

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Auditor-General's report no.253: Managing School Infrastructure

Melbourne—Tuesday, 10 March 2020

Members

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Mr Richard Riordan—Deputy Chair

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WITNESSES

Ms Jenny Atta, Secretary, and

Mr Chris Thompson, Assistant Deputy Secretary, Schools and Regional Services, Department of Education and Training;

Mr Chris Keating, Chief Executive Officer,

Ms Jessica Trinder, Executive Director, Asset Management and Strategy,

Mr Tom Kirkland, Executive Director, Delivery,

Ms Ella McPherson, Chief Operating Officer, and

Ms Jacinta Blanch, Executive Director, New Schools and Education Plans, Victorian School Building Authority.

The CHAIR: Thank you, everyone. We will reconvene the meeting. Welcome to the table, the Department of Education and Training and the Victorian School Building Authority. Thank you for taking the time to come to this public hearing today of the Committee Inquiry into the follow-up report of the Auditor-General's report *Managing School Infrastructure*. If people have mobile phones turned on, I would ask that you now turn them to silent. I remind you that all evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege. You will be provided with a transcript for you to check. Verified transcripts, PowerPoint presentations and handouts will be placed on the Committee's website as soon as possible. If there are any media present, we welcome you here today, but we remind you of the following guidelines. Cameras must remain focused only on the person speaking; operators must not pan the public gallery, the Committee or witnesses; and filming and recording must cease immediately at the completion of the hearing. Broadcasting or recording of this hearing by anyone other than the accredited media is not permitted. Thank you for coming today, and we invite you to make a 15-minute presentation.

Visual presentation.

Ms ATTA: Thanks very much, Chair, and thanks for the opportunity to attend this morning. I am here with other senior colleagues from the department: all Chris Keating, CEO of the Victorian School Building Authority, and Chris Thompson, Assistant Deputy Secretary, Schools and Regional Services. I wanted to start quickly with just a bit of context around the department's operations. The department's aim is to build a world-class education and training system that produces excellence, equity and equal access to benefits and opportunities from education and enables individuals to shape lives regardless of background or circumstance. A fundamental part of that is the development of a strong society, including strong economic growth, productivity and employment.

The Department of Education and Training offers learning and development support services and resources for all Victorians from birth to adulthood. In particular the department has responsibility for school education, with this year in 2020 more than 1 million students attending schools in Victoria between prep and secondary levels across more than 2200 schools. There are also significant responsibilities obviously for early childhood education and vocational education and training.

Just to touch and focus on the Victorian Government school system, we have got a portfolio of more than 1500 Government schools located across 1900 sites across Victoria. The asset portfolio comprises around 3600 buildings, and schools host more than 630 000 students and 46 000 teaching staff. So it is a very significant portfolio in that sense. It is important to note that for more than 20 years education reforms have focused on enabling Victoria's Government schools to be self-managing and responsive to local needs. Each school is supported by a school council of parents, staff and local community representatives. Working closely

with regional offices, each individual school has accountability for its financial performance, teaching standards and student outcomes.

The department's organisational structure you can see there. Since 2016 we have had the standalone group for the Victorian School Building Authority bringing that dedicated focus to school infrastructure. Our Schools and Regional Services Group, on the right, is also very significant in relation to infrastructure management. It is through that group that we operate four regional offices and 17 local area teams across the state, providing a range of expertise and support to school leaders and the school workforce, including in relation to asset management.

The Victorian School Building Authority, as I said, was established in 2016 to manage the design and construction of new schools and early childhood centres and modernisation and infrastructure improvements at existing schools. It was set up to lead a step change in our approach to school infrastructure and asset management, in particular to deliver projects more quickly and to greater value, and to work with communities so that school projects meet local needs. It also has a very specific focus on improving and driving a series of reforms to improve the asset management of school buildings. I am proud to say that, as a department, I think, we are thinking innovatively and differently about school infrastructure in Victoria today—about how schools are designed and operated, including how they are built to include sporting, cultural and other facilities that can be shared with the wider community.

I wanted to touch on the role of the school principal. It is central to our approach on school infrastructure, and school principals do have complex and demanding leadership roles. They are not only educational leaders; they play the role of the local workplace manager, looking after the day-to-day operational aspects of running a safe and effective school environment. So part of this is to be the school's local asset manager; and the department has a shared asset management responsibility model, which I will touch on in a moment, but the principals are responsible for overseeing, planning and managing school maintenance and ensuring their school site is safe and secure for all staff, students and visitors. That school maintenance role is important, but equally important is to note that for more complex or higher value maintenance projects or capital works projects, the VSBA takes direct responsibility for those working with the school.

Departmental regional and central offices, including the VSBA, work together to provide an effective team around the principal to support them in their role. That is important in particular in relation to legal, HR, occupational health and safety, compliance and supporting the asset management responsibilities. As I said, we have a shared responsibility model for asset management. Before around 1993 Government school assets in Victoria were managed centrally by a public works department. During the 1990s the role of central government in the management of school assets was reduced, with the department devolving significant decisions and responsibilities to school councils and principals. Since then, through various reforms, under a succession of governments, Victoria has created a highly efficient school infrastructure program, delivering innovative and quality facilities with value for money.

More recently, through our asset management reforms, we have accentuated the importance of that shared responsibility model where we are looking to strike a balance between local decision-making at a school level and central control and accountability. It allows principals to align a school's physical space with its educational direction and the long-term local goals, and in addition the responsibility for managing daily risks is located close to the source where it can be managed most effectively. This balance has allowed the department to drive greater accountability and transparency in its asset management processes. The shared responsibility model recognises that schools are best managed locally because principals and school communities understand a school's local, unique needs. However, it also provides strong central support where necessary. I think the VAGO audit in 2018–19 looking at the asset management accountability framework identified the department as one of two departments demonstrating better practice.

