

VICTORIA

Auditor-General
of Victoria

SPECIAL REPORT No. 36

**THE CHANGING PROFILE
OF STATE EDUCATION**
School reorganisations

Ordered by the Legislative Assembly to be printed

ISSN 0818 5565
ISBN 0 7306 8730 9

October 1995

The President
The Speaker

Parliament House
Melbourne Vic. 3002

Sir

Under the provisions of section 16 of the *Audit Act 1994*, I transmit the Auditor-General's Special Report No. 36 on "*The changing profile of State education: School reorganisations*".

Yours faithfully

C.A. BARAGWANATH
Auditor-General

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Foreword

The consolidation of schools is a sensitive issue as schools are often the focal point for the local community. Efforts by the Government at the end of 1992 to bring about swift reorganisation of Victorian government schools were met with significant community resistance and, in particular, legal challenges to the closure of the Northland and Richmond Secondary Colleges costing the public \$1.9 million in legal fees.

Subsequent to the 1992 school closures, the Government announced *A Quality Provision Framework for Victorian Schools* which outlined a more consultative approach to school reorganisation with a greater level of input from the local community. Significant changes to the Victorian State school system were subsequently effected by the Directorate of School Education through this policy with 174 schools involved in mergers and the closure of 171 school sites.

Following these changes, the Government moved to the next stage of its education reforms involving full implementation of its Schools of the Future program. School reorganisations were expected to lead to an extended period of stability in the State school system, more viable schools, better provision of curriculum and improved facilities. While the *Framework* has established an infrastructure for the future, the Schools of the Future program, which devolves responsibility for education to the local level, is directed at the outcomes of that infrastructure, in particular, the quality of education received by students.

In the absence of any assessment to date by the Directorate of the outcomes of school reorganisations, it is becoming increasingly important for the Parliament and the community to be provided with information about the effectiveness of our new-look State school system. Given the massive reorganisation of the system, the Directorate needs to ensure it is fully accountable for these changes in terms of the delivery of improved educational quality for Victorian school children.

C.A. BARAGWANATH
Auditor-General

Part 1

Executive Summary

Part 1.1

Overall audit conclusion

1.1.1 Since October 1992, after making expenditure reductions and downsizing of administrative and over-entitlement teacher numbers, the Government has initiated massive reforms to the government school education system through the Schools of the Future program, devolution of responsibility for school management to the local level, the establishment of a Curriculum and Standards Framework and a greater emphasis on assessing school performance.

1.1.2 An integral component of this reform was the introduction in May 1993 of the policy document, *A Quality Provision Framework for Victorian Schools*. Through implementation of this policy by the Directorate, the school system has been consolidated by closing, merging or re-structuring those schools assessed as not providing access to high quality curriculum and facilities.

1.1.3 At the end of the Quality Provision process, 171 school sites had been closed and 118 new entities created. The greatest impact was on those schools with less than 201 students. At the same time, the Directorate successfully managed its annual budget allocation with on-going savings in excess of \$200 million.

1.1.4 The efficiency with which the Directorate completed this process, in only 6 months, enabled all schools involved to be ready for the 1994 school year. The completion of a reorganisation of this size within the timeframe set represented a significant achievement by the Directorate, especially in comparison with the protracted arrangements of past reorganisations.

1.1.5 Notwithstanding the Directorate's efficiency in consolidating the State school system, in audit opinion, the process put in place for assessing the need for school reorganisation was not completely effective in ensuring that all schools that needed to restructure did in fact participate in the process. Furthermore, for some schools that participated, it created disruption and disharmony during the process within those school communities which had still not been overcome more than 12 months after the process had been completed. In essence, while most schools did not necessarily disagree with the need for reorganisation, they expressed dissatisfaction with the implementation process.

1.1.6 It was clear to audit that schools with enrolments below the Directorate's preferred thresholds were vulnerable to reorganisation as current and projected enrolment numbers were factors given the most emphasis by Task Forces when assessing the provision of education by schools. Results confirmed that this was the case as schools with the lowest enrolments relative to the other schools comprising a Task Force represented the majority of closures. For small schools the process was one of survival rather than an assessment of the delivery of education and the learning achievements of students.

1.1.7 While it may have been difficult for some school communities to overcome the pain and emotion suffered when their school closed, the decision might have been more readily accepted if the policy had been applied consistently at that time to all schools.

1.1.8 Audit considers the Directorate endeavoured to achieve structural changes by grouping viable schools in terms of their capacity to meet the *Framework* requirements with vulnerable schools and creating an expectation that structural changes would emanate from each Task Force. Indeed, almost half of the audit survey respondents considered the grouping of schools within their Task Force was linked to facilitating structural change. Similarly, more than 50 per cent of respondents, indicated that the Directorate briefed them at the commencement of the Task Force process on its preferred options for structural changes to schools within their Task Force.

1.1.9 Audit found that the Directorate had satisfactorily fulfilled the guarantees to students, parents, staff and schools as detailed in the *Framework* and disposed of surplus school sites closed through the Quality Provision process in a timely manner and in a way which maximised its financial returns. At June 1995, a total of \$98.2 million had been raised from these sales.

1.1.10 The Directorate needs to undertake a specific evaluation in conjunction with the Schools of the Future monitoring program to assess the effectiveness of the structural changes that have occurred in the school system in terms of redressing the imbalance that existed between supply and demand for educational services. The Directorate also needs to undertake a post-implementation review of the process to identify how it can be improved as the need for future restructuring arises.

1.1.11 With respect to the outcomes of the *Framework*, many schools surveyed by audit considered that some progress had been made towards achieving the expected results and that the school goals had, to a large extent, been achieved. It was also evident that restructuring, where it had occurred, had been in the best interests of many of the students. However, a number of schools indicated to audit that the revisions to staffing and funding entitlements had negatively impacted on their ability to achieve many of the Quality Provision goals and necessitated changes to the way they manage school class sizes and teaching services. Such revisions to staffing and funding entitlements have contributed to Victoria's improved position relative to other States and the Australian average in terms of teacher and student ratios.

1.1.12 Notwithstanding the survey results, the Directorate will not be in a position to determine the success or otherwise of the policy in providing access to high quality curriculum and facilities until a formal assessment is undertaken. In this regard, the Directorate advised audit that, through the Schools of the Future Accountability Framework, it will be provided with data on the important factors necessary for an evaluation of the quality of school education. The effectiveness of the triennial reviews to be undertaken by the Directorate's Office of Schools Review will be critical in providing credibility to the representations of school performance under the Accountability Framework.

1.1.13 On balance, audit concluded that the *Quality Provision Framework* has provided a sound foundation for improvement to government school education through the Directorate's innovative Schools of the Future program.

Part 1.2

Summary of major audit findings

ASSESSING THE NEED FOR SCHOOL REORGANISATIONS

Page 27

- Due to the inconsistent approaches adopted by regional offices of the Directorate of School Education in determining participation of schools in the Task Force process, a number of schools have not been formally assessed against the *Quality Provision Framework* policy requirements for reorganisation purposes.

Paras 4.11 to 4.19
- The composition of Task Forces created a situation where representatives of the smallest school, in terms of enrolments, found themselves having to justify the school's existence against the majority of Task Force members. In most cases, the smaller school was closed as it caused less disruption for a greater number of students.

Paras 4.20 to 4.28
- Most schools surveyed by audit considered that the main aim of the *Framework* was to improve the cost-efficiency of education rather than improve the quality of educational opportunities for students or school facilities.

Paras 4.31 to 4.34
- The requirement in the *Framework* for the Minister to determine the changes to schooling arrangements together with knowledge of the Directorate's preferred options, influenced the recommendations of some Task Forces.

Paras 4.35 to 4.42
- Responses from 63 per cent of schools surveyed by audit indicated that information provided by the Directorate during the Quality Provision process was neither sufficient nor timely for making Task Force recommendations. However, the Directorate offered Task Forces the opportunity to reconvene to consider the impact on their recommendations of specific information such as staffing entitlements and hub-annexe details.

Paras 4.43 to 4.50
- Schools indicated that the 3 most important factors in developing Task Force recommendations were projected enrolments and demographic trends, current enrolment numbers and the quality of educational opportunities.

Paras 4.51 to 4.55

ASSESSING THE NEED FOR SCHOOL REORGANISATIONS - *continued* Page 27

- The capacity of a local community to exert pressure on the decision-makers may have been a significant factor in influencing the objectivity of school reorganisation assessments.
Paras 4.56 to 4.61
- In contrast to the protracted nature of past reorganisations, the Directorate managed the Quality Provision process in a very efficient manner with most Task Forces completing their deliberations within a 3 month period and the entire process finalised within 6 months.
Paras 4.62 to 4.65
- The Minister for Education endorsed 85 per cent of the recommendations made by the 250 Task Forces established across the State.
Paras 4.66 to 4.69
- It is important that the Directorate undertakes a post-implementation review to identify how the process of school reorganisation can be improved as future restructuring occurs.
Paras 4.70 to 4.73

OUTCOMES OF THE QUALITY PROVISION FRAMEWORK Page 45

- Analysis of the size of primary and secondary schools in terms of enrolment numbers between 1993 and 1994 indicated that the *Quality Provision Framework* was very successful in consolidating the number of government schools with less than 201 students.
Paras 5.12 to 5.14
- The Directorate has not yet undertaken an evaluation of the effectiveness of school reorganisations which occurred following implementation of the *Framework* in terms of redressing the imbalance between supply and demand for educational services.
Paras 5.20 to 5.25
- The *Schools of the Future Accountability Framework*, established by the Directorate to assess both individual and Statewide school performance, represents a very comprehensive and ambitious monitoring program. It is designed to provide evaluative data on the important factors necessary for objectively assessing the quality of school education, including an indication of the success or otherwise of the reorganisations which occurred under the *Framework*.
Paras 5.26 to 5.33
- The effectiveness of the triennial reviews undertaken by the Office of Schools Review will be critical to the success of the Accountability Framework in providing credible information about the quality of education in Victorian government schools.
Para 5.34
- Audit survey results indicated that the Directorate is making sound progress towards achieving the 5 major results expected following implementation of the *Framework*.
Paras 5.35 to 5.59
- Most schools involved in a Task Force indicated that, where restructuring occurred, it was generally of benefit to students.
Paras 5.63 to 5.67

OUTCOMES OF THE QUALITY PROVISION FRAMEWORK - *continued***Page 45**

- Fifty-two per cent of audit survey respondents indicated that the Task Force process had a negative impact on school community relationships, whereas 53 per cent considered the process had no detrimental effect on the subsequent working relationships between principals.
Paras 5.68 to 5.73
- Seventy-six sites were closed as a result of the merger of 174 schools under the Quality Provision process. In 42 per cent of cases, the number of students transferring to the nominated merger school was less than 70 per cent. The remaining students enrolled in other schools.
Paras 5.74 to 5.77
- Figures prepared by the Directorate indicated that 99.5 per cent of students from government schools closed through the Quality Provision process had enrolled in other schools. Of these, 5.5 per cent of students had moved to schools in the non-government sector.
Paras 5.78 to 5.80
- Comments provided by a large number of survey respondents suggested that the anticipated outcomes relating to improved school curriculum provision and facilities had been achieved.
Paras 5.81 to 5.83

QUALITY PROVISION GOALS FOR SCHOOL IMPROVEMENT**Page 65**

- Primary schools indicated that they had been most successful in providing planned experiences in the 8 National Curriculum Areas, forming composite classes or multi-age groupings and offering children access to an increased number of adult role models. All other curriculum and school organisation goals had, to date, been either completely or partially achieved.
Paras 6.13 to 6.28
- All secondary colleges surveyed by audit indicated that they were providing instruction in each of the 8 National Curriculum Areas for Years 7 to 10 students, while the other curriculum and school organisation goals had been either completely or partially achieved.
Paras 6.30 to 6.39
- Sixty-four per cent of secondary colleges surveyed by audit were meeting the minimum number of Victorian Certificate of Education unit sequences in each of the 8 National Curriculum Areas required by the *Framework*, while the remaining curriculum and school organisation goals for Years 11 and 12 had, in the main, been completely achieved. However, the Directorate needs to encourage secondary colleges to implement curriculum programs in Years 11 and 12 that link to training and employment opportunities in key vocational fields.
Paras 6.40 to 6.49
- Audit survey respondents identified that decisions made at the local level, since implementation of the *Framework*, had resulted in increases in the provision of Languages Other Than English, physical education and computer activities, while remedial support programs, student welfare services, music and career education programs had been reduced.
Paras 6.50 to 6.52

QUALITY PROVISION GOALS FOR SCHOOL IMPROVEMENT - *continued* Page 65

- While work undertaken by the Directorate on school global budgets is addressing the large variations in average funding levels per student which existed between schools in 1993, the Directorate needs to continually monitor funding levels across schools to ensure the efficient use of scarce educational resources.

Paras 6.54 to 6.59

- The majority of schools surveyed by audit considered that the standard of facilities at their school was either mostly or partly satisfactory, however, at least one-third considered that the standard of staff administration areas and specialist facilities for physical education and music were less than satisfactory.

Paras 6.60 to 6.71

- Although the introduction of the Schools of the Future program had a positive impact on the achievement of Quality Provision goals for school improvement, many schools indicated that changes to the staffing formula and support service structures had a significantly negative impact on goal achievement.

*Paras 6.72 to 6.80***QUALITY PROVISION GUARANTEES Page 85**

- The Directorate satisfactorily fulfilled its obligations to students, parents, staff and schools, with respect to the Quality Provision guarantees provided for in the *Quality Provision Framework*.

*Paras 7.3 to 7.20***SALE OF CLOSED SCHOOL SITES Page 91**

- Between July 1992 and June 1995, the Directorate sold 79 of the 217 school sites closed through Quality Provision processes, raising a total of \$98.2 million.

Paras 8.14 to 8.18

Part 2

Background

INTRODUCTION

2.1 In Australia, the Commonwealth Government is responsible for the provision of tertiary education, including adult and community education, while the States control and predominantly fund primary and secondary education.

2.2 Primary and secondary education in Victoria is provided by a network of State (government) schools and colleges as well as independent (non-government) schools. At February 1995, the government sector comprised some 1 717 schools and 520 000 students representing around two-thirds of the education system, while the non-government sector comprised 667 schools accommodating 256 000 students. Table 2A illustrates the reduction in the number of government schools over the last 4 years.

**TABLE 2A
NUMBER OF GOVERNMENT SCHOOLS**

<i>Type of school</i>	1992	1993	1994	1995
Primary	1 541	1 508	1 339	1 312
Secondary	358	322	295	289
Primary/Secondary (Prep. to Year 12)	16	16	23	29
Special	98	92	85	84
Language	3	3	3	3
Total	2 016	1 941	1 745	1 717

Source: Summary Statistics Victorian Schools, Directorate of School Education.

2.3 In accordance with the *Education Act 1958*, overall responsibility for State education, excluding non-government schools, rests with the Minister for Education and is administered by the Directorate of School Education, an administrative office of the Department of Education. State education is administered by the Directorate at the local level through 7 regions as illustrated in Chart 2B.

**CHART 2B
DIRECTORATE REGIONS**



1. North-West Metropolitan	5. Loddon Campaspe Mallee
2. South-East Metropolitan	6. Goulburn-North Eastern
3. Barwon-South Western	7. Gippsland
4. Central Highlands-Wimmera	

2.4 In recent years, total education outlays in Victoria have averaged around 22 per cent (\$3.2 billion) of State budget expenditure excluding Commonwealth grants passed on to tertiary education institutions and non-government schools.

2.5 For 1994-95, expenditure of the Directorate totalled \$2.8 billion (\$2.6 billion, 1993-94) of which \$2.4 billion (\$2.2 billion, 1993-94), was provided for school education. Between July 1992 and June 1994, the Directorate's staff was reduced by 11 000 (6 700 teachers and 4 300 non-teaching staff).

2.6 In October 1992, the newly-elected Government reduced the recurrent base of departmental outlays for the 1992-93 year by 2 per cent due mainly to concerns about the State's current account deficit. This reduction was in addition to the annual 1.5 per cent productivity savings which have been in place over a number of years.

2.7 In the Education sector, expenditure reductions and savings were to be generated through:

- staff reductions arising from the consolidation of head office and regional administrations;
- the reduction of teaching and ancillary staff in government schools;
- the closure of some small schools with low enrolments; and
- contracting-out of school cleaning services.

2.8 In addition, the Commission of Audit reported to the Government in May 1993 that annual savings estimated at around \$300 million could be achieved in the Education sector for 1994-95 through reductions in promotional opportunities, administrative support staff and further reductions in teacher numbers. In this regard, the Commission identified, inter alia, that compared with other States, Victoria had failed to capture major economies of scale in capital and recurrent expenditure due to the limited number of large metropolitan primary and secondary schools.

2.9 In the Commission's view, school rationalisation and consolidation would lead to fewer and larger schools and, in turn, improve the potential for reducing education expenditure.

