

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 16 May 2014

Members

Mr N. Angus

Ms J. Garrett

Mr D. Morris

Mr D. R. J. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr N. Wakeling, Minister for Higher Education and Skills,

Mr R. Bolt, Secretary,

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Group,

Ms K. Peake, Deputy Secretary, Higher Education and Skills Group, and

Ms M. Lourey, Executive Director, TAFE Transition Taskforce, Department of Education and Early Childhood Development.

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

The CHAIR — I declare open the hearing for the portfolio of higher education and skills, hearing 24 in the 2014 estimates season. I welcome the Honourable Nick Wakeling, and from the Department of Education and Early Childhood Development: the Secretary, Mr Richard Bolt; Deputy Secretary, Infrastructure and Finance, Mr Jim Miles; Deputy Secretary, Higher Education and Skills, Ms Kym Peake; and Executive Director, TAFE Transition Taskforce, Ms Marianne Lourey. There is one other witness who we will identify if they are required.

In accordance with the practice of the last three years, this hearing is being webcast on the parliamentary website. In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Departmental officers may approach the table during the hearing to provide information to the minister or other witnesses if requested, by leave of myself. Written communication with witnesses can only be provided via officers of the committee secretariat. Members of the media are requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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 are not protected by parliamentary privilege, including any comments made on social media from the hearing itself.

The committee does not require witnesses to be sworn, but I remind you all that questions must be answered in full and with accuracy and truthfulness. Any persons 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 fact verification within two working days of this hearing. PowerPoint presentations be placed on the committee's website as soon as they become available, and verified transcripts will be placed on the website within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to this inquiry. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. Sessional orders provide a time limit for answers to questions without notice of 4 minutes, while standing orders do not permit supplementary questions. It is my intention to exercise discretion in both these matters. However, Minister and any other witnesses who may speak, I do request that you answer each question as succinctly as is reasonable, recognising that these are sometimes complex matters.

I ask that all mobile telephones be turned off or to silent. The minister now has an opportunity of no more than 5 minutes to speak about the budget estimates for the higher education and skills portfolio.

Overheads shown.

Mr WAKELING — Chair and committee members, good afternoon and thank you for the opportunity to present. I thought with my starting presentation for the 5 minutes I have been allocated I would like to take you through a short presentation. By way of background, over the four years of this government we have committed an extra \$2 billion to funding the VET sector. With a demand-driven system that was introduced in 2008 we now have experienced a significant increase in funding by this government, starting at a figure of just over \$800 million from the former government, and that figure is now consistently placed at \$1.2 billion. There will be \$1.2 billion spent this year and for each and every year of the forward estimates over the next four years.

I move now to the next slide. Over that period with that increased expenditure there has been an increase in enrolments. Over that period we have seen an increase in enrolments of nearly 51 per cent, which is an increase from 426 000 to upwards of 645 000 participants in the system. Significantly more Victorians are now participating in the vocational education and training system as a consequence of our investment. It is benefiting not just metropolitan Melbourne but particularly the regions. We have seen increases of upwards of 33 per cent, from 126 000 to just under 168 000 enrolments in 2013.

We recognise also that it is imperative to try to assist those within our community who do not necessarily fall within traditional education. We have worked very hard at providing assistance to the most vulnerable in our community through our funding arrangements, and through that we have seen a significant increase in people who find it difficult to get into education. As you see there, the unemployed group has seen a 116 per cent

increase, the non-English speaking background group is up nearly 100 per cent, the people with a disability group is up nearly 50 per cent and the indigenous community is up 35 per cent. Obviously those cohorts being provided with targeted assistance not only helps them to get into the education system but more importantly to gain further education, which ultimately leads to employment.

What we have seen over the period 2008–2013, as a consequence of the changes that were brought in to effectively deliver a market-driven, uncapped training system, is a significant shift in the area of the delivery of training. As a consequence of that we have seen those who are traditionally the deliverers of TAFE, the stand-alone TAFEs, have increased their enrolments from 181 000 to 207 000. However, those in the private sector, through the RTOs, have increased enrolments from 54 000 to 312 000 enrolments. So what we have seen as a consequence of this change is a significant increase in the number of enrolments, but those enrolments have been sharply focused by the private providers. So whilst the 14 stand-alone TAFES have increased their enrolments, the increase is very markedly different to that which the private providers have seen in their uptake of enrolments.

