

ESTIMATES COMMITTEE F

Mr N. S. Roberts (Chair) Mr S. Santoro
 Mr J. J. Hegarty Ms K. L. Struthers
 Mr R. J. Quinn Mr G. J. Wilson

EMPLOYMENT, TRAINING AND INDUSTRIAL RELATIONS**IN ATTENDANCE**

Hon. P. J. Braddy, Minister for
 Employment, Training and Industrial
 Relations
 Mr R. Marshman, Director-General
 Mr P. Henneken, Deputy Director-General
 Mr B. Carlon, A/Deputy Director-General
 Ms R. Hunter, Chair, TAFE Queensland

The Committee commenced at 8.31 a.m.

The CHAIRMAN: Good morning everyone. I declare this meeting of Estimates Committee F now open. I welcome the Minister, public officials and members of the public who are in attendance here today. The Committee will examine the proposed expenditure contained in the Appropriation Bill 1999 for the areas set out in the Sessional Orders of 27 August 1999. The organisational units to be examined will be done so in the following order: firstly, the Department of Employment, Training and Industrial Relations and, secondly, the Department of Education. The Committee has also agreed that it will suspend the hearings for the following breaks: morning tea, 10 a.m. till 10.15 a.m.; lunch, 1.15 p.m. to 2.15 p.m.; and afternoon tea, 3.45 p.m. till 4 p.m.

I remind members of the Committee and the Minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A single chime will give a 15-second warning, and a double chime will sound at the expiration of these time limits. An extension of time for answers may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit is to be allotted to non-Government members. Any time expended when the Committee deliberates in private is to be equally apportioned between Government and non-Government members. For the benefit of

Hansard, I ask departmental officers to please identify themselves before they first answer a question.

In the event that those attending today are not aware, I should point out that these proceedings are similar to Parliament to the extent that the public cannot participate in the proceedings. In that regard, I remind members of the public that, in accordance with Standing Order 195, any person admitted to a public hearing may be excluded at the discretion of the Chairman or by order of the Committee. The Sessional Orders provide that a member who is not a member of the Committee may, with the Committee's leave, ask the Minister questions. In this regard, the Committee has agreed that it will automatically grant leave to any member who is not a Committee member who wishes to question the Minister, unless determined otherwise.

In relation to media coverage of the Estimates Committee F hearing, the Committee has resolved that silent television film footage will be permitted for the first five minutes of each department.

I now declare the proposed expenditure for the Department of Employment, Training and Industrial Relations open for examination. The time allotted is four and a half hours. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, do you wish to make an opening statement? If so, could you please limit that to no more than five minutes.

Mr BRADY: Thank you, Mr Chairman. Good morning to you and members of the Committee. Before I make an opening statement, may I introduce those members of the department who are at the table with me. On my left is the Director-General, Mr Bob Marshman. On his left is Acting Deputy Director-General, Mr Bernie Carlon. On my right is Deputy Director-General, Mr Peter Henneken. On his right is the chair of TAFE Queensland, Ms Rachel Hunter.

Mr Chairman and members of the Committee, the Beattie Government has, since day one, focused on the creation of jobs for Queenslanders and the consequent reduction of unemployment. This remains our No. 1 goal, and the 1999-2000 Budget is firmly targeted at that outcome. The challenge still lies ahead of us, but I am pleased to say that we are making ground and putting solid runs on the board right around the State.

In making jobs our top priority, the Government has achieved substantial

progress in a very short time. Our first Budget locked into place a comprehensive strategy to create jobs and training opportunities, underwritten by the \$283m Breaking the Unemployment Cycle initiative. After 15 months in office, the evidence speaks for itself. Employment in Queensland has grown strongly during the term of the Beattie Government, up by 2.7%, or 44,000 new jobs, with 34,000 of them full-time jobs. This represents more than a quarter of jobs growth in Australia over that period. With employment growing, unemployment between July 1998 and September 1999 has fallen by 10,000, a drop of 6.5%. The unemployment rate has fallen from 8.8% to 8.1%. We are determined that it will continue to drop and believe our policies will support our drive to put more Queenslanders into jobs. During the past year we have made considerable progress towards this objective.

Following the first independent review of Queensland's industrial relations legislation for more than a decade, the Industrial Relations Act 1999 was passed, creating a fairer and more balanced system for workers and employers. We have put in place a model for the rest of Australia at a time when the Federal Government has decreed that the law of the jungle should prevail. We have introduced an industrial relations system which we believe will bring about jobs growth and enhanced economic performance.

The Beattie Government recognises that there is a fundamental social responsibility to provide workers with access to compensation if they are injured at work. We believe the workers compensation system must be fair, balancing the rights of injured workers alongside the need for competitive and affordable premiums for employers, all the while maintaining a secure and viable system. The WorkCover Queensland Amendment Act 1999 has restored balance to the workers compensation system.

When the Beattie Government came to office, the building and construction industry was facing dire skill shortages. We acted immediately to establish the Building and Construction Industry Training Fund by changing existing levies on building and construction work at no additional cost to consumers. It is anticipated that the fund will assist in the creation of an additional 3,000 apprentices and trainees over four years, including 885 this financial year. This initiative, backed up by the Housing Industry Trade Training program, the 10% training policy on Government projects and the incentives available for apprentices and trainees will

make a substantial impact on skill shortages in one of the State's key industries. Significantly, it will also open up many new career opportunities for young Queenslanders.

The Breaking the Unemployment Cycle initiative has been extraordinarily successful, both in placing people in jobs and providing them with the skills to find jobs. We have already achieved—with the strong support of employers—more than 55% of our four-year target of 7,500 additional apprentices and trainees in the private sector. Already, 5,400 additional apprentices and trainees have been employed by the private sector. The 3,000th employer to join the scheme was signed up just last Friday. Apprenticeship and traineeship approvals have reached record levels. Apprenticeship approvals were up 41% in the year to 30 June after two years of negative growth. This is a great result. Traineeship approvals were up 46% over the year.

The Government has also been leading by example, opening up new paths to jobs and careers for young people in the public sector, an area sadly neglected in recent years. In the year to 30 June, a total of 2,878 apprentices and trainees were taken on by State Government departments, TAFE Queensland institutes, local government authorities, Aboriginal and Torres Strait Islander community councils and statutory authorities. The target of 2,000 trainees and 500 apprentices has been exceeded, and we are confident that the overall target of 6,500 over four years will be easily reached.

Breaking the Unemployment Cycle specifically targets the community's most disadvantaged: the long-term unemployed or those at risk of long-term unemployment. The Community Jobs Plan is providing jobs for up to six months on a range of public works, community and environmental projects. In the year to 30 June, 90 projects were approved for grants totalling \$16m and employing more than 1,370 long-term unemployed people. Another 40 projects across the State have since been approved. I am sure members of the Committee will know from their own experience how valuable these projects are.

Under the Community Employment Assistance program, a range of assistance is provided, including literacy and numeracy needs assessment, training, work experience and job referral.

The CHAIRMAN: Thank you, Minister. The first period of questions will commence with non-Government members. I call the member for Clayfield.

Mr SANTORO: Thank you, Mr Chairman. First of all, Minister, thank you very much for making available the officers whom you have made available today. My first question follows the statement you have just made within which, I think, from a policy perspective you have rightly focused on job creation. My question to you is as Minister for Employment. I refer you to the Queensland Treasury's use of economic forecasting by Econtech Pty Ltd, and in particular Econtech's forecast of a 7.7% unemployment rate in the year 2002-03. Given that this unemployment figure is 54% higher than the 5% promised by Labor during the last election—and consistently since that election—and given the increase in unemployment from 7.6% to 8.4% in September this year, are you confident that this commitment will be achieved in full and on time?

Mr BRADY: First of all, I think it is fair to say that all of us here on the Committee, at this table and in this room have lived long enough to know that in this area of employment projections and economic projections generally the experts are often wrong. They fail to predict trends in the economy, on occasions they fail to predict depressions and recessions and they fail to predict economic growth when it occurs. They are frequently only right after the event. We have seen that in recent times—indeed, even in relation to the honourable questioner's colleagues where we are now having people from the Liberal and National Parties, at least federally, saying that 5% is an achievable target.

There is every chance—perhaps more than a chance—of people acting in public administration, such as politicians and public servants, being right when the academic experts are wrong. They have been proved so wrong so often that I think they have a worse track record than the weather bureau. At least the weather bureau has the assistance of satellites. I think the academic experts and the people who are employed to make these predictions are often wrong. What they do not take into account is the things that can be done. We now have Peter Costello saying that a 5% target is achievable.

I cannot give you a guarantee that we will achieve that result but I can certainly give you a guarantee that we are trying. I can give you a guarantee that a lot of the measures that we are carrying out are successful, as I indicated in the opening statement. By making jobs our top priority we have made substantial progress in a very short time frame. Over one quarter of the full-time employment growth in Australia

occurred in Queensland. The wonderful news in that is that three out of every four jobs created in Queensland were full-time jobs, completely changing the trend from casual and part time which everyone thought—the experts included—we were doomed to have until the next generation. As employment grew, unemployment fell by 10,000, as I indicated earlier.

One of the other interesting things which shows that what we are aiming for is achievable is that youth unemployment has fallen dramatically under our Government. The number of young people aged 15 to 19 seeking full-time work fell from 16,400 to 13,700, a fall of almost 17%. The unemployment rate over the same period for this group fell from 25% to 20.6%. So, whilst we have no guarantees, we are on track and we believe that we have as good a chance, or a better chance, of being right than the experts.

Mr SANTORO: Minister, I refer you to that part of the MPS which says that the Industrial Relations Commission should be providing equitable access to independent arbitration and conciliation services. My next question relates to the Queensland Industrial Relations Commission, which is a quasi-judicial body and which is focused on the need, which all political parties recognise, for members of the Commission to be regarded by persons appearing before it, as well as by the general community, as independent and performing their duties in an impartial and fair manner. Can you assure the Committee that no serving member of the Commission is, or has sought to remain, a fully paid-up member of a political party?

Mr BRADY: I am sorry, I missed that.

Mr SANTORO: My question is: can you assure the Committee that no serving member of the Queensland Industrial Relations Commission is, or has sought to remain, a fully paid-up member of a political party?

Mr BRADY: I can certainly assure the Committee and the people of Queensland that, to the best of my knowledge and belief, that is the case. I have taken some interest in this matter because of several recent appointments of Commissioners, including the Vice-President. I took an interest in the case of the Vice-President and I ascertained that she was not, and never had been, a member of the Australian Labor Party.

The recent Commissioner appointed to the Commission had been a prominent member of the Australian Labor Party. He and I discussed the matter, and he has agreed

that he understood that he would not, and could not, remain a member of the Australian Labor Party. He understood that prior to his appointment. I also saw letters from him to the party, which were sent to me at my request, confirming that he had resigned all party positions and his membership in the Australian Labor Party. Commissioners are in the same position as judges who have been members of the Liberal Party, the National Party and the Australian Labor Party. Upon appointment to the Bench they resign from all political parties. The particular Commissioner in question has done so.

I have not inquired about any of the other Commissioners or members of the Industrial Court. I presume that they are not members of political parties. I am quite confident in saying that. They were all appointed during your term as Minister. I remember that John Dowd was a Liberal Cabinet Minister in New South Wales. He is now a judge of the New South Wales Supreme Court. There are plenty of precedents of judges and industrial commissioners having been members of political parties. That is their entitlement.

The appointee to the Commission understands that he has to cut all official links and membership with the Australian Labor Party. I believe that is proper and appropriate. I am very confident that there will be no concern in that regard.

Mr SANTORO: I thank the Minister for his answer. I was not referring to any particular Commissioner; I just asked the question generally.

Mr BRADY: I answered it generally as well.

Mr SANTORO: I appreciate that. Minister, can you confirm that apprentices attending the Moreton Institute of TAFE to access their training under user choice arrangements have been charged between \$100 and \$300 for materials on top of the allowable charge for tuition of \$1.01 per hour? For a typical apprentice, does each seven-week block attendance at the Moreton Institute of TAFE cost about \$320 in tuition fees and over \$100 in materials fees? Is it true that in some cases apprentices must find \$600 in total to attend, this being made up of \$320 tuition fees plus \$250 to \$300 in materials fees?

Mr BRADY: In relation to the Moreton Institute of TAFE, I have to inform the Committee that I do not have any specific material here, but I will certainly pursue inquiries and get back to the member with some written information. The fees and charges generally are \$1 per contact hour with

a maximum of \$275. The honourable member for Clayfield would be familiar with that because during his term as Minister for Industrial Relations and Training he raised the fees and lowered the exemptions that were available. So the regimen in relation to fees is substantially similar to what it was during your time. In relation to the Moreton fee specifically, I will get back to you with some written information.

Mr SANTORO: I thank the Minister for that commitment. I want to follow up on that, because the information that I have been provided indicates to me that in fact additional fees, and particularly charges for materials, have been charged to students at Moreton TAFE. My question to you is: assuming that that is the case and fees have been collected against the requirements of user-choice contracts under which that sort of training has been accessed, and as approximately 1,500 apprentices, I understand, have been affected and as the total amount collected under those extra charges amounts to over \$400,000, and as those charges are able to be traced because they go on the enrolment forms, do you make a commitment to refund those students who have been affected by the charging of those extra fees and particularly the costs for materials? Do you undertake to refund those students those amounts that they have been wrongly charged?

Mr BRADY: First of all, we have to—

Mr SANTORO: I am assuming that the information that I have been given is right, and I personally do not doubt that that is the case.

Mr BRADY: First of all, I will not make any undertaking in relation to a hypothetical situation, because we have to determine whether there has been any charging of fees which is improper or incorrect. If there has been, I will certainly be looking to see how it can be remedied. There is provision for charging extra moneys for materials. It may well be that there is some understanding in relation to that. Maybe there might be a problem but, in terms of materials, what has been charged may well be accurate. As you would know and as commonsense would dictate, there is scope for charging extra for materials. So we need to look at the whole situation.

I think it is not particularly helpful for me to speculate and comment further than that. We will certainly have a look at it. You have drawn it to our attention on what you have been told. We will have a look at it to see if there has been any misunderstanding or mistaken behaviour at all and we will get back to you.

Mr SANTORO: It is a pretty serious allegation that I have just made based on information supplied to me. Would you undertake to provide me with a briefing in relation to it?

Mr BRADY: I certainly will be getting an appropriate brief. I have checked here at the table; we do not have any immediate information available about it. It is not known to us. I repeat: there is scope to charge for materials which are used. If there is something charged over and above that which is inappropriate or wrong, I will be informed about it. Not only will I be informed about it but also I will get back to the Committee and to you in relation to it. You will get a full outline and a full answer on what we found when we had a look at it and what action, if any, we will take.

Mr SANTORO: I appreciate that commitment. Thank you, Minister. On page 43 of the MPS it is reported that the equity return for the department is \$51.215m. What is the asset base on which this amount is calculated?

Mr BRADY: I inform the Committee that the equity return is funded as part of the payment for outputs. The level of funding indicated in the Budget was based on the budgeted opening net assets balance less provision for long service leave and 1999-2000 Budget equity adjustments as at 17 May. Funding allocations had to be finalised for Budget timing reasons. However, departments were still finalising their closing balances and had until 6 August to provide this information for the Budget papers.

Consequently, it was evident that adjustments would be necessary. It is not based on the budgeted 1999-2000 closing balances. The statement of financial position represents budgeted actual closing balances for the reporting year. Adjustments to the department equity return funding will be provided as part of the first Budget monitoring.

As you know, equity return is an incentive that has been introduced with the intention of encouraging agencies to actively manage the assets that they control and improve their financial management practices. The process will provide opportunity for institutes to introduce efficiencies and gain benefits from those efficiencies. By reviewing the capital assets held and, where possible, reducing assets, the payment required is reduced. Reinvestment is then a business decision for the agencies. The equity return represents the opportunity cost to the Government of the assets held by the department.

The notion that capital is free is a great misapprehension cultivated by the accounting standards previously used in this and other States. It is not free: it is the real cost of producing outputs. Mr Santoro, I am sure that you or anyone else who is truly interested in the cost of producing Government services must be prepared to take that into account. None of us can imagine a private enterprise that did not take into account the cost of its capital. Everything has a cost.

First and foremost, it needs to be understood that the concept of equity return does not require every DETIR investment to return precisely the same rate of return. The department provides services in some rural and remote regions that can never be expected to deliver that. Services will not be withdrawn from those regions. In our department, almost all assets are held in TAFE institutes. Therefore, in the first year funds provided to pay the equity return will be disbursed to TAFE institutes in line with Treasury evaluations.

Mr SANTORO: I appreciate your explanation of the theory behind the equity return practice of your Government. Let me just explain what I meant. You have allowed for \$51.2m. If I divide that by 0.06—6%—the figure that I get in terms of your assets base is roughly \$853m. However, on page 44 of your MPS, you have your State net assets as being \$964m. Even if I subtract administrative net assets of \$1.6m, you get total net control assets of \$962m. That tells me that you have understated the assets base against which your equity dividend is calculated. That means that, even allowing for full funding by Treasury for this financial year, you will have a shortfall at the end of this financial year that will have to be made up next year of about \$6.7m. Can you inform the Committee specifically, even before adjustments—and hopefully you will let us know—what is the net asset base? How is that shortfall going to be made up?

Mr BRADY: There will not be a shortfall. As I was indicating at the close of the previous answer and we ran out of time, this is a trial year. By arrangement, this year the funds provided to pay the equity return will be disbursed to TAFE institutes, who are the main payers. The charge is being fully attributed to the business units of the department, which are the asset users. So funds will be provided.

At the outset of my earlier answer I indicated, and I repeat, the principle upon which we will be working. The level of funding indicated in the Budget was based on the budgeted opening net asset balance less

provision for long service leave in the 1999-2000 Budget equity adjustments as at 17 May. Funding allocations had to be finalised for Budget timing reasons. So for the reasons of time and appropriateness, amounts had to be placed. However, departments, including this department, were still finalising their closing balances and had until 6 August to provide the information for the Budget papers. Consequently, it was evident that adjustments would be necessary.

Mr SANTORO: Would you provide the information as of 6 August to the Committee, because I think that is relevant? If this debate is going to continue in the Parliament or elsewhere, would you be able to provide the adjusted figures as of 6 August to the Committee?

Mr BRADDY: I emphasise that there is provision within the Government to adjust these balances in terms of the correct figures as they become clear. Treasury understands, we understand—everybody understands—that the department will not be adversely affected.

Whilst we do not have the absolute figures here, we have the principle which is on the record. We will supply to you further written information that we believe is appropriate in relation to the amounts and such like. That will come forward. I emphasise that the department will not be adversely affected and TAFEs will not be adversely affected. Everyone in the system understands that this is the first year and that is why extraordinary arrangements are being made between Treasury and the departments in relation to this first year. We will proceed on that basis.

Mr SANTORO: I am grateful for that commitment.

The CHAIRMAN: The time for non-Government questions has expired. Minister, on page 43 of the Ministerial Portfolio Statements, the expenditure budget of the department is listed as \$799m, but according to the documents the department has only spent \$692.7m. What are reasons for what appears to be an underspend of \$106.3m?

Mr BRADDY: As we are all aware, and most particularly as the Public Service is aware, the Government is implementing accrual output budgeting for the Budget sector in the 1999-2000 Budget. Queensland's model for accrual output budgeting, Managing for Outcomes, represents an integrated model for planning, budgeting and reporting performances of Budget sector entities. My MPS is prepared in accordance with the Government's new Charter of Social and Fiscal Responsibility, which is also consistent with the

Government finance statistics format embodied in the interjurisdictional uniform presentation framework. A fundamental difference in the accrual output budgeting process from the cash budgeting system previously employed for the Queensland Budget sector is that all budgets are based on accrual information rather than cash information. Under the accrual system, all transactions are recorded when they occur compared to the cash system which records transactions when cash is actually exchanged.

As a result, in the conversion of the 1998 Budget from cash to accrual, certain assumptions were made regarding the treatment of carryovers in the first year of accrual budgeting. All carryovers from 1997-98 would be expended in 1998-99 and the total expenditure Budget allocation for 1998-99 would be fully expended in that year.

Although the above treatment of carryovers was applied in relation to the conversion of the 1998-99 Budget, when determining the 1998-99 actual expenses, carryovers were treated in a different manner, as follows. Of the \$51.3m cash carryover from 1997-98, \$33.4m was not treated as an expense for 1998-99 but as an asset reduction. Carryovers in respect of the State contribution to outputs, for which there were no outstanding liabilities at 30 June 1999, were not included in the 1998-99 actual expenses. That is \$16m. These have been included in the estimated expenses of the corresponding appropriation revenue for 1999-2000. Carryovers in respect of the State contribution to outputs with liability, \$6.8m at 30 June 1999, were included in the 1998-99 actual expenses with offsetting revenue. Carryovers in respect of own-source funding, that is, user charging and Commonwealth recurrent funding, were not included in the 1998-99 actual expenses but were shown as an asset for the appropriation received at 30 June 1999.

In addition to the variations due to the treatment of carryovers, the actual expenses for the 1998-99 financial year varied as a result of approved Budget variations. The result of these accounting treatments is that the DETIR operating statement shows a significant net reduction in expenses of \$106.4m between the 1998-99 Budget and the 1998-99 actuals. That is the explanation in relation to it. I have run out of time.

The CHAIRMAN: Page 29 of the MPS refers to an independent consultant who is engaged to undertake an investigation into Queensland's traineeship system. How much

did the department spend on consultancies during 1998-99?

Mr BRADY: It certainly has been a very frugal year for consultancies in our department. I know that this also is an area of some interest to the Opposition, so I am delighted that the question can be answered early in this Estimates Committee hearing.

The Government has drastically reduced the cost of consultants compared to the previous coalition Government. In 1998-99 the department spent \$1.77m on consultants. A great bulk of that amount was spent in the specialised information technology field and that figure includes information technology contractors. With those removed, actual spending on consultancies was \$528,000—half a million dollars. The total expenditure of \$1.77m which we spent in that year compares with the reported \$3.908m that was spent in 1997-98 and \$3.382m in 1996-97 under the previous Government. I am sure that Committee members will be particularly interested to note the massive decline in management consultancies under this Government. Last year a total of \$370,000 was spent on management assistance to the department, compared to \$1.72m in 1997-98 and \$1.77m in 1996-97 under the previous coalition Government.

It is not unreasonable to say that under the previous coalition Government the administration of the department was propped up by consultancies. I am pleased to say that it is a very different operation today. It is a highly focused, result-oriented department. There will always be circumstances where Governments will engage outside consultants for a variety of reasons, generally to employ a person with specialist skills not available within the department.

The engagement of the consultant mentioned on page 29 of the MPS, Kaye Schofield, is a good example. Ms Schofield is an internationally recognised expert in vocational education and training. Her experience made her an excellent choice to conduct the investigation into the quality of training in Queensland's system. Her report was approved and endorsed by the Queensland Cabinet. Her recommendations are now being implemented by a task force.

We have a situation here where the amounts paid now are much more modest than previously. Under the previous administration, consultants were paid as much as \$843 an hour, which is \$6,750 a day plus air fares and accommodation. I assure the Committee that that occurred on a couple of

occasions. The top rate ever paid by our department this year was \$245 an hour for five days' work, which is a total of \$7,800.

The CHAIRMAN: I refer to the departmental staffing outlined on page 5 of the Ministerial Portfolio Statements. Could you indicate to the Committee how many voluntary early retirement packages were offered and accepted by departmental staff in 1998-99? How does this compare with the previous year?

Mr BRADY: There certainly has been great stability introduced into the department since we came to Government. The figures in relation to voluntary early retirements and redundancies will show that. Between 1 July 1998 and 30 June 1999, 33 VERs were offered to employees of the department. This compares with 537 offered in the previous year under the coalition Government. I repeat, 33 compared to 537. All 33 offers were accepted by our employees in 1998-99, which clearly shows that they were truly voluntary VERs. We had 100% acceptance after negotiations with people who really did wish to leave. Under the previous coalition Government, there were 537 VERs offered and 503 were accepted. There was not 100% acceptance in that much higher figure. All except one of the 33 VERs accepted in 1998-99 related to TAFE Queensland staff, while 499 of the 503 VERs accepted under the coalition Government related to TAFE Queensland staff.

The total number of VERs for the period of 1998-99 is insignificant when compared to the more than 500 offered by the previous Government. That had the effect—and we were aware of this when we came to Government—of leaving staff fearful and bewildered as to the future of TAFE and the valuable role that staff played in enhancing the job opportunities and quality of life of many Queenslanders.

The total expenditure on voluntary early retirements during our period in office that we are examining today was \$1.75m compared with \$21.6m under the previous coalition Government in 1997-98. Our figure includes severance pay and incentive payments as well as payments in lieu of unused leave. Other avenues, including redeployment and retraining, were explored by us prior to the offering of voluntary early retirements in 1998-99. The department will spend approximately 2.5% of its staffing budget this year on training and development activities to ensure that staff continue to develop professionally and continue to meet the changing needs of clients. Under our Government, VERs occur in

our department only when it suits both the organisation and the employee. There is no obligation on the part of an organisation to offer VERs; there is no obligation on the part of an employee to accept the offer. Although VERs were offered to staff as a result of the organisation responding to the increasingly sophisticated demands of industry and the community, you can see that they were very modest in terms of both numbers and cost.

Ms STRUTHERS: I refer to the Output Statement for Employment Initiatives on page 6 of the Ministerial Portfolio Statements. What progress has the Beattie Government made in achieving its target of a 5% unemployment rate?

Mr BRADY: Over the last 12 months, as I indicated previously, the unemployment rate in Australia has fallen. That has been acknowledged by commentators from all points along the political spectrum, although not universally, I hasten to add: I do not think any commentators from the Queensland coalition have commented positively in the way that we have and in the way that Federal Treasurer, Peter Costello, has when he joined us in declaring a 5% unemployment target as achievable. I certainly hope that the State Opposition will join us in a positive attitude and understand that when you have an Employment Ministry—which the coalition did not have when it was in Government—and spend money on programs that are well based, well focused and achieve their target, you can not only achieve jobs through those targets but also create a positive atmosphere in the community where people believe that unemployment can be significantly reduced and that Governments are interested in doing something about it.

After a little over 12 months in office, employment in Queensland has grown strongly, increasing by 2.7% or 44,000 new jobs, exceeding the average growth for the rest of Australia. As we said before, three quarters of those new jobs were full-time jobs. It would be interesting to compare what occurred in that 12 months with the first 12 months of the coalition Government. That would be comparing apples with apples. As we all know, all Governments take time to wind up. Some Governments do it more quickly than others. It is quite clear that we were much quicker. I think the coalition Government was retarded by its Treasurer, Mrs Sheldon, who froze everything that was moving at the time the coalition arrived in office. I have given you the figures for employment growth in our first 12 months. The growth during the coalition's first 12 months in office was a mere 25,500 or

1.7%, compared with our 2.7%. During the coalition's first 12 months in office, full-time jobs in Queensland actually fell by almost 11,000. As employment grew, from July 1998 to September 1999 unemployment in Queensland fell by 10,000. That is a fall of 6.5%, with the unemployment rate falling from 8.8% to 8.1%.

The youth unemployment rate had that dramatic fall that I referred to previously. In Queensland, we are now in possession of the second lowest unemployment rate for youth unemployment in the country. The number of long-term unemployed Queenslanders seeking work in this 12 months fell from 45,400 to 36,000. That is another very positive sign and one that was contributed to significantly by the Breaking the Employment Cycle initiatives.

Ms STRUTHERS: Page 1 of the MPS states that an additional \$37.7m is being provided for the Breaking the Unemployment Cycle initiative. What has been achieved in the first 12 months of the operation of this initiative and what enhancements are planned for 1999-2000?

Mr BRADY: The scheme was based on policy definition that we did prior to coming to office. I think it is appropriate to make sure that that is known. In Queensland, we have only three-year terms. I hope one day we will move to four-year terms with the support of the coalition parties. You have to have positive policies when you arrive—policies that have been tested as far as they can be, policies that have been approved by the shadow Cabinet. I repeat: when the coalition arrived in office, it was not ready for office in terms of employment. In fact, it stifled employment, the then Treasurer being the main person responsible for that. We arrived with Breaking the Unemployment Cycle initiatives planned, and we swung into action straightaway.

The end result of that has been very successful. The private sector employment program offers direct assistance to employers, complementing what the Federal Government does. The program aims to create 7,500 additional apprentices and trainees in the private sector over four years. The target for this last financial year was 2,500. In that short period that we have been in office, more than 50% of the four-year target has already been achieved. In the nine months between 1 October 1998 and 30 June 1999, 2,145 private sector employers employed over 4,000 additional apprentices and trainees. We have given you the figures for the period since then. We have now had the 3,000th employer sign

up. It has been an extraordinarily successful program.

The number of apprentices approved in the 12-month period to 30 June 1999 increased by 41% over the level of June 1998. It is even more pleasing to note that the intake in major skill shortage areas has followed the general trend, with the construction industry recording a 44.3% increase and the mechanical and fabrication industry increasing by 47.5%. We have concentrated not only on getting more apprentices but also on encouraging them in areas where there are skill shortages. Also, the number of full-time traineeships has increased by 46% above the level of June 1998.

The Queensland Government has also put the taxpayers' money to work along with the private sector. In 1998-99, Government departments, TAFE Queensland institutes, local government authorities and so forth, participated in the program. As a result, 429 apprentices had been employed as at 30 June 1999, with the balance of positions to be filled by December this year. The target of 2,000 additional trainees in the financial year was exceeded, with a total of nearly 2,500 being employed by 30 June.

Ms STRUTHERS: You have spoken of some outstanding achievements, particularly in the private sector. You were just starting to get to some of the public sector initiatives. Could you please expand on that and talk about how successful the Breaking the Unemployment Cycle initiative described on page 6 has been in creating additional employment opportunities in the public sector.

Mr BRADY: One of the important factors to be understood in the attack on unemployment is that the approach has to be multifaceted and multipronged. The great majority of the work must and should go into creating training for the younger generation so that they get jobs, and skilled jobs. I have described how that has happened. It is also important to break down the attitude that only young people get jobs. We have to offer jobs across-the-board. We have to be aware of that, not only in Brisbane but right across the State. We have to offer jobs to people who can take advantage of them.

The public sector component of it that I was starting to talk about before has been extraordinarily successful. To give some indication of where the people are going, I point out that, of the total 1,669 placements of apprentices and trainees in regional and remote areas outside south-east Queensland, all public sector agencies have contributed:

31.7% have been placed in north Queensland; 26.4% in central Queensland; 20.5 in Wide Bay; and 21.7% in the south-west.

Participation by statutory authorities and local government authorities has far exceeded expectations. Everywhere I go in Queensland the local authorities are massively enthusiastic about this program. It has enabled them to put on many apprentices and trainees. They indicate to me that a lot of them will be retained when they complete their traineeship or apprenticeship. Statutory authorities have been employing 37.7% of all apprentices and local government authorities have been employing 22.8% of the total Statewide placements. It is not just in State Government departments. If you add together the local government authorities and the statutory authorities, you see that you have 60% of these apprentices working in authorities and local government, where they are likely to be continued on.

The regional spread has been terrific. The target of 50% employment of women, which was one of the targets that we set ourselves, has been well exceeded, with 58% of the total number of participants under the public sector employment initiative being women. Our target employment of women across public sector agencies is as follows: 68% of those who have been taken on in State Government departments and TAFE, 44% in local government, 33% in statutory authorities and 28% in Aboriginal and Torres Strait Islander councils. The Government departments have been by far the best. There was a 5% target for Aborigines and Islanders. Some 15% of the apprentices and trainees that we are taking on are indigenous Queenslanders.

The CHAIRMAN: The time for questions from Government members has expired.

Mr SANTORO: I preface my next question on employment by telling the Minister that, if he implements policies such as Mr Costello's enlightened industrial relations policies, I would be more than happy to support him in achieving a 5% unemployment target. In relation to your first year of performance in terms of your Government's job creation, we were coming off—

The CHAIRMAN: Order! The member is not here to make statements about policy matters or to give his views on issues. He is here to ask questions. I would ask the member to put his question to the Minister.

Mr SANTORO: Mr Chairman, I was just seeking to help out the Minister in terms of his plea. How many ATSI staff were employed in the portfolio as at 30 June 1998 and how

many are employed currently? Since 30 June 1998, how many ATSI staff have been offered and accepted VER packages or not had their contracts of employment renewed?

Mr BRADY: Certainly, as I said, the Government's record with respect to the policy formulated by us in Opposition and then put into practice immediately in Government has been excellent. I cited some figures in answering the previous question. We set a target for these thousands of training jobs—and they are jobs. The target for Aboriginal and Torres Strait Islanders was 5%, which is about double their percentage in the community. Clearly, we need to lift that, because they have greater unemployment. It has been extremely rewarding and exciting to see that we have 15% indigenous people employed. One of the great rewards of this program is seeing that we can make a difference. In relation to the unit to which the member refers—

Mr SANTORO: I am talking about ATSI staff right across the departments.

Mr BRADY: The Aboriginal and Torres Strait Islander Unit was funded for the past eight years by special funding from Treasury. Ongoing funding for this support group is essential. The Beattie Government has decided that from 1999-2000 these positions should be funded on a recurrent basis to obviate the necessity to seek special funding each year. The role to be undertaken by officers in this unit has also been revised and resources placed in regional centres to produce maximum client contact. The officers are now part of the Employment Task Force and report directly to the assistant regional directors, employment, throughout the State. Under this reorganisation, a decision was made to abolish the head office management role and expand the number of regional staff. Regional staff will have a joint role of promoting and supporting the indigenous community in both training and employment issues.

These three positions became surplus to the organisation's requirements—two in Brisbane, because of the abolition of the head office function, and one in Cairns, where an officer returned from a secondment to another Government department and was not successful in obtaining the position through a merit-based process. All three officers expressed their interest in accepting a voluntary early retirement, choosing not to be redeployed or retained under other functions within the department. That is the situation in relation to the unit. We are very serious about

promoting Aboriginal and Torres Strait Islander employment within Government and within the department.

Mr SANTORO: How many do you employ in your department?

Mr BRADY: I do not have the figures for my department here. I will supplement the answer that I am giving here now by giving you—

Mr SANTORO: A comparison?

Mr BRADY: I will give you the answer to the specific request. I can say this: the employment of indigenous Australians in our department is well above the Public Service average. I am sure it will continue to grow. Their serious involvement in the Employment Task Force will ensure that that takes place.

Mr SANTORO: I thank the Minister for his commitment to provide those comparative figures. Minister, I refer to your answer to a question from Government members about stability within departmental staff and fewer VERs being offered by your administration compared with the one under which I had some involvement. Can the Minister confirm that the Government's approved solution to the serious financial problems at the Moreton Institute of TAFE, as demonstrated by his answer to a question that I placed on notice, is to declare up to 25% of staff surplus to requirements, with this involving approximately 105 to 140 staff members? Will the justification for the cuts be that the present staff are unproductive, delivering only 9,300 student contact hours per teaching staff member when a figure of 14,000 student contact hours per teaching staff member is the requirement? Is there any educational justification for the figure of 14,000 student contact hours or has it been selected on financial grounds alone? Is it true that that number of staff are either to be made redundant or go?

Mr BRADY: No, it is not true that that number of staff have been made redundant. I want to talk about the Moreton Institute.

Mr SANTORO: I did not say "have been", I said "will"?

Mr BRADY: No decision has been made in relation to—

Mr SANTORO: Is it under consideration?

Mr BRADY: There is certainly consideration in relation to the number of staff at the Moreton Institute and I will deal with that in my answer. You are quite right in that regard, and we have been very public in relation to discussing that. Under this Budget the institute has received more than \$20m in direct grant funding, which is an increase of

more than \$2.33m on the funding provided last year. The funding includes \$1m specifically for additional training and information technology and telecommunications training as part of the Government's IT and T strategy, and \$1m as part of State growth funds. During 1998-99 the Moreton Institute received \$2.1m in revitalisation funding, which was used to revitalise TAFE institutes and address structural impediments.

This year the Moreton Institute will receive \$8m in funding over a three-year period for the redevelopment of the Bayside campus. The Bayside area is presently underprovided with vocational education and training services, especially in the identified delivery areas of technology, office studies and the emerging aquaculture industry. All of the extra programs and funds being made available will enable the Moreton Institute to have a very secure future. It is one of four institutes receiving extra funding in relation to information technology. When we came to office we found that there was a significant deficit at the Moreton Institute which occurred, as you know, Mr Santoro, under your Government.

Mr SANTORO: But you fixed that?

Mr BRADY: We have done well with other institutes as well as Moreton, which have worked their way out with extra funding and loans being forgiven. The Moreton Institute is still working its way through the problems. We are conscious that we must provide appropriate staff at Moreton for the courses that Moreton is currently offering best and for its future. In addition to that, because we do not want to lose staff from TAFE, there will be a transfer of some staff from Moreton—those who wish to go and work in other areas—to other TAFE colleges. If and when we decide that we have a surplus of teaching staff at Moreton, they may go to other TAFE colleges and may not be lost to the system.

Mr SANTORO: That sounds like an answer that it was suggested to me from time to time I provide—adjusting staff alignments with training demands in the area. Can you please provide the Committee with the full details of the remuneration package of the Deputy President of the Industrial Relations Commission, including salary and all other benefits that accrue to that particular role?

Mr BRADY: I can certainly say this: I do not have the figures with me to my knowledge; we will check. I know this because I took a real interest in that situation because of the changes that we are making to the Industrial Court and Commission. As you would be aware, we abolished the role of chief

commissioner. In addition to that, we created the post of President as a full-time position. There was always a President who had been for many years a part-time Supreme Court judge. Because we abolished the role of chief commissioner and made other changes, we created the role of Vice-president and appointed a legally qualified person. The previous chief commissioner became full-time President. The previous chief commissioner was a legally qualified person.

What we did in relation to the Vice-president—her position was created with the same salary and entitlements as the previous chief commissioner, no more and no less as I understand it. I just checked to make sure there were not any little asterisked amounts, but my understanding is that the Vice-president received the same pay and salary and entitlements as the previous chief commissioner. There is a lot of talk about an extra person. There is no extra person. The only thing that is different, in effect, is that the chief commissioner's position goes and the position of Vice-president replaces the chief commissioner.

Mr SANTORO: I am not talking about an extra person; that does not worry me.

Mr BRADY: I know. But I am just saying, because there has been an argument out in the community—the salary and entitlement package was not altered in any way. The Vice-president accepted the position on the basis that she would be paid the same as the previous chief commissioner, who was No. 2 in the previous system, under the President. The Vice-president is No. 2 in our system and gets the same pay, which was an appropriate thing to do.

