

Department of Education

ANNUAL REPORT
2006–07

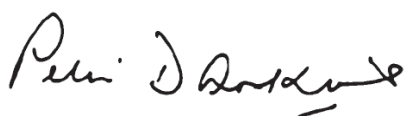
October 2007

The Hon. Bronwyn Pike, MP
Minister for Education
Maxine Morand, MP
Minister for Children and Early Childhood Development

Dear Ministers

I have pleasure in submitting the annual report of the Department of Education for the year 2006–07 in accordance with the *Education Act 1958* and the *Financial Management Act 1994*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Dawkins', with a stylized flourish at the end.

Professor Peter Dawkins

SECRETARY

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About this report

This report sets out the Department's key activities and achievements from 1 July 2006 to 30 June 2007 against the outputs and the Departmental objectives detailed in the 2006–07 Budget Papers. The report of operations is organised around the major output groups:

- compulsory years (pages 26–42)
- post-compulsory years (pages 43–46)
- services to students (pages 47–49)
- portfolio management services (pages 50–55).

Performance measures against these output groups are further detailed on pages 16–25. The financial report (pages 56–107) provides information on the financial position and performance of the Department in 2006–07.

Thirteen appendices (pages 108–164) provide supplementary financial and non-financial information. It is available on the Department's website <www.education.vic.gov.au>.

Secretary's report



The Department has a prime responsibility to fulfil the vision and meet the objectives outlined by the Government for education.

In 2006–07, the Department pursued

the six objectives and five strategies in the 2003–06 Corporate Plan to meet our mission – to provide high-quality education and training that raises achievement, reduces disparity and leads to opportunities. In doing so, the Department made progress towards its vision of an assured future for all Victorians and a prosperous society through learning.

During the course of 2006–07 significant machinery-of-government changes were implemented when the Department of Education and Training became the Department of Education (as discussed below). Further machinery-of-government changes were implemented early in 2007–08 when the Department of Education became the Department of Education and Early Childhood Development. Prior to the latest changes work was underway on developing a Department Corporate Plan for 2007–10. Further work will be undertaken during 2007–08 to develop a broader Corporate Plan for 2008–10 that reflects the Department's new responsibilities.

Key achievements in 2006–07 include:

- continued progress towards achievement of the Government's goals and targets for education
- successful implementation of the suite of Ministerial Statements that cover the education portfolio

- leading the collaboration with other States and Territories to ensure the best education outcomes for all students, in particular through the development of a new report, *The Future of Schooling in Australia*
- development of the *Education and Training Reform Act 2006*, including a process of legislative review, public consultation and implementation leading to its proclamation on 1 July 2007
- implementation of a range of corporate improvements, including the third *Your Job, Your Say* organisational health survey.

Machinery-of-government changes in 2006–07

As indicated above, the new Government term in late 2006 saw the transfer of a number of responsibilities from the Department to other departments. The changes are summarised below.

Responsibility	New responsible department
Vocational education and training and higher education	Department of Innovation, Industry and Regional Development
Adult, community and further education	Department for Victorian Communities
Adult, Community and Further Education Board	Department for Victorian Communities
Victorian Learning and Employment Skills Commission	Department of Innovation, Industry and Regional Development

In line with these new arrangements, the Department of Education and Training was renamed the Department of Education and the operations of the Department were realigned to ensure its continuing capacity to deliver on the Government's education goals, targets and priorities.

In early August 2007, policy responsibility for early childhood development was transferred to the Department, which was renamed the Department for Education and Early Childhood Development. These machinery-of-government changes will be discussed in more detail in the *Department of Education and Early Childhood Education Annual Report 2007–08*.

Blueprint for Government Schools

The Department continued to implement the reform strategies outlined in the 2003 Ministerial Statement, *Blueprint for Government Schools*. The Blueprint provides a framework for a highly effective government school system and focuses on:

- recognising and responding to the diverse needs of students by providing the tools which can spread effective practice across the system
- building the skills of the education workforce to enhance the teaching–learning relationship and the capacity of our leaders and teachers
- continuously improving schools by enhancing school accountability.

