how one interpolates scores so as to deal with the discontinuous nature of items on individual assessment instruments. The methodology that was recommended was held to be world's best practice. It was used in the Timms reports and was universally agreed as being an improvement on the methodology used in the first publication. We are engaged in a process here of continuously improving the technical mechanisms by which we equate things and, indeed, as a result of this process, improving the internal processes of the state and territory assessment instruments. It is to be expected that we will continue to improve those technical processes.

**Senator CARR**—They are not perfect, are they?

**Dr Arthur**—No process employed by humanity is perfect, to my knowledge.

**Senator CARR**—Is it the case that when the methodology was developed for these tests and managed by Western Australia they produced some unusual results?

**Dr Arthur**—No.

**Senator CARR**—I am told that the minister at the time, Colin Barnett, indicated that there had been a 10 per cent improvement in year 5 reading. He indicated that it would be misleading to read too much into the comparison of year-to-year figures. Would you agree with that statement?

**Dr Arthur**—As I recall that statement, it concerned a publication by Western Australia of its own results against a provisional allocation of the benchmark and certainly did not represent the publication of benchmark results which had gone through the full equating process. As I have already said, there has yet been no publication of year 5 results which have been through the full process and have been signed off by everyone as being acceptable. Therefore I cannot really comment on that. I would only make the general point that, in all assessment instruments, including assessment instruments which are, to all intents and purposes, the same assessment instrument in the same state or territory or in any measurement jurisdiction, there are always issues of year-to-year changes and the equating methodology that is used from year to year which raise similar technical issues to the equating issues raised by comparing tests between jurisdictions.

**Senator CARR**—It is put to me that, following the arrangements made in 1998, the view was taken amongst the benchmarking study group that there was too much variability amongst the various judges' interpretations of the benchmark and there was a need for much further work to be developed in terms of finding a credible and technically feasible benchmarking method. Is that the case?

**Dr Arthur**—There were certainly issues about the 1998 figures and, in the event, 1998 figures were not published. What we are talking about here is not a quarrel with the benchmarking method; we are talking about whether or not all elements of a complex process have been carried out to the optimum level possible and whether any improvements can be made. That is always going to be a continuing issue. All I can say is that there are elaborate processes involving all the states and territories at two levels of consideration and involving measurement experts who are the leaders in their field in Australia and have international reputations; and when the figures are published they have been through exhaustive quality control processes and represent the state of the art in terms of their objectivity and reliability.

**Senator CARR**—Have you been advised by any states that the performance measures and targets included in the regulations are unrealistic and unachievable?

**Dr Arthur**—I do not recall those particular words. It would be curious if they were to make statements that measures to which every single state and territory in Australia was always committed were of that type. That would be a very curious statement.

**Senator CARR**—You have not received representations along those lines?

**Mr Greer**—There has been a representation from Queensland that targets should be realistic steps along the way to the achievement of a subgoal.

**Senator CARR**—That is it?

**Mr Greer**—There has been a representation along those lines, and that representation has been responded to.

**Senator CARR**—Is there a commitment from the benchmarking task force to these new regulations?

**Dr Arthur**—It is not an appropriate question in that the benchmarking task force provides advice to ministers on issues such as whether a particular benchmark, in the early phase of its existence, is an appropriate benchmark. It also now provides advice to ministers following advice from the equating group as to the acceptability of certain figures, but in terms of a policy question such as whether a particular guideline scheme or a Commonwealth accountability scheme is appropriate, that is not normally something which the benchmarking task force would comment on.

**Mr Evans**—I believe that one of the concerns that was expressed a couple of months ago was the requirement for all students to achieve a particular measure. The word I have been getting from a number of states is that they have now dropped their concern about the reference to all students. So in that sense, I think there has been a bit of movement over the last 48 hours.

**Mr Greer**—My understanding is that that is not one of the references reflected in the most recent advice we have had from states as being the focus for discussion at our multilaterals next week.

**Dr Arthur**—I might add a historical note that those issues were extensively canvassed in 1996 when the first goal was formulated and there was extensive discussion amongst officials and ministers on the appropriateness of setting that particular benchmark. At that time, the issues were resolved in the way it was—that the ‘all’ was appropriate.

**Senator CARR**—Is it still the case that the benchmarking task force has an operational decision to fully review the process of the establishment of these benchmarks?

