

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2024–25 Budget Estimates**

Melbourne – Tuesday 21 May 2024

### **MEMBERS**

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak

**Necessary corrections to be notified to  
executive officer of commit**

**WITNESSES**

Gayle Tierney MLC, Minister for Skills and TAFE; and

Tim Ada, Secretary,

Lill Healy, Deputy Secretary, Skills and Employment,

Dr Xavier Csar, Chief Executive Officer, Office of TAFE Coordination and Delivery, and

Craig Robertson, Chief Executive Officer, Victorian Skills Authority, Department of Jobs, Skills, Industry and Regions.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream tonight and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Skills and TAFE the Honourable Gayle Tierney as well as officials from DJSIR. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, and this will be followed by questions from the committee. Your time starts now.

**Visual presentation.**

**Gayle TIERNEY:** Thank you, and again I acknowledge the traditional owners of the land on which we meet here today, the Wurundjeri people of the Kulin nation. And I thank you, Chair, and the committee for the opportunity to present information in relation to the skills and TAFE portfolio.

The skills and TAFE portfolio is one of the most important levers government has to grow Victoria's workforce. With this budget we have now invested more than \$4.6 billion in TAFE and tertiary education since 2014, including \$627 million in TAFE infrastructure projects. In its first five years, free TAFE has also supported more than 170,500 students, saving them more than \$460 million in fees. The program's success has inspired nationwide policy and implementation.

The government has rebuilt and restored confidence in TAFE and the training system. We have improved provider quality, introduced free TAFE and increased eligibility to make TAFE more accessible. Now students who already have a higher degree or a diploma can re-skill free, and we are seeing these results. In the first 12 months 17,900 more Victorians have re-skilled, with more than 60 per cent being women. We have also made it free for First Nations Victorians to undertake Skills First training.

The latest data shows we are recording improvements in all areas of the training system – commencements, completion rates and employment outcomes. Early data also suggests a strong start to 2024, with TAFE commencements at their highest level since free TAFE began in 2019.

It is vitally important that more students complete training, and we are delivering that. Across the TAFE network we have seen pleasing results, including a four-year completion rate of 53.7 per cent for free TAFE students, which compares favourably to the national average university rate. The number of women completing an apprenticeship or traineeship has increased by 10.8 per cent to 6900 over the last 12 months.

Our TAFEs are supporting accessible training. Since 2019 free TAFE has supported 44,000 regional Victorians into training, 41,000 unemployed Victorians, 16,000 students with a disability, 49,000 students with a CALD background, more than 98,000 women and almost 3100 First Nations Victorians.

Our regional TAFEs support students to learn in their local communities. Regional TAFE commencements grew by over 6 per cent in 2023 and by 19 per cent for First Nations Victorians, with promising early data for the first quarter of 2024.

The Victorian skills plan continues to underpin government policy, helping TAFEs and training providers deliver the skills our economy needs. The 2023 skills plan forecasts that we need 352,000 new skilled workers by 2026. Almost half of those will need to be VET qualified, which shows the importance of our training system.

This budget continues the government's strong investment in skills and training. \$394 million will fund more training places and meet the government's commitment of at least 70 per cent of skills funding going to TAFE. We will continue to spend more than \$1 billion a year on subsidised training places, including free TAFE courses. \$32 million over two years will continue skill sets to tailor training to better meet industry and learner needs and respond to the key challenges identified in the skills plan. \$113 million over two years will support TAFEs to continue providing vital support services to students, and \$4.5 million will establish a shared HR platform for the TAFE network, freeing up teaching time for the TAFE workforce. Eleven million dollars will continue Apprenticeships Victoria and the apprenticeship support officer program. We have also commissioned the apprenticeships taskforce to recommend improvements to workplace safety and fairness, enabling more apprentices and trainees to come into the system and stay.

These are important initiatives that will help address critical skill shortages across Victoria through high-quality, accessible training, ensuring our training of Victorians for the jobs of today and tomorrow, Chair. We welcome questions.

**The CHAIR:** Thank you very much, Minister. The first 7 minutes are going to go to the Deputy Chair.

**Nick McGOWAN:** Thank you. Thank you, Minister. Budget paper 3, page 63, refers to the government providing funding to:

... meet expected demand for eligible students to undertake accredited vocational education and training ...

Minister, it remains a fact that, as confirmed by the Productivity Commission, Victoria spends the lowest amount per annual hour on VET students of any state in the country. Why is that the case?

**Gayle TIERNEY:** This government has spent over \$4.6 billion on skills and training in this sector, and we have ensured that there is not only the delivery of appropriate and aligned courses to labour market needs, we have also ensured that there is quality. We had a quality blitz, and we got rid of people that were not doing the right thing, particularly in the private RTO sector, and we have also increased the hourly rate in the system. There have been significant percentage increases that have been reached over that time, and we have outstripped any other state in terms of those increases over a period of time. In particular the Victorian government's total recurrent expenditure per hour rose from \$17.01 in 2021 to \$17.19 in 2022. Victoria generally has lower hourly expenditure due to operating an efficient system and essentially having a much more compact geographic area or footprint compared to other jurisdictions that have got remote communities.

**Nick McGOWAN:** Minister, this is still happening under your watch though. This is your legacy. Are you satisfied that you provide the lowest amount of funding for TAFE students in the country?

**Gayle TIERNEY:** What I can say to you is that we have got increased enrolments, we have got increased completion rates and we have got improved connectivity in terms of employment and the labour market. I think most people in this country would point to Victoria and say that we are the game changers and that we have brought in major reform that was absolutely needed and we are ahead of the pack. And it is a fact that in terms of what we are doing here in Victoria with vocational education training, and particularly in terms of the TAFE sector, it is so good that the rest of the country has adopted most of the reforms that we have had underway for some time.