Significant progress has been made in the implementation of Blueprint initiatives during 2006–07, including:

- Victorian Essential Learning Standards (VELS)
All schools are implementing the domains of the new VELS and beginning to report on them to parents. Web resources for teachers have been created to support them in their implementation of the new standards.
- Improving literacy and numeracy standards in schools
Important new initiatives include a Literacy Improvement Team initiative, a revised Mathematics Online Interview, and the Literacy Leader Professional Learning Program.

- Plain English Report Card
The new report cards were mandated in 2007 and are being used in all government schools. They provide parents with clear, consistent and comprehensive information about their child’s learning as well as advice about how they can best support their child.
- School Compliance Checklist
The checklist was introduced in February 2007. It streamlines reporting requirements for schools and simplifies compliance with legislative and departmental policy.
- Developing leadership capacity
Additional funding led to nine new leadership development programs being designed, bringing the total number of leadership development opportunities for current and aspiring school leaders to 19 in total.

Victoria’s plan to improve literacy and numeracy outcomes

On 13 April 2007, the Government released its plan to improve literacy and numeracy skills under the Council of Australian Governments (COAG) National Reform Agenda. The plan aligns with a number of the strategies in the *Blueprint for Government Schools* and sets out a ten-year vision for the Victorian and Commonwealth governments to work together to:

- value good teaching and make sure we have the best teachers possible in all our schools
- build a culture of improvement in our schools
- direct our resources to where they can most make a difference.

The Future of Schooling in Australia

In October 2006, the Council for the Australian Federation established a Steering Committee to review the Adelaide Declaration on *National Goals for Schooling in the Twenty-First Century*, which all Australian jurisdictions jointly signed in 1999.

As chair of the Review Steering Committee, Victoria led the development of the resulting report entitled *The Future of Schooling in Australia*. The report included a new statement on the future of schooling in Australia, and a 12-point action plan to which all States and Territories agreed. The statement was a significant step in asserting the importance of collaborative federalism to promote high-quality schooling for all Australian students, regardless of jurisdiction, system or school.

Legislative reform

During 2006–07, the implementation of the *Education and Training Reform Act 2006* involved a significant public consultation process, development of new policy and the making of the associated Education and Training Regulations 2007. The Act and Regulations came into effect on 1 July 2007, replacing and updating 12 separate education and training Acts.

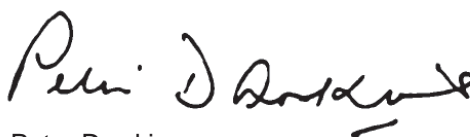
The new legislation is underpinned by a commitment to diversity, choice and access to education and training of the highest quality. The Act outlines a set of overarching principles upon which the practice of education and training will be based. This includes a requirement that all education and training providers operate in a manner consistent with Australian democratic principles.

Key features of the new Act include:

- raising the minimum school leaving age to 16 years
- guaranteeing a place in a TAFE institute or participating adult education provider to all young people who have not completed Year 12 or its equivalent up to the age of 20
- establishing a new statutory authority – the Victorian Registration and Qualifications Authority – responsible for the regulation and accreditation of government and non-government schools, training and higher education providers except universities
- enshrining parents' rights to information about their child's education, for example all schools will be required to provide information regarding the school's performance to the school community at least once a year
- affirming the principle of free instruction in government schools.

Statutory authorities

The contributions of the key statutory authorities to the achievement of the Government's goals and targets for education and training are significant. I would like to extend my thanks to the board and council members and staff of the Victorian Curriculum and Assessment Authority, the Victorian Qualifications Authority, and the Victorian Institute of Teaching.



Peter Dawkins
SECRETARY

Overview

About the Department

State education in Victoria dates from 1 January 1873. The Department plays a pivotal role in meeting the challenges and fulfilling the vision set by the Government for education. In 2006–07, the Department worked to the following vision and mission statement.

Vision

An assured future for all Victorians and a prosperous society through learning.

Mission

The Department will ensure the provision of high-quality education that:

- raises achievement
- reduces disparity
- leads to opportunities.