The pays for Commissioners, Presidents and Vice-presidents of Industrial Courts and Commissions are tied to packages of judges and the like. I believe that the previous chief commissioner and, therefore, the new Vice-president who replaced the chief commissioner receives a salary package of about \$176,000 per annum. As I say, it is identical to the chief commissioner, whose position was abolished.

Mr SANTORO: Are there any extra conditions?

Mr BRADY: The usual ones, the same as the previous chief commissioner—whatever the arrangements were about a car, superannuation, holiday leave and the like that they and judges get. They get sabbatical leave after every six or seven years for study leave and the like. That position received exactly the same as the previous chief commissioner.

Mr SANTORO: I refer to the issues that are of concern to ITABs. Can you explain why the department has not increased ITAB funding in line with performance expectations after you signed a protocol agreement with ITABs on 24 November 1998? The protocol agreement affirmed the relationship between ITABs and Government, however the decision not to increase funding is not in the spirit of that agreement which was signed by all ITABs. The recent Schofield report accepted in principle by State Cabinet recommends in recommendation 12 that the model for resource allocation for State ITABs be reviewed to ensure fair reimbursement for participation and recognition functions. In the light of this, can you explain why no further allocations have been made or offered to ITABs to fulfil their role in the current financial year?

Mr BRADY: I can certainly say this at the outset: we as a Government value the ITABs very much. We have made it very clear to them that we see their role as very important. I think it would be fair to say that we see their role as more important than you did when you were the Minister and your Government was in power, because you created round tables, as I think they were called, which were, in effect, seen by everybody as competition for the ITABs. The perception was certainly there that you took more notice of the round tables than you did of the ITABs. We made it clear that we did not see it as competitive; there was duplication. So we have reinforced the role of the ITABs. It is true that we have maintained the funding of them at the same level as your Government did when you were in power, that is, \$3.65m.

However, in addition to that, in recognition of the increased demand for industry involvement in quality audits of registered training organisations, the department is currently examining ways and means to supplement the ITAB body resources for 1999-2000. We believe as well as the extra funding there is a need, and we are looking at ways to supplement their role and their resources.

The department is also examining the way in which industry training advisory bodies undertake their work for Government. In this way, the industry training advisory bodies will be able to provide the advice and assistance needed by our Government in more efficient ways. I repeat: we see the ITAB network as the primary source of advice on training matters. In November of last year—to reinforce that we are not just talking about it—a formal protocol, as you know, was signed recognising the relationship between the department and

the network. So our Government and our department will develop responses to the issues identified in relation to this matter.

The ANTA funding we receive is on a triennial basis. So the money that we are handing over is also related to the money we get from the Commonwealth Government. It is on a triennial basis and this year is the last of the current triennium. We will at the next opportunity, which will be this coming year, argue forcefully for an equitable distribution of funds for the future. We do not believe that Queensland has received it. The Queensland Auditor-General undertook an audit of the industry liaison program in 1998. This audit identified a need for improved accountability measures and a stronger outcome focus in the contractual arrangements between the State and industry training advisory bodies. We need the Commonwealth to help us and we can help the ITABs more than we currently are.

Mr SANTORO: I think that they are actually looking for a little bit more help from you, as you suggested during the signing of the protocol. I refer to your references to the regional round tables, your criticism of them when in Opposition and your obvious criticism of them today. You claim that they would in some areas supersede ITAB responsibility and you also promised to remove them when you came to Government. However, it would seem to me and many out there in the training community that you have not removed them; you have merely changed the name of "round tables" to "regional community forums". The ANTA grant now states that the establishment, operation and support of regional community forums, which are to be a major source of advice to the Minister on employment driven skill shortages and training needs across Queensland—can you explain why you were and still remain critical of the Opposition for seeking advice elsewhere, and I stress that ITABs under me were still the major source of training advice, when your Government has changed the purpose of the ANTA grant to reflect that regional community forums—roughly round tables—are to be a major source still of advice to you?

Mr BRADY: Maybe it is a good thing that sometimes the memory dims with time and pain goes away.

Mr SANTORO: I am actually referring to minutes of your SPDC meetings. That is what I am referring to.

Mr BRADY: I am going to talk about your memory and the pain that might go with it. When you say that you were enthusiastic about the ITABs—in fact, you did not reduce

them but only because you never completed your work. You had introduced legislation into Parliament which proposed to reduce the role of ITABs and, in fact, take away their role as the principal source of advice.

Mr SANTORO: That is true.

Mr BRADY: That was your intention. That was your intention that was reduced to writing.

Mr SANTORO: My memory about that is perfect. That is exactly what I was going to do.

Mr BRADY: It was the pain that I thought you might be forgetting.

Mr SANTORO: No, I am not worried about that.

Mr BRADY: I just want to bring the pain back a little bit. The fact is I think you are now affirming ITABs far more strongly than you did when you were the Minister.

Mr SANTORO: I reject that.

Mr BRADY: Specifically in legislation you were going to take away their role as the principal source of advice.

Mr SANTORO: That is true.

Mr BRADY: We do not agree with that. We think ITABs should be the principal source of advice in this particular area. We have provided funds to regions to establish regional advice. These include ITABs. The change was limited by ANTA requirements. As I said before, we need to negotiate with ANTA. We need to negotiate with the Commonwealth Government at the end of the triennial period. We really are looking at the ITABs' role at a regional level.

You can talk about semantics and ideas and principles, but I know that the ITABs are far more comfortable under our Government with the fact that they are affirmed and remain as the principal source of advice. They are confident that we will continue to deal with them fairly and equitably and treat them with respect and not undermine them by appointing alternatives who are then seen to be the principal source of advice to the Minister of the day.

The future of ITABs in Queensland under the Beattie Labor Government is a very assured one. I think some of them work better than others and the ones that do not work as well as they should should lift their game. Generally, I am very comfortable with the way ITABs are going and the principle under which we work with them.

The CHAIRMAN: The time allocated for non-Government members' questions has expired. I call the member for Ferny Grove.

Mr WILSON: The outcomes in terms of apprenticeships and traineeships in the public sector are detailed on page 6 of the MPS. What has your department's record been in terms of traineeships in particular?

Mr BRADY: As we know, the Breaking the Unemployment Cycle initiative is the principal source of policy in relation to traineeships. The initiative has been proclaimed with the idea of creating 24,500 apprentice, trainee and job placement opportunities for Queenslanders over four years.

In terms of specific employment programs, this is where the public sector has an extremely important role. The public sector employment program aims to create 6,000 additional traineeships in the Queensland public sector over four years. The target of 2,000 additional trainees for the 1998-99 financial year was extraordinarily exceeded, with a total of 2,449 trainees commencing during the year. We were 449 ahead, even though obviously we only came to Government at the end of June and we had to put the policies into place. We acted as quickly as humanly possible and really started several months later.

My department is one of 184 State Government departments, statutory authorities, local government authorities and Aboriginal and Torres Strait Islander community councils that are participating in the fight to break the unemployment cycle. Between July 1998 and June 1999 my department employed a total of 89 trainees. Forty-five of those were in the six regional offices—from Wide Bay to south-west Queensland to far-north Queensland.

Significantly, the trainees are representative of the broad spectrum of the Queensland population, including people with disabilities, Aboriginal and Torres Strait Islanders, women and people from non-English speaking backgrounds. In fact, the department significantly exceeded its target recruitment figures for people with a disability and women, employing 72 women—we had a target of 42—and eight Queenslanders with a disability. The target for that group was four.

An invigorated TAFE Queensland under our administration has made a valued contribution, employing a total of 216 trainees between July 1998 and June 1999. The recruitment drive extends across all of TAFE Queensland's institutes, with the highest levels recorded by the Wide Bay Institute of TAFE, with 33 trainees, and the Central Queensland Institute of TAFE, with 32 trainees.

In the Breaking the Unemployment Cycle initiative the department has actually promoted a program for graduate trainees. I think our department's record in relation to traineeships has been excellent and has more than met the targets that have been set for it.

Mr WILSON: You spoke earlier this morning in general terms about the Breaking the Unemployment Cycle initiative. How successful has this initiative been in increasing private sector employment in particular?

Mr BRADY: Private sector employment, again, has been a great success story. We have had so many employers cooperating with us in relation to creating these new jobs. We set out with an intention over four years to create 7,500 additional apprentices and trainees in the private sector. That is one aspect of it. The extraordinary result is that we have achieved 55% of that target in 12 months.

For the 1998-99 financial year, 2,145 private sector employees employed 4,117 additional apprentices and trainees. The group training companies in Queensland have been prominent employers of apprentices and trainees under our incentive scheme. They have employed more than 900 additional apprentices and trainees. This equates to more than 20% of the total number. Fifty-three per cent of the additional apprentices and trainees are aged between 15 and 19, indicating that the initiative has been successful in contributing to the recent decrease in youth unemployment.

Regionally it has been a great success. 57.6% of the additional employment has occurred outside south-east Queensland. Our overall target was 45% for that region. It has in fact come out at over 57%. 24.5% of additional traineeships have been created in the rural sector. This initiative is not aimed at any particular group or electorate. It is right across the State. Over 730 jobs were created in north Queensland, 660 jobs were created in central Queensland and 1,200 jobs were created in the south coast/Brisbane south region.

I am delighted to say that the initiative has been successful in reducing the skill shortages within Queensland. For the 12 months to June 1999, compared with the same period in the previous year there has been a growth in the automotive industry of 38%, in the construction industry of 41%, in electrical and electronics of 28%, and in the mechanical fabricator area of 39%. Those figures improve if you include the next couple of months past the financial year.

After the initial 12 months the private sector has been reviewed to ensure that it is meeting its objective of reducing skill shortages. For this reason, from 1 October 1999 the focus has been on priority occupations where there are clearly identified skills shortages and which are primarily in the area of apprenticeships and equivalent level traineeships. The qualifying period for payment has been extended to six months after the apprentice/trainee's commencement, which will help achieve greater skills development. The private sector involvement with the Breaking the Unemployment Cycle initiative has been, therefore, very successful, exceeding the targets set in practically every instance.

Mr WILSON: I refer to the Community Jobs Plan. Page 6 of the MPS refers to the outcomes achieved for long-term unemployed people under the Community Jobs Plan. What assistance was provided to such people in 1998-99 and what is planned for the forthcoming year?

Mr BRADY: As you know, the Community Jobs Plan funds organisations to employ long-term unemployed people or people at risk of long-term unemployment. They will fund them for periods of three to six months on a range of public works, community and environmental projects. During 1998-99, 90 projects were approved for grants—we actually only started in October because it was necessary to set up—totally almost \$16m for organisations to employ 1,371 long-term unemployed people. This result far exceeded the target for the year and represents an exceptional result. It means that many more long-term unemployed people than were planned are employed on projects. Eighty-five per cent of these projects have been approved for communities located outside south-east Queensland—a great result for rural and regional Queensland.

In the north Queensland region there have been 27 projects approved to employ 453 long-term unemployed. In central Queensland there are 17 projects employing 188 long-term unemployed. In the Wide Bay/Sunshine Coast region there are 21 projects to employ 200 long-term unemployed people. That gives you an example of it. The genius of how this is worked out is that our department approves them, but the communities who are putting these people to work come up with the ideas—come up with the projects—and they are working extremely well. Recently, I have been visiting them in Maryborough and Bundaberg, and the other day in Caloundra. The local interest is extraordinary—the local confidence, the

mayors, and the community groups who are devising these plans.

I will give you some examples of them. The Mary Valley Heritage Railway Museum Association received a grant to employ 19 people. They commenced operating rail tourist trips from Gympie to Imbil using ex-Queensland Rail steam engines. The Townsville Region Group Apprenticeship Scheme received a grant to employ 10 people—they were unemployed indigenous people—on the housing, maintenance and repair project in Tully. The projects have to be worth while. They have to offer skilling to the people while they are working on them, and they have to offer the prospect that, at the end of that work, these long-term unemployed people will get jobs. The good news is that an extraordinarily high number of those people, all of whom are long-term unemployed, are getting jobs. If you can get jobs for around 50% of those while they are working or at the end of their program, it is very successful—when you are talking about long-term unemployed people. That is what is occurring at the present time.

The assistance provided is extraordinarily well received—from talking to people on these projects. They are a range of ages; not just young people. They are very positive and very enthusiastic and very grateful that the Queensland taxpayer is funding these programs.

The CHAIRMAN: Minister, page 7 of the Ministerial Portfolio Statements refers to the Community Employment Assistance program. What has the Government done for the long-term unemployed in Queensland to improve their capacity to secure sustainable employment?

Mr BRADY: This is an associated program with the Community Jobs Plan. It funds organisations, again, to provide long-term unemployed Queenslanders and those at risk of long-term unemployment with access to a range of assistance, including literacy and numeracy needs assessment, training, work experience and job referral. During 1998-99, 58 projects were approved for grants totalling \$3m. That assisted 2,403 long-term unemployed people and placed an estimated 1,391 of them into jobs. Again, they were spread throughout the State.

The flexible and responsive nature of the program has enabled the department to fund projects designed to address the specific needs of those groups considered at risk. They, of course, include Aboriginal and Torres Strait Islanders and people with disabilities,

people from non-English-speaking backgrounds, and young people particularly disadvantaged in the labour market, such as young offenders, those at risk of offending, or early school leavers.

Examples of the projects that have been successfully sought by communities and put into place: the department has approved \$180,000 as part of the whole-of-Government Youth Justice Service initiative being coordinated by the Department of Families, Youth and Community Care. These funds have enabled community organisations to employ project officers to work with clients of the newly established juvenile justice centres in Thuringowa, Logan and Ipswich to assist young offenders with specialist job search, seek career planning and other employment-related activities. In addition, the program is also able to target assistance to groups such as the mature aged, which have been identified through the labour market research by our department as being increasingly overrepresented in the long-term unemployed.

Another example of what is able to be done: the Schizophrenia Fellowship of South Queensland received a grant of \$59,000 for the Stepping Stone Clubhouse project at Coorparoo. This funding will enable the organisation to employ an additional employment coordinator and part-time rehabilitation worker for 12 months, thereby expanding the organisation's ability to provide an integrated psychosocial rehabilitation program for adults with a diagnosed severe mental illness. The project aims to assist 20 participants to develop skills and confidence and to place 13 into supported job placements.

The Pioneer Aboriginal and Torres Strait Islander Corporation received a grant to assist 26 unemployed indigenous people on the indigenous tour guide project. It aims to place 14 of them in jobs in the industry. The project will provide skills in the area of indigenous tour guiding, with formal training provided by the organisation and the South Bank Institute of TAFE, and access to work experience.

These projects across the State have been very successful and, again, are extraordinarily well received—as told to me the other day at Caloundra by a group of people who came in under these programs with no skills with computers and now nine out of 15 of them have jobs permanently in the IT industry.

The CHAIRMAN: Minister, page 8 of the Portfolio Statements refers to the Worker Assistance Program. Could the Minister provide the Committee with details on this

program? Does it meet the Government's committed announcement before the last election?

Mr BRADY: Our Government is certainly committed to creating an economic environment conducive to growth and to reducing Queensland's unemployment rate, as we have made clear by all the programs and the money. The Government also recognises the need for special policies to assist those most disadvantaged in the labour market—which we have also given some indications of.

We have introduced a new initiative to provide assistance to workers displaced as a result of large-scale retrenchments. You cannot just let market forces apply. The Federal Government—that is their policy. Peter Reith believes you do not have to have special policies for mature aged people or anyone else; you just let everyone sort themselves out—usually without the assistance of the Industrial Relations Commission, if he has his way. We do not accept that.

The Government cannot do everything, but you do have to have programs, particularly for retrenchments. So depending on actual need, up to \$5m has been made available as an additional budget item for the department to meet program commitments under this Worker Assistance Program. It provides assistance for eligible displaced workers in situations of mass retrenchment by the offering of training—up to a maximum of \$3,000 we can spend per person on training; employer wage subsidy, a maximum of \$2,000; job placement assistance, a maximum of \$1,000; and, in some cases, relocation. We can spend up to a maximum of \$2,000 to relocate a worker who has been retrenched. The maximum value of assistance for an eligible worker is a total of \$5,000, combined out of all those particular ones—a maximum of \$5,000.

The program targets regional and rural communities. The criteria for activating the program include 15 or more retrenchments in a regional or rural community which has less than 50,000 people and is more than 45 minutes by road from a major population centre, or 50 or more retrenchments in a major population centre which has over 50,000 people. The program is administered by my department and supported by a network of departmental employees from regional offices forming the immediate response teams.

The need for this program and its ability to deliver outcomes was tested in situations at Landsborough, Moura and Murgon. Recently,

the first full implementation of the Worker Assistance Program took place in Tolga, Atherton and Toowoomba. In all instances, the recipients in the communities praised the Government's prompt action and recognition of their immediate needs.

The Tolga project provides a good example. On 27 August, associated joiner and glazing companies in Tolga and Atherton closed their doors after 12 years, 61 employees from these small neighbouring towns were retrenched, and the local economy lost \$30,000 in a week in wages. Our immediate response team arrived in Atherton, subsequently interviewed 59 of the 61 retrenched workers, and 82% of those workers opted to access the program's training assistance to update their skills. One month later, 53% of the workers interviewed had found alternative employment.

The Government does have a responsibility and does have to act, as that Tolga example shows. To date, two workers from there have sought relocation assistance, and so forth. So these programs are necessary and they are successful.

The CHAIRMAN: Minister, mention is made throughout the Portfolio Statements to community consultation undertaken by the department. Could the Minister detail the nature and extent of that consultation?

Mr BRADY: Certainly. It has, I think, become known that the Government is very interested in consultation across-the-board. The Premier has made it very clear, and I think the departments understand that, and certainly our department does. It was also part of the planning that we did in Opposition with the policies we brought to Government that, when we were doing this Breaking the Unemployment Cycle initiative, we would talk to people and listen to people. So 31 regional community employment forums were conducted across the State between October 1998 and January 1999. Some members of the Committee know that only too well, because some of you were at them and chaired some of them. The idea was to gather information from local communities on the barriers to, and opportunities for, job creation.

I think this ties in with what we were talking about before with Mr Santoro in terms of getting advice. We not only get advice from ITABs but we also get advice from the regional forums which are not in competition with ITABs. The advice we received from the regional forums was to encourage industry and the community at a regional level to consider how they can create more employment

opportunities; to inform industry and the community of the assistance available through the department for job creation initiatives; and to encourage industry and the community to implement job creation initiatives, such as developing innovative projects under the Community Jobs Plan.

So representatives from employer groups, union officials, community associations, local authorities and unemployed people took the opportunity to come to these forums. The success of the consultation process is evident through the support given by communities across the State for these initiatives. I believe part of the reason why they have been so successful in regional and rural Queensland goes back to the 31 regional community employment forums that were held across the State. The communities activated and put in train a far higher number of initiatives and programs than we had initially thought they would. The figures that we gave earlier indicating the results in regional and rural Queensland show that.

We also undertook extensive and comprehensive community consultation prior to and following the enactment of our new Industrial Relations Act. We believe that the nature of industrial relations legislation impacts on the community and the confidence with which people can work. Some 2,500 copies of an issues paper were distributed and we received extensive written submissions. The community consultation undertaken by the department in 15 months has been very extensive and has required a lot of hard work by the public servants who have been involved in it.

The CHAIRMAN: The time allocated for Government questions has expired. The Committee will now break for morning tea and resume at 10.15 a.m.

Sitting suspended from 10.03 a.m. to 10.15 a.m.

The CHAIRMAN: This session of Estimates Committee F is now resumed. I call the member for Clayfield.

Mr SANTORO: Prior to the break, the Minister, in an answer to a question from a Government member, was espousing the virtues of the Community Employment Assistance Program and the Community Jobs Plan. He stated that they were very good because they offered the prospect of getting jobs at the end of the program. He went on to state precisely, "This is occurring at the present time." I refer the Minister to his unwillingness to answer a question on notice put to him prior to the meeting of this Committee today. I ask the

Minister if he can help the Committee by being very specific in backing up the claim which he made in answer to the Government question that this is occurring at the present time. I refer to his employment outcomes post the involvement of people in those two programs. I remind the Minister that he has a data base within his department which records all employment outcomes. Would he be able to outline to the Committee the number of people who obtained full-time work, part-time or casual work, or moved into other training programs or remained unemployed at the end of their involvement in the Community Employment Assistance Program and the Community Jobs Plan? If the Minister could help by being specific as to the outcomes to date, I would be very grateful.

Mr BRADY: First of all, in relation to the preliminary point about refusing to answer: the point that I took in relation to the question was that the Sessional Orders make it absolutely clear that questions must not have many parts.

Mr SANTORO: They referred to the same issue and the same programs. Other people, including the Premier, have answered multi-part questions. I just thought that, in the spirit of the Premier's practice, the Minister might have seen fit to answer the question. He has done it in the past. Last year he answered a multi-part question.

Mr BRADY: I believe that we should deal with them in accordance with the Sessional Orders. Maybe I am more experienced this year. I am certain I am more tolerant. I might not be prepared to answer questions that contradict the rules and the Sessional Orders. I am not the only one who has done that. Two other Ministers similarly rejected some questions. Mr Rowell, the shadow Minister to Mr McGrady, amended his questions and sent them back in accordance with the rules. You chose not to do that. You have the opportunity to ask the questions here today. I think we should get on with the answer now in relation to these matters. We have to bear in mind that, although we are talking about a 12-month period, these programs actually started only in October. We are talking about four to six months usually—Community Jobs Plans and so on. So we do not have a lot of graduates. We will have a lot more by this time next year.

Mr SANTORO: You should. If they are four to six months—

Mr BRADY: Yes, we have some, but I am saying that we do not have a lot. We started only in October.

Mr SANTORO: That is 12 months' experience.

Mr BRADY: We started only in October

Mr SANTORO: 12 months' experience.

Mr BRADY: We have some. I am saying that I think the statistics that we will get will be more reliable. There will be a greater number of people. It is just the caveat that it is relatively new.

The department records the number of participants that access further employment or training opportunities as a measure of the effectiveness of the Community Employment Assistance program. However, these outcomes may be achieved during, on completion or after the completion of projects. The majority of the projects approved for the period up to 30 September 1999 have not yet completed and have not reported the final outcomes achieved by the participants.

The outcomes achieved by the 132 assisted by the six Community Employment Assistance programs that have been finalised are as follows: obtained full-time or part-time or casual work, 76, that is, 57.6%; moved into other training programs, 13, that is 9.8%; remained unemployed at the completion of the project in which they were participating, 43, that is 32.6%. A total of 346 have obtained further employment and 118 have accessed further training opportunities.

Mr SANTORO: Minister, I refer to the possible sale of assets. Will you outline those current TAFE Queensland assets that have been listed as potentially saleable in 1999-2000 and in subsequent years to fund the alleged TAFE refurbishment maintenance backlog and from the next financial year to meet the 6% equity dividend requirements? In other words, do you have any assets, such as the Kangaroo Point campus of TAFE, Coorparoo TAFE, Oxford Park and any other assets earmarked to fund refurbishment and the 6% equity dividend requirement? Could you detail those specifically to the Committee?

Mr BRADY: As planned, it is our intention that DETIR will dispose of \$35m in excess assets by the year 2004. We anticipate nearly \$6m will be achieved in the first year. However, as you, Mr Santoro, and all the other members of the Committee and others present would be aware, time frames for property sales are subject to a host of situations, including buyer enthusiasm and market forces. A fair value is to be achieved. Marketing requires some patience and also some degree of confidentiality. We do know that we are aiming for \$35m by the year 2004. The \$35m, less the \$3m return to the

Government, is funding available above the normal capital grant. So the sales will substantially assist TAFE to carry out its future capital program. From the sale of the assets, approximately \$2.7m will be reinvested in TAFE infrastructure in the 1999-2000 Budget. The years beyond 2000 will see a substantial increase in the amount available to TAFE.

The Government assets disposal program is a program to promote the better use of investment capital. It is not about selling off TAFE campuses around Queensland. It is also an opportunity to consolidate, rationalise and plan for the future. Prior to the last election, we stated that we will not use capital obtained from assets for recurrent purposes, and we will not. TAFE properties for disposal and the timing of disposal will be identified not by me primarily; they will be identified in conjunction with the executive of each TAFE institute and institute council and each proposal will be business driven. So they have the first and most important say. Discussions have commenced with TAFE institutes and institute councils to determine the program of asset sales for 1999-2000. I assure the Committee and the people of Queensland that, contrary to some claims, no property will be sold without the approval of the respective TAFE institute.

The drivers of change have been the Bannikoff plan to safeguard TAFE, the national strategy for information and technology, and ANTA's infrastructure review. In the case of TAFE, our business is training. Our investment strategy combines all the opportunities now available. In terms of what will occur, I have indicated the amount that we expect to raise in the next 12 months or so, but we will talk to each of the TAFE institutes and their councils. They have to be comfortable with the sale and that it is in everyone's interest. We do all of this on the understanding that many older TAFE facilities do not suit today's needs. Some ageing TAFE facilities have deteriorated and properties can be turned into capital for improvements and upgrading.

Mr SANTORO: Minister, I refer to the issue of compliance audits for TAFE institutes and registered training providers. Would the Minister provide to the Committee details of the number and type of compliance audits performed on TAFE Queensland institutes and the number and type of compliance audits performed on private training providers between 1 July 1998 and 30 June 1999? In addition, can the Minister inform the Committee how many organisations have been prosecuted subsequent to these audits coming up with, I suppose, allegations or proof

of rorting? Can the Minister inform the Committee also of the penalties imposed by the courts on those who have been successfully prosecuted by the department and/or one of its agencies?

Mr BRADY: All right. During the last financial year, 39 contractual audits were undertaken of private providers and one contractual audit of a TAFE institute was conducted. A total of 102 private providers and 33 TAFE institutes Australian recognition framework compliance audits were conducted over the same period—compliance audits, private providers, 102; 33 TAFE. Between 1 July 1998 and 30 June 1999, no accreditations were withdrawn. However, three registered training organisations had their registration rescinded totally and two registered training organisations had their registration partially rescinded. In addition, eight user-choice contracts were terminated.

All the registered training organisations that I have referred to were private training providers. Providers are audited on a risk management assessment basis. There are approximately 702 private training providers and 16 TAFE institutes. In the TAFE cases, the interests of trainees can be safeguarded or secured by administrative action or direction as the director-general has control over the action of institutes. In addition, TAFE institutes are subject to public scrutiny through internal audit and by the Queensland Audit Office.

Prior to this Government coming to office, no formal audit processes existed to ensure that registered training organisations delivered quality training as part of their obligations set out in Government training contracts—none at all. That meant that our Government had to take on the responsibilities of fixing problems that occurred by the previous Government not having any such audit process in place. We in Government, with the assistance of the department and the audits, identified some rorts in the training market that had been allowed to flourish under the previous Government. As part of our commitment to appropriate auditing to protect the interests of trainees and apprentices, we established an area to focus on improving the quality of training.

We do not need to go into all the rorts and scams that existed. However, it became absolutely clear that the failure of the previous Government to have a formal audit process was indeed a failure of Government and had to be addressed. What we are trying to do, and what we are doing, is to make it clear that we are being fair to everybody and that people

have that opportunity. I meet with ACPET and other groups to discuss how those programs are going. I think there is a clear understanding of why we are doing it and that we are doing it fairly. That process will improve over the next 12 months.

Mr SANTORO: Minister, I refer to the answer that you have just given and your suggestion that we should not detail all the rorts and the scams that you have identified. I note that in many of the statements that you make in the Parliament or in answer to questions you keep on talking about the same limited number of cases. Would you outline to the Committee the full details of all the rorts and scams that you have uncovered? Will you also detail the number of companies and individuals against whom the administration has initiated prosecutions and court action during the 1998-99 financial year for the rorting of the training system? In each case, what was the result of the legal action? You cannot say that there has been rorting and breaking of contracts and rules, and then not produce evidence other than the four or five cases that you constantly produce. I have no objection at all and I am sure—

The CHAIRMAN: Order! The member has put the question to the Minister. We will allow the Minister to answer.

Mr SANTORO: What we need—

The CHAIRMAN: Order! The Minister will be allowed to answer the question.

Mr BRADY: We do not have a complete indexed list, but I will certainly answer in general terms. The rorts in the training market that we uncovered included registered training organisations being paid for training that had not been delivered, trainees being awarded certificates when they had never even met a trainer, backpackers being signed up as trainees, qualified accountants and directors of companies being signed up as trainees, and trainees who were employed as trainers by registered training organisations in the same courses that they were studying. It would be fair to say that, unfortunately, those scams were endemic to the training system that we inherited.

A complete lack of monitoring was particularly prevalent in the existing workers' schemes. For example, we identified one bus company where 12 employees who had worked for the company for a number of years were all signed up as information technology trainees. Those so-called trainees were really existing employees and included mechanics, bus drivers, inspectors and a general manager.

While most registered training organisations are delivering training in accordance with the registration requirements, audits are necessary to maintain the integrity of the system. Between July 1998 and September 1999, out of 251 registered training organisations with Government contracts for the delivery of training, 12 RTOs were found to be in significant breach of their contractual obligations to warrant termination of the contract. That gives the best indication: of 251 RTOs, 12 were in breach. However, as the result of audits undertaken, a number of specific and systemic problems have been identified and satisfactorily resolved.

As a result of what we discovered, in April this year VETEC undertook an investigation of the quality and effectiveness of the State training system and Kaye Schofield was appointed. What she found is, again, more important than detailing the numbers of problems and the names involved. She found that there was conflicting expectations of the traineeship system, poor traineeship completion rates, breaches of contracts and regulatory requirements, unacceptably high levels of service failure by training providers, high administration and training costs and problems initially within the department's own administrative process with information technology systems, deficiencies in the purchasing and funding models and issues relating to Commonwealth and State relations.

When you put that together, it shows that there was a need for compliance audits and the auditing process, which had not been occurring before. It has helped the Government and the department to lift our game. It has also made sure that the private providers and TAFE institutes are performing better.

Mr SANTORO: Minister, I refer to a great number of complaints that have come to me from registered training organisations about the heavy-handed way that the audits are being conducted, as well as a bias towards private RTOs relative to TAFE. I refer you to some statements that have been made within units of your department. Why has it been necessary for the Chair of VETEC to stress to the general manager in charge of training quality and regulation that officers should conduct audits strictly according to procedures, in a manner that does not hinder relations between the department and providers? Does this advice, which was tendered recently by the Chair of VETEC, indicate some justification for the complaints that are coming to the Opposition from RTOs?

Mr BRADY: Bearing in mind the imbalance between the number of private providers and TAFEs, I certainly do not accept that there is an imbalance in the numbers of audits that are being carried out. There are only 16 TAFE institutes and there are hundreds of private providers.

Mr SANTORO: But TAFE administers the great bulk of the training budget in Queensland. You are not comparing apples with apples.

Mr BRADY: If you are talking about compliance audits, you have to look at the numbers involved. Our department has a capacity to keep an eye on TAFE on a day-to-day basis. The figures—

Mr SANTORO: But that is Caesar judging Caesar. You need an independent—

Mr BRADY: I repeat the figures: there were 102 compliance audits conducted of private providers and 33 TAFE Institute Australian recognition framework compliance audits conducted in that financial year. Certainly there is no imbalance in terms of the numbers. Providers are audited on a risk management assessment. I repeat, there are approximately 702 private training providers compared to 16 TAFE institutes. There is a perception in the marketplace sometimes—

Mr SANTORO: But how many campuses—

The CHAIRMAN: Order! The member will allow the Minister to answer.

Mr BRADY: Sometimes the perception in the marketplace is that someone is being picked on when that is not true. They have to become used to it. I have talked to ACPET about this. From time to time we have to make sure that the people doing the audits—the public servants involved—are reminded that they have to do that work in an ostensibly fair and objective fashion. These are all new, Mr Santoro. Your Government did not do any such audits and that contributed to the problems that have arisen.

Mr SANTORO: The system was in its infancy.

Mr BRADY: The system would have got into an even bigger mess if we had not brought in the audit process. I have no objection, if the Chair of VETEC sees it as appropriate, if people are reminded about fairness.

Mr SANTORO: I think it is a good thing that he did that.

Mr BRADY: I do not have any problem with him doing that. I make no apology for

these audits and I make no apology for where the numbers are going. We have talked to ACPET about this.

Mr SANTORO: And they are not happy.

Mr BRADY: This system is in its infancy. It was needed. It will get even better as it goes along. I am delighted that we brought the program in, because it was absolutely needed.

The CHAIRMAN: The time allocated for non-Government questions has expired. I call the member for Archerfield.

Ms STRUTHERS: Under the heading Recent Achievements in the Industrial Relations Services output statement on page 12, the MPS refers to the proclamation of the Industrial Relations Act 1999 on 1 July this year. Can you please outline the differences between the current and previous industrial relations legislation including any changes that may have been made to the Public Service Act of 1996 as a result?

Mr BRADY: Our Government's view on industrial relations is about bringing about improved economic performance and jobs growth. To do that it is necessary to work constructively with both workers and employers. You cannot work constructively with both groups unless your industrial relations laws are fair and accepted and do not cause disharmony. That was the thinking behind our review of the industrial laws of Queensland. We believe the Industrial Relations Act is directed towards the objectives of improving economic performance and improving jobs growth. We stand on our record. We will continue to argue that the coalition's Workplace Relations Act 1997 along with the Federal legislation that it copied, the Workplace Relations Act, enhanced inequities, created unfair industrial relations and was unbalanced.

The centrepiece of our legislation is a boost to the role of the Queensland Industrial Relations Commission. I make no apology for bringing in a vice-president in the context of removing the chief commissioner's role. We believe the new commission has been given the strength and responsibility to intervene earlier in conflicts that threaten the State's economy or impact on regional or local communities or industries.

We have made that clear. Changes to the unfair dismissal provisions have provided access to justice for workers employed in small businesses. That contrasts with the discriminatory provisions of the Workplace Relations Act. However, we have also been extremely fair to employers, because—without going into specific agreements—they have a

probation period automatically available unless written arrangements are made to alter that either by taking it out or extending it. Also, we have retained the capacity for business to enter into agreements to suit the specific needs of their business.

The Industrial Relations Act has overcome the limitations in the range of agreements that were available. We have created a greater opportunity for agreements than existed previously. The coalition parties believe in agreements; we have expanded them. In our legislation, we now have the opportunity for multi-employer agreements, project agreements, single employer or enterprise agreements and new business agreements. If an agreement is the way people want to go, they have greater capacity under our legislation than previously. We have a peace obligation period, which we believe will be important in keeping industrial peace.

Ms STRUTHERS: I refer again to page 12 in the MPS, the Industrial Relations Services output statement, and amendments made to the Workplace Relations Act 1997. Would you please outline the expected impact of the repeal of the award-stripping process in August 1998 and the impact that will have on jobs growth in Queensland?

Mr BRADY: We believe that if we had not repealed the award-stripping process with our amendments to the Workplace Relations Act in August 1998 many employees would have been left in a precarious position as a result of their award entitlements being eroded. Industrial disputes that had long been settled with the insertion of such provisions would have been opened to new rounds of conflict.

Industrial relations laws are not about triumphs and victors; they are about industrial harmony, enhancing growth and enhancing jobs. That is why we had to take out the silly, ideologically based award-stripping process of the coalition parties both in Brisbane and Canberra. Queensland employees would have lost the protection of other non-allowable matters, including the mode of recruitment, special protective and industrial clothing, provision of amenities, occupational health and safety matters, the ratio of junior employees to adults and protection against sexual harassment. They are not trivial things. They deal with basic issues of health and safety and fairness and equity in the workplace. Employees covered by Federal awards, particularly those who rely solely on the award to set their wages and conditions, continue to lose hard-won conditions and

entitlements because of Peter Reith's Federal industrial relations legislation. By contrast, Queensland workers who rely on awards to set their wages and conditions continue to have access to awards that provide fair and consistent regulation of their employment conditions. That is particularly important for 44% of workers employed in small businesses and over 50% of workers employed in regional and rural areas.

The Queensland Government has not been prepared to stand by and let the attack on employees' award conditions go unchecked. The employees had to be protected in the interest of fairness. The Queensland economy had to be protected, because what was going to happen would inevitably lead to industrial disharmony and conflict. We have intervened successfully in support of the application by the Textile Clothing and Footwear Union to ensure that essential conditions of employment that provide protection for outworkers remain in awards. If those provisions had been stripped from awards, it would have been another example of the most vulnerable of workers, the outworkers, being disadvantaged.

Now we see that the Federal coalition, not being happy with keeping only the 20 allowable matters, now proposes to reduce the number to only 16 by removing provisions covering long service leave, jury service, termination and superannuation. Award stripping is not the answer for sensible work practices. The Queensland Government had to move to make sure that it did not occur as much as possible in Queensland under Queensland awards and agreements.

Ms STRUTHERS: I am still referring to page 12 of the MPS. The Workplace Relations Act 1997 allowed awards to become outdated. Can you please expand on the Government's position on the role of awards?

Mr BRADY: A clear objective of the Industrial Relations Act is to ensure that wages and employment conditions provide fair standards in relation to living standards prevailing in the community. Our Government believes that this objective can best be met through a strong, effective and relevant award system. Such a system will ensure that all employees will retain comparable wages and working conditions. It does not take away from the capacity to do agreements. As I said before, we have provided a greater capacity to do agreements; but the role of awards is also extremely important.

The previous coalition Government did not agree with that. Under the coalition, the

focus of awards was to provide a safety net of minimum wages and employment conditions to underpin the making of employment agreements. By limiting the content of awards in such a way and favouring enterprise-based agreements over awards, the previous legislation allowed awards to become outdated. The result was that the employees covered by the terms of an award saw their employment conditions reduced in real terms and in comparative terms with those employees who had access to agreements. That affected the significant proportion of Queensland workers who relied solely on awards. More than half of the employees in regional and rural areas in Queensland rely solely on awards. You must keep them up to date in the Queensland scene.

The IR task force that we set up noted that employees covered by enterprise bargaining agreements have gained wage increases of 15% to 20% above award rates since 1992, compared with an approximate 10% increase in award rates in the same period. The resultant growth in wage inequality has contributed to increased labour market segmentation and more inequality. Accordingly, the task force recommended that the commission be able to make and review awards to set fair and reasonable conditions. It was a unanimous recommendation. The Government accepted it.