**Dr Arthur**—There still is a remit on the benchmarking task force to review the process, yes.

**Senator CARR**—Presumably that is so that they can have a look at some longitudinal and comparative data?

**Dr Arthur**—It is certainly the case. As we do get data, the technical question as to whether the benchmarks themselves—not the overall process—are appropriately drawn and whether they require any amendment is certainly an issue that that group should look at.

**Senator CARR**—In regard to the ministerial press release which was issued on the 22nd, the minister announced that school systems will need to report against these national standards in literacy and numeracy in return for more freedom in allocating funding. What is the nature of the greater freedom?

**Dr Arthur**—This was discussed extensively in the consideration of the legislation last year. The legislation provides for the broad banding of a number of targeted programs—in particular, the broad banding of the special education program with literacy and numeracy programs, to create the new program of strategic assistance for improving student outcomes.

**Senator CARR**—So it is just the broad banding of the targeted assistance programs?

**Dr Arthur**—That is what I assume the minister is referring to in the press release, yes.

**Senator CARR**—He lists a number of figures in regard to the funding outcomes for each of the states. Do you have a copy of the press release, Mr Evans?

**Mr Evans**—No, I do not.

**Mr Greer**—I do.

**Senator CARR**—Is it possible to have those figures broken down per year in the out years. He says that New South Wales will receive \$506 million and Victoria \$342 million. I would like to know what the figures are per year for each of the states. He says that the majority of funds will go to government schools. Could you give me a breakdown for the government and non-government sector for each of those states?

**Mr Greer**—Certainly.

**Senator CARR**—The minister also says that there will be a fundamental question of equity in this arrangement. What equity studies has the department recently undertaken about

the relationship between educational disadvantage and measures of social inequity? Do you have any figures or research on that?

**Mr Grant**—It is a very broad question.

**Senator CARR**—In terms of social disadvantage, for instance, do you have any recent figures on the levels of poverty in this country and the link between educational attainment and poverty?

**Mr Grant**—To give you a comprehensive answer to that we would need to take it on notice.

**Senator CARR**—Would you please?

**Mr Grant**—Only one example comes readily to mind: we continue to fund the longitudinal survey of Australian youth which is conducted, and has been for many years, by the Australian Council for Educational Research. That does look very directly and explicitly at relationships between social and educational background of students, levels of early school achievement, subsequent progress through the education and training system and, eventually, labour market outcomes. The connections between various background factors, particularly of a socioeconomic kind, and educational attainment and post school destinations, including labour market outcomes, are one of the specific forms of analysis that we regularly call for.

**Senator CARR**—Can you give me a summary of that research you are relying upon and any indication of the shifts that have occurred in terms of increased participation rates for working class students, for boys, and for working class boys in particular, through a gender breakdown of the subset? Can you give me any indication of the barriers to educational attainment in social terms?

**Mr Grant**—Again, that is a broad question. We have been concerned to increase the accessibility of this information. In recent times, at our request as I recall, ACER has produced some rather more concise and readable summaries of this research than was typical in the past. So, first up, it might be useful to you if we compile the recent issues of this material.

**Senator CARR**—In a readable form.

**Mr Grant**—Yes.

**Senator CARR**—I appreciate that sociologists have a particularly impenetrable writing style, almost as good as educational economists.

**Mr Grant**—We will come back to you with that.

**Senator CARR**—I would like it in a form that measures up to the literacy benchmarks you are setting for perhaps year 3 students. That would be a real challenge, I would think. I look forward to anything you can provide me on what the shift has been.

**Mr Grant**—Okay.

**Senator CARR**—There have been reports that the level of poverty and inequality are actually growing in this country. We have seen ABS figures. ACOSS recently published some figures about the level of socioeconomic disadvantage with casualisation and a number of other changes in the labour market.

**Mr Grant**—It is fair to say that there is no single, clear-cut, consistent picture on that, but we will get you some material and we can come back to the issue.

**Senator CARR**—We can say that there has been a 20 per cent drop in full-time employment since 1970. We can say that there has been an increase in the proportion of families with children where no person is employed. I am wondering if there is any correlation or any study of any correlation between these events and educational attainment. It goes particularly to the question of what effect the abolition of the disadvantaged schools program has had.

**Mr Grant**—I would doubt that there would be any research specifically addressing that issue. You mentioned some particular statistics. It is also the case that, for example, the proportion of teenagers who are neither in full-time employment nor engaged in education and training is at an extremely low level at the moment, if you look back right to the late 1970s.

**Senator CARR**—Yes.

**Mr Grant**—I simply mention that to illustrate the point that there is no single, clear-cut message from the research on these matters. However, we will get you a collection of material, particularly from the source I mentioned, and we can take it up again.