With that training, what we have identified is that we have targeted our training to ensure that we meet the needs of those participating in the education system to ensure that they actually get a job. So for people who are in areas of job shortage, for specialised skills and for people undertaking foundation training we have seen a significant increase, from 105 000 to 154 000, as you see, for 'in shortage'; and for specialised, from 64 000 to 90 000. Effectively what we have seen over that period is that those targeted groups as a cohort have increased from 49 per cent to 70 per cent.

So what does that deliver? As you can see, in those areas where it has been identified through industry that there are job shortages, what are the jobs of the future? Over that period we have seen: for transport a 170 per cent increase; for healthcare, 93 per cent; for manufacturing, 60 per cent; and for construction, 57 per cent. So clearly the way in which we have targeted our funding is to ensure that whilst we have more people in the system training, they are undertaking training that will ultimately lead to a job, which I think is exactly what the Victorian community would be expecting from an expenditure of in excess of \$1.2 billion.

In this year's budget we have committed a figure of \$2.3 billion, and that is for the total sector for higher education and skills, and obviously a subset of that is the \$1.2 billion for the delivery of VTG. That figure has seen a reduction by \$124 million, and there has been commentary around that. That decrease has been as a result of legislative changes, which have resulted in accounting changes for the dual-sector universities no longer requiring them to provide their fee-for-service activity, and that has delivered that decrease. But in terms of the delivery of training by this government it does not affect in any way the delivery of training, which is the \$1.2 billion, as I have said.

On the Victorian training guarantee, we have had the highest rate of structural adjustment across the nation. We have had to ensure that we change our education so that it is meeting the needs of a changing economy. We are achieving that, and that \$1.2 billion, as you can see, is committed over the next four years, with budget initiatives to ensure that that is delivered in the budget. That is my presentation, Chair.

The CHAIR — Thank you, Minister. We have until 2.15 for questions, and as is my normal practice, I will start the batting. Would you outline to the committee the budget initiatives in your portfolio which strengthen Victorian communities, particularly in the area of skills, both in the coming year and over the forward estimates period?

Mr WAKELING — Sure. As I articulated in my presentation, this government very clearly understands that it is imperative that we have a skilled workforce to meet the needs of Victorian industry. We have committed, as I said, \$1.2 billion each and every year, this year and for the next four years, and that is money that is going to help educate our workforce of the future. That is a marked increase from the just over \$800 million that was being provided by the former government.

We recognise that it is imperative that people undertake training that ultimately leads to a job. That is what parents expect, that is what participants in the system expect and that is what industry would expect. As a consequence of that, we specifically ensure that the subsidies provided for training are targeted to those areas which have been identified and that lead to a job outcome. We as a government, my predecessor and I as minister, will constantly monitor those areas of training to ensure that we are subsidising areas that ultimately

lead to employment, but what we have seen — and I demonstrated this in the slide — is that as a consequence of the training arrangements that we put in place with the subsidies, it is leading to increases in education which ultimately leads to a job.

In transport year on year and in construction and health care year on year, we have seen a 10 000 increase in enrolments in each of those portfolios. So that specifically demonstrates that, with the way in which the training is arranged, people are training in areas that will ultimately lead to employment.

Mr SCOTT — Minister, if I take you to budget paper 3, pages 100 to 102, and particularly 101 and 102, there are expenses shown, as you have indicated, of \$2.323 billion, and there are a number of performance measures which have declined, including the number of apprenticeship/traineeship commencements, the number of government-funded course enrolments in qualifications at diploma level or above, and in the participation rate of 15 to 24-year-olds in training and further education in Victoria. However, it is difficult to assess, in the training sector, the detail of this expenditure without a comprehensive analysis of the training system as contained in the vocational education and training market report. A highlights document was released, I think, in April of this year; however, the full report, I understand, has been kept secret for around six weeks, so I am concerned about there being a lack of reporting that allows proper examination of this area. Why has this full report not been released prior to the budget estimates, and when will you release it?

Mr WAKELING — Thank you very much, Mr Scott, for your question. Firstly, in regard to your question regarding the release of the full report, the highlights package was released, as you mentioned, a few weeks ago. As you demonstrated, it is a highlights package. The full document is being completed. There has been no effort on our part to not have that document released to avoid the PAEC hearing. It will be released as a matter of course, and that is going to be released shortly.