It is interesting to note that a study funded by the Federal Department of Employment found that most small businesses are content with the award system. It is very important that we review awards. We are committed to ensuring that awards remain relevant. We have given the commission the capacity to review awards every three years. Rather than doing award stripping—and the reason for that supposedly was keeping them relevant, which it was not—we are saying, "Keep them relevant. Review them at least every three years to ensure that they set fair and reasonable conditions." When reviewing awards, the commission must ensure that the award does not contain discriminatory provisions and so on. Awards stand with agreements in our system. Both must be fair, relevant and kept up to date.

Mr WILSON: I refer to comments on page 15 of the MPS in relation to the public sector. Could you please outline the Queensland Government's position on public sector enterprise bargaining and wages policy?

Mr BRADY: The second core enterprise bargaining agreement and 27 subsidiary agreements will expire on 31 December this

year. A number of other key public sector agreements covering Education Queensland, the Queensland Police Service, Queensland Health, TAFE and the Department of Main Roads are due for renewal in January and July of next year. Following the introduction of our legislation, new agreements will be negotiated and certified, we believe, in this very much improved legislative environment. These improvements include increased access to the Industrial Commission, an increased role for industrial awards and the restoration of balance and fairness to the system. Under the new industrial relations legislation, certified agreements are not the only type of industrial instrument available to the parties. The applicable industrial award will have an important role and in future will become more relevant by reflecting the employment circumstances of employees. We believe that future industrial arrangements for the public sector will provide flexibility for the parties to choose the type of industrial instrument and ensure that implementation is approached appropriately. If the parties choose to use a certified agreement, this would be achieved with the relevant unions as parties rather than through the manipulative practices of the former Government, which sought non-union agreements. The use of certified agreements will be open to the industrial parties as an option. While this is a likely option, it will not be forced on the industrial parties, as it was by the previous Government. Agreements can be made with the relevant union. The Government will be avoiding the unnecessarily confrontational approach that was taken previously in relation to the normal democratic representational role of public sector unions.

On 9 September this year an offer was made to the public sector unions covering core departments and other agencies. The public sector unions have met to discuss the offer and are currently resolving issues prior to ongoing negotiations. The offer proposed a bargaining structure that might include Public Service employees in such departments as the Queensland Police Service and the Education Department in a broader core agreement. We believe that there could then be separate agreements, if that is the way it pans out, for such people as teachers, police and so on. For the public sector, the approach taken by our Government will ensure fairness to employees based on the negotiation of wages and conditions that are reasonable and appropriate. At this time I do not think it is appropriate publicly to go into the details of that offer, although I think they are probably reasonably well known. We believe the wages

offer is reasonable, given its consideration of wage developments, interstate experience and wage and price economic data and the recent movements in the consumer price index, which remain very low by historical standards, with the headline consumer price index increasing by only 1.1% over the year to June 1999.

Mr WILSON: On page 12 of the MPS there is a reference to the Government's commitment to an industrial relations system which, amongst other things, is fair and equitable. What is the Government's position on the protection of employee entitlements in cases of employer insolvency?

Mr BRADY: We believe that the protection of employee entitlements in cases of business insolvency is a priority issue. Employees deserve, and should be able to expect, fundamental rights such as fair and decent wages and conditions of employment. You cannot expect that if conditions and entitlements, in fact, are not received by them. Employees deserve to expect that their wages, accrued annual leave, long service leave, superannuation and other entitlements are guaranteed, even when their employer becomes insolvent. Obviously, if the employer becomes insolvent and the business fails, they will lose their job. Their rights and entitlements up to the date of losing their job when the business folds should be paid. Unfortunately, for what appears to be a growing number of employees, the evidence through employer insolvency cases, such as the Oakdale mine, the Cobar mine, the Grafton abattoir and the Rockhampton St Andrews Private Hospital, is that that is not the case.

We believe the following basic principles must be applied in addressing the issue of the protection of employee entitlements. There is a fundamental obligation for employers to pay all accrued employee entitlements. There is a need to establish a comprehensive national scheme to protect employee entitlements. We do not want to see Queensland standing alone. We want to be part of a national scheme. The system needs to be fair and equitable for both employers and employees. All employees should be covered and it should be easy to access, with timely payments to affected employees. Since coming to office, we have been seeking to find a national solution. After months of delay, a Reith ministerial discussion paper—produced only by weight of public opinion—has resulted in proposed options that provide limited protection for employee entitlements. The Federal Minister's proposal to link the implementation of the scheme to the passage of his flawed and divisive Workplace Relations

Legislation Amendment Bill—the so-called second wave—shows his lack of commitment to the matter. I have asked him to convene an urgent meeting of the workplace relations Ministers council to work through the detail of the proposals. It is only through the cooperation of the States and the Commonwealth that Australian employees and employers will get an acceptable scheme.

I have made the following points clear to the Federal Government. The Queensland Government is committed to the prompt implementation of measures to comprehensively address the problem. The Federal Government should act in good faith on this issue and cease attempts to link the implementation of a scheme to the passage of its own legislation, which bears no relationship to this problem. The Federal Government should act to protect employee entitlements generally and introduce legislation to reform the Federal industrial relations system in line with the Queensland model—a cooperative model, not a confrontationist model. In addressing the issue of entitlements lost through insolvency, the Federal Government should act immediately to begin collecting data to assess the true extent of the problem. The ultimate objective in addressing this issue must be to seek to reclaim the full extent of employees' entitlements.

Mr WILSON: On page 12 of the MPS mention is made of the new State Industrial Relations Act 1999. Could you please outline the Government's position in its submission to the Senate inquiry into the Federal workplace relations legislation?

Mr BRADY: We have put in a very comprehensive and, we believe, well argued submission to the Senate inquiry into the workings of the Federal workplace relations legislation and the amendments put forward by Peter Reith in his amendment Bill. The Federal Government claims that the next stage of its deregulatory industrial relations reforms will create more jobs, better pay, greater productivity and competitiveness. We do not accept that and believe that both national and international research and findings of the Queensland industrial relations task force indicate that a link between a deregulatory approach to industrial relations and improved economic performance is absolutely unproven. Furthermore, this Government takes the view that a continuation of a deregulatory approach to the Australian workplace will only further exacerbate wages and social inequities.

Queensland has had its own experience with Reith-style legislation under the previous Queensland Workplace Relations Act. One of our first actions was to commission an independent industrial relations task force to review that legislation, which was very similar to Peter Reith's. The task force recommended changes to the former Queensland system to redress the most significant adverse impacts of the Reith-style deregulatory approach. The changes included a restoration of the awards system to provide fair and reasonable wages and conditions, reinvigoration of the commission in Queensland as a strong independent umpire with increased powers to intervene in damaging and protracted industrial disputes, the introduction of statutory conditions of employment for all employees regardless of whether they are employed under an award or an agreement, and restoring the balance between employers and employees by strengthening the role of the QIRC, recognising the legitimate role of unions within the system and providing reasonable recourse for workers and employers to take legitimate industrial action. Queensland's submission to the Senate inquiry shows clearly the damaging economic and social effects of the Federal workplace relations legislation and how these problems would be further exacerbated by Reith's second wave. Specifically, the Federal legislation supports substantial further weakening of the roles and powers of the Federal Industrial Relations Commission. It removes employee safeguards in agreement making and approval processes, enhances the priority of agreement making, particularly individual secret contracts, and inhibits the right of unions to represent their members.

It is the view of the Queensland Government that these changes would do irreparable damage to our society and to our economy. It would exacerbate social and wage inequity. It would be considered unacceptable by the vast majority of Australian citizens. We believe in an industrial relations system that focuses on both economic and social objectives. We have said that in our submission to the Senate inquiry and we will continue to argue for it.

The CHAIRMAN: The time allocated for Government questions has expired.

Mr SANTORO: Recently a number of Queensland businesses have been invoiced fairly massive increases in WorkCover premiums. The viability of some employers, I would suggest, is at risk and the threat to employment is very real. It is worth noting that these premium increases are due to "F" factor

accelerated increases which have occurred after the Government enacted its workers compensation reforms earlier on this year.

Would the Minister please explain which of the following is the reason for savage hikes in premiums and, if none of the following, would he care to describe what the reasons are: miscalculation of the cost of its reforms and the resulted increases in accelerated "F" factors applications to compensate; miscalculation of the cost of its premium rates reduction; a decision to hit employers now for the huge increased cost of common law reforms that it plans for the future, bearing in mind that the Minister indicated that in the second-reading speech to his Bill? Why is the Government wanting to punish employers so badly? Is it simply an admission of this Government's inability to prudently run a workers compensation system?

Mr BRADY: Firstly, in relation to the WorkCover Queensland system, there is a serious question about to what extent questions should be and can be asked here at this forum in relation to it. The Sessional Orders make it clear that we are here talking about organisational units of a department. Sessional Order 11(1) says—

"A reference to the organisational units within the portfolio of a Minister is deemed to include Government Owned Corporations reporting to the Minister."

WorkCover is not a Government owned corporation, nor is it an organisational unit within the department, as you know because your Government under you as the Minister set up this independent statutory authority. It clearly is a body that is not controlled. The premiums are set. The system in which those premiums are set is set by a system that you, Mr Santoro, in fact introduced—the experienced based rating system. While some questions relate to the Government side of things, the nature of your question seemed to indicate that we were responsible for setting up experienced based rating premiums, which we are not. You made sure that that was something that was done by the WorkCover board itself, not the Queensland Government and not yourself as Minister or any successors to you as Minister.

In addition to that, even if the WorkCover board of Queensland was a Government owned corporation, which it is not, and even if questions therefore could legitimately be asked, the information available from the research directors within these Estimates Committee processes are these: letters from the research director dated 1 October and 4

October which stated that the department would be advised that notification would be provided if there were any areas in which the Committee intended to examine a proposed expenditure in detail as per Sessional Order 24(1). No such notification was received. Accordingly, with respect to any off-Budget authorities, such as WorkCover Queensland and/or the Building and Construction Industry (Portable Long Service Leave) Authority, depending on the nature of the question, I may be prepared to take on notice any question relating to those entities as per Sessional Order 24(1). I think I am being very fair there.

Strictly in relation to the WorkCover board, you are not entitled as a matter of legislative law to ask any questions about units that are not organisational units of the department or which are not Government owned corporations. I have with me a list of Government owned corporations, and the WorkCover board is not one of them. I will take your question on notice and we will give a considered written answer, but I do so with some protest in relation to the fact that no notification was received and the fact that it does not strictly comply. You have the opportunity to ask questions in Parliament; you have freedom of information. But unless and until the WorkCover board is—

The CHAIRMAN: Order! Do you want—

Mr BRADY: Can I seek an extension of time to make this point?

The CHAIRMAN: That is at the discretion of the questioner.

Mr SANTORO: No. What the Minister is now trying to do is to avoid his responsibilities to this Committee.

The CHAIRMAN: Order! Are you asking the Minister a question?

Mr SANTORO: Why is it that, when I asked for Mr Tony Hawkins, the chief executive officer of WorkCover Queensland, to appear before this Committee, you allowed his name to come forward as one of the officers who would in fact be attending? What did you think I wanted to do with Mr Hawkins? Perhaps not ask him questions about WorkCover? You did advise the Committee that Mr Hawkins would be in attendance, and I assumed from that that he would be available to either advise you directly or to answer questions directly himself. If that is your attitude, I will desist from asking some WorkCover questions, but I would prefer that you do not take on the sanctimonious attitude that you have because, by your acquiescence of Mr Hawkins' attendance, you

clearly indicated that he was obviously available to answer queries that I had.

Mr BRADY: I will answer that quite clearly. Firstly, there are some questions potentially that could be asked in relation to WorkCover matters which would be absolutely proper and appropriate to answer.

Mr SANTORO: That question talked about income—premium income—that WorkCover received—

The CHAIRMAN: Order! Allow the Minister to respond, please.

Mr BRADY:—for example, in relation to the legislation, which is the Government's responsibility. As you know, I am entitled to have any advisers here. I would have had Mr Hawkins here whether you asked for him to be present or not. The Minister in each instance in these matters decides whether advisers answer directly. They are not dragged before this Committee so that you can demand that you can question them; it is a matter for me. There could be some questions that arise today that would definitely be appropriate to answer.

But I repeat what I say: strictly speaking, WorkCover premium matters and so forth, which are the province of the WorkCover board, are not subject to appropriation. I remind you that this is about appropriation matters, about the appropriation of this department. The Parliament has seen fit to extend the examination to Government owned corporations also. The WorkCover board is not a Government owned corporation.

Mr SANTORO: It is an organisation.

Mr BRADY: I am being fairer than that. I am not saying that I am not going to answer anything. If you have any questions in relation to these matters, you give them to me, we will consider them and have them answered. I think these Estimates Committees must be conducted in accordance with legislative law.

Mr SANTORO: We are talking about an organisation into which the Government has pumped \$35m a year, which helps to establish its viability or otherwise, to which it can add income from premiums. I would respectfully suggest to you that you should be answering that question quite specifically because you are talking about the viability of WorkCover, the extra income that is coming from the accelerated application of the "F" factors, which is your policy, not ours. I remind you that you have not abolished the experienced based rating system.

The CHAIRMAN: Order! I just remind the member that if he wishes to ask a question, he

should do so. The Minister has indicated that he may be prepared to take that question on notice.

Mr SANTORO: I will, but I do not like lectures about what should be answered and what should not.

The CHAIRMAN: We are not here to debate the issue. I ask the member to put his next question.

Mr BRADY: You give them to me and we will deal with them fairly. There should have been notification if you wished to do so in the context—

Mr SANTORO: If you reckon that you are as fair as you claim to be, I assume—

The CHAIRMAN: Order! I am going to call a halt to this. I will ask the member for Clayfield to ask his next question.

Mr SANTORO: Would the Minister be prepared to accept my questions on notice in regard to WorkCover?

Mr BRADY: How many are there?

Mr SANTORO: I have not got too many. I have four.

Mr BRADY: I will accept them. I cannot give any guarantees because I have not heard them or seen them. If we had been notified in relation to them—we will deal with them fairly. We want to give genuine information to the Parliament and to the people of Queensland. You give us the questions and I assure you that you will get a fair answer.

Mr SANTORO: I am grateful for that assurance of the Minister.

Mr BRADY: They will be in writing, though; they will not be discussed here.

Mr SANTORO: I am grateful for those. I refer to advice that Miss Jenny Cranston gave at a recent meeting of the SPDC to the effect that pathways for training of existing workers were not blocked and that they are eligible for public funding. Will the Minister confirm that this funding priority still applies and, if not, under what training programs is funding for the training of existing workers provided?

Mr BRADY: As you know, apprenticeships have traditionally been a means by which young people access specific sectors of industry. The Vocational Education and Training Act 1991 reinforces this approach by legislating that people under the age of 21 cannot be employed in trade callings. Furthermore, it is an accepted career pathway for people to commence in employment as trades assistants and then by transition go to apprenticeships. Apprenticeships involve a significant commitment by both the employer

and apprentice, including three to four years of structured training. These factors, together with the existence of skills shortages in key industries, are the primary reasons the Government fully funds structured training for apprentices.

In terms of traineeships, the Government believes the primary focus of this form of structured training should be on those who need it most—the young and the unemployed. Unfortunately, we did inherit a situation whereby existing workers were dominating access to traineeships to the detriment of the young and the unemployed. Working within the constraints of finite public funding for training so as to meet its commitment to assist those most in need to access training and employment opportunities, the Government introduced the 1999 existing workers policy. Under this policy, the only existing workers who can access public funding for traineeships are those who have been with one employer for less than three months full time or 12 months part time or casual.

With a 45% growth in apprenticeship approvals, particularly in skills shortage industries, and ongoing demand for trades people in these areas, the Government has no intention of changing its policy of fully funding structured training for apprentices in traditional trades. Furthermore, we reserve the right to determine the extent of funding for traineeships.

I think you have been suggesting that we have done a backflip on the existing workers policy. I certainly do not agree with that. We have injected an additional \$12m into training that will focus on areas of high unemployment as well as on meeting the needs of disadvantaged groups. I emphasise: this Government has never opposed the use and recognition of prior learning processes, and non-funded traineeships can access profile funding. This has gone up to over \$13m. There has to be such funding, but the explanation lies in what I have said in terms of where the priorities and appropriate levels should be.

Mr SANTORO: I refer you to advice which was recently provided to you by the Queensland Community Services & Health Industries Training Council that detailed the way in which industries represented by this ITAB were being disadvantaged because a great number of existing employees were being excluded from publicly funded training. What have you and your department done to address this particular representation and to what programs has this occurred?

Mr BRADY: I do not have the material. I think the issue that you raise is fair and deserves a proper and detailed answer, so we will take that on notice and give you a response.

Mr SANTORO: In view of the latest information from the Wide Bay Institute of TAFE, which indicates that the institute now has 232 administrative and other staff but only 169 permanent and part-time teachers and tutors, will you provide to the Committee the TAFE Statewide totals of non-teaching staff to teachers and tutors so that we can judge what progress your administration has made towards implementing a major recommendation of the Bannikoff inquiry report? I ask you to refer specifically to Wide Bay.

Mr BRADY: Teachers actual in the TAFE system increased to 2,411, which is an increase of 26, and tutors have gone from 565 to 595, which is an extra 30. In terms of the staffing ratios, the aim is, as I think you would know, to get a teaching to non-teaching ratio of 60% to 40%. I understand that at this stage most are over. For example, the estimated ratio of delivery to non-delivery staff at Barrier Reef is 68% to 32%. In Brisbane it is 45% to 55%, in Central Queensland it is 60% to 40%, for Cooloola it is 68% to 32%, and for Logan it is 63% to 37%. Wide Bay, which you specifically asked about, is 58% to 42%. At Southern it is 70% to 30%. At South Bank it is 62% to 38%.

Mr SANTORO: Minister, I find those figures to be quite heartening, if not incredible. Last year when I asked you the same question you did take it on notice. In order to satisfy the Committee you provided a more detailed answer than the one you just provided. How many full-time permanent teachers, tutors and non-teaching staff—by that I mean managerial, administrative and ancillary staff—were on the TAFE Queensland payroll as at 30 June 1998 and 30 June 1999? I ask that question again because when I was Minister, only a very short period of time ago, those figures just did not exist. If they have come into being, they represent a massive turnaround. I think I would prefer to have the full detailed figures, which undoubtedly you have available. If you could provide them by institute I would be grateful. I am sure the Committee would benefit from that information.

Mr BRADY: I have read out some general figures about delivery staff to non-delivery staff ratios. I did not complete them. I

think it would be more appropriate to take your question on notice.

Mr SANTORO: I have asked an additional question.

Mr BRADY: We are happy to look at that. I think, again, it is very appropriate that those numbers be pursued. We have set a target of 60% to 40%.

Mr SANTORO: If you have achieved some of those figures I would be the first to compliment you. Maybe it is my cynical mind, but I just cannot see how it has happened in a year.

Mr BRADY: It has not happened in all of them. Open Learning is 24% to 76%. Gold Coast is 41% to 59%. Our target of 60% to 40% is set to be achieved by 2005, as recommended by the report of the TAFE review task force. The good news is that not only do we have a target but also in some instances that target has already been achieved.

Mr SANTORO: That was our target, too.

Mr BRADY: I am happy to hear that. As well as that, we have considerably improved the numbers of permanent staff by making people who have been casuals for years permanent staff.

Mr SANTORO: The people at Moreton will be delighted to hear that.

Mr BRADY: People in TAFE institutes all around Queensland will be delighted to hear it, because it has been a very successful program. In relation to Wide Bay, things are obviously going better—much better—at Wide Bay. The Wide Bay Institute of TAFE was recently, in the last few weeks, awarded the Training Provider of the Year Award at the Queensland Training Awards night held here in September. So to win that prestigious award, the Wide Bay institute competed against other TAFE institutes and all the private training providers throughout the State who cared to nominate. The award symbolises the Wide Bay institute's commitment to meeting the needs of its communities. It could not do that unless it was doing well in terms of training providers, in numbers and in all sorts of other ways.

Certainly, we will provide the details that you seek in writing. It will be interesting to give you the figures. You might be able to carry out your promise to even give me a compliment, which would be extraordinary. Around Christmas time would be nice.

Mr SANTORO: If you achieve it by Christmas, you can rest assured that I will send you a card while I am at it.

The CHAIRMAN: Minister, just to be clear, you are taking this question on notice.

Mr BRADY: Yes. It is on notice, and we will reply.

The CHAIRMAN: The time for non-Government members' questions has expired. Minister, page 34 of the Ministerial Portfolio Statements refers to a significant increase in vocational education and training delivery. Could you inform the Committee how this will be achieved? And is this consistent with the Government's objective to safeguard TAFE Queensland?

Mr BRADY: I think the significant growth in the delivery of vocational education and training achieved since 1998 is attributable to a number of factors. These, I think, include that more funds are available and greater efficiencies are present in the TAFE institutes. Secondly, there are greater price efficiencies achieved through the allocation of funds through contestable mechanisms. And thirdly, a change in the reporting scope for 1998-99 delivery for all States and Territories allows the inclusion of hours for traineeships, whether undertaken on or off the job.

TAFE, as the public provider, delivers the largest proportion of Government-funded training for Queenslanders. In 1998, TAFE institutes achieved an actual figure of 24.7 million annual hours' curriculum. As a result of increased efficiencies and the injection of \$13m in additional funds in 1999-2000, the estimated total number of hours that TAFE institutes will deliver in 1999 is 27.06 million, an increase of 10%. So clearly, the Government is delivering on its commitment to safeguard the future prosperity of TAFE through the ongoing implementation of the 10-point plan for TAFE, which aims to ensure that the public provider is adequately resourced to deliver ongoing services to Queensland.

Unlike the previous Government, whose policies were having a detrimental effect on the TAFE system through its accelerated competitive reform agenda, our Government demonstrates that it is prepared to manage a balanced vocational education and training system—a system that recognises the need for the ongoing viability of the public provider while sensibly managing its competitive training market.

While greater price efficiencies than expected were achieved through contestable funding mechanisms in 1998, the Government has, for some time, had concerns regarding the effectiveness and quality of Queensland's traineeship system. So one of the earlier decisions that we took regarding the

effectiveness of the trainee system was to ensure that new workers took up traineeships rather than existing workers seeking further training. Our concern over the needs to address the quality were confirmed through the independent report on the investigation into the quality of training in the Queensland traineeship system. The Government is committed to ensuring quality in the traineeship system through improved recognition processes, a refocusing of the user choice purchasing system, streamlining legislation and administration, and improving the relationships and communication between all stakeholders. So while the growth in training delivery predicted for 1999 is good news for Queensland, it must be balanced with a system that provides quality training. The Government clearly sees vocational education and training as having a key role in its highest priority—job creation—and the development of a highly skilled work force in Queensland.

Additional funds to TAFE institutes and the quality focus evidence of our commitment, and the private training providers along with TAFE, play a vital role in building a skilled work force—and this budget's allocation of \$145.7m in contestable funds for training providers. So with the changing nature of the labour market, it is essential we promote innovative and flexible training programs. We believe that private training organisations do make a major contribution to the skills of Queensland, and we are prepared to back that up with substantial funding.

The CHAIRMAN: Minister, page 30 of the Portfolio Statements describes the Government's commitment to re-establish TAFE Queensland as the major public provider of vocational education and training in the State. Could the Minister update the Committee on the state of TAFE's health?

Mr BRADY: We go back to the start. When we came to Government at the end of June 1998, there was no doubt that the TAFE system was in crisis. It was obvious that TAFE Queensland was in a very serious condition because of an ideological idea of the previous Government that market forces should be let loose and that they would solve everything. A number of TAFE institutes, in fact, were in serious financial difficulty as a result of the Borbidge Government's irresponsible plundering of TAFE's budget to rapidly escalate the competitive training market in Queensland. To make matters worse, institutes were forced to compete with one another for rapidly diminishing levels of funding. TAFE staff were in a state of confusion in many instances, having

experienced significant cost cutting. I referred earlier to the 500 staff removed from institutes. With the implementation of the 10-point plan to safeguard TAFE, the department immediately placed the TAFE system in intensive care and set in motion a prescription to revive the patient. We commissioned two reviews to diagnose the extent of the damage and to prescribe a recommended course of action.

Paramount to the survival of the public provider was the urgent need to address the financial viability of TAFE institutes, which had been bleeding. To stem the flow of funds from TAFE to the contestable market, the Government froze contestable funding at January 1998 levels for three years, which we had promised to do—and we were elected on a policy. The \$10m which had been earmarked by the previous Government for removal from the TAFE budget was returned to the institutes for direct delivery. These funds provided additional training places for more than 6,000 Queenslanders. \$18.8m loaned to institutes in 1997-99 under the previous Government was redesignated as a grant following our Cabinet's approval in December 1998. This meant that institutes would not have to find an additional \$4.4m per year over five years to repay that loan. \$12m in revitalisation funding was provided to improve TAFE's competitiveness through increased staff and product development. And in the 1999-2000 State Budget, which is the Budget we are looking at, the Government has reaffirmed its ongoing commitment to the public provider through the allocation of an additional \$13.1m to provide more than 7,800 training places for Queenslanders. The additional injection provided an increase of \$6m to direct grant funding and a further allocation of \$7.1m in State growth funds.

To provide institutes with the ultimate flexibility to respond to the training demands of industry in the regions, a more autonomous operational model was also implemented. To formalise the new operational model, the vision of TAFE Queensland and TAFE Queensland constitution were developed. The vision and the constitution were drawn up in consultation with TAFE staff. I believe, as I visited with the Chair of TAFE Queensland a number of institutes throughout the year, the vision and the constitution have been well received—the process of preparing them and the process of implementing them. TAFE Queensland have been the real winners out of all this.

The CHAIRMAN: Minister, on page 32 of the Portfolio Statements it states that an

additional \$13.1m is available to TAFE institutes in the 1999-2000 year. Could the Minister inform the Committee what is the overall financial position of TAFE Queensland as at 30 June 1999? And is TAFE now in a better position than it was at the end of 1998?

Mr BRADY: At 30 June 1999, the net closing balance of TAFE for the financial year 1998-99 amounted to \$17.7m. The surplus carryover was \$3.7m, or 26% greater than the net closing balance of \$14m at 30 June 1998. The total carryovers from each fund source were: State base—I am talking now about 30 June 1999—\$1.8m; State special allocations, \$7.2m; Commonwealth, \$3.6m; and revenue retention, \$5m—amounting to \$17.7m. The trend analysis for expenditure and receipts for TAFE over the past few years reflects growth in allocations and receipts until the coalition Government began its strategy of extracting funds from TAFE institutes to escalate the competitive market in Queensland. The same analysis shows clearly that the gap between revenue and expenditure, excluding Commonwealth capital infrastructure and works projects, narrowed rapidly during 1995-96 and 1996-97, bringing TAFE to a standstill at the end of 1997-98.

If the coalition parties had been returned to Government in 1998 they would have continued the systematic raids on TAFE's budget. As we have determined, the future of the public provider would have been in serious jeopardy. As at 30 June 1999, the trend analysis reflects the beginning of the turnaround in the financial position of TAFE institutes. TAFE's improved financial position as at 30 June 1999 has been achieved as a result of deliberate action by our Government, including the implementation of the 10-point plan to safeguard TAFE in Queensland.

The freeze on funding for user choice and competitive initiatives at January 1998 levels reaped \$10m for direct allocation to TAFE Queensland institutes. These funds provided additional training places for more than 6,000 Queenslanders in 1999. A further \$12m in revitalisation funding has been used to improve TAFE's competitiveness through increased staff and product development, performance-valued initiatives in quality, flexibility, responsiveness and leveraging industry-funded training.

In the 1999 Budget the Government has reaffirmed its ongoing commitment, as I indicated, by the \$13.1m which has been provided. There will be additional funds provided in 1999-2000. A total of \$7.1m has been allocated to TAFE institutes for additional

delivery throughout the State. Almost 70% of these funds have been allocated to regional and remote areas.

If we had not come to Government and done this, the people of Queensland would, we believe, have witnessed the virtual destruction of the public TAFE system over the next decade. It is clearly the way to go with some institutes, but it is pleasing to see that there has been an overall improvement and significant progress towards financial viability. Where we have identified ongoing financial difficulties at Brisbane, Moreton and southern Queensland institutes, we have commissioned operational reviews to identify structural impediments to productivity and financial viability. Through a close examination of each institute's delivery profiles, levels of resourcing and business processes, strategies will be devised to assist the achievement of a sound financial position.

Ms STRUTHERS: I want to continue with the examination of TAFE. The Beattie Government announced a 10-point plan to safeguard TAFE Queensland as one of its priorities. What progress has the Government made in implementing key elements of the plan which define and protect TAFE's position in the competitive training market?

Mr BRADY: We believed that on arriving in Government we had to implement the 10-point plan. It was obvious that what we had perceived in Opposition was accurate and that the plan needed to be put into place. The first thing we had to do was give a firm and unequivocal commitment to the maintenance of TAFE Queensland in public hands—not only that it was not going to be privatised but that under us it will never be privatised. We moved to cement its role in the future as the public provider; not only the public provider, but the major provider and the most important provider of vocational education and training in this State.

We were entitled to use, and have used, TAFE as an instrument of Government policy to put into place our most important obligation, namely job growth and economic growth in this State. TAFE institutes are being restored as vibrant and effective organisations which need to fulfil their role as major contributors to Government policy. In other words, they will play a major role in the skilling of Queenslanders, and therefore create jobs and build Queensland's regions.

We developed the vision, as I mentioned before, and that was important. User choice and competitive initiatives will be maintained at January 1998 levels for three years. They are

still very high. There is a lot of money available for user choice and competitive initiatives—more, proportionately, than in any other State in the country. By freezing it at that level it allows TAFE to adjust without disruption to the other providers. We did not take moneys away from the other providers; they are still in the position to contest and compete for considerable funds. The funding available for all providers in 1999-2000 has been maintained at \$145.7m, without extracting any funds from TAFE's budget, not to mention the massive amounts extracted by the previous Government.

The impact of the freeze has stemmed the rapid flow of funds from TAFE's budget without reducing the contestable funds available to private providers. We believe that these actions have brought TAFE back from the brink of ruin to a more effectively managed rate of change. There is a commitment to ensuring that there is no reduction in quality as a result of competition. To address the financial difficulties facing a number of TAFE institutes, the freeze on funding for user choice and competitive initiatives as at January 1998 reaped \$10m for direct allocation to TAFE.

We have also ensured that a broad range of training services is available to all Queenslanders. Sections of TAFE, where appropriate, will be exempted from competition and funded as a community service obligation. Particular attention will be paid to the role played by TAFE institutes in regional Queensland and to ensure that services are maintained and enhanced. Nearly one in 10 Queenslanders receives study or training at TAFE every year. TAFE as a public provider must survive and be healthy.

Ms STRUTHERS: Just sticking with the 10-point plan for a moment, Minister, could you report on the Government's progress in implementing those steps of the 10-point plan which relate to institute staff, the devolution of operational functions and the composition of institute councils?

Mr BRADY: Unlike the previous Government, in accordance with the 10-point plan we made a four-year commitment to negotiate key wages and employment conditions centrally for the whole of TAFE. We will not have the distress that was caused for some time previously. Employee and union support for commitment to broader Government and agency reform priorities, including Managing for Outcomes, will be sought.

The Government is also fulfilling its commitment for staff development to ensure

that staff are involved in any future reforms and are given the opportunity to participate with management in the development of the higher education environment. Building on more than 2.5% of the payroll which TAFE institutes already invest in professional development of staff, \$12m has been used to improve TAFE's competitiveness through increased staff and product development in performance-related initiatives in quality, flexibility, responsiveness and leveraging industry-funded training.

The 10-point plan outlines our support for the devolution of operational matters, apart from wages and employment conditions, to institutes of TAFE. To facilitate the devolution process and to provide a greater degree of autonomy to TAFE institutes, the department abolished the TAFE Queensland head office and transferred staff and associated functions of institutes into other areas of the department. The board of TAFE Queensland, made up of the 16 institute directors, was established to provide for the consultation and cooperation of the institutes. The blueprint for TAFE Queensland in the new millennium—the vision for TAFE Queensland—was launched in July.

The links between TAFE institutes and their communities are further strengthened by the requirement that institute councils must be truly representative of all sectors of the Queensland population. The reconstitution of TAFE Queensland institute and college councils began in February this year. The restructuring was undertaken using vacant positions and by a modest expansion in the size of councils where appropriate. The results of the reconstitution process are impressive.

For example, women were significantly under-represented on the councils of TAFE institutes in Queensland. We had only 33% female representation. We have lifted that to 45% as a result of a deliberate policy. 36 of the 37 institute and college councils have a representative from indigenous communities. Under the previous Government's arrangements, indigenous interests were not represented on the majority of councils.

There is also enhanced community representation in areas such as community services and health and high level industry representation. I was pleased to announce the reconstitution of all TAFE Queensland institute and college councils on 9 September in accordance with our 10-point plan. Institute councils and college councils will provide advice to institute directors, as well as the Government, on policy and strategic issues.

We have affirmed their importance and we have affirmed our capacity to communicate with them. I remind members of the Committee of what we said before about selling TAFE institute assets. Colleges and institutes will have the final say in relation to those assets.

The CHAIRMAN: Thank you, Minister. The time allocated to Government members has expired. I call the member for Clayfield.

Mr SANTORO: We have been talking a lot this morning about VERs at TAFE. I would like to explore the issue of VERs a little further. Could you inform the Committee of the effect on the TAFE Queensland budget this year—and if possible next year—from the processing of VERs by the previous coalition Government: in other words, what savings have occurred to the budget? Can the Minister confirm for the benefit of the Committee that the effect of the TAFE Queensland bottom line is just over \$21m in savings which, of course, frees up a lot of money, provided that you manage to get the base funding from Cabinet. It will free up a lot of money in order to do a lot of things. Hopefully, you will acknowledge that.

If, as you have been suggesting this morning, the previous Government did the wrong thing when it attempted to adjust the availability of training skills at TAFE Queensland locations relative to the demand for training in those locations, how many of those positions abolished by the offering of VERs by the coalition Government have you and your department restored? In other words, you have condemned us for knocking out VERs. You have not given us the credit for the savings—\$21m—which you are now using for other things. If we were so bad in knocking out VERs on the advice of departmental people in trying to adjust the skills available through the trainers of TAFE to the training required in localities, how many of those VER positions that you regard should have been there because we should not have offered them, and given that we could not transfer people from one institute to another, have you reinstated some people and, if so, how many?

Mr BRADDY: It certainly would appear that the ongoing savings of approximately \$21m—was that the figure that you used?

Mr SANTORO: Yes.

Mr BRADDY: I thought it was, yes. Annually for TAFE institutes—

Mr SANTORO: Do you think that is a good thing, \$21m in savings?

Mr BRADDY: Yes. I will comment on that. The situation, of course, is that we cannot put

the genie back in the bottle. Many of the staff had been rendered surplus to requirements through the rapid acceleration of your user-choice and competitive funding arrangements. That just rendered them surplus to requirements. This led to institutes incurring significant carrying costs of staff in areas where training demand had decreased due to competition from other training providers. So once you did that, you clearly had to embark on the massive VER offering, which you did. By bringing about a situation where competition and user-choice was just deregulated and got out of hand, the staff were surplus to requirements. So the offering of VERs provided an opportunity for TAFE institutes to adjust their staffing levels and mix to meet current and future demand. The high carrying cost of additional staff was reduced through this process but, as these staff were excess to demand, this did not represent additional funding or subsequent savings. While training demand in some others has declined, other vocational areas were emerging, which required TAFE institutes to require additional teachers, tutors and training consultants to meet the delivery requirements.

So in this way, TAFE institutes will not experience ongoing savings of \$21m per annum. We cannot turn back the clock. We also could not destroy an industry by restoring the situation. So we froze it at the levels, which we believed was the fairest way to deal with the situation that we had inherited. Most of the \$21m, anyway, was taken as loans, which would have had to have been repaid. So you cannot get any credit for that. I think that there is some \$18m in loans. They would have had to start finding about \$4.4m a year to repay those loans. So it would not have been a beneficial effect for TAFE. A further \$12m was provided in the Sheldon Budget. This would have resulted in repayments of \$7m to \$8m over the next five years. So, far from helping TAFE, it placed a financial impost on them that would not have been and was not in their best interest.

Mr SANTORO: Minister, I think that we can pursue that one at a later stage, because I just cannot see how you can take 500 people out of the base and maintain your budget commitments from the appropriation and not save the money.

Mr BRADDY: But you have to pay it back.

Mr SANTORO: That may apply to one year, assuming that your scenario was correct. It may apply for the first year, but for every subsequent year, unless I am totally deficient

in numbers—which I may be—I just cannot see how your answer stands.

Minister, I refer to the Coorparoo campus. Where in the Budget papers for the department do we find the \$1.5m that you as the shadow Minister and member of the shadow Labor Cabinet publicly announced at a shadow Cabinet meeting prior to the election that they would spend to enhance the TAFE campus at Coorparoo? Is it true that this particular campus is on the list to be sold? How much do you, in fact, anticipate receiving from the sale of that campus?

Mr BRADY: We are at a stage where there is no provision in the Budget, as you have rightly noted. These matters are ongoing. The whole process of what occurs in relation to the Coorparoo campus is still being reviewed, looked at and discussed.

Mr SANTORO: By the council?

Mr BRADY: There is a commercial in confidence situation that does apply to that at this time. So I do not think that there is anything more that we can add at this time. There is some involvement with the Department of Natural Resources, which is an ongoing situation. So I think that that will be a continuing saga.

Mr SANTORO: I want to refer to a lot of the answers that you have given this morning, particularly in relation to TAFE. Do you feel that the following statements will enhance job security and confidence in, for example, TAFE? You say that, in regard to the sale of assets in TAFE of up to \$35m, it is up to the discretion of councils to make the recommendations. I think that you have used those words, particularly as you have given councils more powers. You have said that it is up to them to decide what is to be disposed of, or at least I hope that it is what recommendations that they make to the Government, and you may correct my understanding of what you have said. You now say that you have not given \$1.5m to Coorparoo TAFE to renovate as you promised. You have not given this Committee and, through this Committee, the people within the system the assurance that that asset plus many other assets will not be sold off. How can you seriously go about making the statement that people feel happy and secure, whether it is at Moreton or Coorparoo TAFE or South Bank when you have left so much uncertainty out there? You promised certainty but, through your answers, you are just leaving so much uncertainty out there. How can you really be serious in making the statements that everyone is happy with what you are doing?