**Senator CARR**—Thank you, I appreciate that. With regard to this press release itself, the issue of equity is one that concerns me, but I am interested to know how the targeted programs are actually improving the levels of equity.

**Dr Arthur**—I suspect that behind the minister's remark are the well-known research findings that as a predictor of educational attainment or lack of attainment early literacy skills are amongst the most powerful indicators there are and certainly far more powerful an indicator of lack of educational attainment than socioeconomic background.

**Senator CARR**—Quite clearly, the capacity of students to read and write has a big impact on their life chances—you are not going to get any argument for me on that. The question is whether these programs are actually improving the situation or providing the grist for politicians to have an argument about it.

**Dr Arthur**—That is why we have instituted the entire benchmarking framework so that we can answer that question.

**Senator CARR**—Therefore, whether these benchmarks are achievable and realistic is quite an important issue.

**Dr Arthur**—Absolutely.

**Senator CARR**—In regard to the loosening of bureaucratic controls of literacy and special education programs, how will that be effected? That is the statement that the minister makes here.

**Dr Arthur**—It has been effected in the guidelines which have been sent out and which change the controls on spending. In essence, educational authorities are able to expend the funds on students who fit the description of the combined programs. They have the discretion to make their own judgments as to their priorities for expending those funds in accordance with their understanding of local needs.

**Senator CARR**—I see. So when the minister says that the Commonwealth expects to see improved outcomes particularly for students who are educationally disadvantaged—this includes students with disabilities, indigenous students, students in rural Australia, students from poor backgrounds who have a language background other than English—what measures will you be using to validate that claim?

**Dr Arthur**—The benchmarking process will be the key measure, and we already report the figures that have been published to date divided by a gender background, language other than English, and indigenous status. It is intended drawing on the work of the national education monitoring task force to also report the figures, disaggregated by socioeconomic status and by students with disability so that we will be able to track for those subgroups whether we are achieving our objectives.

**Senator CARR**—But you can't do that at the moment?

**Dr Arthur**—No, we cannot. As you would appreciate, we are at the beginning of a longitudinal dataset process.

**Senator CARR**—With regard to the claims for increased funding for literacy, how much of that money is actually new money?

**Mr Greer**—The new money? Reflected in that I think there was \$131 million in the last budget.

**Dr Arthur**—Yes. I need to defer to the detailed numbers.

**Mr Greer**—It was reflecting money that was appropriated for the quadrennium.

**Senator CARR**—So it was previous money, not new money. It was previously appropriated—

**Mr Greer**—It includes the new money that was in the appropriation for—

**Senator CARR**—So of the \$1.4 billion, the \$130 million is new money—is that what you are saying?

**Mr Greer**—In the 1999 budget context there was \$131 million for literacy.

**Senator CARR**—I am just trying to be clear about this. The minister refers to \$1.4 billion strategic assistance for the improved student outcomes program, which is essentially the pot of money we are talking about. Of that \$1.4 billion, \$131 million is new money?

**Mr Greer**—That sounds right.

**Senator CARR**—The rest of the amount is in fact rebadged money from the old Disadvantaged Schools Program, ESL programs and the students with disability program—is that right?

**Dr Arthur**—That is certainly the origin of those funds historically.

**Mr Greer**—They are the elements of that—

**Senator CARR**—Thank you.

**Proceedings suspended from 11.05 a.m. to 11.25 a.m.**

**CHAIR**—We will move to output group 1.3—enhance the quality of teaching and learning.

**Senator CARR**—Mr Grant, there has been considerable concern expressed in recent times about the shortage of teachers. I have been asking you questions on this topic for a number of years, and for a number of years the department has told me that this is not a worry, that the concerns of deans of education are not well founded. Then I noticed that the minister has put out a press release on 19 February, which suggests to me that there might be a change of attitude within the department. Is that a fair reflection of the situation?

**Mr Grant**—I am not sure we would accept your characterisation completely, though I must say I have not seen the actual media release to which you refer.

**Mr Greer**—We can certainly talk to this, Senator. There have been recent media reports of the Australian Council of Deans of Education predicting teacher shortages and, indeed, some from the AEU. It is pretty common for predictions of teacher shortages to occur at this time pretty much every year. But, interestingly, teacher employers have not reported widespread recruitment difficulties. We all acknowledge, and I think the minister in his release was acknowledging, that there are areas of secondary specialisation, including maths, science and information tech, and schools in some locations that are experiencing difficulty in recruiting staff. But our understanding is that from the point of view of teacher employers there is no evidence of this widespread national shortage.