There has been a long history—or an important more recent history since about 2012 around external audit, scrutiny and oversight of school infrastructure and asset management and the development, or further development, of whole-of-government initiatives such as the asset management accountability initiative. The VSBA and the department have taken all of these audits and frameworks seriously. They have helped to inform

us in the development and the progressing of important reforms to improve asset management for Victorian Government schools. I might hand over to Chris Keating to talk to that in a little more detail.

Mr KEATING: Thank you for having us today. This slide has a lot of information on it, but it tries to show in a graphical representation what the asset management reform program that has been discussed by VAGO but also by us looks like. At its heart there is a rolling facilities evaluation, which has been mentioned, which is 300 schools a year being audited. When a school is audited we identify every aspect of that school on a risk rating from 1 to 5. We work with the school to develop a local asset management plan—so a school maintenance plan—we work with the school council, we train the school council and the principal, and then we actually set that up in a system so they can manage that over the five-year period, and in five years time we audit them again. So schools get into a routine, understood way of working that they can plan for and predict. Schools hold funding locally through their local budget. It is called the student resource package, which they administer under that plan. But we then provide supplementary funding through various programs and initiatives on top of that, which they can count on in their five-year plan. So that is at the school level.

We then centrally hold all this information in our investment model. So this is how we prioritise the relative needs of all schools. We take into account condition, enrolment growth, whether it is in an area with constrained space—all the factors that you consider. We then use that information to provide advice to Government—so what are the relative needs of all schools in a prioritised sense. An investment model also calculates how much money they need to invest to bring schools up to an acceptable—to a good—standard.

Alongside that you will see the asset management system rollouts. We currently have an asset management system. It has not been rolled out to schools, so we are rolling it out corporately—sorry, we currently have one; we are rolling out a new system, which is being rolled out corporately this year and will roll out to all schools in 2021. That becomes the missing piece in the asset management reform, to actually have information that is in real time at a local level that schools can use to administer their assets, then we can use centrally to make sure we are constantly updating and reflecting the priorities of investment.

So the key in all of this is really—and Jenny touched on this—the balance of centralised oversight versus local decision-making. So it is really important, given our schools are such large community institutions and that the communities have such a big role in them, that there is a lot of local planning, a lot of local engagement. We talked about the rolling facilities evaluation producing an individual report, the importance of the school training and capability built in to actually understand that and use that, but also making sure that our schools understand all the programmatic support that is available. For example, if a school has a fire or a flood, they can pick up the phone and within four hours there is someone there making the school safe. If a school has a maintenance issue they cannot manage within their own local fund—it is causing a safety issue—there is an emergency maintenance fund that can address it immediately. So it is making sure you have got that risk-based approach, that decision-making locally is well administered, but then additional support is provided when required.

So in terms of context we are talking a lot about asset condition. In Victoria right now population growth is a huge part of the challenge also. Just to decode this chart, the red line is the numbers of students in Victorian Government schools back to 1987. So you can see really back in 1987 we had 540 000 Government school enrolments. That number was pretty much the same in 2013, so we really had a system without growth for a 25-year period. You can see that from there it has just taken off—and if I showed you the next 20 years, it is effectively that trajectory going forward, so it is growing at a rapid rate. The turquoise line, which is using the right-hand side, which is the percentage, is the proportion of kids that are in a Victorian Government school. So you can see at the same time as we had a stable number of enrolments in Government schools we also had a falling proportion going to Government schools over that same period. So what that meant is more and more families were choosing to send their students to Catholic or independent schools. That has changed also from 2013. That has shifted, so we are seeing both more kids in the system and a higher proportion of kids in the system. That means strong, viable schools, but it does mean the compounding pressure from a demand perspective.

In VAGO's audit it talks a fair bit about the way we plan for new schools and the way we manage growth. There is a lot of detailed information which we can share with you subject to the questions, but essentially for

every new school we are planning 20 years out. So we work with the Victorian Planning Authority to identify the needs of a future developed community, so we would generally put the schools as one of the first things into a new community. They would be co-located with sporting facilities, with early childhood services, with community health services—so it creates a civic centre in the area. That land is set aside; it is identified in a precinct structure plan. Depending on how that precinct structure plan is developed—whether it moves quickly or slowly—we would then provide our advice around when that school was needed. We work every year to look at local planning data and whole-of-state demographic data to understand what demands are. We work with all local councils across that year to refine the information, and every year we set a plan for our new schools pipeline really over the next 20 years, with more specific years allocated for years 10 and below.

It was also mentioned—about the challenges in the established areas. In the growth areas it is a very tried and tested way of doing it. It is very methodical; it is very well planned. In established areas it is more challenging. You have very changing compositions of households. You have more and more families living in apartments, more and more dense living and a relative scarcity of land. So we have done a large body of work over the last 18 months, 24 months, to have all the options identified and costed in terms of how we would meet that growth. So that may involve new schools; that may involve expanding the capacity of existing schools—but it also involves managing our enrolments more effectively. When you have some schools with very large numbers of enrolments adjacent to schools with very low enrolments, it creates a real challenge from an asset perspective. So not all the leaves are built form; some of them are also policy.

