

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2013–14 and 2014–15 Financial and Performance Outcomes

Melbourne — 19 February 2016

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Ms Gill Callister, Secretary,

Ms Jenny Atta, Deputy Secretary, Infrastructure and Finance Services Group,

Ms Katy Haire, Deputy Secretary, Early Childhood and School Education Group,

Mr Craig Robertson, Deputy Secretary, Higher Education and Skills Group, and

Mr Simon Kent, Deputy Secretary, Strategy and Review Group, Department of Education and Training.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2014–15 financial and performance outcomes. All mobile telephones should now be turned to silent. I would like to welcome Ms Gill Callister, Secretary of the Department of Education and Training; Ms Jenny Atta, deputy secretary, infrastructure and finance services group; Ms Katy Haire, deputy secretary, early childhood and school education group; Mr Craig Robertson, deputy secretary, higher education and skills group; and Mr Simon Kent, deputy secretary, strategy and review group.

I would also like to welcome all witnesses sitting in the gallery. Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record. All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way. I now give the witnesses the opportunity to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Visual presentation.

Ms CALLISTER — Thank you, Chair. I have come here today with a number of my key deputy secretaries to talk to the 2013 to 2015 financial and performance outcomes general questionnaire, but particularly, I understand, the 2014–15 financial year. I will go through a brief presentation that gives an overview of the key budget and outputs in the Department of Education and Training.

The mission, the intent of the department is that we provide vital services that impact on every single Victorian across the early years, across school education and across higher education and skills. We touch the lives of every single Victorian. Our strategic intent is to give every Victorian the best learning and development experience making our state a smarter, fairer, more prosperous place, and under that we have a number of objectives which are: ensuring equitable access to quality education and training; working to build an integrated birth to adulthood education and development system; supporting children, young people and adults with well-coordinated universal and targeted services close to where they live, and activating excellence, innovation and economic growth.

Moving to our budget overview, in 14–15 the department spent 11.9 billion across our seven output groups. The strategy review and regulation output group plans and monitors strategic policy settings across all stages of learning. The early childhood development output group that you can see on your handout provides funding for a range of services that support children in the early years and that includes kindergarten, children's services, maternal and child health, and early intervention services for children with a disability. The school education primary output group delivers the learning experiences to the primary school sector, and the school education secondary output group delivers services to consolidate literacy and numeracy competencies including creative and critical thinking as well as a whole range of other education services and pathways in the secondary system.

The higher education and skills group responds to the labour and skills needs of individuals and industry, and the support services delivery output group covers the department's regional services group and provides student welfare and support, student transport and a range of health services. Then finally, the support for students with disabilities output group covers a range of programs for students with disabilities — transport for special needs, students and welfare support services, and you can see on that slide the breakdown of the funding allocated.

We move now to output performance measures on slides 4 and then 5. The department seeks to measure the progress of children and young people as they move from the early childhood system through school and then into further education and work, and we report progress on this related to four objectives: achievement, which is

raising the standards and development achieved by Victorians using education, development and child health services; engagement, which is increasing the number of Victorians actively participating in education, development and children's health services; wellbeing, which increases the contribution that education, development and child health services makes to the good health and quality of life for particularly children and young people; and productivity, which is increasing the economic and social return on expenditure on the department's services.

In terms of our achievements, the period under review has been one of tremendous change, and it has involved a number of achievements as well as challenges. These range from delivering on the 14–15 budget initiatives through to commencing a number of further reforms. Largely we met or exceeded the department's targets for the majority of our output performance measures, and just some examples of that: the kindergarten participation rates remain high in Victoria, at 96.4 per cent; the proportion of Victorian students completing their year 12 or equivalent remains high despite a small decrease in 2014; and in 2014 there were almost 250 000 vocational completions, which is a significant increase from previous years.

Results from the national assessment program — literacy and numeracy, otherwise known to all of us as NAPLAN, shows that the proportion of Victorian students meeting the expected national standard in literacy and numeracy has remained stable, with some slight but statistically insignificant decreases for some year levels. Engagement with early childhood services remains high. In 2014 nearly all newborns participated in their first maternal and child health consultation, and participation rates for the 12-month consultation there increased. Student attendance at school was similar to previous years, and the percentage of students reporting that their teachers provided a stimulating learning environment remained generally stable, with a minor decrease in positive responses from students in years 11 and 12.

In wellbeing, indicators show positive trends in the early years. For example, breastfeeding rates at three and six months have remained stable, and the majority of children — nearly 80 per cent — are developmentally on track, which is according to the 2012 Australian early development index.

Productivity is an important performance outcome because understanding the cost of our services is essential to making a balanced assessment of their value. So in 2015 the standard per capita rate paid by government increased for funded maternal and child health services and for kindergarten services, reflecting a continued commitment to the early years. The unit cost per school student, primary and secondary, remained fairly stable between 2010 and 12, while the unit cost per VET student gradually decreased. So those are just a few of the performance measures, and I am sure as the hearing goes on there will be further delving into a number of those issues or others that the committee may wish to look at.

So the challenges that we face. Since 2009 government school enrolments have increased by over 25 000 students. A study titled *Victoria in Future 2014* — and it was published during the period under review — forecast that this growth was set to continue, with Victoria's school age population set to increase by 300 000 individuals by 2031. The services that we are delivering have also become more complex as we aim to focus more on place-based services, co-located services and more integrated services wrapped around the individual learner.

Driving improved quality in our services. Thirty-three per cent of our early years services in Victoria currently exceed the national quality standard, which is something that we have much to be proud of. We are focusing on strengthening school performance and VET quality, and we are continually working to raise standards of learning and development for all students and focusing on excellence and equity. We still need to make improvements in lifting educational outcomes for our Aboriginal students, but we have good progress there in kinder participation and in year 12 completion.

And finally, I just wish to refer to the focus on the department's integrity and reputation. We had Operation Ord IBAC hearings last year, in May and June. Right now we have a further series of IBAC hearings in relation to the department. We have also had a number of reports from the Victorian Auditor-General. So there is a lot of focus in the department currently on integrity. There is a lot of cooperation and close working with all the integrity bodies, but IBAC and the Victorian Auditor-General in particular. We are looking at department-wide reforms to our structure, our culture and our financial management systems, and looking to see these out into the school environment as well, not just in the central department. Some of these are things that we have been able to establish quickly; others are quite extensive and will take time to implement well. So, Chair, that is the end of my presentation.

The CHAIR — Thank you, Secretary. I might kick off with the first question. Secretary, I want to talk about the national heads of agreement, otherwise known as the Gonski agreement, and I understand in the 14–15 financial year the department conducted an investigation in relation to the acquittal of this agreement. I was just wondering whether you could share with the committee those findings from that investigation?

Ms CALLISTER — Thank you, Chair. So in 2013 the Victorian government and the commonwealth signed the heads of agreement on national education reform, known as the agreement, to deliver an additional 12.2 billion in education reforms to Victorian schools between 2014 and 2019. So under the agreement the state is to invest an additional 5.4 billion over six years from 2013 baseline levels, with 2014 the first year of funding to be acquitted under the agreement. As part of the fixed 15–16 budget, the government reconfirmed its commitment to the agreement with the full funding allocations for the 15, 16 and 17 school years.

In line with the government's election commitment to detail funds under the Gonski agreement, the department did conduct a review in 2015, which indicated that using the NRIP's methodology, which is the agreed methodology for the agreement, prior to the 15–16 budget, the department would require an additional 11 million in 14, 42 million in 15 and approximately 805 million across 16 and 17 to fully acquit the agreement. So the outcome of that review using the NRIP's methodology was that there were additional funds that would be required to acquit the agreement.

The CHAIR — So what was the aggregate of those numbers, then?

Ms CALLISTER — Well, I would have to add it up for you, Chair. Perhaps someone can do that, but it is 11 plus — —

The CHAIR — Eight hundred and fifty-eight million, okay, great. Thank you, Secretary.

Mr D. O'BRIEN — Good morning, Ms Callister and deputy secretaries. I want to go to some of the information in the questionnaire, specifically the TAFE Back to Work Fund. On pages 10 and 11 it references the fact that \$48.5 million was allocated to TAFEs in the 14–15 financial year for the TAFE Back to Work Fund. Then on page 11 you can see a table there with a breakdown of the targets for apprenticeship commencements et cetera. There is 50 million, with 48.5 allocated then. Was the other 1.5 simply allocated the next year, or is that a different story? But what I am really interested in is whether we can get effectively that table broken down by each grant, so into each TAFE.

Ms CALLISTER — Thank you, Mr O'Brien. I will refer this question to Mr Robertson, the deputy secretary for higher education and skills.

Mr ROBERTSON — One word of clarification: in fact it is from expenditure in 15–16, but nevertheless we can provide you a breakdown, and there is some funding that has not been allocated at this point in time, but there are processes underway to allocate that.

Mr D. O'BRIEN — Is that just that 1.5 million?

Mr ROBERTSON — That is that 1.5 million.

Mr D. O'BRIEN — Just to clarify, should that have been 15–16, not 14–15?

Mr ROBERTSON — Yes.

Ms SHING — It is on the top of the table.

Mr D. O'BRIEN — No. It does say, Ms Shing, it was allocated in the 14 — —

Ms SHING — 15–16.

Mr D. O'BRIEN — Go to the next column. It does say the 14–15 budget. A supplementary on this, then: what are the criteria for how you will determine whether a TAFE has met the employment targets or the targets that are listed in that table, and is there a baseline year which you will use to make those judgements on?

Mr ROBERTSON — Could I just ask for clarification? The target you are referring to is on — —

Mr D. O'BRIEN — In that table, with the apprenticeship commencements, traineeship commencements. The one on the top of page 11 of the questionnaire — the breakdown of the apprenticeship commencements, traineeship commencements, job placements, number of students.

Mr ROBERTSON — We have quite extensive data on all training activity, particularly within TAFEs, and we keep track of these on an annual basis or on a more regular basis than annually. We will report on them annually of course, and we would enter into a dialogue with a TAFE if they were not on track for some of those targets.

Mr D. O'BRIEN — Is there a baseline year that you work from for adding on top of those?

Mr ROBERTSON — One of the things to bear in mind in the VET sector in particular, as it is post-compulsory, is that some of these figures fluctuate depending upon economic circumstances and other factors, so it is a bit difficult to get a baseline, but we essentially try to adjust it based on what we think the trends would be from those sorts of factors.

Mr D. O'BRIEN — That is, I guess, what I am trying to get at. Given there are those fluctuations, how do you assess whether there has been success achieved against the criteria?

Mr ROBERTSON — As I said, we would enter into dialogue with those TAFEs. There are other elements of success that we use across the training system, which are a whole range of output measures that we report on publicly. Some of that is around completion rates and employment outcomes as well as satisfaction rates from both the employers, if they do end up in employment, as well as their own satisfaction with training.

Mr D. O'BRIEN — That data you said is reported even more often than annually. Is it reported quarterly or monthly?

Mr ROBERTSON — We have at the moment reports that we put out into the public domain sort of on the training market operations. We then have performance measures of course that are reflected in the budget papers and the annual report, and there would be plans eventually to help students select the best provider and the best course, to put some of that key provider performance information online.

Ms WARD — I am just going to refer to the education maintenance allowance. I refer you to budget paper 14–15, page 103. You have got that the lower 14–15 target reflects the cessation of the education maintenance allowance program from 1 January 2015. I just want to read out an article from the *Moreland Leader* of 19 February 2015, which says:

Moreland families are forgoing groceries to pay for school books and excursions as education maintenance allowance cuts take effect.

A Hadfield single mother of four, who did not want to be named, said she was only able to afford her eldest children's high school books and uniforms this year because of help from VincentCare.

Without that help she would have been forgoing groceries:

It's about what you sacrifice. If my child can't go (on an excursion), it's not fair for her.

What I am interested to know is how the cuts to the EMA affected schools and their students and what measures there were in that budget that replaced the support provided to parents through the EMA.

Ms CALLISTER — Thank you, Ms Ward. I will refer that to Ms Atta.

Ms ATTA — The education maintenance allowance ceased in December 2014, so there is half-year funding reflected in that budget paper. From the 2015 calendar year the balance of what had been the EMA funding was directed to government schools through the SRP as part of the equity funding. So that balance of funding went through the student family occupation index that is provided as part of the SRP in terms of equity funding if it went directly to schools and would meet a range of needs across schools.