**Senator CARR**—When you say there is no evidence of widespread national shortage, is it the view of the department that there aren't regional shortages?

**Mr Greer**—I did not say that.

**Senator CARR**—Is it the department's view that there are regional shortages?

**Mr Greer**—There are geographic and specialised ones.

**Mr Grant**—And we have acknowledged that in our previous answers to you on this matter.

**Senator CARR**—Is it the case that these localised shortages are in the outlying states—in Western Australia, for instance? How would you describe the localities where the shortages exist? Can you identify those for me?

**Ms Sparkes**—I do not have the details of that with me, but if you have been monitoring some recent media coverage you will find that some states have recognised that they have particular shortages in regional areas. Victoria, for example, announced in October last year a scholarship scheme which was particularly targeted at regional areas. In the past week New South Wales announced a similar scheme in areas of specialisation—maths, science, technology and applied sciences. If my memory is correct, they actually refer to certain areas of Western Sydney and regional and rural New South Wales as being areas where people may be employed subsequent to completion of their studies.

**Senator CARR**—Are there any indications that in regional Queensland there are shortages of teachers?

**Ms Sparkes**—I do not have that detail with me.

**Senator CARR**—Take that on notice, please, and for Western Australia. Is it the case there are shortages in the Northern Territory?

**Ms Sparkes**—Are you talking about rural and regional areas?

**Senator CARR**—That is pretty much all the Northern Territory.

**Ms Sparkes**—I will have to take that on notice. We do not have that level of detail with us.

**Mr Greer**—As you will be aware, in 1998, I think it was, the teacher employers—that is, the states and territories, through MCEETYA—developed quite a comprehensive report on teacher supply and demand which forecast through to 2001-02. That report is available; it is on the web. I can certainly get you a copy if you like.

**Senator CARR**—Thank you, I appreciate that.

**Mr Greer**—That process is currently in train and the Commonwealth is working with state and territory colleagues to prepare the next report of that. We expect that teacher employers will be considering that at MCEETYA this year.

**Senator CARR**—Is it time to update that evaluation? In 1998 the world was a different place in educational terms. I have made this point to you before, but I see that the British government has a new offensive to draw our teachers to work in England. They are offering \$300 a day to teach in England. There are members of my family who have taken up this offer. Is that a matter of concern to you, Mr Greer? Does that warrant a reassessment of that 1998 study?

**Mr Greer**—What I was saying is that reassessment is well in process. The Commonwealth, together with states and territories, are preparing a similar report with a further outlook which presumably will be coming to ministers at MCEETYA in either March or June this year.

**Senator CARR**—What do you anticipate that report to say?

**Mr Greer**—My expectation is that it will probably be pretty much the same—that is, not necessarily widespread shortages but in specialisations and geographic locations. It is interesting to reflect on some of the reports that we have seen coming out, such as the report from the deans. The reality is that those reports have consistently had to revise down the projections of teacher shortages. If you look at the 1997 report of deans—

**Senator CARR**—This is Barbara Preston's work?

**Mr Greer**—Yes. That projected a shortage of 2,710 primary teachers in 2000 rising to 3,100 in 2003. The deans' 2000 report shows that the shortage in 2000 was at 595 and that the projection for 2003, rather than being 3,000, is in fact a surplus of 438. Likewise, in the secondary area the forecast shortage of 1,970-odd teachers in 2000 has subsequently been revised to a surplus of 251, and the forecast shortage of 3,975 in 2003 has been brought down to 1,801. I have got a table here that you might find useful to track that.

**Senator CARR**—Thank you, I would appreciate that.

**Mr Grant**—There is another dimension that relates to the objective of ensuring that talented young people are attracted to teaching as a career. There has been a pleasing increase this year, I understand, in the numbers of university entrants seeking to gain entry to teacher education courses. That is heartening. But there is also a longer-term issue about ensuring that significant numbers of talented young people see an attractive career in teaching. As you would have seen, I am sure, there was a recognition of this in the recent innovation statement, particularly in relation to science and maths education, but not exclusively so, and a signal by the government that it would seek to commission a review of teaching and teacher education in consultation with the states and territories.

**Senator CARR**—That is the point I am making. Is there not an indication by the government, a belated acknowledgment, that we do have a problem here perhaps of a larger proportion than had hitherto been acknowledged?