Mr BRADY: I think that it is very clear. We are talking about individual assets. The Government believes that some \$35m can be raised by 2004. What we are saying is that—

Mr SANTORO: That is a lot of money. That is a lot of properties.

Mr BRADY: Yes, but what are we going to do with the money? If I was a TAFE teacher, I would be very happy to hear that of that \$35m, all of it less \$3m—so \$32m of it—will be returned above the normal capital grant. Any business as large as TAFE knows that sometimes properties are not currently being used but they know that, in addition to the normal capital grant that TAFE institutes and TAFE receives, on the sale of assets of which an institute council approves they will get this to spend in a more viable way. I would be concerned if I was a TAFE staffer or a person supporting TAFE if the Government said, "We are going to take only \$35m out of the system by the year 2004. Just relax. Take it easy." We are not going to take it out of the system at all; we are going to put \$32m back on top of the normal capital grants. We are saying to them that we are not going to substitute this money for their normal capital grant; this is in addition to it. Just as any other business sometimes sells one asset in order to buy another asset, so should TAFE.

We are facing up to the fact that sometimes we would be better off selling some of the assets that we have currently and putting the money back into another capital asset. That is clearly what it is all about. So the guarantee is that the normal capital grant is there. To make it even safer, we are saying to people, "We are going to be so careful about what we do sell that we want people on side from each institute before we sell any particular property and invest it." I think that, in those circumstances, staffers would and should be quite happy in relation to it.

Mr SANTORO: We just hope that they are.

Mr BRADY: They do not just take you on your word. Since we came to power, nearly 1,000 temporary people in TAFE have either been made permanent or are on the way to being made permanent. Therefore, 1,000 people who were not permanent employees of this Government in TAFE either have been made permanent or are being made permanent. When you have runs on the board like that, you have some chance of your credibility being accepted.

Mr SANTORO: I refer to the involvement of unions within the decision-making process of your department. Has the SPSFQ and the

other relevant unions agreed to the sell off of \$35m worth of assets, bearing in mind that it was not a Government policy of the previous coalition Government to sell off assets? No decision was made and no discussion was held, yet the union mounted a "save TAFE Queensland" campaign. Has the union signed off on the \$35m? Minister, will you confirm that the current restructure at the Moreton Institute of TAFE was commenced without union involvement, contrary to the TAFE Queensland enterprise agreement, but with your support for the restructure and possible job losses? Will you confirm that the restructure was commenced under the cover of the present temporary tenure process in TAFE—a process purporting to offer security of employment for temporary staff? Have the unions signed off on those two? Those are two instances of where I would think that there would be union interest.

Mr BRADY: Certainly there has been no signing off by the unions and there has been no expression of concern from the unions in relation to what is proceeding because of the open and accountable way that we are doing it. Similarly, the unions have been impressed by our moves in relation to permanency. They have been briefed on the Budget. They are aware that we are genuine about wanting TAFE to not only exist but also grow in capacity.

In the situation that you mention, the unions will have been involved. We have not asked them to sign off on anything because we are going through the process in a way that allows for a period of negotiations and discussions. The unions certainly are not beating on my door saying, "What are you doing?" because the money is going to go back. We believe that increased funds will be available for new investment in TAFE, which will be around 20% over the next three to four years. The unions are very responsible in this.

We have both mentioned the Moreton institute as one of several institutes that needs more work to make it financially viable. In relation to Moreton, a reference group is involved in how we are working, what we are doing with staff and capital assets and so on. The SPSFQ and the QTU are involved in that reference group. The unions are in the tent. They are involved in the consultation. Where Moreton has a problem, they are very much involved in the reference group.

The other thing that the unions see - and you should see it and we should all see it - is that this year there will actually be a small increase in TAFE numbers for the first time in

several years. Anybody who can see that can see that this Government is not undertaking the systematic or insidious destruction of TAFE. This Government is reversing the trend, so that TAFE can be enhanced to do its part, not only as a public provider with guaranteed funds but also in the contestable funding area of user choice and competitive funding. For the first time in several years, there will be a small increase in TAFE numbers. All of those things probably explain why the unions are not beating our door down. We have entered an era of discussion and communication and they are involved in the process.

Mr SANTORO: A couple of years ago, people from workplace health and safety complained that I had left them alone. I wanted to make sure that I did not get accused of that again this year.

Mr BRADY: Do you mean when you were in Government or in Opposition?

Mr SANTORO: Both. Minister, I refer to your regular media releases about the appointment of new workplace health and safety inspectors. I also refer you to persistent feedback of a high turnover amongst competent and trained workplace health and safety inspectors because of low morale, a lack of competent and trained workplace health and safety people, particularly those in managers' and regional directors' positions, and the withdrawal of resources such as cars provided for workplace health and safety inspectors. That is what I have been told. Minister, could you assist the Committee by answering the following specific questions. How many fully trained, fully appointed and fully operational workplace health and safety inspectors were actually working in DTIR at 30 June 1998 and 30 June 1999? How many workplace health and safety inspectors have resigned their positions during the last financial year? How many vacancies of workplace health and safety inspector positions currently exist in the Division of Workplace Health & Safety?

Mr BRADY: I will answer as many of those specific—

Mr SANTORO: You are welcome to take it on notice.

Mr BRADY: I will answer some now and I might take some on notice, because I do not think that I have information on all the different categories available today. I will take some of it on board.

There are currently 175 specialist field positions in workplace health and safety, that is, those who are issued with warrants to enforce the legislation. They are comprised of

144 inspectors, 21 district officers, four prosecution officers and six assistant regional directors. Those are professional positions requiring specialist training and experience in field service delivery.

There are not a significant number of vacancies within the inspectorate of workplace health and safety at this time. Action is being taken to fill vacancies as required on a regular basis. When we came to office, we increased the number of workplace health and safety inspectors by 15. Those new inspectors were deployed in the building and construction industry in response to what we and the industry believed was an unacceptably high rate of injury in that sector. The appointment of 15 new inspectors represents an increase of approximately 40% in inspectorate resources that are dedicated to the construction industry. Those inspectors are operating in both metropolitan and regional Queensland.

During 1998-99, more than 36 new workplace health and safety inspectors and graduates underwent an intensive and comprehensive 12 week competency-based training course. Field visits complement classroom training and help to increase new inspectors' practical skills. There has been an increase in the workplace health and safety budget over the last two years, the majority of which has been directed into field-based activities. Budgets for regional service delivery for workplace and health safety have increased by approximately \$0.8m in 1999-2000, following an increase of \$1m in 1998-99. Therefore, there has been an increase of nearly \$2m over two years.

We do not have a decrease in the number of staff with workplace health and safety expertise. In particular, we do not have a decrease in the number of inspectors. In fact, there has been an increase in inspectorate staff over previous years.

Mr Santoro, you asked some other specific questions relating to categories and so forth. I will take the balance of those on notice and give the answers to you in writing.

Mr SANTORO: Thank you. Minister, do you intend to initiate an inquiry into workplace health and safety aspects within the building industry of Queensland? If so, what funds have been allocated from the budget of the department for this exercise?

Mr BRADY: We certainly have received submissions in relation to such an inquiry and we are concerned about the number of deaths and injuries that occur in the construction industry. Two things show our concern. Firstly, there is the 40% increase in the numbers of

inspectors dedicated to the building and construction industry, and the related increase in the budget. Secondly, with the full cooperation of the unions and employer organisations such as the Master Builders Association and HIA, we launched a workplace health and safety blitz in the construction industry to try to bring home the seriousness of the situation.

In August I launched that workplace health and safety enforcement framework for Queensland. There are two factors to that: the policy framework and the implementation plan. The policy framework consists of three new policies for enforcement, investigation and prosecution, allowing employers and the general public to be fully aware of the ground rules for enforcement of workplace health and safety legislation. The blitz in the construction industry was the first one. It is not going to be the only one, but clearly that was the one that we were most concerned about. The combination of improved resourcing and improved service delivery has resulted in a 53% increase in the number of notices issued over the previous year. A total of 8,701 workplaces were visited last year and 7,469 notices were issued. That is a 53% increase.

A final decision has not been made in terms of an inquiry. I am contemplating it seriously. We will take advice from the department as to how we do it and how expensive it would be. The budget for it will have to be determined. The situation is such that it needs to be considered.

Mr SANTORO: Has there been an increase in fatalities and injuries over the past two or three years?

Mr BRADY: There has certainly been an increase in the number of people not living by the rules and taking too many risks in the industry.

Mr SANTORO: That is an enforcement issue, is it not?

Mr BRADY: That is what we are hoping. Certainly the unions believe that the situation is serious. The employer organisations believe that the situation is serious. I cannot give you the comparable figures as to the numbers.

Mr SANTORO: Could you provide the figures for deaths and injuries to the Committee? I think that would be reasonable.

Mr BRADY: I would be keen to see those. We have asked for that research. That is part of the information that we will get in order to decide whether to do an inquiry.

Mr SANTORO: The figures that I have

been given show that the number of fatalities is declining.

Mr BRADY: I will get the figures and give them to you.

Ms STRUTHERS: The output statement on page 34 of the MPS indicates a significant growth in apprenticeship and traineeship approvals. Could you advise the Committee on the growth of apprenticeship and traineeship approvals over the past year?

Mr BRADY: Certainly it is a matter of great joy for the Queensland community that there has been a substantial growth in apprenticeship and traineeship approvals over the past 12 months. It is also a matter of concern that the findings of the independent investigation into the quality of training in Queensland's training system show us that some of the training arrangements occurring in the traineeship area can be significantly improved. The department has commenced work to improve the completion rate for traineeships and ensure that the parties to training agreements are aware of their rights and responsibilities and have a genuine commitment. It is very important to do as we are doing to improve the numbers in apprenticeships and traineeships. The first part is to get the approvals up. The second part is to make sure then that, during their apprenticeships and traineeships, they are properly trained and properly treated by their trainers and employers. We also then have to consider the completion rates, because if we do not get the non-completion rates down, we are not going as well as we could.

For the first 12-month period to 30 June 1999, the number of apprenticeship approvals rose from 8,079 to 11,721, an increase of approximately 45%. At the same time, traineeship approval numbers rose from approximately 27,000 to in excess of 39,000. That is a 46% increase. Included in these figures is a substantial increase in the number of apprentices and trainees entering into part-time training. Of those approved in the 1998-99 financial year, part-time apprentices rose from 53 to 211 and part-time trainees rose from 4,656 to 7,639. A further encouraging factor is the number of young people still at school who are taking advantage of the opportunity of combining secondary education with vocational training. In 1998 in Queensland, there were 911 school-based apprenticeships and traineeship commencements, with a further 1,500 having commenced this year.

It is important to note that the growth in apprenticeships and traineeships approval has

had a positive impact on a broad industry and across regional Queensland. In terms of traineeship approvals, the following increases have been recorded over the 1998-99 financial year: clerical trainees have increased 152%; agricultural and horticultural trainees, a 649% increase; and service industry trainees, a 40% increase. That is growth in areas in which we are pushing, that is, areas of skill shortage. It is certainly very encouraging.

The CHAIRMAN: I call the member for Ferny Grove.

Mr WILSON: Page 29 of the MPS refers to your decision to direct the Vocational Education, Training and Employment Commission to undertake an investigation into the quality and effectiveness of the State's traineeship system. Why did you ask for that investigation? Did it uncover any faults in the system?

Mr BRADY: As I have indicated, we were concerned about aspects of the operation of apprenticeships and traineeships in Queensland. We were concerned, firstly, that apprentice numbers had fallen over the three-year period before we came to Government. That occurred at a time when apprenticeships were never more relevant for young Queenslanders. We moved quickly to try to address the problem by announcing the incentives that we did announce for the employment of additional apprentices and trainees in industries with skill shortage. As you would be aware, the results have been very successful.

We were also very concerned to find that the previous Government had administered the traineeship scheme that locked young people and unemployed young people out to the benefit of people who were already in employment. Dr Barry Smith reported on that and raised serious concerns. Previously, the system encouraged existing workers to access publicly funded traineeships. We had to reverse that. You may recall that in the Estimates committees hearings last year I provided evidence in relation to some of the problems. Other examples that came to hand other than the ones I discussed then include a church that engaged the pastor, the pastor's wife and the pastor's son as trainees. It was important to note that the findings and the damning evidence in the independent investigation into the quality of training in Queensland's trainee system positioned Queensland at the forefront of VET reform across Australia. I note that in the press releases recently announcing the launch of a Senate inquiry into Vocational Education and

Training in Australia, the Queensland findings are mentioned. The work we have done in Queensland is recognised, acknowledged and accepted. That is one of the reasons we are having the Senate inquiry. Many stakeholders in the training system had been concerned for some time that the inappropriate activity in some training would prejudice the system as a whole. Last year I ended the practice of giving publicly funded traineeships to existing workers at the expense of young people and the unemployed.

The previous focus on numbers had detracted from the true purpose of traineeships. The department was concerned about anecdotal evidence collected since last year. Dr Smith was commissioned to prepare a second report, this time into the impact of user choice on the Queensland training market. He found evidence of some trainees not even knowing that they were in traineeships, where some employers were using incentives and training support more as wage subsidies. The problems were exacerbated by the pace of reform in Queensland. The competitive VET agenda was accelerated under the previous Government, where it went from \$21.8m in 1995-96 to \$125m in 1997-98. There is no doubt that the genesis of the problems were ideological. We had to redress that. The Commonwealth has paid huge amounts to employers who were only enrolling existing workers.

Mr WILSON: Continuing with that issue, on page 31 of the MPS, it is stated that based on the findings of an independent investigation into the quality of training in the traineeship system, strategies will be developed and implemented to improve the quality of the system. Could the Minister advise the Committee what has been done to ensure quality outcomes in the apprenticeship and traineeship system?

Mr BRADY: In April this year we directed VETEC to undertake an investigation into the quality and effectiveness of the State traineeship system. VETEC appointed one of Australia's leading education and training consultants, Ms Kaye Schofield, to undertake the investigation. Ms Schofield was formerly the chief executive officer of the South Australian TAFE system and has an international reputation in vocational education and training. She came from outside Queensland, had not been involved in the Queensland system and had no biases one way or the other. A departmental project conducted during the same period provided the basis for Ms Schofield's recommendations.

Her findings and recommendations were presented to VETEC and to Cabinet in July of this year. The Queensland Government endorsed the report's recommendations in principle. The investigation confirmed the need to address quality issues in the traineeship system. It found that many employers and trainees viewed the system positively and that employment prospects were likely to be improved through participating in a traineeship. However, the investigation concluded that the current system is only partly effective, lacks clarity of purpose, is less efficient than it should be and required improvement in accountability. One of the major findings of the investigation concerns training delivered in the workplace. In many cases, training providers have not met their obligations for training delivered on the job.

In terms of the future, although this investigation has highlighted deficiencies, the Government believes that the traineeship system is still immensely valuable to many thousands of Queensland employers, trainees and industries. The Government is confident that implementation of the recommendations will give Queensland a traineeship system that has a clearer focus on providing quality training primarily for young people, with an appropriate balance between skills development and employment outcomes, better performance management through continuous monitoring and reporting arrangements, strengthened quality through improved recognition and auditing processes, an improved purchasing model which drives quality, better protection of trainees through an independent mechanism such as a traineeship ombudsman, more clearly defined roles and responsibilities for all stakeholders and better communication links, improved administration and information technology systems and more effective working relationships between the Commonwealth and State Governments.

Interestingly, although the shadow Minister has criticised some of my statements about problems in the training system, the direction taken by the Beattie Government is now being picked up across Australia. As a direct result of the flaws identified by this Government, there are now similar reviews and inquiries in Tasmania, which is a Labor State, and in South Australia, which is a Liberal State. There is also a Senate inquiry under a coalition Government into the quality of Australia's system. We identified the problem and we were the first to try to attack it. Over the next 12 months our department will work with stakeholders to address the investigation's

findings and implement strategies to improve it.

Mr WILSON: Continuing with the findings of the Schofield report, specifically how is the Government ensuring that registered training organisations are delivering appropriate quality training to apprentices and trainees?

Mr BRADY: As we indicated before, prior to our coming to office in June last year there were no formal audit processes to ensure that registered training organisations delivered quality training as part of their obligations. These obligations are set out in Government training contracts. This has meant that the Government has had to take on the responsibility for fixing the problem. The Government identified the rorts in the training market and, as part of our commitment to appropriate auditing to protect the interests of trainees, apprentices and public moneys, we have established an area to focus on improving the quality of training. We provided resources to repair the damage to the apprenticeship and traineeship market. An integrated audit process has been developed and a program has been developed to train more staff in the regions to assist in the audit and regulatory processes.

The problems uncovered by our Government included the following: registered training organisations being paid for training that had not been delivered, trainees being awarded certificates when they had not even met a trainer, qualified accountants and directors of companies being signed up as trainees, and trainees being employed as trainers in registered training organisations in the same courses that they were studying. These problems were indeed, we believe, endemic to the training system. The lack of monitoring was particularly prevalent in the existing workers' rorts. For instance, we identified one bus company where 12 employees who had worked for the company for a number of years were all signed up as information technology trainees. Between July 1998 and September 1999, of 251 registered training organisations with Government contracts for the delivery of training, 12 were found to be in significant breach of their contractual obligations to such an extent that it would warrant termination of a contract. Some of the problems have been in the areas of administration, claims for payment and other such issues. Contracts are not terminated over issues of this type except in the gravest of cases. We have not been persecuting people. It is only in the gravest of cases that contracts have been terminated.

More worryingly, other problems have been found in the areas of assessment of competency, training plans, record books, recognition of prior learning and delivery of training. When these problems were found, termination of a contract may result, in the gravest of cases. This is because our chief concern is with the quality of training and not with administration matters. It is usually possible to fix administrative problems. It not always possible to remedy fundamental problems with the quality of training. Termination of contract is indeed a strong remedy which is not to be used lightly. On the other hand, when trainees are abused as sources of easy money from the taxpayer, strong remedies are appropriate. We also found problems in how the department does things, and when these problems are identified remedial action is taken. The department had had only a few staff qualified to carry out audits. Specialised accredited training has been designed to train more staff to do those. During September 1998 a total of \$1.6m was reallocated to other training organisations as a result of contract cancellations.

The CHAIRMAN: Minister, could you advise the Committee whether the Government's commitment to maintain the freeze on user choice and competitive initiatives to January 1998 levels has been upheld?

Mr BRADY: It certainly has been upheld. The level of vocational education and training funds that are subject to competition increased from \$2m in 1993-94 to \$21m in 1995-96, during the term of the Goss Labor Government. Under the coalition Government this then increased, two years later, to \$125.4m. This represents a ballooning of close to 500% between 1995-96 and 1997-98, which is a massive amount for any business to handle in such a short period. In the proposed coalition Budget for 1998-99—the Budget that was not implemented because of the election of the Beattie Labor Government—another \$10m was set to be bled from the TAFE budget to further prop up the competitive training market. Scant consideration was given to how this affected the operations of TAFE institutes and the effects on staff, student and industry clients, not to mention the taxpayer, who was witnessing the destruction of a public provider and the devaluing of public infrastructure throughout the State. When we were elected, we found the TAFE system in disarray. It is fair to say that some institutes were on the brink of financial ruin. Staff morale was at rock bottom, facilities were run down, institutes were losing business and some

communities were facing the prospect of losing access to vital services. No-one is saying that competition is bad or that we want to return to the days of the TAFE monopoly. That cannot and should not be done. Just what the previous Government hoped to achieve by this apparent single-minded destruction of the TAFE system is beyond me.

As part of the 10-point plan to safeguard TAFE, we made a commitment to freeze funding. This year in this Budget contestable training delivery funding is \$145.7m, comprising \$95.8m for user choice and \$49.9m for competitive purchasing programs. This compares with \$143.7m for training delivery in 1998-99, made up of \$79.6m for user choice and \$64.1m for the competitive purchasing program. I stress that this has not been at the expense of the TAFE budget. On the contrary, increased funding of the TAFE institutes through a direct grant has brought the profile delivery funding from \$188.9m in 1998-99 to \$202m in this Budget—an increase of \$13.1m. By maintaining the contestable funds at 1998 levels, we have given TAFE institutes time to adjust to the competitive training market and yet we have not destroyed the competitive training market itself. Significantly, this strategy has also ensured that private registered training organisations are not disadvantaged.

The CHAIRMAN: Could the Minister inform the Committee why the Government made the changes mentioned on page 29 of the Ministerial Portfolio Statements to the Existing Workers Policy under the traineeship system?

Mr BRADY: We arrived with an absolute commitment and a charter to create jobs and reduce unemployment. Our major priority was, therefore, to tackle the unacceptably high level of unemployment of young people and to open up as many employment and training opportunities for them as we possibly could. Unfortunately, we inherited an Existing Workers Policy that encouraged existing workers to access publicly funded traineeships, and this could only be done in the way it was being worked—at the expense of the young and the unemployed. Furthermore, the previous Government had introduced its policy with minimal consultation, a lack of systems, an absence of appropriate administration processes and no emphasis or inclination to monitor its effectiveness or audit its integrity. In order to rectify the problem, in its 1998 policy the Government developed and flagged to stakeholders the introduction of a new Existing Workers Policy in January 1999. This policy had its primary focus on traineeships that

provided the young and unemployed with an opportunity to enter the work force and gain valuable employment skills.

Under the policy the Government agreed to continue to fund all apprenticeships but would not fund trainees who had been with one employer for longer than three months full time or 12 months casual or part time. We believe that was a sensible policy. We continued to fund, I repeat, all apprenticeships, but would not fund trainees who had been with one employer for longer than three months full time. So it was not draconian; there was still that capacity for a new employee who had only been there for less than three months full time or 12 months casual or part time to receive training under our program.

An important provision of the policy is that it does not prevent, therefore, existing workers from entering a traineeship, but will not allow for public funding in these cases. The others who fit outside that timing can still do that. Therefore, during the six-month period to 30 June 1999 there was a drop of approximately 3,000 funded agreements for existing workers compared with the 12-month period from 1 January 1998 to 30 December 1998. This in effect, therefore, freed up funding for up to 3,000 young or unemployed people to enter traineeships or apprenticeships by having that Existing Workers Policy.

The accusation in Parliament that I have done a backflip is ill informed and not accurate. The Government has injected an additional \$12m into training that will focus on areas of high unemployment as well as on meeting the needs of disadvantaged groups where there has been a poor training effort or employment growth. I emphasise that we in this Government have never been opposed to the use of recognition of prior learning processes as a means by which existing workers gain formal qualification. Existing workers can take advantage of recognition of prior learning or skills recognition processes without entering public funding traineeships. Reducing youth unemployment and long-term unemployment, which are still unacceptably high, will continue to be a priority of the Government, and the traineeship policy is very important in that program.

The CHAIRMAN: The time for Government questions has expired.

Mr SANTORO: Much has been said today about staff levels within your department—about job security and the transition from casual positions to permanent positions. So that the Committee can make an

informed judgment about these and several other matters about staffing that have been mentioned here today, could you inform the Committee—and I will be happy, given the complex nature of the question, for you to take it on notice if you wish—what are the actual staffing establishments at the end of the 1998-99 financial year and what are the estimated staffing establishments for the 1999-2000 financial year for the branches, offices, units, institutes, divisions and task forces as listed in the organisational structure that was provided to the Committee under the control of the Office of the Director-General, the deputy directors-general and the registrar of the Industrial Court listed by Public Service classification and branch office units, for example, Policy and Research Branch? I just show the Minister a comprehensive answer that has been provided to my colleague the honourable shadow Minister for Education. That information does exist in other departments and I hope it would be available through you in a similar fashion.

Mr BRADY: Estimated staffing levels for 1999-2000 have been set in accordance with the Government's priorities—achieving safe, fair and sustainable jobs and skilling Queenslanders. The number of full-time equivalent staff in the priority area of employment initiatives is estimated to increase from 54 to 77. So in that major priority area, you can see a significant increase in staffing within the department. This increase will support the \$5m worker assistance program and an increased emphasis on regional delivery. It also includes transfer of Torres Strait Strategy and Aboriginal and Torres Strait Islander program staff from Vocational Education and Training Services.

Staffing levels for the administration of the Industrial Court and Commission system will remain constant at 47. The policy statement in the MPS indicates the number of staffing full-time equivalents in Workplace Health and Safety Services has decreased from 395 to 390. However, this merely reflects a decrease in the number of corporate services staff. There was no decrease in the number of specialist field positions, including inspectorate staff, and we mentioned workplace health and safety before. The overall reduction of seven full-time equivalent staff in Industrial Relations Services is due to the reduced attribution of corporate support FTEs, eight, and the disbanding of the Industrial Relations Task Force, two, offset by an additional three workplace advisers for the new legislation.

The overall allocation of full-time equivalent staff for Vocational Education and

Training Services is reduced by 24. Once again, these reductions are not in key service delivery areas. There will actually be an increase of 24 full-time equivalent TAFE staff, including teachers, tutors and delivery support staff. This is offset by a reduction of 16 full-time equivalents in the Division of Training due to completion of special projects, such as training packages, general efficiencies and a reduced attribution of 32 corporate support full-time equivalent staff across Vocational Education and Training Services.

The net result of these staff movements across the department is an overall reduction of 13 full-time equivalent staff over the actual 1998-99 figures from 8,081 to 8,068. This is largely the result of an extensive re-engineering of corporate services staff involving 47. No service delivery areas have been reduced, except in the Vocational Education and Training Services area where special projects have been completed. Outside the special projects area—we have not decreased service delivery areas at all. In terms of any other detailed information, I will have a look at that question and we will supply some supplementary information in writing.

Mr SANTORO: Would you mind supplying the information? You have given me quite a bit, but there are some other questions that you have not answered because I think it would not be readily available to you.

Mr BRADY: I am not sure what we can answer till I look at the written material. We will do so in due course.

Mr SANTORO: For your assistance, I will provide you with what your colleague the Minister for Education has provided.

Mr BRADY: Thank you. That will be helpful.

Mr SANTORO: That may be of some assistance and help in answering my question. You referred before in passing to the training of staff within the training division to conduct audits. I would ask you what I think should be three simple questions. Can you indicate on a monthly basis the number of compliance audits conducted into user choice and other training contracts since you assumed office? What is the total number of departmental staff who have been involved in these audits and how many of these staff have formal externally awarded and recognised qualifications as auditors or any other audit specific training, either formal or informal? That question has been prompted—I was not going to ask it—by part of an answer to a question asked of you by a Government member that said that you have put in place some mechanisms to train

departmental staff who are involved in audits. I thought I would follow that up because it is of concern to some people who have put those issues to me.

Mr BRADY: The department, as I indicated before, has had only a few staff who are qualified to carry out audits. One thing that we are definitely doing, as I indicated before—and I will emphasise it—specialised accredited training has been designed to train more staff to conduct audits professionally and ethically. That program has been started. I will see if I can get some more information on that.

Another area that the director-general and I have discussed—and we also discussed it with private providers—is that we are looking seriously at using industry people. In other words, we believe that it is quite possible that these audits can be conducted not only by staff from a department but also by outside people from industry as well. That serves to show the bona fides that this is not Government versus them. So we are looking very seriously at that.

Mr SANTORO: I need to give you the feedback. On a couple of occasions where that has happened it has been very much appreciated by those being audited.

Mr BRADY: I do have some more figures for you. Training has started. Over the next few months there will be more than 100 people within the department who will be trained to carry out these audits in a professional and ethical manner. That training has already started with some of them. In terms of the industry, I have indicated that the director-general and I and the department have discussed bringing in industry people as well. That suggestion that we made was well received by the private providers and we will pursue that further as well.

Mr SANTORO: Would you be able to provide the information that I asked for—that is, the total number of departmental staff who have been involved in the audits and how many of those staff have formal and externally awarded recognised qualifications as auditors?

Mr BRADY: I have indicated how many have been involved.

Mr SANTORO: I am sorry, I did not hear the figure.

Mr BRADY: Over 100 either have been or will be over the next few months involved in the training. In terms of the qualifications, I would have to get that information.

Mr SANTORO: My question was the number of departmental staff that had been

involved in the audits that had taken place to date.

Mr BRADY: I do not know that. We will supply that information.

Mr SANTORO: You will get that information?

Mr BRADY: I am not going to add any more now. The information you seek about the number of staff who have been involved is available. We can get that out and we will give it to you.

Mr SANTORO: And their qualifications?

Mr BRADY: And their qualifications.

Mr SANTORO: Thank you. I appreciate that. Minister, in the financial year 1998-99, how many User Choice and other training contracts were awarded to TAFE and what was the total value of such contracts compared with non-TAFE training providers?

Mr BRADY: You got the figure earlier in relation to User Choice. I do not need to give you that again. As at 13 September 1999 there were 225 registered training organisations that had been contracted to deliver structured training under the 1999 User Choice program, including the 16 Queensland TAFE institutes. At this time the nominal value of the contracts totalled \$72.003m in the following way: \$45.4m, or 63% of the contracts, had gone to Queensland TAFE institutes and \$26.6m, or 37%, had gone to other registered training organisations. It is clear from these figures that, while other registered training organisations are actively participating in the apprenticeship and traineeship system, Queensland TAFE institutes continue to dominate the structured training market.

To support quality training outcomes for apprentices and trainees, registered training organisations applying for a User Choice contract are assessed against a set of criteria relating to the development of new, emerging or restricted markets. These criteria also apply when a registered training organisation with an existing contract seeks a variation to deliver additional qualifications. In terms of the competitive purchasing program, this allows the Government to target public funds to address identified training gaps and specific training needs to increase the participation of disadvantaged groups.

Under the 1999 program, two rounds of training have been purchased. Round 1 involved the allocation of \$8.5m and was primarily focused on industry training. Round 2, valued at over \$7.8m, focused on the training needs of people with particular needs,

including people disadvantaged in the labour market, people with a disability, etc.

Queensland TAFE institutes secured 57.6%, or \$4.89m, of the funding allocated in round 1 and 79%, or \$6m, of the funding allocated under round 2. Registered training organisations other than TAFE secured 42.4% of the funding allocated under round 1, compared with 21% of the funding allocated under round 2. Following the feedback provided to all RTOs after round 1, it would appear that TAFE institutes have significantly improved their offer submissions, which have subsequently resulted in their success overall in round 2.

The success of TAFE institutes during round 2 in no way means that TAFE institutes were favoured over registered training organisations. Out of 16 TAFE institutes that comprise the Queensland network, only three institutes were unsuccessful under the second round. The process for evaluating offers and contracts was the same process in round 2 as in round 1. Quality benchmarks were established for that evaluation.

Mr SANTORO: Prior to the meeting of this Committee I put a question on notice to you in relation to consultants. For reasons which you have already explained, you refused to answer that question. Last year when I asked you a question on consultants you supplied me with what I thought was a useful table for the Committee to consider. Would you be prepared to provide to the Committee the same table relating to consultants that you provided last year? I refer you to that particular table, which is on the public record.

Furthermore, if you feel that this is reasonable information I am asking for, would you please answer the question along with the following additional information—that is, details of the number of consultants engaged during 1998-99, the total cost, the amount paid to each consultant, the nature and the topic, the name of the companies and principal consultant, and the number and names of those paid in excess of \$75 per hour for their services?

That information should be available in a table form very similar to the table that has been provided by your colleague the Minister for Education to my shadow ministerial colleague. I wonder whether you might be able to help the Committee with the provision of that information. I would prefer it in table form, if you could—like you did last year. It is set out in a useful way which I think would be beneficial to the Committee in its consideration of the issue.

Mr BRADY: I have information here which refers to the project purpose, the company, the principal consultant, the total cost and the rate of payment. It is probably similar to last year's. I do not have last year's in front of me.

Mr SANTORO: I would be happy to give you my question, and if you feel that it is not onerous in terms of the resources that you—

Mr BRADY: I have a lot of the information. We will supply that information. Certainly I could not read it out to you. It is in tabular form. There is a lot of it. There are about three or four pages.

Mr SANTORO: I would be grateful for it.

Mr BRADY: We will have a look at that. One of the things I can say in addition to that—

Mr SANTORO: When you say that you will have a look, would you be happy to provide that to the Committee?

Mr BRADY: I will give you the information in tabular form. We can do that. I note with interest that you are seeking information about the rate of more than \$75 an hour, which equates to \$600 for an eight-hour working day. I can inform you that we spent only \$1.77m on consultants, as I said before. The great bulk of that amount is in the specialised information technology field. Certainly we do not have anyone who was paid as much as \$800 an hour, which occurred in your Government's day. We will put the information out there in tabular form. The top contract paid by the department last year was \$245 an hour for five days' work. That is the very top and it is significantly less. I have information available in tabular form and we will give that to you.

Mr SANTORO: Thank you, Minister. I simply say in passing that I am very pleased that you have kept most of my senior officers from my Ministry and that you are benefiting tremendously from the very high quality training they received and willingly participated in when I was Minister.

Mr BRADY: I am not sure that I will claim the credit for training any of my senior officers. As long as they do not claim the credit for training me it is all right.

Mr SANTORO: We simply built on their undoubted talents that existed when I took over as Minister. I refer you to the advice that was provided to a recent meeting of the SPDC to the effect that the introduction of the equity return in 1999-2000 is likely to have substantial funding implications derived from infrastructure investment. What are the substantial funding

implications and how will they and will they apply in the next and subsequent financial years?

Mr BRADY: This really is the equity question all over again, is it not?

Mr SANTORO: Except that there is an expert officer within your department who has some concerns about the substantial funding implications. I wonder whether you have been informed of what they are and how you are going to deal with them. It goes to the heart of a question I asked earlier about the impact it is going to have on—

Mr BRADY: It will not have any impact at all. If there is an officer who has those concerns, I say gently that he is either wrong or uninformed.

Mr SANTORO: Is he still there?

Mr BRADY: We are not in the habit of removing them. As you have noted, most of the senior officers that were around in your time are still around—including some restored ones, I might say, that were not around in your time.

Mr SANTORO: Minister, I refer to the Community Jobs Plan and to the Community Employment Assistance program, and I ask: would you be able to provide to the Committee the total that was spent or provided in each of the 89 State electorates in Queensland for those particular programs? Again, I appreciate that it could be complex information, but if you have a table that you may be able to provide to us, that would be appreciated, I am sure, by the Committee members, who all represent electorates.

Mr BRADY: I can give you electorate by electorate the projects and the funding under both the CJP, the Community Jobs Plan, and the CEAP, the Community Employment Assistance Program. I will give you that. We will provide that. We have that available now.

One of the pieces of information that I think people should be aware of is how we have set out to make this as absolutely fair as possible. I do not make the decisions in relation to where these moneys go—even the final decisions. We have jobs priority committees which sit down and do this. I will give you some figures which I think are very interesting.

The breakdown of projects according to which party holds the electorate is as follows: in seats held by the Australian Labor Party—and Labor holds nearly 51% of the seats in the Parliament, as you know—the projects under the Community Jobs Plan, which is the major one—that is the big one on

which, I think, some \$21m has been expended. That is the major one. It is far bigger than the CEAP. I think it is \$21m, in round figures, spent under the Community Jobs Plan and \$4.5m under the CEAP. State Labor Party electorates have 57 projects, which is 43.8% of the projects.

Mr SANTORO: Is that in terms of dollars?

Mr BRADY: No, in terms of the number of projects—51% of the seats. National Party seats had 35 projects—some of the projects that are the best are not the dearest, of course, and vice versa—35 projects, 26.9% of the projects, and they have 25.8% of the seats. The Liberal Party—five projects, only 3.9%, and the Liberal Party, as you know, has 10.1%.

I think you have to bear in mind the nature of the seats. But when you add together the situation, you will see that Labor electorates do not have as many projects as their number of seats in the Parliament. Pauline Hanson's One Nation Party—there are 13 projects in seats held by them, that is, 10% of them, and they hold 5.6% of the seats. Independents—there have been 20 projects, 15.4%, and they hold 7.9%. So overall, of the number of projects approved under CJP, Labor electorates have received fewer projects than their percentage of seats in the Parliament.

The CHAIRMAN: The time for non-Government members' questions has expired. Minister, on page 29 of the Portfolio Statements, it states that Queensland leads the way nationally in the implementation of school-based apprenticeships and traineeships. Could you advise the Committee what has been achieved in this area? And how important is this program?

Mr BRADY: School-based apprenticeships and traineeships were introduced by the previous Government, and I congratulate Mr Santoro and his Government in relation to this. I have done it before, and I will always do so. They were introduced in 1997 by agreement of all State and Territory Governments and the Commonwealth. It was an important and innovative response to the needs of young people, schools and employers in what is for many a complex and difficult period in the transition from initial school years to skilled work. I think this is one area where there has been substantial agreement between the coalition parties and the Labor Party, both when the respective parties have been in office and in Opposition.

The principles and guidelines for improving outcomes for vocational education

and training in schools, agreed to by the ANTA Ministerial Council in 1997, sets out the policy framework. It gives Year 11 and 12 students an opportunity to mature and to experience the world of work, allowing them to study for their senior school certificate while working towards nationally recognised vocational qualifications.

The school-based apprenticeship and traineeship program was piloted in 1997 under the previous Government, with 30 students from State, independent and Catholic education schools participating. The program had strong regional support right from the start, with the first pilots occurring in schools in Gladstone, Mackay and Pine Rivers. The numbers participating grew to approximately 900 during 1998, and this year a further 1,500 commenced.

It is most interesting to note that, in Australia, the next highest State performance is Victoria, with 777, compared to Queensland—the next highest; more than twice as many as the next highest State. It is anticipated that, based on the current levels of demand, and as schools and others become more familiar with the opportunities available, at least 4,500 Queensland school students will have participated between 1997 and 2000.

The program is being supported by ANTA funding across four years—1997 to 2000—for the purpose of establishing infrastructure and covering training costs. Queensland's annual allocation for this period is \$3.6m. It is further allocated on a student population share basis. It goes to the State schools, Catholic and independent school sectors through our department.

The department has given significant support through facilitating universal industrial relations arrangements and initiating access to the department's User Choice funds. Importantly, it is seen as particularly significant in regional Queensland, which has about 75% of the take-up. This is a means of retaining their young people in education within their communities. We have great examples in Beerwah and Gladstone. All the reports are that not only are the pupils getting this opportunity but, overall, almost universally, their school work performance improves at the same time as they are involved in these school-based apprenticeships and traineeships.

Ms STRUTHERS: Minister, page 28 of the MPS refers to the provision of infrastructure available to the building and construction industry. How has the Beattie Government

addressed skills shortages in the building and construction industry?