Key responsibilities

The Department provides and ensures access to high-quality primary and secondary education for all Victorian children, including support for non-government schools, and implements government policies and delivers services to meet the educational needs of all young Victorians.

During 2006–07 the Department's primary functions included:

- planning, regulating, managing, resourcing and delivering high-quality primary and secondary education in Victoria's system of government schools
- funding, regulating and liaising with non-government schools in Victoria
- regulating and administering the legislation governing the provision of higher education in Victoria
- providing leadership to a diverse and multi-dimensional education and training system.

The Department supports and advises the Minister for Education and the Minister for Education Services and helps with the management and administration of their portfolios. During 2006–07, the Minister for Education was John Lenders and the Minister for Education Services was Jacinta Allan.

More information on the Ministerial portfolios appears in Appendix 10 on pages 157–158.



Outputs

Outputs are the goods and services provided by the Department for the education community in Victoria, including the Ministers and Government. The Department is funded by the Government to provide outputs in four areas:

- compulsory years
- post-compulsory years
- services to students
- portfolio management services.

As a result of the December 2006 machinery-of-government changes, several outputs were divided between the Department of Education, the Department of Innovation, Industry and Regional Development (DIIRD) and the Department for Victorian Communities (DVC). Subsequently, various performance measures were transferred to DIIRD and DVC.

The affected outputs were training and further education, adult and community education, cross-sectoral and regulation. DIIRD and DVC will report on the performance of the transferred measures for the full reporting period. Refer to the Outputs and performance measures section on page 16 for details on these transferred measures.

Revenues and expenses associated with these transferred measures for the period up to the date of transfer are recorded in the Department's financial report for 2006–07.

Corporate governance

The Department's corporate governance framework coordinates the structures and processes within the Department that support effective direction setting and decision making, the assessment and treatment of risk, compliance and accountability requirements, and the monitoring and optimising of performance. It is underpinned by a set of Departmental values and principles of conduct as outlined in the Department's People Principles.

Portfolio Board

The Department's corporate governance arrangements include the Portfolio Board, comprising the Secretary and Deputy Secretaries of the Department, the Chief Executive Officer of the Victorian Curriculum and Assessment Authority and the Director of the Victorian Qualifications Authority. The Board meets quarterly to set the overall strategic direction of the portfolio, to assess the portfolio's performance against key indicators, and determine if changes in strategic approach are required. The Board also determines and manages key strategic risks to the achievement of the portfolio's objectives.

Departmental Management Committee

The Departmental Management Committee leads, manages and monitors the work of the Department in accordance with the strategic directions provided by the Government and the Portfolio Board.

The Committee meets weekly to review performance against business plans and to consider critical policy, program and resource matters.

The Committee takes responsibility for driving the policy agenda set by the Government, as reflected in the goals and targets for education and in Ministerial Directions and Statements. It also manages and coordinates stakeholder interaction and monitors progress against the Department's Corporate Plan 2003–06. Members have key strategic, operational and financial responsibilities and are accountable for Department outcomes.

The work of the Departmental Management Committee is supported by six committees: Portfolio Audit, Strategic and Financial Planning, Human Resources, Knowledge Management, Research, and the Accredited Purchasing Unit.

Members of the Departmental Management Committee at 30 June 2007 were as follows.

PROFESSOR PETER DAWKINS
SECRETARY

Professor Peter Dawkins joined the Department as Secretary on 10 July 2006. Prior to that he was Deputy Secretary of the Victorian Treasury, a position he held from April 2005, where he worked on Victoria's national reform initiative for COAG especially in the area of human capital reform (education, health and work incentives).

Professor Dawkins was attracted into the Victorian Public Service (VPS) from the University of Melbourne, where he was the Ronald Henderson Professor and Director of the Melbourne Institute of Applied Economic and Social Research from 1996–2005. While at Melbourne he also served for a period as Dean of the Faculty of Economics and Commerce. He is the author or editor of several books and numerous scholarly articles on a range of economic and social issues. He had been a teacher and researcher in a number of British and Australian universities since the late 1970s.