**Mr Grant**—As I would see it, the issues raised by that reference go beyond simply the question of teacher shortages. There will be an endless debate as to whether there are teacher shortages and the nature and quality of those shortages. I do not think that is a particularly helpful debate sometimes. But the issues of quality of teachers, quality of teaching, quality of teacher education and genuine incentives to ensure that talented young people do see an

attractive career in teaching, go beyond the teacher shortage debate and are very important issues and the government has certainly recognised that.

**Senator CARR**—In answer No. E184 you are saying that the department is assisting the states and preparing a national report on teacher supply and demand. Is that the report you referred to a moment ago, Mr Greer?

**Mr Greer**—Yes, it is.

**Senator CARR**—Can you tell me when that report will be completed?

**Mr Greer**—It is our expectation that a MCEETYA task force on teacher preparation, recruitment and training will be reporting to MCEETYA at its next meeting.

**Senator CARR**—When is that?

**Mr Greer**—That is yet to be determined. Victoria chairs MCEETYA this year and there is a movable feast there between whether it is at the end of May, June or early July.

**Senator CARR**—So it is some time mid-year?

**Mr Greer**—Mid-year, yes.

**Senator CARR**—And presumably you will be able to provide us with a copy of that report when it is available? Will you take that on notice?

**Mr Greer**—Certainly. The previous report of this ilk that came out was made publicly available by MCEETYA and it would be my expectation—

**Senator CARR**—Take it as read that I have asked for a copy of the report to be provided to the committee.

**Mr Greer**—Yes.

**Senator CARR**—You have indicated there would be a number of measures taken by state systems to address recruitment difficulties in this answer No. E184. Can you indicate to me what the difficulties are that you are referring to?

**Ms Sparkes**—Senator, I think that goes back to the comments that I made earlier where our particular states and territories in recognition of some areas of recruitment difficulties in specialisations such as maths and science are actually moving to put in place incentives or scholarship schemes to attract people into those discipline areas. New South Wales, as I mentioned, has a scholarship scheme for maths, science and teachers of technical and applied sciences. The scholarship scheme that Victoria announced last year is similar in terms of its focus, and both appear to have an emphasis particularly on filling shortages, or a potential shortage, in rural and regional areas.

**Senator CARR**—It has been proposed—in fact it has been stated publicly—by the Chair of the Australian Council of Deans of Education, Professor Mary Kalantzis, that the government's approach to expanding teacher education places at universities is inadequate. She has actually said it is divisive. Perhaps I should put this question on notice because you may want to take the higher education branch into consideration here. I would ask that you provide us with some comment as to the remarks particularly in regard to the government's responses to increasing the number of teacher training places at universities. Is it the case that there are no new places created to meet teacher shortages?

**Mr Grant**—There is a misapprehension in that assertion, Senator.

**Mr Greer**—The minister, I think, addressed that in a release earlier in the year when he noted that since 1996 Commonwealth policies have increased the numbers of higher education places for domestic students by around 35,000, and then went on to suggest that it is really a decision of universities more so than the Commonwealth to take decisions on how they are applied within institutions.

**Mr Grant**—We will provide some comments.

**Senator CARR**—I have got another one here that goes to the issue. This is a question on notice again, I expect, because it is higher education division material. What I would like to know is what the government is doing to ensure that universities actually increase their intakes. You have told me that it is up to them, and I suspect the answer is contained within that response, but let us have a look at that. Can you provide information on the planned intakes of teacher education in 2001 and how many universities have planned for increases and which universities they are? Can you provide details of 2000-01 intakes for teacher education in all universities at both the undergraduate and graduate levels and provide a breakdown into primary and secondary education?

**Mr Greer**—Okay. I just note, Senator, that there will be a time lag before we can supply all of that information, for obvious reasons.

**Senator CARR**—I do not expect that you will try to withhold information on that matter. With regard to the Ramsey report on teacher education in New South Wales, Ms Sparkes, are you able to comment on that?

**Ms Sparkes**—Only in broad terms, Senator. I have not brought the report with me today.

**Senator CARR**—I see. The document I am referring to is *Quality matters*. I am told that there are a number of criticisms here of the Commonwealth education policies in regard to teacher supply and demand issues. They say, among other things, that there are methodological weaknesses including the fact that you do not have the appropriate data available to ascertain what teacher supply and demand actually is. Would you like to comment on that?