We talked about the model of having school led, department led—this really tries to show the natures of those programs that we have put on that continuum. So on the left-hand side here are the things that, really, schools are responsible for administering day to day as part of their job. That includes all maintenance and minor works; annual contracts—that would mean someone coming to service lifts or other types of technical things; essential safety measures, making sure that those exit signs and all the things required from a building code perspective are up to date; and grounds maintenance. They are things that are very predictable, annual and routine.

Then there are a number of things that can be either VSBA- or school-led. That might mean bushfire preparedness, and when we are doing a major bit of work to improve buildings to minimise bushfire risk, then we would take that lead; if they are doing day-to-day vegetation clearance, we would support them in doing that, so it could be a shared responsibility. On the far end are programs which schools could not manage in their own right. So that would be ‘make safe’, where a school would have a fire or flood or major vandalism and where we need to get in and get the school up and running immediately; relocatable classrooms, where we are moving assets between schools to manage fluctuating enrolments; building new schools; or major upgrades. So we really think in that continuum of trying to make sure that the best decision-makers are leading the decision-making rather than it being always the school or always the department.

I think in the previous hearing you were asking a lot about investment, so this is the last 10 years of capital investment that has been allocated through State budget appropriation. You can see the profile there. There were also a number of questions about the maintenance profile, which is the next slide. So that is the annual maintenance allocations over the last 10 calendar years. That information is in the submission that we provided, and we are happy to provide any further information underpinning that.

In our submission we have obviously gone through a lot of detail about the context and the reforms that we are making and why we think they acquit VAGO’s expectations but also the realities of running the Victorian Government school system—that just focusing solely on technical asset management will not help schools to be better; it has got to be a combination of understanding local contexts and priorities as well as technical expertise. We think there are five things that there is further work to be done on, and in our submission we note those again. There is ‘Funding certainty’. So quantum is discussed a lot, but certainty is just as important. If there is a certainty of funding, then the decision-making gets better. If people can anticipate five years from now how much funding they will get, they will make better decisions today. If there is uncertainty, people might hoard money or spend money poorly. So certainty is really key in asset management, because we are always thinking about long-term decision-making.

‘Differentiated support’: so whilst we have rolled out what we think is the right series of reforms across Victorian Government schools, our schools are hugely variable. We have got some secondary schools with 2500, 3000 kids. They have got the capacity to appoint an asset manager on their staff, a facilities manager. We also have a lot of schools that have under 30 children, where you might have the principal being the teacher and also being the business manager and the asset manager. So the model that we have got needs to differentiate between those capabilities locally. So training is one part of it, but also maybe for some schools it might mean us doing more for them than for other schools. So that is where we think the next wave of reform goes—to actually having a more differentiated support for our schools. And that is not just in asset management, that is across a range of technical aspects that principals are responsible for.

‘Adapting to our changing environment’: we obviously very unfortunately had a school burn down recently in our bushfires. We also perennially have floods and other environmental challenges, so making sure that our buildings are actually prepared to manage the consequences of climate change but are also doing their bit to minimise the impact on climate change is a focus for us.

‘Meeting the future needs of our students’: we are talking again a lot about condition, but these are places of learning. Making sure that they are designed in a way that anticipates the needs of kids into the future, the future jobs market, the future employment opportunities that kids are going to face 20, 30, 40 and 50 years from now and the way our teachers are teaching—the buildings need to support that. So it is not enough just to be in good condition; they have actually got to enable high-quality practice education.

The final one is ‘Schools as community assets’. Schools are unique; particularly in regional Victoria they are often one of the last community infrastructures standing. The principal provides a very strong leadership role in the community. Making sure that they are designed for the community—not just between the hours of 9.00 and 3.30 for schoolkids but running seven days a week for sporting, performing arts, adult education and all the other services you can provide. And we do that well. We have done that very strongly for many, many years, but there is more that can be done.

I would like to thank the Committee. Sorry, there is one final slide, which is key. So in the previous hearing there was a discussion about the seven recommendations from VAGO. Just to be clear about the seven, six of those are fully implemented. The seventh, that is not implemented, is that asset management reform program. The reason that is not implemented is it is a five-year program. So really it started in 2018, auditing 300 schools every year for five years until all of those schools are audited and part of the program. It is not fully implemented. So it is a five-year rollout; that is why. So it is on schedule, it is on target, it is just not fully implemented. And that concludes our presentation.

The CHAIR: Excellent. Thank you. I will kick off the questions, and in part I think you alluded to what I am about to ask in the final slide, where you mentioned differentiated support, but I am interested in where, one, we have implemented the recommendations and, two, where we are going now. In a previous life I was involved in training school principals, particularly in OH&S and IR, but other things as well—and not in our State system. One of the things in training principals that I came to understand very well was the different levels at which the principals were able to contribute to projects and to maintenance and the extent to which they understood or had experience in dealing with things like occupational health and safety or industrial relations, and also the extent to which, based on the nature of the school, some principals were asked to do more than others, as you said yourselves.

In small schools they are asked to be everything, from the principal to the business manager—and at times the teacher, the cleaner, whatever else it might be. And in other schools that have greater capability to employ a business manager, a maintenance manager—whatever it might be—the expectation on the principal is somewhat different. What are the things we are doing to support principals? I mean, you said we are doing things, but what are they? What do those programs look like and how can we help invest in principals and their ability to contribute to these projects or support them in contributing to them while they are doing other things as well? And what does that differentiation look like? What sorts of things are we thinking about?

