

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Government's Response to the COVID-19 Pandemic

Melbourne—Tuesday, 25 August 2020

(via videoconference)

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallence

WITNESSES

Ms Mary Faraone, Chief Executive, and

Ms Joanne James, Chief Financial Officer, Holmesglen.

The CHAIR: Welcome to Holmesglen to the second series of public hearings for the Public Accounts and Estimates Committee Inquiry into the Victorian Government's Response to the COVID-19 Pandemic. The committee will be reviewing and reporting to the Parliament on the responses taken by the Victorian government, including as part of the national cabinet, to manage the COVID-19 pandemic and any other matter related to the COVID-19 pandemic. Members are attending these hearings remotely from their homes and from their electorate offices. We ask that people note that members are not required to wear a face covering if they are working by themselves in an office under the stay-at-home directions, 6 August, part 2, section 7(i).

We also advise 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 repeat the same things outside this forum, including on social media, those comments may not be protected by this privilege. You will be provided with a proof version of the transcript for you to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

We invite you to make a brief opening statement of no more than 5 minutes, and we ask that you state your name, position and the organisation you represent for Hansard purposes. This will be followed by questions from the committee, so welcome. Thank you.

Ms FARAONE: Thank you. My name is Mary Faraone. I am Chief Executive at Holmesglen Institute, and with me today is Joanne James, the CFO at the institute. Whilst I am appearing here today for Holmesglen, our experience as a TAFE is shared by my fellow CEOs of TAFEs in Victoria.

Holmesglen is a large TAFE institute founded in 1982 at its first campus in Batesford Road in Chadstone. We now have four metropolitan campuses—two in Chadstone, one in Glen Waverley and one in Moorabbin. We also operate from three city sites and we have a rural campus in Eildon. We have a full-time equivalent workforce of 1025 and a headcount of 1291. Currently we have just under 25 000 learners enrolled at the institute. Overall we are 1.7 per cent down in student numbers on 2019, but we are 5.1 per cent up on Skills First numbers from 2019. However, we note that new commencements in Skills First in 2020 are 15 per cent down on 2019.

At the outset my concern is the safety and wellbeing of our staff and students. COVID-19 has significantly disrupted our operations. In the week of 23 March we moved around 85 per cent of our courses to remote and online delivery. At this time we continue with minimal on-campus activity for trade and practical learning requirements. The easing of restrictions meant that many of the courses returned to a combination of remote and on campus, with the institute enacting strict social distancing and face coverings. Up until stage 4 we continued to deliver on campus, online and blended remote for 95 per cent of our courses. Since the introduction of stage 4 restrictions the institute has very limited on-campus delivery as outlined in the DHHS business and industry stage 4 restrictions. We have a COVID-safe plan, and we have issued around 160 work permits for work during this time. Higher education delivery has not changed under stage 4 restrictions, with the majority continuing online.

Approximately 180 accredited and skillset VET programs are currently being delivered. Of these, 14 programs are on campus, so they are for apprentices in approved construction; eight have now ceased delivery, and this includes furniture finishing, upholstery and painting and decorating apprenticeships, remedial massage, horticulture traineeships and printing pre-apprenticeships; 27 courses are fully remote and can be completed without returning to campus; and the remainder are engaged in remote delivery of theory components and require to come on campus to complete practical components when the restrictions are lifted.

Our current attrition rate is 15 per cent across all courses compared to the full-year attrition rate of 20 per cent in 2019, which is very pleasing as we have put a lot of work into engagement with students. In addition, our current attendance rate is 75 per cent across the institute compared to a full-year rate of 80 per cent in 2019.

The most significant impact for Holmesglen Institute is that we will not be able to complete students in 2020 who were expected to do so, because around 50 per cent of our clinical and work placements have been cancelled or postponed. As an example, we have 250 nursing students who were expected to complete this year, but as a result of the placement shortfall they will now complete in 2021.

Staff utilisation is high, as we have had to split classes to ensure social distancing, and staff have been redeployed to areas of need such as student welfare checks and the development of learning and assessment resources. The impact on our student body has been significant and we have mobilised counselling, financial assistance and food delivery to our students. This has been supported by generous assistance from our staff, other external organisations and financial aid through the Holmesglen Foundation.

The Victorian government has provided support to the TAFE sector through the business continuity grant, the crisis funding and the International Student Emergency Relief Fund. In addition to business continuity and crisis funding, the Department of Education and Training has provided 126 litres of hand sanitiser, 10 000 face masks, 2000 single-use wipes and 50 thermometers. Holmesglen Institute has received business continuity funding for quarters 2 and 3 for government-funded activities, based on 2019 levels, and a grant from the crisis fund to compensate for loss of commercial revenue. The institute's revenue is generally split 50-50 government to commercial. The financial impact of COVID has been great, with loss of revenue and increased costs, and we expect direct costs to the end of September to be \$1.6 million on top of a potential loss of unpaid tuition fees.