2.10 Since October 1992, the Directorate has undergone significant change. These changes include:

- Introduction of the Schools of the Future program which is central to the Government's reform of the State school system. Induction of schools into this program involves the development of school charters, the introduction of School Global Budgets and computerised administrative systems, the transfer of financial and personnel functions to the school and an assessment of school performance through an accountability framework;
- Implementation of *A Quality Provision Framework for Victorian Schools*, involving the establishment of 250 local Quality Provision Task Forces across the State to review the provision of education within their local areas;
- Rationalisation of the Directorate's central and regional administrations; and
- Development, by the Board of Studies, of a Statewide framework of curriculum programs, practices and standards for schools covering Prep. to Year 10.

2.11 Over the period July 1992 to June 1994, the Directorate achieved budget savings totalling \$217 million. Results for 1994-95 were not available at the time of the audit.

APPROACHES TO STATE SCHOOL REORGANISATIONS

2.12 In administering the school system, governments recognise that supply and demand for educational services change over time, usually in line with demographic movements. As new suburbs develop, schools are provided for the predominantly young families that traditionally move into these areas. Thus, the school population rises as the area develops, peaks when the area becomes fully established and gradually declines as the characteristics of the population change or people leave the area. Because of these changes, some form of reorganisation will be required as an oversupply of services and under-utilisation of facilities will eventually occur, particularly in older, established areas.

2.13 As schools become smaller through declining enrolments, the cost of education per student usually increases. In addition, diminished staffing resources arising from declining enrolments have the potential to adversely impact on the quality of education provided in terms of curriculum diversity and flexibility.

2.14 Under processes introduced in 1986, schools with declining enrolments were required to initiate reorganisation proposals for consideration by a regional board of education, the then Ministry of Education and ultimately the Minister for Education.

2.15 These processes embodied the former Government's commitment to participation at each level in the decision-making process and occurred over a period of 12 months, or in some cases, longer. The overall aim was to improve the provision of education for students in areas of declining school enrolments.

2.16 In 1989-90, the former Government introduced a new initiative known as *District Provision* which in broad terms was aimed at significantly improving both the range of studies available to students and the curriculum linkages between primary and secondary schools.

2.17 Under the *District Provision* initiative, interested parties engaged in a protracted process of consultation and discussion and, unless primary school enrolments fell below 7 students, which automatically triggered closure, reorganisation was based upon a consensus of those affected by the change.

2.18 Following the change of government in October 1992, a Quality Provision Task Force was established centrally to advise on the changes needed to bring about the most effective use of educational resources to achieve a quality school education. The Task Force, which comprised 3 members (an external consultant as chairperson and 2 Directorate representatives), made recommendations to the Minister for Education regarding school reorganisation following consultation within the Directorate. The Task Force was required to consider the following 5 criteria in formulating its recommendations:

- the breadth and depth of current educational programs;
- demographic projections;
- the quality of physical facilities;
- the viability of neighbouring schools; and
- the availability of appropriate transport links.

2.19 This approach was more centralised in nature compared with the participative decision-making approach previously established.

2.20 As a result of the Task Force's recommendations, the Minister determined that 46 school and campus sites would close at the end of the 1992 school year. In addition, a further 3 closures had been agreed through the *District Provision* process operating prior to October 1992 and 6 schools automatically closed as a result of enrolments falling below 7 students.

2.21 While this central Task Force process addressed the protracted period of consultation which had occurred in the past, adverse community reaction to school reorganisations effected at the end of 1992 prompted an acknowledgment by the Directorate that this and past consultative processes "... were difficult and destabilising for school communities". The Minister's decisions to close the Northland and Richmond Secondary Colleges at the end of 1992 were challenged by school communities through the legal system. In the case of Northland Secondary College, the Directorate subsequently became involved in a lengthy dispute extending over a period in excess of 2 years. Legal costs incurred in defending the decisions to close these Colleges totalled \$1.9 million.

2.22 In December 1993, the Government amended the *Education Act* 1958 to effectively prevent any challenge through the legal system, or before the Ombudsman, against a decision of the Minister to close a school.

WHAT IS THE QUALITY PROVISION FRAMEWORK?

2.23 In 1993, the Government determined that, despite past school reorganisations, educational resources had not been effectively utilised to provide quality school education and the situation needed to be redressed through a process of school consolidation. Specifically, the Government determined that in order to provide students with the highest quality of educational opportunities, there was a need to:

- ensure all students are provided with a curriculum that caters for their changing needs over the next decade and to make the best use of teaching and other educational resources to meet these needs;
- redress the imbalance between the supply of, and demand for, educational resources which had arisen through "...changes in demographics and patterns of schooling"; and
- make more effective use of existing facilities due to the high cost of maintaining deteriorating or significantly under-utilised school premises.

2.24 The Government considered that the consolidation of schools would lead to an extended period of stability in the sector, more viable schools, better provision of curriculum and improved facilities.

2.25 As a consequence, the Directorate re-assessed its approach to school reorganisations which culminated in the release, in May 1993, of a new policy document entitled *A Quality Provision Framework for Victorian Schools*.

2.26 In broad terms, the *Framework* is aimed at providing all students enrolled at government schools with access to a wider range of curriculum opportunities and quality facilities and setting directions for school restructures over the next 3 to 5 years.

2.27 The 5 major results anticipated from the implementation of the *Framework* are:

- greater clarity as to what constitutes a quality learning environment and how it can be achieved;
- enhanced richness and diversity in curriculum provision;
- significantly improved school buildings through the upgrading and maintenance of facilities;
- processes to ensure a quality education is sustainable, despite changing circumstances; and
- an extended period of stability resulting from the consolidation of the school system.

2.28 Underpinning these expected results is a range of goals which are to be actively pursued by both primary and secondary schools in order to improve the quality of education. These goals cover such issues as curriculum and school organisation, funding, facilities and the establishment of new schools.

2.29 The Directorate anticipates the achievement of goals set within the *Framework* will enable all schools to be viable Schools of the Future.

2.30 A fundamental premise of the *Framework* is that larger schools (i.e. schools above the Directorate's enrolment thresholds) can offer wider curriculum choices and better facilities, and are therefore well placed to provide quality educational opportunities. Based upon Directorate research undertaken prior to October 1992 on the relationship between enrolment size and the breadth and depth of curriculum provision for Years 11 and 12, the Directorate considered that, as a guideline, stand-alone Years 11 and 12 secondary colleges or senior campuses of multi-campus colleges should have an enrolment size of above 500 students. Although the enrolment size for primary schools was not specified in the *Framework*, audit was advised that for schools in metropolitan and provincial centres, enrolments of above 175 students were preferred.

2.31 The *Framework* also indicated that new primary and secondary schools in growth corridors would be planned on the basis of minimum enrolments of 450 and 1 100 students, respectively.

SCHOOL CONSOLIDATION UNDER THE QUALITY PROVISION FRAMEWORK

2.32 Compared with reorganisation policies implemented since 1985, the *Framework* had a significant impact on the number of school site closures and in particular the closure of primary schools. Table 2C shows that over a 7 year period to December 1992, a total of 135 school sites were closed either through the merger of 2 or more schools or closure. During the 12 month period to June 1994, site closures totalled 171, an increase over the previous 7 years of 27 per cent.

**TABLE 2C
VICTORIAN SCHOOL CLOSURES**

Year	Primary	Secondary	(a)Other	Total
1986 to 1992(b)	68	61	6	135
1993(c)				
Barwon-South Western	28	-	-	28
Central Highlands-	23	-	-	23
Wimmera				
Gippsland	19	-	-	19
Goulburn-North Eastern	10	1	-	11
Loddon Campaspe Mallee	26	-	2	28
South-East Metropolitan	34	5	-	39
North-West Metropolitan	20	3	-	23
Total 1993	160	9	2	171
Total	228	70	8	306

(a) Includes special and language schools.

(b) Includes 46 school sites closed by the central Quality Provision Task Force at the end of 1992.

(c) Schools closed through the 1993 Quality Provision process.

2.33 It is also significant that in contrast to previous reorganisation processes which were relatively protracted, the Quality Provision process was initiated and completed within a period of only 6 months.

2.34 In relation to average student numbers per school and the average number of students per teacher following implementation of the *Framework*, Victoria has improved its position relative to other comparable States and the Australian average for government schools. Details are provided in Table 2D.

TABLE 2D
COMPARISON OF STUDENT AND TEACHER AVERAGES,
SELECTED AUSTRALIAN GOVERNMENT SCHOOLS

Number of -	Victoria		New South Wales		Queensland		Australia	
	1992	1994	1992	1994	1992	1994	1992	1994
Students per school	265	301	347	346	302	305	300	309
Teachers per school	20	20	22	22	19	19	20	20
Students per teacher	13	15	16	16	16	16	15	15

Source: 1994 Schools Australia, (4221.0), Australian Bureau of Statistics.

2.35 To a large extent, changes in the average number of students per school have been directly caused by the *Framework*, while budgetary factors have impacted on student/teacher ratios.

Part 3

Conduct of the audit

AUDIT OBJECTIVE

3.1 The overall audit objective was to review the implementation of the *Quality Provision Framework* by the Directorate of School Education and to assess:

- the Quality Provision decision-making process in terms of the extent to which effective levels of accountability and consultation were maintained;
- the extent to which the expected results and goals of the *Framework* had been achieved;
- the extent to which the student, parent, staff and school guarantees under the *Framework* had been fulfilled; and
- whether returns from the sale of closed school sites had been maximised by the Directorate and managed with due regard to matters of probity and equity.

SCOPE OF AUDIT

3.2 The audit focused on the Directorate's current approach to school reorganisation introduced in May 1993, but excluded detailed examination of school closures which took place at the end of 1992 prior to the development of the *Framework*.

3.3 Although the *Framework* was directed at both primary and secondary schools, around 90 per cent of reorganisations, including site closures and mergers, occurred in primary schools. Consequently, the audit of the *Framework's* implementation focused predominantly on primary rather than secondary schools.

3.4 The audit involved an examination of documentation compiled by a representative sample of schools involved in Task Forces and the Directorate in assessing the need for reorganisations, including briefing material submitted to the Minister for Education. Relevant documentation relating to the provision of guarantees and disposal of surplus school sites was also examined. Discussions with appropriate Directorate staff were undertaken at head office, the 2 metropolitan regions (North-West and South-East) and 2 of the 5 rural regions (Barwon-South Western and Loddon Campaspe Mallee).

3.5 In order to canvass the views of schools that participated in the Quality Provision process, audit issued a survey to 102 randomly-selected schools located throughout the State, representing 12 per cent of the schools involved. Due to the difficulties associated with locating staff from closed schools, these schools were excluded from the audit survey.

3.6 In broad terms, the survey sought information from schools in relation to:

- their understanding of the *Quality Provision Framework*;
- the process for implementing the policy;
- the extent to which the policy outcomes have, to date, been realised; and
- problems encountered in striving to achieve the policy goals.

3.7 Many respondents provided extensive comments on the above matters which assisted audit in reaching conclusions on the effectiveness of implementation of the *Framework*.

3.8 Prior to issuing the survey, its contents were discussed in detail with senior representatives of the Directorate and amendments incorporated where considered appropriate.

3.9 The information gathered from this process in March 1995 complemented that obtained from an examination of the documentation compiled by the sample schools in assessing the need for reorganisation. The response rate to the survey was 86 per cent.

3.10 Because of the pace of change within the State school system, the Directorate was invited to incorporate in its responses to this Report, information on the performance of government schools subsequent to the audit survey, together with any relevant policy developments.

3.11 The audit team was provided with specialist assistance in examining the *Framework* outcomes by Dr G. Elsworth from the Centre for Program Evaluation, at the University of Melbourne. Dr Elsworth has vast experience and knowledge of both the education system and the theory and practical application of evaluation techniques. Specific advice was also provided in relation to the adequacy of processes put in place by the Directorate to measure the *Framework* outcomes.

Part 4

Assessing the need for school reorganisations

OVERVIEW

4.1 The Directorate set up 250 local Task Forces comprising 855, or 44 per cent of, government schools to participate in reorganisation assessments. Given the magnitude of structural changes which resulted, the strict timeframe set to complete the entire process and the protracted nature of past reorganisations, the Directorate managed the 1993 program in a very efficient manner with all changes in operation for the commencement of the 1994 school year.

4.2 Many of the schools included in the Task Force process were experiencing declining enrolments and difficulties in providing the necessary curriculum as well as operating with facilities which were either in poor condition or under-utilised. These schools were grouped with schools that were considered to be meeting the standards of the *Quality Provision Framework*.

4.3 According to almost half of the survey respondents, the grouping of schools in the Task Forces in this manner was linked to facilitating structural change in the provision of education in their particular area. In addition, more than 50 per cent of respondents indicated that they had been briefed by the Directorate, at the commencement of the assessment process, as to the preferred structural changes.

4.4 While each Task Force considered a range of factors relating to the quality of education provision, it was clear that most emphasis was placed on a school's current and projected enrolments. Indeed, in 83 per cent of cases where reorganisation occurred, the school with the lowest enrolments relative to the other schools in the Task Force underwent some form of structural change.

4.5 Audit concluded that the Task Forces' knowledge of the Directorate's preferred options and the requirement of the Minister to ultimately determine any changes to schooling arrangements influenced the recommendations of some Task Forces. The Minister endorsed 85 per cent of Task Force recommendations.

4.6 A large number of schools expressed dissatisfaction with the manner in which the *Framework* was implemented. In addition, many schools were excluded from the Task Force process due to the inconsistent approaches taken by regional offices in determining school participation. Given these factors, audit is of the view that the Directorate needs to undertake a post-implementation review to assess how the process can be improved for future restructuring over the next 3 to 5 years as stated by the Director of School Education in the *Framework*.

ESTABLISHING QUALITY PROVISION TASK FORCES

4.7 In past years, the level of consultation undertaken in assessing the need for school reorganisations has varied in terms of extensiveness and duration. In formulating the *Framework*, the Directorate acknowledged that past consultative processes had been "... *difficult and destabilising for school communities*". Because of the Directorate's view of past experiences, it determined that the consultative approach under the *Framework* should have the following features:

- encompass a close working relationship between principals and school councils, in conjunction with the Directorate, when developing a strategy for improving educational provision within an area;
- be undertaken within a framework which indicates the needs and requirements of the education system and the basis upon which proposed changes should occur;
- be completed within a period of 3 months;
- include representatives of parents, teachers and principals from each school community;
- only involve those schools directly affected by the proposed changes; and
- avoid more than one consultative stage.

4.8 In essence, the need for reorganisation was to be assessed in the first instance by the school community through the medium of a local Task Force established by the Directorate.

4.9 In practice, Task Forces set up under the *Framework* comprised either a single school or a number of schools that were considered to be affected by Quality Provision issues. Groupings of schools were predominantly based upon matters such as geographical location, existing co-operative arrangements (e.g. resource sharing) or demographic trends (e.g. a perceived over-supply of education providers within an area). Each school nominated 3 representatives for membership of the Task Force, usually the principal or head teacher, a member of the school council and a teacher or staff member. A Directorate representative was responsible for convening Task Force meetings but did not have voting rights.

4.10 Collectively, Task Force members were to assess the extent to which each school was meeting the Quality Provision goals and make recommendations to the Minister on the extent of reorganisation required to facilitate the best use of educational resources within the particular area. Reorganisation options included closure, merger or other structural change such as a *hub-annexe* arrangement where a small school continues to operate on its existing site under the day-to-day management of a larger school. The process also involved consultation with the local community. The Minister then made final decisions on the extent of required changes.

School participation in Task Forces

4.11 While the *Framework* applied to all schools, the Directorate stated that not all schools would need to directly participate in the Task Force process. Regional General Managers of the Directorate had discretion to implement the *Framework* on the basis of local circumstances and their capacity to provide administrative support to the Task Forces. The involvement of schools was therefore determined by Regional General Managers after consideration of certain factors including:

- current and projected enrolments;
- utilisation levels of schools within the immediate area;
- curriculum provision; and
- condition of facilities.

4.12 Audit was advised by one region that an additional factor it considered in determining the involvement of schools in the Task Force process was the per capita funding (average funding per student) provided to schools by the Directorate.

4.13 Overall, of the 1 941 government schools that were operative at February 1993, 855 (44 per cent) participated directly in the 250 Task Forces established across the State. Table 4A illustrates the number and percentage of schools included in Task Forces by region.

TABLE 4A
SCHOOL PARTICIPATION IN TASK FORCES BY REGION

Region	No. of Task Forces	Primary(a)		Secondary(b)	
		Number	Per cent	Number	Per cent
Barwon-South Western	40	106	61	30	83
Central Highlands-Wimmera	24	90	60	14	58
Gippsland	32	115	70	10	42
Goulburn-North Eastern	27	69	38	7	22
Loddon Campaspe Mallee	29	80	48	20	57
South-East Metropolitan	55	173	38	24	22
North-West Metropolitan	43	101	32	16	20
Total	250	734	46	121	36

(a) Includes Special Development Schools.