Ms ATTA: Great. To touch on some things that we are doing and then, as you say, some plans we have in place to start to trial some more differentiated support, one of the things we have done in thinking about lifting

capability for principals and supporting them with asset management is to work closely with the Bastow Institute of Educational Leadership and to drive some of our training through those programs. Bastow of course works with principals across the state on a whole range of leadership programs. Through that we are looking to build further principal capability to manage school infrastructure. In particular we have what is called the bricks and mortar asset management module, which provides technical leadership and training in school asset management. In 2019 I think more than 450 participants took part in the module across nearly 350 schools. That is one of the modules that sits alongside others in law and order, finance matters, safety management and school procurement. Most of those relate back into asset management in different ways as well.

We also have the department's principal preparation program, including the Victorian aspiring principal assessment program, which is looking at identifying future leaders and starting that training earlier, where we are looking to prepare and measure the readiness of aspiring principals, and the VSBA contributes to that program as well. Schools are also supported through the VSBA to manage their assets through the provision of asset information training tools and advice from a dedicated team that includes corporate staff and technical leadership coaches and then a range of asset management workshops and planning workshops. I might ask Chris just to talk a bit more about the technical leadership coaches and those specific workshops.

Mr KEATING: One of the temptations in this space is to have highly technical facilities management people. You need that expertise, but it is actually not the best delivery mechanism for our principals. What we find is having former ex-principals who have been really expert in the management space, understand the context, understand how to administer their schools but also have the backing of that technical expertise is the most effective. So what we have is a number of former principals who run these programs, and they really tailor their support based on the needs of the principals. It might be a large school with a very efficient process, so they will really help them develop their school maintenance plan and any updates they need. But if it is a small school and a first-time principal, they might sit down and be there for two or three days working with that principal to help actually develop jointly, help them present it to the school council, work that all through. So it really is a differentiated support model. It is doing it at scale. So having those 300 schools come in each year through a very structured process means we can provide that level of support to each one of those schools rather than trying to train all 1500 schools simultaneously.

Ms ATTA: On differentiated support, the program that we are looking to roll out in the Wimmera district is around a model where we will work with small schools but take expertise to the schools in asset management so that we will have a roving capacity, if you like, with a team that will go out and sit alongside the principal to look at their asset management and planning, to look at their scheduling, to look at related budget issues, how to prioritise maintenance, what to do where there are reactive maintenance needs. But the important thing there is to really recognise that in those smaller schools the principals are usually teachers as well. They are doing everything for that school. This asset management work is critical across all schools, but to lift that burden so that they know that there will be expertise coming in to schedule a time with them across the year, at various times, to actually do that work, keeping the principal involved and understanding it, having input to it as the school leader in that local context. But this is about taking something away from the principal. So we are excited to trial that this year.

The CHAIR: One other aspect of that, I guess, is the extent to which we support school principals in working with their extended school community—their school council, managing the difference in expectations between the school council and the principal about what is achievable or what the priority is. Is there support given that assists the principals with that as well?

Ms ATTA: Yes, absolutely. I might ask Chris Thompson to say a couple of words on that.

Mr THOMPSON: As you have said, principals have really complex roles. They lead large organisations as well as ultimately trying to improve student learning outcomes, so over the last three years there has been a significant investment in the principal health and wellbeing strategy. There is a whole range of reforms that have been provided to schools. One that particularly relates to school councils is the school policy templates portal. School councils are responsible for endorsing a range of policies. There is the potential for that to be a cumbersome exercise, so what the department has done is established a policy templates portal which has quality-assured templates that can then be customised and endorsed by the school council. They really clearly

outline the responsibilities of the school principal as well as the school council to ensure that there is no confusion there. The next stage of that process is that shortly the department will be establishing the policy advisory library, which will consolidate all policies across all aspects of the system, whether it be infrastructure related or teaching and learning related, so that they are on a central portal available to school principals and other school leaders and they can then use those as the basis of discussions for school council meetings.

Mr RIORDAN: Thank you for the presentation. A couple of questions if I may. Why do we seem to be reinventing the wheel on how to run schools? I would compare and contrast in my own electorate the condition of your average Catholic primary school to your average State school. I have got 40-odd communities, and nearly all of them have got one each. I go to both of them, and there is no comparison—the State school has windows falling out, asbestos signs on nearly all the doors; you go to the Catholic school and in some cases they have got synthetic running tracks. These are in low-income, socio-economically deprived rural communities, and there is no comparison. Why are we reinventing that, and have we looked at what they do with their locally controlled principals and locally controlled community parent groups and then compare and contrast and see why there is such a difference? Has that work been done?

Ms ATTA: We are constantly looking at other school systems here and across other jurisdictions in terms of different models. We do think that the shared responsibility model is the right one to take forward. We recognise that there is more work to do and we are sort of halfway through this series of reforms, which along with additional investment over recent years is helping us to lift the standard of the asset base across the board, completely recognising that that is not complete yet right across the state.

I think the value of the principal as local manager understanding the unique needs of the school and being able to respond to the day-to-day requirements of the school while having strong central support and the department being able to pick up the more complex high-value maintenance and capital works projects does seem to be working for us. We do not have that working or completely implemented right across the state as yet. Chris, do you want to comment on that?

Mr KEATING: We think the reforms are right. We think as these are embedded and the schools get familiar with them they will make that long-term difference.

Mr RIORDAN: Just on that though, with principals I think you said 300 schools over five years rolling—most school councils will have easily turned over their main contributors in that time. From my experience most principals will have turned over there. What is the mechanism being put in place to entrench a proper understanding and that coordinated long-term approach to each individual school? Because it is all right to do an audit now, but in five years time you could be looking at it and it could be a new principal, new school cohort—where is the ownership? Even when we do the audit in year one, we have got the information but what is the mechanism in place to actually get an outcome from the audit?