While in academia Professor Dawkins was a prominent public policy analyst and adviser. He has served on a number of Commonwealth Government committees including the reference group that produced the McClure Report on Welfare Reform, the Prime Minister's Science, Engineering and Innovation Council, and the Australian Statistics Advisory Council and State Government committees including an expert reference group on Commonwealth–State Relations chaired by Professor Glyn Davis and the Victorian Workforce Participation Taskforce chaired by John Button.

Professor Dawkins is a Fellow of the Academy of Social Sciences in Australia and a Fellow of the Institute of Public Administration (Victoria).

MR DARRELL FRASER
DEPUTY SECRETARY
OFFICE FOR GOVERNMENT SCHOOL
EDUCATION

Mr Darrell Fraser joined the Department as Deputy Secretary on 14 January 2004. Prior to joining the Department's central office, Mr Fraser was principal of Glen Waverley Secondary College. Mr Fraser has received national recognition for his contribution to education through leadership, innovative pedagogy and leading practice in information and communications technology (ICT) and Intranet/Extranet solutions.

The Office for Government School Education is responsible for management, coordination and implementation of high-quality government school education across the State of Victoria.

MS KATHERINE HENDERSON
DEPUTY SECRETARY
OFFICE FOR POLICY, PLANNING AND
EVALUATION

Ms Katherine Henderson joined the Department as Deputy Secretary on 7 February 2005. Ms Henderson returned to the VPS in early 2005 after a ten-year period working in the Northern Territory. Her most recent position was as Deputy Chief Executive, Northern Territory Department of Employment, Education and Training. Prior to joining the public service, Ms Henderson taught for ten years in the secondary and tertiary sectors.

The Office for Policy, Planning and Evaluation manages the Department's overall strategic and corporate policy agenda. It leads support for the portfolio Ministers in relation to external and internal communications, data and evaluation, good governance, risk management and decision support. It also develops policy relating to the broader social, economic and political landscape. The Office is responsible for the Department's relationship with the Commonwealth and with other State and local government agencies.

MR JEFF ROSEWARNE

DEPUTY SECRETARY
OFFICE FOR RESOURCES AND
INFRASTRUCTURE

Mr Jeff Rosewarne joined the Department as Deputy Secretary on 26 May 2003.

Mr Rosewarne returned to the Department after six years in executive positions in the Department of Treasury and Finance, the most recent as Director, Budget Formulation, in the Budget and Financial Management Division.

The Office for Resources and Infrastructure is responsible for the development and implementation of resource and infrastructure policies and procedures for the Department in the areas of finance, infrastructure, information technology, human resources and corporate services. The Office provides direct services to the Department's corporate offices and to government schools.

DR DAHLE SUGGETT

DEPUTY SECRETARY
OFFICE FOR EDUCATION POLICY AND
INNOVATION

Dr Dahle Suggett joined the Department as Deputy Secretary on 17 March 2004. Prior to joining the Department, Dr Suggett previously held positions as a partner in the Allen Consulting Group and at Exxon Chemical in both Australia and the United States. Dr Suggett has also held senior public service positions in the Commonwealth Government including Assistant Commissioner of the Commonwealth Schools Commission and Executive Director of the Commonwealth Youth Bureau.

The Office for Education Policy and Innovation leads educational policy development, research and innovation for the Department and has responsibility for designing school system reform. This includes furthering connections between the government school sector and non-government schools to meet the educational needs of all young Victorians. The Office also has policy responsibility for international education, youth transition pathways and the interface with the vocational education and training (VET) and higher education sectors.

Organisation chart as at 30 June 2007



Human resources

As at June 2007, there were 52,892 full-time equivalent (FTE) staff employed by the Department. These staff were distributed across the schools, the head office and regions as indicated in the following table.

Full-time equivalent of staff on pay as at June 2007

Location	FTE
School	
Teaching	40,411
Non-teaching	10,981
Subtotal	51,392
Central office and regions	1,499
Total (a)	52,892

(a) Total may not add up due to rounding

Further workforce statistics are contained in Appendix 4 on pages 123–129.