(b) Includes Prep. to Year 12 colleges.

4.14 In order to assess the degree of consistency in the application of the various factors for determining school participation, audit consulted with certain regional offices of the Directorate as to the basis for excluding particular schools from the Task Force process. In this regard, some schools identified by audit had similar characteristics, in terms of enrolment numbers and average funding levels, to those schools that had been included in the process.

4.15 Explanations frequently provided by regional offices for the exclusion of certain schools from Task Forces were that:

- the school was isolated;
- other schools in the area had recently closed;
- the school had close community ties;
- the school was considered viable;
- the area had a sustainable population;
- there were particular socio-economic factors in the area;
- there were implications for school bus routes;
- inclusion of the school was discussed but did not proceed; and
- access by students to the school was a problem.

4.16 Audit considers that a number of these explanations could have applied to some schools required to participate in the Task Force process.

4.17 Notwithstanding that the *Framework* provided directions for school restructure over the next 3 to 5 years, 2 of the 4 regional offices contacted by audit indicated that they understood the Task Force process to be a one-off exercise. As a result, all schools within those regions considered not to be meeting the Quality Provision requirements were included in a Task Force. However, in the other 2 regions, only those schools perceived as needing urgent reorganisation were included. Those schools of lower priority, excluded from the process, were expected to be followed-up in subsequent years.

4.18 The Directorate subsequently advised that, although the Task Force process did not proceed beyond 1993, the *Framework* still provides policy for regions and schools to consider. While the remaining schools have not been formally assessed against the *Framework*, around 20 voluntary structural changes occurred during 1994-95.

4.19 As a result of the inconsistent approaches taken by regions in determining the participation of schools in the Task Force process, audit is of the view that a number of schools which may have needed to reorganise had not been formally assessed against the requirements of the *Framework*.

□ **RESPONSE** provided by Director of School Education

The information mentioned in paragraph 4.12 about the average funding per student was not made available to Task Forces or regions until after all the Task Forces had been established. Therefore, it was not possible for a region to consider this information as an additional factor when determining the membership of Task Forces.

The Directorate does not accept that the regions were inconsistent in determining the participation of schools in the Task Force process as suggested in paragraph 4.19. An examination of Table 4A suggests that given the variation in the number of schools in each region, there was a relative consistency in the proportion of schools involved in Task Forces in each region.

One of the greatest strengths of the Quality Provision process was its responsiveness to local factors, some of which are outlined in paragraph 4.15. These factors account for why schools that appear to be similar on the basis of numbers of students enrolled can be significantly different in other respects. These differences have led to some schools which appeared to have similar enrolment levels to schools which were included in Task Forces, not being required to participate in the Quality Provision process.

The magnitude of the Quality Provision process should not be understated. A total of 855 schools (44 per cent of all government schools) participated in Task Forces. The process would have been unmanageable if a higher proportion of schools were involved. Although other schools have not been formally assessed against the Framework requirements, a number of voluntary structural changes have occurred during 1994-95.

Determining the composition of Task Forces

4.20 In determining the composition of Task Forces, audit was advised that the general approach was to identify schools or groups of schools within an area that, in the Directorate's view, may have difficulty meeting the Quality Provision goals either now or in the future, and then to group those schools with other schools within the area with the view to encouraging some form of structural change.

4.21 For example, within a community of schools, regional offices grouped schools after consideration of such factors as geographic barriers (e.g. avoiding the need for students to cross major roads or railway lines), the movement of students or links between primary and secondary schools in the area, transport availability, enrolment trends and the condition of school facilities.

4.22 According to the Directorate, Regional General Managers were required to liaise with school principals about groupings prior to finalisation. However, the audit survey indicated that in most instances (77 per cent), the formation of Task Forces was undertaken without any input from the affected schools.

4.23 The audit survey also sought to ascertain whether Task Force groupings were appropriate and whether an explanation had been provided by the Directorate for the school's inclusion in the Task Force process. Notwithstanding that 85 per cent of respondents thought that the grouping of schools within their Task Force was appropriate, almost half indicated that the rationale for their inclusion was linked to effecting structural change. Explanations commonly provided to schools for their inclusion in a particular Task Force were:

- potential to take on students from a smaller school due to their close proximity to that school; and
- need to undergo some form of reorganisation due to their current student numbers or expectation that enrolments would decline in future years.

4.24 Around 10 per cent of respondents stated that they had been included in a Task Force because of the Directorate's perception that the school was providing comprehensive curriculum or quality education in general and thus represented a model for other schools.

4.25 To some extent, the Directorate's desire to bring about structural change was also evident from an analysis of enrolment numbers for each school included in the 121 Task Forces involving 3 or more schools where subsequent reorganisation occurred. Audit found that in 83 per cent of these cases the school with the lowest enrolments relative to the other schools in the Task Force underwent some form of reorganisation.

4.26 In the case of one metropolitan region, this desire was particularly evident as a Directorate memo (dated May 1993) stipulated that "*... consideration should be given to the schools which surround the targeted school in terms of the cluster that may comprise the Task Force*". The memo also stated that "*... it was expected that there will be one Task Force for each closure but that a larger group may be formed with 2 closures depending on the geography and local politics*".

4.27 The Directorate advised audit that it encouraged the retention of larger schools at the expense of those with smaller enrolments on the basis that less students would be required to relocate. While audit considers this principle has merit, it does not accord with the Directorate's claim that changes to schooling arrangements were not pre-determined (refer to further comment on the issue later in this Part of the Report).

4.28 By grouping schools considered to be meeting the Quality Provision goals with those that were seemingly not and creating an expectation through the *Framework* that structural changes would emanate from each Task Force, audit considers that, to this extent, the Directorate indirectly influenced the Task Force outcomes. Furthermore, in many cases, the school with the lowest enrolments in the Task Force relative to the other schools found itself in the unenviable position from the outset of having to defend or justify its continued existence against the majority of Task Force members.

□ **RESPONSE** provided by Director of School Education

The audit survey found that 85 per cent of schools thought that the school's inclusion in a Task Force was appropriate. The Directorate believes that this indicates that schools believed that the Task Forces were based on natural groupings of schools and were not artificially structured to produce particular outcomes. In most instances the site of a smaller school was closed as a result of recommended structural change as this reflected established demographic patterns in the area and resulted in less disruption for the greater number of students.

The demographic patterns of particular areas often resulted in uneven enrolments across groups of schools. Smaller schools, indeed, had to consider the implications of the Framework because they may not have had the threshold enrolment necessary to ensure adequate provision of curriculum.

Enrolments across schools reflect parental and student choices, historical patterns of enrolments, relative accessibility and adequacy of curriculum provision. The Directorate does not accept the inference that larger schools should have closed in preference to smaller schools.

CRITERIA FOR ASSESSING SCHOOL REORGANISATIONS

4.29 As previously stated, the *Framework* outlined a range of goals for primary and secondary schools which, when achieved, would equate to the provision of quality education. These goals covered curriculum provision and school organisation, funding and facilities, and were generally consistent with previously held expectations for government schools.

4.30 The goals or reference points also provided a basis for schools and the Directorate upon which to assess the need for reorganisation. Thus, the Task Force was required to assess the extent to which schools in the area were achieving the goals and if not, what changes to schooling provision were needed to facilitate their achievement. In this regard, encompassed within the *Framework* was a clear message that schools with enrolments above the Directorate's thresholds were in a better position to meet the goals since they could offer wider curriculum choices, better facilities, more opportunity to interact with a greater number of students and adults and more flexibility to allow teachers to undertake professional development.

Understanding the aim of Quality Provision

4.31 The broad aim of the *Framework* encompassed 3 elements, namely, quality curriculum, quality facilities and school consolidation and, as mentioned above, was based on the premise that larger schools (rather than small schools) are better able to provide quality education and are more cost-effective to operate.

4.32 When questioned on the relative importance of each of these 3 elements, almost all audit survey respondents (98 per cent) considered the aim of the *Framework*, as they initially understood it, was to improve the cost-efficiency of the school system by creating larger schools. This compared with 70 per cent of respondents who thought improving the quality of education was an important aim of the *Framework*. Table 4B shows the survey results.

TABLE 4B
UNDERSTANDING THE AIM OF QUALITY PROVISION
(per cent)

<i>Aim</i>	<i>Most important</i>	<i>Somewhat important</i>	<i>Least important</i>
Improving cost-efficiency	83	15	2
Improving the quality of education	27	43	30
Improving facilities	14	42	44

4.33 Around 80 per cent of respondents indicated their understanding of the aim of the *Framework* had not changed after completing the Task Force process.

4.34 **Audit was surprised that more respondents viewed the *Framework* as a process to improve the cost-efficiency of education rather than improve the quality of educational opportunities for students or school facilities. These views were also substantiated from an examination of documentation compiled by Task Forces and discussions with school principals.**

□ **RESPONSE** provided by Director of School Education

Table 4B shows that 70 per cent of schools thought that improving the quality of education was important or somewhat important. The Directorate believes this table demonstrates that the majority of schools viewed the Framework as a process to both improve the cost-efficiency of education and improve the quality of educational opportunities for students.

Expected outcomes from Task Forces

4.35 At the outset of the consultative process, each Task Force was briefed by a Directorate representative on the aims of the *Framework* and the processes involved in determining school reorganisations. This representative also assisted schools throughout the process to identify the changes necessary to meet the Quality Provision goals.

4.36 Forty-seven per cent of audit survey respondents indicated that they had not been briefed on an expected outcome at the commencement of the process. The remaining 53 per cent indicated the Directorate's representative had specified the structural changes they expected from the deliberations of the Task Force. Although particular schools within a Task Force were not necessarily named, the briefings indicated, for example, that a school should be closed, 2 or more schools should merge or that there were too many schools in the area.

4.37 Audit was advised by the Directorate that decisions to change schooling arrangements were not pre-determined and that this was stressed in letters from both the Minister and the Director of School Education to Task Force chairpersons. In addition, the Minister and the Director visited each region to address Task Force representatives on the process and to reinforce this point.

4.38 Further analysis by region, of the 53 per cent of respondents who had been briefed by the Directorate on an expected Task Force outcome, revealed that 66 per cent were from the 2 metropolitan regions and 34 per cent from the rural regions.

4.39 Examples of comments provided by audit survey respondents who were briefed on an expected outcome are as follows:

- *"The number of sites was expected to be reduced by one."*
- *"There were too many providers in the area and it was desirable a site be provided for sale."*
- *"The Directorate's preferred outcome was the closure of 2 of the 3 schools. We had to defend this preferred outcome from the outset."*
- *"We were more or less told that a closure or dramatic change of some kind was expected."*
- *"At our first meeting, the Task Force was told one of the schools had to close (that was the bottom line). We just had to decide which one."*

4.40 Some respondents indicated that the Directorate had specifically advised their school that:

- *"As we were a small school we could not be providing the curriculum or operating on a viable financial basis. We should consider ourselves closed or merged and that we would have to justify our school's viability."*
- *"The school was too small. It could not offer all programs and class sizes of 25 at each level."*
- *"We were expected to close."*

4.41 The Directorate advised audit that preferred options for school reorganisation were presented to Task Forces for their consideration. Audit found that these preferred options were directed at reducing the number of schools and, as previously stated, minimising the number of students required to relocate.

4.42 **Based on examination of Task Force files, survey responses and discussions with school principals, audit concluded that the Directorate's preferred options, together with the requirement in the *Framework* for the Minister to ultimately determine the changes to schooling arrangements, was an influential factor in the recommendations of some Task Forces.**

□ **RESPONSE** provided by Director of School Education

The conclusion of audit does not take account of the sequence of events that occurred during the Quality Provision process. Early in the process, some Task Forces were provided with information from Directorate officers regarding preferred options. This was often at the request of Task Forces. Later in the process, the Minister and the Director emphasised that Task Forces should provide their own recommendations on the future of schooling arrangements in the area and that any preferred options provided to the Task Forces did not have the approval or endorsement of the Director or the Minister. The Minister and the Director wrote to Task Forces, and visited every region during August 1993 and spoke with representatives of each Task Force to ensure that this message was understood by all Task Forces.

Information provided to Task Forces

4.43 In considering the need for reorganisation, schools addressed such factors as demographic projections, enrolment trends and facilities provided by the school, including their utilisation and condition. For this purpose, the Directorate provided information relating to current and projected student enrolments and per capita funding in respect of each school within the particular Task Force. Other information deemed to be necessary such as staffing or facility entitlements for the following year could also be requested from the Directorate to assist the Task Force in its deliberations.

4.44 With respect to the information provided by the Directorate, 63 per cent of respondents to the audit survey considered it was neither sufficient nor timely for the purposes of making informed decisions. Examples of concerns expressed by survey respondents are as follows:

- *"Some decisions had to be changed during deliberations due to changes in Directorate information, e.g. annexe arrangements."*
- *"Staffing ratios should have been released earlier. The option for a school to annexe should have been put forward earlier in the process."*
- *"Details of the costs of education, staffing ratios and fractional staffing policy details were unclear during the process."*
- *"Information was continually changed right up to the decision deadline with inadequate time to digest and consider, e.g. staffing arrangements."*

4.45 Delays in the provision of one particular item of information which caused concern to many Task Forces was that relating to the 1994 staffing entitlements for schools. This information was considered vital for small to medium schools because the number of teaching staff available to a school impacted on its capacity to provide the breadth and depth of curriculum required under the *Framework*. Although schools were aware that they would probably have less teachers in 1994, the details were not finalised by the Directorate until September 1993. Audit was advised by the Directorate that it was always aware of the importance of the staffing information for schools and had consequently brought forward the internal processes for its finalisation.

4.46 Notwithstanding the earlier availability of this information, it was still difficult for schools and Task Forces to fully consider the implications of the staffing changes when formulating their recommendations. This position was evidenced by an audit examination of files which indicated that Task Force deliberations were in many instances finalised by the end of August 1993.

4.47 Some audit survey respondents also expressed concern about the lack of information provided at the outset of the Task Force process on the option for schools to enter into hub-annexe arrangements. For small schools that were not classified as remote, this option was important because schools that entered into such arrangements became part of a larger school but continued on their same site. More importantly, from a local community viewpoint, the school avoided closure.

4.48 While acknowledging that the timing of the release of this information in September 1993 may have caused some problems, the Directorate advised audit that it was issued in order to assist small rural schools which may otherwise have faced closure following determination of the 1994 staffing entitlements.

4.49 The Directorate advised that all Task Forces were provided with the opportunity to reconvene after the release of staffing and hub-annexe information if there was a view that the information would change the recommendations of the Task Force.

4.50 Audit considers that the timely release of staffing and hub-annexe information was critical to the decision-making process, particularly in the case of small to medium schools. Notwithstanding the actions of the Directorate, 63 per cent of audit survey respondents indicated that the availability of relevant information was neither timely nor sufficient for decision-making.

□ **RESPONSE** provided by Director of School Education

Most Task Forces were provided with information on staffing and hub-annexe arrangements well before they developed their recommendations to the Minister. In the few instances where Task Forces had completed the task early they were individually requested to reconvene and consider the new information.

In relation to school staffing entitlement it is critical to note that a concurrent, comprehensive, Statewide, consultative process on school staffing entitlements was being undertaken. Not only each school, but each teacher, was kept informed of this process in detail via Victorian Education News. For example, every suggestion made in this consultation process regarding staffing was printed in detail in a news insert.

In relation to hub-annexe arrangements, it is important to note that this new model was developed and approved on the basis of feedback during the process to provide a more flexible set of structural options for consideration. The timing was appropriate as it arose as a direct result of the consultative process.

Task Force deliberations

4.51 The *Framework* indicated that factors which impact on the provision of quality education include the breadth and depth of the curriculum, the condition of school facilities and resource allocations.

4.52 When examining the factors considered by Task Forces in developing recommendations for reorganisation, the perception of respondents to the audit survey was that projected enrolments and demographic trends and current enrolments rated more highly in terms of importance than did the quality of educational opportunities. Table 4C details the relative importance assigned to the various factors considered by Task Forces.

TABLE 4C
RELATIVE IMPORTANCE OF
FACTORS CONSIDERED BY TASK FORCES
(per cent)

<i>Factors</i>	<i>High</i>	<i>Medium</i>	<i>Low</i>
Projected enrolments and demographic trends	76	16	8
Current enrolment numbers	68	16	16
Quality of educational opportunities	61	16	23
School condition/facilities	53	28	19
Building capacity	40	26	34
Per capita funding	39	32	29
Cost of facilities upgrade	28	21	51
School of the Future status	15	13	72

4.53 In relation to the quality of educational opportunities, audit examination of a sample of Task Force files revealed that in the vast majority of cases, the relative merits of a school's curriculum were not discussed. Task Forces generally agreed that participating schools were providing a quality curriculum to their students.