Mr BRADY: We set out with four initiatives which, in number terms, were designed to support an outcome of up to 3,000 additional building and construction apprentices and trainees. There were four initiatives designed to achieve that result—an extra 3,000 apprentices and trainees in that industry. The four initiatives are: firstly, the Building and Construction Industry Training Fund; secondly, the Housing Industry Trade Training Program; thirdly, the State Government Building and Construction Contract Structured Training Policy, that is, the 10% training policy; and fourthly, the Construction Training Centre. In association with these initiatives, the Government has introduced the Private Sector Employment program as well as part of the Breaking the Unemployment Cycle initiative. This program is designed to create additional apprentices and trainees in industry suffering skills shortage. That, of course, included the building and construction industry.

In the nine months this program was in operation during the 1998-99 financial year, the building and construction industry received over \$1.1m through cash incentives paid to private sector employers and group training companies. This helped create 562 additional apprentices and trainees in the industry. The building and construction industry had been pressing Governments for years to introduce a training levy. The previous Labor Government and the coalition Government had not responded. We, in Opposition, had a good look at it and decided we would absolutely respond, and we have done so.

Immediately on election, we made a priority of amending the Building and Construction Industry (Portable Long Service Leave) Act to make funds available to support training in this critically important industry through the creation of the Building and Construction Industry Training Fund. The amount to be allocated is estimated to be up to \$5.5m annually. The fund is expected to encourage employers to employ up to 3,000 additional building and construction apprentices and trainees over four financial years in areas of skills shortage. I can tell you that, at 25 June 1999, the fund had approved incentive payments to employers for a total of 253 additional apprentices and trainees for that financial year. This is a significant achievement in its first six months. The fund plans to provide incentive payments to employers to employ an additional 885

building and construction apprentices and trainees in this present financial year.

The funds made available are additional to existing levels of Government funding for training in the industry. The HITT program is a joint initiative of several departments. Over four years the Department of Housing will provide public housing projects to employ an additional 600 apprentices. As at 30 June 1999, the target of 70 additional apprentices was all but achieved. A 10% training policy is also in place. The policy has been reviewed following extensive consultation with the industry. It is intended to provide structured training opportunities for up to 900 building and construction apprentices and trainees over the next four financial years. Then we have the Construction Training Centre at Salisbury. It is increasing the number of apprentices as well.

Ms STRUTHERS: To some extent in previous answers you have addressed what the Beattie Government is doing to improve access to training for rural and regional Queenslanders. Could you expand on this?

Mr BRADY: I have indicated previously how enthusiastically the regional and rural area communities and organisations of Queensland have responded to the employment initiatives in the Breaking the Unemployment Cycle program. It has been an extraordinary response. I think it is partly geared by the fact that, once the information is available, the word spreads very quickly. We have endeavoured to be very fair to all Queenslanders. I gave the figures earlier in relation to electorates across the State.

This Government has tried to address the training needs of rural and regional communities in other ways. For example, there is a commitment of \$17.6m for refurbishment, construction and local infrastructure in rural and regional communities. These commitments include: money for the student accommodation at the agricultural college campuses at Longreach and Clare, new training facilities for the engineering and horticultural industries on the Darling Downs, for engineering at Rockhampton, refurbishment of TAFE facilities in Bundaberg and Rockhampton, and a community skills centre for the Yarrabah community near Cairns.

Feasibility studies are either under way or are being considered for community skills centres for the Rockhampton and Townsville indigenous communities. We also have proposals for skills centres at Ravenshoe and Goondiwindi. In addition to these bricks and mortar commitments, the Government is

investing \$12m in information technology improvements to provide rural students with better access to resources.

Of the \$7.1m growth funds provided to TAFE this year, \$4.9m—nearly 70%—will be used to meet regional and remote needs. Additionally, of the \$2.6m extra funding for information technology training in the budget, \$1m is allocated to the Barrier Reef and Tropical North Queensland Institutes of TAFE. Institutes of TAFE are located in all regions of Queensland. In addition to the traditional vocational education training courses, they provide language, literacy and numeracy programs and a disability support service to adults in order to increase access to and participation in further training and employment.

The Government has also provided wide-ranging opportunities for adults in regional and remote parts of Queensland to improve their language, literacy and numeracy skills by delivering vocational training in many rural and regional sites, such as Winton, Boulia, Mer Island, Laidley, Tara, Charleville, Goondiwindi, Boigu Island, and Hope Vale—not to name them all. For the year ending June 1999, \$1m was allocated to the Adult Community Education and Vocational Education program. This program provides accredited vocational training in rural and regional Queensland.

The figures supplied in this answer and in previous answers show that we take seriously our commitment to rural and regional Queensland. They are receiving their fair share—perhaps a little more—in terms of these programs.

Ms STRUTHERS: In the move to establish Queensland as the Smart State what is the Government doing to address the growing need for information technology and telecommunications skills and expertise?

Mr BRADY: In recognition of the importance of the IT and T industry, we have developed a comprehensive strategy in our department to address the skills requirements of industry now and into the next century. The department's strategy comprises strategic reviews, better planning, increased training delivery, technological infrastructure investment, employment initiatives and promotion of flexible training packages. With this strategy, the department is confident that, through TAFE as the premier provider, it has the capacity to lift the IT and T skill levels in Queensland. They need to be lifted.

The department has continued to make significant investment in IT and T training. In 1999, \$21.6m will be provided for the delivery

of 2.9 million annual hours' curriculum in this area. A further \$2.6m has been earmarked for delivery across four key TAFE institutes, namely South Bank, Moreton, Barrier Reef and Tropical North Queensland. These institutes will be able to deliver across a spectrum of higher end IT and T courses from creative multimedia to electronic servicing, telecommunications, and personal computer service and support. In addition to the four key institutes which I have named, an estimated extra \$1.3m will be targeted for additional IT and T training by TAFE across Queensland.

A number of strategic relationships with key enterprises and companies such as Queensland and Northern Territory Multimedia—QANTM—Mincom, Cisco, Telstra and others will ensure that TAFE students will have access to leading edge hardware, software and industry expertise to meet the growing demands for training solutions. Planned initiatives in regional development in north Queensland are based on technology or highly technical industries requiring IT and T expertise in the broader work force.

TAFE institutes are also encouraging the development of community-owned learning centres in rural and remote regions. The additional funding will allow institutes to support such community initiatives. To support this increased level of training delivery, DETIR will invest \$12.84m in IT and T capital infrastructure this financial year, and outlay a further \$2.9m to develop and expand the Queensland Open Learning network.

The IT and T capital infrastructure funds invested to date include: \$4.6m to further develop the information technology network to link TAFE institutes and campuses into a single network for the delivery of on-line training; \$4.7m for educational desktop systems to expand institute-based information technology networks; \$1m for Internet capacity to provide teacher and learner access to the Internet; \$2.03m for system upgrade to maintain the technological relevance of the information network; and \$300,000 for funding for the virtual college.

The use of technology will support the development of greater flexibility and service delivery. I assure the Committee that the Beattie Government is committed to ensuring that all Queenslanders are able to participate in the new age of the information economy. Part of the strategic plan is an IT and T skills strategy which recognises the need to continue to develop skill levels.

Mr WILSON: The Government has announced increased spending on information

technology and telecommunications training infrastructure and delivery. Can you inform the Committee of the rationale behind this decision?

Mr BRADY: We do not need to discuss it here today to know that the IT and T industry is an increasingly important sector of the economy. In 1996-97, the turnover for the Queensland IT and T industry was estimated to be \$8.3 billion and the industry employed over 31,000 people. The industry is growing rapidly. It is estimated that the annual growth rate of Queensland's IT and T industry is 12%. The rapid absorption of IT and T across all industries and the development of more skills is really important.

It is particularly important to two of the Queensland Government's key priorities—the skilling of Queenslanders and the building of Queensland's regions. The growth of the industry already means that Australia will face a shortfall of 180,000 skilled IT and T employees by the year 2004. In broad terms, Queensland is already short of skills in the following areas: networking and Internet technology, the application of major software, software engineering, marketing and sales staff for IT and T products and services, technical skills in the telecommunications and electronic sectors and university graduates to meet ongoing demands from the core IT and T industries and other industries using IT and T skills.

Vocational education training must, and does, play a key role in providing the necessary training for mid-level and advanced information technology skills and mid to advanced levels of telecommunications skills. Experience in Australia and overseas shows that the university sector alone does not have the capacity to meet the skills demand in this area. With the increasing trend for university IT and T graduates to move interstate or overseas to take up more highly paid positions, vocational education and training will be relied upon more and more to develop and maintain skills within the industry. We have to have a strategy which is designed to do that.

First of all, the review of the information and communication industry and related occupations in Queensland, completed in early 1999, identified the extensive nature of the IT & T skills cap in Queensland. Consistent with the review, in April and May, the national IT & T skills task force carried out the most comprehensive survey to date of Australia's current and future demands for IT & T skills. The findings, both in Queensland and nationally, justify the increased spending in IT

& T training delivery. The department is continuing to make a significant investment in IT & T training. In 1999, \$21.6m will be provided, and I mentioned before the hours.

We must play our part. Australia is behind and I think that we in Queensland are further behind than we should be. The extra money and the extra training are vitally necessary.

Mr WILSON: Minister, previously you spoke about the TAFE system and the disposal of excess properties. Would you like the opportunity to expand further on the benefits of that program for the TAFE system itself?

Mr BRADY: I must emphasise that this is not about doing TAFE a disservice; it is very much about working with TAFE—TAFE institutes right across the State, and there are 16, TAFE councils and TAFE directors—and helping TAFE. The asset disposal program is a program to promote the better use of investment capital. Decisions will not be made centrally; they will be made only with the support of the TAFEs involved. It is not about selling off TAFE campuses; it is about an opportunity to look at where and how the delivery of services can be best provided.

Sensibly, when you are providing capital and labour over a long period of years, obviously decisions need to be made to make some changes. Prior to the last election, we stated that we would not use funds derived from asset sales for recurrent funding, and we will not be using them. They will be used for the further provision of assets. Properties that are currently liabilities can be turned into capital for improvements and upgrading of facilities and for new infrastructure to improve access to training. I think that it is obvious that many older TAFE facilities simply do not suit today's needs. Service delivery styles are changing and new technologies are used in training delivery and in the workplace. TAFE delivery practices and systems are moving with the changes. Some ageing TAFE facilities have deteriorated to such an extent that they are liabilities to their owners and to their clients.

There are opportunities now for TAFE staff to be part of the future planning for their institutes to reshape, to reinvest in the buildings that are important, and to reinvest in capital that, under the new requirements, is important. As institutes develop new asset plans, access for the community and equity of opportunity are foremost in the planning. TAFE is spreading into shopping areas at each end of the Gold Coast. The community library combines with a flexible TAFE centre at Ingham. South Bank TAFE will consolidate

much of its operation with the South Bank new development as the focus. So reshaping TAFE is broader than just retaining the current bricks and mortar; it is certainly broader than just having a bricks and mortar building program. All around the State, TAFE is finding ways to integrate and manage its operations better.

The drivers of change include the reports that we have referred to before. In the case of TAFE, their business is training. Our investment strategy must combine all the opportunities now available. The overall philosophy that underpins any disposal of property is to increase the level of investment in the infrastructure of the vocational education and training system in Queensland through TAFE. I emphasise that institute councils and staff will be very much involved in decisions to sell and to reinvest. That is what the selling will be about.

The CHAIRMAN: Under the Sessional Orders, the remaining time will be divided approximately equally between Government and non-Government members. I now call the member for Clayfield.

Mr SANTORO: Thank, Mr Chairman. Minister, I was interested to hear your answer to the IT question asked by the honourable member for Ferny Grove. In relation to IT, I refer you to the TAFE technology project, which was implemented by the coalition State Government, and which was suspended by your Government when it came to office. For how long was the project suspended? What components of the project were not proceeded with? By how much was the project underspent as at 30 June 1999?

Mr BRADY: I recall that, on coming to office, we did do a review. I do not have that information available but I will get it for you and give you a comprehensive detailed answer in writing, Mr Santoro.

Mr SANTORO: Thank you very much. I appreciate that. Minister, I want to go back briefly to ITABs. I wish to refer to concerns expressed to me by several ITABs. It has been put to me that your department has issued contracts to ITABs containing performance expectations that are not able to be achieved with the grants provided. That has had the effect of making these contracts unfunded, forcing ITABs into commercial projects and ventures that draw scarce resources away from their core activities, which are defined by their performance and funding agreements. Some ITABs were late signing their agreements. Some did complain about these issues. Can you explain to the Committee why you

expected ITABs to sign unfunded performance and funding agreements?

Mr BRADY: Certainly, any ITAB that has a concern should come and talk to us. I have not received notification, nor has the director-general, he informs me, of concerns in relation to that matter. As you know, the network is jointly funded by the ANTA and the State through industry liaison programs.

I understand that all the ITABs have signed their agreements. In relation to that, there was an audit of the industry liaison program by the Queensland Auditor-General in 1998. The audit identified a need for improved accountability measures and a stronger outcome focus in the contractual arrangements between the State and the industry training advisory bodies. That is the Auditor-General telling us that, not my department. Therefore, changes to the performance and funding agreement for industry training advisory bodies this year reflect the Auditor-General's concerns for improved accountability and for defined outcomes and are the types of measures that should have been included in previous agreements.

The nature of the task asked of industry training advisory bodies has essentially not changed. It is the first time these tasks are detailed in the performance and funding agreement, which I understand that they will sign. There has been an increase in the workload for ITABs, but much of this additional workload can be attributed to the accelerated development of an open training market under your Government.

The recent report on quality issues associated with traineeships highlighted some of the problems that this uncontrolled development brought about. So the Government is developing responses to the issues identified in the report to ensure that quality is built into the system. As I said, the level of funding for industry training bodies has been maintained at \$3.65m. However, in recognition of the increased demand for industry involvement, the department is examining other ways to supplement the ITABs resources. We are also looking at ways in which ITABs undertake their work for the Government. I repeat, and I emphasise, that our Government values the ITABs as its primary source of advice on training matters and a formal protocol to this effect has been signed.

Mr SANTORO: Thank you. I want to conclude with the issue of industry training funds. How much progress have you and your

department made towards achieving increases in industry training funds being attracted into TAFE Queensland as recommended by the Bannikoff report? What was the level of industry training funding into TAFE Queensland for the year ending June 1999? How does that compare with the level for the year ending June 1998?

Mr BRADY: The estimate for the industry-funded training for 1998-99 was \$44.9m. The TAFE review task force, commissioned in 1998, was required to analyse the level of revenue that TAFE institutes were able to earn from sources other than Government funding. The report of the task force recommended that, in order for TAFE to become financially viable in the competitive market, institutes needed to be less reliant upon Government-sourced funds and should continue to double their industry-funded training receipts by the end of the year 2000. The report revealed that revenue from industry-funding training had declined from \$25.4m in 1996-97 to \$16.3m in 1997-98. Following the receipt of the report, it was evident that institutes would not achieve the original target. Consequently, this estimate was adjusted to \$28.9m for 1998-99. Actual receipts from industry-funded training for 1998-99 were \$19.8m, which was an increase of \$3.2m, or 19.5%, over the 1997-98 receipts of \$16.6m.

The shortfall between the actual receipts of \$19.8m and the revised estimate of \$28.9m can be attributed to two major factors that impacted on TAFE institutes during 1998-99. While the Government's 10-point plan provided the much-needed stimulus for institutes to shift their focus from cost cutting to generating revenue, it took time to rebuild the staff, product and market capabilities of the institutes and to restore the confidence of industry and enterprises in the quality and responsiveness of TAFE training. Secondly, the rapid expansion of the user choice market in Queensland saw a significant transfer of training revenue from industry funded to publicly funded revenue through the user choice arrangements.

While TAFE institutes were able to win a major proportion of the user choice markets in 1998-99, revenue from industry funded training was significantly reduced. Actual revenue generated through industry funded training in 1998-99 was increased by \$3.6m over the previous year. The estimate represents a stretched goal for some institutes. The estimate is that we want them to double their industry funded training receipts from \$16m in 1997-99 to \$33m by the end of 2000.

That is the task that they have been set. This will stretch some institutes where the economic and demographic environment constrains their capacity to generate revenue from industry funded training. However, all institutes are optimistic that industry and business will have renewed confidence in the quality of TAFE training as a result of the Government's renewed commitment.

The CHAIRMAN: The time for non-Government questions has expired.

Mr WILSON: Minister, can you advise the Committee of the measures that will be taken to address the training requirements of the Dalby region?

Mr BRADY: Yes, indeed. We all know that Dalby is a very pleasant, vibrant and prosperous rural environment on the Darling Downs. It has always had a solid engineering industry associated with it. I am pleased to say that this Government has taken steps to ensure that the region has training infrastructure appropriate to its needs. The Government has met those needs, not as a matter of political expediency or reward but rather as a result of an objective assessment of training needs.

The previous Government commissioned a survey that reported a number of deficiencies or concerns in the operation of training provisions in the region. For every concern that was identified, they had one solution: build a new TAFE college. When the report identified a need for advanced training, the answer of the previous Government was to build a new TAFE college. When the report said that the training being done was not responsive to industry workplace practices, the answer was to build a new TAFE college. When the report said that the training was poorly advertised and promoted, the answer was to build a new TAFE college. When the Government of the day was told that there was an absence of vocational guidance and career advice, its answer was to build a new TAFE college. When there was difficulty in accessing resource materials, the answer was to build a new TAFE college. Finally, the report stated that there was a need for more rural training, and the answer was to build a new TAFE college, in spite of the fact that Dalby already possesses one of the finest agricultural colleges in the entire country. We did not see that as the answer. Bricks and mortar do not solve all the problems when they are not really needed.

This Government has approached the issues with more objectivity. The real issue is the training that is relevant to the needs of the

Dalby regional community. We ensure that the training available in Dalby is the training that is required. The result is that Dalby is well serviced in the provision of training. The Southern Queensland Institute of TAFE offers a wide range of vocational training. It will continue to monitor the area's training needs.

Our second line of action has been to upgrade the facilities from which training is provided. The majority of training is delivered in leased premises that were part of a modern office block. There was no need to build a new TAFE college. We established a refurbishment program at a cost of \$250,000. This program has recently been completed at the facility. The refurbishment included new furniture and equipment, a video conference suite, carpeting, upgraded fire services, enhanced access for people with physical disabilities and petitioning to create multipurpose classrooms. The refurbishment provided high quality facilities in Dalby.

The department is also currently engaged in a large refurbishment at the engineering facility at Dalby Agricultural College. In the current budget we have allocated \$970,000 to upgrade the engineering training facilities. Work has commenced, with the expectation that it will be ready for use in 2000. We expect agricultural colleges and TAFE institutes to work together. Building new premises is not the answer to a community's needs. We have supplied what they really needed.

The CHAIRMAN: The time allotted for the consideration of estimates for the Department of Employment, Training and Industrial Relations has now expired. I remind officers of the department that where the Minister has indicated that he will respond to questions on notice, those answers are required to be returned to the Committee by 9 a.m. on Monday, 18 October. If there are any difficulties with that, we would appreciate your advice being given to the research director. I thank the Minister.

Mr BRADY: Thank you, Mr Chairman. We have noted the time that you have indicated. If we have any problems, we will contact the research director.

The CHAIRMAN: I thank the Minister and his officers for their attendance here today. The hearing is suspended for lunch. We will return at 2.15 p.m., when we will examine the portfolio of the Minister for Education.

Sitting suspended from 1.15 p.m. to 2.15 p.m.

EDUCATION**IN ATTENDANCE**

Hon. D. M. Wells, Minister for Education
 Mr T. Moran, Director-General
 Prof. A. Luke, Deputy Director-General
 Mr R. McHugh, Assistant Director
 (Education Services)
 Ms S. Rankin, Assistant Director-General
 (Resource Services)
 Mr B. Rout, Assistant Director-General
 (Office of Portfolio Programs)
 Mr R. Ashford, Director, Human
 Resources Branch
 Mr P. Clarke, Director, Executive and
 Legal Services Branch
 Mr M. Keily, Director, Finance Branch
 Mr S. Williams, Director, Student Services
 Mr G. Lacey, Director, Public Relations
 and Marketing
 Mr R. Williams, Director, Facilities and
 Services
 Mr G. Barnes, A/General Manager, Open
 Access Unit
 Mr J. Pitman, Director, Board of Senior
 Secondary School Studies
 Dr R. Allen, Deputy Director, Board of
 Senior Secondary School Studies
 Mr J. Tunstall, Director, Queensland
 School Curriculum Council
 Mr P. Blatch, Coordinator, Low Incidence
 Unit
 Mr L. McNamara, Director, Audit
 Mr R. Gilbert, Education Overseas Unit
 Mr P. Leitch, Director, Performance
 Measurement and Review Branch
 Ms R. Bray-White, Assistant Director,
 Queensland School Curriculum
 Council

The CHAIRMAN: The hearings of Estimates Committee F are now resumed. The next item for consideration is the Estimates of expenditure for the Department of Education. The time allotted for that is four and a half hours. The Committee has also agreed that it will suspend the hearings for afternoon tea from 3.45 p.m. till 4 p.m.. I remind members of the Committee and the Minister that the time limit for questions is one minute and answers are to be no longer than three minutes. A second chime will give a 15-second warning

and a double chime will sound at the expiration of these time limits. An extension of time for answers may be given with the consent of the questioner. A double chime will also sound two minutes after an extension of time has been given. The Sessional Orders require that at least half the time available for questions and answers in respect of each organisational unit be allotted to non-Government members. Any time expended when the Committee deliberates in private is to be equally apportioned between the Government and non-Government members. For the benefit of Hansard, I ask departmental officers to please identify themselves when they first speak or answer a question. In the event that those attending today are not aware of this, I point out that these proceedings are similar to the Parliament to the extent that the public cannot participate in the proceedings. In that regard, I remind members of the public that in accordance with Standing Order 195 any person admitted to a public hearing may be excluded at the discretion of the Chairman or by order of the Committee. The Sessional Orders provide that a member who is not a member of the Committee may, with the Committee's leave, ask the Minister questions. In this regard, the Committee has agreed that it will automatically grant leave to any non-member who wishes to question the Minister, unless determined otherwise. In relation to media coverage of this hearing of Estimates Committee F, the Committee has resolved that silent television film coverage be permitted for the first five minutes of each department only. My final request is that if you have a mobile phone would you please make sure that it is turned off and, if you have phone calls to make, please leave the room.

I now declare the proposed expenditure for the Department of Education to be open for examination. The time allotted is four and a half hours. The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, you may make a brief opening statement of no longer than five minutes if you so wish.

Mr WELLS: In last year's Budget I announced significant increases to recurrent and special program funding. Those increases have been preserved and continue in this year's Budget. For example, we are continuing to deliver on Cooler Schools in north and central Queensland. This year \$27.3m will be provided to cool State and non-State schools.

We are continuing to put money into behaviour management. This year another \$5m will be provided for programs for students at risk. Education for All remains a priority, with \$10m this year to provide support for students with disabilities. The increases for behaviour management, literacy, the Education for All initiative and the Cooler Schools additional funding continue this year. In addition, the Leading Schools money was redistributed equitably across the schools system. The greater part of that money went to literacy funding. The largest proportion of that went to the provision of additional teacher aides whose role was to provide one-to-one reading and writing assistance for students identified as having difficulties. A number of schools can be identified where this initiative has led to dramatic improvements in literacy levels.

The effect of last year's Budget was to deliver on the overwhelming majority of undertakings made by this Government prior to the last election. At the same time, during the last year the issue of school-based management was put behind us. Schools were given the opportunity to choose their own level of school-based management. With these managerial issues behind us, we are now moving into this budgetary year to address educational issues, as compared with the preoccupation of the previous Government with managerial issues. The key instrument for this process has been the 2010 consultation. For a system the size of Education Queensland it is not good enough to have a horizon of one year or even three years. What we sought in the 2010 consultations was to determine the expectations that the community, including parents, teachers and employers, would have with respect to students who would emerge from our school system at the end of the first decade of the 21st century. We will use the information that we have gleaned from the 2010 consultation in the formulation of strategy for 2010. The process has not been without its disruptions. While I welcome the Federal Government's support for non-State education in Queensland, it is a significant concern that it was not matched by comparable increases to the State education sector. Commonwealth funds targeted to the State sector actually went down from \$308m to \$307m, while Commonwealth funds to non-State schools went up from \$448m to \$507m. The specious and sophisticated reasoning of the Commonwealth Government in favour of its policy of neglecting the State school system relies on the Commonwealth's failure to account for the community service obligations

of the State system. These include the additional costs borne overwhelmingly by the State school system of the delivery of educational services into the rural and remote regions and the provision for students with low-incidence disabilities.

A major feature of this Budget is the incorporation into our forward planning of a continuation of the Building Better Schools Program. That program had been due to end this year. However, the program will now continue at a cost of \$150m over three further years, starting next year. The extension of the program for that time enables us to plan this year for its expansion into secondary schools. Until now it has been focused solely on primary schools. This year \$14m will be applied to improvements in secondary schools. With the extension of the Building Better Schools Program a major redevelopment of 10 State high schools will start by the middle of next year.

As I mentioned, as part of the 2010 consultation, the 2010 strategy is in the process of being produced. However, there are some early returns on the 2010 consultation, and they are included in this year's Budget. An additional \$40m over four years is being committed for the Networked Learning Community. This initiative will provide technical support, professional development and training for teachers as well as moving the department in the direction of achieving the Beattie Government's objective of one computer for each five students. More than \$400,000 will be spent on a virtual school programming pilot for senior secondary students. This is an initiative that will benefit not only distance education; it will also enable students with specialist interests in schools which cannot put together large enough classes to pursue their studies in that area.

An innovative scheme to identify and reward best practice in the Queensland public education system, Showcasing Excellence in Education, has been introduced at a cost of \$600,000 this financial year. It will reward best practice in the most outstanding State schools. The Strategic Initiative Fund, at a cost of \$500,000 in a full year, will provide schools with seed funding to foster innovation and organisational learning throughout Queensland State schools. I commend the motion to the Committee.

The CHAIRMAN: The questioning will commence with non-Government members and will rotate in 20-minute periods.

Mr QUINN: Has there been any

announcement today with regard to the Microsoft deal for software in schools?

Mr WELLS: Yes. I made the announcement just before I came in. Last night I invited representatives of the union and of the department to meet with me and we came up with a resolution of the problem. Probably the major part of the resolution is going to be adequately addressing the problems of the computer coordinators in the schools. A lot of these people had a tremendous additional burden placed upon them, which they have been shouldering for some years. Those people's concerns needed to be addressed. We undertook to provide \$10m, which will be available in the next calendar year, from the Networked Learning Community initiative. We discussed with the union means of ensuring that an appropriate mix of professional development and technical support was provided with those funds. The other parts of the agreement which were achieved last night included the lifting of the bans and additionally a capping of the contribution per computer in a school of \$15. I will ask Susan Rankin if she would like to add anything to that.

Ms RANKIN: As the Minister has already indicated, we have had further discussions with the key parties involved. The resolution that the Minister referred to actually means that each school will now pay only a sum of \$15 per computer, that is, per eligible computer, and we have moved to redefine the definition of what is an eligible computer to meet some of the particular requirements of schools. That will mean on the whole over the three years schools will contribute no more than a grand total of \$1.134m. These figures, I stress, are estimates based on the information provided through the most recent audit of schools and will now obviously change because the eligibility criteria for the machines to be included in the deal will now also change. So this figure will be a maximum.

Under the previous funding arrangements which were originally proposed, schools would pay something in the order of \$3.8m over the same three-year period, hence the new deal results in savings to schools of something in the order of \$2.7m. Also, as the Minister indicated, this additional cost will actually be carried under the Networked Learning Community new initiative funding towards which we have received \$40m over four years. The funding actually will go towards professional development and training, IT support for schools and now will provide some additional top-up corporately to the Microsoft

deal. The actual mix of those funds and the allocations are to be determined.

Mr QUINN: So the additional funds that schools would normally have had to pay are now coming from the network community initiative. In terms of that initiative and the way it is presented in the budget, what does it mean in terms of the programs, such as professional development, IT coordinators and so on, when you are taking money out of that bucket of money to fund the Microsoft deal?

Mr WELLS: As you are aware, the amount of money provided for information technology to schools in grants for information technology is very considerable indeed. The key question is regarding the roll-out. It is a matter of getting the appropriate mix of the various component parts of any computer program initiative. One of those is professional development. Another is information technology specialists for the purposes of maintenance and so forth of the computers. Basically, what we have done is discuss with the union as to what they thought was the appropriate priority to give each of several of the component parts of the roll-out. Obviously that is a conversation that is going to have to continue on for a period of time. I might just mention that the Networked Learning Community funds are \$40m additional, and that is only part of the computer program funding. I will ask Susan Rankin, the Assistant Director-General, if she would like to add to that.

Ms RANKIN: Just in terms of the first year proposal, under the new arrangements it only results in schools actually contributing something in the order of \$20,000 less than was originally anticipated. So in the first calendar year there will be a minimal effect on the \$10m calendar year spend on professional development and IT support. As I indicated, we have had preliminary discussions with both the unions and the principals associations. We have undertaken to provide maximum opportunity for them to discuss the way in which those funds would be best handled in terms of the proportions that might go to each of those areas.

In year two the amount of money that would be sought to be topping up, if you like, the Microsoft arrangements would be more than was anticipated, but we are also looking two years out in that sense—in a budgetary sense—and we would be looking at what other initiatives might come into play at that point in time. Our initial estimation for the first calendar year is that there will be minimal impact on the funds that we would be looking to put out to

schools in recognition of the fact that IT support is, as the Minister has indicated, one of the more significant issues for our schools. Of course, these funds are on top of the funds that already go under the Schooling 2001 banner and some of the other specialist ICT programs which are providing assistance to schools. The Schooling 2001 grants already have a fairly large component, some \$12.45m, which goes directly to schools for IT support.

Mr QUINN: You mentioned the need to redefine the term "eligible computers". What sort of process will that involve and will that involve a renegotiation with Microsoft itself?

Mr WELLS: No. I might mention that, with regards to this whole matter that concerns your line of questioning, it is a question of in which order you do things that you are going to have to do anyway. Obviously support for the computer coordinators within schools was something that was going to have to be provided out of the whole computer budget at some stage. Obviously professional development is going to be a part of it. It is a question of doing it in the correct order, and the correct order is the one which is going to lead to the minimum amount of difficulties in the school system. With respect to the question of renegotiation, I will invite Susan to supplement my response.

Ms RANKIN: There is no need for us to renegotiate the agreement because the definition of an "eligible work station" was always something that we were able to mutually determine between Microsoft and ourselves. I would like to stress that this is not a new contract or a new agreement; this is merely an extension of an existing arrangement. When we put it in place, we just guaranteed, if you will, a certain minimum number of work stations that would fall into the eligible category.

What we have originally done is go and audit schools in an attempt to find out exactly what sort of equipment they have and initially we set the minimum benchmark, if you like, at the 486 machine level. We have subsequently talked to schools and talked to the principals associations and discovered that quite a lot of the machines that we would have captured in that round were not probably capable of running the software or, in fact, may have been used for specialist purposes. I am particularly thinking now of, say, the use of the CAD software in schools where they would not be wishing to load Microsoft products; they would be running a specialist suite of programs other than Microsoft.

What we have attempted to do in the implementation of this agreement is to get feedback from schools about what their issues are and what sort of equipment they are running and to alter the eligibility criteria according to schools' needs. So in doing that, we have actually now removed 486s from the category of eligible machines and set the benchmarks at Pentium 75s, which is a considerably more up-to-date machine. That will obviously affect the calculations in terms of what schools will contribute, hence my comments before about these being only estimates. We have also moved to exclude any machines which do not run any product other than, say, a specialist suite of software and would not be using the Microsoft programs.

So all in all, our attempt in terms of renegotiating, if you like—but actually dealing with implementation issues, more correctly, the issues around what is an eligible machine—we have sought to take into consideration those matters that were raised by schools in order to ensure that we have maximum take-up by schools in using this offer and to exclude those machines which are not going to be practical to include.

Mr QUINN: Why were all those machines which you have just ruled out as not eligible now included in the agreement in the first place? Why was there not any consultation with the schools prior to the agreement being signed, particularly in respect of the fact that many of the machines in schools are not using the software that you have signed the agreement for? Many of the machines are used for curriculum support purposes—teaching and learning—not in an office based environment. Why now are we going through this process of renegotiation, redefining, when in fact it could have been sorted out and settled if a proper process had been put in place the first time?

Mr WELLS: Perhaps we should put it in its historical context. This was a contract which has been in place since 1994 and which was in place for the whole of the period that the member for Merrimac was the Minister for Education. The agreement which was reached only recently by the department with the company was one which was a variation of an existing contract. It was not a new agreement, not a new contract that was being entered into. Legal doctrines like privity of contract apply and there is in those circumstances and in those commercial circumstances a limitation to the extent to which widespread consultation can take place. Having said that in a very, very

general way, however, I will invite Susan to respond more specifically.

Ms RANKIN: We did in fact notify schools that we were intending to operate a more broad agreement and probably to enter into an enterprise agreement, but we did not signal to schools at that particular time the nature or the associated costs, for the reasons that the Minister outlined. We were in fact in a commercial negotiation and we were working with our contacts in other States to ensure that we were actually able to obtain the best benefit in terms of the price that went with those contractual arrangements. So it was very difficult to flag the nature of those issues to schools.

However, we also had audited schools in an attempt to find out the sort of equipment that they had. Once again, that was a difficult process because we do not have access without an audit process to the 1,300 schools in terms of their equipment. So we needed to make sure we had an accurate picture of what was out there. It was really a first pass at attempting to say what machines would and would not be eligible. 486 machines, of course, will be able to load the software and use the software if they are networked, for example. If they have a CD-ROM attachment, for example, they will be in the normal event capable of running all of this software.

What we do recognise and have recognised in discussions with the principals associations is that we probably should have talked more about the specific schools' issues before absolutely agreeing on the definition associated with the eligible machine criteria. We have recognised that. Hence, we have stressed in dealing with the principals and the individual schools that we are prepared to look at their circumstances when a case is made and to modify the criteria around eligibility to ensure that we actually do meet schools' needs.

Mr QUINN: The agreement, I think, was signed in May of this year?

Mr WELLS: The variation.

Mr QUINN: The variation was signed in May of this year. Why, then, did it take until late August before the announcement was made that in fact this deal had been sealed? If you signed it in May, why did you not announce it in May? Why wait?

Mr WELLS: When you are dealing with a computer system in a system of more than 1,300 schools, you have roll-out and processes that you have to put in place. This is not just like snapping your fingers and doing it,

as I am sure you know. I will invite Susan to speak more generally. There were, of course, the usual processes of Government that had to be gone through. Certain budgetary steps had to be taken.

Ms RANKIN: The main reason was, as the Minister has indicated, that firstly we did have timelags in respect of obtaining Governor in Council approval. Equally, we were also in the lead-up to a budget process. One of the initial considerations in respect of this agreement was just what level of corporate funding might have been able to be provided with respect to subsidising the arrangements. As you would probably be aware, the original arrangement prior to the Minister's announcement today involved a fairly heavy level of subsidy, in Years 1 and 2 in particular. We were really in a position of wanting to see what sort of a budgetary outcome we had in order to be able to establish that level of subsidy. I suppose, to use the Minister's expression, at that particular point in time we were hopeful that we would be able to be Santa Claus in this and perhaps deliver 100% subsidy to schools in respect of the agreement, but we were not able to achieve that and also all of the other initiatives. So it was really around the level of budget subsidy.

Mr QUINN: Over the past 12 months has Microsoft offered any hospitality, travel, entertainment or other benefit to an officer of Education Queensland or to any officers from the office of the Minister?

Mr MORAN: Along with a number of other Australian representatives, including Phil Gude from Victoria for example, I was invited by Microsoft to attend the second annual Government leaders conference in Seattle and for that reason took no part in the consideration of the proposal for this variation to the agreement. The proposals for it went directly from Ms Rankin to the Minister. The papers which eventually went to the Governor in Council also noted that the recommendation was from the Assistant Director-General, Resources, rather than from me.

Mr QUINN: What aspects of the travel were paid for by Microsoft?

Mr MORAN: The travel and expenses were paid for by Education Queensland. There were no registration fees for the conference.

Mr QUINN: And is that declared on your pecuniary interest register?

Mr MORAN: When I complete another one it will be. It came after my first pecuniary interest declaration.

Mr QUINN: I placed a question on notice, No. 7, in respect of which the Minister wrote back to me and said that, because of the multiple parts of the question and the unrealistic resources the department would have to employ to supply the answers, he would not answer. Putting aside the issue of the multiple parts, which part of question No. 7 requires unreasonable use of departmental resources to provide the answer? That was the question about the actual expenditure in 1998-99 compared with the budget expenditure this year in the areas of maintenance, LANs, software, professional development and training and so on.

Mr WELLS: Do you realise that we are breaking new ground here in parliamentary democracy? This is the first meta-question in the history of a Queensland Parliament. I had really hoped that you would come back and ask me a particular part of it.

Mr QUINN: I would rather raise it here.

Mr WELLS: All right then. I would rather that you asked me a question.

Mr QUINN: I have. I just did.

Mr WELLS: Rather than a meta-question. Ask me a particular part of it and if we can answer it, we will.

Mr QUINN: With reference to the information technology in schools budget, how much was allocated for computer maintenance in 1998-99 and how much has been allocated in this budget?

Mr WELLS: I will invite Susan Rankin to respond to you.

Ms RANKIN: With respect to computer maintenance under the Schooling 2001 initiative, it is \$12.45m in both budgets.

Mr QUINN: And with regard to software?

Ms RANKIN: With regard to software, in the 1998-99 budget the amount was \$1.756m and for round 3 in the 1999-2000 budget it was \$1.467m. The total allocation for Schooling 2001 for the budget period 1999-2000 is \$23.5m.

Mr QUINN: What does that entail? Besides software, does it entail professional development and training?

Ms RANKIN: It has a component of the learning technology grant, school based projects by submission, telelearning and professional development. There are systemic initiatives incorporated in there as well.

Mr QUINN: How much is in the two budgets in terms of new hardware?

Ms RANKIN: The new hardware components would actually involve a combination of the \$12.375m on maintenance and the enhancement component, which was \$3.58m in this budget year.

Mr QUINN: And the previous budget?

Ms RANKIN: \$12.375m is consistent for maintenance, and \$5.6m in the previous budget year.

Mr QUINN: Local area networks?

Ms RANKIN: Local area networks in this budget is \$10m.

Mr QUINN: And in the last budget?

Ms RANKIN: Total expenditure in the last budget was \$12.3m.