I will bring you to your question in regard to government-funded enrolments at diploma level or above, which, as you referred to, are on page 101. You may be aware that in 2012 the then Prime Minister, Julia Gillard, embarked on a program to open up education in university places for more Australians. As a consequence of that, a number of students who traditionally would have participated in diploma or above training at TAFE or VET — at a Victorian-funded provider — were encouraged to move from the state system into the university sector, which is effectively into the federal sector. That is exactly the result we have seen, and many of the universities in Victoria have seen significant enrolments in the last two years as a consequence of that action by the federal government.

We recognise, given the fact the federal government is now opening up the university sector to attract more students, that in and of itself that results in less students participating in diploma or higher education in our sector, because they are going to be moving into a university sector, which has been encouraged by the federal government.

Mr SCOTT — I have a supplementary, and I will preface it by saying I find your answer extraordinary in the context of the recently announced budget cuts at a federal level for higher education.

The CHAIR — Order! The commonwealth budget is a matter for the commonwealth Parliament.

Mr SCOTT — I will not bite further, but I will continue on the issue which I asked the question about, which is about reports being held back. I am also concerned that there have been delays in the release of other reports. We are still awaiting the annual report from NMIT. Why did you delay Advance TAFE's report release, and why have you still not released the NMIT report?

Mr WAKELING — Mr Scott, thank you for your question. Firstly, all TAFEs are required under legislation to have their reports tabled, and under that legislative requirement the date applicable for this year was 6 May. All TAFEs bar one had their reports tabled in the Parliament by the date required by legislation. In regard to NMIT, NMIT had provided a copy of its report to the Auditor-General. The Auditor-General at that point had not signed off or approved that annual report and was in fact in further discussions with NMIT. I advised the Parliament through the respective clerks of the Assembly and the Council of the fact that that annual report was yet to be tabled.

In terms of when the Auditor-General will approve that annual report, that is a decision for the Auditor-General. I am advised that NMIT has provided a copy of its report to the Auditor-General. I am advised it is working

with the Auditor-General to ensure that it meets his requirements or concerns that he may have in terms of the document that is to be tabled as a consequence. We await that document being finalised by the Auditor-General, and I am sure you would appreciate, Mr Scott, that it is not for a minister to advise the Auditor-General as to what he should be doing. We will wait for the Auditor-General to finalise his discussions with the relevant organisation, and once that is done a report can be tabled in the Parliament.

Mr ANGUS — Minister, I refer you to budget paper 3, page 87, table 2.2, the output summary. Can you explain to the committee the variance in the output summary for the higher education and skills portfolio for 2013–14 actual versus the 2014–15 budgeted figures?

Mr WAKELING — Thank you very much, Mr Angus. Obviously you are referring to a variation that applied of a \$124 million differential. As I indicated in my summary, that relates to a variation required by legislation where the four dual-sector universities that operate within our sector are no longer required to provide advice on their fee-for-service arrangements. That requirement has come about by a change in legislation. That legislative requirement went through the Parliament earlier this year, and as a consequence of that there was a requirement for those four dual-sector universities to no longer have to provide that information to the Parliament.

If I may, this is spelt out on page 4 of the explanatory memorandum of the relevant legislation, where it says:

... state control over university TAFE operations is that, for accounting purposes, the state would no longer be regarded as having economic control over the universities' TAFE operations. Consequently, the TAFE-related operations and assets of dual-sector universities will no longer need to be reflected in the state's general government sector accounts ...

What that clearly states in the legislation that was passed by the Victorian Parliament just recently is that those dual-sector universities will no longer be required to have what they charge for fee for service to be reported in the Victorian budget. That accounts for that \$124 million, and it was in fact highlighted as a footnote in the budget papers to that extent.

Obviously there has been commentary that the Victorian government has in fact cut \$124 million from the TAFE sector; that is clearly false.

Mr ANGUS — Ill-informed commentary.

Mr WAKELING — All I would say to that, Mr Angus, is that clearly the footnote had identified that this was a requirement of the change in the legislation. The government has been very clear. We will commit \$1.2 billion in this current financial year, we have committed \$1.2 billion in the next financial year and we will do so for the next three years after that.

Ms GARRETT — Minister, I refer to budget paper 4, page 28, which outlines that \$5 million is intended to be distributed from the TAFE structural agreement by the end of 2013–14 for the provision of capital funds. Can the minister advise how much of this has been spent, and has it been spent bailing out broke TAFEs that could not pay their bills?

Mr WAKELING — The Victorian government has allocated \$200 million for what we call TSAF funding, which is the TAFE Structural Adjustment Fund. To date, \$40.2 million of that fund has been allocated, and that was allocated to Advance and GippsTAFE, which recently merged with Federation University to form the new entity of Federation Training. That money will provide assistance to the TAFEs in terms of their structural changes.