**Nick McGOWAN:** I am glad it is so good – I would hate to see what is so bad. I am glad you mentioned –

**Gayle TIERNEY:** Well, you did.

**Mathew HILAKARI:** Lilydale.

**Nick McGOWAN:** Minister, in respect to 2023–24, the number of free TAFE enrolments in priority courses is expected to be 3085 – that is 6 per cent below the department’s target. Why is this the case?

**Gayle TIERNEY:** We have seen a significant increase in enrolments. In terms of the first quarter of this year, Mr McGowan, there has been a 15 per cent increase in TAFE overall and an 18 per cent – let me check my document –

**Nick McGOWAN:** I am talking about the free TAFE enrolments.

**Gayle TIERNEY:** 18 per cent I believe increase in free TAFE enrolments, Mr McGowan. Much of this is contained in the Victorian training system first quarter 2024 overview, Mr McGowan.

**Nick McGOWAN:** I know how fond you are of spruiking, Minister, but I am just concerned that you are not meeting your own targets. Why is that the case?

**Gayle TIERNEY:** We meet targets on a whole range of things, and I could take you to the ‘Department Performance Statement’, page 92, and talk about how we have met targets in a whole range of areas. Do you want me to take you through that, Mr McGowan?

**Nick McGOWAN:** No, the one I meant –

**Gayle TIERNEY:** No, I did not think you would.

**Nick McGOWAN:** I am interested in the one you are not meeting, Minister. I expect you to give me the one that you are meeting; that would be par for the course. Page 8 of the Treasurer’s speech refers to the spending of \$550 million for skills and training. However, your media release on the same day stated there would be a further investment of \$555 million in the training system. Which figure is right, Minister?

**Gayle TIERNEY:** \$555 million is the accurate figure.

**Nick McGOWAN:** So the Treasurer is wrong, is that correct?

**Gayle TIERNEY:** \$555 million is the accurate figure. I took you through that in the presentation, and I also provided a breakdown on that figure, Mr McGowan.

**Nick McGOWAN:** It seems I should have taken that up with the Treasurer then. It is too late. Never mind. Next year perhaps –

**Gayle TIERNEY:** I can take you through it again if you wish.

**Nick McGOWAN:** No. I just have to know where the Treasurer is finding the extra \$5 million that he does not believe he has given you, that is all. Okay, at page 59 of budget paper 3 you will find the ‘Training, Higher Education Workforce Development’ outputs. If you add all the funding commitments for this budget in the forward estimates, you only reach a figure of \$496.9 million. That is a shortfall of some \$58 million. Can you explain where we would find the additional money?

**Gayle TIERNEY:** The Deputy Secretary Ms Healy is interested in responding to that.

**Lill HEALY:** Thanks, Minister. Thanks for the question. The output for 2024–25 represents the bulk of training activity. It is the major component of the output. The output also contains, as it has for many years, the commitment for TAFE as a public provider, so there is a bulk element to TAFE. And then the third component of the output is some small allocations for departmental and other accounting matters that are a matter for Treasury. So that is the way the output is constructed, and again the bulk of the output is for training activity.

**Nick McGOWAN:** I suspected that might be the answer. So the \$58 million or thereabouts – we can round up or down, as the Treasurer clearly does – is not all new money, is that correct?

**Lill HEALY:** So the funding for the output, the \$555 million, as the Minister has taken you through, is the allocation for all output funding for 2024–25.

**Nick McGOWAN:** But if you are not meeting your targets and there is more money, that just rolls over to this financial year, is that correct?

**Lill HEALY:** I am happy to continue.

**Gayle TIERNEY:** You continue.

**Lill HEALY:** There are probably two parts to that. In terms of targets, as you would realise, we set the targets prior to the actual publication of the budget, so at the beginning of 2024, and that is of course ahead of us actually receiving the quarter 1 activity data for the system. So we make our best forecasts. What we have actually seen in the budget for – am I continuing? Apologies.

**The CHAIR:** I am going to stop you there. We will be returning to Mr McGowan. We will go to Mr Galea.

**Michael GALEA:** Thank you, Chair. Thanks for joining us, Minister, Secretary and officials. Minister, just to start with I should pick up from where Mr McGowan was with free TAFE, and your answer to him as well as your presentation. I like following on from you, Mr McGowan. In your presentation as well you referred to the increased enrolment that we have seen for free TAFE, which is obviously very good to have. I wonder if you could please expand upon how the broader eligibility has helped students to actually get into the TAFE system? Because we know that obviously tuition fees are one of the most significant barriers. I am just wondering if you can update us on the number of students who have taken them up.

**Gayle TIERNEY:** Sure. There are a number of things here. What we are also trying to do is build a training and skills system that is agile and responsive to the economy and the labour market. There will be some people that have already got degrees or diplomas but wish to change their career. The rules basically prevented that, because it was always seen as a hierarchical way of accumulating qualifications. There is a realisation that obviously those qualifications do not necessarily meet the jobs that are available now and into the future, as well as the opportunity for people to want to change their careers generally. I know that there are a lot of women that have children that want to come back into the workforce, and sometimes, because they did a degree 10 years ago or 15 years ago, it was going to be difficult to undertake a TAFE course. Now they are eligible to undertake a TAFE course, and not only that, we have also made sure that in those priority areas – like early childhood education and nursing, for example – you can take other free TAFE courses that are in that pathway right through to university as well. So this is about building that pipeline in areas that are absolutely needed in the care economy but also in areas such as construction.