Mr QUINN: Connect-Ed?

Ms RANKIN: Connect-Ed in this budget is \$15.2m. Connect-Ed in the last budget was \$10.67m.

Mr QUINN: Where do I find in the Budget papers the figure of \$15.2m for Connect-Ed when in fact—

The CHAIRMAN: Order! The time for non-Government questions has expired. Minister, there have been a number of questions about this issue so far this afternoon. I refer to recent publicity about the Microsoft contract. What are you doing to allay the concerns of many schools who are worried that the Microsoft contract will run away with their IT budgets?

Mr WELLS: I think it will be essential that the department continue to speak to affected schools on a school to department basis. Each individual school has individual concerns which need to be addressed. I think that the blanket submission of capping their expenditure at \$15 per computer is going to assist them mightily, but in some particular places there may be outstanding concerns, and it will be necessary to maintain a dialogue.

The CHAIRMAN: Minister, could you advise the Committee what will be the cost to the department and schools of these revised arrangements for the Microsoft contract?

Mr WELLS: The cost to schools is going to be a \$15 per school capped amount per machine. That is the maximum the schools are going to be up for. So that is not going to be a tremendous impost on their information technology grant. I will invite the assistant director-general, Susan Rankin, to fill in some further details.

Ms RANKIN: As we indicated in response to Mr Quinn's question, the estimate at the minute stands at approximately \$1.1m over three years under the new arrangements,

based on the old data obtained through the audit, which is now some six months old. Previously, the arrangements would have indicated a cost of the order of \$3.8m. And as previously indicated also, the additional corporate subsidy that will now be provided through the new arrangements negotiated by the Minister will be met out of the new Networked Learning community initiative funding, which is \$40m over three years. But in the first year, it will only represent the difference between what schools would have contributed under the old arrangements—some \$369,000—versus what schools will now be asked to contribute under the new arrangements—\$340,000—thereby only affecting that initiative funding, something of the order of \$20,000 in its first year.

The CHAIRMAN: Minister, mention is made within the Ministerial Portfolio Statements at page 1-1 that the department intends to reverse the decline in Year 12 retention rates. I notice that the current retention rate in Queensland is 72%. Could you advise the Committee what are the trends across Australia? And how does Queensland compare with those trends?

Mr WELLS: In 1997, the Year 12 retention rate was 70.8%. In 1998, it had increased to 71.7%. We hope to further that improvement. I will invite director-general Terry Moran to address that matter further.

Mr MORAN: Queensland's rate has increased for each year from 1996 along with that of Tasmania and the Northern Territory, but the rates for other States have fluctuated over the same period. Retention rates is, of course, a measure that is hanging over from the seventies and is an inaccurate measure, I think, of what is actually happening in schools. There is no account taken for interstate movements or overseas migration, repeating students or students moving to or from the non-State sector. So we think that the retention rate probably needs to be replaced with another measure—perhaps a completion rate—which would put us on a par with most other countries contributing to the OECD's collection of statistics on educational attainment.

If one goes to the OECD statistics, it is apparent that Queensland, along with the rest of Australia, is a long way behind the pack within the OECD world, and I believe there is a major challenge facing Queensland and Australia generally in terms of the completion rates through to the end of Year 12. Many things need to be done, but included in that

would be, I believe, a broader curriculum in senior schooling.

Ms STRUTHERS: Minister, what impact will the Federal Government's changes to fringe benefits tax have on Queensland teachers?

Mr WELLS: On Queensland teachers the impacts will be dramatically bad. The new tax system that is being introduced by the Commonwealth Government has overlooked teachers. We have recently provided in this budget \$8m for teacher housing. I went to Normanton and Kowanyama, and I was absolutely appalled at the state of the teacher housing that I saw. So the budget estimate was increased from \$1.7m, which it had been for a couple of years, to \$8m this year.

If you consider the effect of the Commonwealth Government's changes to the fringe benefits tax on teacher housing and consider the plight of a teacher at Mount Morgan or Tannum Sands, you will see that because they are required to show the value of taxable benefits above a certain figure, and because they are not exempted from the tax consequences of that, they could stand to lose an enormous amount of money. Now, the members of the Australian defence forces based in Townsville, for example, are able to claim an exemption, but teachers based in Mount Morgan or Tannum Sands are not able to claim an exemption—based around Townsville or based around the Rockhampton area; they are just not able to claim an exemption. While we applaud the fact that our military personnel have this benefit, I cannot see why the benefit should not also extend to teachers. Why should teachers be up for such a large amount of money?

Basically, that is the point that I would like to make. A teacher or a principal who lives at one of the places that I mentioned, getting \$60,000—if they qualified for teacher accommodation, they would have to record on their group certificate a reportable fringe benefit amount of up to \$15,000, and it could impact on the amount that they get; because if they pay for Medicare, higher education contributions, superannuation surcharge, the amount that they receive for family allowance—these could all be impacted on. Obviously, if a teacher is divorced or separated or paying child support, the impact is going to be exacerbated for that teacher. It is just inequitable that our teachers should be hit by this additional impost from the Federal Government, whereas an exemption is made for defence personnel.

Ms STRUTHERS: Minister, in your response you touched on some of the tax specific issues affecting teaching housing. I wonder if you can add to that and explain what strategies are being employed to ensure that teachers in remote areas have adequate accommodation.

Mr WELLS: When the department changed over from a regional structure to a district structure, the Government of the day forgot to put into place the consultative committees—regional committees—which used to be a feature of the system. Those regional committees were committees of teachers who made recommendations relating to the priority which should be accorded to particular housing programs. So that, in those days, by region, teachers had a role in contributing to the determination as to how the money was spent. When I came to office, I found that these things had gone, along with the regions to which they were appended. So that was one problem. And we have now addressed that problem by ensuring that, once again, the teachers have the capacity to make a contribution. I think everybody realises that the amount of money that is available is finite; but it is again a question of priorities.

I mentioned my visit to Kowanyama and Normanton. The other thing that we have done is to increase the amount of money available for teacher housing. In the previous budget, and in the budget before that, which was a coalition budget, the amount of money available was \$1.7m, but in both of those years that amount was overexpended. In both of those years more money was, in fact, spent on teacher housing than had appeared in the budgetary estimates. This year, we have done something much more realistic. We have put \$8m, which is a very considerable increase, into the budget. Nobody imagines that this is going to create roads paved with gold or marble pillars along the way, but at least it will make a significant move in the direction of providing more adequate teacher accommodation.

Ms STRUTHERS: The Departmental Overview in the Ministerial Portfolio Statements on page 1-1 claims that the department is providing schools with modern information technology systems. I know that you responded to this in some earlier questions from Mr Quinn. But just so that we are very clear about this, can you explain what funds will be provided in the year ahead for this purpose?

Mr WELLS: I will invite Susan Rankin to give you a response to that question.

Ms RANKIN: I want to refer back to Mr Quinn's question which was taken on notice in order to make a point of clarification. One of the reasons why it was difficult for us to respond to the question in a fulsome way was because we really only know the corporate contributions to any of those initiatives; we do not know what portion schools themselves put into the purchase of additional computers, professional development or IT support. That makes the answer which was provided only a partial answer. It was difficult to answer in respect of some of the component parts.

The Schooling 2001 initiative has been referred to frequently and has several component parts. The funding around that for the coming budget year is a total of \$55.2m. As we have previously indicated, it is made up of the corporate contribution towards Connect-Ed which is \$15.2m; school LANs, which is the third year of the program, comprise \$10m; and Schooling 2001 grants, which in total comprise \$23.495m, made up of a professional development grant, a software grant, an enhancement and maintenance grant and some systemic learning projects which total almost \$6.5m.

The Schooling 2001 grants have increased in respect of the professional development grant by some \$2m, and that is to fund a range of specialist staff who were not available in the first two rounds of the grant. Specialist support teachers for people with learning difficulties, integration teachers, communication teachers, guidance officers and Internet teachers, etc. are all being funded out of those additional dollars.

It is important to note that round 3 of Schooling 2001, which we are entering into in this budget cycle, contains schools which have, on average, lower enrolments than the same number of schools in rounds 1 and 2; hence there is a lesser call on some of the individual grant funds under the Schooling 2001 initiative. The systemic technology initiatives that we have entered into have been the subject of some comments by the Minister, particularly with respect to the virtual schooling service. We have allocated a sum of money which, inclusive of some contributions from our open access area, all-up totals almost \$850,000—\$437,000 being the specific new funding initiative.

We have also put just over \$500,000 into a digital resource centre. We have increased some bulk software purchase arrangements. Professional development training through the Managed Internet Service has also received additional funding. As well as that, we have

the additional \$5m, which is the first instalment of the \$40m over four years, for the Networked Learning Community initiative which is aimed to upgrade not just the level of—

Mr WILSON: Minister, I understand administrative costs in the budget have been spread across a range of outputs. I understand that your department has received a number of freedom of information requests. What is the impact of these requests on your department?

Mr WELLS: The impact of freedom of information requests is negligible if you take out the contribution of the Opposition. We have had freedom of information requests from the Opposition office which have involved our department having to scrutinise 18,000 pages of information over the last 11 months. That has cost the department 335 hours of work, excluding work that was done in the ministerial office with regard to discrete and separate freedom of information requests.

There were only 20 freedom of information requests, but they were bonanza ones and each required thousands and thousands of pages to be examined. The total came to 38% of the documents handled by the department's freedom of information unit. As well as the requests themselves, 324 hours were spent by public servants dealing with the inevitable reviews and appeals and so forth which more or less systematically followed whenever the freedom of information system was used as a research tool by the Opposition. I would estimate that 659 hours of public servants' time has been used up in the past 11 months working on trawling exercises for the Opposition.

The freedom of information system in Queensland, as far as Education Queensland is concerned, has become an extension of a research tool of the Opposition. The Opposition could not even keep track of what it was doing itself. I received a question on notice along the following lines, "How many applications have been lodged under freedom of information since 26 June?" I have here a few of the freedom of information requests which have been made. This is what takes up the time of my office. I might add that some of these related to the Opposition's own time in Government.

Mr WILSON: What impact will the Commonwealth Government's budget have on Education in Queensland?

Mr WELLS: The Commonwealth's Education budget will have an unsatisfactory effect on education in Queensland. As I indicated in my opening remarks, the amount

of money that is being provided to State schools has gone down by \$1m. At the same time, there has been a welcome increase in the funding which is available to the non-State sector. I would like to emphasise that the increase in funds to the non-State sector is extremely welcome, but we wish that the Commonwealth had, in equity, provided a similar increase to the State school sector so as not to generate inequity between sectors. The consequences of doing this are very negative indeed.

That is about it. We have an unbalanced situation here where funds are being given in a greater proportion to the non-State school sector than to the State school sector. That is unfair. Of course, we support the increase in funding to the non-State school sector. This budget delivers increases in funding to the non-State school sector also from Queensland taxpayers' revenue. The Commonwealth ought to be a little more even-handed and a bit fairer and should include the State school system in the increase.

I might mention that the enrolment benchmark adjustment policy of the Commonwealth Government has a very malign effect. The Commonwealth is engaged in a claw-back program. We had an actual increase in the last year of 6,000 in the numbers of students in the State school system. Despite that increase in the total numbers of students in the system, by virtue of the fact that the proportion of students in the State school system as against the private school system declined by a fraction of a percentage, the Commonwealth used that as a pretext for saying, "Therefore we will give you less money." We get more students, but the Commonwealth gives us less money because our proportion is a fraction of a percentage less. The enrolment benchmark adjustment system which the Commonwealth is running is an iniquitous and odious system. It is only an excuse to claw Commonwealth funds back from those who need it a great deal more than Dr Kemp. I urge the Committee to take it on board. We have an unsatisfactory situation with respect to the Commonwealth meeting its responsibilities in Queensland.

The CHAIRMAN: Order! The time allocated for Government questions has expired. I call the member for Merrimac.

Mr QUINN: Minister, previously we were going through the various components of the IT program in schools. Can you give me a total, please, for this budget in terms of information technology allocated to schools

this year? How does it compare with last year's budget?

Mr WELLS: Yes, just referring back to the reason that we are going through this, I think you mentioned that the objection to it was that it was going to take too much time of officers or something like that. That was not the grounds on which it was put to you. I wrote back to you—or at least an officer of my department wrote back to you—and said that it was a multipart question and, therefore, not within Standing Orders, "Please note that the answers to questions 3 and 7 have not been provided. The questions contravene provisions of blah blah blah the Sessional Orders." The Sessional Orders provide that you are supposed to ask them one at a time, as you are doing now. That is just fine. I am happy to take them. We would have been happy to take them one at a time on notice as well.

Mr QUINN: Almost every other question has multiple parts as well. You answered them.

Mr WELLS: Yes, but you have to draw the line somewhere. I tried to be indulgent and help you out as much as I possibly could, but we cannot let you get away with complete murder. Susan, can you provide a more measured response now?

Ms RANKIN: Yes, Minister. As we indicated, Mr Quinn, one of the real difficulties was that the question itself was structured along the lines of all expenditure. The real difficulty is the fact that we do not know the schools' contribution to the various aspects of the program. We can tell you that the corporate contribution to the Schooling 2001 and other IT initiatives for the 1998-99 Budget period was some \$53.3m and the proposal for a comparable suite of allocations to the same areas for this budget is \$55.2m made up of the component parts that I was mentioning to you before, Schooling 2001, the Virtual School, Networked Learning Community, Connect-Ed and School LANs.

Mr QUINN: Just going back to that point about not being able to provide the details because you did not know how much was spent at the local school level, the question says, "actual expenditure during 1998-99". I would have thought that you would need that in order to present these sorts of documents, which talk about actual expenditure.

Ms RANKIN: But not split by those categories, Mr Quinn.

Mr QUINN: I take it for granted—and

everyone else knows—that you do not put school-based expenditure in these sorts of documents as well.

I will move on. This year's budget contains a provision for \$3.58m for new hardware. Last year was \$5.6m for new hardware. If the Government has a target of one computer for every five students, how is it going to achieve that, given that the money for new hardware is decreasing? What is the time frame for this particular target?

Mr WELLS: The time frame is the first half of the first decade of the 21st century. The target has to be achieved with an appropriate mix. As I said earlier, this is a matter of a roll-out and the roll-out has to have a variety of different component parts. The provision of specialist technology support is important and is going to be a part of that roll-out, as is the provision of additional machines. We anticipate that by 2001, we will have 7.5 students per computer and that further down the track we will get to the objective of one for five students, but it is going to be done in a scientific and logical way. Susan, would you like to add to that?

Ms RANKIN: The only thing to add to that, Mr Quinn, is as I indicated before in respect of the IT enhancement grant, in round 3, there are the same number of schools as there were in round 1, but a lesser call on the funds for those grants under the 2001 initiative, because most of the Band 9 to 11 schools were actually funded in the first two rounds. So they are the smaller schools. Therefore, the level of the grant is slightly lower for that reason. The same systemic targets, that is as the Minister indicated, one is to 7.5, is still a target for 2001 based on those dollars. It is a systemic target—it always has been—and as the Minister also indicated, we are wishing to move towards a target of one is to five after that.

Mr QUINN: With the target of one computer per 7.5 students at 2001, where are we at the moment? What is the ratio now?

Mr WELLS: Across the system, it is one to nine and, as Susan has indicated, we expect to move down the track. It is important to point out that some schools already have better than one to five and there are some that have worse than one to nine. This is an overall systemic average that we are talking about here.

Mr QUINN: With reference to the Microsoft deal, it was mentioned before that there was a guaranteed number of workstations in the deal. What is the guaranteed number?

Mr WELLS: Susan, would you like to respond to that?

Ms RANKIN: It was 25,000 units in year one and there was a small factor of growth for subsequent years.

Mr QUINN: A percentage term? A number term?

Ms RANKIN: Based on our estimate of moving towards the increased target, that is the one is to 7.5 and one is to 5, it was 25,000 in year one, 27,500 in year two and 30,000 in year three, which we felt was a relatively conservative estimate given that there are some 55,000 computers currently in schools. The difference, of course, is in recognition of the fact that some of those computers are not state of the art.

Mr QUINN: The funding that you have allocated this year is sufficient to take us up to the target required under the agreement next year?

Ms RANKIN: That is correct.

Mr QUINN: Minister, you confirmed before that your director-general had received hospitality from Microsoft. Did any other officer of your department receive hospitality?

Mr WELLS: He did not say that he had received hospitality; he said that he had been to a conference.

Mr QUINN: The conference fees were not paid, as I understand. Let us say "a benefit", then. Did any other officer receive a benefit?

Mr MORAN: Not to my knowledge. There were two other visits overseas in relation to IT programs. One was to a conference in Arizona organised by an educational group there and that was attended by Mr Frank Rockett. Microsoft may have had somebody present, but there was no sponsorship that I am aware of in that case. The other was by Mr Bill Clarke to a conference elsewhere in America. Again, in his case, as with mine, Education Queensland paid the costs of his going.

Mr QUINN: Thank you. The Microsoft—

Mr WELLS: Excuse me, I have just been advised that another of my officers, when he was in Harvard on other business, visited the Microsoft office.

Mr QUINN: I take it that these have all been obviously declared somewhere? They are all known to you?

Mr MORAN: They will be, yes.

Mr QUINN: Thank you. The Microsoft deal is still mandatory for schools based on the number of eligible machines and it still includes

the same suite of software; am I correct? So nothing has changed there?

Mr WELLS: There are enormous advantages in having a common computer environment. I think that is widely accepted. Among other things, equity dictates that it is desirable to have a common environment so that if a child moves from one school to another, they are able to slot into the computer environment that is operating there and not have disruptions in their education. So, yes, we actively seek a common environment across the whole of Queensland. It is important to remember, I think, that with the Connect-Ed program, for which I am sure you will not be reluctant to take some of the credit, according to Telstra, we have the largest interconnected computer system in the entire world.

When we are dealing with such a large interconnected system, it is important that we do not lose the advantages that one gets from having that interconnectedness. One of our major initiatives is the development of a virtual school. If I get the opportunity, I will speak about this at more length, but I will mention it here in the context of this question.

The concept of a virtual school is based on having a real teacher in real time taking a class of students who might be in a large number of disparate places. This assists enormously with schools that are in rural, remote and isolated circumstances and are unable to access certain subjects. It also helps those schools that are located in metropolitan districts where the number of students interested in a particular subject area is not sufficient to generate a class in that particular school. It enables those students to pursue their subject interests. The virtual school is a system that will be of enormous value and enormous educational benefit. That is possible if you have a common computer environment.

Mr QUINN: When this new Microsoft deal is announced and information is sent to the schools, will every public servant be singing the same song? One of the distressing features of what happened was the fact that public servants gave different information to teachers and schools in the media. By that I mean that we had one public servant saying, "It's mandatory for all schools to participate and all schools will be paying the money" and another public servant saying, "If you don't use the software, you don't have to pay." Are we all going to be singing the same song this time?

Mr WELLS: I do not accept the premise on which your question is based. Your premise is that the propositions that were articulated by

departmental officers were inconsistent. They were not inconsistent. However, the spirit of your question is: are people going to continue to say the same thing? The answer is yes. The Director-General would like to add to what I have said.

Mr MORAN: I do not think that there is an inconsistency, either, because as the figures given before by Ms Rankin indicated, there are some 55,000 computers in schools but only about 25,000 or fewer are deemed eligible for running the package of Microsoft software that comes through the agreement. In a sense, we are talking about a very large number of computers where schools will not be able to or will not wish to run the Microsoft software and they will not be paying for it.

Mr QUINN: I was really referring to public comments by two senior public servants, one officer saying that these arrangements require schools to participate and another officer saying that schools would not be forced to pay for software if they did not want it. That is what I mean by the inconsistency in the statements. I suspect that part of the reason that there was a lot of confusion and angst in the schools was because two of our senior officers said diametrically opposed things about the agreement.

Mr WELLS: I do not think that there is going to be any confusion or angst, to use your terminology. One of the most interesting things is that some months ago a survey was taken of overall satisfaction rates with the Queensland State school system. This occurred some months after the change of Government. I give the teachers tremendous credit for what has occurred. The survey asked for the extent of the participant's confidence in the State school system. It was the second time that the survey occurred.

There was a 5% increase in the parents' overall satisfaction rate with the schooling system. I think that that is a stunning result. What is even more stunning is that there was an 11% increase in the overall satisfaction rate of the students, that is, the client group of Education Queensland. I give great credit to the teachers for that. That happened basically because of the operation of the feedback loop. The teachers knew from the previous year's survey what it was that people were looking for and they were able to deliver it and, in that way, improve educational outcomes. I give the member for Merrimac himself some credit for allowing the survey to be implemented in the first place.

However, I would be more modest than I really ought to be if I did not take some credit

for the Government for merely calling off the war of words and the gratuitous abuse that was dished out to the teachers by the previous Government. The survey must have had the effect of improving teacher morale. You cannot expect people who are constantly being kicked to death by Government spokespersons in Parliament and in the media to produce their best work. The suggestion now from the member for Merrimac that we have confusion and angst in the school system is merely a continuation of the songs from his old song book. I give the member for Merrimac 10 out of 10 for consistency, but he really needs to get some new tunes.

Mr QUINN: Let us press on to question on notice No. 9, which asked for actual staffing establishments. The response indicated the central office budget and the various components of that central office. According to the response headed "Human resources branch", staffing levels have jumped from 138 to 157—or is it 167?—and almost every classification level has been increased. Can you provide an explanation as to why the staffing levels have increased and why the classifications levels have increased as well?

Mr WELLS: I will invite Susan Rankin to respond.

Ms RANKIN: In general terms, there has been some recentralising of functions in the change from regions to districts. One of the functions that was recentralised was the cleaners' payroll, for example, which went into the HR area and accounted for an increase in the number. As well as that, you would probably be very familiar with the fact that we are currently in the very final stages of implementing our new HR system. The IntegHr project has been ongoing for some considerable time. We have increased our staffing establishment in the HR area, particularly establishing a help desk team and a support team centrally to service districts in that new system. That actually accounts for the increase in the numbers.

Mr QUINN: Public relations and marketing has experienced an increase in staff from 20 to 25. On what basis is that justified?

Mr WELLS: What page of the MPS are you referring to?

Mr QUINN: I am referring to the answer provided by your office to question on notice No. 9.

Mr WELLS: Bob, would you allow the Director-General to give you some additional information in response to a question that you asked earlier about hospitality? As well as the

officer who went to the office of Microsoft at Harvard, where they gave him a cup of tea and some fish, the Director-General would like you to tell you about another contact.

Mr MORAN: I mentioned that Mr Bill Clarke went to a conference in the United States. Another officer from his branch also went to a conference in the United States that was organised by 3Com, again on the basis that the expenses were paid by Education Queensland. In terms of IT related visits that I am able to recall, to the United States there are a total of four plus Mr Keily's brief visit to Microsoft. Those four are myself, Mr Frank Rockett, Mr Bill Clarke and an officer of Mr Clarke's branch, the Information Management Branch.

Mr QUINN: Does anyone else want to put up their hand? Can I have an answer to my question about public relations and marketing?

Mr MORAN: I can answer the other question you had about the public relations area. My understanding is that the year-on-year comparison is not apples with apples; that additional functions were transferred into Public Relations and Marketing from elsewhere, specifically publicity services, which was incorporated into Public Relations and Marketing. If you look at the classification profile that has been supplied in answer to the question on notice, you will see a shift in the number of the positions, largely at a fairly junior level.

Mr QUINN: What was it—publicity services?

Mr LACEY: Publishing Services, an existing group from a different part of the department, has now been included in public and media relations. The increase in the number this year is a result of that.

Mr QUINN: From which other part of the department did it come?

Mr LACEY: It was located originally in Facilities and Resources.

The CHAIRMAN: For the record, can you please indicate your name?

Mr LACEY: My name is Geoff Lacey. I am the Director, Public Relations and Marketing.

Mr QUINN: The Office of Non-State Schooling also shows a significant increase in staffing levels. In fact, the salary levels go from \$122,000 to \$457,000. What is the reason for the increase there?

Mr MORAN: Mr Quinn, one of the things I noticed upon arriving in the department was that the many concerns which the Government

and the department had in respect of non-State schooling were resting upon very few shoulders indeed. Many sensitive issues needed to be dealt with. I put proposals to the Government to bring into one organisational unit the Office of Higher Education and the Office of Non-State Schooling and to both upgrade and expand the number of resources within the Office of Non-State Schooling to better accommodate the work that needed to be done. There were concerns in particular about the adequacy of the arrangements for what has now been called the accreditation of non-State schools. As you may be aware, Professor Roy Webb is undertaking a major review of that area in consultation with the Catholic Education Commission and the Queensland Association of Independent Schools. That and a number of other things which previously were done elsewhere in the department and which I thought were best done in a unit specifically devoted to the Office of Non-State Schooling led to the shift in the numbers from two to six, as can be seen in the information we provided to you in answer to that question on notice.

Mr QUINN: The Portfolio Programs Unit and the Office of Portfolio Programs are two new units. What is their purpose?

Mr WELLS: The purpose is to effect a better line of advice. I will invite the director-general to provide the details.

Mr MORAN: Mr Quinn, as you would no doubt recall from your time as Minister, there are many issues of a portfolio-wide nature that need to be handled in support of a Minister. I felt that, again, there had been something of an oversight there in terms of putting the right sorts of arrangements in place to support the Minister on a portfolio-wide basis. That was in turn the basis for the Office of Portfolio Programs in general and the Portfolio Programs Unit in particular. The Office of Portfolio Programs is really the assistant director-general and his secretary. The assistant director-general, Brian Rout, is now responsible for the Office of Portfolio Programs.

The CHAIRMAN: The time for questions from non-Government members has expired. Minister, can you advise the Committee what initiatives are in place to help Aboriginal and Torres Strait Islander students in State schools?

Mr WELLS: When I came to office I called for a major review of Aboriginal and Torres Strait Islander education. Shane Williams is an officer of my department and I

would ask Shane to provide some additional details to the Committee.

Mr S. WILLIAMS: The department is very serious about the levels of achievement of Aboriginal and Torres Strait Islander students. In the last two years it has implemented a number of initiatives to increase both the academic and the social and emotional outcomes for these students. We have recently completed a review of Aboriginal and Torres Strait Islander education. From that review, we have developed a strategy and identified a number of key policies that we would like to see put in place. These key policies focus on areas of second language pedagogy and increases in enrolment levels. One of the key policies will focus on the community/school partnership arrangement. That is most important in terms of the review that was conducted.

The department has received advice that community members want to have more involvement in the education of their children. That has been quite successful. That review will also build on other initiatives, such as the Tertiary Aspirations Program. Queensland is the only State that runs such a program. It currently has a retention rate of 46% of indigenous students from Years 8 to 12. That is high when compared to New South Wales, which is at 33%. We are doing pretty well in maintaining achievement levels. But we are building on that with the outcomes of the review.

We are also looking at other avenues in terms of increasing the school to work transition for students. We have put in place a Career Aspirations Program, where kids are exposed to opportunities and role models. These programs are conducted right across the State to take in rural and remote communities so kids can identify which subjects they should select in Years 8 and 9 as prerequisites for Years 11 and 12 and to go on to tertiary education. We have also conducted quite successfully an initiative with the Queensland Health Department.

The 100% In Control Croc Eisteddfod was held in July this year. That initiative is a continuation and it certainly is a way of encouraging communities to look at dealing with substance abuse and using areas of visual and performing arts to encourage indigenous communities to come together and say, "We don't want this here." Right across rural, remote and urban areas initiatives are in place.

Mr WILSON: Earlier you addressed the negative impact of the Commonwealth's

enrolment benchmark adjustment for funding for Queensland schools. Can you tell us how the Queensland Government has responded to this inequity?

Mr WELLS: I have protested to Dr Kemp, the Federal Minister for Education. Indeed, they have been quite voluble protests. Nevertheless, this seems to be a course on which he is bent. Last year the cost to us was over \$3m. It is totally unsustainable and unfair. I am aware that Catholic Education leaders have also spoken to Dr Kemp to see whether the EBA, or the enrolment benchmark adjustment system, could be changed, because of its divisive effects. We will keep up the campaign. It is totally unsustainable and unfair. It is just an opportunity for a clawback of money by the Federal Liberal Government. The system cannot stand that forever.

The CHAIRMAN: Minister, could you advise the Committee what is being done to expand vocational education in Queensland schools?

Mr WELLS: Vocational education in Queensland schools is a very healthy creature. We have one half of all of the school-based apprenticeships in the Commonwealth. Having mentioned Dr Kemp in a less than congratulatory way, I mention that at the last ministerial council meeting Dr Kemp drew the attention of the other State Ministers to the fact that Queensland provided the benchmark for vocational education in the nation. Having said that, Bob McHugh chaired a major review of vocational education in schools. I ask Bob if he would come and give us some additional information. This is Bob McHugh, Assistant Director-General.

Mr MCHUGH: Our review of vocational education provision in this State revealed that there was a need for further work to develop joint policy between Education Queensland and the Department of Employment, Training and Industrial Relations. Equally, there was a recognition that in post-compulsory education there was a need for stand-alone VET through work with the Board of Senior Secondary School Studies. Decisions have been taken by the board to facilitate that outcome in the year 2000.

Additionally, the move to school-based apprenticeships and traineeships has been a great success in Queensland. Currently we have approximately 1,600 students in post-compulsory education who are currently pursuing a school-based apprenticeship or traineeship. In essence, Queensland leads the way in this area. Added to that, work is proceeding at a policy level and a resourcing

level to ensure that the emerging use of national training packages, which are credentialled by the Australian qualifications framework, will be able to be used in our schools in stand-alone ways. This will complement the board subject areas specifications that have been progressively rolled out into our schools over the last few years.

One of the major challenges that we are grappling with is the issue of the coordination of vocational education and training at the level of the school. The major approach to this development has been to provide resources in the form of grants directly to schools, to allow schools and their communities and local industries form local cooperatives—school/business/industry link-type arrangements—so that individual schools and their communities both at the individual and the cluster level can provide opportunities for young people in vocational education and training.

The CHAIRMAN: Could you advise what are focus schools? In particular, in what ways do these schools assist gifted and talented students?

Mr WELLS: Focus schools are schools which specialise in gifted and talented education. We have used the focus schools as a means for disseminating techniques of gifted and talented education. In 1999-2000, 300 schools throughout Queensland are going to receive training and support from the focus schools staff, who are going to share their knowledge and their professional development.

It is important, I think, that the education system in Queensland should provide particular support for gifted and talented education. Any inclusive system of education should provide opportunities for the maximum personal development of those children, just as it should provide opportunities for the maximum personal development of children with learning difficulties.

I will ask Jo Diessel, who is our officer in charge of this area, if she would—no, I will not. I will go on talking about it myself. There is one other point that I could make, and then I will hand over to Bob. The role of gifted and talented education in Education Queensland is an extremely significant one. It is one that we need to address and it is one in which we are able to demonstrate very valuable outcomes, including outcomes related to continued retention rates, because it is sometimes the gifted kids who drop out of school. Bob, I will ask you to say a bit more.

Mr McHUGH: In excess of \$900,000 is appropriated in this budget to support gifted and talented education programs. Since 1997, 1998, 1999 we have moved through a process that identifies each calendar year at least four schools that we refer to as focus schools. More recently these schools have not been individual schools, but clusters of schools. To those particular schools we provide both human and financial resources so that the individual school cannot only pursue individual programs at the level of the school but also act as a mentor, as a leader to schools in their broader geographic area to provide training for other teachers as well as programs for students. These focus schools do not simply exist in the south-eastern corner of Queensland. For example, Denison State School in Emerald is one of our focus schools. It provides programs for Emerald and for virtually many of the smaller rural schools in the Emerald district.

The CHAIRMAN: Could the Minister advise to what extent has Education Queensland implemented Managing for Outcomes?

Mr WELLS: The department has been working on an accrual accounting system for the whole of the last financial year. We are not dealing here in this budget with cash. Accounts have been translated into accrual accounts. We are dealing with accrual accounting all the way through. I will ask Susan Rankin if she would provide us with additional information.

Ms RANKIN: As the Minister indicated, immediately after the Estimates last year we moved to convert our budget fully to accruals and to adopt an output budgeting approach as indicated through Treasury. All of the budget statements have been prepared along that way. The major achievements have been to obtain that full implementation of not only the budget processes but also the related systems. We have also conducted a review of the methodologies for determining the costs of the outputs and the systems for calculating those.

In the current budget year, we anticipate that the 2010 strategy will be finalised and will provide a basis for future planning for the department, and that includes performance measures for the outputs which have been identified in this budget process. They will obviously need to be realigned to meet whatever the outcomes of the 2010 strategy process are.

Ms STRUTHERS: In this session today we have already discussed information technology

funding at some length, but I wanted to explore the issue of the Internet. Obviously it has enormous potential in education. I am sure, though, that there is a downside as well. I just wondered if you could comment about how do schools ensure that children do not access inappropriate material on the Internet?

Mr WELLS: There is a variety of systems that can be put in place. I invite Susan Rankin to respond.

Ms RANKIN: The department actually has in place clear policies and guidelines relating to appropriate usage of the Internet. One of those requirements is that all users sign an acceptable usage arrangement to indicate that they will not obviously access inappropriate sites. Filtering to block sites that are illegal, that are of a pornographic nature, that might advocate themes which are unsuitable for children such as hate or violence, etc., or that offer only commercial gains has been put in place as well as the monitoring of an Internet usage process.

Basically, we monitor the access to the Internet for both teachers and students to ensure that educational purposes are obviously the usage for the Internet. The major achievements have been to include the implementation of a network log-in routine that requires officers to agree that the Internet usage will be appropriate and to understand that their usage will be monitored. For this coming year, we intend to provide an upgrade to the managed Internet service that will further increase the security and control issues of Internet access in schools and provide an enhanced capacity to monitor and evaluate the usage by public servants as well.

Ms STRUTHERS: What was the outcome of the review of State funding of non-State schools and how will this impact on the services offered by the non-State sector?

Mr WELLS: The review is one which was undertaken in conjunction with the schools in the non-State sector. I will invite the DG to respond in more detail.

Mr MORAN: The review is ongoing. I believe there is a meeting to occur this week between representatives of the department and those from the Catholic Education Commission and the Association of Independent Schools of Queensland. Quite a lot of analysis of available data has occurred as to relative funding levels and so forth. Victoria and New South Wales have themselves done quite a detailed level of analysis on this point.

Of most significance is that probably now Victoria, New South Wales and Queensland have done more reliable analysis of these matters than has the Commonwealth Government as the basis for the initiatives which it has taken in respect of funding both State and non-State schools. In our view, it is to be regretted that the Commonwealth Government has been, frankly, slipshod in the approach it has taken to assessing how funds are put out both to State and non-State schools as a basis for the rather substantial changes in the last Federal Budget to the funding of non-State schools and the distribution of funds to State schools.

The CHAIRMAN: The Committee will now take afternoon tea and will resume at 4 p.m..

Sitting suspended from 3.45 p.m. to 4.02 p.m.

The CHAIRMAN: The hearings of Estimates Committee F are now resumed. I call the member for Archerfield.

Ms STRUTHERS: Minister, have there been any conflicts of interest around the Microsoft agreement?

Mr WELLS: No, there have not. I took the Executive Council minute to Governor in Council and I have had zero contact with Microsoft. The variation in the contract, I understand, was signed by Assistant Director-General Susan Rankin. I understand that she met with Microsoft in her office. I have spoken to other officers this afternoon.

The policy which has been in place for a long time was followed. Microsoft did not pay for those hospitable interactions the officers partook of with Microsoft people in order to promote the normal course of business. The whole thing was entirely as is in the normal course of business. No incentives of any kind were offered. I say on behalf of all my officers that I am absolutely confident that everything proper was done and that it was done properly.

The CHAIRMAN: The time allocated for Government questions has now expired. I call the member for Redlands.

Mr HEGARTY: Minister, I refer to question on notice No. 6 from non-Government members. In response to this question you indicated that the average cost of building primary and secondary schools is \$6.65m and \$18m respectively. Can you advise on what basis this calculation is made?

Mr WELLS: I invite Richard Williams to respond to the honourable member's question.

Mr R. WILLIAMS: The figures will be built on known building costs, so there would be some historical information we would build that upon. We have used the various building index information that is available in the marketplace.

Mr HEGARTY: So it is just a speculative figure?

Mr R. WILLIAMS: We are building schools all the time. We know what they cost us to build.

Mr HEGARTY: Why is it when you average the cost of the four primary schools listed in Budget Paper No. 5 you get a figure of approximately \$5.06m, while the only high school to be constructed is budgeted to cost \$27.6m?

Mr R. WILLIAMS: I think you have to look at it that we build primary schools over—

The CHAIRMAN: I remind departmental officers, members and the Minister that the question should be directed to the Minister and the Minister will defer to the departmental officer if that is appropriate.

Mr WELLS: Would you repeat the question?

Mr HEGARTY: Why is it when you average the cost of the four primary schools listed in Budget Paper No. 5 you get a figure of approximately \$5.06m, while the only high school to be constructed is budgeted to cost \$27.6m?

Mr WELLS: Because there are particular variations depending on the particular circumstances of each case. I will invite Richard to explain further.

Mr R. WILLIAMS: You have to bear in mind that we will probably be building the school over a couple of financial years and therefore the figure would increase as a total cost.

Mr HEGARTY: It is still a fairly significant variation, is it not?

Mr R. WILLIAMS: No, not really, because what we are saying is what we expect to expend this year. We have not put in the figures we are likely to spend next year. On average you would get up to the figures that we put in the response to the question.

Mr HEGARTY: Minister, in relation to the staged development of high schools, the budget paper indicates what you are going to provide in each stage in the facility. I refer again to the response to question No. 6 from non-Government members. It indicates that in Stage 1 all those facilities from administration block down to bus set-down are provided.

Does it follow and can you advise that the subsequent facilities will be in that order in the ensuing stages as they are developed?

Mr WELLS: Can I advise that the subsequent facilities will be in that order as the stages develop? Is that what you said?

Mr HEGARTY: Yes.

Mr WELLS: Could you explain what you mean by that?

Mr HEGARTY: I refer to your answer to question No. 6, of which I am sure you have a copy. You have indicated that the Stage 1 development covers down to bus set-down area in all of the facilities that are incorporated into an S88 fully developed high school. There are subsequent stages of the high school's development—usually up to Stage 5, I think.

Mr WELLS: Yes.

Mr HEGARTY: Does it follow, then, that those subsequent facilities will be provided in that descending order in each subsequent stage to Stage 5?