Ms WARD — So how many kids lost out?

Ms ATTA — In terms of the former EMA that are no longer in receipt of it, in 2014, in that payment period, there were approximately 203 000 students in receipt of EMA funding.

Ms WARD — Thank you. Can you advise the committee of the total decrease in equity funding to schools that do support our most vulnerable students?

Ms ATTA — That funding from 2014, the full-year effect for the EMA when it was last provided full year, was 37 million. So, as I said, 34 million of that ultimately has been redirected through the SRP into equity funding but serving a different, broader purpose.

Ms WARD — Is that a double-up, though? Is that a double dip? So the EMA was categorised where half of it went to families and half of it went to schools. Then part of it just went to schools, but there was a gap overall of funding, wasn't there?

Ms ATTA — That is right, and I might just have to clarify that for you to give you that exact amount. I think we can follow that up quite quickly.

Ms WARD — What actions is the department taking to remedy that gap and to improve outcomes for vulnerable students?

Ms ATTA — The subsequent budget has provided funding through a new Camps, Sports and Excursions Fund that covers a lot of those costs that families relied on accessing the EMA for, so from 2015–16 there is \$148.3 million across four years available for that fund, so eligible families can apply through the school for that funding. It is allocated to the school. The school holds that to be drawn down for those sorts of purposes.

Mr D. O'BRIEN — I am just going to go back to the TAFE Back to Work Fund, if I could. What were the criteria for TAFEs to get access to that fund?

Mr ROBERTSON — Essentially it was around triggering new areas of activity, so there were a broad set of criteria, they came in with applications and they were assessed against that criteria, but I would just need a while if you needed those criteria specifically.

Mr D. O'BRIEN — If we get the specific criteria on notice, that would be great. Was it therefore that TAFEs were invited to apply, or was there a distribution across the system?

Mr ROBERTSON — They were invited to apply is my understanding, but again I would clarify that for you.

Mr D. O'BRIEN — Okay. If you can provide us on notice with the criteria, that would be great. And further to that, and this might be on notice too, but has a dollar value been ascribed to each outcome, so to each apprentice, to each job, as far as that 48.5 or 50 million —

Mr ROBERTSON — No, we would not be that specific on that front, but, as you indicated, in the table on page 11 there is an expected additionality out of those funds, which we will monitor over the life of those years up until 2019.

Mr D. O'BRIEN — I look forward to getting the criteria. Thank you.

Mr DIMOPOULOS — Welcome. Secretary, I wanted to ask you about the capital investment in our schools in budget paper 4 and overlay that investment with the strategic information or insight the department I imagine would provide to the Minister for Education about the population growth that will impact on the amount of schools required in Victoria and, noting that no new schools will be built or opening this year, what information was provided or did the department collect about the population growth and the capital needs of Victorian schools in our budget year?

Ms CALLISTER — Thank you, Mr Dimopoulos. I will just make a couple of quick comments and then refer this question to Ms Atta, but as you saw in my presentation one of the great challenges we face is the growth that is currently happening in Victoria. So one of the things that we need to understand is where that growth is, what it is projected to be, is it in the growth corridors, is it in the inner urban areas and understand what that means for our capital planning, understanding, as I am sure the committee does, the lead time that is needed to make sure that there is adequate capital to maintain services. I will just refer that. This is a matter the department does pay a lot of attention to and shapes a lot of our thinking about future service delivery.

Ms ATTA — As the secretary referred to in the opening presentation Victoria is experiencing unprecedented population growth, so it is a significant challenge planning for school capital to meet that growth — a significant challenge for the department. Since 2009 government school enrolments have increased by over 25 000, and as noted in the presentation, by 2031 current projections have that at around 300 000 individuals. The department's planning and the advice provided to government around this issue cover the need to meet that challenge through a combination of new schools, existing schools and certainly schools across government and non-government sectors. The department has a comprehensive methodology around planning for new schools, with the ultimate aim that each government school has sufficient capacity to accommodate every government school student that currently lives or is expected to live in that local neighbourhood.

That planning at the moment needs to take account of a couple of significant challenges in growth, certainly that constituted by the metropolitan growth areas, where across numerous key suburbs Victoria can expect to see significant localised increases. The department looks to identify suitable locations for proposed school sites in those areas and works closely with the Metropolitan Planning Authority and local government and wherever possible looks to identify those sites that could be available for purchase ahead of residential development in those areas. Then there are challenges around existing schools on the fringe or already in those areas and where we can expand or maximise the capacity within those schools.

There has been the additional challenge more recently around established areas of Melbourne as well, particularly driven by urban infill and population growth, and those challenges are complex. Often we are not in a position to access additional sites, and certainly higher land values in the inner city compound that challenge. Often we are working on smaller sites and looking at complex upgrade or build options to provide greater capacity in those sites.

As part of the planning and advice that is prepared as part of each state budget cycle, the department would bring that information together for government. Ultimately governments make decisions around funding capacity, but that information is available to inform decisions that can be made within that capacity.

Mr DIMOPOULOS — Okay. You have described well the variables that you take into account when advising government about the projected growth and where schools are needed and either new schools or extensions to existing schools' capacity, but what I would like you to clarify is: you have got those projections, you have got that strategic look, then you marry that with a time line, because obviously we are working in budget years, so how do we end up with obviously the statistics you have described in terms of enormous growth, but no new schools opening? It is not even a sleepy period of school growth; it is a significant period of student growth. I would expect even a modest number of schools to open in that financial year. What advice did you provide in relation to the 14–15 school year? I understand how you have arrived at your advice, but what advice did you actually provide, and was there a discord between that and the investment, or the lack of or the delay of investment, that led to no schools opening in this year?

Ms ATTA — That advice around planning and provisioning for schools and options for additional funding is provided as part of each budget cycle. The 14–15 budget that you refer to was one where there were additional announcements of 500 million for a school capital package, but the time frame for developing a new school requires longer. A new school would not be built within a 12-month/18-month period.

Mr DIMOPOULOS — How long does it take?

Ms ATTA — It will vary, but for a new school usually at least 18 months, and there will be some variation between a stand-alone school or a package of schools, and that budget funded 11 new schools through a PPP package. There is always a pipeline of schools in development — schools with planning funding, schools with capital upgrades, new school funding. But you are right; it has meant that in 2016 we have got the anomaly that there is not a new school opening in that year.

Ms CALLISTER — I might just add the model that Victoria has differs for example from New South Wales, where there is a more standardised approach to how schools are built and what is provided. Victoria has had a model for quite some time where there is a lot of consultation with the school community and with the school council about the nature of that site and that community. That is one of the things that has led to us building quite specific types of needs. It relates to the educational needs of that community and how school design will enhance that. You might think that leads to a higher cost, but it does not; it leads to a very efficient way of designing school sites.

Just to supplement what Ms Atta said, a free site out in a growth corridor area, for example, may be much easier to build on quickly than a site where demolition is required or where we are building a stacked school, and particularly where there are parts of sites where a school wishes to retain part of the site and we have to design around that. It is quite specific to the site and the area and that community that the model has evolved whereby we have quite an efficient but consultative way of designing our schools in Victoria.

Mr DIMOPOULOS — Just a final supplementary. I get that, and I appreciate it, Secretary — a very comprehensive understanding of how the methodology is shaped and the advice provided. I do not want to put words in your mouth, but essentially either one of two things has happened: you have not provided advice in time for the government to meet those projections — —

Mr MORRIS — On a point of order, Chair, we were repeatedly told yesterday that advice provided in the context of the budget was cabinet in confidence. That discussion, as you will recall, was around the public holiday advice.

Mr DIMOPOULOS — I am happy to rephrase it.

Mr MORRIS — Reluctantly I accepted that advice. I allowed I think it was the second point that Mr Dimopoulos made; I think we are now on the third, but we are going down this line again, and I would suggest that we are way beyond what is reasonable.

The CHAIR — We get the point.

Mr DIMOPOULOS — I will rephrase the question then.

The CHAIR — Briefly, Mr Dimopoulos.

Mr DIMOPOULOS — My question to you, Secretary, is did the department foresee the growth? Inclusive of all the methodology and all the complexity involved in you providing that advice, did you foresee the projections, and did you provide information to government that would have met the needs of the school population growth in 2014–15? Did you provide that information?

Ms CALLISTER — I note that the department is not able to divulge advice that is given to government cabinet in confidence, and I just reiterate what I had in my presentation and we have subsequently said, which is that the department has a constant and regular focus on population planning and projecting where we are going to need to build and provide new education facilities. That is a — —

Mr DIMOPOULOS — So you have done the right thing. Thank you very much.

Mr D. O'BRIEN — I am going to go back to vocational education. The questionnaire outlines the output appropriations, looking at variances for 13–14 and 14–15. But as you would be aware, the current government has consistently stated that the previous government cut TAFE funding by \$1.2 billion. Could you outline exactly how that has been calculated and where it is in the budget papers?

Ms SHING — Over your term?

Mr ROBERTSON — What was the figure?

Mr D. O'BRIEN — 1.2 billion.

Ms SHING — Over the four-year period of the previous government?

Mr D. O'BRIEN — I will ask the question, Ms Shing.

Ms WARD — No, it is good to have clarification, though.

Ms SHING — No, I am asking for a clarification. Is that what you are asking?

Mr D. O'BRIEN — You are not answering the question. I am just asking for the answer.

Mr ROBERTSON — The figures down to that level of disaggregation are not reflected in our budget papers. We would have to go away to calculate that.

Mr D. O'BRIEN — Are you aware that that has been calculated at any time in the past? Are you aware if that has been calculated by the department?

Mr ROBERTSON — Again, I am reasonably new here. I would have to check that out.

Ms ATTA — The changes in funding would be reflected through the output price over successive budget papers, so we could follow that up for you and look at what that variation is. I think my clarification question is just the time period that your question relates to.

Mr D. O'BRIEN — It relates specifically to 13–14 and 14–15, but the government continues to say there was a cut of \$1.2 billion. I guess my supplementary is: has the department ever provided advice to the minister on that figure and on whether it is — —

Ms WARD — On a point of order, I think we have already dealt with the issue of advice to ministers, haven't we?

Mr D. O'BRIEN — On the point of order, the Deputy Chair's comment in relation to Mr Dimopoulos's question was about budget preparations. This is about budget outcomes. It is not about what you are going to do; it is about what the state of the budget is. It is a fairly important point because this is something the government continues to go on about. We have just heard from the department that they are not aware of that figure and have not calculated it. I am just wanting to ask whether the department has ever provided advice to the minister if that figure is incorrect.

Ms WARD — I think Greensborough TAFE would contribute to that.

Ms SHING — Further to the point of order, if I recall correctly, the evidence that the witness has just provided is that that answer is not known and that information will be sought, but again the clarification that was sought, I think, from the witness table related to the period that you are referring to. It is my understanding that you are referring to the entire period of the former government as opposed to the 13–14, 14–15 period. If we are talking about the specific periods for the reporting period, I would be grateful if you could clarify that for the record.

Mr D. O'BRIEN — It is a fairly simple question, Chair. The government repeats this figure ad infinitum. All those on the backbench and the minister say it over and over again.

Ms WARD — Maybe that is your problem; it is a simple question.

Mr D. O'BRIEN — The evidence is that the department itself has not calculated that figure, so I am trying to get to the bottom of whether it is an accurate figure, and we are talking about this period that we are looking at in this outcome series.

Ms SHING — So we are not talking about a full term then, is that what you are saying?

Mr D. O'BRIEN — Ms Shing, you know what you say. The minister continues to say it, and the department has just indicated that the figure that we are referring to is not something that they are aware of. I am now asking whether the department has ever given advice to the minister that he perhaps needs to check what he says.

Ms ATTA — Mr O'Brien, the department will have information on variations in funding for the skills output. There are various references made to \$1.2 billion. We can certainly look at the 13–14, 14–15 years and come back to you with any variation.

Ms WARD — I think you might have to start from 2011.

Ms ATTA — We can look at that period as well and bring that information back.

Mr D. O'BRIEN — I would be interested to see specifically for the Victorian training guarantee too, because we did hear from the minister in estimates that it is 1.2 billion — coincidentally the same figure is what has been provided. It is exactly the figure provided by the former coalition government.