Mr KEATING: The key aspect is not the audit, you are quite right, it is the plan that comes after. It is actually the school maintenance plan, so it is actually a document that says, 'Here's all the faults that we've found, here is the funding you have got locally, here is the funding that is provided centrally that you can rely upon over that five-year period'. We work with the school principal and the school council to develop that plan, then we monitor it year on year to make sure it is done. So that is the key accountability.

Mr RIORDAN: So there will be annual feedback to schools?

Mr KEATING: It is a five-year plan that is annually progressed and annually assured against, so we make sure that by into the fifth year if the school has gone off track, through our regional service colleagues we can intervene, visually ensuring capability around funding, around support, whatever it may be, to make sure over that five-year period those actions are followed through on. That is an agreed plan rather than just something the department is doing to the school. It is something that the school council and principal sign up to as well. The educational priorities are just as much a part of it as the asset management part.

Ms ATTA: And I think what we are trying to shift to—and the level of investment has been important in partnership with the improved systems, processes and controls—is to move from a reactive position for our

schools to proactive, planned maintenance for that school asset, noting that where unforeseen events occur we have centrally managed programs that we can bring in in case of storm events or fire or—

Mr RIORDAN: And just finally, have you done any analysis on what we did well and what we did not do so well from the BER funding? So, once again, from my experience, what individual schools got out of it varied completely on the skill set of the—

Mr D O'BRIEN: Highly variable.

Mr RIORDAN: Highly variable—the skill set of the principal. I mean it depresses me the amount I go into my communities where they cannot afford to change the light globes because the ceilings are too high and it costs them about \$700 to get a crane in to change the light globes. Has that sort of information been documented and fully understood on how we do that?

Mr KEATING: We look at both the condition but also the functionality, and what are the recurrent costs of running the asset, whether it be electricity or utilities or the upkeep of replacing light bulbs. We look at the costs—

Mr RIORDAN: No, I mean, it is just sort of in the concept. What I am getting at—I would not employ a principal of a school to be an asset manager, I would employ them to be good educator; right? So has the department learned to sort of understand the strengths and weaknesses of the principals, so that you do not have a principal that likes a pretty picture on a piece of paper but a principal that understands the functionality of the pretty picture?

Ms ATTA: It really goes to the planning and design process, which we have completely revamped. One of the key characteristics about the BER program was how quickly that had to be rolled out, and it tended to be rolled out with options around template designs and local decisions being made almost overnight, and so there was an enormous amount to learn from that process.

Mr RIORDAN: So there have been learnings from that?

Ms ATTA: Absolutely. I will just get Chris to talk quickly to the planning and design process. We think it is critical to involve the principal and the local school community, but it is carefully managed and facilitated by the department.

Mr KEATING: If you look at the way major capital investment has been managed, historically school councils managed those contracts. So it was very devolved—school councils would sign the contract and they would run the whole process of engaging an architect. That has shifted dramatically. Anything above \$200 000 we run centrally from a design perspective. So we are evaluating every project we do—what worked, what did not, what defects have come out, which builders are doing a good job, which ones are not, what are the outcomes from an educational perspective—and then feeding that into our design standards, which keeps iterating and improving. So there is a very sophisticated model now about cost, design and quality assurance that really was not there during the BER days, which was one of the challenges of that model. It was a very deregulated environment and we poured a whole lot of money into it.

Mr RICHARDSON: Thanks, Secretary, CEO and Chris. Just a couple of questions around maintenance funding, taking off from Lucy's point, which I think is a really important point around principal support. What has been the change in regional support during the time frame of maintenance audit and maintenance backlogs for our principals?

Ms ATTA: One of the things that the department has put in place over recent years under a Learning Places model is a much-strengthened regional service model for regional offices—about 17 area-based teams as part of that—and a real shifting of resources wherever possible from the centre to the region to be closer to our school system and indeed our early childhood education services to provide that support, so staff within our regional services working closely with the VSBA, supporting schools in terms of maintenance. Do you want to add to that?

Mr KEATING: Yes. As well as the regional model, we talked a lot about these technical leadership approaches. They work in concert with our regional colleagues, who have a view about principal performance, principal wellbeing, so we are injecting the right amount of support in a way that works for that principal.

Mr THOMPSON: Yes. Those technical leadership coaches are absolutely critical because they bring that context and the understanding of schools and their local communities. We have some technical leadership coaches who have been principals of large metropolitan high schools as well as smaller regional schools in Ballarat.

The other area where the regional structure really assists schools and school principals with managing those competing demands is around occupational health and safety, so there are dedicated officers within each region who are responsible for supporting individual principals when an occupational health and safety issue arises. They are essentially a hotline that can help them navigate that really complex space.

Mr RICHARDSON: Richard talked about learnings over time. When did those roles come online in terms of their impact?

Mr THOMPSON: In 2016, when the department introduced the Learning Places model, there was further investment in those regional and area-based roles to support facilities and occupational health and safety. The learnings there have been really that they can go to the point of need. They can develop a strong relationship with the local principal. They are not faceless. They have an understanding of the local principal's needs and challenges, and they can actually work with them step by step to navigate the process.

Mr RICHARDSON: Further to that, I guess, the number that has been talked about in the department's submission is \$420 million. Is that the backlog as of 2012 on those 2012 dollar figures?

Mr KEATING: In 2012 there was a whole-of-government-school audit, so we did a point in time, the whole asset base. We identified \$420 million worth of higher priority needs. So that backlog has been removed. I think it was included in 2016. In addition to that, the rolling facilities evaluation—we have audited just over 600 schools in the first two years, so we are identifying about \$100 million over that two years of which the higher priority stuff is being funded immediately, so about \$30 million a year. So there is not that lag. As it is identified the money is put aside and fed into the school maintenance plan so schools have got certainty that work is funded rather than waiting for a future funding announcement.