We have been working on these sorts of things for some time to ensure that more people have got an opportunity to re-skill, but also a system that actually says to people, ‘Please come back and we will be able to retrain you.’ It is also about breaking down those barriers. Those people who have often got higher qualifications and they got them at university have not necessarily had an experience in terms of TAFE or even someone in their family having had an experience with TAFE because there has been this absolute drive up until this point that everyone ‘should’ go to university. It is about breaking that down and having a more balanced position on what needs to be done. It is part of that cultural change that needs to occur, which has happened in other parts of the world. It is time for us to absolutely seriously take this on board, because this is the way that we will be able to have more of an opportunity to feed people through to acquire the skills for the jobs that are needed more generally and to elevate the position of TAFE so that TAFE is seen as an equal choice – not the last choice or the second choice but an equal choice to university.

**Michael GALEA:** I was interested as well that in your presentation you talked about the number of women in particular who are taking advantage of it, which is really good to see. I would be really curious to know more about how free TAFE is supporting women but also other traditionally under-represented cohorts to upskill and to re-skill for their careers.

**Gayle TIERNEY:** Yes, it has been really gratifying to see that a lot of Victorians have just responded to this. Over 98,000 women have undertaken a free TAFE course, 49,000 from culturally and linguistically diverse backgrounds, 44,000 regional Victorians, 16,000 people with a disability and of course 3100 First Nations people. It is really heartening to see that there is a significant cohort of people who were and have been

unemployed and are now undertaking free TAFE and finding a pathway to a new life for themselves and their families. It is a significant number of people, and it just goes to show that fees are a cost to families. People find it difficult to pay them. Sometimes it is just that difference between paying for that versus being able to buy a second-hand car or other things that are important to have a family function. So it is heartening to see that people have responded – that they have recognised that this is a cost-of-living issue but not just a cost-of-living issue. It is a pathway issue to a better life, because we all know that education and training is one of those areas that is so transformational in anyone's life. When they acquire skills and education and apply it and get those jobs, it is just fantastic.

**Michael GALEA:** Thank you, Minister. We obviously just had a session on regional development, but from your presentation as well a lot of regional Victorians have clearly taken up free TAFE, specifically as it relates to skill shortages that are more often prone to occur in regional Victoria. How does this help to upskill people in those regions?

**Gayle TIERNEY:** It just makes it easier for people to connect up in terms of the skills shortages and the employers in regional Victoria. They know their local TAFE. They know the courses that are really good. They know where to go to recruit, and it works an absolute dream. The big thing is to encourage TAFE students to stay in and complete their course and not go off and get their job straightaway. Please do a learn-and-earn arrangement, complete your course and of course go into that job that is so important that keeps people in regional Victoria.

**Michael GALEA:** Terrific. Thank you.

**The CHAIR:** Thank you. We will go to Mrs McArthur.

**Bev McARTHUR:** Thank you, Chair. Minister, I note the table – this is in budget paper 3, page 59 – includes reference to a budget allocation of \$57.7 million in last year's budget for 2023–24 for access to free TAFE output. Is that the missing \$58 million that Mr McGowan was asking about?

**Lill HEALY:** Mrs McArthur, thank you for the question. I am just going to respond on behalf of the Minister. I can take on notice the specific answer to your question. But as I said earlier, the allocation in a sense between the years has been a matter for rephrasing from Treasury, so let me take that on notice and we will come back to you on that one.

**Bev McARTHUR:** Okay. That is very good. And will you confirm that it is new money or not new money when you sort it out?

**Lill HEALY:** Thank you.

**Bev McARTHUR:** Thank you. That is good. Minister or whoever wants to answer this, your claim of \$555 million for skills and training is fake. It is not all new funding, is it? You cannot rely on a previous budget allocation and describe it as further investment. Skills and training funding for this budget actually is only \$496.9 million.

**Gayle TIERNEY:** It is \$555 million. It is in the presentation. I gave you the breakdown, and we will continue to deliver a nation-leading skills and training system. Of course this is light years away from what occurred when you shut down TAFEs, sacked 2000 TAFE teachers and hardly anything was left of the TAFE system let alone apprenticeships.

*Members interjecting.*

**The CHAIR:** Order!

**Gayle TIERNEY:** I find it absolutely awe inspiring that you have the gall to come in here and talk about \$55 million when we have got record investment of \$4.6 billion into the skills and TAFE system.

**Bev McARTHUR:** Minister, let us just be clear about this. There is no such thing as free TAFE. That \$4.6 billion is actually taxpayers money, so somebody does pay for it. So taxpayers are footing the bill for it, so it is actually not free.

I will go to the Secretary Mr Ada. Page 20 of the questionnaire refers to 'Backing TAFE for the skills Victoria needs' output. Across the table it states that \$51.9 million was allocated to be spent on this output for the 2024–25 financial year; however, the table goes on to state that none of this funding will be spent in the 2024–25 financial year and instead states this funding has been rephased as part of the budget process. Secretary, where has the \$51.9 million been rephased to?

**Gayle TIERNEY:** Lill?

**Lill HEALY:** Thanks, Minister. Mrs McArthur, I will again have an attempt on that one.

**Bev McARTHUR:** Okay. Thank you.

**Lill HEALY:** So just perhaps the threshold piece here is that the training year is a calendar year and the budget papers are on a fiscal year. As I said earlier, when we present our forecasts and the output is created, it is created on the forecast that we have at that point in the year. Then we have a demand-driven system, as you know, with eligibility entitlements, and should demand increase through the year then the government has the opportunity to, again, rephrase or make other decisions about funding. The fiscal papers are, again, June to June; the training year funding is actually acquired throughout the calendar year. That is why you see a 2023–24 allocation as part of the total, and that is a standard process that the portfolio has been using and the department has been using on Treasury's instruction for a long time.