Your Job, Your Say survey

During March 2007, the Department conducted the organisational health survey, *Your Job, Your Say*, for the third time since introducing it in 2005. The survey is designed to obtain information about the organisational and people management practices that influence employee wellbeing and organisational performance in central and regional offices.

The survey reports provide:

- Departmental results against other Australian public sector organisations' benchmarks
- historical matching that enables the Department to accurately monitor and evaluate change over time
- information on a range of indicators that reflect the key people management issues underpinning staff wellbeing and performance
- information on key strengths and areas for improvement for workgroups across the Department
- key strengths and areas for improvement for all people managers derived through the leadership section of the survey.

The response rate for 2007 at 74 per cent was particularly encouraging as it shows that staff value the opportunity to provide feedback on workplace issues.

The workgroup results provide teams across the Department with key indicators of team wellbeing and team performance. Teams then plan and implement strategies for improving the way they work and collaborate with other teams to achieve their goals and objectives in 2007–08.

The individual leadership report for managers provides information on the effectiveness of their leadership style in supporting and developing their team to achieve shared goals and objectives.

Summary of financial results

The Department's portfolio as described in the 2006–07 State Budget papers comprises four key output areas:

- compulsory years
- post-compulsory years
- services to students
- portfolio management services.

The financial statements presented in this annual report relate to the controlled operations of the Department and include corporate activities and the 1594 government schools.

They also include the results for the six months to 31 December 2006 of the Office of Training and Tertiary Education, whose training and tertiary education activities have been relinquished to the Department of Innovation, Industry and Regional Development and the Department for Victorian Communities, following the machinery-of-government changes.

Other agencies within the portfolio report separately and therefore are not included within the controlled financial transactions of the Department. These entities include

the Victorian Curriculum and Assessment Authority, the Victorian Institute of Teaching and the Victorian Qualifications Authority.

The table below provides information on the Department's financial results for 2006–07 and comparisons with the previous four financial years.

Apart from the financial impact of the machinery-of-government changes discussed above, there were no significant changes in financial position during the reporting period year.

The Department is not aware of any events that adversely affected the achievement of operational objectives for the year.

There were no events subsequent to the balance date that would have a significant effect on the operations of the Department.

2006–07 result

The Department's result from ordinary activities for 2006–07 was \$64.5 million, compared with \$147.6 million in 2005–06. The Department's net result has reduced primarily due to greater expenditure by schools on maintenance, the funding for which was granted to schools in the 2005–06 year, as well as higher departmental operational expenditure.

Revenue and expenses

The growth, after the adjustment of appropriation revenue and expenditure transferred under the machinery-of-government changes, in the Department's revenue and expenditure primarily reflects the high level of service delivery achieved from the efficient delivery of output initiatives on behalf of the Government, general inflation-related indexation, the continued success of schools in raising funds locally and the offset of the machinery-of-government transfer.

During the year, the Department increased funding for initiatives approved in the 2006–07 State Budget and continued implementation of funding for initiatives approved in the previous budget for programs such as Schools Start bonus, Students with Disabilities and Schools for Innovation, and Excellence and Mathematics and Science equipment grants.

Assets

The value of the Department's assets increased by \$379.8 million in 2006–07. This increase reflects the spending under the Government's commitment to improving the quality of schools' infrastructure as well as asset purchases funded by schools from their own fundraising activities. It also reflects an increase in schools' cash and investment balances due to unspent additional third party revenue generated by schools.

	2002–03 \$ million	2003–04 \$ million	2004–05* \$ million	2005–06 \$ million	2006–07 \$ million
Operating revenue					
Income from State Government	5,533.9	5,757.0	6,205.9	6,600.5	6,391.7
Other revenue	478.3	429.5	491.5	441.3	670.1
Total income	6,012.2	6,186.5	6,697.4	7,041.8	7,061.8
Total expenses	5,898.9	6,170.8	6,524.0	6,894.2	6,997.3
Net result for this reporting period	113.3	15.7	173.4	147.6	64.5
Total assets	8,205.0	9,368.1	9,217.0	10,331.8	10,711.6
Total liabilities	1,009.2	1,111.9	1,170.0	1,228.3	1,326.8
Net assets	7,195.8	8,256.1	8,047.0	9,103.5	9,384.8
Cash and cash equivalents at the end of the financial year	401.6	384.7	463.8	477.3	699.6

*Comparative change: Year 2004–05 in the above table changed due to A-IFRS accounting adjustments required in the Department's financial statements. (Refer Note 30 of notes to the financial statements in this annual report.)