Mr WELLS: Not necessarily. It will depend on all of the circumstances of the case. Richard, would you like to explain further?

Mr R. WILLIAMS: The information there is a typical high school construction process with a number of stages in it. In most circumstances those are the elements that would be added to the high school over that period of time. You are quite right: it is usually about a five-stage process. There could be variations along the way depending on a range of things—demographic trends, development of the school and specialisation in the school in terms of what it wants to provide in the future.

Mr HEGARTY: So to a degree it relates either to requests or choice, apart from those factors that your departmental officer has just indicated?

Mr WELLS: It is a matter of all the circumstances of the case, yes.

Mr HEGARTY: As a result of the budget moneys that have been allocated for capital works in the primary and secondary school sector—that is, \$114m in primary and \$57m in the secondary—has there been any cutback in this financial year in relation to any of those staged developments, apart from the new primary schools and high school that you have announced in this year's budget?

Mr WELLS: Do you mean has there been any stage that we might otherwise have put in place that we are not now going to put in place? Is that what you are asking?

Mr HEGARTY: Yes. On the indicative program, as I am sure there is with the staged development of school facilities, in this year's budget have you had to alter or delete any facilities that were indicated for construction obviously for the next school year?

Mr WELLS: I will invite Richard to respond to that.

Mr R. WILLIAMS: No, there are no deletions. With the new school construction process we would just be rolling it through as we would normally.

Mr HEGARTY: Minister, I refer you to page 19 of Budget Paper No. 5, which refers to the Victoria Point high school, Stage 4. It indicates the facilities that will be provided there—

Mr WELLS: That is a splendid school, by the way.

Mr HEGARTY: Absolutely. I concur. You can probably understand why. Going on to the point in question, in that Stage 4 facility it was proposed that the student centre would be constructed in that stage. Within a day or two of this year's budget, that student centre was deleted from this year's works program and it will not be available for the Year 11 students commencing at that high school in the year 2000. Can you advise now why, if there have been no cutbacks in budget moneys for staged programs, that has been deleted?

Mr WELLS: You are talking about the high school, are you not?

Mr HEGARTY: Yes.

Mr WELLS: I recently visited the State school, where they have an absolute benchmark literacy program.

Mr HEGARTY: Yes, I am aware of that.

Mr WELLS: I would like to congratulate the teachers and the parents in your electorate on what they are achieving as far as literacy is concerned—with their share of the additional teacher aide money, which we provided by removal of the Leading Schools program. I will ask Richard if he would care to respond to the point concerning the high school.

Mr R. WILLIAMS: Both student activity centres and student performing arts centres, in terms of the late stages of the construction of those schools, can slip backwards between Year 4 and Year 5. Under the planning formula that we are working on at the moment, they will get their student activity centre next financial year.

Mr HEGARTY: So in other words, there

has been a slip-back, Minister, in the staged program for at least this facility in this year's budget?

Mr WELLS: You say "in other words". Those are the words that you are choosing to use. Richard, what word did you use?

Mr R. WILLIAMS: I would not say there has been a slip-back. Basically, what we state in Budget Paper No. 5 is what we are intending to do. Most other activities up to that point in time are planning processes, which we choose in terms of managing need, moving backwards and forwards. And certainly, with those later stages of a high school, there is ability to push those ones back. But the reality of life is that we might start construction of that facility early next year, given that most of the costs will then fall into next financial year.

Mr HEGARTY: Minister, using your spokesman's terminology "slip-back", there is still a reduction in funding that was to be allocated this year, because preliminary planning or, might I say, intermediate planning was already under way for that particular student centre to the extent of liaison with the local government authority, which was also going to contribute a quarter of a million dollars to enhance that facility to make it into a community-based facility. Of course, this move now may prejudice that money still being available, if and when the student facility is budgeted for.

Mr WELLS: My department is not aware of that quarter of a million dollars. The willingness of the local council to make that kind of contribution might make a difference as to the timing of whatever might occur. If you are able to get the local council to put in writing the undertaking that they have apparently made to you, then we will have another look at the thing.

Mr HEGARTY: I thank you for your commitment to explore that option.

Mr WELLS: Thank you for the quarter of a million dollars.

Mr HEGARTY: If I can make it available to you, I will endeavour to do so. I ask you to confirm then that if there is every likelihood, with this scenario being correct, that there is additional funding from another source coming, you may be able to put this facility back on the program to the extent that it may be able to open early next year for the new Year 11 intake.

Mr WELLS: Not necessarily. But where programs become a matter of intergovernmental coordination, it is necessary to look at the whole thing in a different context

entirely. Now, if you are saying that the local council is about to put forward a quarter of a million dollars and that they have some serious proposal that they are going to put to Ed. Queensland, then that might make things entirely different; they have to be looked at in an intergovernmental context with a view to putting the programs in a different category.

You have given me the opportunity to speak of the School and Community Capital Innovators Scheme, which was introduced this year. \$1m has been set aside for that program, and a very large number of schools have expressed an interest in it. The philosophy behind the program is to encourage community use of school facilities and, at the same time, encourage community participation in the funding of school facilities. It seems to me that what you may be suggesting here is the capacity to bring that particular project that you were talking about into the Capital Innovators Scheme. If that were so, it would be looked at in a different context from general prioritisation within the particular capital works program.

The whole purpose of the Capital Innovators Scheme is to build on what the schools increasingly are representing, namely, the concentration of the social capital of the community. By making schools the living heart of the community in which they are located, we will not only protect the schools' facilities, but we will also ensure that the entire community's facility dollar—which, of course, is of its very nature limited—goes round with more effectiveness. The Capital Innovators Scheme, while it has \$1m attached to it, is not a source of matching funding by the State Government. Rather, what it does is to indicate to local councils and to other community groups who may be interested that a particular project has the imprimatur of the State Government. That does encourage people to make a contribution, and it enables us to more rapidly replenish the stock of our facilities and the quality of our facilities at the same time as assisting the community.

Mr HEGARTY: The other point I would like to ask about is the Land Acquisition program on page 19 of Budget Paper No. 5. Would it be possible for you to identify what sites you have acquired in the last 12 months as an indication to us of what your building program might be?

Mr R. WILLIAMS: I can certainly provide a list. I would suggest that that is probably a question I should take on notice.

Mr WELLS: No, we will not take it on

notice. We will give you a list by the end of the day.

Mr HEGARTY: I am happy to put it on notice.

Mr WELLS: I am happy to give it to you before we rise this evening.

Mr HEGARTY: Thank you, Minister.

Mr QUINN: Minister, can we go back to where I was before in terms of staffing establishments within the units in central office? An analysis of the staff movements shows that the Low Incidence Support Centre has lost 10 staff, Open Access has lost 34, and Student Services, which includes the ATSI, has lost 20, making a net loss in those three areas of some 64 staff. On the other side of the ledger, teaching and learning go up eight, human resources, 14, information management, eight, and on it goes. So the question is: why have you reorganised the department to cut staff in units which support programs and initiatives focusing on disadvantaged students, through either disability or isolation, whilst increasing by approximately the same number the public servants in the administrative units of head office?

Mr WELLS: Under Managing for Outcomes, it is the custom to list expenditures by the output. Consequently, the conclusions that you have drawn are not exactly correct. I will invite the director-general to refer to them.

Mr MORAN: I believe that, in answer to the question on notice, we did not give you some information about the establishment levels at 30 June 1998. For instance, you mentioned the Teaching and Learning Branch. At that point, its establishment was 64. I reviewed its staffing, along with that of other units within the central office, and so reduced their number to 40. And it has gone down—as you know from the answer to 46—to still considerably less than what it was at 30 June 1998.

As to the Student Services Branch, at that date of 30 June 1998, it was at 32, and it is still at 32. Overall, the establishment at the central office totalled 865 as at 30 June 1998. Following my revision of the budget it went to 825 as shown in the answer to the question on notice. As at 1 September 1999 it was at 829—a slight increase over the 825 figure. As to the Low Incidence Unit and the Open Access Unit, I will ask Peter Blatch whether he will make some comments because in fact there has not been a reduction in the resources for these purposes; they have just been shown, as are all the budget changes

with which you are familiar, against other parts of the department.

Mr BLATCH: The reduction of 10 staff which appears in the papers merely reflects the change in the budget process whereby 10 staff have been relocated from central office to the unit at Annerley which is funded through the operations area of the program. The same number of professionals is involved in providing the same number of services to students.

Mr MORAN: Mr Quinn, if I could now turn to the matter of the Open Access Unit which you raised, I will ask Mr Gary Barnes to explain the shift in the numbers there.

Mr BARNES: It is true to say that the Open Access Unit establishment figures have fallen from 126 permanent public servants to 90 permanent public servants. However, what occurred following a business planning process that was undertaken earlier this year is that, quite simply, some of these services have been retained and have been redirected across to the Teaching and Learning Branch services. These were areas which really did not fit, such as guidance and career counselling. They did not suit the new focus and direction of the unit.

Mr QUINN: We will move on to question 5 which was asked on notice and which related to State education organisations which are funded by Education Queensland. There was a new service agreement for the Queensland Association of People with Spina Bifida—hydrocephalus—on 1 September this year. Previous to this date the agreement had included an arrangement for CPI increases. Why was not this new agreement funded with CPI increases in it as well?

Mr WELLS: I will ask the director-general to explain the details of that service.

Mr MORAN: As part of the Government's overall strategy for the budget this year there were a large number of areas to which that indexation was not applied. In reviewing the funds available for these and other purposes, we were constrained as to the increases that it would be possible to flow on to such organisations for one year.

Mr QUINN: This agreement is for three years. They have no indexation for the next three years?

Mr MORAN: The second and third years of the agreement can be reviewed in the light of the next budget.

Mr QUINN: You also mentioned that other organisations would be affected by this as well. Which other organisations are you referring to?

Mr MORAN: I am thinking most particularly of some of those mentioned in question No. 5.

Mr QUINN: We are really talking about the ones which were renewed this financial year?

Mr MORAN: Yes.

Mr QUINN: Such as the Royal Bush Children's Health Scheme?

Mr MORAN: I would have to check on that. There were three in particular where the issue of indexation arose. I will quickly get that information for you.

Mr QUINN: I appreciate that. The other question concerns the Noah's Ark Resource Centre. I understand that negotiations are currently in train. Why is the Government pressing Noah's Ark to move to a user-pays basis over the next three or four years?

Mr WELLS: I will invite Brian Rout to respond to that question.

Mr ROUT: All of the areas that are covered in these grants to non-Government schools are required to be covered by resource agreements. The recent Auditor-General's Report No. 6, which reviewed the administration of grants and subsidies, emphasised the need for a formal needs analysis to ensure that grants are made on the basis of identified need. We have had a review conducted into the services provided by Noah's Ark and there have been some concerns as to the extent to which funds could have been provided to the Noah's Ark Resource Centre, while at the same time grants are being made to schools which provide the same services.

The Noah's Ark Resource Centre operates a library service for those sorts of areas. So the emphasis in developing a new resource agreement has been on ensuring that the services of the Noah's Ark centre do result in some improvement in student outcomes. We have been conducting negotiations to ensure that the funds are directed towards the students. These negotiations have been reasonably productive. We believe that, to prove that the service is valued by schools, schools should be prepared to contribute some of the funds towards the service. There have been discussions with Noah's Ark as to the possibility of asking schools to move to a greater user-pays model. At this stage the final details have not been arrived at. We are hoping that it will be clarified within the next week or so.

The CHAIRMAN: The time for non-Government members' questions has expired. I call the member for Ferny Grove.

Mr WILSON: Minister, what is the department doing to reduce the level of salary overpayments?

Mr WELLS: I am just trying to work out who is the most appropriate officer to answer the question because I would like to give you a detailed answer. There were salary overpayments and they amounted to \$963,000 as at 30 June 1998. During 1998-99, debts totalling \$1.1m were raised and repayments of \$1m were recovered. Debts totalling \$140,651 were written off. I invite Susan Rankin to give you more detail.

Ms RANKIN: Thank you, Minister. One of the constant concerns in the issue of overpayments, and overpayment recoveries, relates to the effectiveness of the system which you have in place—the HR system—and also to the timeliness of the data entry. Obviously we are concerned that people in districts and in schools keep the data up to date with respect to when staff are absent and when normal pays might be processed. Recoveries might need to be activated if staff are not there.

The issue of systems is an important one. We believe that in moving to implement the IntegHr project, which is based on the Total Solution series software, and to bring all of our employees onto one payroll for the first time in Education's history, we will actually have a far more sophisticated HR system than we have at this point in time. It will be a system which will enable us to produce a much more sophisticated suite of reports. This will give us a very high level of overview and scrutiny on data entry and data integrity. It will allow for much more timely capturing of the data arrangements to enable us to ensure that the level of overpayments is maintained within a reasonable level.

Mr WELLS: Would the auditor like to make any further comment?

Mr McNAMARA: Just following on from what Susan has indicated: I chair the overpayments review committee. As part of that process we are continually looking at the systems and the processes that are used. In the last two years we have introduced leave schedules to make sure that there is a better flow of documentation through to district offices and to central offices.

The CHAIRMAN: Order! Time has expired. Do you wish an extension of time for that answer?

Mr WILSON: I am happy for an extension of time of a reasonable length to be granted.

Mr McNAMARA: Again, the implementation of the TSS new HR system also means that we have been winding down the number of independent systems that have been out in districts. So we have a more integrated payroll personnel system these days. It is making an impact on the level of overpayments that do occur. As you would realise with the number of employees that we have, there is invariably going to be a number of overpayments. It is just a matter of how many controls we can have in the system to try to minimise those and certainly, I suppose, minimise angst for our employees and the general level of overpayment that is occurring at any particular point in time.

Mr WILSON: Thank you very much. Minister, how much was spent on international marketing related to the commercial activities of the overseas unit during the past financial year? What revenue did these activities generate?

Mr WELLS: The most important area of international marketing was in respect of support for universities. The overseas university students whom we have studying at our universities not only bring in a tremendous amount of revenue but also they contribute culturally. We learn from them as they learn from us. Rod Gilbert is the manager of that particular unit. I will invite him to speak in more detail on this.

Mr GILBERT: In answer to your question, during the last financial year, \$161,000 was expended on overseas marketing activities. This generated \$5.03m and also resulted in a surplus of \$1.116m, which is a surplus return of approximately 22%.

Mr WILSON: Thank you very much. Minister, at page 1-1 of the MPS, reference is made to "Enhancing student outcomes by redeveloping an integrated framework for curriculum pedagogy and assessment that identifies new essential areas for learning." That is a bit of a mouthful, but what are these new essential areas of learning, otherwise referred to as the New Basics?

Mr WELLS: I think that we have to accept that the headlong rush into the 1970s, which is sponsored by David Kemp, with the sole concentration on national benchmarks in literacy and numeracy is not what is going to happen in the 21st century. Literacy and numeracy are absolutely essential and necessary conditions for life competence in the 21st century, but they are not sufficient conditions. Literacy is not by itself enough. Therefore, the New Basics is an innovation that we are working on in Queensland and

which will have us leading the nation. I will invite Allan to speak a little more about the New Basics. Allan Luke is the deputy director-general.

Prof. LUKE: Thank you, Minister. One of the findings of the 2010 inquiry that we have been maintaining has been that changing Queensland economies and cultures and communities may require very different kinds of workers and very different kinds of citizens as we look towards 2005 and 2010. We have begun a six-month research and development project around trying to conceptualise what kinds of essential knowledge—call them New Basics, call them essential learnings—what kind of categories, what kinds of pedagogy and what kinds of reporting systems might be necessary to serve Queensland's schools and communities best in these new economies and new cultures in 2005 and 2010.

We have done an environmental scan that has gone internationally—worldwide—and we have found, quite surprisingly, that some areas of Canada, the United States, South East Asia and Europe have begun to actually prototype futures orientations in curriculum and pedagogy. Not surprisingly, given the Minister's comments, nobody in Australia and the other States is engaged in really proactive futures style development. Through this project, which we will begin to trial on a very small and limited basis in the next few years, we aim to make Queensland Education a leader in terms of futures orientation in moving towards these New Basics.

The CHAIRMAN: Thank you. Minister, could you inform the Committee in what ways will the development of professional standards for teachers, referred to on page 1-18 of the Ministerial Portfolio Statements, assist teachers in Queensland's State schools?

Mr WELLS: It is necessary for us to have a set of professional standards for teachers in Queensland. Obviously, the Board of Teacher Registration has a role in certifying teachers. Obviously, the universities have a role in training the teachers. However, at the same time the Education Department is, in fact, the employer of the teachers and it is desirable that we should provide some guidance on these points. Ray Ashford will provide the Committee with additional information.

Mr ASHFORD: In regard to the professional standards for teachers, in regard to the initiative that we have adopted, Education Queensland is a leader. The main purposes of the standards are, firstly, to inform program development for preservice teacher education. When you have a look at the

recent 2010 consultations, some of the key issues that came out of that were some of the inadequacies with preservice teacher education. The second purpose is to provide a platform to drive the continuing professional development of teachers. The third purpose is to represent the aspirations of the teaching profession.

We have engaged a firm from another State to help us design, and the implementation program will occur next year. We have also undertaken a fairly significant consultation program, which has involved teachers at a grassroots level and also a steering committee. We hope that, by the start of next year after the consultation process that will occur over the next couple of weeks, we will have professional standards for teachers that will be compatible with all the stakeholders who are involved in the process and one that will be the basis for taking the profession forward and also providing a very credible basis for the profession.

The CHAIRMAN: Thank you. Minister, could you advise the Committee as to why has there been an increase in the funding of non-State schools in the budget?

Mr WELLS: Part of it is formula driven, part of it follows the basket and nexus formula. The reason for the increase in the funding is also related to commitments that were made prior to the election, for example, with respect to the Cooler Schools Program with respect to the hot spots. These are things that have been incorporated. I would like to ask Brian Rout to provide the Committee with additional detail.

Mr ROUT: Basically, the increase is the result of three areas: firstly, a 3% increase in non-State school enrolments; secondly, there are flow-ons for funding increases to State schools, which include enterprise bargaining increases, Connect-Ed, Schooling 2001, literacy, numeracy and behaviour management; and thirdly, there is an additional \$1m under the Education for All initiative that is focused on providing services for students with disabilities. This total Government recurrent funding pool for non-State schools is provided through what we call the basket and nexus mechanism, whereby the non-State sector receives 20.2% per student of the notional recurrent allocation per State school student. This recurrent pool is then allocated on a per capita plus also a needs basis.

Overall, the combination of those three

areas, tied into the basket and nexus model, will result in that general increase of funding to the non-State sector in the recurrent area.

Ms STRUTHERS: Minister, funding has been allocated to a telephone trial at the Charleville School of Distance Education. What has happened to the trial?

Mr WELLS: The trial is going to turn into a pilot. It has been very welcomed by the people who have been using it although, interestingly, that is not the view of everybody who uses distance education. In some areas of the State, they prefer the more traditional system with two-way radios. I will ask Gary Barnes to give us additional detail.

Mr BARNES: We have extended what was a trial at the Charleville School of Distance Education, as the Minister has alluded to. In the past, six of our seven schools of distance education have relied on providing real-time teaching through HF radio. While this is a cost-effective means of communicating with students within their home context, sometimes the quality of the interaction is variable, determinate upon a whole host of conditions that determine that HF radio network.

We have invested significant funds in extending the trial. This year in excess of \$350,000—I think it is in the order of \$380,000—has been allocated to trial a telephone solution in cooperation with Telstra. That will take an alternate means of delivering the lessons that had formerly been run through HF radio into the homes of 90% of the students at the Charleville School of Distance Education.

I would point out that the trial will give us the opportunity to ascertain the continued viability and the network infrastructure capacity so that we can make reliable and informed decisions about extending this service beyond Charleville into other schools of distance education. We are also aware that there may be potential benefits in sustaining the HF radio network as well. The extension of the trial allows us to position ourselves to make the best possible decisions on behalf of the students who study in rural and remote areas through their home context.

Ms STRUTHERS: Minister, the Ministerial Portfolio Statements, at page 1-1, claim that the department is ensuring that children achieve literacy and numeracy standards in the early years of schooling. Specifically, what is the department doing to achieve this goal?

Mr WELLS: One of the things that we did, and it was extremely significant and extremely decisive, was to take the largest portion of the

Leading Schools money and apply it to the appointment of additional teacher aides to provide one-to-one literacy education, particularly concentrated in Years 1, 2 and 3. Just before he left our company I was chatting with the member for Redlands about one of the schools in his electorate, Victoria Point State School. That school, which is a model of how this program can be effective, took the money that had been allocated to it, quarantined it specifically to literacy in Years 1, 2 and 3, and achieved dramatic results. I expect and have reason to believe that the same sort of thing is being duplicated hundreds of times across the system where that additional money has been made available.

One of the other important programs that we have is the Reading Recovery Program. That program suffered briefly under my predecessor, but it has been of enormous value and continues to be of enormous value. The Year 2 Net, which enables us to identify students who are having reading difficulties, combined with the Reading Recovery Program, has led to excellent results. Indeed, the Reading Recovery Program is starting to become a preventive program instead of just a remedial program. Bob McHugh is here, ready, willing and able to take this matter a little further.

Mr McHUGH: An additional \$5m has been appropriated against our literacy and numeracy budget for this current financial year, which will take the figure to \$114m on literacy and numeracy. As the Minister mentioned, a significant portion of those funds goes towards the highly successful Reading Recovery Program. In the current financial year, we will employ 573 specialist teachers to work in this area. The Year 2 Diagnostic Net, associated key teachers and intervention funds that are forwarded to schools will continue. In effect, \$31.7m will be allocated to support the Year 2 Diagnostic Net, the Reading Recovery Program and school intervention funds. A further \$79.8m will go towards support teachers working in the area of learning difficulties and also the support for teacher aides working in the area of literacy and numeracy in our schools.

The CHAIRMAN: The time for Government questions has expired.

Mr QUINN: Minister, my previous question concerned the Noah's Ark Toy Library.

Mr WELLS: Before you ask that question, may I ask the Director-general to respond to the detail in the question that he said he would get back to you on?

Mr MORAN: There were questions about agreements and organisations that did not receive indexation. Those three are SPELD, the Royal Bush Children's Health Scheme and the spina bifida group.

Mr QUINN: Following on from that information, do you have any information as to how much the CPI adjustments would have been in terms of each of those service agreements?

Mr MORAN: We can find that information fairly quickly.

Mr QUINN: You mentioned before that this was the result of budget considerations. My information is that we are not talking about a large amount of money. For the spina bifida group we are talking about \$5,000, the Royal Bush Children's Health Scheme would be less than that and SPELD would be significantly less than that. For the relatively small amount of money that you have decided not to fund these organisations for, they are in fact undergoing substantial stress in terms of their budgetary positions.

Mr WELLS: I understand that these are agreements. I will invite the Director-general to speak to you further, but the bottom line is that these are things that have been agreed. They are agreements.

Mr QUINN: There are ways in which agreements can occur. I understand that some of these methods have not been agreed to by the organisations themselves.

Mr WELLS: Is this the voice of experience?

Mr QUINN: I am just making that point.

Mr WELLS: I will invite the Director-general to give you additional detail.

Mr MORAN: Mr Quinn, the indexation figure you requested is 2.56%. The issue of indexation was not a matter that was confined to those three organisations. It impacted upon a broader range of matters within the department as a consequence of Government-wide decisions in the Budget context.

Mr QUINN: I move on to question No. 1, which was about consultancies. The list provided to us had the last consultancy under the departmental unit Strategic Policy Branch as KPMG Consulting. The purpose of the consultancy was to undertake market research to identify the perceptions and views of the Queensland population regarding education, at a total cost of \$392,100. That consultancy was to run from September to November this year. What are the parameters or the

guidelines that were put in place in order to let this contract? What type of information is being sought? Will the report be made available to the public?

Mr WELLS: This is an extensive piece of research. It arises out of the 2010 consultation. It is probably the most extensive piece of research to be undertaken. The 2010 consultation is a long-term thing. We are trying to position the State school sector to deliver, in 10 years' time, the kind of output that social circumstances will require it to. I know that the philosophy of the honourable member for Merrimac, as stated at a press conference on 12 April, was that there is nothing in this to advantage kids in the short to medium term and that that is what Governments ought to be about. However, we do not take that view. That is why we are doing a 10-year plan. We need to make sure that we put in place the correct 10-year plan, and in order to do that extensive market research is needed. I invite the director-general to take the matter a bit further.

Mr MORAN: It has been our view that a good system is in part one which responds well to what the community expects of it. To do this we must know quite a lot about what the community wants. When I looked back over the market research done on Education Queensland in the nineties, I found that the sample sizes were quite small and in fact there were contradictions in the conclusions drawn from the research that had been done. Secondly, it was clear that many messages were coming forward from the consultations on the 2010 exercise, which involved 700 meetings and 10,000 people. We needed to test some of those conclusions in a more formal way as an input to the development of the strategy. We went through the normal process to engage the consultants and, in meeting with the consultants chosen, I asked that they prepare a report which was suitable for publication.

Mr QUINN: Minister, have you engaged any consultants through your office?

Mr WELLS: My office is well within budget. There would be the occasional person who would be employed as a contractor or a consultant, but it would be very minor.

Mr QUINN: In what area are we talking about? For what purposes?

Mr WELLS: Temporary staff or perhaps somebody to advise on paper flow or something like that.

Mr QUINN: Is it possible to get a

considered list or more accurate information on that?

Mr WELLS: I would expect that that information is available in the normal documents that are tabled with respect to ministerial expenditure.

Mr QUINN: And if they are not?

Mr WELLS: If there is anything that is not in there, I will give it to you.

Mr QUINN: The consultancy headed by Kim Bannikoff is not in the list of consultancies here. Is there a reason for that?

Mr WELLS: I will invite the director-general to respond to that one.

Mr MORAN: The matter to which you refer, Mr Quinn, is to do with a contractor rather than a consultant. I make the distinction on the basis of those which are conventionally made in the Queensland Public Service. The amount of the fee paid to Mr Bannikoff has been provided previously, I believe, in answer to a question in the Parliament. I regard the contractor's work thus far as being very successful, as evidenced through the well-written discussion paper, of which he was the principal author, and the equally well written report on the consultation, of which he was the principal author. I am sure that when you see the draft of the 2010 strategy, of which he is also the principal author, you will be equally impressed with that.

Mr QUINN: If Mr Bannikoff is a contractor, how many other contractors have been employed by the department?

Mr MORAN: There is quite a number. I do not have the details readily at hand, but I think Mrs Rankin might have some more information.

Ms RANKIN: If you are speaking just about central office and district offices, there are approximately 150 between central office and district offices that we would classify as temporary public servants, which you might term as contractors. They range across a variety of project areas. They are normally attached to specific projects. For example, we have spoken about the IntegHr project. There are some 21 additional staff in district offices associated with that and 20-odd contractors in central office. There are contractors who have been working with us on the SMS, or the School Management System, and all of the subsequent development work and roll-out of that. They would be attached to the Information Management Branch. We have some additional project people working on the redevelopment of the web site and on our LANs roll-out. Those officers who manage the

roll-out of the LANs are project officers attached on what we would call a temporary status. In addition, a number of projects are happening around the SAP upgrade to version 4 this year, which will involve the use of about four contractors. There are contractors in the Educational Services area in so far as these are project officers who are funded through either State or Commonwealth dollars and who would be on a time-limited basis and would have temporary Public Service status. Across the districts we would probably see something in the order of 20 to 30 and across central office probably about 120-odd contractors all up, all of which would be time-limited appointments funded through specific purpose funding arrangements.

Mr QUINN: Do you keep a record of how much money you spend on contractors in a financial year?

Ms RANKIN: We do in so far as they are attached to projects which have in and of themselves approved budgets that have component parts for labour, and those budgets are all approved in the normal departmental process.

Mr QUINN: Can we turn now to the Board of Senior Secondary School Studies? Just as a matter of form, the Queensland School Curriculum Council has its documents signed by its chairman. Both the Board of Senior Secondary School Studies and TEPA have their documents signed by their executive directors. Is it the case that they have been empowered by the various boards to sign the documents on behalf of their organisations or is that not a necessity in this case?

Mr WELLS: I have no reason to think it is a necessity. I think it is just a matter of people not standing on ceremony.

Mr QUINN: Would these documents have been approved by the various boards?

Mr WELLS: Let us ask them. Do you have a series of questions?

Mr QUINN: Yes.

Mr WELLS: I will ask representatives of the board, the curriculum council and TEPA to come forward.

Mr PITMAN: I sign this document, as I understand it, as the chief executive officer of a statutory authority responsible for the administration of the board's policy in the area.

Mr QUINN: Are you authorised to do so under the Act?

Mr PITMAN: Yes, I believe so.

Mr QUINN: That is all I need to know. Just as another matter of form, on page 2-2 of the

MPS the Non-departmental Output Statement lists a total cost of \$16.033m. On page 2-4, the Operating Statement lists expenses totalling \$15.06m. This is one of only two of the operating statements in the whole document that do not match up. All of the departmental statements are fine. However, yours and TEPA's do not match up. Is there a reason for that? Do you see what I am getting at?

Mr PITMAN: No.

Mr QUINN: At the bottom of page 2-2, a total cost of \$16.033m is listed. On page 2-4, the total expenses estimate for this year is \$15.606m. For every other unit of the department those figures match.

The CHAIRMAN: Minister, are you comfortable with these questions being put directly to the departmental officers? I would prefer that all questions go to the Minister or be deferred. A series of direct questions is being put to departmental officers. Minister, I ask you to either respond or defer to the officers for answers to these questions.

Mr WELLS: Yes, I will pass it over to the officer concerned. It is a matter of form, as the member for Merrimac says, and I am not in a position to respond to it.

Mr PITMAN: I am getting advice from my finance person. We prepared this in accordance with the Treasury spreadsheets. I do not know that I can add more than that at the moment. One is a cash statement and the other one is the total expenses for the year, and there is an amount carried forward. Perhaps I could go back a bit. My office began accrual accounting as one of the very first agencies in the Government, which you will probably recall from your time as Minister. So we have been for a number of years now allocating funds on an accrual basis for things like long service leave, holiday entitlements and so on and showing them in accrual fashion. I think that is probably where the difference comes.

Mr QUINN: On page 2-4 under Revenues on the Operating Statement, where it has "Other revenues", last year's budget figure was \$275,000 and the actual was \$1.284m. Is there an explanation why there was a substantial increase in revenues last financial year into the board?

Mr WELLS: Good management.

Mr QUINN: Besides that.

Mr WELLS: I invite the board to respond.

Mr PITMAN: May I ask my colleague to respond?

Dr ALLEN: That is a reclassification of the revenues. If you look at the total, it is the same there. It is brought about from the changes required to move towards the Managing for Outcomes under that process there. You see that the thing adds up to the same essentially, but that money has got to transfer from one category to another.

Mr QUINN: On the next page, 2-5, under "Current Liabilities", last financial year there were provisions made in the budget for \$547,000 and in the actual it is \$1.783m. Is there an explanation for the difference there, please?

Dr ALLEN: Again that relates to a series of provisions for liabilities, including the long service leave which we had at that time fully funded that is now being transferred to a central fund.

Mr QUINN: A whole-of-Government approach?

Dr ALLEN: Yes.

Mr QUINN: Over the page, 2-6, in the Inflows from operating activities, under the heading "Others" in the 1998-99 actuals there is an amount of \$1,042,000.

Mr PITMAN: Yes.

Dr ALLEN: That is the carried forward from the previous year which again relates to the time we were funding fully all the accumulated liabilities, including long service leave and staff leave. So that time the board' budget was carrying that money forward which now appears under the accrual basis. In the event of people going on leave or people taking long service leave, that liability will be fully funded.

Mr QUINN: The notes to the operating statement which is on the top of the next page, 2-7 there is a "1". Throughout your documents there is no "1" anywhere. Where should we put it?

Dr ALLEN: Again, that was the format that was requested which was that, if notes were going to be listed, they should be listed "1, 2, 3, 4", and that is the first of the required notes.

Mr QUINN: What I am saying is that in the documents themselves there is no "1" anywhere in any of the columns. You have this "note 1". If you go back through the document you cannot find the "1".

Mr WELLS: That is because everybody in Education Queensland is focused on how things—

Mr QUINN: It is just a matter of the format of the documents to make sure the

documents are accurate and reflect what is going on within the department. If you start missing out bits and pieces and the format is not correct, how is anyone going to interpret the documents consistently across the portfolio?

Mr PITMAN: Excuse me, it is not meant to be a footnote.

Mr QUINN: What is it then?

Dr ALLEN: It is a note that that section of the portfolio statement requires an explanation of any variances, and the significant variances in the operating statement that that draws attention to is the operating deficit for the period 1999-2000.

Mr QUINN: It has "Operating Statement" at the top. Go to the Operating Statement in your document and there is no "1". It has to reflect something, surely. We will pass, anyway.

Ms RANKIN: It should be on the Financial Statements. It should be on the first page, 2-4, under "Operating Result". It should be against the note column.

Mr QUINN: That is what I thought.

The CHAIRMAN: The time allocated for non-Government questions has expired.

Ms STRUTHERS: What will be the new role of the Open Access Unit and how will it improve student learning outcomes?

Mr WELLS: The Open Access Unit has performed a very important role in supporting distance education over a long period of time. During that period of time it has been print and analogue based. What we are doing now is to move to take advantage of the new digital based technologies. That is what the future of the Open Access Unit is going to be based upon. I will invite Gary to give us some more details on that.

Mr BARNES: The changes to the Open Access Unit were undertaken following an extensive consultation process at the beginning of this year in recognition of the fact that our schools will operate differently into the future. One of the reasons why they had the potential to operate differently is that we do have the largest wide area network in the southern hemisphere that connects all of our 1,300 schools either by broadband 64 or 128K cabling or low orbiting satellite. We really do need to take advantage of that infrastructure to enhance the resources that we can make available for teachers and also the resources that we can make available to students.

The Open Access Unit will have a key focus in either acquiring, developing, storing

and making easy access available for digital resources. It will become a state-of-the-art digital resource centre. Already significant activity has been undertaken to make sure that from the beginning of the 2000 school year our students and teachers, regardless of location—and this is particularly important to those in rural and remote areas of the State—do have access to a broad range of resources that will enhance the delivery of their lessons and the delivery of the key learning areas and the new basics.

We have instituted, for example, from the beginning of next year an EduCache which will see in excess of 10,000 web sites sitting on a curriculum intranet. The intranet is particularly important because it means that our teachers can download these cased web sites at no charge to their school. At the moment if they go onto the Internet, every time they start to download resources it starts to cost them money. The virtual schooling service, which has already been mentioned today, is going to provide tremendous opportunities in rural and remote areas, particularly where they have been unable to offer subjects in the fullest range in Years 11 and 12.

Mr WELLS: Mr Chairman, may I just revert to provide a supplementary answer to a question asked by the member for Merrimac very briefly? The member asked about consultants in my ministerial office. The only payment in respect of consultants that I am able to advise you of is a small media related contract in July 1998 to advise of the setting up of the media function in my office—\$2,500. I did not have a media adviser on my ministerial staff until September of that year. If there have been any other payments, I will write to you and let you know, but that is all that I am able to glean at the moment.

Mr WILSON: On page 1-17 of the MPS it refers to the implementation of school-based apprenticeships and traineeships in Queensland schools. What has this initiative entailed and how does Queensland's performance in this area compare with other jurisdictions?

Mr WELLS: Well, of course we are killing them. As I mentioned at an earlier stage, we have half of the school-based apprenticeships in the whole of Australia. I will ask Bob McHugh to give us some more details on just how well they are going.

Mr McHUGH: As part of our strategy to improve retention and completion rates to the end of Year 12 we have embarked on some ambitious programs to do with the provision of school-based apprenticeships and

traineeships. This has been afforded by Commonwealth Government and State Government funds and through the use of central office as a policy setting agency, which has in turn supported the work of schools, clusters of schools and school/industry links bodies throughout the length and breadth of the State.

In essence, therefore, what we have been able to achieve in the past two years is at the forefront of any public education system in Australia. As I mentioned previously, over 1,600 current students in Years 11 and 12 in the Government sector are completing a recognised apprenticeship or traineeship while they are completing a Senior course of study. This then provides the student with multiple pathways to their future post Year 12.

In essence, it means that at the end of Year 12 students may have completed their traineeship or have significantly completed an Australian Qualifications Framework at level 1, 2 and in some schools level 3. This means that students are well advanced on the range of apprenticeships that may have been commenced while they were at school.

To that end, the apprenticeships and traineeships have not been simply in the traditional areas of construction and the metal trades, for example. We have some exciting pilots where groups of students, for example in the bayside area of Brisbane, are engaging in apprenticeships and traineeships in the IT area. As we all know, this is an emerging industry area and an emerging employment area.

The school-based apprenticeship and traineeship approach is also supported by funds provided to clusters of schools who in turn have employed people—some of them have education backgrounds and some have broad industry vocational education backgrounds themselves—and who support schools and local industry groups, such as the building trades group, to place young people in industry placements as they pursue their apprenticeship or traineeship.

Mr WILSON: Minister, can you indicate to the Committee what the cost has been for domestic travel for employees during 1998-99?

Mr WELLS: I do not have that answer in my head, but Mike Keily, I think, has it.

Mr KEILY: Travel costs during the 1998-99 year amounted to \$9.566m, which is \$123,000 or 1.3% less than the 1997-98 financial year. Employees are required to travel as part of their official duties and use their

private motor vehicles for departmental purposes. They are paid allowances as set in the directives issued by the Department of Employment, Training and Industrial Relations. The department also has a contract with American Express International to book air travel for central and district offices. This service is optional for schools. The contract provides best fare of the day prices in addition to a preferred airline rebate from Qantas based on market share.

Mr WILSON: What is the Government doing to support airconditioning of non-State Schools?

Mr WELLS: We have been able to assist the non-State Schools. The block grant authorities receive money from us and they provide funds for airconditioning. I will ask Richard Williams if he would provide us with further details.

Mr R. WILLIAMS: In the airconditioning program there has always been support for non-State Schools, certainly in the introduction of the program in the first instance through the Cool Schools and then through to the Cooler Schools program. There is an allocation each year. The allocation this year to non-State schools for airconditioning is \$2.8m.

The CHAIRMAN: How has vocational education and training been made more accessible to students in rural and remote locations?

Mr WELLS: We have done some action research on it and we have also been endeavouring to set up networks in rural areas that will enable students to make contact with prospective employers and prospective trainers in the community. I will ask Bob McHugh if he would give us the remainder of the details.