**Bev McARTHUR:** All right. Okay. Well, let us go to budget paper 3, page 59. Minister, referring to the funding outputs at the top of page 59 of budget paper 3 and the \$496.9 million on the 'Training, higher education and workforce development' output, can you please advise how much of this funding in total has been provided by the Commonwealth?

**Lill HEALY:** Do you want to take that?

**Gayle TIERNEY:** No, you start. I will finish.

**Lill HEALY:** Thanks, Minister. Again, for context if I could, Mrs McArthur, as you know, the VET funding comes from both Commonwealth and state, and those sources are about a third Commonwealth and the majority state funding. Again, this has been the case for many years, and as is the case with Commonwealth–state funding agreements, the state receives Commonwealth funding. It is received into Treasury and effectively commingled. The department then receives its funding via appropriation. The decision on sources of funding for the output is a decision for the budget process and effectively a decision for Treasury and Finance as to how the output is constructed. When the budget papers are made, they are made by Treasury and Finance, again, as part of the budget process. It is not a departmental or a portfolio decision, and again, this is consistent across many portfolios. Effectively, it is a matter for Treasury and Finance as to how they construct and what they put in their budget papers, and I think you would need to refer that to them for any further detail.

**Danny O'BRIEN:** This is your portfolio, though. The footnotes specifically state that some of the funding is from the Commonwealth.

**Lill HEALY:** That is right.

**Danny O'BRIEN:** So how much?

**Lill HEALY:** Again, the footnotes are part of the budget papers. The budget papers are created by Treasury, and the budget process makes decisions about sources of funds. That is not something that the department or the minister has any involvement with.

**Danny O'BRIEN:** You must know under the National Skills Agreement how much money Victoria is getting and what you are going to use it for. Surely it goes to those items on page 59.

**The CHAIR:** Apologies, Mr O'Brien. We will go straight to Mr Tak.

**Meng Heang TAK:** Thank you, Chair, Minister, officials. Minister, referring to your presentation and the \$11 million for the continuation of the apprenticeships, operations and support, can you please tell the committee what this government is doing to support the attraction of new apprentices?

**Gayle TIERNEY:** Thank you, and thank you for your interest in the apprenticeship system. This is a system that is primarily funded by the federal government, but we have got a lot to do and say about apprentices because we understand how important they are. That is why there is \$11.4 million for the continuation of the apprenticeships, operations and support. That is Apprenticeships Victoria, but it is also the continuation of the apprenticeship support officers that wrap around the apprentices. This is because we know that for apprentices themselves, it is walking into a new world – industry. It is about also being available and going to TAFE for the theory. There are a lot of employers also that sometimes find it a little bit difficult in terms of the administration and understanding of what their responsibilities are. We are going to continue to support the apprenticeship system, and you will note that in terms of page 92 of the ‘Department Performance Statement’, there were 6000 additional apprentices above target. So we are tracking well, but there always needs to be more done, particularly in the apprenticeship system because it was left – the previous government did not do very much at all. They even took away the trade papers, which is the graduation certificate that apprentices get when they complete their apprenticeship. We have reintroduced those, and they are free. But not only that, we have also commissioned an apprenticeships taskforce, and what we have asked them to do is to look at workplace issues, safety issues and fairness issues as well as cultural issues that are impacting on apprentices, because I think all of us know, right across the country, that in terms of retention there is more work that needs to be done. That is why the Commonwealth has also established an apprenticeship working party, which is looking at funding arrangements and other issues that are impacting on the retention rates of apprentices. We are looking forward to seeing that report being handed over to the federal government in the next couple of months, and then we will be able to make some further assessments as to how we can have further initiatives in this space to improve the current conditions for apprentices but also of course to retain apprentices in the system so that we have got a healthy pipeline of apprentices that are needed, particularly in the construction industry, whether it be civil or domestic. But of course there is always work to do in this area, and as I said, it was neglected for quite some period of time. We are starting to get it where it needs to be, and I am very, very happy that the peak organisations and employers and industry as well as young apprentices are particularly interested in making improvements to the system. Thank you very much for your question.

**Meng Heang TAK:** Thank you, Minister. It is fantastic to hear that there were 6000 apprentices above the target, but you also mentioned that there is more work that needs to be done in terms of the retention of apprentices. Minister, can you talk to us a bit more in terms of what the government is doing to support an inclusive and supportive environment to boost the retention rates of apprentices, in particular for women?

**Gayle TIERNEY:** For women – what our data shows is that when there is a deliberate focused intervention by government to change participation it actually makes a difference. What we have seen on Big Build programs is that there has been a significant increase in the number of women participating – well over a 10 per cent improvement on what the current levels are elsewhere in the construction industry. I think that is the big headline in it, and it also means that by that happening it encourages other women to really seriously think about going into traditionally male-dominated industries. We do need, as we all know, an improvement in the critical mass. It makes a huge difference to see people like yourself also being on a worksite. Whether you are a woman or whether you are from a different cultural background, it is really important that we actually can see people, as I said, like ourselves on sites.