Goals and targets

In 2005, the Government released an update to *Growing Victoria Together*, which set the following targets for this Department:

- the proportion of Victorian primary students achieving the national benchmark levels for reading, writing and numeracy will be at or above the national average

- by 2010, 90 per cent of young people in Victoria will successfully complete Year 12 or its educational equivalent
- the number of early school leavers who are unemployed after six months will decline.

Progress against these targets is shown in the following table.

Target	Measure	2001	2002	2003	2004	2005	2006	Comment
Percentage of Victorian primary school students achieving the national benchmark levels for reading, writing and numeracy will be at or above the national average. ^(a)	Percentage achieving national benchmark in Year 3 reading	89.0 (90.3)	92.0 (92.3)	90.4 (92.4)	90.5 (93.0)	91.7 (92.7)	Not yet available Not yet available	In 2005, Victoria's performance was at or above the national average (figure in brackets) on the range of measures. The 2005 results were released by MCEETYA ^(b) in March 2007.
	Percentage achieving national benchmark in Year 3 writing	94.7 (89.5)	95.3 (93.6)	96.1 (92.2)	97.1 (92.9)	97.5 (92.8)	Not yet available Not yet available	
	Percentage achieving national benchmark in Year 3 numeracy	94.1 (93.9)	92.0 (92.8)	95.8 (94.2)	96.0 (93.7)	95.5 (94.1)	Not yet available Not yet available	
	Percentage achieving national benchmark in Year 5 reading	90.9 (89.8)	87.3 (89.3)	89.6 (89.0)	87.6 (88.7)	88.7 (87.5)	Not yet available Not yet available	
	Percentage achieving national benchmark in Year 5 writing	92.4 (94.0)	94.9 (93.6)	95.6 (94.1)	93.4 (94.2)	97.4 (93.3)	Not yet available Not yet available	
	Percentage achieving national benchmark in Year 5 numeracy	94.7 (89.6)	93.2 (90.0)	94.7 (90.8)	94.7 (91.2)	95.4 (90.8)	Not yet available Not yet available	
By 2010, 90 per cent of young people will successfully complete Year 12 or its educational equivalent.	Percentage of 20–24-year-olds in Victoria who have completed Year 12 or equivalent ^(c)	82.8	84.1	85.8	85.2	85.0	86.6	The Victorian result for 2006 was higher than all other states, except the Australian Capital Territory.
	Percentage of 19-year-olds in Victoria who have completed Year 12 or equivalent ^(d)	75.7 ^(e)	75.8 ^(e)	78.4 ^(f)	79.5 ^(f)	79.1 ^(f)	81.0 ^(f)	The percentage of young people successfully completing Year 12 or equivalent has grown since 2001.
The number of early school leavers who are unemployed after six months will decline	Percentage of early school leavers who are unemployed ^(g)			18.5	15.0	14.3	Not yet available	The samples used for the On Track survey for young people who left school early in 2003, 2004 and 2005 were relatively small and should be interpreted with care.

^(a) Numbers are subject to measurement error of up to 1.9 percentage points. Figures in brackets show the national average for the percentage of primary students achieving the national benchmarks for reading, writing and numeracy.

^(b) Ministerial Council on Education, Employment, Training and Youth Affairs.

^(c) Sourced from the Australian Bureau of Statistics annual Survey of Education and Work (2006).

^(d) Sourced from Departmental administrative data and Australian Bureau of Statistics population estimates.

^(e) Includes an estimate of completions in the VET sector, based on the 2001 Census of Population and Housing.

^(f) Due to ongoing improvements in VET data collections, these figures include actual completions occurring in the VET sector.

^(g) As measured by the On Track early leavers sample survey.