4.54 The *Framework* focused on the size of a school, the breadth and depth of the curriculum, and the standard of buildings and facilities at a school rather than how well education was provided and the learning outcomes achieved by students. For example, there was no consideration of the skills or the performance of teachers or even the results achieved by schools in terms of the basic educational competencies reached by students at the completion of each year's schooling.

4.55 **Audit holds a strong view that consideration of quality in terms of the delivery of education and the learning achievements of students would have facilitated a more meaningful understanding of the relative quality of education provided by individual schools than an assessment predominantly based upon the number of students enrolled at a school and projected enrolments. However, audit accepts that the Directorate will assess the quality of education under the *Schools of the Future Accountability Framework* rather than as part of the Quality Provision process.**

□ **RESPONSE** provided by Director of School Education

The Directorate believes that audit appears to misunderstand the policy underpinning the Quality Provision Framework. The Framework made it clear that it was only concerned with the adequacy and breadth of the curriculum provided by a school (i.e. "provision"). Other educational outcomes such as the level of the learning achievements of students at a school were to be assessed under a separate process - the Schools of the Future Accountability Framework. The performance of individual teachers and students at each school was not part of the brief of the Quality Provision process.

The whole basis of the Quality Provision Framework was to ensure that the infrastructure of school provision provided sufficient threshold enrolments so that adequate curriculum could be provided. Structural change was a necessary precondition for quality outcomes for students. Parallel strategies to the Quality Provision Framework have been put in place, such as the Curriculum and Standards Framework and the Accountability Framework, to raise and evaluate the quality of the teaching and learning in the schools that remain.

Table 4C indicates that Task Forces clearly saw the high correlation of the relationship between the level of enrolments (84 per cent) and the quality of educational opportunities (77 per cent), rating these as factors of high or medium importance.

Community consultation

4.56 Community consultation under the *Framework* encompassed both the school and the local community it serviced. Accordingly, when assessing the need for school reorganisation, the members of the Task Force consulted with their respective school community, usually through a public meeting, to seek their views and inform them of potential changes to schooling arrangements. In some instances, the views of community members were canvassed through the medium of a survey.

4.57 As the extent of community consultation each Task Force was expected to undertake was essentially left to the discretion of the members, audit found that the quality of consultation varied between Task Forces. In this regard, some Task Forces were uncertain about confidentiality requirements and the extent of consultation that should be undertaken during the process. Furthermore, rather than a process of 2-way communication, for many Task Forces community consultation took the form of issuing a summary of information about the process and the stage it had reached. In most cases, consultation only occurred between a school community and its own representatives on the Task Force rather than with all members of the Task Force.

4.58 In line with the *Framework*, changes to schooling arrangements were to be based upon substantial community support. As such, briefing notes to the Minister relating to reorganisation proposals included comment on the attitude of the local community to the potential outcomes.

4.59 The audit survey found that of the 82 schools which responded to the question relating to the type of external influences, if any, that impacted on the Task Force recommendation or outcome, 71 per cent indicated that pressure applied by the community was the greatest influence. Of the other respondents, 16 per cent indicated there were no external influences and 13 per cent stated there were other influences such as political, the Directorate, other schools and local councils.

4.60 Examination of Task Force files revealed that pressure applied by the community in an attempt to influence decisions included conducting public rallies, forming protest groups or even threatening occupancy of school sites. Co-opting of local politicians to lead delegations to the Directorate or Minister to argue against school closures or mergers was another measure adopted by some school communities.

4.61 **Audit concluded that the capacity of a local community to exert pressure on the decision-makers may have been a significant factor which impacted on the objectivity of school reorganisation assessments.**

□ **RESPONSE** provided by Director of School Education

Community views were a legitimate part of the process and the Framework indicated that changes to schooling arrangements were to be based on substantial community support.

Time frame for assessing school reorganisations

4.62 According to the *Framework*, it was envisaged that the consultation period for school reorganisations should not exceed 3 months and that for 1993, the process would occur from July to September.

4.63 Although the 3 month consultation period set by the Directorate was aimed at redressing past criticism of protracted consultation on school reorganisations, some audit survey respondents (17 per cent) considered that, given the Task Force decision directly impacted on a school's future, the time frame for the process was too short.

4.64 To some extent these comments are understandable because in one particular region Task Forces were advised by the Directorate that if a recommendation was not made by 30 September, the decision on reorganisation would be determined on its behalf by the Directorate and possibly more than one school would close.

4.65 In contrast with the protracted nature of past school reorganisation processes, audit found that most Task Forces had completed their deliberations within a 3 month period and that the entire process involving 250 Task Forces was completed by the end of 1993. In audit opinion, the Directorate's efficiency in managing the process within the strict time frame prescribed in the *Framework* far outweighed criticisms by the small percentage of survey respondents who considered that time allowed for consultation was insufficient.

Acceptance of Task Force recommendations

4.66 After completing their deliberations, each Task Force was required to provide a recommendation to the Minister on the structural changes, if any, required. These recommendations were initially reviewed by the respective Regional General Manager of the Directorate before submission to the Minister for decision. The Regional General Manager's report indicated whether or not the recommendation was supported and if not, what changes should occur.

4.67 From a sample of 40 Task Force files examined, audit found that in the majority of cases the Regional General Manager either supported or recommended some form of structural change to the existing schooling arrangements. A summary of the decisions follows:

- In 21 cases, the General Manager and the Minister agreed with the Task Force recommendation for merger or closure of one or more schools;
- In 9 cases, the Manager disagreed with the Task Force recommendation for all schools to continue in their present form and recommended closure or merger. Of these, the Minister agreed with the Task Force in 6 of the 9 cases;
- In 7 cases, the Manager agreed with the Task Force recommendation for schools to continue in their present form. The Minister accepted 5 of the 7 Task Force recommendations; and
- In the remaining 3 cases, the Manager disagreed with the Task Force recommendation that some form of reorganisation take place. The Minister disagreed with the Task Force in all cases.

4.68 Audit found that of the files examined, the Minister had accepted 80 per cent of Task Force recommendations.

4.69 Of the 250 Task Forces established across the State, the Directorate advised that the Minister endorsed 85 per cent of Task Force recommendations. In terms of the extent of school reorganisation, changes occurred in 150 (60 per cent) Task Forces.

SCHOOL CONCERNS WITH THE IMPLEMENTATION PROCESS

4.70 As part of the audit survey, schools were invited to make general comments about the implementation of the *Framework*. Of the 48 per cent that responded to this question, the majority (85 per cent) expressed dissatisfaction with the implementation process. The substance of these comments was also consistent with many of the views expressed by school principals contacted directly by audit and documentation contained in Task Force files examined.

4.71 Examples of comments provided by survey respondents which illustrate the concerns of these schools are as follows:

- *"Perhaps the outcomes were justified but the apparent haphazard process of choosing schools to be part of the process was incredibly divisive and contradictory. Final decisions were also confusing as was the political influence and interference that was allowed into the process. The process may have had some validity if it was kept to its supposed purpose."*
- *"The whole process was very stressful, demanding and unnecessary. Our cluster meetings accomplished nothing except turning school against school, community against community. This process will long be remembered in our area as it divided communities and took up a great deal of time which could have been far better spent in our own school. I hope I am never involved in such a process again."*
- *"While no official communication stated as such, community perceptions (both parent and teacher) were that the process was definitely geared to the closure of a particular school and that the Task Force was being asked to do the difficult decisions that should have been made by the Directorate."*
- *"The process appeared poorly organised as the ground rules were constantly changing. Being asked to fall on your own sword was never going to be a constructive way of discussing the best way of providing quality education for our children. The government showed complete lack of understanding of what it means to live in a small, rural community."*

4.72 Although in the minority (15 per cent), some schools provided very positive comment on the process as illustrated by the following examples:

- *"The process was very professional and competently conducted, with the main consideration being how to best provide a quality education for the students."*
- *"A necessary process that reduced the number of schools. The process was expedited by having an independent chairperson. Knowledge that the Directorate would make the decision if the Task Force did not made a local decision almost inevitable. Compared to the talk-fest of School Reorganisation, it was very focussed and streamlined."*

4.73 In view of the Director of School Education's statement in the *Framework* policy document that it provides directions for school restructure over the next 3 to 5 years, it is important that the Directorate undertakes a post-implementation review of the processes for school reorganisation. Given the experiences of the Quality Provision process, such a review should be aimed at identifying how the process can be improved as future restructuring occurs.

□ *RESPONSE* provided by Director of School Education

It is stated in paragraph 4.70 that as part of the audit survey schools were also invited to make general comments about the implementation of the Framework. The Directorate notes that such voluntary comments were made by less than half of the total respondents to the survey. The 85 per cent who expressed dissatisfaction with the implementation process only accounts for about 40 per cent of all schools surveyed. The Directorate believes that it is not valid to draw conclusions from such a minority and necessarily unrepresentative set of comments.

More generally, the Directorate wishes to express strong reservation about the way audit has, throughout this Report, used selective comments from the survey anecdotally rather than using a statistically valid process of grouping and aggregating these comments so that effective levels of concern can be determined.

Part 5

Outcomes of the Quality Provision Framework

OVERVIEW

5.1 Through implementation of the *Quality Provision Framework* the Directorate proposed to consolidate the State school system and ensure students have access to high quality curriculum and school facilities.

5.2 Audit found that through numerous site closures, mergers and other structural changes, the Directorate has been highly successful in consolidating the number of government schools, particularly those with less than 201 students. Notwithstanding the 18 months operational experience since most consolidations occurred, the Directorate has not undertaken any specific evaluation of the effectiveness of such changes in terms of redressing the acknowledged imbalance between supply and demand for educational services.

5.3 The audit survey results indicated that the Directorate is making sound progress towards achieving the 5 major results anticipated from the implementation of the *Framework*. However, it will not be in a position to determine the success or otherwise of the policy in providing quality educational opportunities until a formal assessment is undertaken.

5.4 It is pleasing to find that the very comprehensive and ambitious monitoring program proposed under the Schools of the Future Accountability Framework is designed to provide evaluative data on the quality of school life, student achievement, the breadth and depth of curriculum provision and the quality of classroom instruction necessary for objectively assessing the quality of school education.

5.5 Audit considers that the effectiveness of the triennial reviews undertaken by the Office of Schools Review will be critical to the success of the Accountability Framework in providing credible information about the quality of education in Victorian government schools.

SCHOOL CONSOLIDATIONS

5.6 Implementation of the *Framework* resulted in the consolidation of schools through closures, mergers or some other form of restructure such as multi-site schools or hub-annexe arrangements.

5.7 **Closures** resulted where a school was not required because of its close proximity to other alternative schools or where enrolments fell below a minimum of 12 students. When a school closed, the students were able to enrol at a school of their choice and the resources of the closing school distributed on a pro-rata basis to those schools receiving students.

5.8 Mergers involved 2 or more schools forming a new entity where, for example, it would provide better facilities or improved curriculum for students. The schools could either merge onto one site and close the other, or continue to operate on their existing sites.

5.9 Hub-annexe arrangements were compulsory for a small school with less than 22 students, and not designated as a remote school, in order for it to continue operating on its existing site as an annexe to a larger hub school. The annexe school retained its school council but day-to-day management was controlled by the principal of the hub school.

5.10 Schools could operate as a **multi-site** primary school or a **multi-campus** secondary college with centralised administration.

5.11 Primary and secondary schools could also merge to form a single **Prep. to Year 12 college** that operated on one or both sites. Such arrangements were aimed at providing students with a co-ordinated Prep. to Year 12 curriculum and allowing all students to benefit from the availability of personnel and facilities they would not have been able to access in separate primary and secondary schools.

Reorganisations resulting from the Task Force process

5.12 The final decisions of the Minister following the Task Force process resulted in 171 school site closures and the creation of 118 new entities through mergers or structural changes. Table 5A summarises school reorganisations during the financial year 1 July 1993 to 30 June 1994.

**TABLE 5A
SUMMARY OF SCHOOL REORGANISATIONS,
1 JULY 1993 TO 30 JUNE 1994**

<i>Item</i>	<i>Primary</i>	<i>Secondary</i>	<i>Total</i>
School site closures -			
Closures	94	1	95
Mergers	(a)	(a)	76
Total site closures			171
New entities -			
Mergers	57	17	74
Hub-annexes	32	-	32
Multi-sites	5	-	5
Prep. to Year 12	(b)	(b)	7
Total new entities			118

(a) Separate details of primary and secondary school mergers were unavailable.

(b) School has a combination of primary and secondary years.

5.13 In terms of the changes in school size brought about through the Quality Provision process, Table 5B shows the number of primary and secondary government schools in Victoria within particular enrolment bands in the 1993 and 1994 calendar years.

**TABLE 5B
NUMBER OF GOVERNMENT PRIMARY AND
SECONDARY SCHOOLS BY ENROLMENTS,
1993 AND 1994**

Number of students	Number of schools		Change
	1993	1994	
Less than 25	(a) 149	113	-36
26 - 50	(a) 171	189	+18
51 - 75	(a) 178	102	-76
76 - 100	(a) 134	90	-44
101 - 200	357	286	-71
Total less than 201	989	780	-209
201 - 300	285	298	+13
301 - 400	228	231	+3
401 - 500	136	135	-1
501 - 600	96	89	-7
601 - 700	46	53	+7
701 - 800	35	29	-6
801 - 900	35	26	-9
901+	91	104	+13
Total 201+	952	965	+13
Total all schools	1 941	1 745	-196

(a) Slightly different enrolment bands used for 1993 figures.

Source: *Summary Statistics Victorian Schools*, February 1993 and February 1994, Directorate of School Education.

5.14 Based on the changes shown in the above table, it is clear that **the Quality Provision process has been highly successful in consolidating the number of government schools with enrolments of less than 201 students.**

Reorganisations subsequent to the Task Force process

5.15 Following completion of the Task Force process in the latter part of 1993, some schools have undergone voluntary reorganisation. In addition, there were a number of schools, predominantly small rural schools, which had to close because enrolments fell below the minimum of 12 set by the Directorate.

5.16 From January 1994 to June 1995, the Minister approved 19 closures, comprising 12 which fell below the minimum enrolment and 7 voluntary closures or mergers. In addition, the Minister approved the formation of 7 Prep. to Year 12 colleges and 6 multi-site primary schools.

5.17 Audit examination revealed that some schools considered that the *Framework* had been a contributing factor to their closure. Because the *Framework* was premised on the concept that schools with enrolments above the Directorate's thresholds offer better educational opportunities than smaller schools, parents were reluctant to send their children to small schools. Scepticism among parents concerning the future viability of small schools also led to declining enrolments.

MONITORING SCHOOL PERFORMANCE AND ACHIEVEMENTS

5.18 The evaluation of policy or program performance contributes to increased public accountability and provides information relevant to future decision-making and policy formulation. For these reasons, it is essential that government policies and programs are monitored and performance compared against expected outcomes. Monitoring is concerned with control and exercise of power as decisions often need to be made about required action if performance deviates significantly from planned outcomes.

5.19 It is therefore important that some evaluation or review be undertaken by the Directorate to assess the outcomes of the *Quality Provision Framework*.

Monitoring of schools following the Quality Provision process

5.20 Compared with previous reorganisation policies, implementation of the *Framework* resulted in a significant consolidation of the government school system through numerous site closures, mergers and other structural changes.

5.21 Despite these changes, the Directorate has not undertaken any specific evaluation of the results or outcomes of the changes which have been made to the provision of government school education including whether or not the current structure has fully redressed the imbalance that previously existed in the supply and demand for education services.

5.22 In addition, some schools that participated in the Quality Provision process were not reorganised despite questions surrounding their viability in terms of enrolment numbers (compared with the Directorate's threshold) and the proximity of alternative schools in the surrounding area. In other cases, schools were excluded from the Task Force process despite having similar characteristics to schools which were included.

5.23 Although subsequent changes in circumstances such as declining enrolments or resource constraints may have impacted on the capacity of such schools to meet the Quality Provision requirements, the 4 regional offices visited by audit had not monitored these schools.

5.24 The Directorate advised audit that the *Framework* is concerned with the system or infrastructure by which students are provided with an education while the Schools of the Future program is directed at the outcomes of that infrastructure, i.e. the quality of education received by students. As such, the Directorate intends to assess the achievements under the *Framework* and the viability of schools through the monitoring and accountability mechanisms recently developed for the Schools of the Future program.

5.25 **Audit is of the view that, given the benefit of some 18 months operational experience, the Directorate should consider undertaking an evaluation of the structure of the school system resulting from the Quality Provision process to assess the extent to which the expected results and goals set within the *Framework* have been achieved. Such an evaluation should be undertaken in conjunction with the monitoring of the Schools of the Future program proposed by the Directorate.**

Schools of the Future Accountability Framework

5.26 A critical component of the Schools of the Future program is the development of a **school charter** by each school. The school charter specifies the goals of the school together with the strategies which will be employed to achieve those goals, and measures which indicate the level of achievement reached in respect of each goal. According to *Guidelines for developing a School Charter*, issued by the Directorate, a school must establish goals in the following areas:

- curriculum;
- educational environment;
- accountability for performance;
- personnel management; and
- physical and resource management.