It also is a very important productivity point. The more that we have other people engaged and have a more diverse workforce it means we are utilising people a lot more effectively – people are more engaged, they are more productive, they are hard at work, and they want to encourage others to be very much part and parcel of the benefits of increased productivity and economic growth – and that is what we are all about. The core, key cornerstone of our reform has been about making sure that the skills and training that are delivered are relevant – they are relevant to industry and they are needed by the labour market. And it is not just about creating a pathway to a job, it is about creating a system that enables people to have a career – a career for life but also opportunities in terms of a skills mix where they can be a lot more agile and respond to changing needs and can adapt more quickly if there are difficulties in the economy.

**Meng Heang TAK:** Thank you, Minister. Thank you, Chair.

**The CHAIR:** Thank you, Mr Tak. We will go back to Mr O’Brien.

**Danny O’BRIEN:** Thank you, Chair. Can I go back to Ms Healy on the question about Commonwealth funding. Top of page 59 in budget paper 3 there are five different programs. They all have a footnote that says



that there is either partial or full federal funding. I am just trying to find out, for example – and I will start at the top, ‘Boosting access to free TAFE and training services’ – how much of that is funded by the Commonwealth.

**Lill HEALY:** Thanks for the question, Mr O’Brien. As I referred to in my previous response, the construction of the budget papers is a matter for Treasury through the budget process. The funding sources that the state receives from the Commonwealth are effectively commingled. The government determines its own allocations. It is not a matter for the portfolio. What I can –

**Danny O’BRIEN:** The Commonwealth education department does not just say to our DTF, ‘Here’s some money. Do with it what you like,’ without negotiating with your department.

**Gayle TIERNEY:** The fact is that this is a five-year agreement –

**Danny O’BRIEN:** Hang on, Minister. I am asking a question –

**Gayle TIERNEY:** and there is a Victorian allocation of \$3.2 billion.

**Danny O’BRIEN:** Minister!

**Gayle TIERNEY:** I have answered it.

**Danny O’BRIEN:** This is this department’s portfolio budget, and it says some of the money is from the Commonwealth. I simply want to know how much. Surely you can tell me that.

**Gayle TIERNEY:** 3.2.

**Danny O’BRIEN:** Correct.

**Lill HEALY:** The minister just I think – sorry, Minister.

**Gayle TIERNEY:** No. I had already said it, a 3.2 allocation to Victoria, and it is a five-year agreement.

**Danny O’BRIEN:** A 3.2 what?

**Lill HEALY:** Three billion dollars over five years. Mr O’Brien, as you would appreciate, the –

**Danny O’BRIEN:** Okay. What –

**Lill HEALY:** If I could, if it is okay, just explain. The Commonwealth and state have always jointly funded. The previous agreement was the National Agreement for Skills and Workforce Development, now the new National Skills Agreement. So there is always a set of funding that comes to the state; that has been ever thus. So that potential \$3.2 billion over five years is the total that would be received under the National Skills Agreement by Victoria, then DTF would make its decisions as to how and when that is allocated accordingly. As the minister said, the five-year agreement we have only just kicked off on.

**Danny O’BRIEN:** Okay.

**Gayle TIERNEY:** And the other important point –

**Danny O’BRIEN:** So you have got a program this year of \$4.6 million called ‘Modernising TAFE to support teachers’, Minister. How did you fund that?

**Gayle TIERNEY:** Through an allocation from the Treasurer of course.

**Danny O’BRIEN:** And how much of it has to come from the Victorian government? The Treasurer has to know that. You have to do know that.

**Gayle TIERNEY:** The way it works, firstly –

**Nick McGowan** interjected.

**The CHAIR:** The minister is answering the question.

**Gayle TIERNEY:** it is a five-year agreement.

**Danny O'BRIEN:** And I get that.

**Gayle TIERNEY:** There is a significant allocation for Victoria of \$3.2 billion, and in addition to that there is a bilateral implementation plan that needs to be agreed to by 30 June next year. So –

**Danny O'BRIEN:** Minister, these hearings are designed to get into the weeds. This is the weeds – how these programs that you have allocated and are claiming a lot of credit for are being funded. Are you seriously telling me you cannot tell us how much of that funding has come from the federal government?

**Gayle TIERNEY:** This is a matter for the Treasurer –

**Danny O'BRIEN:** No, it is your portfolio, Minister.

**Nick McGOWAN:** It is your portfolio.

**Gayle TIERNEY:** and you should have asked the Treasurer this, if you needed to, at the time.

**The CHAIR:** Mr O'Brien and Deputy Chair, the two of you asking questions and shouting at the minister is making it difficult for me to hear the answer. The minister is trying to answer your question. If there is a bit of shoosh, she can get to answering your question.

**Danny O'BRIEN:** I do not think any amount of shoosh is going to help, Chair.

**The CHAIR:** Mr O'Brien!

**Danny O'BRIEN:** I am staggered that the department –

**The CHAIR:** Mr O'Brien, the minister is trying to answer your question. Just because you do not like the answer to the question does not mean –

**Danny O'BRIEN:** That is not what it is, Chair. These hearings are here to work out what the government is doing with its money, including the money that comes from the Commonwealth. I think probably the best I am going to have to do is that in the footnotes for those two, one of them says that it is partially funded – well, we might take a guess and say half of it comes from the Commonwealth – and the other one says it is funded by the Commonwealth revenue. I think we will have to just assume, because the minister cannot tell us, that all of those items there in the output for this year's budget are funded by the Commonwealth.

**The CHAIR:** Mr O'Brien, please do not put words into the minister's mouth. The minister was trying to answer your question.