Ms SHING — Thank you everyone for coming along today and for providing the presentation at the outset and the answers to the questions to date. It is also always fantastic to note that the majority of witnesses at the table today are women — something to be encouraged and recognised.

I would like to talk about the sustainable government initiative for the relevant reporting period and in particular the way in which the sustainable government initiative was effected across regional offices. I note that section E of the questionnaire, pages 40 and 41, sets out the total FTEs across the reporting period and contains the line item 'other', which includes executive class, principal class, teacher class, educational support class, allied health, nurses, ministerial drivers, senior medical advisers and languages other than English adviser. My first headline question is: does that include advisers to officers in the regions as part of that number?

Ms ATTA — I can answer that question. There is a mix of staff in the region, so some advisers would be captured in the VPS grades, but there may well be principal class or executive class staff in the regions in senior adviser positions.

Ms SHING — So they could be a blend of VPS classifications and the other classes. They would all otherwise, though, be included in that table?

Ms ATTA — That is right. All regional staff will be included in that table.

Ms SHING — Thank you very much. To that end, what I would like is some further information in relation to the sustainable government initiative and the way in which those reductions in staff — through attrition, through voluntary redundancies, packages and other departures — is actually reflected in the total number of full-time employee equivalents for the reporting period and the way in which those job losses manifested in the regional offices and what the effects were, both during the reporting period and as a consequence of those reductions.

Ms ATTA — Certainly for the sustainable government initiative, between December 2011 and December 2013 the department had a target of 403.7 staff in terms of reductions.

Ms SHING — Headcount or full-time equivalent?

Ms ATTA — That was full-time equivalent. Those reductions were managed across head office and regional administrative roles, avoiding impacts on direct service delivery in schools. In terms of a split between head office and region, I do not have that split to hand. But certainly regional offices across the state did bear some of that impact.

Ms SHING — When you say they did bear some of that impact, would it then be fair to say that, in bearing some of that impact, advisers who remained in employment following the reduction in FTEs to meet your target of 400 during that period, senior advisers working with those regional schools, would need to support more schools in the course of the reporting period, and that would have an impact on the level and quality and capacity of the work that could be undertaken for those schools?

Ms CALLISTER — Ms Shing, I will try to answer your question.

Ms SHING — Yes, absolutely. There is a bit packed up in that.

Ms CALLISTER — I was not secretary of the department at the time, but during that period the department restructured its regional model from, I think, eight or nine regions down to four across the state. I think that was part in relation to the targets of the sustainable government initiative and partly to address a range of other issues that related to regional performance and regional structure. There were changes made to the roles of senior advisers and there were changes made to schools, so there were certain resources that had been previously provided within regions that were transferred to schools. I think there was a focus on a different regional structure. That did result in some of the groups of staff changing partly the role that they had but also the range of schools that they covered, particularly the senior advisers who were now part of four regions rather than a larger number.

I just note that Human Services at the time also made some substantial changes to its regions. So it really was part of a regional restructure as well as the sustainable government initiative and some changes in the way the department at that time was implementing various policies and procedures.

Ms SHING — Okay. Just as a supplementary then, as a consequence of those regional changes and the sustainable government initiative, what qualitative analysis was done about the effects of these changes on staff who were providing either direct contact with students or working with principals and others in the regional offices? For example, the People Matter survey and anything else like that around how that was having an impact on the ground and for the staff who were affected.

Ms CALLISTER — Well, I could take on notice whether the People Matter survey dealt with that.

Ms SHING — Sure.

Ms CALLISTER — What I can say is that in 2015 we did have a consultation, from April to June, with our communities, with our staff, with our schools about the regional model and whether it was effective or whether it needed any further change.

Ms SHING — The previous regional model you mean, or the current one?

Ms CALLISTER — The previous one. So from April to June in 2015 we undertook consultation about that regional model and its effectiveness. We had a lot of consultation with schools about their view of support that we were able to provide them. We had a lot of consultation, a lot of views expressed by our own staff about the effectiveness of our regional model and how it could be improved and enhanced. So through that consultation we got a lot of rich information and data about the effectiveness perceived both by schools and by our own staff about how we were providing support, what type of support and how that might be able to be further enhanced.

Ms SHING — If you could actually take on notice those components of my questions around what the impacts were and perhaps provide any general information about what that feedback was in the course of those consultations, I would be really grateful.

Ms CALLISTER — So the senior advisers — just to try and answer some of that quickly.

Ms SHING — Yes, absolutely.

Ms CALLISTER — The senior advisers, who are now called the senior education improvement leaders — because we have cast them in a new light — felt that the number of schools that they were expected to support was too many to provide the level of support that they were able to. It was about an average, I think, of about 1 senior improvement leader to about 45 or so schools.

Ms SHING — So 1 leader was providing support to 45-odd schools?

Ms CALLISTER — That is an average. Sometimes it was a little bit more, sometimes a little bit less, but —

Ms SHING — What is it now, just to provide a point of comparison?

Ms CALLISTER — Again it is an average, because you have to take into account the nature of certain places and distance and density. I think it is closer to 25.

Ms SHING — So from 45-odd down to 1 for 25. Okay.

Ms CALLISTER — And that model is being implemented in 15–16.

Ms SHING — Thank you very much for that, and any further information that can be provided, if that is taken on notice, would be very gratefully received.

Ms PENNICUIK — Thank you, Secretary, and everyone who is attending here today from the department. Notwithstanding the fantastic effort that our public school teachers put in every day, and the department staff in the central office and around the state, I think you would agree it is fair to say that there have been some problems in the education department, as evidenced by the inquiry at IBAC, and also by one of the most recent

Auditor-General's reports, entitled *Department of Education and Training — Strategic Planning*, in which the Auditor-General says at page x that the governance framework at the Department of Education and Training 'is deficient and consequently undermines the application of its planning framework' and points to the series of reports that have been done by VAGO into these issues.

I was looking at the annual report 14–15, and in that report it says the department is working to improve its financial controls, and of course that I think is an issue that is exercising the public of Victoria at the moment in terms of financial losses to the department, or moneys going missing. I would like you, if you could, Ms Callister, to talk about what was done in that reporting period about financial controls and also comment in relation to page 6 of the annual report. You make the point, which is clear to everybody, that Victorian schools have a higher level of autonomy than found in most other systems around the world but that the department was setting clear accountabilities for the use of the money by schools and the regions, and clearly that has not necessarily worked in all cases. If you could just comment on what was done in that period and perhaps is continuing into the next period — I know that is not entirely what we are looking at, but I am presuming it has not stopped at the end of the reporting period — as to working to improve financial controls.

Ms CALLISTER — Thank you for the question. I will make a range of comments, and then I will ask Ms Atta to supplement that. I suppose to go to the beginning of your question, the relationship with the Victorian Auditor-General has not been a strong one for some time, and one of the things that I committed to do when I became secretary was to engage with the Victorian Auditor-General and try and make sure that we had a closer working relationship and that we were able to ensure that we were learning from the audits and working with them closely. We have had a lot of audits in the last two years and a lot of negative comments. I would say that the relationship with the Auditor-General's office and our ability to work with them to improve things in real time, while audits are occurring, has really substantially improved.

We did a review of our governance structure. We had KPMG do a review of our governance structure last year. We have implemented a new governance structure. There is a dedicated governance role in my office to ensure that we implement our governance structure effectively and a new operating model in the department to try and deal more efficiently through our system. There is a lot of work underway. In addition to that, the integrity committee that I have established that has three independent members as well. There is a great deal of work going on with integrity bodies and within the department to create new governance structures, and financial and reporting structures. There is some work that Mr Kent might want to refer to as well about our strategic planning and how that feeds into these things.

In addition to that, there is the strengthening of and an increase in audits of school bank balances, which is outside the period we are largely referring to but it is very hard to talk about these separately because they kind of cross through, but we are working with schools to strengthen our intensity and frequency of our school audits, I believe.

Just before I hand to Ms Atta, on the issue of autonomy, I suppose what we are trying to do currently is grapple with how we maintain the best of autonomy, and I think I gave some examples of that in the capital planning, where we do not just come and dump a preconceived design on a school necessarily, but on the other hand how we have core accountability for core responsibilities, and how we have schools understand that the public service code of conduct applies to them, accountability for public funds applies to them, but that at the educational level, while they have to deliver the Victorian curriculum, for example, there may be many ways in which that can be achieved educationally. We do not want the pendulum to swing from full autonomy to complete central control where we are issuing a syllabus or something like that, but we do currently have a program of work that is about a more consistent and accountable system at its core. I will ask Ms Atta to add to that.

Ms ATTA — I think you particularly talked about the Auditor-General's comments around controls particularly in the area of financial management within the department and within schools, and Gill has commented on both of those aspects. It is probably worth noting in terms of school financial transactions that 94 per cent of school expenditure is controlled by DET centrally, and the majority of that is teacher salary, payroll. But there is cash management and other financial transactions that are managed at the school level. The controls that are in place are principally around an annual series of school council financial audits that the department commissions. They are undertaken by a third party and then a significant follow-up from the department where issues are flagged or raised at that level. That is a rolling series of audits across the state's

school councils. There are also requirements in place around school council governance structures and governance processes, so there is reliance placed on that.

The department provides additional support and training to schools, particularly targeted to the business managers and school principals. That is provided centrally and through the regions to schools, and the department conducts analysis on overall school expenditure, particularly for like categories of schools and compared to previous years. But there are across the 1500-plus government schools more than 8 million transactions in one year, anything from paying for petrol for the school bus to depositing cash raised from the school fete. While the department continues to work with schools on strategies to minimise cash handling at schools — to move as far as possible to electronic transactions — that still remains an important focus for the department and for schools in terms of ensuring that the right controls are in place there.

The department, particularly following the most recent audit of the financial statements by the Auditor-General, is doing further work regarding school transactions, including looking to invest in data analytical systems — a more sophisticated capability around analysis across schools. We are reassessing that third-party audit process and putting more work into the financial management manuals and procedures and internal control measures required at schools, including through targeted training.

The other element of the Auditor-General's focus has been on looking at controls at the department level and certainly, as the secretary has commented, part of the department's work in responding to the integrity concerns raised the department is looking at a range of initiatives to review existing procedures, examine those, have a third-party review. We have looked at the controls, for instance, in place around the SRP funding — had an independent review of that to provide assurance that we had a strong control environment around that. So there are a range of initiatives that are continuing, commencing last year and into this year, to strengthen those controls.

Ms PENNICUIK — Thank you for that information. I have a supplementary, Chair.

The CHAIR — If you could be brief, Ms Pennicuik. This has been going on for a significant amount of time.

Ms PENNICUIK — I just wonder, in the reporting period, Secretary, what was done in terms of the so-called 'banker schools' and money held in those? Has that been recovered? Has it been audited? Are they closed down?

Ms CALLISTER — They have been abolished, and we can account for all of the funds. An audit program covering various aspects of the schools is also in progress.

Mr MORRIS — Chair, could I just take a quick point of order?

The CHAIR — Yes.

Mr MORRIS — I am not meaning in any way disrespect for the witnesses, but this first hour has been easily the slowest in terms of getting through questions that we have had. I wonder whether we could have a little more succinctness in the answers, just so we can speed up the rate of questioning a little bit.

Ms PENNICUIK — A point of order on the point of order. I would not have wanted any more succinctness to the answers to the questions I got. I think it is a very important issue I was raising and I appreciate the comprehensiveness of the response.

Mr MORRIS — I was not talking about a particular answer. I was talking about the rate of questioning over the last hour, which is easily the slowest that we have had this week. I appreciate the frankness and the willingness to engage, but if we could just speed it up, it would be good.

The CHAIR — Moving on, I will have the next question. Ms Atta, you referred to the fact that in relation to the process the department goes through in terms of planning for new schools you often engage with the MPA in relation to planning for new schools. I am just wondering in relation to the 13–14 and 14–15 financial years, what engagement did the department have with the MPA in relation to a proposed school for Fishermans Bend?

Ms ATTA — Chair, I do not have the details of the specific engagement with the MPA at hand, but we could certainly follow that up and try to come back with a full sort of — —

The CHAIR — I am happy to take that on notice. I will not even ask a supplementary.