It must be remembered, Ms Garrett, that in 2008 the TAFE sector was thrown into a market-driven system by the then government. As a consequence of those changes, they were forced for the first time to have to actively compete with other providers — namely, private providers — to educate people within their regions. As I highlighted in my PowerPoint presentation, the private provider share of the market has grown significantly, from 50 000 to 312 000, whilst those in stand-alone TAFEs have only seen a small portion of growth in their respective sector. That is the whole purpose that we allocated the \$200 million — to assist those TAFEs to make sure they are better placed to compete in this new market.

TAFEs are clearly a very important part of our educational sector. This government values their work, but they have been thrust into a market-driven system by the former government — we recognise that; we acknowledge

that — and as a consequence of that we are seeking to work with those TAFEs, and part of that mechanism of working with them is the allocation of this \$200 million to assist them.

Ms GARRETT — I note the failure of the minister to answer the question regarding that money being spent to bail out poorer TAFEs, but I go to the \$40.2 million that he referred to and the funding for the merger of Gipps TAFE and Advance TAFE. Is it not a fact, Minister, that the capital allocation from the structural adjustment fund in 2014–15 is now completely exhausted by this merger?

Mr WAKELING — No, the answer is that is incorrect. As I have said, this government has allocated \$200 million. That money is to be expended on a needs basis, as we have various projects that are presented to the government by various organisations. I understand that TAFEs throughout the state are working through a range of projects that they are seeking to present to government through my department as a mechanism by which they could potentially receive funding, and we are working through those projects. As I said, we have already allocated \$40.2 million from that funding allocation, and there will be other projects that will receive a funding allocation over the course.

I say to you, Ms Garrett, that this government has committed \$200 million of TSAF funding. This government will deliver the \$200 million over that period of TSAF funding. This is money that has been clearly identified by this government as money that we want to spend over and above the \$1.2 billion.

I also say, with respect to the TAFE sector, that they have seen increased expenditure by this government in terms of the funding that they have received, but let us be under no illusion — they are in a market-driven system. They have to compete with every private provider that operates within their community. They have to compete, like any other organisation, and as a consequence of that we are working with those organisations to ensure that they are better placed.

Mr O'BRIEN — Minister, I would like you to call up the automotive workers package slide, which I think was the second to last slide. I also refer to budget paper 3, table 1, page 8, which has a specific line item referring to the automotive workers package. Could you inform the committee how the automotive workers package will help workers from the automotive supply chain sector to upskill or reskill to take advantage of job opportunities the coalition government is creating?

Mr WAKELING — Thank you very much, Mr O'Brien. Clearly we have recognised as a government, and certainly I have as a minister, that the decision of the three major automotive manufacturers in this state will certainly have an impact on many Victorians who work in that automotive sector. I know that the Premier, Minister Hodggett and my predecessor had been working with that sector to look at their training needs. On coming to my role, I and Minister Hodggett met with the three major automotive manufacturers, and we discussed funding they were committing to help retrain and upskill their workforces.

However, it was clearly recognised that the automotive supply sector, in which there are about 16 000 workers in Victoria, is clearly going to be impacted by the decision of those three manufacturers to cease their manufacturing operations. Obviously some businesses will continue to operate on an automotive basis, either supplying parts to dealers in Australia or perhaps selling their product overseas. Some may wish to diversify or transform their businesses into different areas, and some businesses will cease to operate.

What we identified is that there is a need for retraining which involves workers being trained at a certificate level either equal to or less than their current level of certificate, which will assist them to transfer into a new career. As a government we have recognised that we have an obligation, and we have committed \$30 million over two years to assist that workforce. We will be establishing the workforce development centres, which will be support centres, in three regions: one in the Geelong region, one in the north and one in the south-east, where a number of automotive component suppliers are located. That will be a centre where they cannot only gain advice on assistance in terms of finding new employment but more importantly identify what type of training they will need. That centre will be able to align with training providers within those respective regions to work with them as a means of providing that detailed support.

We as a government recognise that there is, firstly, an obligation to work with this sector, but more importantly we recognise that with the whole range of new jobs that are being created not only by this government but also in the private sector there is a real opportunity for that workforce to transfer their skills, to learn new skills to

obtain new employment. The establishment of those centres, through the \$30 million funding package, will certainly go a long way to assisting that workforce.