5.27 These areas will form the basis for monitoring the performance of government schools.

5.28 In August 1994, the Directorate's Office of Schools Review issued the *Schools of the Future Accountability Framework*. This Framework introduces revised annual reporting requirements for schools which focus on the performance of schools against their school charter and formal triennial reviews by the Directorate which are intended to evaluate:

- the progress towards school charter goals and priorities;
- student educational achievements;
- the level of community satisfaction with school performance; and
- levels of staff morale.

5.29 The Directorate advised audit that all but 2 government schools have already prepared a school charter and that following the pilot project undertaken in 1994, schools will progressively be accountable through the preparation of annual reports from the end of the 1995 calendar year. By mid-1998 all government schools will have completed one 3 year cycle under the Schools of the Future program.

5.30 In addition to the measurement and assessment of the performance of individual schools, a performance evaluation system which assesses the effectiveness of government school education should incorporate information on a Statewide basis. Analysis of Statewide developments and trends in education is an important component of the Directorate's accountability obligations to the public for the management of the government school system and would:

- provide information on the effectiveness of policy;
- assist in future policy development; and
- identify any unintended impacts of policy implementation and allow for remedial action to be taken where necessary.

5.31 Measuring the quality of school education is a very complex task requiring both theoretical and empirical verification of the measures or indicators chosen to assess performance. Some of the broad factors which should be considered when developing a system for measuring the quality of school education are:

- **Quality of school life** - likely to be a strong determinant of school attendance and participation in learning activities by a student and relates to the availability and accessibility of resources and facilities together with a student's social and emotional environment;
- **Curriculum provision** - includes detailed information about learning experiences provided by a school in the 8 National Curriculum Areas at all levels of schooling, together with data about the equity aspects of provision and participation;
- **Quality of classroom instruction** - a critical component in the evaluation of quality educational provision and relates to the quality of the classroom environment created by teachers to facilitate student motivation and higher-order learning outcomes. Such evaluation might include data on the qualifications, experience and professional development of teaching staff and on the availability and use of other instructional tools in the classroom (e.g. computers, library, electronic media). An evaluation of the *quality of classroom instruction* requires intensive data gathering strategies such as questionnaires of both students and teachers, detailed case studies and independent observation; and
- **Student achievement data** - categorised to detect any areas of discrimination or biased provision and with student tests aimed at measuring higher-order learning across all of the 8 National Curriculum Areas.

5.32 Audit was advised that the Office of Schools Review is charged with the responsibility for monitoring school performance on a Statewide basis under the *Schools of the Future Accountability Framework* through analysis of school council annual reports, school charters, the results of school reviews, regular financial audits and other data collected from schools. The establishment, by that Office, of Statewide standards will cover the following areas:

- student learning achievements;
- curriculum provision and participation;
- school environment;
- staff management; and
- financial and asset management.

5.33 It is pleasing to find that the very comprehensive and ambitious monitoring program proposed under the *Schools of the Future Accountability Framework* is designed to provide evaluative data on the important factors listed in paragraph 5.31 necessary for objectively assessing the quality of school education.

5.34 Audit considers that the effectiveness of the triennial reviews undertaken by the Office of Schools Review will be critical to the success of the Accountability Framework in providing credible information about the quality of education in Victorian government schools. In particular, attention should be directed at:

- the extent to which data about the quality of classroom instruction is included in the assessment;
- consideration of equity issues when comparing schools (i.e. indicators and standards used should not assume a level playing field for all schools);
- eliminating any attempts by schools to distort performance indicators to present a better result;
- the reliability of the data provided by schools; and
- the ability of the Office of Schools Review to balance the tasks of providing individual schools with meaningful standards for planning educational improvement and establishing a Statewide performance assessment system.

MAJOR RESULTS EXPECTED FROM QUALITY PROVISION

5.35 As previously indicated, the 5 major results expected following implementation of the *Framework* are:

- greater clarity as to what constitutes a quality learning environment and how it can be achieved;
- enhanced richness and diversity in curriculum provision;
- significantly improved school buildings through the upgrading and maintenance of facilities;
- processes to ensure a quality education is sustainable, despite changing circumstances; and
- an extended period of stability resulting from the consolidation of the school system.

5.36 An important aspect of the audit involved an examination of the *Framework* outcomes. In the absence of any assessment by the Directorate, the audit survey sought the views of a sample of schools on the extent to which they considered the 5 major results specified in the *Framework* had been achieved.

5.37 Through the survey, audit found that, overall, the Directorate is making sound progress in achieving the results expected. Nevertheless, analysis of the responses also shows that the Directorate needs to pay some attention to those results which have not been fully achieved, in particular, significantly improving school buildings and restoring stability to the government school system. Details of the survey responses, provided in March 1995, are outlined in the following paragraphs.

Greater clarity as to what constitutes a quality learning environment and how it can be achieved

5.38 The *Framework* specifies that all primary schools and secondary colleges must provide the opportunity for students to progress at a satisfactory rate in each of the 8 agreed National Curriculum Areas. This goal is also complemented by the Curriculum and Standards Framework, developed by the Board of Studies, which sets standards and levels for student achievement in the 8 learning areas covering Prep. to Year 10.

5.39 In addition, under the Schools of the Future program, a curriculum profile, summarising the subjects provided at each year level in the 8 key learning areas and the amount of time per week allocated to each, must be included in the school charter.

5.40 Responses to the audit survey indicated that this particular result area is considered the most successfully achieved to date. Specifically, the survey indicated that 44 per cent of schools thought that greater clarity as to what constitutes a quality learning environment and how it can be achieved had, to date, been either mostly or partly achieved. A further 21 per cent viewed the result as likely to be achieved in the future while only 9 per cent of respondents believed that the result was unlikely to be achieved.

5.41 It was interesting that one-quarter of the respondents thought the result had been achieved prior to the introduction of the *Framework*.

Enhanced richness and diversity in curriculum provision

5.42 The Directorate advised audit that enhanced richness and diversity in curriculum provision would occur through the consolidation of smaller schools into fewer and larger schools because they were able to offer a wider range of curriculum choices.

5.43 In this regard, the *Framework* incorporates a number of statements promoting the benefits to students of larger schools. For example:

"Educational provision is enhanced by students being in schools large enough to make optimum provision for the 8 learning areas specified in the agreed National Curriculum."

5.44 Responses to the audit survey indicated that implementation of the Framework has achieved some success in terms of enhancing richness and diversity in curriculum provision in schools. Specifically, 39 per cent of schools believed this result had been either mostly or partly achieved, 22 per cent thought it had been achieved prior to implementing the *Framework* and 28 per cent viewed the result as likely to be achieved in the future. Audit found that only 11 per cent of schools considered that the result was unlikely to be achieved in the future.

Significantly improved school buildings through the upgrading and maintenance of facilities

5.45 In aiming to improve the condition of school facilities, the Directorate recognised that:

- in 1992-93 an estimated \$673 million was needed to redress the school maintenance backlog;
- school facilities needed to be changed to meet the needs of a modern curriculum; and
- existing facilities were under-utilised.

5.46 It was proposed that a reduction in the number of school sites following the Quality Provision Task Force process would lead to an improvement in the standard of facilities at remaining sites.

5.47 During the period July 1993 to June 1995, a total of \$246 million was injected into the school system for the maintenance and upgrade of school facilities. Audit was advised by the Directorate that this funding was not expected to totally resolve the school maintenance backlog. However, it considers that, to date, the improvement from this investment has been **most significant in those schools directly affected by structural changes emanating from the Quality Provision process.**

5.48 Although not all survey respondents were directly affected by changes to the provision of education in their Task Force area, 38 per cent believed that significant improvement to school buildings had been either mostly or partly achieved. Thirty-three per cent thought improvements were likely to occur in the future while 21 per cent thought this result was unlikely to be achieved. Further analysis showed that this latter view was shared equally by both primary schools and secondary colleges. Only 7 per cent of schools considered that the result had been achieved prior to implementation of the *Framework*.

5.49 A comparison was made between the responses of schools involved in a Task Force where some form of reorganisation occurred and those where no change resulted. Table 5C shows the results of this analysis.

TABLE 5C
SIGNIFICANTLY IMPROVED SCHOOL BUILDINGS, RESPONSES
OF SCHOOLS
(per cent)

<i>Rating</i>	<i>Schools in Task Force where reorganisation occurred</i>	<i>Schools in Task Force where no change resulted</i>
Mostly achieved	11	7
Partly achieved	23	39
Likely to be achieved	34	32
Unlikely to be achieved	23	18
Achieved prior to Quality Provision	9	4

5.50 **Contrary to the Directorate's view, the results shown in the above table indicate that improvement in school buildings was higher in schools involved in Task Forces where no reorganisation occurred.**

RESPONSE provided by Director of School Education

The opinions given by schools in the survey cannot be given more credence than the actual data provided in paragraph 5.51 which clearly demonstrates that additional funds were provided for facilities works at schools involved in reorganisation. It was always planned that the proceeds resulting from asset sales would be made available to improve facilities in all schools.

Allocation of capital funding

5.51 According to the *Framework*, funds generated from the sale of surplus school sites were to be used to improve the quality of facilities in continuing schools. At 30 June 1995, a total of \$126.4 million had been provided for this purpose.

5.52 Funds for significant works incorporating major maintenance, replacement, upgrade and additional accommodation, are allocated by the Directorate on a Statewide basis, generally in accordance with regional recommendations and broadly in the proportion of regions' identified needs to total Statewide needs. The process of determining priorities is undertaken centrally, based on recommendations by various Regional General Managers of individual school needs.

5.53 A review by audit of 4 regional offices revealed a number of differences in the approaches taken to the identification and determination of the capital works needs of schools within their respective regions.

5.54 The main operational differences observed by audit were:

- site inspections of properties to assess their physical condition were not undertaken in all cases;
- assessments of the condition of school sites were not always based upon the same criteria or undertaken at the same time;
- total cost of new works and upgrading requirements were not quantified in all cases; and
- works and services priority listings were not openly circulated to all schools.

5.55 Although all 4 regional offices considered that their processes for identifying capital works needs ensured that projects were considered in a consistent, professional and equitable manner, **from an audit perspective, differences in approach adopted by regional offices did not necessarily ensure their processes were equally consistent and equitable on a Statewide basis.**

Processes to ensure a quality education is sustainable despite changing circumstances

5.56 An analysis of responses to the survey revealed that 46 per cent of respondents considered that processes to ensure a quality education is sustainable despite changing circumstances had either been mostly or partly achieved. A further 29 per cent felt that sustainability was likely to be achieved in the future and 12 per cent were of the view that this result had already been achieved prior to the introduction of the *Framework*. Around 13 per cent, mostly primary school respondents, thought the result was unlikely to be achieved.

An extended period of stability resulting from consolidation of the government school system

5.57 The *Framework* was expected to address changes in curriculum needs and geographic demands for educational resources and the need to make better use of such resources by consolidation of the government school system.

5.58 The Directorate is of the view that following this process of consolidation, the need for further changes will be reduced resulting in an extended period of stability in the school system. Stability will also be promoted through the requirement for schools to prepare 3 year forward plans.

5.59 To some extent this expected result is more long-term in nature than the others as it will be some time before the achievement of *an extended period of stability* can be fully realised. However, 15 months after completion of the Quality Provision Task Force process, analysis of audit survey responses revealed that 39 per cent of respondents believed that the expected stability had either been mostly or partly achieved. While a further 26 per cent of schools believed the result was likely to be achieved in the future, 27 per cent believed that this extended period of stability in the school system was unlikely to be achieved. This view was more prevalent among primary schools which is not unexpected given that the majority of consolidations occurred in the primary school sector.

OTHER OUTCOMES OF THE QUALITY PROVISION FRAMEWORK

5.60 When policies or programs are implemented, a range of outcomes or impacts occur including some which may be unintended. In this regard, the survey indicated the following positive and negative outcomes which have resulted from implementation of the *Framework*:

- some students have benefited by moving to a larger school;
- relationships between school principals have changed;
- relationships between some school communities have been damaged;
- facilitated self-evaluation and analysis by schools;
- school communities gained a better understanding of their school and became more united; and
- the intake of additional students increased the strain on existing staff and facilities at some schools.

5.61 Further audit analysis indicated that some students had enrolled at schools other than the nominated merger school and there had been some shift in the demand for school education from the public to the private sector.

5.62 Comment in relation to some of these outcomes follows.

Impact of school reorganisations on students

5.63 In order to gain some insight into the impact of school reorganisations on students, the audit survey asked schools to indicate whether they considered school reorganisation, if it occurred within their Task Force, had been in the best interests of students.

5.64 Of the 42 schools that responded to this question:

- 36 per cent said the reorganisation was beneficial to all students attending schools within their Task Force;
- 21 per cent thought that the reorganisation was only beneficial to students at other schools;
- 19 per cent indicated that the reorganisation was of benefit to their students;
- 10 per cent thought that none of the students in the Task Force schools had benefited; and
- 14 per cent were unsure whether the reorganisation had been of any benefit to students.

5.65 In addition, schools were invited to elaborate on their response. Positive comments were made about the upgrading of facilities, increased viability and stability as a result of higher enrolments, and increased educational and social opportunities for children transferring from closed schools. Negative comments related to the lack of an assessment of the transition of students from closed schools, dislocation and pain within school communities, and additional strain on resources due to increased enrolments.

5.66 Some examples of comments from survey respondents are as follows:

- *"It was beneficial in that increased enrolments meant increased stability and ultimately greater access to broader curriculum/educational opportunities. However, the initial restructuring caused enormous difficulties for children, parents and staff relocating from closed schools and in receiving schools."*
- *"As ... primary school was educationally struggling, it was good for their pupils to move to a larger school. The children settled well into an environment offering greater opportunities both socially and educationally."*
- *"It has dislocated this school community. The children who came from ... primary school and their parents have not settled anywhere. There has been a high mobility rate."*
- *"While there was no impact on this school, it is debatable whether the children from the merger benefited."*

5.67 Based upon the survey results it is clear that, where restructuring occurred, most of the affected schools generally considered it was in the best interests of the students.

Relationships between principals and school communities

5.68 The audit survey asked schools to describe the impact of the Task Force process on the subsequent working relationships of participating principals and school communities.

5.69 With respect to the relationships between principals of those schools which participated in the Task Force process, the survey responses were as follows:

- 36 per cent believed that the process had a negative impact on subsequent working relationships;
- 30 per cent considered the process had no impact; and
- 23 per cent felt that the impact had been positive.

5.70 The remaining respondents (11 per cent) made the following comments about the impact on the relationship between principals:

- *"Relations with principals whose school closed were negative but remaining schools are cohesive."*
- *"Relationships varied according to the position in which particular schools were placed during and following Task Force deliberations."*
- *"Relationships remain cordial at a professional level. However, it is obvious that there remains some anxiety about the future of small schools."*
- *"The process put great strain on the working relationship of principals involved in the process."*

5.71 With respect to relationships between school communities involved in the Task Force process:

- 52 per cent believed that the impact of the Task Force process on community relationships had been negative compared with 20 per cent who thought it was positive; and
- 18 per cent believed the process had not had any impact on relationships.

5.72 Examples of comments from the remaining respondents (10 per cent) who did not fit within the above categories are as follows:

- *"Our local community has been highly positive in their response. The mistrust and outright hostility between the two schools may take years to dissipate."*
- *"The continued pressure to increase enrolment numbers creates a competitive atmosphere which at times detracts from the previously co-operative and positive relationships between communities."*

5.73 The results of the survey indicated that the process had a much more detrimental impact on relationships between school communities than on relationships between school principals. Audit considers that this may have been due to the fact that approximately 30 per cent of respondents to the survey were not the school principal at the time of the Task Force process and because of their professional acceptance or understanding that school reorganisations were expected to occur in the education sector. On the other hand, school communities were more likely to have had a personal and emotional attachment to their local school and therefore a greater determination to preserve its status.

Movement of children from merged schools

5.74 The 2 most common consolidation outcomes of the Quality Provision process were school closures and mergers. In the case of a closure, the students were able to relocate to another school of their choice. Where 2 or more schools chose to merge and form a single site entity, most of the students from the closed site were expected to enrol in the merged entity.

5.75 As a result of the Quality Provision process a total of 174 schools were involved in mergers which resulted in the closure of 76 sites. An analysis of student movements arising from these mergers identified a number of instances where student transfers were not in line with the movements expected by the Directorate. Table 5D shows, for each region, the average proportion of students moving to the nominated merger school from the closing site and the proportion moving to another school.