**Danny O'BRIEN:** Well, if the department cannot tell us –

**The CHAIR:** The fact that you do not like her answer is irrelevant.

**Danny O'BRIEN:** It is not a matter of whether I like it or not. It is –

**The CHAIR:** Mr O'Brien, how you choose to use your own time is up to you. I suggest you move on.

**Danny O'BRIEN:** Thank you for your advice, Chair, but I actually will move on. This is just extraordinary, that the department cannot tell us this, frankly, but I will move on. Minister, you put out a media release about completion rates for free TAFE courses. In that media release you said there is a four-year completion rate of 53.7.

**Gayle TIERNEY:** Yes.

**Danny O'BRIEN:** You also said in the same media release that students had saved \$436 million in tuition fees, those students who had undertaken free TAFE courses. Does that mean that \$218 million – half, basically, of the funds – of those fees paid for by the Victorian taxpayer were wasted by students who did not finish their courses?

**Gayle TIERNEY:** No. The fact of the matter is that we have got a significant completion rate, and it is higher by 13.7 per cent in comparison with the university graduation rate.

**Danny O'BRIEN:** That is not apples and oranges, Minister.

**Gayle TIERNEY:** That is how things are measured. It might not be where you come from, but it definitely is within the education department.

**Danny O'BRIEN:** Where I come from I know how much the Commonwealth has put into it.

**Gayle TIERNEY:** The fact of the matter is that those opposite just continue to want to denigrate TAFE.

**Danny O'BRIEN:** No, Minister – answer the question.

**Gayle TIERNEY:** Whether it is about their commencements, whether it is about their completions or whether it is about whether they go into employment, it is just a continual barrage.

**Danny O'BRIEN:** On a point of order, Chair, on relevance, the minister is not answering the question. She has moved on to something else entirely. I am going to move on. Minister, can I –

**The CHAIR:** Thank you. Mr O'Brien, on the point of order, the minister is trying to answer your question. I cannot hear the minister's answer over the top of you and the Deputy Chair shouting at the minister.

**Danny O'BRIEN:** Minister, can you answer the question? Was \$218 million in fees wasted because people did not finish their free TAFE courses?

**Gayle TIERNEY:** Absolutely not.

**Danny O'BRIEN:** Well, what happened to it?

**Gayle TIERNEY:** We are absolutely committed to the free TAFE program –

**Danny O'BRIEN:** That is not the question.

**Gayle TIERNEY:** because it does provide us, as a community, an opportunity to acquire skills and move into jobs.

**The CHAIR:** Thank you, Minister. We will now go on to Ms Kathage.

**Lauren KATHAGE:** Thank you so much, Chair, Minister and officials. I also want to ask about the government-subsidised learning that is taking place. I can see the list of performance measures on page 92 of the 'Department Performance Statement'. I am looking at the measures. You can see there is a real focus on employment outcomes for those government-subsidised enrolments. How are we making sure that the qualifications that people come out with align with what the workforce needs?

**Gayle TIERNEY:** That is why we deliberately have selected those over 80 free TAFE courses. There are also a range of skill sets there. The reason we did that was to actually get that alignment between what is needed in industry and in the services sector so that people were not just taking chances for the sake of chances, that they absolutely could see where the jobs were and there was a pathway to them. That is why we also ensured that when we brought about the reform we set up the architecture to have the data and the evidence that the government needs to determine how to allocate moneys and resources. The Victorian Skills Authority was one of the very first organisations that we established, as well as the Office of TAFE Coordination and Delivery. I might actually indicate that Craig Robertson, the CEO of the VSA, can give you some idea about exactly what goes on in the VSA that enables that alignment to occur.

**Craig ROBERTSON:** Thank you, Minister. There is fairly robust forecasting of what is expected to be employment growth across industries. We do that on a regular basis, and we publish that within the Victorian skills plan, which we publish annually, including a dashboard that shows the trends and expected growth. Of course some of those skills are delivered through higher education and some of them rely heavily upon vocational education and training. That is the data that is used to help shape decisions around free TAFE so that they can be targeted. They are targeted further in addition to the broad data around what courses give rise to

better employment outcomes so there can be a priority around that, because there are a range of courses that operate within the system. It is not just driven by data of course, we have quite an extensive industry and regional engagement process so that we can actually validate that data about what is going on on the ground, and that intelligence forms also the advice that we give across to the department to be able to make those decisions about free TAFE.

**Lauren KATHAGE:** Thank you. Minister, we have just heard a bit from your official about the Victorian skills plan. I want to hear more about how we make sure that priority areas are targeted.

**Gayle TIERNEY:** One of the major ways that we do that is through having the industry advisory groups that sit under the umbrella of the VSA. There are a number of pillars that represent I think almost all industries in Victoria. We are going through a realignment – a slight realignment – at the moment so that there is a connection to the jobs and skills authority that has been established in Canberra, which again basically borrowed on the reform initiatives that we have got here in Victoria. In any case, those advisory groups advise us on exactly what is going on in their industry and where the shortages are. Then that goes through a robust testing of what is needed and required, and then it comes to a point where they advise the department about what courses should or should not be on the free TAFE list. It is a living document – it does change, and it is reviewed on an annual basis. Is that correct, Craig?

**Craig ROBERTSON:** That is correct. That is the process.

**Lauren KATHAGE:** Great. Thank you. Thanks for that. On the VET workforce: on page 59 of BP3 there is money there listed for modernising TAFE to support teachers, and around supporting, attracting, retaining et cetera. So how do this initiative and other things that you are doing attract and retain teachers in TAFE?