Mr T. SMITH — Secretary, how many early childhood intervention services places and flexible support packages were transferred to the national disability insurance scheme as of 30 June 2015?

Ms CALLISTER — It might just take us a minute to find that data for you. I believe it is 536.

Mr T. SMITH — 536. How many children were on the waiting list for early childhood intervention services as of 30 June 2015?

Ms CALLISTER — We will have to take that question on notice.

Mr T. SMITH — Thank you very much.

Ms WARD — In your annual report for the period we are talking about, on page 8 it outlines that the first 20 million of the 320 million of the TAFE Rescue Fund was disbursed to seven TAFE institutes at the beginning of 2015. Can you outline what criteria were used for disbursement and what these funds were used for?

Ms CALLISTER — I will refer that to Mr Robertson.

Mr ROBERTSON — Essentially those funds were provided to those TAFEs that were finding themselves in a difficult operating position having been part of the training guarantee arrangements.

Ms WARD — Why were they finding themselves in a difficult position?

Mr ROBERTSON — Just in terms of student numbers that they would normally have — they were not getting the activity levels that they had had in the past, so it was really around helping them — —

Ms WARD — And has analysis been done of why the activity levels were not as high as forecast?

Mr ROBERTSON — Essentially the government called pretty well straightaway for two reviews when it came in.

Ms WARD — The current government?

Mr ROBERTSON — Sorry, the current government. Those two reviews, one was on quality in the training system — to be able to make sure that if there is activity in the system, we can assure its quality. That has been reported and the current government is taking a variety of actions in that regard. Then it has also commissioned a review of funding by Bruce Mackenzie and Neil Coulson. The government has received that review and is considering that at the moment.

Ms WARD — Thank you, but I would still like some analysis of why activity levels were low in the first place.

Mr ROBERTSON — We would have to take that on notice to come back and provide that. A TAFE would have a wide range of courses that it would deliver, and that obviously fluctuates. It fluctuated because of a broader range of providers that were in the training market at that particular point in time. Higher education was going demand driven, so universities were taking a higher input of numbers, so some of them were facing stress in terms of student numbers.

Ms WARD — But we are not sure why the student numbers were a problem?

Mr ROBERTSON — Only because of these external factors. And there were changes in subsidy rates for some of the courses as well that were impacting on their viability.

Ms WARD — So there were changes to subsidy rates for some courses which — what was the flow-on effect of that?

Mr ROBERTSON — So essentially courses that previously had received a reasonable rate of funding were at a much lower rate and they struggled to adjust to those lower rates of subsidy.

Ms WARD — Thank you, and since the introduction of the TSAF, how much of the fund has been directed towards the merger of TAFE institutes and funding staff redundancies at TAFE institutes?

Mr ROBERTSON — We would have to take that on notice. We can find that out for you and bring it back to you.

Ms WARD — Lovely. Thank you very much.

Mr T. SMITH — With regard to your initial presentation, Secretary, with regard to population growth and the impact that is having on requirements for new schools, think tanks like the Grattan Institute say that we need perhaps 530 new schools by the early 2030s. So I am just wondering, what is your plan to accommodate that sort of population growth in regard to the building of new schools? During the 2014–15 financial year, how many new schools did you plan to build, and what plans did you put in place during that period of time to account for population growth?

Ms SHING — Point of order. The second and third parts of Mr Smith's question I appreciate relate to the reporting period. The first part, however, which links back to the presentation, talks about population growth and talks to what the department is doing now, so I would ask that Mr Smith be asked to rephrase that so that it does come squarely within the reporting period that we are dealing with today.

Mr MORRIS — I hope we are not going to lose the tone we have had for the last three days, but just on the point of order, it is a longstanding tradition that matters that are included in handouts and presentations at the start of the session are fair game, and that is exactly what Mr Smith was asking about — matters referred to in the secretary's opening remarks.

Mr T. SMITH — If you want a further reference, Chair, page 156 of the annual report for 2014–15 talks about the requirements for new schools, so I mean this is a perfectly reasonable question. I mean, hardly provocative.

Ms SHING — Further to that point of order, it may talk about the requirements for new schools, but it talks about the requirements for new schools within the purview of the 14–15 period. I would just ask that for avoidance of any — —

Mr T. SMITH — Chair, I mean — —

Ms SHING — Sorry, Mr Smith, can I finish?

Mr T. SMITH — Can I give you some advice, Ms Shing?

Ms SHING — I would just ask that Mr Smith perhaps rephrase — —

Mr T. SMITH — It does not help your side, you carrying on like a pork chop, frankly.

The CHAIR — Order! Mr Smith, allow Ms Shing to conclude her point of order, please.

Ms SHING — Thank you, Chair. In the midst of that interjection from Mr Smith I in fact finished up on my request for a rephrasing of the question to apply to the reporting period that we are dealing with here.

The CHAIR — Order. The purpose of these hearings is for the 14–15 reporting period, and that is really why we are all here. Mr Morris, the Deputy Chair, makes a good point though that those matters in relation to a presentation can be subject to questioning. That is just the standard practice: anything that goes into a presentation can form the basis of a question from any member of the committee. So while I appreciate that we are talking about 14–15, if the secretary wishes to discuss about what the department is doing in relation to planning in anticipation of that population growth, I am happy for the question to stand.

Ms CALLISTER — Thank you, Chair. In relation to planning, I am not sure there is more I could add about the planning and forecasting that the department does and the different ways that it might then make proposals. In 14–15, coming to Mr Smith's question, in that budget there was a \$500 million school capital package going

into the future, so that was a package announced in that budget for the forward, so that was \$191 million for 11 new schools.

Mr T. SMITH — Eleven new schools?

Ms CALLISTER — Yes. That was in 14–15 for a PPP. So there was a number of aspects that came under that \$500 million that was announced into the future, and then in the 15–16 budget there is \$568 million announced for new capital projects and schools going forward. So those are the amounts. As was pointed out, they are going forward, so they are not in 14–15 — or in 15–16, in fact, there is not a new school opening because that was not sufficiently time for —

Mr T. SMITH — Not one new school?

Ms CALLISTER — No.

Mr T. SMITH — Is that no? Not one new school?

Ms CALLISTER — In 2016. That was, I think, the point made earlier.

Mr T. SMITH — So in terms of the long-term strategic planning that you were undertaking during 2014–15 — and, frankly, population growth of 1.5 per cent per annum has been standard in this state for many years, as it was in 2014–15, as it was in 2015–16 and it will be for the future — what I am trying to get an understanding of is, particularly during a change of government and a reallocation of resources into your department and you taking on a new role at the start of 2015, what long-term planning you have undertaken with regard to the building of new schools, particularly in growth zones, with all the projections everyone knows about with our extraordinary population growth. It is a pretty reasonable question. It is all about long-term planning upon you coming into your role as the secretary of the department, which happened on 1 January 2015.

Ms CALLISTER — I am not sure I can add much more. In the interests of brevity I am not sure that — —

Mr T. SMITH — You can answer the Greens questions and the — —

The CHAIR — Order! Mr Smith, you have asked — —

Ms SHING — The Deputy Chair has already asked you to be brief, Mr Smith.

Mr T. SMITH — I would like a lengthy answer to this because I have been listening to lots of lengthy answers — —

The CHAIR — Mr Smith, if you allow the secretary to answer the question, then perhaps you might hear a response.

Ms CALLISTER — Thank you, Chair. I might ask Ms Atta to talk again to our capital planning process. Just to reiterate: population growth is different around the state, density is changing, the nature of some communities is changing, so it is not quite as simple as 1.5 per cent in a uniform manner. Families are moving into different parts of the state.

Mr T. SMITH — I did mention growth zones in my question.

The CHAIR — Order! Allow the secretary to continue.

Ms CALLISTER — I just want to reiterate — I will hand to Ms Atta — this is an important part of what the department does and is something that we are regularly focused on.

Ms ATTA — I think just to add to comments earlier around the planning process, it is a comprehensive planning process looking at growth challenges and the different types of growth challenges right across the state, but it does consider a mix of strategies. So while we are certainly looking, for instance, at those growth corridors and the specific projections there and where new development is planned — and that is part of the work with the MPA — in those cases we are looking at where there would be new schools required and where there are potential sites that can be acquired by the department, but it is also very much looking at existing stock

across the state and how we can optimise or maximise the utility of that to the existing stock. A significant part of our capital upgrade or modernisation works would go to expanding schools with sufficient footprint to accommodate more students, so for any given area we can look at planning and potential for new schools but certainly also for maximising those existing sites.

We also work with partners in the non-government sector as part of our planning to have an understanding of what schools are provided through Catholic and independent schools and discussions with that sector around their planning and future provisioning.

Ms CALLISTER — But it is clearly always a matter for the government of the day to make decisions about priorities and expenditure and appropriation.

Mr T. SMITH — Absolutely. Thank you very much.

Ms SHING — Thank you for those answers in relation to school infrastructure funding and capital works. Just to pick up on something that Mr Smith referred to in terms of population growth and the 1.5 per cent being a steady and predictable amount, is it then fair to conclude that a steady pipeline of funding made available for the purposes of infrastructure spends better enables the department to meet the needs and challenges of population growth as it rolls out?

Ms ATTA — I think in any area of planning the more certainty you have, the more specific the planning and rollout of services can be.

Ms SHING — So a pipeline of works is then more certain and stable, as opposed to variable figures that may in fact be half of what they are in another year as compared with the previous year?

Ms ATTA — Yes, and it is true to say that there has always been a pipeline, but it is the variation in what is done.

Ms SHING — The quantum — the size of the pipe, as it were. All right. So just with that in mind then, I am interested in understanding a little more in relation to the variations in budget allocations and the \$500 million, Secretary, that you referred to in your earlier answers to Mr Smith, which as I understand it, and if I understand it correctly, came off the back of school infrastructure program expenditure of less than half that amount for the previous three years. Was any new information provided to the department that had not been provided previously to in fact trigger that doubling of expenditure on education infrastructure for a pre-election budget?

Ms ATTA — Sorry, just a clarification: did you say any different information available to the department?

Ms SHING — Yes. So we have got the 1.5 per cent stable population growth, as Mr Smith referred to earlier, and we have got the need to make that investment, and yet for the three years prior to the reporting period we saw school infrastructure program funding of less than half of what was delivered for that election period, or pre-election budget of 2014–15 reporting period. So in 14–15 we had the \$500 million, but for the previous years, going back, we had \$203.8, \$200 and \$208 million respectively. So I am just interested in the process which led to, from the department's perspective, that doubling of infrastructure investment in that 14–15 pre-election budget period.

Ms ATTA — The department's planning processes have remained constant over a long period, so those planning processes are constant. The department provides advice to the government of the day, and then, subject to the decisions that sit with government around available capacity, that planning information is there to inform budget allocations.

Ms SHING — So it was not necessarily due to any specific advice that the department had provided that the pipe doubled itself in the last year of that particular budget, being this reporting period.

Ms ATTA — Yes. I do have to say that I was not with the department at that time, but it is true to say that the planning processes are constant in terms of making a broad range of information available.

Ms SHING — So the pipeline doubled and population growth remained stable. That is very, very helpful. Thank you for those answers.

Ms PENNICUIK — Just following on from sort of the discussion that has been going on about strategic planning, if you just bear with me, the Auditor-General again said that there were problems with strategic planning in the department due to all these things that were identified in his report on strategic planning. One of the issues that is a recurring one that I pick up from people around the state lobbying — so you have got the school communities lobbying for new schools, you have got schools lobbying for upgrades, maintenance et cetera, and there has been a maintenance backlog that was identified by the Auditor-General et cetera — and that I have been concerned about, just listening to you talking about your methodology, your planning and advice to government, is the lack of transparency, really, to the public of Victoria as to what the strategic planning is, what the five-year plan is for the department in terms of where the new schools might go or where allocation for upgrades to schools or maintenance to schools might go.

If you look on the department's website, it is very scant information with regard to, say, the maintenance and capital works program. It tells schools how to apply for that, and I know that schools have been given information themselves, but in terms of the global picture for the public of Victoria to see what the strategic planning is ahead, that is not really there. For example, in 2013 the auditor said — in 11–12, in fact — —

The CHAIR — Ms Pennicuik, is there a question?