TABLE 5D
STUDENT TRANSFERS FROM CLOSED TO MERGED
SCHOOLS, BY REGION (a)
 (per cent)

<i>Region</i>	<i>Transfer to merged school</i>	<i>Transfer to another school</i>
Barwon-South Western	84	16
Central Highlands-Wimmera	75	25
Gippsland	77	23
Goulburn-North Eastern	78	22
Loddon Campaspe Mallee	66	34
Total rural average	76	24
North-West Metropolitan	66	34
South-East Metropolitan	68	32
Total metropolitan average	67	33
Total average	73	27

(a) These figures include 39 students who left the system or could not be traced.

5.76 As shown in the table, an average of 73 per cent of all students affected by a merger enrolled at the nominated merger school. The Directorate advised that factors such as availability of transport, parents' work location, community relationships following the Task Force process and the proximity of other schools to where a student resided probably account for the 27 per cent of students who enrolled at other schools.

5.77 The movement of students from schools closed as a result of a merger decision was analysed in more detail to identify the proportion of student transfers on a school-by-school basis. **Audit found that in 42 per cent of cases (29 schools), less than 70 per cent of the students transferred to the merged school. In 12 of these cases, less than 50 per cent of students transferred.**

□ **RESPONSE** provided by Director of School Education

A total of 99.5 per cent of students were assisted in finding an appropriate new school.

Merger was often recommended by a Task Force as the most appropriate way of consolidating educational provision in an area. However, there was never an expectation that a certain percentage of students would transfer to the merged entity from a closed site, as suggested in paragraph 5.75. A whole range of factors accounted for where students enrolled, including friendship and social groupings, availability of transport, parents' work location, community relationships following the Task Force process and locations of other schools in relation to addresses of transferring students.

Changes in public/private sector demand

5.78 Analysis of data relating to student destinations prepared by the Directorate shows that 7 912 students were enrolled in schools which closed at the end of 1993. In 1994, 7 425 (94 per cent) of these students had enrolled in other government schools and 448 (5.5 per cent) had moved to non-government schools. The destination of the other 39 students (0.5 per cent) could not be identified by the Directorate.

5.79 The Australian Bureau of Statistics *Annual Schools Census* shows that nationally, enrolments at non-government schools rose by 1.6 per cent in 1994 while those of government schools fell by 0.6 per cent. The figures also show that the shift in demand was more prevalent in Victoria where, despite a fall in enrolments across the State of 4 403, non-government schools gained 1 905 new students.

5.80 Audit acknowledges that it is not possible to conclusively determine the extent to which school consolidations have impacted on the shift in demand for school education from the public to the private sector.

□ **RESPONSE** provided by Director of School Education

Audit acknowledges in paragraph 5.80 that it is not possible to determine the extent to which school consolidations have impacted on the shift in demand for school education from the public sector to the private sector. Given this statement and the information provided in paragraph 5.78, the Directorate does not see the relevance of this material to the Report.

School views of the 3 most significant outcomes of Quality Provision

5.81 In response to a request to indicate the 3 most significant outcomes of the Quality Provision process, 87 per cent of schools surveyed responded, with the majority (65 per cent) considering that their school had benefited. Examples of such comments are as follows:

- *"Children have a greater opportunity to reach their academic potential and for social interaction."*
- *"Our school community is now strongly bonded."*
- *"Resources are utilised more efficiently."*
- *"Our major facilities have been upgraded and curriculum reviewed."*
- *"Children whose school was too insular, now have improved options."*
- *"The communication and co-operation between small schools has improved."*
- *"Curriculum choices have increased and a positive focus for educational development has been created."*

5.82 Examples of comments provided by the other respondents (35 per cent) dissatisfied with the outcomes of the Quality Provision process are as follows:

- *"The increased enrolments created pressure on existing facilities."*
- *"The future of the merged school is limited due to the loss of enrolments to bigger schools."*

5.83 Overall, the comments provided by schools suggest that the anticipated outcomes relating to improved curriculum provision and facilities have been achieved in many cases. Negative comments mainly related to the impact of resourcing cuts which occurred independently of the *Framework*.

Part 6

Quality Provision goals for school improvement

OVERVIEW

6.1 The *Quality Provision Framework* specifies a number of goals covering curriculum and school organisation, funding and facilities designed to improve the standard of both primary and secondary schools. The nature of many of the goals makes their achievement easier for larger schools than for schools with enrolments below the Directorate's threshold.

6.2 In the absence of any assessment to date by the Directorate of the extent to which the Quality Provision goals have been achieved by schools, the audit survey sought the views of a sample of schools which participated in the Quality Provision process.

6.3 In the case of primary schools, respondents to the survey indicated that they had been successful in achieving most of the curriculum and school organisation goals. However, there was scope for improvement in the provision of primary teachers with specialist skills and the ability of schools to form age-level class groupings.

6.4 In the case of secondary colleges, survey respondents indicated that while most of the curriculum and school organisation goals have been achieved, some improvement is required in increasing the breadth of certain Victorian Certificate of Education unit sequences and providing student programs at Years 11 and 12 which link to key vocational areas.

6.5 Schools also felt that, since implementation of the *Framework*, they had increased the provision of Languages Other Than English (LOTE), physical education and computer activities, while remedial support programs, student welfare services, music and career education programs had been reduced.

6.6 In relation to school funding, the *Framework* provides that the average funding of education per student should not vary significantly between schools in similar locations as this represents inequitable allocations and/or inefficient use of funds. While work undertaken on school global budgets is addressing this issue, the Directorate needs to continually monitor funding levels across schools to ensure the efficient use of scarce resources.

6.7 School facilities are a critical component of the quality of the school environment in which learning occurs. Due to the revision, in 1993, of school facilities' entitlements, primary schools now require increased enrolments to maintain their existing facilities or qualify for new facilities.

6.8 As a number of schools considered the current standard of staff administration areas and some specialist facilities at their school to be less than satisfactory, audit concluded that recent increases in capital works expenditure by the Directorate, created through the disposal of surplus school sites, is yet to have an impact on the standard of these facilities in some schools.

6.9 Schools also indicated that the introduction of the Schools of the Future initiative had impacted in a positive way on their ability to meet the Quality Provision goals. However, changes in the school staffing formula and support service structures were having a detrimental impact on schools' ability to achieve the Quality Provision goals.

INTRODUCTION

6.10 In addition to the 5 major results discussed in Part 5 of this Report, the *Framework* specifies a number of goals for both primary and secondary schools to pursue in order to improve the quality of education. These goals are categorised as:

- curriculum and school organisation;
- funding of education for students; and
- school facilities.

6.11 As previously indicated, audit was advised by the Directorate that the success or otherwise of schools in achieving the goals established for school improvement will be evaluated under the *Schools of the Future Accountability Framework*. The audit survey results provide an indicative assessment of the progress which schools had made up to March 1995, towards the achievement of these goals.

CURRICULUM AND SCHOOL ORGANISATION

6.12 The *Framework* specifies a range of goals aimed at motivating and encouraging improvements in the area of curriculum and school organisation which are to be actively pursued by all government schools. As these goals differ between primary schools and secondary colleges, the survey responses are reported separately below.

Primary schools

6.13 The curriculum and school organisation goals for primary schools are to:

- Provide planned experiences in the 8 learning areas and flexibility in staffing and facilities. In particular, there is a need to expand the learning area of LOTE;
- Provide teachers with specialist skills such as LOTE and physical education, ensuring more effective use of these teacher resources;
- Have the ability to form age-level class groups at each grade level, or if they choose, establish multi-age groupings or composite classes;
- Provide a variety of programs to cater for individual differences;
- Offer children increased opportunities for interaction with a range of students of similar age with similar interests, as well as opportunities to interact with older and younger children;
- Offer children access to an increased number of adult role models;
- Be able to make organisational arrangements that best provide for the professional development of staff; and
- Allow teachers to plan programs and to moderate assessment on a co-operative basis.

6.14 In summary, the audit survey indicated that primary schools considered that they had been most successful to date in providing planned experiences in the 8 National Curriculum Areas, forming multi-age groupings or composite classes, and offering children access to an increased number of adult role models. All other goals had, to date, been either completely or partially achieved. However, the survey responses indicated that some attention needs to be directed towards improving the provision of teachers with specialist skills.

6.15 The extent to which primary schools have, in their opinion, achieved each of the curriculum and school organisation goals in the *Framework* is presented in the following paragraphs.

*Provide planned experiences
in the 8 learning areas and flexibility in staffing and facilities*

6.16 The 8 learning areas referred to in this goal relate to the agreed National Curriculum Areas for Prep. to Year 12 which are as follows:

- The Arts;
- Health and Physical Education;
- English;
- LOTE;
- Science;
- Mathematics;
- Technology; and
- Studies of Society and Environment.

6.17 The audit survey results indicated that 99 per cent of primary school respondents had either completely or partially met the goal of providing planned experiences in the 8 National Curriculum Areas. Only one respondent indicated that the goal was unlikely to be met.

6.18 The goal places particular emphasis on the expansion of LOTE within primary schools. In this regard, the audit survey found that while 22 per cent of schools considered that this expansion had been completely achieved, 65 per cent believed it had only been partially met and 13 per cent considered it was unlikely to be met.

6.19 The audit survey also asked schools to indicate what changes had been made to their curriculum following implementation of the *Framework* (refer to paragraph 6.50). While a significant proportion of schools responding to this question indicated that LOTE had been introduced to their curriculum, many considered that the Directorate had not provided adequate resources to support the inclusion of LOTE in the primary school curriculum.

6.20 In terms of the achievement of flexibility in staffing and facilities, around 27 per cent of respondents considered that this component of the curriculum goal had been completely achieved and 58 per cent indicated that this had been partially met. Fifteen per cent indicated that it was unlikely to be met.

Provide teachers with specialist skills

6.21 The goal to provide teachers with specialist skills in such areas as LOTE and physical education was being met by only 22 and 28 per cent, respectively, of primary schools. A high proportion of audit survey respondents (44 per cent) considered that this goal, in respect of LOTE, was unlikely to be met. Further analysis showed that this view was higher in metropolitan primary schools than in non-metropolitan schools. A smaller proportion of primary schools (24 per cent) considered that the provision of teachers with specialist skills in physical education was unlikely to be met.

6.22 While the survey indicated that 87 per cent of schools considered that there had been some expansion in the provision of LOTE, only 22 per cent indicated that teachers with specialist skills in LOTE had been provided. Audit concluded that the expansion of LOTE in the primary school curriculum has, to date, been provided by teachers without the required specialist skills.

6.23 Audit was advised by the Directorate that it was already aware of the weaknesses highlighted in responses by schools to the audit survey in relation to the provision of teachers with specialist skills in LOTE and physical education and that action, such as professional development programs, had commenced to address these matters.

Capacity to form

age-level class groups or, by choice, multi-age groupings or composite classes

6.24 Schools should have the capacity to be able to form age-level class groups at each grade (i.e. one class of students of equivalent grade). Depending on the needs of their students, schools may elect to form multi-age groupings (i.e. one class of students of varying ages) or composite classes (i.e. one class of 2 sequential grades). The *Framework* expects that age-level class groups should be achievable for schools in metropolitan and provincial centres.

6.25 Primary school responses to the audit survey showed that 56 per cent were able to form age-level class groups at each grade and 14 per cent indicated that this could be partially met. Thirty per cent indicated this was unlikely to be achieved.

6.26 The survey results show that a much higher number of schools were able to achieve either the formation of multi-age groupings (65 per cent) or composite classes (73 per cent). It was not clear from the survey data whether these results had been achieved by choice or through necessity given the schools' staffing entitlement and the number of students at the school.

Remaining curriculum and school organisation goals

6.27 A summary of the survey results for the remaining 5 curriculum and school organisation goals is included in Table 6A.

TABLE 6A
PRIMARY SCHOOL CURRICULUM AND SCHOOL ORGANISATION GOALS,
SURVEY RESULTS
(per cent)

<i>Quality Provision goal</i>	<i>Completely met</i>	<i>Partially met</i>	<i>Unlikely to be met</i>
Provide programs which cater for individual differences	34	58	8
Offer increased opportunities for interaction with a range of students	36	60	4
Offer access to an increased number of adult role models	41	42	17
Make organisational arrangements that best provide for the professional development of staff	20	69	11
Allow teachers to plan programs and to moderate assessment on a co-operative basis	37	57	6

6.28 As the audit survey results indicate that a significant number of schools considered that these remaining goals had only been partially achieved to date, the Directorate needs to monitor the progress of schools in these areas.

Secondary colleges

6.29 The curriculum at secondary colleges is broken into 2 segments: Years 7 to 10 which is undertaken by most students, and Years 11 and 12 (Victorian Certificate of Education) which is optional for students. The extent to which the curriculum and school organisation goals have been achieved by secondary colleges surveyed by audit is discussed separately for each segment.

Years 7 to 10

6.30 The *Framework* states that for Years 7 to 10, secondary colleges should have the following goals:

- provide instruction in each of the 8 National Curriculum Areas to all students;
- ensure teaching time and resources in each of the National Curriculum Areas is such that students are prepared and able to make informed choices and gain access to programs in the post-compulsory years; and
- organise curriculum areas in ways that allow each of the key strands or disciplines within each area to be covered in depth.

6.31 In summary, the audit survey responses of secondary colleges to the audit survey indicated that all colleges were providing at least one subject in each of the 8 National Curriculum Areas for Years 7 to 10. Consistent with the nature of the curriculum area, survey responses indicated that the number of subjects provided was highest in the Arts and Technology and lowest in Science, Mathematics and English.

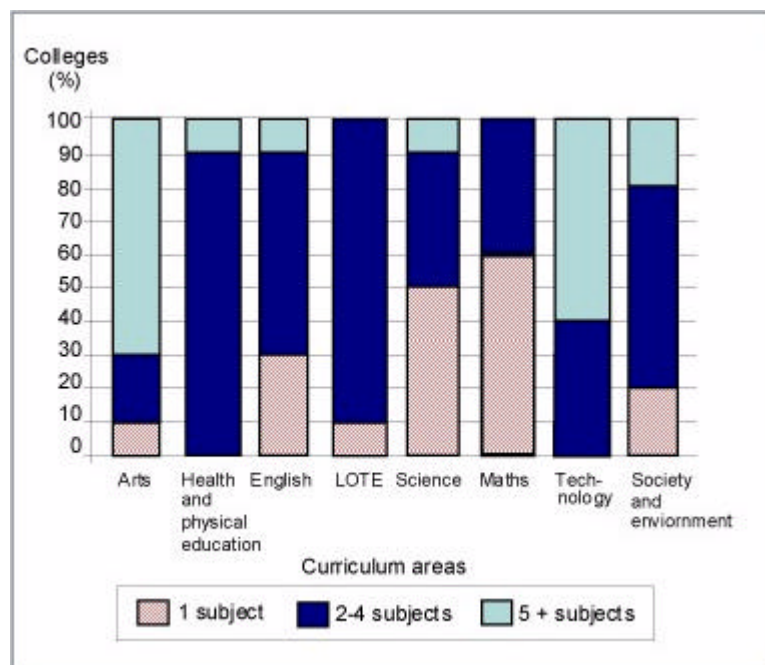
6.32 The audit survey responses of secondary colleges in respect of each of the Year 7 to 10 curriculum and school organisation goals are presented in the following paragraphs.

Provide instruction in each of the 8 learning areas to all students

6.33 The *Framework* requires secondary colleges to provide instruction to all students in each of the 8 National Curriculum Areas.

6.34 The audit survey asked secondary colleges to indicate the number of subjects provided in each of the 8 Areas. Their responses are presented in Chart 6B.

**CHART 6B
NUMBER OF SUBJECTS PROVIDED IN EACH CURRICULUM AREA
FOR YEARS 7 TO 10, SURVEY RESPONSES**



6.35 While the above chart indicates that all colleges surveyed were providing at least one subject in each of the 8 National Curriculum Areas, it is particularly difficult to form a conclusion about the sufficiency of the curriculum solely on this basis. This is because it is easier to construct and offer a variety of meaningful curriculum alternatives in some fields of study (e.g. the Arts) compared with others, such as Mathematics and Science, where classifications are more rigid. This is supported by the survey results identified in the chart which illustrate that 60 per cent of colleges surveyed offered only one Mathematics subject and 50 per cent offered only one Science subject, whereas 70 per cent offered 5 or more subjects in the Arts area.

6.36 A further difficulty facing the Directorate in evaluating the sufficiency of the curriculum is that a college may decide to cover a curriculum area by providing either a single, more generalist subject (e.g. general science), or a number of specialised subjects (e.g. chemistry, physics, anatomy). It does not necessarily follow that the school which is providing only one generalist subject is covering the curriculum less sufficiently than a college which is taking a more specialised approach because the single subject may be covering similar topics to the specialised subjects. These different approaches add to the complexities involved in establishing benchmarks which can satisfactorily measure diversity in Years 7 to 10 curriculum.

Other curriculum and school organisation goals for Years 7 to 10

6.37 All respondents to the audit survey considered that they were substantially achieving the goal of ensuring that teaching time and resources in each of the 8 National Curriculum Areas were enabling students to make informed choices and gain access to programs in the post-compulsory years.