Mr SCOTT — Minister, budget paper 4, on page 28, there is the TAFE Structural Adjustment Fund. There has been mention by the Premier, as I understand, of a rejection of the notion of TAFE mergers. I understand that late yesterday Bendigo and Kangan TAFE announced a merger, or in Bendigo's case it appears a takeover. Can you advise when you first knew of this merger? And given the end of a 160-year-old Bendigo institution, why has there been no public consultation of this merger in Bendigo?

Mr WAKELING — Thank you, Mr Scott, for your question and, through you, Chair, I will be more than happy to provide an answer. The Premier made it very clear that this government would not force any entity to merge with respect to TAFE, and that is still a position that this government holds very strongly. We firmly believe that decisions to merge are not decisions that are made by governments; they are best placed with local organisations determining their own futures.

Two things. Firstly in respect to GippsTAFE and Advance TAFE, they had sought a merger and sought approval of that by government. The government then approved that merger, and obviously as a consequence of that there was a decision for the creation of Federation Training. In regard to Kangan and Bendigo, they released a statement yesterday, which you alluded to, which infers that they have, as two organisations, indicated that it is their intention to merge and they have sought approval from the government for that to occur. That has not been determined by the government, and I certainly will not be pre-empting the position of the government. The government is yet to consider their request.

The first thing I would say is that any request by any organisation to merge would certainly need to be determined by the organisations concerned. With respect to Kangan and Bendigo, they have issued a statement jointly that that is their intention, and that is clearly a view that they would make in consideration of their own respective organisations.

With respect to when did I learn of this, I certainly was aware soon after taking over the portfolio that there were discussions. But in fact in the statement yesterday Bendigo TAFE and Kangan TAFE highlighted that they had initiated discussions late last year on a potential merger. Certainly there have been discussions. This issue had been discussed and canvassed widely in the Bendigo community in recent weeks. I have been asked repeatedly about this issue, and my position has been, and it has always been, that the decision of any entity to merge initially should be a decision which is made by the entities concerned. They are best placed to make their own decisions. But ultimately the decision to merge, if we are requested as a government, would rest with the government after a formal request was made by the two entities, and the two entities have made a request yesterday. Again, as I said, the government in due course will be making a decision on their request.

Mr SCOTT — In the context of the announcement made by Bendigo and Kangan TAFEs, will you rule out staff losses, campus closures or the merger of any other TAFEs over the estimates period?

Mr ANGUS — On a point of order, Chair, that appears to be a very speculative question aimed at events that may or may not happen sometime in the future, and the minister has clearly answered Mr Scott's initial question.

The CHAIR — I am very happy for the minister to say that or whatever else he may wish to say in response, but I think he needs the opportunity.

Mr WAKELING — Through you, Chair, just by way of explanation, the way in which the TAFE sector operates, no different to the way the health sector operates, is that governments appoint boards. Boards are appointed by governments and those boards are empowered to make decisions about what facilities they operate, what staff they employ, what buildings they operate from. I do not think anyone who works in the TAFE sector would be expecting a minister to be making a decision about which teacher operates out of which building offering which course. The best people to make those decisions are those who are empowered to make those decisions, principally the boards that are appointed by government. And those boards, working through their appointed chief executive officer and obviously that person and their staff then make decisions about what courses are offered.

Can I say that certainly it is not the intention of this government to dictate to any institution about their operations. In fact I think that any institution that believed that the minister was dictating course outcomes, building outcomes, staffing outcomes would rightly say, 'That's a decision for local organisations, not a decision for a minister sitting in Melbourne'.

Mr ONDARCHIE — Minister, welcome to estimates in your new capacity as Minister for Higher Education and Skills. We have to have the chat. Could you talk to us about the impact the federal budget will have on the delivery of subsidised training here in Victoria?

Mr WAKELING — Can I firstly say with respect to the federal budget that the federal budget principally does not impact on our operation with respect to training. The \$1.2 billion, which I indicated before, in terms of delivery of training is funding that is provided directly by the state government. The federal government in and of itself does not have an impact on the delivery of any of that training.

We clearly understand that there are going to be areas in which the federal government has made some announcements. Recently the extension of commonwealth-supported places to sub-bachelor qualifications, the removal of loan fees for FEE-HELP and VET FEE-HELP, the establishment of the industry and skills fund, the extension of the streamlined visa processing arrangements to advanced diploma VET courses and the establishment of the Trade Support Loan programs were announced in the budget. We certainly believe that they will have a positive impact on our sector, and we will await the effect of each of those.