Mr McHUGH: As part of the infrastructure support to vocational education and training, we do have across the State a number of vocational education coordinators, who are funded centrally. These are not simply the province of the south-east corner. Areas such as Chinchilla in the south-west and places on the Atherton Tableland, for example, do have vocational education network coordinators.

Additionally, we are at the forefront of a national project called the School To Work Strategic Project for rural and remote students. In essence, Queensland, together with Western Australia and the Northern Territory, is focusing on the provision of vocational education in rural and remote areas. Queensland's role is to take lead agency, to document best practice and to find good examples of ways in which rural communities

and supporting industries can link together to provide vocational education and training.

In particular, I point to areas such as the Goondiwindi high school, which has embarked upon a most ambitious program. In excess of 50% of the students in the post compulsory years are pursuing vocational education in the rural industries—from shearing, through the cotton industry, through to the water/irrigation industries. This will support those young people in pursuit of employment outcomes on completion of Year 12.

The national project also will provide us with the opportunity to document the best practices in Queensland and through the IT infrastructure that we now have in place to post this on our department web sites so that schools throughout rural and remote areas can access this material and apply it in their local circumstance.

The CHAIRMAN: Minister, could you advise the Committee how many additional preschools will be constructed during the 1999-2000 year?

Mr WELLS: There are four to be either completed or commenced during that period of time.

Ms RANKIN: An additional preschool will be constructed at Christensen Road State School and planning will also commence for a preschool to be constructed at the proposed Stevens State School, located at the Gold Coast. This school is planned to be open for the start of the schooling year 2001. Additionally, a preschool unit will be provided as part of redevelopment of the Calamvale State School project. An additional preschool is to be constructed at the Samford State School area.

In 1998 we obviously delivered preschool arrangements for Beaconsfield, Beechmont, Cooktown, Grand Avenue, Marian and Tin Can Bay, all of which were either new schools or schools by relocation. In 1999-2000 the additional preschools referred to above will be of the double unit variety, capable of accommodating approximately 100 students.

Mr WELLS: The director-general has some comments to add.

Mr MORAN: One of the strong messages that has come through the consultation on the 2010 exercise, the strategy for State schools in Queensland, is that there is a demand for more services at the preschool level within Queensland schools and also for a better link between preschool and the early years of primary education. We intend to take that on

board in framing the capital works program for the next financial year.

The CHAIRMAN: Minister, one of the Departmental Outputs identified in the Portfolio Statements at page 1-2 is that students will be provided with "employment-related skills and an understanding of the work environment". Could you advise the Committee what evidence there is that the skills which students acquire at school will adequately equip them for the workplace?

Mr WELLS: There is a great deal of evidence that work experience is enormously beneficial for students. One of the morals of 2010 is that an employer is not looking for somebody who is trained, but trainable; that is to say, they are looking for somebody who has the culture—the capacity—to use the tools of the trade, but not necessarily the particular tools. They do not want somebody who is already capable of slotting into the position; they want somebody who can be trained to the position, not somebody who has manifested that previously. Bob McHugh will have some more details.

Mr McHUGH: We have previously spoken about the school-based apprenticeships and traineeships program, in which Queensland leads Australia. Additionally, there are many more programs that schools are pursuing that provide our young people with an opportunity to gain skills in what we broadly define as work industry placements. To this end, increasing numbers of our senior secondary schools are changing their modes of operation, and many schools are now adopting a four-day week, and on one of these days students are being placed in work/industry placements. This then provides students with structured work programs that support the program of instruction in the school.

Additional to this is the fact that young people, through their courses of study, are now engaging in skills and processes that reflect an earlier agenda called the Mayer Key competencies. Schools are virtually going back to this agenda, which was around a number of years ago, and looking seriously at the way in which their students gather these skills in particular throughout their post-compulsory schooling.

I suppose the final example that I would give is that increasing numbers of students in secondary school are completing—as part of board, board registered or study area specification—periods of study and periods of engagement in industry that do support the post-school pathways.

Mr WELLS: The director-general can add something to this particular equation.

Mr MORAN: As some members of the Committee would be aware, the ASTF, the Australian Student Traineeship Foundation, has been very successful in developing an infrastructure to support work placements around Australia and most particularly in Queensland. For example, at Mackay, there is a very good scheme. It is a very successful program to introduce kids from State and non-State schools to work placement experiences. Unfortunately, the Commonwealth support of the ASTF for this program is time limited, and we expect to see, I think, something in the order of a 25% reduction in the Commonwealth funds available through the ASTF to support these work placement activities in the year ahead. And if nothing else changes, that will lead to a virtual phase-out of that support.

There was a meeting in Brisbane recently of a group called CESCEO, which Mr Quinn would remember is a meeting of the chief executives of school systems from around Australia. At that meeting we had the managing director of the ASTF, and all the States pressed upon that person—and also the deputy secretary of DETYA, who was present—the need for the Commonwealth to respond creatively, with some money, to prop up what will otherwise be an evaporating structure to support the management of work placement in this State and in other States.

I believe also that the Australian Chamber of Commerce and Industry has conducted a wide-ranging consultation on this very issue and is pressing upon the Federal Government the need to treat funding for this area as a matter of the highest priority, because so much good has been achieved not only in Queensland but in other States as a result of this particular initiative, which has been supported by a succession of Commonwealth Governments but, most recently, has been supported very strongly by Dr Kemp. So we are concerned lest this successful Commonwealth innovation, which has done so much for young kids in Queensland schools, is in danger because of a certain deafness on the part of DETYA in Canberra.

The CHAIRMAN: The time allocated for Government members' questions has expired.

Mr QUINN: Minister, can we go back to the Board of Senior Secondary School Studies?

Mr WELLS: Don't tell me you found a comma out of place!

Mr QUINN: Minister, we have agreed to put the one on page 2-4 beside the Operating Result. I think that is the appropriate place. It shows that there is an operating deficit of \$1m forecast for this financial year. The notes themselves say that this deficit will arise from the external cost drivers. The first question is: what are those external cost drivers that would force you into a result of a deficit of \$1m this year?

Mr WELLS: I will refer the question.

Mr PITMAN: We have a number of cost drivers that we identify. One is the number of schools—and that is increasing—that we service each year. One is the number of subject groups within those schools that we service each year. And the number of students themselves is increasing in senior secondary education across the State, both State and independent.

You have been hearing about the fairly massive increase in vocational education, in which we are rolling out new syllabuses—SASs, or subject area specifications. That is a fairly rapid growth area, following the requirement by Government a few years ago to reduce the diversity in senior secondary education in terms of curriculum. So all of those we identify under the Treasury definition as cost drivers.

Mr QUINN: You have also indicated that this operating deficit of \$1m will be funded from certain accrued liabilities. What are those accrued liabilities?

Mr PITMAN: As I said before, for a number of years before the department was required to do it, we were into accrual accounting, at least on paper. We were one of the small organisations that the Government was, in a sense, using as the test bed, if you like. So we have been putting aside and allocating in our figures figures, for example, for long service provision. Now, that is the major one, because that has now been taken over as a whole-of-Government process. So that will free up funds for us this year to manage that deficit.

Mr QUINN: So you are not contributing to the whole-of-Government pool for long service leave?

Mr PITMAN: Yes, but it is a much, much lower sort of commitment than we had, and were required to have, under the accrual accounting procedures.

Mr QUINN: Minister, there is a final matter of form. TEPA has its staffing numbers in. Neither the board nor the QSCC have them. That is another dot to put on the i's.

The Queensland School Curriculum Council, Minister. On page 3-3, under Recent Achievements, it says, "Individual student, class and school authority reports on the results of 1998 Years 3 and 5 Tests were prepared and disseminated". Are we talking here about individual student class and school reports for Year 3, or is this simply meant to relate to Year 5?

Mr WELLS: What are you talking about, Bob? What I am saying is: are you asking whether individual papers are going to be disseminated?

Mr QUINN: It says, "Individual student, class and school authority reports on the results of 1998 Years 3 and 5 Tests were prepared and disseminated". Were individual student reports disseminated on the Year 3 test results?

Mr WELLS: I do not know how you get that construction out of it.

Mr QUINN: It is in black and white. I am reading it from the paper.

Mr TUNSTALL: As a general statement referring to the total testing program in 1988 in which we had Year 3 and Year 5 tests, the Year 3 test was a test based on a sample of students; the Year 5 test was based on a full population of Year 5 students. In respect of sample testing, we do not issue student reports. With Year 5 census testing we can, and we do. What we did in 1999 was provide a resource kit to schools which enabled schools, once they had the data provided to them, to develop their own student reports at a school level.

Mr QUINN: We had a sample test of Year 3 in 1998 and we had another sample test this year. Am I right?

Mr WELLS: Yes, that is right.

Mr QUINN: Are we moving to a census test for Year 3? If so, when?

Mr WELLS: I have not yet been persuaded of the necessity for doing so. I am inclined to the view that it is desirable, but no decision to move to census testing of Year 3 has been taken at this stage.

Mr QUINN: So the budget for this financial year will not reflect funds for a census Year 3 test?

Mr WELLS: Not necessarily, no.

Mr MORAN: That is correct, yes.

Mr WELLS: I have not yet taken the decision to move to a census test.

Mr QUINN: My question is: does the budget reflect funds for a Year 3 census test?

Mr WELLS: No.

Mr QUINN: Under the national agreement there is a requirement to move to a Year 7 census test. Are there any plans—and if so, at what stage are they—for a Year 7 test being implemented?

Mr WELLS: As to requirements—

Mr QUINN: An agreement.

Mr WELLS: There is no agreement by which I am bound. The decision to do that has not yet been taken or funded. I would say, however, that I do see some value in national benchmark testing. I think there is some value in determining where Queensland students are in relation to students in other States.

At the same time, it is important to note that the national benchmark testing, of which David Kemp is so fond, is not diagnostic. What it does is demonstrate whether somebody is above or below a certain benchmark, but it does not tell you why. It does not tell you what the problem is. It does not refer to the educational issue at all. What enables us to do that is the Year 2 Net and the Year 1, 2 and 3 continuum which enables us diagnostically to work out where a child is in terms of their development. Therefore, in Queensland a greater degree of emphasis is going to be put on the diagnostic type of testing rather than merely on the benchmark testing.

With respect to Year 7, I think I misunderstood the question a little while ago. Year 7 students have been assessed. They were assessed in August. We intend to do that again next year. As to moving to a census test for Year 3, it is not proposed to do that. There are other proposals before the Ministerial Council to go to testing in Year 9. That is not a matter upon which I have taken a decision at this stage.

Mr QUINN: If the budget does not contain funding for a Year 3 census test, and you make a decision to go to a Year 3 census test, obviously it has budget implications.

Mr WELLS: No, it is too late this year to make a decision to go to a Year 3 census test. It may be next year. It is obviously a matter which has to be continually the subject of review.

Mr QUINN: How do the new basics and the proposition put forward by the deputy director-general about rich tasks and being assessed at certain levels throughout the school year—which roughly match up with the national testing regime—fit in with the national approach to numeracy and literacy?

Mr WELLS: I would prefer not to use the word "assessed" with respect to these particular tasks, but rather to describe the performance of these rich tasks as manifestations. What we are doing with the manifestations which the deputy director-general has spoken of is building the self-esteem of the child by allowing the child to demonstrate to himself and the community of which he is a part that he is able to produce the required level of life skills in respect of a matter which is universally recognised as being relevant and important and which engages a large number of the matters which are taught at school. I would ask Professor Luke if he would come back to the table and continue.

Prof. LUKE: Thank you, Minister. Mr Quinn, I think it is an interesting educational question, working out the compatibilities between the new basics and what the Minister previously referred to as older style basics that would be covered under the current benchmark testing systems. It is a technical issue and an educational issue that we are currently working out in terms of which of the whole tasks, or the rich tasks, would actually be assessable, namely the existing instrumentation within our system, which might very well include the current benchmark test, and which of those things may require the development of new forms of assessment. This could be, perhaps, standardised testing or, alternatively, teaching moderation or other kinds of systems.

I can give you two hypothetical examples of that. We are still in the process of working out the actual rich task. In some instances, if we gave a basic reading guarantee, that may be very well accommodated by an existing instrument such as the Year 2 Diagnostic Net or, perhaps, a benchmark test. However, to backtrack to my previous comment, with regard to something which people will need in five to 10 years, such as the construction of a web page or an email conversation, which a child may need in 2005 or 2010, there is nothing within the existing testing instrumentation that would necessarily cover that. In those cases we might very well be faced with the task of having to develop new kinds of technical approaches to instrumentation and, indeed, whole new ways of assessment that neither ACER nor any of the existing tests have come up with yet.

Mr QUINN: What is the time frame for developing these new assessment methods?

Mr WELLS: We will be moving to pilot test some of them in the forthcoming year.

Prof. LUKE: This is an accurate question. We are trying to conceptualise the actual tasks and develop some of the technical instrumentation that we might be using in the next three or four months. We would be looking at trialling them in interaction with teachers in schools in the coming year.

Mr QUINN: Going back to the national approach to numeracy and literacy—we have a Year 5 census test and a Year 3 sample test. Are we reporting nationally against national benchmarks?

Mr WELLS: Next year, in respect of this year's tests, yes. I think I made a statement to Parliament at one stage indicating that we had gone ahead and had actually included some common elements in this year's test. You will recall that the difference of opinion between me and David Kemp was that he was of the view that even though he had material which was taken from different and incomparable populations, and even though they were students of different ages at different times of the year, based on different questions asked in different ways, nevertheless you could have a standardising procedure that would give you something that you could compare. You could crunch these dissonant elements into some conformity of order such that you could arrange them in a hierarchy that would enable you to climb league ladders.

I did not share his sanguine view of this matter and indicated that that was not going to occur. Therefore, we reached an arrangement with a number of other States for the sharing of common elements. Common elements were included in this year's test and consequently we will be able to report against the national benchmarks next year. Therefore, we will start the new process of reporting against the national benchmarks with much more reasonable and sound data to work from.

One of the consequences of this is going to be that we will see where Queensland lines up with respect to other States. There needs to be a very big footnote to this. It has to be remembered that Queensland students are considerably younger than students in other States. So where Queensland comes in terms of the league ladder is going to tell us something quite interesting, among other things, about whether we are right to start our children at school earlier than children in other States. Paul Leitch might have something more to add to this. Paul, would you like to come forward and offer some thoughts?

Mr LEITCH: Paul Leitch, Director, Performance Measurement and Review

Branch. Thank you, Minister. The question about whether Queensland publishes its data for 1998-99 has been taken and, basically, the answer is that, along with other States, we have indicated that the data as it was constructed at this particular point in time does not make for positive comparisons. In fact, there were problems with the equating process such that it was so flawed that it was re-administered.

Mr QUINN: An extension?

Mr LEITCH: Continue?

Mr QUINN: Yes, thanks.

Mr LEITCH: At Queensland's initiative, the benchmark equating process was undertaken again. This time it was seen that there was an improvement in the process and that that would set a baseline for future improvements in reporting in the year 2000 as indicated by the Minister.

Mr QUINN: Minister, will there be a Year 3 sample test next year?

Mr WELLS: Yes.

Mr QUINN: Can we go back to the financial statements from the Queensland School Curriculum Council, page 3-4? From memory, note 3 in the expenses says something about delays in contract, and that is why there is a carryover, by the looks of it. Which contract are we talking about, Minister?

Mr WELLS: I will ask Jim Tunstall to respond.

Mr TUNSTALL: Mr Quinn, the major delay in the contract payment was in respect of the LOTE project—Languages Other than English Project.

Mr QUINN: And also in the same column three, from budget to actual the difference is \$1.5m and that is mentioned as "other payments". What other payments are we talking about there?

Mr TUNSTALL: Sorry, Mr Quinn?

Mr QUINN: Same line, right? The note says, "Lower outflows in supplies and services due to delays in contract and other payments."

Ms BRAY-WHITE: Mr Quinn, that is really to do with a cash-flow issue. We anticipated payments that did not actually occur as at 30 June.

Mr QUINN: Are we talking about a lot of money or just small amounts?

Ms BRAY-WHITE: The other major contract was the testing program—delays in the payment of that.

Mr QUINN: Which particular testing program are we talking about, Minister?

Mr WELLS: I am sorry, I was distracted there for a moment because I was getting the answer to a question that you had asked previously and which I indicated to you that I would have the answer to by the end of this session. Would you like it now?

Mr QUINN: Yes.

Mr WELLS: I think it was asked by your colleague John Hegarty, the member for Redlands. Expenditure on land in 1998-99 was \$9.7m. Major acquisitions were Pacific Pines high school site, \$2m; Pacific Pines primary school site, \$1.5m; Narangba Valley high school site, \$1.1m; Ormeau high school site, \$1.2m; Coomera high school site, part payment, \$0.5m; Coolangatta Special School farm, \$0.05m; Maleny high school finalisation, \$0.6m; and approximately 20 minor acquisitions at existing schools.

The CHAIRMAN: Order! The time for non-Government questions has expired. I now call the member for Archerfield.

Ms STRUTHERS: Minister, during 1999 schools commenced the implementation of the new Years 1 to 10 science and physical education syllabus. These are referred to at page 1-18 of the MPS. How has implementation progressed to date? What benefits have accrued to students from this syllabus?

Mr WELLS: With respect to this one, I have been particularly concerned to ensure that there will be adequate specialist support to assist classroom teachers in their implementation of the new curriculums. When you introduce new curriculum, that often presents a challenge for the educators. Only yesterday, or was it the day before—no, I think it was yesterday—I launched a conference at which they were discussing the implementation of the new arts curriculum, which requires the teachers to teach all five strands of the arts between Years 1 and 7. So a new curriculum provides new challenges and the phys. ed curriculum does likewise. I will invite Bob McHugh to address the Committee further.

Mr McHUGH: Thanks, Minister. In July of this year, our schools did receive a comprehensive package of syllabus and support materials to implement the new syllabuses in science and health and physical education. These have been provided to schools so that in the six months of the second half of this year, school communities were able to familiarise themselves with these materials and principals were required to

develop in consultation with their school community an implementation plan over the next three years. In other words, we have provided our schools and our teachers with a three-year window to implement these outcomes-based syllabuses.

Supplementing the initial distribution of materials, we are currently near completion to a CD-ROM for each of science and health and physical education, which will be distributed to schools in approximately a month's time. Basically, this provides schools with a self-paced professional development package. Therefore, schools in rural and isolated communities can use this CD to support their implementation of the syllabuses.

Additionally, funds have been made directly to schools to allow for teacher release time to develop work programs that will be in support of the new syllabuses. Additionally, there have been a range of workshops and familiarisation seminars conducted by officers from the centre and from the Queensland School Curriculum Council to support teachers to implement these two new syllabuses over the next three years. In this current financial year, we have set aside \$1.5m to support the syllabus implementation.

Ms STRUTHERS: Thank you. Minister, page 1-11 of the MPS foreshadows the implementation of new Years 4 to 10 syllabuses from January 2000. What is the anticipated scope of this implementation?

Mr WELLS: This is about the new Languages Other than English syllabus. As you know, the Languages Other than English course is not compulsory down to Year 4, but there is evidence that the exposure to that language at an earlier age—not necessarily the teaching of it, but the exposure to it—does facilitate outcomes later on. Bob McHugh will speak further.

Mr McHUGH: The Queensland School Curriculum Council has recently approved a raft of new LOTE syllabuses and we will commence an implementation phase from January 2000. Once again, our schools will be provided with a three-year window of opportunity to implement the new syllabuses. The new syllabuses are in the areas of French, German, Japanese, Indonesian, Mandarin Chinese and Korean.

In our particular schooling situation, LOTE is part of the compulsory core syllabuses for Years 6, 7 and 8. Many of our primary schools have resources that allow for the implementation of those LOTE programs in either Year 4 or Year 5. From a policy perspective, LOTE is mandatory in Years 6, 7

and 8 of all of our schools. To that end, the QSCC syllabuses, which is a Year 4 to Year 10 syllabus, allows our schools to have sufficient scope to implement the new syllabuses, either commencing in Year 4 or at such other later points that schools, given the resource base that they currently have, have to implement the new syllabuses. To that end, we are currently finalising an implementation strategy to support schools over the next three years. That will be slightly different to the implementation strategies in support of science, health and physical education, largely because there are a lot fewer teachers involved in this area. That implementation strategy will rely heavily upon language assistants who are currently employed by the Languages and Cultures Unit of central office.

Ms STRUTHERS: Minister, how many new schools are planned for the years 2000 and 2001? What is their expected cost?

Mr WELLS: The number for next year is five, although that is the number of those that have been determined upon at this stage. A factor of interest relates to this issue, which is the success of the regional planning schemes implemented by the previous Labor Government - South East Queensland 2000 and the corresponding planning schemes in other parts of the State. Those schemes recommended that one of the considerations for the formulation of regional plans should be the location of real estate development in areas of existing infrastructure. One of the consequences of that kind of concentration has been to diminish the amount of newly settled areas that require schools, which, of course, are triggered by demographic circumstances. When a certain number of families live in a certain catchment area, that triggers a school. One of the advantages of the success of that scheme will be that we are able to devote more of our capital to addressing the needs of established schools as distinct from constantly having to build as many new schools, so long as local governments continue to comply with the regional planning recommendations of south-east Queensland and the other planning schemes. Susan, did you have something to add to that?

Ms RANKIN: I will add the specific details that the member sought. For the year 1999-2000, we anticipate the following new schools will be opened: in Narangba Valley, a high school will be opened which has an estimated project budget of some \$9.8m. The Pacific Pines State High School down the coast has an estimated project budget of some \$10.9m. At Bentley Park we are actually constructing

the secondary campus of a P-12 concept, which is the first specifically identified new P-12 complex that we have constructed in some time. The estimated project budget for the initial stage is \$11.75m. It will adjoin the current primary site that is situated at Bentley Park. Christensen Road State School will be a primary school for the year 2000 and it is anticipated that it will cost in the order of \$6.1m. Laidley District State School, you may recall, resulted from the amalgamation of Laidley Central and the Laidley North State School. That project is estimated to cost \$5.6m and is nearing completion. The Springfield State High School will have a Year 8 provision as the precursor to a full high school in 2000-01. That will be established at the existing primary school.

Mr WILSON: Minister, I direct your attention to the Education for All initiative. Could you elaborate on the impact of that initiative?

Mr WELLS: The Education for All initiative was allocated \$35m over four years. We commenced that program last year as part of this Budget and it will continue. This year \$10m has been set aside for that particular program. Peter Blatch is here. Peter, would you like to fill in some details for the Committee?

Mr BLATCH: The Education for All initiative has enhanced services not only for students with disabilities but also for those with learning difficulties and learning disabilities. It is enabled us to employ 35 teachers, two nurses, three physiotherapists, three occupational therapists, three speech language pathologists and 52 teacher aides to work with students with disabilities, and nine teachers, 10 speech language pathologists and 43 teacher aides to work with students with learning difficulties. In addition, a fund of \$2m has been made available to the non-Government schooling sector.

Mr WILSON: Minister, what was Education Queensland's fringe benefits tax liability for the financial year 1998-99? Is this liability expected to increase in the financial year 1999-2000?

Mr WELLS: I will invite Susan Rankin to respond.

Ms RANKIN: The actual liability in 1998-99 was \$3.468m and the expected liability for 1999-2000 will be \$3.6m, which is a slight increase. A further consultancy review on specific fringe benefit type benefits is under way. A rise in commercial car parking rates as they apply, increased market rents for housing as a result of an increase in the index figure,

additional residences and the non-receipt of declaration forms from occupants also contributes to an increase. The ATO review of the remote and non-remote housing areas has the potential to increase the department's liability significantly. There will be no fringe benefits tax liability incurred by the department through the introduction of salary packaging for designated school-based employees, which is a recent innovation. That liability will actually be met through employee salary sacrifice.

Mr WILSON: Minister, what support does the Government provide to assist boarding schools to provide services to students from rural and remote areas?

Mr WELLS: There are a variety of schemes. I will invite Mike Keily to speak to us.

Mr KEILY: The department has a range of living away from home allowances that are payable to geographically isolated students. Whilst not a direct form of assistance for boarding schools, Education Queensland does provide assistance to geographically isolated students in the form of a remote area tuition allowance under the living away from home allowances scheme. This allowance is designed to compensate tuition fee costs incurred by students who need to board at a boarding school in order to attend school on a daily basis. The allowance is paid directly to the school for crediting to the school fee accounts of eligible students. Benefit levels depend on the level of fees charged. In 1999, the maximum payment levels are \$2,044 per student per annum for primary students and \$2,944 per student per annum for secondary students. The total 1998-99 expenditure for the Remote Area Tuition Allowance component of the Living Away from Home Allowance Scheme was \$4.5m. Most of the 50 boarding schools in Queensland accommodate isolated students and the schools would benefit from the substantial fees and improved cashflow that the scheme would facilitate.

The CHAIRMAN: Minister, could you inform the Committee as to how many teachers are eligible for salary packaging and how many have entered into these arrangements?

Mr WELLS: This was something introduced by my predecessor and extended by me. I will invite Ray Ashford to come forward. I extended it down to Band 6 principals.

Mr ASHFORD: Currently, there are some 1,900 teachers eligible to participate in salary packaging arrangements. Of these, over 500 have made the decision to package part of

their salary. Under these arrangements, employees can choose to take their remuneration as cash salary or select a combination of cash salary and remuneration benefits, such as motor vehicles, payments to superannuation funds and financial counselling, if appropriate—whatever their personal or individual needs are. The cost of packaging items of up to a maximum of 50% of the award salary is deducted or sacrificed from the person's award rate of pay, thus reducing their taxable income. Salary packaging became available to teachers, mainly principals and deputy principals, at the Bands 6 to 11 range of the Teachers Award (State) from May 1999 onwards. The scheme is administered on our behalf and at no cost to the department by a firm of remuneration specialists, namely, McMillan Shakespeare Consulting Pty Ltd, and participating staff pay an administration fee of \$270 per annum to that firm. In terms of a cost-benefit analysis, it is very good value for money to the department and also to our employees. The major achievements in 1998-99 have been the implementation of that scheme for all Bands 6 to 11, and in 1999-2000 we would be looking at trying to extend the salary packaging arrangement to other departmental employees, and that could be taken up as part of the enterprise bargaining process.

Mr WELLS: I might correct the record. I was a little too generous. This was not actually introduced by my predecessor, although it was his idea. I give him credit for the idea. I introduced it.

The CHAIRMAN: Minister, in what ways does Education Queensland support the education of students in rural and remote areas of the State?

Mr WELLS: In a variety of ways, including appropriate allowances and so forth. I will invite Gary Barnes to advise the Committee in detail.

Mr BARNES: As the Minister has indicated, Education Queensland has a considerable commitment to providing quality education for students in rural and remote areas of the State. In fact, Education Queensland could be seen to be a leader in this field within Australia. We have seven specially configured schools of distance education that specifically cater for students in rural and remote areas. You have already heard Bob McHugh speak about the range of incentives in place in the VET area.

One of the enhancements that we are looking at is the provision of a virtual schooling service, which has been mentioned many times today. In particular, this has application

for those students. I believe that, from the beginning of the school year 2000, some 23 schools across 18 districts, many of these in rural and remote areas, will receive the opportunity for their Year 11 and 12 students to study both academic and VET subjects via this new technology. Our commitment in the area of rural and remote education certainly has also been espoused by Shane Williams, the Director, Student Services, who has articulated a range of initiatives for those indigenous students across the State.

Peter Blatch, the coordinator of the Low Incidence Unit, has also mentioned that a range of initiatives has been put in place to cater for children with special needs across all areas of the State, but particularly those in rural and remote areas. Our department had the distinct privilege of providing to the Human Rights Commission last Friday detailed evidence of our commitment in this area. We certainly are looking to expand and extend on the commitment, because we acknowledge the special demands created by those students studying in those parts of the State.

The CHAIRMAN: The time allocated for questions by Government members has expired.

Mr QUINN: Minister, how much was realised through the sale of property last year and how did this compare with the 1998-99 Budget projections?

Mr WELLS: We are unable to give you that answer right at this moment, but we will get back to you by the end of this session.

Mr QUINN: What plans does the department have to dispose of property this year?

Mr WELLS: Those plans are still in the process of being formulated. Nothing has been presented to me. Consequently, I am not in a position to answer that question.

Mr QUINN: Is there any figure in the Budget papers or in the MPS that indicates how much money will be realised from the disposal of property this financial year?

Ms RANKIN: Yes, there is.

Mr QUINN: How much?

Ms RANKIN: The target that has been established for this financial year is \$20m.

Mr QUINN: Minister, how many schools did you close last financial year?

Mr WELLS: I think there may have been two or three. They were schools that elected to be closed. If I remember correctly, one of them did not have any students in it at all. Another

had a couple. It is the sort of thing that happens. You have been there and done that.

Mr QUINN: Are we talking about two or three?

Mr WELLS: It is something like that—two or three. Bob McHugh says it is three.

Mr QUINN: You can give me that figure later. In the Ministerial Portfolio Statements the net assets of the department are listed as approximately \$5.4 billion. How was this value arrived at? How did you value individual schools, plant and equipment?

Mr WELLS: Do you want to get the answer to that first or would you prefer to get the answer to the question that you asked a little while ago?

Mr QUINN: Either one. It does not really matter.

Mr WELLS: Susan, do want to answer the earlier question?

Ms RANKIN: Just on the land sales value, if you look at page 1-43, the Statement of Cash Flows, the actual proceeds realised from the sale of property, plant and equipment was \$11.782m and the budget estimate for next year is \$19.354m. In respect of the question you have asked on revaluations, under the AAS29 standard, Government departments are required to value their assets using the deprival value method. Deprival value is similar to replacement value. To know the cost of replacing an asset it is necessary to actually know the current replacement cost. To keep the asset valuations relevant, actual values need to be updated on a regular basis.

Under the current guidelines, agencies are to undertake a full revaluation every three years and are required to reindex the value of their assets annually. In Education Queensland we revalued the written down value of our property based on land and building indices. We do not revalue our plant and equipment. Given that 70% of the plant and equipment has a useful life of less than five years, it is really considered uneconomic to enter into a revaluation process for that.

In the 1998-99 Budget, there was an estimate for the revaluation of 1%, but a review of land and building indices over the 1998-99 financial year indicated that the movement was actually negligible. So the decision was taken not to revalue the asset base at that time. In 1999-2000 we estimate that the revaluation will be 1% of the estimated written down value of buildings, dwellings, leasehold improvements, infrastructure and sporting facilities. This was based on previous experience and an estimate of the rate of

inflation for future years. The decision was made after the budget for 1999-2000 was developed and the estimate for the asset movements and appreciations had subsequently been determined. The Statement of Financial Position includes a figure of \$36.95m for asset revaluations during 1999-2000.

Mr QUINN: How is the equity return calculated in your department?

Mr WELLS: I will invite the assistant director-general to answer that.

Ms RANKIN: The introduction of an equity return was recommended by the previous Government's Queensland Commission of Audit, as you would recall. In addition, the then Premier foreshadowed in the State's Strategic Plan released in 1997 a strategy for continuous improvement in operations by "introducing systems and incentives for the efficient management of capital under the control of Government agencies". The incentives introduced under the management for outcomes were actually developed over the period of May 1998 to March 1999. Research for the incentives was conducted into policies of other States and into the Commonwealth.

The equity return is a periodic payment, reflecting the potential benefit forgone by the Government as a result of its investment in the equity of an agency. One of a number of balance sheet incentives, it is designed to encourage agencies to maintain a capital structure appropriate for the delivery of their services. In addition to the equity return, the incentives, including the payment of interest on cash balances, the retention of operating surpluses and the retention of proceeds of asset sales subject to CBRC approval, form a balanced set of incentives that are designed to reward best practice financial management. The equity return itself is calculated by multiplying the average net assets, that is assets less liabilities, of the agency by the equity return rate set by Treasury, which at present as you know is 6%, to determine the value of the liability. The equity return for 1999-2000 is \$328.8m.

Mr QUINN: Can you explain to me how it is an incentive to manage your assets efficiently?

Ms RANKIN: I think the partial answer to your question is part of what I was referring to before in that it is a balanced set of incentives that the Government's policies are providing. On the one hand the Government is now going to be paying an interest return on your cash balances and on the other hand they are going to be seeking to ensure that your asset

structure, your asset base, is appropriate to the service delivery outcomes that you are seeking to achieve. In respect of that they will be encouraging agencies through an equity return situation to scrutinise their asset base and to ensure that the asset structure is such that the assets are working to return productively to the output classes rather than to perhaps retain on their books assets which are not contributing to those outputs by way of non-return.

In terms of Education Queensland, we have been adopting, I think, over a period of several years the approach of close scrutiny of our asset base to ensure that, for example, surplus land is not maintained. As you would probably recall, land that would have been surplus to our requirements comes under heavy scrutiny so that we do not actually have a land bank of any description in Education. So it is really part of a balanced set of financial incentives designed to ensure the sound management of the assets under the control of the agency.

Mr QUINN: The equity return is applied to controlled funds, as I understand it, not administered funds. Am I right? Therefore, an equity return will not apply to things like the non-Government sector universities. They get their capital without having to go through—

Mr WELLS: That is correct, I think.

Ms RANKIN: That is correct. It is on our balance sheet.

Mr QUINN: It is on your balance sheet?

Ms RANKIN: Yes.

Mr QUINN: So there is an efficiency requirement on the State school sector in terms of using its funds effectively. There is no such requirement on the non-Government sector; am I right?

Mr WELLS: That is correct.

Mr QUINN: And the universities are the same case. What is the total building program budget for schools this year and how does it compare with last year's building program?

Mr WELLS: I will ask Susan Rankin to respond.

Ms RANKIN: In respect of the building program, the accrual based program for 1999-2000 for the land and building categories is \$182m. On top of that we obviously have components for plant and equipment of some \$70.8m, IT infrastructure of \$17.4m, investment in major software development of \$4m, grants to tertiary institutes at \$13.5m and grants to non-State schools at \$39.8m,

making a total figure as per the MPS 1999-2000 document of \$327.5m.

Mr QUINN: And for last financial year?

Ms RANKIN: Minister, are you happy for me to continue?

Mr WELLS: Yes, but the comparison is—we have accrual accounting. Would you like to respond?

Ms RANKIN: We did undertake the exercise of—as you know we converted from cash to accruals—recreating the capital program for 1998-99 on an accrual basis to enable a direct comparison to be made. The land and building components on a comparative accrual base accounted for \$169.9m, plant and equipment was \$80m, IT infrastructure was \$13m, grants to tertiary institutions was \$1.6m and grants to non-State schools was \$42m. So the comparative accrual basis would see a total of \$323.5m.

Mr QUINN: In the capital works paper, the major projects are listed in their programs. Has the criteria changed from last year? Are the criteria under which they are listed in this year the same as the criteria that was used last year?

Ms RANKIN: Yes, basically. There has been some restructuring of the particular statement, but the criteria remains. Any significant project of \$250,000 and above requires a listing if it is actually an approved project at the time of formulating the budget paper as opposed to, as you would recall, for example, Building Better Schools projects for which there is a grossed up program and individual projects. The component parts may not be determined at the time the actual budget documentation is prepared.

Mr QUINN: Last year there were 90 projects in the capital works budget. This year there are 50. Is there any reason why there has been such a dramatic fall-off in the number of projects being funded under the capital works program?

Ms RANKIN: Whether it is actually a dramatic fall or not in terms of the actual number of projects which will eventuate in the program you could not determine from the documentation because, as I indicated, some of the major elements of the program, such as Building Better Schools, which will have a variety of projects underneath that program element, have not been finalised or approved at the time of the casting of the document. So the number of projects is not a valid comparison between Budget years. The director-general is just pointing out the fact that, for example, one of the lines in there is to

deal with capital renewal, and there is a sum of some \$14m set aside for the major makeover of 10 schools in the next Budget year. Those individual 10 schools, of course, are subsumed in that one line.

Mr QUINN: The Bentley Park P to 12 in Cairns has a sum of \$27m attached to it in the statement. On the documents presented to the Committee, the average cost of a high school is about \$20m in north Queensland. Why is there such a large allocation to Bentley Park?

Mr WELLS: Because Bentley Park is P to 12. It is the first school to be purpose built as a P to 12. I will ask the director-general to respond further.

Mr MORAN: It is also going to be a larger than normal school, taking well in excess of 2,000 students in the years between P and 12. Some of the school facilities for such a large population will be of a scale and at a cost which would not normally be found in the budget for a normal high school. We think this school will become an exemplar of new standards for building State schools in Queensland. It is quite an exciting development because the design will be not to the standard public works series design that you are familiar with. We hope that we can move from that to do a number of other schools in other than the standard public works design.

Mr QUINN: On a more parochial issue, what is happening at Robina State High School?

Mr WELLS: The ministerial decision would be to pass it over to the appropriate person, I think.

Mr R. WILLIAMS: Robina State High will go to Year 12 next year. We anticipate that when Year 12 is there, there will be an enrolment of 1,700 or 1,800 students. We think the school will probably stabilise at that point for a number of years before the potential for any more growth. In a strategic sense we are looking at a range of schooling provisions on the southern part of the Gold Coast at present, particularly around Mudgeeraba and Reedy Creek. As was indicated earlier, we are intending to build a primary school at Stevens. We have the whole situation under review in terms of monitoring the need for additional educational facilities at this time.

Mr WELLS: A primary school and a preschool.

Mr R. WILLIAMS: And a preschool.

Mr QUINN: Have you identified the block of land for the primary school?

Mr R. WILLIAMS: We are having discussions with the major land-holder in the area.

Mr QUINN: You mentioned that Robina High would move to an enrolment of 1,800 at the end of next year, when Year 12 comes on line.

Mr R. WILLIAMS: It will be to Year 12, so there could be 1,700 next year.

Mr QUINN: My information is that there will be 1,800 at the start of the school year. You have always been behind, Richard. Every time I come here we have an argument over enrolment numbers. Demographics have never been any good in your department. You know that.

Mr R. WILLIAMS: I should say that other agencies are asking for demographic assistance from us.

Mr QUINN: That is no recommendation, I will tell you.

The CHAIRMAN: There being no further questions, that concludes the examination of the estimates of expenditure for the Department of Education. The Minister has taken no questions on notice. I thank the Minister and his officers for their attendance. I also thank other members, Hansard, research staff, catering staff and the parliamentary attendants for their valuable contribution to the estimates process. That concludes the Committee's consideration of the matters referred to it by the Parliament on 27 August. I close this public hearing.

The Committee adjourned at 6.24 p.m.