6.38 In respect of the goal of organising curriculum areas to allow each of the key strands or disciplines within each area to be covered in depth, 58 per cent of colleges indicated that this goal had been substantially achieved and 34 per cent considered that it was partly achieved.

6.39 **In assessing the extent to which colleges are achieving these goals on an ongoing basis, it is important that the Directorate undertakes a detailed study of curriculum plans and their implementation of the plans in particular schools.** Such a study should be aimed at determining the extent of planned learning experiences across Years 7 to 10 which allows students to develop the basic skills and concepts to undertake study at Years 11 and 12.

Years 11 and 12

6.40 The Quality Provision goals for secondary colleges providing Years 11 and 12 (VCE) education as specified in the *Framework* are:

- provide access to:
 - a minimum of 4 unit sequences (a 4 unit sequence represents Units 1 and 2 at Year 11 and Units 3 and 4 at Year 12) in at least 2 of the studies within each of the National Curriculum Areas of the Arts, Health and physical education, Mathematics, Science and Technology;
 - a minimum of 4 unit sequences in 2 studies in each of commerce and humanities from studies of Society and environment; and
 - studies in English and LOTE;
- ensure that students wishing to undertake either general or more specialised programs are catered for equally;
- combine studies from the 8 agreed National Curriculum Areas so that students have access to programs and courses that enable them to pursue further study, employment and training in the areas of the arts, human services, sciences, technologies, business and humanities; and
- provide student programs in ways that relate to a key vocational or industry area, such as engineering, hospitality and tourism.

6.41 In summary, 64 per cent of colleges surveyed were meeting the Quality Provision requirements in terms of the number of VCE unit sequences in each of the 8 National Curriculum Areas. The curriculum areas with the lowest provision in terms of the number of unit sequences offered were Health and physical education, LOTE, and Society and environment.

6.42 The survey responses of secondary colleges in respect of each of the Years 11 and 12 curriculum and school organisation goals is presented in the following paragraphs.

VCE 4 unit sequences provided

6.43 Table 6C details the number of VCE 4 unit sequences offered, in each of the 8 agreed National Curriculum Areas, by secondary colleges surveyed.

TABLE 6C
NUMBER OF VCE 4 UNIT SEQUENCES OFFERED BY SECONDARY COLLEGES, SURVEY RESULTS

Curriculum area	Minimum no. of 4 unit sequences required	College										
		A	B	C	D	E	F	G	H	I	J	K
The Arts	2	8	2	5	5	4	5	5	5	5	1	6
Health and physical education	2	4	1	3	2	4	4	1	3	3	0	3
English	1	2	2	2	2	1	2	1	2	2	1	2
LOTE	1	1	0	1	0	1	2	0	3	3	0	3
Science	2	6	3	4	5	5	5	3	4	4	1	3
Mathematics	2	4	2	2	2	2	2	2	2	2	1	3
Technology	2	14	2	7	10	3	5	3	2	5	2	6
Society and environment	4	7	3	6	5	3	9	2	7	5	1	9
Meets minimum requirements		Yes	No	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
Enrolments		1 250	205	1 530	1 015	1 000	1 010	515	980	795	100	1 600

6.44 The results illustrate that the range of VCE unit sequences offered by secondary colleges varied across the sample and that, as premised in the *Framework*, the larger the school in terms of enrolments, the more unit sequences that can be offered. **Overall, the results indicated that 7 of the 11 secondary colleges surveyed were completely meeting the Quality Provision goal in respect of the minimum number of VCE 4 unit sequences offered.**

6.45 Table 6D shows the proportion of colleges surveyed by audit which are offering the minimum number of 4 unit sequences required by the *Framework* at Years 11 and 12, in respect of each of the 8 National Curriculum Areas considered separately.

TABLE 6D
SECONDARY COLLEGES MEETING VCE 4 UNIT SEQUENCE REQUIREMENTS, SURVEY RESULTS

Curriculum area	Minimum number of 4 unit sequences as per Framework	Percentage of colleges meeting minimum requirement
	(No.)	(%)
The Arts	2	91
Health and physical education	2	73
English	1	100
LOTE	1	64
Science	2	91
Mathematics	2	91
Technology	2	100
Society and environment	4	64

6.46 As can be seen from Table 6D, the curriculum areas with the lowest provision, in terms of the number of VCE 4 unit sequences, offered by the secondary colleges surveyed were Health and physical education, LOTE, and Society and Environment.

Other Years 11 and 12 curriculum and school organisation goals

6.47 A summary of the audit survey results for the remaining 3 curriculum and school organisation goals for Years 11 and 12 is detailed below.

TABLE 6E
YEARS 11 AND 12 CURRICULUM AND SCHOOL ORGANISATION GOALS,
SURVEY RESULTS
 (per cent)

<i>Quality Provision goal</i>	<i>Mostly achieved</i>	<i>Partly achieved</i>	<i>Not achieved</i>
Ensure students wishing to undertake either general or more specialised programs are catered for equally	91	9	-
Combine studies from the 8 National Curriculum Areas to enable students to have access to a variety of programs and courses	91	9	-
Provide student programs in ways that relate to a key vocational or industry area such as engineering, hospitality and tourism	50	33	17

6.48 While the survey responses indicated a significant degree of goal achievement, a more accurate and meaningful assessment would require a detailed examination of the Years 11 and 12 curriculum programs offered by a sample of colleges. In order to construct coherent programs in secondary colleges which combine general and vocational education and establish meaningful links with further education, training or work (e.g. in human services, engineering, hospitality or tourism), students need to be able to cluster their subjects in ways that cut across traditional curriculum groupings. The survey results indicated that these *Framework* goals have already been achieved in a number of schools, although they may be difficult to achieve in smaller colleges, as they require a level of innovative and flexible subject scheduling (including repetition of specific subjects for different groups of students).

6.49 **The Directorate needs to continue work on the development of vocational programs and encourage secondary colleges to implement curriculum programs that enable students to link their final years of secondary schooling with the rapidly changing training and employment opportunities in key established and emerging vocational fields.**

Changes to primary and secondary school programs since Quality Provision

6.50 As the *Framework* is aimed at ensuring all students in government schools have access to a quality general curriculum, audit sought to ascertain whether, in this regard, the introduction of the *Framework* had led to improvements. For this purpose, the audit survey asked schools to indicate the extent to which the provision of particular programs and activities had changed in the school following implementation of the *Framework*. Table 6F shows the results of this aspect of the survey.

TABLE 6F
CHANGES TO SCHOOL PROGRAMS, SURVEY RESULTS
(per cent)

<i>School program/activity</i>	<i>Increased</i>	<i>Decreased</i>	<i>Deleted</i>	<i>Unchanged</i>
LOTE	57	11	-	32
Physical education	29	10	-	61
Computer activities	28	10	1	61
Music	19	26	1	54
Sport	15	7	-	78
Remedial support	13	38	5	44
Student welfare	9	25	-	66
Library	7	17	3	73
Camping/outdoor education	7	12	4	77
English as a second language (a)	9	28	10	53
Art/craft	2	21	-	77
Career education (b)	-	19	2	79

(a) Excludes 26 schools that did not respond.

(b) Excludes 39 primary schools that did not respond.

6.51 The above table indicates that, consistent with the *Framework* goals, LOTE has been given a much higher profile by schools as have, to a lesser extent, physical education programs and sport. However, it was also apparent that due to reduced staffing, schools face a trade-off in the provision of certain programs and activities. Of some concern are reductions in the provision of remedial support programs, student welfare services, music and career education as such reductions could ultimately detract from the overall quality of educational provision in government schools.

6.52 In audit opinion, the Directorate needs to monitor the level of provision by schools of various programs and activities and the learning achievements of students to ensure that the overall quality of educational provision is not compromised.

6.53 Overall, in order to assist schools in identifying how best they can achieve the curriculum goals contained in the *Framework*, the Directorate should consider establishing a system of review whereby curriculum offerings from a sample of schools are monitored each year in the light of policy requirements. Regular review would provide useful information about:

- the relationship between school size, location and the achievement of the various curriculum goals;
- the extent to which schools have developed worthwhile curriculum programs which enable specialities in each of the 8 National Curriculum Areas to be offered along with appropriate *generalist* programs;
- the responsiveness of schools to national training and employment directions and initiatives (e.g. the Australian Vocational Training System); and
- the success with which secondary schools have been able to link their curriculum with further education, including TAFE and universities, and employment and training opportunities in their district.

□ **RESPONSE** provided by Director of School Education

Response provided by the schools in relation to the provision of programs indicates that schools are using the curriculum flexibility available to them to determine their programs to meet the needs of their student body. In particular, many schools were providing extensive programs by the use of over entitlement staff not available to other schools. All schools are now provided with their staff entitlement on an equitable basis.

Table 6F illustrates that the provision of particular programs in schools has either increased, decreased or remain unchanged. Schools of the Future make their own decisions about how best to provide programs within their school global budget allocations. It is not a reasonable reading of the table to generalise on the provision of programs. For example LOTE, which has been highlighted as a priority by the Directorate has increased in 57 per cent of schools, but also decreased in 11 per cent and remained unchanged in 32 per cent of schools.

It is not a reasonable reading of the table to suggest that reduced staffing has required schools to face a trade-off in the provision of certain programs and activities, especially in consideration of the high number of programs that were reported to be unchanged, e.g. career education was unchanged in 79 per cent of schools. At any time, any decision by a school to increase certain programs is likely to require other programs to be reduced.

AVERAGE FUNDING OF EDUCATION FOR STUDENTS

6.54 The *Framework* states that the average funding of education per student in a State primary or secondary school should not vary significantly between schools in similar locations because, unless special circumstances exist, large variations would represent inequitable allocations or inefficient use of funds, or both.

6.55 A series of tables, prepared prior to school reorganisations, showing the average 1993 funding per student according to school size and type (i.e. primary, secondary and special schools) were presented in the *Framework*. The tables, which were aimed at showing the relationship between school size and average funding per student, highlighted that, in general, this average falls as enrolments increase.

6.56 The calculations of average funding were based on enrolment numbers and the operational funds of schools including staffing, special needs, notional superannuation and recurrent grant but excluding maintenance, minor works and resources such as shared specialist primary teachers and secondary instrumental music teachers.

6.57 By way of illustration, Table 6G details the 1993 average funding per primary school student.

TABLE 6G
AVERAGE 1993 FUNDING PER STUDENT,
PRIMARY SCHOOLS

<i>School size (enrolments)</i>	<i>No. of schools</i>	<i>Highest funding \$/student per annum</i>	<i>Average funding \$/student per annum</i>	<i>Lowest funding \$/student per annum</i>
0-18	88	17 405	5 483	3 781
19-39	205	9 726	4 522	3 069
40-60	117	5 429	3 784	3 004
61-81	74	5 822	3 566	2 916
82-102	59	4 418	3 305	2 646
103-165 (a)	158	6 174	3 678	2 528
166-228 (a)	241	4 912	3 705	2 688
229-333	248	4 941	3 322	2 798
334-438	167	4 159	3 122	2 787
439-543	97	3 850	3 008	2 742
544-658	38	3 272	2 925	2 702
659+	14	3 217	2 962	2 812

(a) Average funding heavily affected by "special needs", particularly English as a Second Language, and predominantly urban schools.

Source: A Quality Provision Framework for Victorian Schools, Directorate of School Education, May 1993.

6.58 As a result of the Directorate's review of the implementation of school global budgets, the Minister has adopted a range of principles on which school funding should be based, including *fairness* and *transparency* of funding arrangements. It is intended that these new funding arrangements will facilitate the achievement of the funding goal stated in the *Framework*.

6.59 The Directorate should continue to monitor the average funding of education per student to ensure that scarce educational resources are used efficiently and any large funding variations between schools are minimised.

SCHOOL FACILITIES

6.60 The *Framework* recognised the need for upgrading existing school buildings to meet the changing requirements of curriculum. It stated that more flexible and modern facilities and equipment are needed in curriculum areas, particularly Technology, Science and the Arts. These changes will be reflected in facilities' schedules as they are revised over time.

6.61 Facilities' schedules prescribe the spatial standards (classroom sizes and school site area) and the types of facilities available to a school. These schedules cover general purpose classrooms, rooms for specialist activities such as music and physical education, staff administration areas, libraries and art/craft rooms.

6.62 Facilities' entitlements are determined by 2 factors, namely, class size (number and size of facilities) and curriculum balance (types of facilities available for particular fields of study).

6.63 In 1993, a revision of the facilities' schedules for primary schools effectively reduced the entitlements previously available to schools. Specifically, schools needed to have higher enrolments to maintain their existing facilities or qualify for new facilities and, in some cases, space allocations for students were reduced.

6.64 The following examples highlight the reduction in general purpose classroom space available to primary schools under the current (1993) schedule compared with the previous (1989) schedule:

- Under the current schedule, 10 classrooms with a total area of 800m² would be provided to accommodate up to 280 students. Under the previous schedule, a maximum of 270 students would be accommodated in 10 classrooms with a total area of 810m².
- Currently, 24 classrooms (including relocatable facilities) with an area of 1 870m² would be provided to accommodate 672 students. Under the 1989 schedule, 24 classrooms (including relocatables) representing an area of 1 944m², would accommodate a maximum of 648 students.

6.65 In the case of rooms for specialist activities, the new schedules increased the minimum number of enrolments required by a school in order to qualify for a particular facility. For example, a minimum of 337 students are now required to qualify for a music room (compared with 271 students in 1989); 225 students (190) for an art and craft room; 449 students (271) for a physical education (gymnasium) facility; and between 197 and 448 (190 to 270) for a multi-purpose room.

6.66 The changes in enrolments required for a physical education facility are particularly significant because presently around 90 per cent of primary schools have less than 450 students. Furthermore, in the case of a multi-purpose room, the area entitlements were reduced significantly. In 1989, an area of 150m² would be provided for a maximum of 270 students whereas in 1993 the same area would serve a maximum of 448 students.

6.67 Audit understands that where the changes have resulted in a school having facilities in excess of its current entitlements, the schools concerned are not provided with funding to maintain the excess facilities. Conversely, schools with less facilities than they are entitled to are funded on the basis of their current entitlements.

6.68 Audit sought views on the standard of facilities at schools participating in the survey. Table 6H shows the audit survey results.

TABLE 6H
STANDARD OF SCHOOL FACILITIES, SURVEY RESULTS
(per cent)

Facility	Mostly satisfactory	Partly satisfactory	Less than satisfactory
General purpose classrooms	47	44	9
Specialist areas for art/craft	47	33	20
Library	46	34	20
Specialist areas for physical education	35	25	40
Staff administration area	34	33	33
Specialist areas for music	22	34	44

6.69 Some respondents also commented that other facilities such as science and technology areas, corridors and entrances, storage, toilets, car parking, and the playground and site area were generally less than satisfactory.

6.70 The high prevalence of the "less than satisfactory" rating given to staff administration areas and specialist areas for physical education and music by survey respondents suggests that the benefits of the Directorate's recent initiatives in the area of maintenance and facilities upgrades are, from the perspective of many schools, yet to be realised.

6.71 As school facilities are a critical component of the quality of the school environment in which learning occurs, audit considers it is important that the quality and adequacy of these facilities are regularly assessed by the Directorate to ensure that there is no detrimental impact on student attendance and participation in learning activities.

□ **RESPONSE** provided by Director of School Education

The Directorate strongly agrees that school facilities are a critical component of the quality of the school environment. Accordingly, effective asset management is a major priority for the Directorate. Within this context, the Directorate has developed a number of systems and strategies to ensure that the quality and adequacy of facilities is monitored.

Firstly, the Directorate has developed the Schools Asset Management System (SAMS) that provides details about the facilities that exist at each school and compares these against Statewide standards. Accordingly, the adequacy of school facilities is monitored on an ongoing basis and this information provides the basis for the capital works construction program each year.

Secondly, the Directorate is currently preparing to implement the Physical Resources Management System (PRMS). This system will complement SAMS in that it will provide, among other things, a continually updated assessment of the quality of school buildings. The information will be gathered by an initial maintenance audit of every school building. In the meantime, however, maintenance reviews of many schools have been completed as part of a Statewide assessment that enables the Directorate to establish priorities for refurbishment funding.

Since 1994, the Directorate has provided \$20 million to schools for improvement in staffroom accommodation.

FACTORS IMPACTING ON THE ACHIEVEMENT OF THE QUALITY PROVISION GOALS

6.72 In evaluating the extent to which policy goals and objectives have been achieved, it is important to determine whether there were any factors which impacted on the attainment of those goals. Such information contributes to a better understanding of the context in which the policy has been implemented and the type of action necessary to ensure that goals and objectives are achieved.

6.73 In late 1992, the Government outlined massive restructuring of the government school education system. This restructuring included:

- devolution of responsibility for school management to the local level, including the development of school charters and the introduction of global budgeting, as part of the Schools of the Future program;
- rationalisation of Directorate staffing levels related to the consolidation of head office and regional administrations, resulting in the loss of 1 428 personnel;
- reduction of teaching and support staff in government schools, resulting in a loss of 5 993 teachers and 3 605 support staff between July 1992 and June 1994; and
- the closure of 55 schools and campus sites.