**Ms Sparkes**—I think the comments in respect of methodologies about teacher supply and demand are not new. Even in the Australian Council of Deans of Education projections they acknowledge some of the difficulties in making assumptions about particular aspects. One that springs to mind is that the pool of teachers that have been trained as teachers, that are not now currently training or not currently participating in the teaching profession, may want to re-enter the work force. So I think there is broad acknowledgment that it is very difficult to make accurate assumptions about some of the elements that influence teacher supply and demand. I am aware that the Australian Council of Deans have been working on their methodology and revising that as they have learnt from their experiences. And, similarly, the group that MCEETYA has tasked biennially to report on teacher supply and demand is going through a similar process.

**Senator CARR**—Can you just repeat that? You are saying that you are going to a similar process?

**Ms Sparkes**—No. I am saying that over the years, as the deans have undertaken—

**Senator CARR**—Yes, I got that bit. You are saying that the deans need to clean up their act. The question is whether the Commonwealth department data—

**Ms Sparkes**—The Commonwealth department does not actually produce projections of teacher supply and demand. The Commonwealth is a member of the Commonwealth and state

jurisdictions that have been tasked by MCEETYA to look at these issues. That report is put together in collaboration with the states and territories on the basis of an agreed approach and data supplied by the various jurisdictions.

**Senator CARR**—The Ramsey report suggests to me that maybe your data is in need of some review as well.

**Ms Sparkes**—I am not particularly familiar at the moment with the exact aspects of the data that is—

**Senator CARR**—Is it the case that you are relying on advice from South Australia about the definition of teacher qualifications which does not distinguish, in terms of postgraduate diplomas in education, the Dip. Ed., on one hand, and people going back to do special education diplomas on the other?

**Ms Sparkes**—Senator, I think we would have to take that on notice. I am not across the detail of the methodology that is being used and it would be inappropriate for me to comment at this stage.

**Senator CARR**—What I am interested to know is that, if you are relying upon a set of data that suggests that there are new teachers coming on stream when, in fact, they are not new teachers, they are simply teachers who are upgrading their qualifications from a basic Dip. Ed. to a special education degree—which is quite important—it means that they are specialist teachers and they are not actually adding to the pool of teachers that are available.

**Mr Grant**—What is the context of this reference?

**Senator CARR**—The reference is the New South Wales government report—

**Mr Grant**—No, I am familiar with the Ramsey report—

**Senator CARR**—The point is this: the Schools Division of your department for some time has taken particular pleasure in having a crack at the deans' projections and their methodology. My proposition to you is that perhaps your methodology needs some evaluation or re-evaluation, as well. That is the context.

**Mr Grant**—When you talk about our methodology, I think Ms Sparkes has explained the nature of our work on this. Our work is basically in collaboration with the MCEETYA group that has been tasked with examining this. To the best of my knowledge, except for very occasional one-off exercises, the Commonwealth does not compile its own independent projections of teacher supply and demand. Therefore I am at a bit of a loss as to the particular frame of reference that the Ramsey report—

**Senator CARR**—I think you were actually relying on your own datasets, as well, Mr Grant, but you can perhaps correct me on that.

**Mr Grant**—Okay. Let us clarify that when we come back to you with that answer.

**Senator CARR**—That is a point and I think I will leave some questions on notice in regard to Ramsey. The issue I am trying to go to is whether your own data sources are adequate, because it may well change your view if it can be demonstrated that there needs to be more work done on that issue. It may be your view as to the extent of a problem that we are facing. There are extraordinary levels of poaching going on in regard to the British government—reports that some British schools cannot actually open because they are short of teachers—and enormous effort is going into recruiting Australian teachers. It may well be that some of the predictions that you are making about the state of the teacher supply are not soundly based. That is the proposition I am trying to put to you because I think that that has quite serious implications for the policy responses that the Commonwealth government undertakes.

implications for the policy responses that the Commonwealth government undertakes. It may well be that further action has to be taken, for instance, on HECS—preferential HECS for teachers—and other measures to actually encourage the training of teachers.

**Mr Grant**—I just have a very quick response on that, Senator. Clearly, the Commonwealth does have an interest and we would accept that the Commonwealth does have some responsibilities in this area. However they are not exclusive responsibilities. Employers, particularly state and territory governments, also have major responsibilities and it is pleasing to note some of the measures that those governments, as employers, have taken in recent times to deal with these issues, as Ms Sparkes has outlined.

**Senator CARR**—I will put the rest of these questions on notice—I think we have got to the guts of it—and see where that takes us. Thank you very much. That concludes my questions.

**CHAIR**—That concludes consideration of additional estimates for the Department of Education, Training and Youth Affairs. I thank the minister and the officers for their usual patience and forbearance.

**Committee adjourned at 11.47 a.m.**