Mr RICHARDSON: So \$420 million in 2012 numbers, what is the real dollar impact of, as VAGO has determined over those years, the underinvestment in maintenance funding for our schools?

Mr KEATING: So just to understand the question, this is about the percentage investment relative—

Mr RICHARDSON: No, so the cost impact of the underinvestment in the table that was shown before. Has the department done a number assessment on the impact of underinvestment as well as the maintenance backlog and the impact that that has had on our schools and where we find the Victorian education system today?

Mr KEATING: We have not done at a whole-of-portfolio level what the absence of investment consequence would be. The general asset management principle would say something like, 'If you defer the cost of investment for 10 years the cost is 20 times higher'.

Mr RICHARDSON: Yes.

Mr KEATING: If you do not clean the gutters, then in 10 years time you are replacing the gutters. It just goes from there. If you do not replace the gutters, then you are replacing the roof. There is a factor of 20 for every 10 years would be our rule of thumb, but we have not done that analysis for every school, every building across the portfolio.

Mr RICHARDSON: So VAGO's numbers on \$420 million at that point in time in 2012, the impact could have been far greater, and then the trajectory of underinvestment.

Mr KEATING: Yes. So what that \$420 million was was at that point in time the buildings were below a certain standard and the cost of bringing them up to a standard. The consequential cost impact of those buildings not being funded was not calculated at the time. The priority was getting it fixed.

Mr RICHARDSON: This is probably not a question for you, Chris, but what impact, Secretary, has the VSBA had on our maintenance and infrastructure program, and how has that provided support to regions in addition to, I guess, at the 17 regional level?

Ms ATTA: It has been a complete step change, having a dedicated group authority within the department. At the time we intentionally created, built, added to the resource base considerably, added to the expertise so that we had expertise in terms of infrastructure planning, in terms of construction, in terms of infrastructure procurement, in terms of bringing in things like the technical coaches, former principals who have managed large schools et cetera, but also in terms of important community engagement resources that mean that the VSBA is able to actively work with the principal and their school community around infrastructure needs—planning, design et cetera. So it has been critical.

From my perspective the most important job it has had is to establish and drive the asset management reforms and the school delivery and construction reforms—on the latter, to get much better outcomes in terms of the time it takes to build and construct a new school and the quality of the engagement with the community around that. So in Victoria we are still essentially building bespoke schools for school communities; other jurisdictions rely more heavily on template designs. We think having that local input to the planning is important. Having that very high value that the local community then place on that school is really important.

On maintenance and the asset management reforms, the twin challenge that we have had is managing school infrastructure so that we can respond to the very significant growth challenge at the same time as lifting the standard of the building stock across the portfolio. The asset management reforms are central to that. I would not like to be sitting here having the additional investment we have had unless we had also had that reform and change to the systems, processes and controls that we have around that so that I feel we are ensuring that we understand how that money is best invested, we understand how that investment is tracking, we understand much more about the quality of the facilities and the quality and standard of the asset base right across the system. So it has been a stepped change to have and build a specialist, dedicated business unit such as the VSBA.

The CHAIR: Before I hand to Sam, I just want to follow up on a point Tim made, and it went to a question I asked of the last witness, although clearly not very articulately. I will see if I can ask it better now. I am just interested in the extent to which the enormous amount of work the Government has done improving assets as a whole, what impact that has had on our overall asset maintenance program and where we were at the time in the audit compared to where we are now.

Mr KEATING: The key things I would point out are: as a fault is identified, it is addressed immediately; it is done in a structured way, so the school understands all of its priorities and things that need to be done immediately and things to be done over the next 24, 36 months. I think that is a major shift. Rather than a big assessment being done and then being worked on for many, many years to address it, we are doing it in real time at the school, so that is a fundamental change.

I think VAGO mentioned a number of times the investment levels, so we are sitting at about 1.7 per cent of the asset replacement value. That is almost a doubling of the amount of investment in maintenance. But we are also spending about \$1.5 billion per annum on capital, and that is a key part of any asset management. If you replace the stock and it is good condition, the cost of maintaining it is lower and you can do it in a more systematic way. So we are talking a lot here about the maintenance side, but the capital side is equally as important, and it is not just important from an asset management perspective; it is important from a quality of education perspective, so you have got teachers able to teach effectively. It is really important from a pride and confidence perspective—when the community goes past the school, it actually looks like somewhere they want to send their kids. So there are a number of things that we are factoring in when we are delivering investments, not just pure asset management. It is looking at making sure we are building strong, viable schools for the communities.

Mr HIBBINS: My question goes to transparency around planning for new and upgraded schools. In terms of the information, obviously there is a lot of planning that is occurring, but when is that information actually getting out into the hands of local communities and stakeholders? The report rightly points out the difficulties in co-planning and having community facilities within schools given the short lead-in times. But you would also be well aware of the incredible amount of angst that occurs in communities when you have got parents and school communities rallying and forming community groups to principals, who are looking at enrolment projections and looking at what they have got. In my view it is a lot of needless anxiety if—for example, the new schools pipeline. I would be interested to know what information in regard to that is being published. Also in terms of recommendation 5, in terms of established areas, my understanding is you have changed the methodology. But again when is that information actually reaching, for example, the local council or stakeholders' hands so they can properly co-plan schools in established areas?