Ms PENNICUIK — Yes, there is. The question is: how can the department assist the public to understand more about the strategic planning and where things might be heading in their direction, as opposed to anywhere else? Because it seems it is just a competition between particular areas and there is no public understanding of where the department is heading.

Ms CALLISTER — Thank you for the question. I will refer it quickly to Mr Kent around broad strategic planning and then to Ms Atta around school maintenance funding. I would just preface that by saying quickly that once capital appropriations have been made, once there are decisions by government about the next part of the pipeline, that is generally announced and described. The other thing that happens, in relation to maintenance, is there are emergencies and unforeseen circumstances, and whilst there is sometimes a contingency that does sometimes involve reprioritisation. So we can set five-year plans, but sometimes unforeseen things happen that we have to also deal with. I will hand over to Mr Kent.

Mr KENT — The Auditor-General's review found that the overall strategic planning framework was relatively sound and that there were positive signs around the monitoring of outcomes. The gaps it identified at that broad strategic level were around implementation planning and the project management office. The strategic plan itself was publicly available during the PAEC reporting period, a four-year rolling strategic plan with annual work plans. What we have done in response, having accepted all six of the Auditor-General's recommendations, is strengthen the processes around planning for new items, and there is an increased focus on project management capability for the broad range of projects. The four-year strategic plan does not go down to specific locations of schools; it is at the level of broad priorities in pursuit of the objectives set out in the act and in the department plan. I will just turn to Ms Atta on infrastructure.

Ms ATTA — On infrastructure, as the secretary has mentioned, there is certainly detailed information available on the department's website about funded projects. In terms of provision and planning for schools, at the local school level and for the school community there are asset management plans that have been in place now since being introduced in 2014 where schools look at the planning at that local level, outline capital and maintenance tasks to be performed over a five-year period and take account of local priorities and provision. That is, at a very local level for the school community, an advance in terms of more transparent planning at the school level in identifying needs and addressing those maintenance and upgrade needs.

The CHAIR — Is there a supplementary, Ms Pennicuik?

Ms PENNICUIK — Yes, there is. Thank you, Chair. We have heard there are the broad strategic objectives, I know, and there is the local planning that schools know about. There is a bit of a gap in the middle between that for particularly schools to see where they sit in the general scheme of allocation and for the public to see that, so we have a situation where I do not think that is transparent enough to the public as to, for example, when our school area is going to receive a new school or when we are going to receive upgrades. Without going too much into it — Chair, please just indulge me — I did do some analysis in the lead-up to the 2014 election and very quickly discovered that around 60 per cent of all the announcements for funding, or promises, were in marginal seats, marginal electorates. I do not know and the public does not know whether they were the most

needy areas, and the public does not really know of the allocation of capital upgrades or maintenance upgrades or the location of new schools, where they actually fit in terms of the department's identification of the needs. So how can that be made more transparent to the public?

Ms ATTA — Certainly in relation to maintenance I would just add that, following a condition assessment audit in 2012, there is transparent methodology and again further information available on the website around the allocation of maintenance investment and relative needs, but in terms of public information about a pipeline of schools or a queue of next-needed works, you are right that it does not exist at this stage.

Ms PENNICUIK — We know that!

The CHAIR — We might break for 15 minutes.

Secretary, I understand you would like to make a couple of points of clarification from the earlier session?

Ms CALLISTER — Thank you, Chair. We have three points of clarification in relation to the questions that Mr O'Brien asked about TAFE, and then a response on the Fishermans Bend question.

Mr ROBERTSON — Thank you. I would just like to follow up on a couple of questions that were asked by Mr O'Brien. The first one was a statement regarding a \$1.2 billion reduction to TAFEs. Part of the confusion on that is the current government has made a commitment to \$1.2 billion in training going forward, but essentially we have calculated internally that in 2014 total state government contributions to TAFEs were around \$468.1 million compared to \$732.7 million in 2011, an annual decrease of around \$264.6 million dollars. That is a conservative estimate, but that is the calculation we have made, and those are figures in the public domain.

Secondly, there was a question regarding what had been the impact on redundancies to TAFEs. According to the Victorian Public Sector Commission, between June 2010 and June 2015 there was a 2189 FTE reduction in the TAFE workforce, which included 1384 teachers. The Victorian Public Sector Commission recently published its annual report of the public sector workforce for the period 1 July 2014 to June 2015. The report indicates that the FTE workforce data for the TAFE and other education industry sectors increased by 6 per cent in that period. The Victorian Public Sector Commission has advised the department that unpublished data for the 12 stand-alone TAFEs for that period shows about a 5.7 per cent net reduction in staff. This can be fully attributed to the period 1 July 2014 to November 2014.

Then there was a question asked about the criteria for the Back to Work funds. Essentially those criteria relate to the targets, and essentially they are about growing training in areas leading to a job or allowing someone to increase their job outcomes. Of course there was a particular focus on trainees and apprentices, which accounts for those targets that were listed on the PAEC questionnaire.

Mr MORRIS — A quick clarification on the last point. Those statewide criteria are consistent across the board?

Mr ROBERTSON — The scheme was an application-based scheme from TAFEs that it would put in against those criteria, and they were assessed against those criteria.

Ms CALLISTER — I refer to Ms Atta for the Fishermans Bend response.

Ms ATTA — There was a question on the department's engagement with the MPA in planning for Fishermans Bend. I can confirm that the department worked extensively with the MPA to develop the community infrastructure strategic framework, which was finalised in September 2014. As part of this process the department provided advice on the current and future needs for school provision in the precinct. Included in the school provision for that precinct is the future South Melbourne Ferrars Street primary school, which received \$5 million for planning and site remediation in the 14–15 state budget.

The department is currently working with MPA to review the Fishermans Bend community infrastructure plan and strategic framework plan, and the need for new schools in that precinct will be reviewed regularly by the department and considered for funding alongside other statewide priorities. The number of schools will depend on timing and the scale of the development. The department has been involved from the start of the process and continues to work closely with MPA as the area develops. From a schools perspective this is a really positive process to have been engaged from the ground up.

The CHAIR — A point of clarification: prior to September 2014 there were no discussions between the department and the MPA in relation to the provision of a school at Fishermans Bend.

Ms ATTA — The planning was finalised in September 2014.

Mr DIMOPOULOS — My question is in relation to school camps and excursions, and I have a couple of questions in relation to that aspect of the school curriculum. Could you just explain to us a bit about the importance of it? Is it highlighted in the department's plan? Are families generally encouraged to attend? What assessment criteria apply, and how is that reflected in the outputs of that particular school or the child's education? After all that, can you tell us whether you track the attendance numbers and what they were in 14–15?

Ms CALLISTER — The Camps, Sports and Excursions Fund has 148.3 million allocated over four years. That is out of the 15–16 budget. I do not think we have the number of students that have participated so far, so we will have to take that question on notice.

Mr DIMOPOULOS — Did you collect it, though, for 14–15?

Ms ATTA — We will have data on access to the fund. I think your question might have been broader around attendance at school camps.

Mr DIMOPOULOS — I appreciate what you said, Secretary, but my question was not about the fund; it was literally just about the attendance, the value of it, whether kids are encouraged or obliged to go and what the outcomes are.

Ms CALLISTER — I think camps and excursions are a pretty critical part of how the curriculum is delivered and how children learn. I will ask Ms Haire to elaborate on it briefly.

Ms HAIRE — Camps and excursions are part of the way the school delivers elements of the curriculum, and as we have discussed in this meeting earlier, those decisions are a matter of planning at the local school level, which relates to the particular educational needs of the school community. Schools choose particular activities, excursions and camps that relate to the needs of their students and also fit within the Victorian curriculum. It is very much an element of the way children learn, and teachers and schools make those decisions often in conjunction with their parent community on a school-by-school basis.

Mr DIMOPOULOS — That is good context. In terms of the number of attendees in 14–15, do you have that on you, or don't you have it at all? Do you track that?

Ms HAIRE — As you have noted, the Camps, Sports and Excursions Fund is a new fund which commenced after the last budget. Prior to that we did not have a centralised fund for camps, and so the data would reside in the individual schools, but it was not something that was collected through a centralised program.

Mr DIMOPOULOS — That is good. That clears up my question a bit further. Prior to the establishment of the fund, which was specifically established to support families and kids to attend, the department centrally did not actually collect information about the numbers of attendees at excursions and camps. That is my understanding; is that right?

Ms HAIRE — I should make a point of clarification that of course the Camps, Sports and Excursions Fund is only for eligible families, not all families. There may have been surveys to schools about camps, so we can certainly come back to you on that matter with anything that we may have.

Mr DIMOPOULOS — Yes, so fundamentally I would like to know what numbers you have about 14–15. Those three questions were really just trying to explain my first question, so I do not feel like I have actually had three questions, Chair. It is about my ability to express myself, Ms Haire, not your answers. I just wanted to say that obviously for the 14–15 year you do not have the numbers necessarily. You may, and you will come back to me on that. Prior to the establishment of the fund, regarding the families that could not afford to send their children on these excursions and camps, what mechanisms were in place to assist them to facilitate their attendance in that financial year? Did schools have their own funds? Did you have a more broad-based fund or community fundraising efforts?

Ms HAIRE — The education maintenance allowance was available at the time, and a school could use that to assist where a family was not able to afford additional payments for activities such as camps and excursions.

Mr DIMOPOULOS — Okay, so the EMA existed, and for the 14–15 year was the EMA the same as the year before?

Ms HAIRE — I refer back my colleague Ms Atta's comment on that. I believe there was a half-year effect on the EMA in that year. Is that correct, Ms Atta?

Ms ATTA — In 14–15 the EMA funding was provided up until December, so it was a half-year funding amount, so the EMA effectively ceased at the end of the calendar year.

Mr DIMOPOULOS — Just to wrap up that answer, the kids who could not afford to go for various reasons in 14–15 could avail themselves, the ones who were eligible, of the EMA, but that was only valid for the six months.

Ms HAIRE — Until December 2014.

Mr DIMOPOULOS — Yes, after which time there was no support for excursions and camps for families who could not afford them. That is my understanding. Do you know the impact of how many children missed out in the second half of that financial year because of the cut to the funding?

Ms HAIRE — I would have to take that on notice. I am not sure whether we collected that data.

Mr DIMOPOULOS — That would be great, thank you. So we have got two questions on notice on that. Thanks very much.

Mr MORRIS — I do not think I have had the opportunity to say good morning, Ms Callister, so welcome. For reference only — you do not need to refer to it — question 21 in the questionnaire provided us with some relatively high-level details of reprioritisations. I am wondering: can you provide for the committee, on notice, details of reprioritisations at a line item or initiative level for items in the 2014–15 budget and the forward estimates that have been reprioritised, the original amount, the amount that has been reprioritised and the purpose to which it has been applied? We are just looking for more detail than we have. I think there are a couple of answers in here that say, 'There is no impact because it is within the portfolio'. We are looking for line item or initiative level for those figures. If we can have that on notice, I would appreciate it.

Ms CALLISTER — Thank you, Mr Morris; we will take that on notice.

The CHAIR — I would like to ask a question now in relation to inclusion. I have a very large Horn of Africa community in my electorate. A lot of the primary school students go to Debney Meadows Primary School — Vicki Watson is the principal, and she does a great job — and they go to secondary school at Mount Alexander College, where Wayne Haworth is the new principal. He is doing a great job as well. I am interesting in looking at what the department is doing in terms of encouraging ways in which young people from the Horn of Africa can try to seek employment opportunities within the department. Jesuit Social Services have got a social enterprise where they source people from the Horn of Africa to go and work for the NAB. I am just wondering, looking at the 14–15 financial year, what your inclusion strategies were in terms of engagement with the Horn of Africa community and more broadly.

Ms CALLISTER — Chair, I am very happy to talk more broadly about a range of different diversity and inclusion strategies. I will have to take on notice anything specific about the Horn of Africa community because I do not think I have detail about that here. But I could just talk briefly about a range of different diversity and inclusion strategies which probably, to be fair, cross 14–15 and 15–16, so some have been in place longer. Just more recently we have launched the department's Pride Network to support the LGBTI community and inclusion in our workplaces, and we have become a member of the Pride in Diversity statewide group.