**Gayle TIERNEY:** That particular initiative is a HR platform, and that enables us to have more accessible information more readily, because as you probably know, each TAFE is an independent sort of organisation and the staff are employed directly by a particular TAFE that they work for. So this is a way in which staff can more readily have their information on the computer that can assist us in terms of recruitment or gaps or a whole range of things. I am just wondering whether Dr Csar, as the OTCD CEO, might say something in relation to this particular issue, because I know it close to your heart, Xavier.

**Xavier CSAR:** Thank you, Minister. Thank you for your question. Look, it is one of a range of things we are doing around workforce and workload. As the minister indicated, TAFEs are at the cusp of renewing their HR systems, and as part of that modernisation, which we are supporting from the centre, we want functionality that allows things like credentials to be recorded, and there are entitlements – all those matters that go to a modern HR system, and ultimately it should save time for staff. But as the minister indicated, it is one of several things that we are doing around workforce, such as training something like 5000 individuals through free TAFE for the qualification they need to be TAFE teachers, which is part of our future workforce supply and the scholarship program we are continuing to roll out as part of 200 scholarships.

**Gayle TIERNEY:** And there has been a significant increase in the percentage of people undertaking the TAFE free TAFE course to become TAFE teachers.

**Xavier CSAR:** Indeed, Minister – a 54 per cent increase between 2022 and 23.

**The CHAIR:** Thank you. We are going to go straight to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Good evening, everyone. Federation TAFE in Ballarat is going to be offering the first accredited medicinal cannabis cultivation course in the country. In 2024 that TAFE is going to offer cert III and cert IV, available for 2025. Modelling reported by the ABC of the Victorian industry's future growth shows that by 2028 more than 250,000 patients will use medicinal cannabis and the Victorian industry is expected to service between 30 and 50 per cent of the nationwide demand for product. Given the rapid expansion in the medicinal cannabis industry, what preparations are being made for TAFEs beyond Federation TAFE in Ballarat to offer cannabis cultivation courses?

**Gayle TIERNEY:** Thanks for the question. I am just wondering whether it is you, Xavier, or Craig that is in a better position to answer that in the work that you might have been doing.

**Xavier CSAR:** I can take that, Minister. Thanks for the question. It is a first, and it has been driven by the Fed TAFE and of course the industry they engage with in leading to its establishment. There are no specific immediate plans to expand further than that at this time, but as is always the case our TAFEs do take from the skills plan and forecast demand and trends in industry and industry development and their demand for workforce. As you would appreciate, it is a nascent and emerging field, and this is a good start and you would expect to see more over the coming period.

**Aiv PUGLIELLI:** Sure – nascent definitely but also rapidly expanding. So why aren't there currently plans for further courses?

**Xavier CSAR:** Well, the simple answer is it is always being surveilled as part of overall provision planning across the network by individual TAFEs and TAFEs singularly. Again, as demand emerges it will be addressed. It is a fine balance between being ahead of demand and keeping abreast of and developing in lock step with it.

**Aiv PUGLIELLI:** Sure. You know, demand is expected to grow by, it is predicted, 40 per cent each year for the next five years according to Federation TAFE. From the government perspective, would you consider making cannabis cultivation a free TAFE course to meet the demand?

**Gayle TIERNEY:** It would have to meet the tests associated with it. But it is a bit like a whole range of other occupations that we know that are needed for the clean economy too, and so it is a balancing act. It is not about picking winners; it is about trying to balance what we consider to be real demand and what that pipeline is and what the benefit is generally to the individual and the economy.

**Aiv PUGLIELLI:** Sure. What are those tests that you are referring to?

**Gayle TIERNEY:** Well, it depends again in terms of the particular industry. But in terms of the research that you have indicated that an industry organisation has provided you and obviously Fed Uni with as well, then I would expect them at the very least to be making an appointment, if they have not already, with the Victorian Skills Authority, because that is why it was set up – to actually have those serious conversations with industry who believe they have got demand or they have got shortages and we can work through what is actually needed. Again, the skills authority does put out an annual Victorian skills plan as well, so I am sure that they might want to have some input into that in terms of a recognition of what they are doing. But the free TAFE course list was developed having regard to the needs of industry experiencing high demand for skilled vocational education and training graduates and where there are strong employment outcomes from training. I think to be really fair to you as well, the thing that has been an issue just generally in terms of the cannabis industry, whatever form that might take, is that it is the chicken and the egg the whole time in terms of saying there is research and there is demand and that actually being the agreed reality. But beyond that, Craig, you might want to mention –

**Craig ROBERTSON:** Yes. I think an important thing to bear in mind for the piece of work that Federation University TAFE division is doing is actually examining what would be the skills required for a growth of that industry. It would be fair enough for us to be able to make the conclusion that a lot of those skills would be transferable from horticulture, agriculture and the like, and so in fact it is then a matter of sitting down with Fed Uni, which is really the benefit through the Office of TAFE Coordination and Delivery, to say what would be the skills required when/if this industry were to grow and what of those skills are sort of transferable, because you could imagine there would be lots of people in regional Victoria that have got those skills from the agricultural sector or the horticultural sector – and it depends on the after-growth product development. That may well be unique, but that will be what we would expect to come out of the analysis that would be done by Fed Uni.

**Aiv PUGLIELLI:** Okay. Thank you. I appreciate the further clarification. Moving quite far to the Prahran TAFE site, will the Labor government provide long-term leases of five or more years as requested by the tenants to provide security to the tenants of that site?