Ms ATTA: Let us work through the two parts of those questions. I think I can confidently say we are in a much better place in terms of transparency of reporting and of planning for new schools. We are in the position where the Government has made a very public commitment around the 100 new schools, and we are part way through the delivery of those. But a longer term commitment has meant that we have been able to move through our planning process, engage with local councils particularly in the growth areas—and this was an important point that VAGO highlighted in their 2017 audit: to work with growth councils, to work with the Victorian Planning Authority—and progressively add more information, including through the VSBA website, on planning arrangements for those future schools.

So we might come back to established areas, but I might ask Chris just to talk a bit more about that.

Mr KEATING: I think the website is one of the key additional things. Every school that is in planning is listed there, so communities get a sense of where things are up to, they get a sense of what the estimated completion date would be. Any land that we are acquiring is identified on the public website, so the community can see where things are being scheduled. We work every year with particularly the growth area councils to share our pipeline of what we think the priorities are so they can give us advice and direction on what they are seeing locally. So there is a hell of a lot more information available on the public website that shows where all new schools are up to. For us to give certainty to the community on exactly the date it is going to open, it is still dependent on a funding decision of Government, so until the money is in the State budget paper, we cannot say definitively to a community, 'This school is opening on that date'. But what we can show now are the years of planning, when we anticipate it may open—the planning has started, the land is being acquired—to give a sense of when the likely outcome would be.

Mr HIBBINS: But that information is still relying on post-Government commitments, so the new schools or the infrastructure pipeline—the advice that you provide to Government—that is not public information.

Mr KEATING: No, it is not public information.

Mr HIBBINS: But that is the recommendation or that is coming out of the report, so it should be made public.

Mr KEATING: It would be very difficult—it would be impossible—for us to say, 'These schools will be opening on these dates', without a funding decision. We could not say definitively to a community when things will be opening, because they rely on funding decisions. So our capacity to put something on a public website that says, 'This will happen at this time'—is not possible.

Mr RIORDAN: But you can tell the community what you have suggested to Government should be the priority?

Mr KEATING: We do that particularly with local councils, who really have a deep understanding of the needs of their community, so we share our thinking about what the priorities are and help work with them to refine what the relative priorities should be. But again keep in mind that would change annually, so as different development fronts shift and as different communities grow faster or slower than anticipated, those relative priorities would change also. So it is by necessity a fluid planning phase. I mean, three years out is very certain; 10 years out, you are really getting into some speculative territory about what demographic demands will be

and how much urban development will happen in an area, so the capacity to say definitively what would happen then, no-one could do that.

Mr D O'BRIEN: Can I just clarify on that, though, is there a list? And I am not just talking new schools; we are talking rebuilds and the like. Is there a list that goes to Government that says, 'These are the top 30 priorities for this year'?

Mr KEATING: For new schools we have a very clear list of what is needed over what time, so what we think will match the demand of a population relative to years, and that will be more and more accurate the closer it is and less accurate when you are getting to 10 or so years out.

Our investment model, by way of another description, is our list. Our investment model takes the condition and needs of all schools and then does a relative prioritisation of where we think investment should go, and that can be calibrated by the amount of investment available—if you are investing a lot of money, then you would spend money differently than if you are spending a small amount of money. So we have to work within the investment constraints we have and we make sure that our prioritisation is achieving the best value for money in any fiscal environment.

Mr HIBBINS: Can I just follow up on the established areas? You have referred a lot to what is happening in the growth areas and being in touch with councils, but is that also happening in established areas?

Mr KEATING: Absolutely. With established areas we have looked at the entirety of the established areas of Melbourne but also regional towns to do an assessment: which are the areas that over the next 30 years are likely to come under supply issues, that will not have enough capacity to meet their forecast enrolments? Then we have worked through what are all the options for achieving that, whether that is building new schools, expanding schools or having additional campuses of schools, to come up with a range of options, and then we have worked on what is the best value for money outcome and will achieve the best educational outcome. So we have got a plan to meet that demand.

Ms STITT: I have got a couple of questions. I asked VAGO earlier today about special schools, and unfortunately special schools were not included in the scope of your audit, but I was keen to follow up with your department about how we are tracking. I know there have been some fairly significant upgrades announced and in the pipeline, and I am sure that you would be measuring how you are tracking in terms of our special schools and those wonderful students in our system.

Ms ATTA: I think that is a great question. They are a really important part of our system. We have got 80 standalone special schools in Victoria and 2 per cent of the Victorian Government-school population attend one of those specialist schools at any time. That has been a pretty stable proportion. In the 17–18 State budget there was a package of \$44 million allocated to upgrade six specialist schools, and in 18–19 a further \$55 million to upgrade 15 specialist schools. I am planning a series of visits to get out to our specialist schools in part to look at and talk myself with those school communities about where their facilities are up to. We know we have got some world-class facilities. We know others very much need further work and attention. In terms of how we are tracking on that, Chris?

Mr KEATING: The asset management reforms apply to all schools including specialist schools. Even though VAGO did not specifically look at those the same approach applies. One of the differences with our special schools is as they have grown, they have got a large proportion of relocatable buildings. One of the major things we are doing in our special schools is really making sure that they have got long-term permanent assets that meet their long-term enrolment projections, both the condition of their existing assets but also over time as they have grown they have really had a lot of temporary assets. There is a big body of work there when we are upgrading schools to get the projections right—so how many kids is an optimal number of kids on a site over the next 30 years, and making sure we are designing the right size assets but also designing in a way that has a really progressive approach to how these kids are going to be supported. A lot of these schools emerged decades ago. They were very small, often neighbourhood houses in the background and they were not designed necessarily for the specific requirements of these kids. As they have grown and the needs of the kids have grown the level of technical and at times medical-level support that is required in some of these schools has grown. So there are very complex design requirements and demographic modelling we do to support those.