Last year I launched our Aboriginal inclusion plan, Wirnalung Ganai, which is looking at how we improve employment opportunities for Aboriginal people within the department. We do have a large Aboriginal workforce working out in our schools and in our kindergartens — more than 100 Aboriginal people, who work directly in the field. We have a new executive running a new Aboriginal unit within the department, an

Aboriginal woman, and we have a plan to increase the inclusion and employment of Aboriginal people in the department.

We have a Disability Action Plan, 2013 through to 16, so a three-year plan, that is looking at how we improve our employment and retention of people with disabilities, and we have strong links with a group called JobAccess to support existing and new staff with a disability to make reasonable adjustments.

In this year we launched our renewed respectful workplaces online training modules to support staff to understand their rights and responsibilities, and we provide an online human rights training module which provides staff training on the charter of human rights. We have a workplace contact officer network to provide support and information to help staff address any queries or concerns they might have about workplace discrimination or sexual harassment or bullying, and we participate in the Youth Employment Scheme, which provides opportunities for young people 15 to 24 who have barriers to employment and need to gain qualifications and practical experience that will lead to employment.

We try hard to be a flexible workplace and have family-friendly work practices, and each year we have a range of observances to acknowledge and celebrate diversity and inclusion, including International Women's Day, Cultural Diversity Week, Anzac and Remembrance days, National Reconciliation and NAIDOC weeks and International Day of People with Disability, and, to go more specifically to your point, we have a new cultural diversity plan in preparation.

A trial has been completed in December 2015 in 19 schools and evaluated by Our Watch, which is the respectful relationships program. This is very much about gender equity and schools being very good places to establish normative attitudes in society — or, in fact, change normative attitudes. The respectful relationships program we see as a foundational plank in how in the longer term we prevent family violence. There are a number of schools, as you describe, Chair, with very diverse multicultural populations, and there are a number of activities on the ground that respond to those schools. I am just going to ask Ms Haire to add to that.

Ms HAIRE — Within the schools we have a program called Schools Embracing Diversity, which aims to promote positive attitudes to cultural diversity and antiracism among Victorian students. The department provides professional learning activities for principals and teachers to promote intercultural understanding and also provides curriculum support and resources on anti-discrimination and intercultural understanding.

The refugee education support program is a partnership we have with Foundation House and the Centre for Multicultural Youth which supports schools to identify and implement strategies to support the achievement, engagement and wellbeing of students from refugee backgrounds, and we also have, as many of you will know, the Languages and Multicultural Education Resource Centre, located in Carlton, which is a no-cost resource for schools, with an extensive collection of specialist resources and materials relating to languages education, English as an additional language, multicultural education, studies of Asia, human rights, global education, values, civics and citizenship and Indigenous studies. We provide English as an additional language as a subject, as additional support, to more than 56 000 learners, including newly arrived students across Victoria.

The CHAIR — Thank you. If you could take on notice anything you are doing in relation to the Horn of Africa community, I would be most grateful.

Mr T. SMITH — Secretary, with regard to existing — or existing as it was in 2014–15 — school infrastructure, with regard to what you were saying before with regard to Ms Pennicuik's question about the condition assessment audit, I was wondering, up until 30 June 2015, if you had developed a ranking of all schools to determine the needs of schools when determining the allocation of capital works funding.

Ms CALLISTER — I am just going to refer that question to Ms Atta.

Ms ATTA — The 2012 condition assessment involved assessments across 27 000 government school buildings, and it was a comprehensive examination of maintenance requirements — the maintenance backlog. So the department has undertaken a comprehensive analysis of that in terms of schools that are below threshold requirements for maintenance and in terms of having a detailed picture of where specific maintenance should be directed to those schools. Maintenance funding from the department goes out to schools through the SRP for schools' planned maintenance, but there is also an element of centrally managed maintenance funds that are directed towards the most needy schools in terms of maintenance.

I should distinguish between that and capital upgrades, which, as part of the capital upgrades projects, would deal with key maintenance issues, but there are a range of criteria around needs for capital upgrades that are not just related to the condition of existing schools.

Mr T. SMITH — Until 30 June last year was there a plan regarding the redevelopment of existing school buildings? And also, up until 30 June, as an example of an element of that plan, could you give me an understanding of how many potential new portables were needed across Victoria to meet elements of your plan, or indeed what was suggested out of the condition assessment audit?

Ms ATTA — If I understand the question correctly, there is not a comprehensive — —

Mr T. SMITH — There is no ranking, so to speak.

Ms ATTA — Not a ranking for school upgrades, no. In terms of the relocatable program, there is a significant planning process around the use of relocatables across more than 1500 schools. I think your question was around 14–15 and the number of transfers.

Mr T. SMITH — Yes; how many portables.

Ms ATTA — The portables or the relocatables. In terms of those transferred in the 14–15 year across schools, there were 229 of those in the 14–15 period, and there were a range of new portables or relocatable buildings constructed as well in that year.

Mr T. SMITH — I will just return to the general thrust of my question, which is in terms of a plan, an overall plan for school infrastructure upgrades: is there one, and is it objective based or is it based on your advice? I am not asking about your advice, but I want to get an understanding about how this is allocated. Is it your advice or are resource allocations of this nature the purview of the minister?

Ms ATTA — I indicated earlier that there is an asset management plan — a five-year plan — in place for schools. Commencing from 2014 that AMP framework was put in place. At each school level, there is a plan in terms of key maintenance or capital works requirements for those schools that helps to determine the priorities to which the school can direct the funding that sits with the schools and which can inform the priorities for budget allocations as well.

Ms WARD — So the building of a new school in my electorate, budgeted for in 2011 and finished in 14–15, that had around 100 students in it but had \$3.6 million on it — how would that fit within that?

Ms ATTA — New schools are — —

Ms WARD — This was a redeveloped school, a rebuilt school.

Ms ATTA — It sounds like that preceded the introduction of the AMP, but that school would now have an asset management plan in place looking at its maintenance and future capital upgrade needs in terms of that five-year horizon.

Mr MORRIS — Can I just ask on a point of clarification with regard to the maintenance audit. Could we have a figure of the extent of the required maintenance that was identified as a result of that audit?

Ms ATTA — I think in the public domain that condition assessment identified a backlog of —

Mr MORRIS — I am asking for the figure formally from the department.

Ms ATTA — \$420 million. That was identified as part of that condition assessment in 2012.

Mr MORRIS — Is that the total figure?

Ms ATTA — That was the total figure identified as part of that exercise in 2012.

Ms PENNICUIK — My clarification, following on from the Deputy Chair's, is that I understand the 2011–12 audit identified 7000 school buildings that were below the appropriate threshold or in need of additional maintenance funding. A question I think the committee would like answered is: what is the appropriate

threshold and how many school buildings now or in 14–15 as opposed to 11–12 are still below the appropriate threshold and the Auditor-General's figure that you just mentioned, \$420 million, to address the 30 per cent of schools that he identified at the point of imminent failure that were in the 14–15 period were in respect to that? They are just the figures.

The CHAIR — I think it is fair to ask a point of clarification on something that has been previously provided. That is the spirit of the way in which we have operated this week and I am happy for that spirit to continue —

Ms PENNICUIK — It is a clarification of the answer.

The CHAIR — but it does not provide you with an opportunity to ask a whole separate question or to have your own question. I just want to try to contain it a bit.

Ms PENNICUIK — Thank you, Chair. I was not trying to ask a question. It was clarifying where we were going with the maintenance audit and where we were as to the identification of the problems in 2011–12, 12–13 to 14–15. What is the current state of affairs.

Ms SHING — The clarification, it appears from what I have heard, is that you are asking what the threshold is.

Ms PENNICUIK — Asking what the threshold is and the number of school buildings as changed from 2011–12 to 2014–15.

Ms ATTA — Chair, we can take that on notice to get that level of detail.

Mr T. SMITH — I was just going to support the comments of Ms Pennicuk.

The CHAIR — There is a first time for everything, isn't there?

Mr T. SMITH — Stranger things have happened!

Ms SHING — It is as good a time as any now to talk about the 2014–15 allocation of \$1.04 million over four years by the Andrews government to expand the Safe Schools Coalition Victoria program into every Victorian government secondary school and, in particular, I make reference to this program now because it is getting a significant amount of press and there have been media reports which have raised all number of concerns about the safe schools coalition program — what it is intended to deliver — and a great deal of mythology and misinformation has arisen as a consequence of this issue taking flight in the public domain without necessarily being linked back to what the program actually is.

What I would like to get some information from you about relates to the way in which — and further to the answers that you have provided already, Secretary, on the questions of diversity and inclusion in schools in reducing incidents of bullying, harassment and discrimination in schools — and to what end the safe schools coalition program and that additional funding in the reporting period will address the issues which arise in secondary schools when same-sex attracted and gender diverse young people experience verbal or physical abuse, as occurs for these young people in about 80 per cent of the cases in their school environments?

Ms CALLISTER — Thank you, Ms Shing. I will hand the question to Ms Haire, but this is an issue that we take very seriously and think needs considerable attention.

Ms SHING — Even also correcting any of the misapprehensions that exist in your response to that, Ms Haire, would be greatly appreciated, particularly given the groundswell of opposition to the program which has occurred as a consequence of certain public commentators spreading rumours and myths about this, including chest binding and the teaching of LGBTI sexual techniques et cetera.

Ms HAIRE — Thank you, Ms Shing. The issue of the bullying of young people with diverse gender or sexuality is a very significant issue and one that we take very seriously. When students are bullied or not able to fully participate in their school, their life chances are limited and —

Ms SHING — How are they limited? Can you just — —

Ms HAIRE — their achievement at school, their attendance at school may be impacted. Their ability to finish school or reach their potential may well be impacted on by bullying or discrimination.

The allocation you referred to, Ms Shing, occurred in the 15–16 budget and it was an allocation of 1.04 million over four years from 15–16. Its purpose is to expand the safe schools coalition program to every Victorian government secondary school. There are currently 246 member schools of which 159 are Victorian government secondary schools.

Ms SHING — What sort of support, assistance or program delivery was being undertaken in the reporting period to challenge homophobia and transphobia in government secondary schools?

Ms HAIRE — I would have to come back to you on that, Ms Shing. I have not got that information with me.

Ms SHING — If you could address the type of funding and the sort of resourcing which was put into that.

Ms HAIRE — In 14–15?

Ms SHING — I had a look through the questionnaire, and the diversity answers in general are very comprehensive and good. But what I am looking for is a further breakdown in relation to same-sex attracted and gender diverse students, the outputs that are associated with that for the period and, in particular, any examples of programs in specific schools during that period and how they assisted in reducing or eliminating bullying, harassment or discrimination on any of those grounds.

Ms HAIRE — I will come back to you on that question, Ms Shing. I just note that given the description that the Secretary and I gave earlier about the way schools implement the Victorian curriculum according to the needs of their community, it is possible that we will not have at the central office the full extent of activities that schools may well have taken at the individual or community level during the reporting period. So we will provide to you what we have, noting that it may not fully pick up the curriculum and pedagogical choices and health and wellbeing activities that individual schools provide.

Ms SHING — Fantastic. Thank you very much for your answers.

Mr DIMOPOULOS — Just quickly, further to Ms Shing's question, specifically in relation to the emails that a number of us have been receiving from people about chest binding and the fact that this program is teaching kids LGBTI sexual techniques and a whole range of other things — —

Ms WARD — Across the curriculum.

Mr DIMOPOULOS — Can you address that question?

Ms HAIRE — Noting my earlier answer that the safe schools initiative is in the 15–16 year, subject to the Chair's approval, I am happy to provide information about the Safe Schools Coalition to the committee as a follow-up.

The CHAIR — Yes, that is fine.

Mr T. SMITH — The Victorian government schools agreement in 2013 detailed that salary progression for teachers is not automatic, and that salary progression is subject to a successful performance and development assessment. Can you detail what requirements need to be met and what percentage of Victorian teachers received a salary progression at the start of the 2015 school year?

Ms CALLISTER — Thank you, Mr Smith, I will refer the question to Ms Haire.

Ms HAIRE — Effective performance and development in schools supports the ongoing development of teachers and principals to ensure that all students experience high-quality teaching. In May 2015 the department introduced a whole-of-practice approach to performance and development for principal class employees and teachers, and that included guidelines, tools and resources to implement the performance approach. The approach is developmentally focused and designed to enable individual accountability for performance and also to support collaborative professional learning to improve the quality of teaching in Victorian schools. Mr Smith,

I do not have the number here of teachers who were eligible for an increment in the reporting period. I can tell you that the basis of the program that you have asked about is with the individual teacher and principal, to go through a process of goal setting and to provide evidence for their performance and to enable the giving and receiving of feedback as part of a structured performance process.

