

Question no:	1
Topic	Economic Outlook

QUESTION

The 2016-17 Budget notes that “In 2014-15, GSP per capita grew by 0.7 per cent and growth is expected to continue over the forward estimates. Keeping economic growth ahead of population growth is critical to ensuring all Victorians benefit from economic growth, and relies on greater employment and increased productivity.” (2016-17 Budget Paper 2, pp.2-3)

Please outline the measures the Department of Education and Training is taking to increase Victoria’s GSP per capita.

RESPONSE

The Department is pursuing the Education State agenda to revitalise Victoria’s education system. This reform contributes to per capita GSP growth by lifting Victoria’s workforce participation and productivity in the long run.

The Education State reform seeks to improve skill development through all key stages of learning — from early childhood through to school and vocational training. Every learning stage supports the expansion of the economy’s productive capacity and improves the prospects for sustained growth and job creation.

The Department is taking a range of measures that will have a positive impact on Victoria’s per capita GSP:

- The 2016-17 Budget includes \$188 million for early childhood initiatives to build solid foundations for learning throughout life. This investment will contribute to improved long-term workforce productivity. Supporting initiatives are designed to:
 - provide intensive in-home support for families;
 - cater for increased demand for high-quality maternal child health services;
 - provide extra support to small rural kindergartens; and
 - invest in early childhood infrastructure in high growth areas.
- The Government has committed to a comprehensive set of targets to drive improved student outcomes across Victorian schools over the next decade. To this end, the Department undertakes the following measures:
 - Significant investments in science, technology, engineering and maths programs and initiatives — including the establishment of 10 Tech Schools to provide students with access to innovative shared learning environments and leading-edge technology;
 - Significant funding boost for government schools from the 2015-16 Budget and the introduction of new allocation criteria that provides better-targeted funding for high-needs students;
 - The new Victorian Curriculum, which specifies the skills students need for success in work and life; and

- The new Framework for Improving Student Outcomes, under which school improvement initiatives are put in place to help government schools focus efforts on areas that have the greatest impact on improved student outcomes.
- Investments in the training and skills portfolio could have a more discernible direct impact on productivity and participation. The Department has been undertaking measures as follows to restore confidence in the vocational education and training (VET) system and improve its performance:
 - TAFE Back to Work Fund — supporting TAFE institutes to deliver training that leads to jobs through partnerships with local industries;
 - Victorian Skills Commissioner — appointed in December 2015 to work with employers, unions and government to better align training with skill needs in Victoria;
 - TAFE Rescue Fund — providing funding support to TAFE institutes to restore their financial sustainability; and
 - Review of Quality Assurance in Victoria's VET System — resulting in a crackdown on low-quality training providers and strengthening the quality assurance regime.

In its response to the 2015 VET Funding Review, the Government has set out a new direction for a more stable, competitive and better managed VET system. Work on developing a new funding model for progressive implementation from 2017 onwards will continue over the coming months.

Question no:	2
Topic	Savings and efficiencies

QUESTION

- a) Please provide further information on how much of the \$13.2 million in savings for 2016-17 (Budget Paper 3, p.118) will be comprised of
- reducing the use of temporary labour hire and contractors
 - managing program allocation informed by updated usage information
 - ceasing a redundant funding allocation
- b) What is currently budgeted in 2016-17 for labour hire and contractors and how much do they anticipate saving compared to the previous financial year?
- c) Does the department anticipate an overall decline in staff as a result of this saving initiative, or will the staffing transfer from temporary labour hire to VPS?

RESPONSE*Part A*

The \$13.2 million in 2016-17 will be allocated to the following:

Savings measure	Allocation in 2016-17
Reducing the use of temporary labour hire and contractors	\$4 million
Managing program allocation informed by updated usage information	\$1 million
Ceasing a redundant funding allocation	\$8.2 million
Total savings in 2016-17	\$13.2 million

Part B

The Department and its consolidated entities' 2016-17 budget for contractors and consultants is held in a high level account under the 'Other Operating Expenses' category in the Whole-of-Government Operating Statement (GFS-GAAP). The Department delivers a range of programs/projects over the course of the year. The method of delivery for each program/project is assessed at the development of the delivery plan. Programs/projects may be delivered through a combination of resource categories such as contractor/consultants/staff or one of these categories.