But as I said, my portfolio is not directly reliant on funding from the federal government to help assist us in the delivery of training. This government has allocated \$1.2 billion — a 50 per cent increase on previous allocations — and this government, through our strong budgeting program, through the fact that we have been able to run a budget surplus, has ensured that we will be able to deliver \$1.2 billion not only this year but for the next four years.

Ms GARRETT — Minister, I refer again to budget paper 4, page 28, and the funding of the TAFE Transition Taskforce within the higher education and skills division of the department. I note that the executive director of the TAFE Transition Taskforce, Ms Lourey of ACIL Allen, formerly ACIL Tasman, was employed as a consultant with the department, appointed last year and that appointment occurred without a tender. I ask the minister what the total cost of this contract was and the arrangements upon which Ms Lourey continues her relationship with the department. Is she still a consultant, or is she now an employee?

Mr WAKELING — Chair, if I may, I will refer that to the secretary.

Mr BOLT — Thank you, Chair, and through you to Ms Garrett. To answer your last question first, Ms Lourey is on an executive officer contract with the department currently. We previously had no contract with Ms Lourey; we had a contract with ACIL Allen, as you were I think indicating. There were two contracts, and we have rehearsed that in this forum before. In both cases they occurred with an exemption from tender that I approved pursuant to advice from my approved purchasing unit. The value of the first contract was \$517 000 and the value of the second contract was \$432 418.90. I believe that is the exact figure. The first contract was from July 12 to May 13; the second from May 13 to the end of March this year. I think that answers fully your question. Have I got that right?

Ms GARRETT — A supplementary — a couple of supplementaries.

The CHAIR — One.

Ms GARRETT — One supplementary. That is nearly \$1 million in a contract that was awarded. I would like to ask, in terms of an EO, what would her current band be? And was there an advertised process for that to occur, for her to become an executive officer?

Mr BOLT — By the way, Ms Lourey is at the table, just to be clear who we are talking about.

Ms GARRETT — I am happy for Ms Lourey to answer, if she would — —

Mr BOLT — No, I will answer; that is fine. Her contract is with me. I actually do not quite recall the band. We will of course disclose the band in the fullness of time. I am just thinking it is in the range of 200 to 250; it is in that band. I can come back with more, with the band that would be as we would normally report it in our

annual report if that would be of interest to you. Was there an advertised process? Yes, there were two rounds of advertisement and search that we conducted. Ms Lourey is occupying this position for an interim period as a result of that competitive selection process. I do not think I am at liberty to indicate what will happen thereafter, but we have actually indicated that there is a successful international candidate who will be occupying that role once the relevant administrative requirements are met for that person to come to Victoria. The short answer is it was won through a competitive process. It was therefore entirely consistent with our normal employment practices.

Can I also just say for the record that the value that we have had from Ms Lourey's work, both as an employee of ACIL Allen on contract to the department and now as an executive officer, has been of extraordinary value to the department. We have had the benefit of her services at a time when there was much to do in the TAFE sector, and I am very happy with the quality of the work that she has provided to the department. I want that to be placed on record because there has been a good deal of public commentary about the employment arrangements, in which that particular point has somewhat been lost.

Mr ANGUS — Minister, I refer you to budget paper 1, the Treasurer's speech, and page 10 where the Treasurer referred to \$1.2 billion being invested in subsidised training from the Victorian coalition government. Minister, can you advise the committee what impact the coalition government's commitment to training has had on those that have traditionally faced barriers to training, such as people with a disability, unemployed people or culturally and linguistically diverse people?

Mr WAKELING — Thank you, Mr Angus. Through you, Chair, we take very seriously the need to train Victorians who are vulnerable, for those that are outside of the education system, because we recognise — and I am sure the Victorian community would agree — that all people should have the best opportunity to get into education, which ultimately leads them to a job outcome. As a government we have done this in a number of ways. We firstly provide a 20 per cent concession rate for people who are health-care card holders, which effectively means they only have to pay 20 per cent of a fee to undertake training. In addition to that, we have provided providers of training — whether they are private providers or TAFE or those in the Learn Local/neighbourhood house sector — subsidy increases if they undertake training for particular cohorts: a 1.5 per cent loading for Indigenous students; a 1.1 per cent loading for regional students and young people aged 15 to 19 without year 12 or equivalent; and for those from a low SES background those providers receive a 1.3 per cent loading. So we have actually provided targeted assistance to providers. We have provided targeted assistance to many of that cohort of potential students to get them into, and encourage them into, the system.