Mr T. SMITH — Can you come back to me with that figure, please?

Ms HAIRE — Certainly, yes.

Mr T. SMITH — What I am interested in is in the first half of the 2014–15 financial year there were some performance measures brought in with regard to assessing teacher performance, and I am interested to know what changes were made to those performance measures in the reporting period by the incoming government.

Ms HAIRE — If I can clarify, you are asking for the difference between the process that was in place from July 2014 to December 2014?

Mr T. SMITH — Yes, absolutely.

Ms HAIRE — And then the whole-of-practice approach that came in in May 2015, which I have just referred to, and you are asking about the difference between those two?

Mr T. SMITH — Correct, in terms of the performance assessment measures, in terms of the framework.

Ms HAIRE — Certainly.

Mr T. SMITH — And you will come back to me about that?

Ms HAIRE — Certainly, yes.

Mr T. SMITH — Thank you very much.

Ms CALLISTER — We will try and clarify it before the end if we can.

Ms PENNICUIK — If I could turn to vocational education and training, just in terms of the figure that is in your presentation of higher education and skills, \$2.159 billion. I think, Mr Robertson, you said funding for TAFE in 2014 was \$488 million, is that right?

Ms WARD — Four hundred and sixty eight.

Ms PENNICUIK — Four hundred and sixty eight. Thank you, Ms Ward. I was trying to write that down. Perhaps for the benefit of the committee you could give a bit of a breakdown of that figure that is on the presentation, as to the rest — the \$1.67 billion?

Mr ROBERTSON — I presume you are referring to the overview in the presentation.

Ms PENNICUIK — Yes.

Mr ROBERTSON — Yes, and it says 2159.3?

Ms PENNICUIK — Yes, and then you mentioned the 4.88.

Mr ROBERTSON — Yes, okay. The thing to bear in mind there is that there is funding of around \$1.2 billion for training activity. There is a range of other activities — —

Ms PENNICUIK — What is ‘training activity’?

Mr ROBERTSON — That is what we generally call the Victorian training guarantee, which is open to all registered training organisations including, clearly, TAFEs. So the figure I was mentioning earlier on was the money that had gone to TAFEs under that particular scheme. So that is roughly around \$1.2 billion. Then there are a range of other capital investments and other programs like the TAFE Rescue Fund and TAFE back to work, and then there are other programs that support the participation of apprentices and trainees, and then also

reflected in that figure — because TAFEs are part of government accounts — are some depreciation amounts and the like, which would get it up to that 2.159.

MS PENNICUIK — So what is the figure that has gone, in terms of the training guarantee, to registered training organisations that are not public TAFEs?

Mr ROBERTSON — I would just need a little while to — we might need to take that on notice.

Ms CALLISTER — Can I just clarify the question, Ms Pennicuk? Are you asking for how much of the training guarantee is spread between the 12 TAFEs and the rest of the RTO sector?

Ms PENNICUIK — The rest of the RTO sector, yes.

Ms CALLISTER — That may be in our published annual report.

Ms PENNICUIK — I could not find that figure, so it may well be there but — —

Mr ROBERTSON — No, it is not. Just give me a moment. It will be coming.

Ms PENNICUIK — While you are having a moment, if I could have a follow-up question. Of course, Secretary, everyone would be aware that there have been issues with some of the private RTOs, and indeed some of them have been closed down, so my question is: out of that proportion of the figure that you are about to show to me, in the 2014–15 period or even in the 2013–15 period, how many of those RTOs were shut down and how much of that money had been allocated to those RTOs and how much, if any, had been recovered?

Mr ROBERTSON — I will not be able to directly link the amount of money that has been involved, but essentially during 2014–15 the department has undertaken a range of compliance and audit activities. so that has included 302 audits across a range of providers, what we call nine quality reviews and it has included 143 student interviews, and that has been across 126 registered training organisations. Up until this particular point in time we have ended up closing — we have cancelled 10 contracts with training providers, but unfortunately I do not have the dollar figures that have been associated with that. Then across a range of other training providers we have imposed additional conditions on those providers as part of their continuing operation, and then we are doing a roll through the rest of the training market to have a look at that. Sorry, there is about \$28 million that has been identified for recovery — —

Ms CALLISTER — In 14–15.

Mr ROBERTSON — In 14–15.

Ms PENNICUIK — So out of hundreds of millions of dollars and the closure of 10, there is \$28 million. What was actually allocated to those RTOs? How much was allocated to them?

Mr ROBERTSON — There is not actually a sense of allocation. A training provider comes in and is approved to operate in the Victorian system and as it gets enrolments it gets funding. So these ones that we would have terminated — it would have been money that may have been paid to them in advance or where we have identified the quality has not been up to standard, or in fact in some cases where we are not sure that the student has actually participated in the training. So that \$28 million represents funding that has gone out the door, where there has not been good quality training associated with it, and we have called that back, and then we have terminated their contract so they cannot go forward with any further training; they cannot receive any further training funding.

Ms PENNICUIK — Chair, just another follow-up: how many students then have had to retrain as a result of that?

Mr ROBERTSON — The number will be coming through. So essentially when we come through and terminate any of those contracts or take any regulatory action, we will always put in place advice to those students that they have an opportunity to go and retrain elsewhere, and we put a call centre in place. We contact particularly TAFEs to make sure that training can be undertaken. So the student figure we will need to take on notice.

Ms PENNICUIK — And the cost associated with the retraining?

Mr ROBERTSON — Yes.

Ms WARD — Let us go back to the Back to Work Fund. With the answer that we had previously — we were talking about declining TAFE enrolments — so I am interested in the 2014–15 financial and performance outcomes. In the general questionnaire, page 10, there is reference to the Back to Work Fund. Can you talk to me about the methodology that was employed regarding the six key criteria areas that were identified for the Back to Work Fund?

Mr ROBERTSON — So we are talking specifically about the TAFE Back to Work Fund on page 10 of the — —

Ms WARD — That is just my general reference. But we are talking about the Back to Work Fund and about the six areas, the growth sectors and initiatives, that you want to focus on, such as the medical technology and pharmaceuticals, new energy technology, food and fibre and so on. How were those areas identified?

Mr ROBERTSON — I mentioned earlier a range of criteria, and you are right; there was some additional criteria — that if there was opportunity to provide training that would support those new industry areas, that would also be a criteria. But essentially with application-based processes like this there was the program criteria and the applicant — in this case the TAFEs — would have come through with their claims about what they would be doing against each of those criteria, and they would have been assessed against those criteria and then ranked accordingly. What I do not have is: what were the relative weightings between each of the individual criteria. But it is a robust process by which they are assessed.

Ms WARD — No, I am sure it is — thank you. So how were the key growth sectors and initiatives identified, such as the medical technology and pharmaceuticals? What were the processes that were put in place to decide on those six areas?

Mr ROBERTSON — So essentially they are across-government priorities that have been agreed as part of the government's commitment to growing the industrial base of Victoria, and they have been areas of growth that have been identified based upon Victoria's sort of natural advantage. And so they were whole-of-government criteria or industry sectors that we took on board. And then the TAFEs, in putting forward their applications, obviously connected to their local employers and local industry, were saying, 'Here's how we could facilitate A working with our local businesses or industry sectors, industry partners, to look at developing some training programs' and then delivering those training programs, either to students who come in or through the workplace. So we essentially asked the TAFEs to connect with their employer and industry partners to identify those areas for development.

Ms WARD — Relative to their region or the area they service.

Mr ROBERTSON — Relative to their region, yes.

Ms WARD — Thank you. So how many apprenticeships, traineeships, job placements and number of students who will go on to further studies are expected to be generated through the TAFE Back to Work Fund?

Mr ROBERTSON — On page 11 of the questionnaire they are the assessed targets out of the approved projects out of the Back to Work Fund, and we will continue to monitor those. Clearly they start in 2015 with obviously a reasonably low base because of the funding flow, but we will obviously track those numbers over those years.

Ms WARD — Great. Thank you.

Mr T. SMITH — Secretary, I am just trying to get an understanding of the number of executives in your department between 14–15, and of those executives how many received performance bonuses?

Ms CALLISTER — Just bear with me a moment. The executive remuneration reported in note 20 of the financial statements in the 14–15 annual report does indicate a slight decrease in the base remuneration that was paid to executives during the course of the financial year. Twelve executive officers ceased employment with the department during 14–15. The bonus payments, it is important to note, to executive officers that are in that

annual report total remuneration data averaged 3.5 per cent of the base remuneration package of eligible executives. It is included in the 14–15 annual report, but it relates to the 13–14 performance cycle, due to payments being made in December 14. So the executive bonus payments that you see reflected in the 14–15 report relate to the 13–14 cycle. The payments for the 14–15 cycle were decided and allocated in December 15 through the recently established executive development and remuneration committee.

Executive bonuses are not automatic. There is a cap set of 75 per cent of executives to be eligible as a maximum, and there is a percentage amount allocated by the Department of Premier and Cabinet each year to departments individually based on performance, and then executives' individual performance is determined within that cap and based on their performance in their individual plans. In the report, it is 78 executives.

Mr T. SMITH — Seventy-eight executives, and how many received a performance bonus?

Ms CALLISTER — We do not have that in there, but it would have been a maximum of 75 per cent or less.

Mr T. SMITH — As in how many executives received a performance bonus?

Ms CALLISTER — I do not have the exact number for that year, but it would have been 75 per cent of the total number of executives, or less.

Mr T. SMITH — I see.

Ms CALLISTER — I cannot have been — —

Mr MORRIS — Could we have that number on notice, please?

Ms CALLISTER — Yes, sure.

Mr T. SMITH — You mentioned performance. I am just trying to get an understanding of what criteria need to be met for people to be eligible for performance improvement pay, essentially.

Ms CALLISTER — Executive plans relate to department priorities; department priorities relate to government priorities. So the priorities that executives need to deliver on are established when the government of the day has made it clear what the priorities are. There are a number of then set priorities that flow to executive performance plans in delivery of those priorities. There are additionally some corporate priorities that executives must pay attention to — so HR-type things, occupational health and safety, and a range of performance issues in departments. Then there will be possibly additional specific priorities that are set. So it cascades from government priorities to department plan and priorities to individuals.

Mr T. SMITH — Can you specifically come back to me with what are the criteria for a performance bonus before — —

The CHAIR — It would be to the committee, Mr Smith.

Mr T. SMITH — Would that be possible, please?

Ms CALLISTER — The criteria for a performance bonus are whether the particular priorities in an executive's work plan have been met or exceeded. They are not generally awarded for just doing your job well. It is about doing an exceptionally good job or exceeding performance against those priorities that are set.

Mr T. SMITH — But there are no specific sort of guidelines with regard to what has to be met to get a performance bonus in your department?

Ms CALLISTER — Yes, there are. It is said in the plan and that sits in the whole-of-government framework for all executive bonuses across all departments, as set by the Department of Premier and Cabinet and the public service commission. So it is an assessment based by the line manager and then assessed again by the secretary.

Ms SHING — As against the work plan?

Ms CALLISTER — Against the work plan.

Ms SHING — Of the individual employee?

Ms CALLISTER — Of the individual person.

Mr DIMOPOULOS — Pretty unique, is it not? Very rudimentary, I would have thought, but anyway.

Mr T. SMITH — I think it is a pretty reasonable question with regard to just trying to — —

Mr MORRIS — We are not all former public servants. We do not necessarily understand the process.

Mr T. SMITH — I am trying to get a specific understanding — I am happy to take it on notice, Chair — with regard to what thresholds have to be met for executives in the department to get performance improvement pay or performance bonus. I do not feel I am getting a specific response on that.

Ms SHING — Have we not just heard that it depends on the individual work plan and the individual employee's work plan as developed in accordance with the department's guidelines?

Mr T. SMITH — I am not trying to make this political. I am genuinely interested in this, and I do not feel I am getting a specific response.