6.74 Implementation of this restructuring coincided with the introduction, in May 1993, of the *Framework* and a revision of school entitlements for facilities and staffing.

6.75 The audit survey sought the views of schools on the extent to which certain changes had impacted on their capacity to achieve the goals specified in the *Framework*. Table 6I details the survey results for all respondents.

TABLE 6I
IMPACT OF CHANGES ON ACHIEVEMENT OF QUALITY PROVISION GOALS,
SURVEY RESULTS
(per cent)

<i>Factors/changes</i>	<i>Mostly positive</i>	<i>Somewhat positive</i>	<i>No impact</i>	<i>Somewhat negative</i>	<i>Mostly negative</i>
Development of school charters	38	48	8	5	1
Local selection of staff	31	37	28	3	1
Introduction of Schools of the Future program	18	57	14	10	1
Introduction of global budgets	14	45	20	19	2
Changes to support service structures	8	11	9	31	41
Restructuring through Quality Provision process	5	27	(a) 46	14	8
Changes to staffing formula	2	12	5	23	58

(a) Includes 35 schools not affected by restructuring.

6.76 The survey results indicated that, from the schools' perspective, changes to both the school staffing formula and support service structures have had the most negative impacts on the ability of schools to achieve the goals specified in the *Framework*. Further analysis revealed that 58 per cent of primary schools and 92 per cent of secondary colleges considered that changes to support service structures had adversely impacted on their ability to achieve the Quality Provision goals. In the case of changes to the staffing formula, 73 per cent of primary schools and 83 per cent of secondary colleges considered this change had affected their ability to achieve the goals.

6.77 In addition to the survey results, ratios based on school data published by the Australian Bureau of Statistics indicated that in relation to support staff, the level provided by Victoria is below that provided by other comparable States and the Australian average. Table 6J provides details.

TABLE 6J
SUPPORT STAFF, GOVERNMENT SCHOOLS, 1994 (a)

<i>Average ratios</i>	<i>Victoria</i>	<i>New South Wales</i>	<i>Queensland</i>	<i>Australia</i>
Number of support staff per school	3.2	4.9	6.2	4.8
Number of support staff per 1 000 students	10.8	14.1	20.4	15.7

(a) The Directorate indicated that Victoria has outsourced more support staff than other States.

Source: *Schools, Australia* (4221.0), Australian Bureau of Statistics, 1994.

6.78 In the context of these initiatives and changes, audit sought to ascertain whether schools have changed the way they manage and use their resources in order to meet the Quality Provision goals. For this purpose, schools were asked to indicate whether certain arrangements and activities relating to education delivery had increased, decreased or remained static.

6.79 Overall, the audit survey results indicated that significant changes have been made in the areas of class sizes and teaching services. Details of school responses are as follows:

- **Class sizes.** Class sizes had increased in 60 per cent of schools. The increase had mainly occurred in secondary colleges (75 per cent) compared with primary schools (around 50 per cent). Thirty-six per cent of schools indicated that their class sizes had not changed and 4 per cent stated that class sizes had decreased;
- **Composite classes.** Sixty-three per cent of schools had not changed the number of composite classes at their school while 31 per cent indicated that the number of composite classes had increased;
- **Equipment expenditure.** Fifty-two per cent of schools increased their level of equipment expenditure in order to achieve the Quality Provision goals. Survey respondents commented that increased expenditure on equipment was occasioned by increased enrolments at the school. Some schools indicated that equipment had been purchased with locally-raised funds and donations from the school community. Almost half (42 per cent) stated that there had been no change in their equipment expenditure;
- **Non-specialist teachers.** Forty-six per cent of schools had increased their use of non-specialist teachers to provide specialist programs (e.g. LOTE) while 47 per cent had not changed their use of non-specialist teachers for specialist programs. When primary and secondary schools are analysed separately, the responses show 52 per cent of primary schools increased their use of non-specialist teachers to provide specialist programs compared with only 9 per cent of secondary colleges. The majority of secondary colleges (82 per cent) stated they had not changed their use of non-specialist teachers;
- **Teacher contact.** Sixty-five per cent of schools indicated that teacher/student contact time had increased while 28 per cent stated there had been no change; and
- **Teacher preparation time.** In 62 per cent of schools, teacher preparation time had decreased while 27 per cent of schools indicated there was no change.

6.80 Resourcing problems most frequently mentioned by schools responding to the audit survey were staffing shortages, poor quality buildings, insufficient equipment, lack of LOTE resources, a greater need for supplementary funds to be raised by the school community and a lack of special needs support for students. A number of small schools indicated that the amount of time spent on administration by head teachers had increased dramatically.

□ **RESPONSE** provided by Director of School Education

It needs to be understood that while student support services have been moved out of the former school support centres and into schools to improve the quality of the delivery, the budget for this service has not been reduced.

Audit comments on staffing need to be considered in the light of earlier findings of the Commonwealth Grants Commission and the State Commission of Audit particularly referred to in paragraph 2.8 of this Report. Reductions in teaching staff numbers relate mainly to the serious over entitlement staff situation inherited from the previous administration (see paragraph 2.6 of this Report).

The audit comments about resources also need to be seen in the light of other survey findings outlined in the Report. Table 2D shows that Victorian schools in 1994 had fewer students per teacher than New South Wales and Queensland, and an average student/teacher ratio that was identical with the Australia-wide average.

Part 7

Quality Provision guarantees

OVERVIEW

7.1 The *Quality Provision Framework* stated that a change in education provision involving a school closure would carry with it certain guarantees to students, parents, staff and the school community. These guarantees were to take the form of financial, resource and career security undertakings with the view to ensuring that no one was disadvantaged through their direct involvement in a school reorganisation.

7.2 Audit found that the Quality Provision guarantees detailed in the *Framework* had been satisfactorily fulfilled by the Directorate.

STUDENT GUARANTEES

7.3 In terms of student guarantees, the *Framework* stated that transition arrangements would be made for students required to change location because of a school reorganisation. Students were also able to move to another school with groups of fellow students and their teachers.

7.4 To assist students affected by school closures, local committees, established by the Directorate to manage the closure of a school, were required to facilitate the placement of students into neighbouring schools. For this purpose, the committees sought assistance from schools in the surrounding area to organise open days for potential new students and visits to their school by students affected by the closure. Committees also provided information to parents about their school by attending public/community meetings.

7.5 The committees were also responsible for monitoring student enrolment requests and final placement and the provision of counselling services to students and their parents who were directly affected by a school site closure.

7.6 Based upon discussions with a number of regional offices and school principals, **audit concluded that processes aimed at facilitating the transition of students from closed schools had been implemented as stated in the *Framework*.**

PARENT GUARANTEES

7.7 The Directorate gave a guarantee to provide financial assistance to parents who, due to the closure of their local school, were required to enrol their children in another government school. The assistance, which ranged from \$200 to \$350 per child, was to help parents meet expenses incurred for uniforms, levies and books, and was to be met from the finances of the closing school, supplemented by the Directorate, where necessary. The Directorate advised that the total value of these guarantees amounted to around \$2 million.

7.8 Based on a review of documentation in a number of regional offices and discussions with school principals, **audit concluded that the parent guarantees had been satisfactorily fulfilled by the Directorate in accordance with the *Framework*.**

STAFF GUARANTEES

7.9 The Directorate gave a general guarantee that all staff displaced through a school closure initiated through the Quality Provision process would:

- continue to be employed by the Directorate;
- retain their current substantive salary and entitlements; and
- receive high priority if they requested a voluntary departure package, leave without pay, study leave or participation in an industry release program.

7.10 In addition to this general guarantee, the Directorate provided other specific guarantees for principals, head teachers, teachers and support staff.

7.11 The guarantees provided by the Directorate were quite significant as approximately 850 teaching and support staff were displaced as a result of the closure of 171 school sites over a 12 month period to June 1994.

7.12 Based on an examination of a sample of personnel records, audit found that **the staff guarantees had been fulfilled by the Directorate.**

FACILITIES GUARANTEES

7.13 In line with the central objective of the *Framework*, the Directorate provided an assurance that revenue generated from the disposal of school sites and buildings no longer required for educational purposes would be set aside for improving the quality of facilities in continuing schools. Furthermore, under an arrangement with the Department of Treasury and Finance, all sale proceeds derived from the disposal of school sites closed in 1992 were to be made available to the Directorate.

7.14 Audit found that over the 2 years to 30 June 1995, \$126 million of asset sales revenue has been reinvested in the upgrade and development of school facilities by the Directorate in accordance with the guarantees provided under the *Framework*. Over the same period, an additional \$120 million was allocated towards the improvement of school facilities from the Directorate's annual appropriations.

7.15 In April 1995, the Government announced that a \$124 million building program for schools (including new schools, major upgrades and refurbishment) would be undertaken in the 1995-96 financial year. It is intended that part of this program (\$52 million) will be funded from future asset sales revenue.

FINANCE GUARANTEES

7.16 The *Framework* stated that a one-off grant would be provided to those schools significantly affected by any reorganisation which occurred within their area. These one-off grants were to be determined on the basis of school type and enrolment numbers, and amounted to a maximum of \$10 000 for a primary school and \$25 000 for a secondary college.

7.17 The *Framework* also stated that in certain circumstances the one-off grant could be increased by up to \$5 000 for primary schools and \$10 000 in the case of secondary colleges.

7.18 Audit found that over a 2 year period to 1994-95, Quality Provision grants totalling \$1.5 million were dispersed by the Directorate to 254 schools. The Directorate advised that amounts were paid progressively as the impact of consolidation and reorganisation on schools became more definite. The grants were used by schools to assist with expenses incurred as a result of any such changes.

7.19 In December 1994, the Directorate provided a further \$67 000 to 40 schools which had increased their enrolments by 20 per cent or more or by 20 students as a result of Quality Provision but which had not received a grant during 1993-94. Schools were paid \$50 for each student received from a closed or merged school.

7.20 Audit concluded that the Directorate had taken action to ensure that schools which were deemed to require financial assistance to cope with increased enrolments and transport issues emanating from school reorganisations received a one-off increase in their school grant as provided for under the *Framework*.

Part 8

Sale of closed school sites

OVERVIEW

8.1 Over the 3 years to 30 June 1995, the Directorate raised some \$175 million from the sale of surplus education properties, including \$98.2 million from the disposal of schools closed under the Quality Provision process. In accordance with the *Framework*, these funds are to be re-invested in the upgrade of continuing schools. As previously indicated in Part 7 of this Report, \$126 million of asset sales revenue had been re-invested at 30 June 1995.

8.2 Through the current review, audit found that the Directorate had disposed of its surplus school sites of highest value in a manner which was both timely and maximised the financial returns.

SALE PROCESS

8.3 A major task for the Directorate's Property Unit is the disposal of surplus schools and other properties no longer required for educational purposes. The Unit is responsible for re-allocating surplus sites and associated assets to other educational uses or, alternatively, the timely sale of such sites for their maximum value.

8.4 In identifying alternative uses for surplus buildings and equipment, the site alone, or a combination of these assets, is offered to other divisions of the Department of Education and other educational bodies such as Technical and Further Education (TAFE) colleges and universities. If the assets are not required by these bodies they are then offered for sale.

8.5 Where the Directorate determines to sell a property, the sales process requires that, prior to sale, the sites are to be investigated to determine whether they meet all necessary pre-sale conditions and legal requirements. In most cases, soil contamination assessments are undertaken to identify any problems that could impact upon the future use of the site. For the purpose of setting a reserve selling price, the Directorate also prepares hypothetical plans of subdivision and engineers' development costs to enable the valuers to take these costs into consideration. The valuations indicate to the Directorate the likely returns based upon how the school site is to be re-developed.

8.6 As the Quality Provision processes resulted in the declaration of 217 surplus school sites, the Property Unit invited the Department of Planning and Development and the Urban Land Authority to purchase a selection of these properties. **The Department of Planning and Development, however, declined to purchase any of the 36 sites first offered due to financial constraints and was subsequently not offered any further properties. While the Urban Land Authority did not express interest in the initial parcel of properties it was offered, it did subsequently purchase 7 sites for \$14.9 million.**

8.7 In order to dispose of the surplus school sites in a manner that was both timely and maximised financial returns, the Directorate implemented a process of disposing of a number of properties by tender known as *enhanced marketing and selling*. Although rarely used in Victoria, this method has been successful both interstate and overseas, and involves assigning the management for marketing the properties to a single firm which, in turn, assigns the opportunity to sell a property to any licensed real estate agent. This process has the advantage of achieving large-scale savings both in fees and advertising costs while generating a greater breadth of interest in the sites which, in turn, increases the potential for higher sales proceeds.

8.8 In December 1993, the Directorate sought *selective tenders* from 12 of the major real estate agents in Melbourne to manage and co-ordinate the marketing of up to 85 school sites using the *enhanced marketing and selling procedure*. The successful tenderer was appointed in the following month to dispose of an initial parcel of 48 properties.

8.9 The initial parcel of properties (including 29 sites closed through the Quality Provision process) was released to the market in early 1994 in anticipation that revenue from the sales would be received by the Directorate no later than June 1994. The metropolitan sites were generally large, of high value and expected to appeal to property developers wanting to use the sites for residential housing lots. In accordance with the Directorate's strategy, these properties were the first offered for sale, followed by additional metropolitan properties and sites in country and provincial centres.

8.10 Under the disposal process the marketing agent was responsible for evaluating tenders received for properties and recommending to the Directorate the best offer for each site.

8.11 A further parcel of 27 properties was made available to the market in late 1994, including 14 school sites closed through the Quality Provision process. The Directorate allocated these 27 sites to the same marketing agent without seeking new tenders, and was subsequently required by the former Tender Board to seek retrospective approval from the Minister for Finance to authorise the payment of expenses to the marketing agent.

8.12 The Directorate advised that site disposal costs incurred prior to 1993-94 could not be determined on a portfolio or individual property basis. However, between July 1993 and June 1995, \$3.5 million was expended on the disposal of surplus properties. This included an amount of \$950 000 which was paid to the marketing agent and represented this firm's fees, the selling agents' fees and the total advertising costs for both programs.

RETURNS FROM SCHOOL SALES

8.13 Audit has previously commented on the Directorate's asset sales program in the *Report of the Auditor-General on the Finance Statement for the year ended 30 June 1994*. That review, which focused on assessing the returns achieved from the sale of Directorate properties, reported that, in the cases examined, "... the proceeds realised from the sales were consistent with the reserve prices assigned to individual properties by the Valuer-General".

8.14 Over the 3 year period to June 1995, the Directorate raised a total of \$98.2 million from the disposal of school sites closed through the Quality Provision initiative. Details are provided in Table 8A.

TABLE 8A
SALE OF SCHOOL SITES CLOSED
THROUGH THE QUALITY PROVISION PROCESSES (a)

<i>Item</i>	1992-93	1993-94	1994-95	<i>Total</i>
School sites closed (b)	46	171	-	217
School sites sold	11	55	13	79
School sites available for sale (cumulative) (c)	26	142	129	129
Sales revenue (\$m)	7.0	81.8	9.4	98.2

(a) Forty-six schools were closed under the initial Quality Provision review undertaken in 1992. The remaining schools were closed under the *Quality Provision Framework*.

(b) Excludes voluntary closures in 1994-95.

(c) Excludes 7 sites retained by the Directorate, one school which re-opened in 1995 and one site transferred to the Department of Conservation and Natural Resources.

8.15 At the date of preparation of this Report, revenue raised from the sale of surplus school sites has exceeded minimum reserve prices established for the sites by the Valuer-General. **Of the 33 sites sold from the 46 schools closed in 1992, sale prices exceeded the reserve prices by around \$10 million in total. Similarly, of the 46 sites sold from the 171 schools closed in 1993-94 as a result of the Quality Provision process, in total sale prices exceeded reserve prices by around \$13 million.**

8.16 Audit was advised that in a small number of cases it was necessary for the Directorate to request the Valuer-General to reconsider the reserve price set for a property as the highest offer was below the reserve. Although the reserve price was subsequently reduced by the Valuer-General, the amounts involved were not material.

8.17 The Directorate advised audit that its success in disposing of surplus schools above reserve prices is partly due to the following factors:

- not flooding the market with a large volume of school properties at any one time;
- initially offering only the higher value schools for sale;
- adopting the bulk marketing and selling method to sell schools to the highest tender; and
- conducting the sales over a period when the residential property market has remained stable despite the downturn in the economy.

8.18 By 30 June 1995, the Directorate had sold 79 (36 per cent) of the 217 school sites closed as a result of the Quality Provision processes. Audit was advised that some of the unsold sites (129) will be included in a parcel of 130 rural properties which will be made available for auction in the Spring of 1995. The remaining properties will be offered for sale early in 1996.