As I indicated before, that has had a very successful outcome. For the Indigenous community we are seeing a 35 per cent increase; students with a disability, 49 per cent increase. Regarding those from the CALD community, as many would know in their own electorates, for people without English it is very difficult to not only get into education but certainly have the opportunity to build a career. We have seen a 95 per cent increase of students from that background. We have also worked very hard in targeting people who are employed. We have seen an increase from 62 500 unemployed Victorians now up to 134 800 unemployed Victorians. That is a 116 per cent increase over the life of this government.

What we have done is we have not only invested more money and increased our enrolments, but we have made sure that we have provided every incentive possible to get people into the system who do not normally have access to training. There is obviously more that we all can do, but certainly for us as a government, for myself as a minister, I recognise the need to train these people. I would also like to pay tribute to those providers, particularly those in the neighbourhood houses, which many of us would be aware of, who have run a number of foundation courses to assist this cohort. They do a great job, and the beneficiaries are those people who have been undertaking this training.

Mr SCOTT — Minister, the question I want to ask is in relation to apprenticeship field officers. The Victorian Registration and Qualifications Authority I understand had a role in the outsourcing of apprentice field officers to a Queensland-based organisation, Busy at Work, in September 2013. I ask: given the great concern about bullying of young apprentices, which I am sure is an issue that all members and, I would hope, the entire community would be concerned about, can you confirm that the requirement for the apprenticeship field officers to investigate issues of bullying of apprentices has been deleted from the contract?

Mr WAKELING — I do not have the specifics of that information, Mr Scott, and I would be more than happy to take that specific question about the contract on notice and certainly come back to you, if you wish.

Mr SCOTT — May I have some supplementary information if it is being taken on notice. If it has been deleted from the contract — which is my understanding — can you outline what protections apprentices now will have, if there is an absence of those requirements, from bullying?

The CHAIR — I think it is important to establish what is in the contract.

Mr SCOTT — I said ‘if’; it was a conditional statement.

The CHAIR — I will allow it, but I think it is going to be very difficult for the minister to answer.

Mr SCOTT — I did preface it as being on notice.

Mr WAKELING — Yes. In a general sense, the work of those staff members has provided great support, and I know that they have done great work. In terms of specifically answering your question, again, I would need to take that on advice, because I would be prejudiced to provide a response without actually understanding the terms of the contract.

Mr SCOTT — Just to clarify, I did preface it as being on notice.

The CHAIR — Just so long we are all agreed on that.

Mr WAKELING — I take it on that basis too, Chair.

Mr O’BRIEN — Thank you, Minister. I would like to follow on somewhat from Mr Angus’s last question to you. I ask you to advise the committee how the government’s \$1.2 billion investment in subsidised training is assisting those who have left school and not completed year 12.

Mr WAKELING — Thank you very much, Mr O’Brien. Certainly we as the government have recognised that there is work that needs to be undertaken to assist people who are at school age or below with training. Certainly over the life of this government for students aged 15 to 19 we have seen an increase of 18 per cent of students undertaking training. We are very focused, however, to ensure that the training that young people undertake ultimately assists them in leading to a job. We are concerned as a government if there are in fact activities of training providers that are seeing young people being enrolled in training which is ultimately not going to assist them in obtaining a job.

We saw situations of many school students who as part of casual work — weekends, nights — were being enrolled in training as part of that employment. That training was often being done without their knowledge or being conducted in a way that the impact to that student of undertaking that training was not fully explained. We had a perverse outcome that a number of school-age students were engaged in training which then prevented them from obtaining government-funded training at a later point in their life, when they had decided to undertake training. The government was in fact subsidising training for students who did not necessarily want to obtain employment in the area in which they were doing that training.

That is why we as a government took the action to ensure that school-based students who were still at school could not enrol at the same time in government-funded training. The government took the view that, if a student were still at school, they could not undertake training with an external provider external to their school arrangements. As a consequence of that, we saw a decline of about 6500 students who were undertaking that type of training while still enrolled at school.

We have no problems with students undertaking training that is going to lead them to a job outcome, but students undertaking training because they are being enrolled by an employer unbeknownst to them, and that then burns their opportunity to obtain government-subsidised training at a time at which they choose, in fact has a perverse outcome. You might have a student who decides they wish to do hairdressing and then finds out that because they already have a certificate at an equivalent level they are going to be required to pay to do that course, even though they may have been unaware of the fact they had already received a certificate as part of casual employment they had received earlier.