**Gayle TIERNEY:** Just for everyone's benefit, this was a site that was gifted by the previous government to Swinburne, who then made a decision that they wanted to put it on the open market. It was this government that purchased that land because we believed that it was really important to make sure that there were education facilities maintained at Prahran. On that basis, I have signed an agreement for Melbourne Polytechnic to be the

leaseholder of that facility. It is Melbourne Poly's responsibility to then organise contracts for tenants who are onsite or will be onsite, and I understand that that is what is happening at the moment.

**Aiv PUGLIELLI:** Thank you.

**The CHAIR:** Thank you. We will go to Mr Hilakari.

**Mathew HILAKARI:** Thank you, Minister, once again, and Secretary and officials. It is great to see you all here tonight, and I understand I might be the last questioner before we wrap up. But I also thank you, Minister, for the passion that you bring to this portfolio area. It is very evident in all the work that you do.

I would like to take you to budget paper 3, page 64, and the TAFE Services Fund. I think the words that really stick out for me are 'trusted public provider of choice'. I am just hoping you can talk through some of the fund and how it will help students access TAFE and training.

**Gayle TIERNEY:** Thank you. This is one of those features of the reform, because it was one of those things that was not accounted for under the previous government. TAFEs were treated exactly the same as other RTOs, and they did not take into account that TAFEs, as public providers, need to provide things like libraries, and they need to provide things like student lounges, eating facilities and other arrangements so that there is a full experience for people undertaking courses within the public sector. It is also about providing counselling and wellbeing. Often there are literacy and numeracy and digital literacy prep courses for where people are finding it just a little bit difficult at certain times or indeed for people undertaking some instruction so that they are able to enrol in TAFE. There are a whole range of aspects that are part of the service fund. Xavier, you also might want to add in terms of any particular points from the TAFEs that you deal with.

**Xavier CSAR:** Thank you, Minister. As the minister mentioned, the fund is made available to all TAFEs, all members of the TAFE network. There are 16 of those, 12 of which are the standalone TAFEs and four of which are the dual sectors. It is to fund those services that people come to expect when they go to an institution like a TAFE. That does also include student support and other wellbeing measures that are required from time to time. I suppose it is an initiative to drive completion and allow those TAFEs to remain available. There is an accounting in the model for regionality – the challenges that regional TAFEs face in maintaining the same level of services despite often smaller numbers.

**Gayle TIERNEY:** Yes, that is right.

**Mathew HILAKARI:** That speaks to really the importance of keeping students engaged in their institution and having that completion rate high and, as we have seen, go higher. So I really commend that fund, because it is part of a true student experience that people come to expect when they are getting higher education.

**Gayle TIERNEY:** Exactly.

**Mathew HILAKARI:** Minister, I am going to take you to the 'Department Performance Statement', on page 92, and a performance measure related to adult, community and further education. It references preaccredited training hours by the ACFE board. What role do the modules play here in delivering inclusive skills in the TAFE sector?

**Gayle TIERNEY:** Where do you begin? Because the ACFE sector, community education and our Learn Locals, is at the grassroots in the community, providing skills and training to often the most vulnerable. But it is also very accessible. It is often run out of a neighbourhood house but sometimes in other facilities as well. What they do is a lot of foundation work, which has seen numeracy; digital; a lot of financial training, which has been really important generally across the community, but in terms of women from CALD communities, they have found that incredibly important. It is mixed also with things like cookery, because we know that often that is a way that you can get engagement and learn a lot in a contextualised way, but it also prepares people to join the workforce. The social procurement example that I gave in terms of the Geelong convention centre is exactly what we are wanting to do – make sure that our Learn Locals are connected up to government projects in particular so that there is a clear pathway, visual in their mind and in their local community that they can undertake.

We have had a number of cases now where people have been employed and worked side by side and learned side by side in the domestic housing industry in the northern suburbs. That is just one example of how we are again wanting to get a diverse community that is not necessarily engaged in the workforce now into the workforce in a real and meaningful way, and there are wraparound services there for them to ensure that their voices are being heard and they have a seamless introduction into employment. And of course by that happening it encourages other people from various communities to also start participating and thinking about acquiring skills that are worthy for that job, but future jobs down the pathway.

**Mathew HILAKARI:** So it is a pathway to education, for work, for life, but for whole communities to take on further education.

**Gayle TIERNEY:** Yes.

**Mathew HILAKARI:** What a terrific program. I might just, in the limited time I have left, take us to budget paper 4, page 71, related to our investment into TAFEs themselves. There are a whole heap of them there – there is the Gordon, there is GOTAFE, there are new campuses in Melton, Sunbury and Broadmeadows. I was hoping you could cover those off in the 30 seconds we have left – the whole lot of them.

**Gayle TIERNEY:** Well, there is a three-storey amazing building that will primarily be delivering health and allied health at Broadmeadows – BKI – fantastic; cannot wait to see that open. The Collingwood campus is absolutely amazing. You need to go and have a look at that. Archer Street in Shep, I went and had a look at that as well – brand new plumbing facilities, amazing – and of course we also have provision for a new campus at Melton and Sunbury, and I cannot wait to see the land purchases and the development that is going to be there and the students in Melton and Sunbury going to those TAFEs.

**Mathew HILAKARI:** Thank you, Minister.

**The CHAIR:** Thank you, Mr Hilakari.

Minister, officials, thank you very much for taking the time to appear before the committee this evening. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

I would like to thank all ministers and officials who have given evidence to the committee today as well as Hansard, the committee secretariat and parliamentary attendants.

I would also like to thank the hospitality, security and cleaning staff who have very much looked after us today.

The committee will resume its consideration of the 2024–25 budget estimates tomorrow, Wednesday 22 May, at 8:30 am.

I declare this hearing adjourned.

**Committee adjourned.**