Ms STITT: And just one final question if I have got time, just in relation to procurement and local content. With the rollout of all of the new schools that we are building across the state, I am assuming that you are tracking that and I am just curious to know how that is going in terms of providing local stimulus to the economy but in addition to that building up some expertise in the area of education infrastructure.

Mr KEATING: We are. We generate a huge number of jobs. I do not have the jobs number in front of me, but we certainly can provide that to the Committee on request. Construction brings a wide range of technical skills in, so making sure that we have got a strong pipeline of trainees and graduates coming in through universities and TAFEs is key. In terms of the procurement itself we have a big body of work in front of us. We are delivering billions of dollars worth of work, so we have some very established builders and very established architectural firms and established suppliers. But we need to make sure we are constantly developing the market, so we do a lot of work with industry to develop them up to be able to take on more and more jobs. So we have significantly expanded the number of participants that are delivering school infrastructure over the last five years—getting that tension right between, we have some very celebrated architects and builders in the state and schools often want to gravitate towards those, and making sure that we are also bringing new entrants and others in.

Mr D O'BRIEN: A very quick one. Is there empirical evidence of better infrastructure better education? I would be happy for you to take it on notice.

Ms ATTA: There have been a range of studies that have looked at that to see to what degree or how better designed infrastructure can support learning outcomes. Can you say a little bit to that?

Mr KEATING: Yes. We can certainly provide some academic research that does that long-term analysis, but it does. Condition is part of it, but a big part of it is really understanding the way that teachers teach and what the most effective teaching practices are. So having a very strong connection to pedagogy and making sure the architects understand what cutting-edge educational practice looks like. That at times is challenging with communities, because you see more team teaching and more collective work being done by teachers. That means you have more open spaces and for a lot of parents when they come into schools the schools do not look the way they did when they went to school. So there is a lot of work we do with communities to explain—

Mr D O'BRIEN: Fashion is big in education. Things change in fashion and—

Ms ATTA: We all know good teaching can happen in a shed, but if you have a well-designed facility that the people want to be in that takes account of modern teaching practices, that is welcoming for the school community beyond just students et cetera, that has competition-grade sporting facilities, has performing arts facilities wherever possible, certainly the qualitative feedback from school communities is resounding on the difference that that can make.

Mr KEATING: We did a major body of work with Melbourne University about two and a half years ago to look at all the spaces that we provide for, looking at the current Victorian curriculum, looking at international best practice to really shape all of our space-to-student ratios and design standards, so we have got a very current kind of basis on which we design our schools.

Mr D O'BRIEN: Just an extension of that, I guess, in recent years there has been a lot of extra stuff placed on schools, so breakfast in schools, lunch in schools, doctors in schools, mental health in schools, dentists in schools, all those sorts of things. Has that had an impact on the infrastructure needs? Or has it largely been accommodated within existing facilities?

Mr KEATING: It has. For a number of those programs where schools have not had the right types of spaces, particularly for mental health in schools for students—having discrete, soundproofed areas where kids can go and do consultations—we have then worked with schools to put in purpose-built facilities for them, so there are some adjustments for some schools.

Mr D O'BRIEN: Has there been a dollar figure quantified on that?

Mr KEATING: There has. I think for all of those programs there has been a capital component, which we provide afterwards. I think for every single one of those there was a level of infrastructure building support.

Mr D O'BRIEN: If we could have that on notice, that would be great.

Mr KEATING: Yes.

Mr MAAS: Very quickly, and thank you for your time, I am interested in the change from a retrospective management system to the proactive management that you are talking about and how that intersects with what is becoming a changing environment in which you are operating. Over the last four or five years you have identified population growth, you have identified climate change and bushfires, you have identified the differences between established areas and growth areas as well. How does that proactive management occur? What systems are in place in respect of, firstly, the asset management and, secondly, identifying new threats or new elements within that changing environment?

Ms ATTA: I think, as Chris touched on before, critical to that shift to a more proactive approach to maintenance, there are two parts to that—one is sufficient budget and greater certainty of funds, but the other is the school asset management plan, because with the introduction of that reform for each school that is actually setting out, it is budgeting, it is scheduling the work that the condition audit had said should take place for this school. So some of it is reactive and responding to faults, but it is also setting out what good asset maintenance looks like for that school and how that should be approached over that five-year period. So that is critical, and with our new asset management system that we are developing both the school and the department will be able to view and monitor that plan. So that is really critical. The changing world around us, the threats and challenges that come from changing climate and other issues, is something where the centre has to play a critical role in monitoring that, in identifying risks and in looking at how we respond to those.

Mr KEATING: A good example of that is bushfire risk. In 2012 we did an assessment of bushfire risk at every school in the state. Each school had an assessment of its local risk and which building afforded the greatest level of protection, so then every one of those schools had a shelter in place, which was hard-built, giving more protection for students and staff of the school. Then we are actively managing vegetation management and the condition of the buildings to make sure that those buildings remain in that condition to provide that additional management. Flooding is the same. We have some schools that are close to rivers, making sure they understand the different flood levels. The 100-year flood is now becoming the 50-year and 20-year flood, so making sure they understand the changing environment situations and doing that modelling to understand how it would impact on the schools.

The CHAIR: Excellent. Thank you so much for your time today and the information you have provided the Committee. It has certainly been informative, so we appreciate you taking the time, and thank you to your team.

Ms ATTA: Thanks, Chair.

Mr KEATING: Thank you.

Witnesses withdrew.