This government is very much focused on assisting that cohort of 15 to 19 to ensure that we provide every assistance possible, but at the same time we want to ensure that the training they undertake is directly going to assist them to obtain employment.

Ms GARRETT — Minister, I refer to budget paper 3, page 101, and the apprenticeship performance measures. I also refer to your government's introduction of the new apprenticeship travel allowance in February this year in which you also abolished the apprenticeship accommodation allowance. Under this new scheme apprentices can claim for travel expenses up to a maximum of \$200 per year. However, under the previous accommodation allowance, apprentices could claim \$25 per night for a maximum of five nights for their block-release training at an RTO, with many apprentices attending up to eight block-release dates per year to the value of around \$1000 per year, depending on the apprenticeship. Therefore, it seems that the new travel allowance in fact represents a cut of up to 80 per cent for apprentices who need to travel to undertake the training. Why was the decision made to cut this funding?

Mr WAKELING — Thank you very much, Ms Garrett, for your question. Certainly this government recognises that there is a need to provide assistance to apprentices who are undertaking training in regional Victoria. Under the previous arrangements, we had a situation such that some students were being provided with funding assistance but many students were missing out — many students, studying side by side. In fact you had a perverse situation where one student was receiving funding and another student would receive no funding.

The first principle that the government had was that this was meant to be funding assistance to provide some relief for those undertaking training. We put in place changes to make it a far more equitable system, and as a consequence of that change, we have now seen the number of students in receipt of funding assistance rise from 2500 to 5000 students. We actually see 2500 students in rural and regional Victoria who are now accessing funding assistance. Certainly, for many families in rural and regional Victoria who prior to this change were receiving no funding assistance for their child who was undertaking training, the changes that were put in place now ensure that this has broadened the scope to include another 2500 students.

I must also indicate that this is a pilot program. This program is being undertaken until August, and we will obviously assess the outcome of the pilot. But I will say two things. It was certainly a program put in place to provide assistance to a broad range of students. We wanted to try to ensure that more students had the opportunity to receive funding assistance. As a consequence of the changes that were made to the pilot, we have now seen 2500 extra students receive funding assistance, but again, as I said, it is a pilot. The pilot will be reviewed in August of this year, and again that will then be assessed in terms of how the pilot has operated.

Ms GARRETT — By way of supplementary — on the same page, budget paper 3, page 101 — I note the quite significant 20 per cent decrease in targeted apprenticeship and traineeship commencements from 51 000 in 2013–14 to 40 000 in 2014–15, and I ask the minister: how many apprentices have been impacted by the \$20 million cut to the apprentice trade bonus in last year's 2013–14 state budget?

The CHAIR — That is drawing a very long bow as a supplementary question. I will allow it, but please do not do it again.

Mr WAKELING — I am happy to get the information. With respect to apprentices across Victoria, we have seen an overall decline. Apprenticeship enrolments have increased 3 per cent since 2008. However, year on year there has been a decline of about 4 per cent, but that decline is consistent with the national average, so the decline in Victoria of 4 per cent is consistent with the national figures for apprentices, and that is reflective of what is happening within the state. Apprenticeship enrolments have declined from 45 000 to 43 200.

Can I say, though, the best way to ensure that we have more apprentices in the state is having more job opportunities for those apprentices, and I am sure Ms Garrett would appreciate that the construction industry is a significant employer in this state. The best way to assist people to gain more apprenticeships, particularly in construction, is to ensure that you create a pipeline of jobs, and I am sure my colleagues in this room would have been able to articulate a range of projects, but certainly the range of road projects and rail projects that were announced by this government will not only provide great assistance to the state in terms of moveability, but with respect to my portfolio there are going to be literally thousands of new jobs created as a consequence of those government announcements.

I will now need to ensure that I have a pipeline of trained workers to be educated through Victorian institutions to work in those jobs. This government has committed \$1.2 billion of funding, and certainly we will see, as a consequence of those funding announcements and other announcements, that there will certainly be an uptake of private companies, as a spinoff of delivering those projects, seeking to potentially be engaging apprentices as a consequence of the delivery of those projects announced in the Victorian state budget.

The CHAIR — The time for questions for the higher education and skills portfolio has concluded. There were a couple of questions on notice: the band matter with Ms Lourey, and the Busy at Work contract that was referred to. We will write to you, Minister, on those matters within 21 days. I thank the minister, the secretary and departmental staff for their attendance today. That concludes the hearings.

Committee adjourned.