Part C

The Department does not anticipate an overall decline in staff as a result of this initiative. The Department is implementing a strategy to reduce the use of temporary labour hire and contractors. Some of these positions are expected to transfer into the VPS. This will result in cost savings through reduced fees paid to labour hire firms.

Question no:	3
Topic	Reconciliation between parliamentary authority for the provision of outputs and total income from transactions

QUESTION

The Department advised the **total Parliamentary authority for the provision of outputs (\$15,277.2 million)** in Q.20 of the Committee's General Questionnaire. This compares with total income from transactions **\$13,578.5 million (BP3 p.167)**. Please identify:

- the sources for differences in these figures
- whether these sources are in or out of the public account
- where the difference between funds appropriated for the provision of outputs and total income from transactions is intended to be spent.

RESPONSE*Part A*

The total parliamentary authority for the provision of outputs (table in question 20 of 2016-17 PAEC general questionnaire p.g 67) and total income from transaction (table from 2016-17BP3, pg. 167) report different information.

The first refers to money appropriated by Parliament through various appropriation sources and trust funds. The second refers to income generated from the Department's transactions which includes appropriations (output and special appropriations) and other sources of income.

The difference between these two figures is due to:

- The \$3,116.1 million in trust funds included in Parliament's provision of outputs figure which is not classified as income from the Department's transactions under Government accounting standards; and
- Income from interest, the sale of goods and services, grants and other income which are not appropriated money, but are included in the Department's figure for income from transactions.

The two figures can be reconciled if these differences are accounted for:

		(\$ million)	
<i>Question 20 - PAEC Questionnaire, pg. 32</i>	Total parliamentary authority for the provision of outputs		15,277.2
	Trust funds	-	3,116.1
	Interest	+	30.1
<i>Income from transaction - 2016-17 BP3, pg. 167</i>	Sale of goods and services	+	774.4
	Grants	+	6.1
	Other income	+	606.8
	Income from transaction		13,578.5

Part B

The trust funds form part of the public account and reflect Commonwealth Government payments to Non-Government Schools. Interest, sale of goods and services, grants and other income are not reflected in the public account.

Part C

The trust funds are provided to Non-Government Schools. Interest, sale of goods and services, grants; and other income remain in the Department, and they are provided to offset the Department's expenditure.

Question no:	4
Topic	Departmental objective indicators

QUESTION

The Committee notes the Department has made some changes to the objective indicators that support its objectives (please refer to BP3 pp.164-5)

- a) With respect to the former indicator 'Students meeting the expected standards in other key learning areas, such as science, arts, history and ICT': is the new indicator 'Average score in Science (PISA 15-year-olds) in Victoria compared to global top performers' considered a replacement? If so, how does the Department report results in arts, history and ICT subjects, and how does this support the Department's 'achievement' objective?
- b) With respect to the 'engagement' objective, please explain what absent days 'per full-time FTE' refers to in two new objective indicators (i.e. teaching staff, departmental staff, student numbers, etc.)

RESPONSE

Part A

The new indicator '*Average score in Science (PISA 15-year-olds) in Victoria compared to global top performers*' is not included as a direct replacement for the indicator '*Students meeting the expected standards in other key learning areas, such as science, arts, history and ICT*'.

The previous indicator was removed on the basis that limitations in its composite design and associated data reduced its effectiveness in the measurement and reporting of achievement in each of its component learning areas.

The adoption of a new PISA indicator reflects the fact that the data associated with it improves the Department's capacity to measure and report science learning achievement against international benchmarks. This approach also reflects the prioritisation of science literacy as a key learning area under the Education State along with the arts and critical and creative thinking skills.

Achievement of students in both history and ICT continue through the delivery, assessment and reporting processes associated with the Humanities and Technologies learning areas of the *Victorian Curriculum F-10*.

Part B

In each of the new indicators of student absence, the use of the term 'FTE' refers to the number of students enrolled in a school. The use of FTE in this context reflects the capacity of schools to enrol students on either a 'full-time' or 'part-time' basis, as well as students partially enrolled in schools for a variety of reasons (e.g. young adults returning to undertake Vocational Education and Training in a school setting).