The CHAIR — The way I heard the secretary answer the question — the secretary may wish to elaborate on it or the secretary may wish to take this on notice, but the way I understood what the secretary was advising you, Mr Smith, was that there are individual work plans for individual executives within the department. There is not a cookie-cutter approach to work plans. They seem to me — or my understanding of what the secretary said is that they are unique and specialised, depending upon the work functions of the individual involved and that the line manager of that executive assesses the work performance for the previous year of the individual vis-a-vis that work plan and then makes a recommendation to the secretary, and the secretary then determines whether a performance bonus should be paid, but the overriding consideration, of course, is that no more than 75 per cent of the executives can actually get a performance bonus. That was my understanding in terms of what the secretary said.

Mr T. SMITH — What I am after is what constitutes a work plan and what — —

The CHAIR — Are you asking for the individual work plans for every individual executive?

Mr T. SMITH — No, not the individual work plan but a broad understanding of what constitutes a work plan that therefore could be applied in a reasonable fashion, so I can get an understanding.

Ms WARD — So you want to know what the policy is for implementing this; is that what you want?

Mr T. SMITH — I want to get an understanding about what people have to do to achieve a performance bonus within the — —

Mr DIMOPOULOS — The department's work plan would provide that, I imagine.

Mr T. SMITH — Specifically within the confines of privacy rules and the rest it.

Mr MORRIS — Can I approach it from a slightly different point of view?

Ms WARD — If you could offer clarity, that would be wonderful, Mr Morris.

Mr MORRIS — Can I just ask the secretary: is there a template, for want of a better word, a standard document?

Ms CALLISTER — Yes.

Mr MORRIS — Is it possible to provide that to the committee?

Ms CALLISTER — Yes, Mr Morris. I am sure we could do that. Thank you. I was going to refer to that to see if it would assist Mr Smith. There is a common template across government. As I say, it is not determined randomly; it does flow from the core government priorities, then departmental priority and then into programs.

This year in the performance plans I have included that all executives must demonstrate integrity, and that will be part of the assessment about having a discussion about ethical conduct and behaviour — not just a declaration but actually part of the performance assessment discussion.

The other thing that we now do in the department of education is that all recommendations for executive performance outcomes — not just bonuses; performance outcomes — are put to the executive remuneration committee, which I chair and has an independent member on it, to assess whether the recommendations that have been made by line managers against the work plans seem to be based on the criteria and the overall view of those executives' performance, whether it appears to be a reasonable recommendation, and those recommendations can and have been changed on occasion.

Just to go back to your specific question, Mr Smith, for the 13–14 performance cycle, 70 per cent — 70.3 per cent — of eligible executive officers received a bonus, so that was less than the 75 per cent who would be eligible.

Mr T. SMITH — Can you come back to me on 14–15?

Ms CALLISTER — On 14–15 it was 69.3 per cent.

Mr T. SMITH — Thank you very much.

Mr DIMOPOULOS — Can I bring your attention to page 13 of your annual report and the output measure of indicators, kindergarten participation rate for first-year enrolments, and the explanatory note under the 2014 figure, something about statistics and changing of how you measure things. Can you explain a bit about how that helps understand the fall in participation rates in that year?

Ms HAIRE — Yes, Mr Dimopoulos. In 2014, as you have noted, the participation rate in the annual report is reported as 96.4 per cent, slightly below the 2013 rate of 98.2 per cent. This difference is due to a change in the department's data collection system which improved accuracy and aligned our data collection with the Australian Bureau of Statistics counting rules for the national collection data. I would just note for the committee's information that if the old counting methodology — as in the methodology that was used in 2013 — had been applied in 2014, the participation rate would have remained at 98.2 per cent. The explanation, in other words, is that it was a counting rule change, not a change in the participation in kindergarten.

Mr DIMOPOULOS — Sure. Could you help me understand the last clause of that note, which says, 'a child count rather than an enrolment count'. Do you know what I mean?

Ms HAIRE — I may not get this correct, Mr Dimopoulos: it is a different counting rule that the Australian Bureau of Statistics applies to the one which our previous data collection used.

Mr DIMOPOULOS — Yes, I understand that at a conceptual level, but I just wonder — because for me 'child count rather than an enrolment count' would mean — I do not see how one would be different unless one kid gets enrolled twice.

Mr KENT — I will double-check this, but in my understanding a child can only be one there, whereas there can be multiple enrolments over multiple years, so it is making sure that we are counting the child rather than how many times they have enrolled.

Mr DIMOPOULOS — But this measure is just about first-year enrolments, so how does that — —

Mr KENT — Yes, so some children enrol two years, so they are excluded if you say that the same child has turned up — they have got a second year of enrolment — so that is why the number comes down slightly. There is a small number of children who are then excluded on a child count because they are on their second year of enrolment.

Mr DIMOPOULOS — Second year, but the measure is about first-year enrolments, so they have enrolled a second time in the first year?

Ms HAIRE — Yes.

Mr KENT — They were previously counted and they are now excluded, so it is — —

Ms HAIRE — It is children having a second year of four-year-old kinder.

Mr DIMOPOULOS — Sorry. Now I understand. Fine.

Ms HAIRE — The measure is about participation in kindergarten, and there are some situations in which the kindergarten will advise the parents that a further year is advised.

Mr DIMOPOULOS — Sure. That makes a lot of sense now, and it is obviously a more accurate measure. Just flowing from that I note the most recent and the eighth *Closing the Gap* report and the importance of participation in early childhood for a whole range of markers of success in future life. What was the participation rate for Aboriginal kids in 14–15 — in that financial year — and then what efforts were made to increase that?

Ms HAIRE — The participation of Aboriginal children in four-year-old kindergarten has been increasing. The participation rate increased from 67.2 per cent in 2009 to 79.6 per cent in 2014, and in actual numbers that is a change from 579 children to 1053 and — —

Mr DIMOPOULOS — Ms Haire — thank you — do you have specifically, though, the number from 14–15 and — —?

Ms HAIRE — The number from 2014. It is on a calendar year, Mr Dimopoulos —

Mr DIMOPOULOS — Sorry, of course it is, yes.

Ms HAIRE — because it is like the school year. So it is 1053 children and participation of 79.6.

Mr DIMOPOULOS — And the year before?

Ms HAIRE — The year before — I do have it — was 986 children in 2013, so the difference is from 986 in 2013 to 1053 in 2014.

Mr DIMOPOULOS — Is the department happy with that progress?

Ms HAIRE — Our goal is to have at least 95 per cent participation of Aboriginal children, and we have a range of strategies in order to achieve that. Aboriginal children receive a subsidy to attend kindergarten as four-year-olds, and we also have a program for subsidies to enable Aboriginal children to attend three-year-old kindergarten to assist children and their families to acculturate to the kindergarten environment.

Mr DIMOPOULOS — Was that in place for the whole financial year?

Ms HAIRE — Yes. Those subsidies were in place for the whole financial year. We have a number of other things that I can take you through.

Mr DIMOPOULOS — Just quickly, yes.

Ms HAIRE — We have the Koorie Kids Shine program, which was a campaign to raise awareness of the importance of kindergarten and to promote the support that is available to Aboriginal families, which are those supports I have just described to you. We also have the Koorie preschool assistants, who support kindergartens to better understand Aboriginal culture and to assist the kinders to provide an inclusive learning environment, encourage community involvement in services and assist kindergarten teachers to support Aboriginal children.

Mr T. SMITH — Secretary, on 14 July 2014 ministerial direction 141 commenced, relating to the delivery of special religious instruction in government schools. This has now been slightly altered. Can you detail to the committee when the process began to overturn ministerial direction 141? Was it advice from your department, or was it a direction from the minister?

Ms CALLISTER — In July 2014 under ministerial direction 141 a new parent consent form was introduced and agreements established between the department and SRI providers and instructors. Principals were required to seek parental interest for the provision of SRI if there was an accredited and approved instructor presented at

the school. If that was going to be offered, it was scheduled as part of a school timetable on the basis of normal class organisation for no more than an average of 30 minutes per week. What that meant was that schools had to organise for the supervision and alternative activities of students who were not attending those particular SRI classes, but it also meant that students not attending SRI could not undertake any core curriculum-based work.

As you note, Mr Smith, the most recent changes came into effect at the start of the 2016 school year under ministerial direction 145, so from the start of term 1 2016 it continues to operate, but as an extracurricular opt-in activity that requires parent consent, and it can be offered at lunchtime or in the hours before or after school for the same maximum of 30 minutes per week. Essentially the program means that all children receive instruction about religious education — the five core faiths and the history of religion. There is a new curriculum, and it explicitly goes to this issue. Schools are picking this up, but faith-based instruction happens outside the core hours of school now.

Mr T. SMITH — I am just trying to get an understanding. Was that advice from your department, or was that a ministerial direction from the minister?

Ms CALLISTER — Clearly the minister has made a direction, because that is how the program changes.

Mr T. SMITH — Obviously — yes, thanks for that — but I am wanting to know what advice was given to him upon coming to government with regards to this program?

Ms CALLISTER — Sorry, Mr Smith, I do not mean to be difficult, but I cannot go into the nature of advice that occurs between the department and a minister of any government because that breaches the confidential nature of that relationship. On a general point I can say that ministers often ask for advice on a whole range of issues relating to educational provision, and the department will provide advice back in an independent way.

Mr T. SMITH — How many students were undertaking SRI in 2014–15?

Ms CALLISTER — I can take that on notice.

Ms WARD — That would have to be broken up into the 2014 year and the 2015 year, because it is two school years.

Mr T. SMITH — Very good point, Ms Ward, but that would be greatly appreciated.

Ms WARD — Happy to help.

Ms SHING — This collaborative framework — incredible!

Ms WARD — Always happy to help, Mr Smith.

Ms SHING — And its 3 minutes to 12 on the last day.

The CHAIR — There was an opening there for the secretary to say, ‘God only knows’.

Ms CALLISTER — I think it is fair to say that the new arrangement offers the best of both worlds. It offers a new curriculum about the education of children in religion, and it offers opportunities for schools to provide faith-based instruction for the communities that it serves. I think it therefore does both things really, really well.

Mr T. SMITH — I might politely disagree with you on that, Ms Callister. I have some feedback from my own schools in my own electorate.

The CHAIR — I would like to thank the witnesses for their attendance. Thank you, Ms Callister, Ms Atta — —

Ms CALLISTER — Sorry, Chair. Are we able to provide two quick points of clarification?

The CHAIR — Indeed. Please go right ahead.

Ms CALLISTER — Thank you. First I will just ask Ms Atta to make a quick point, and then I will make one in relation to Mr Smith’s question about teacher performance.

Ms ATTA — Thank you, Chair. Earlier when responding to a question around controls on financial transactions at the school level I indicated that 94 per cent of that expenditure was under the control of the department. The department controls 94 per cent of the payroll expenditure for schools. In terms of total expenditure, 78 per cent of that expenditure is under the control of the department.

The CHAIR — Thank you. Is there another point of clarification?

Ms CALLISTER — The other point is just on the performance assessment process for teachers that was in place in 2014 and what changed in 2015. All of the performance areas in that new system were retained, with teachers being required to provide evidence against the agreed national professional standards agreed with their principal in advance, including things like student work samples, standardised assessments, evidence of contribution to the broader school community and evidence of engagement in professional learning. The key change that was made as a result of the introduction of the whole-of-practice model was the removal of numerical ratings against each performance area. Instead teachers received detailed feedback against their performance goals and targets for student learning.

We have also introduced new training for principals and teachers in how to set challenging goals, how to give and receive feedback and, for principals, how to conduct robust performance assessments with their staff.

Mr T. SMITH — So the numeric objective process with regard to performance was abolished at the end of calendar year 2014; is that correct?

Ms CALLISTER — The final number is not required, but all of the categories remain, and all of the objectives are set against the agreed national standard — —

Mr T. SMITH — So how does one teacher — —

Ms WARD — Mr Smith, let her finish her sentence at least.

Mr T. SMITH — I am interested as to how one teacher is ranked against another teacher then.

Ms CALLISTER — I think teachers are ranked on their performance to help them develop and become better teachers against the national standards.

The CHAIR — Thank you, Secretary. I would like to thank the witnesses, Ms Callister, Ms Atta, Ms Haire, Mr Robertson and Mr Kent, for their attendance. The committee will follow up on any questions taken on notice in writing. Written responses should be provided to the committee within 21 days of that request.

Committee adjourned.