I am very proud of our staff and the way they have responded to the changed environment and their commitment to our operations. It is a challenging year for our learners, and we appreciate the assistance from the Victorian government to ensure we can continue our services. Thank you.

The CHAIR: Thank you very much, and I will pass the first questions to Ms Pauline Richards, MP.

Ms RICHARDS: Thank you, Ms Faraone and Ms James for appearing and for the evidence. I am sorry if it is a bit dark here; I am struggling a little bit with the light, so I do apologise in advance.

I just want to ask that you expand a little bit perhaps on that evidence you have given in your presentation about what stage 4 restrictions feel like at the moment and the impact they are having on all areas of life at Holmesglen, both for training that is happening in person and also for that other clinical training that is happening online and remotely.

Ms FARAONE: In many respects, stage 4 restrictions have been easier for us to deal with than stage 3 or 2 or whatever came before, because the level of anxiety in the community, as you well know, was here at the institute with our staff and our students. So we were finding that there were more students unwilling to come to campus for their training and education. So in many respects the stage 4, whilst quite severe, has I suppose eased the level of anxiety across the institute from a staff and a student cohort perspective.

The remote and online learning has continued. I think our staff have learned a lot during the year, and we as an institute have become much better at supporting our staff. I know that there is a level of fatigue across the institute, and I am sure you have probably heard that today with other evidence given, but there is a lot of fatigue both from a student cohort perspective and from a staff perspective in learning in this remote way.

As I said, I have issued about 160 work permits. They are specifically for teachers who are coming in for those programs that we are continuing to deliver, and they are in those approved construction areas and other areas. In those cases it is only staff who are willing to come on campus to teach who we are allowing to do so. At the moment we have seen apprentices' attendance still quite high at around 75 per cent. So what we have seen is a lot of apprentices who are still willing to come into the institute to do their work. Comfort is not quite the right word, but there is sort of a sense of 'we understand where we are'. We are used to, in many respects, the remote and the online delivery, and I think until there is a calmer sense within the community in relation to transmission—as an institute we are working through this stage 4 quite well.

Ms RICHARDS: Thank you. Given the TAFEs have remained open despite the various levels of restriction, I am interested in getting an understanding of how you have been working to get the message out to the community that you are still open for business despite those restraints.

Ms FARAONE: Well, it has actually been quite hard in many respects because TAFE is not mentioned anywhere, so as soon as a message goes out in relation to schools going back remote, then it is the unpacking of: 'What does that mean for TAFE?'. So we have worked very closely with the Department of Education and Training in regards to communication in these matters and then trying to get that communication out. We have done a very big outreach communication with all our student cohort. We have done calls to all our international students. We have ensured communication through SMS and through other forms of communication, and the website is kept up to date with all relevant information. We have made calls to all our partner schools in relation to the VETiS programs and what we are doing there, and we have also written to all our suppliers and contractors as well. So in many respects we have had to take a much more proactive approach to communicating with all our stakeholders to ensure that they understand that we are still open for business and to make clear what the restrictions actually mean for them. But I think, to be fair, there has been quite a lot of misunderstanding in the general community in relation to schools and TAFE and universities.

Ms RICHARDS: Great, thank you. I am just again interested in having some sort of understanding, or gaining some sort of understanding for the committee, on the immediate changes that Holmesglen needed to make to its operations to support the ongoing work that you are undertaking under these various restrictions.

Ms FARAONE: So we have had to, well, immediately put a lot of the material in a remote fashion or online. And just for the committee's benefit, there is quite a big difference between online and remote. Online enables students to work at their own pace, and so a lot of our higher education programs have material that is able to be worked at their own pace. The remote-facilitated is facilitated learning with our teachers but through a learning platform. And so we were quite lucky as an institute; we invested heavily in 2019 in a learning platform for our students and also invested heavily in a remote working tool for our staff, and both of those have come in very handy this year so we were probably in a better position than some other organisations in being able to have remote work and the tools for remote work for a lot of our teaching staff and our other staff. Surprisingly there have been a lot of real benefits. It is hard to say that when you have got a pandemic that has been so tragic for a lot of people, but there have actually been a lot of benefits for us from a work perspective and lots of learnings for us, I think, and taking a lot of those learnings forward into 2021 and rejuvenating in many respects the delivery model that we can have, I think, for the future.

Ms RICHARDS: Actually I would be really interested in you maybe taking that a little bit further and perhaps providing some evidence or helping us to understand what some of those benefits are that have been the outcome of this current situation.

Ms FARAONE: Okay. Some of the opportunities that we see are to build on the positive improvements in work practices, and that includes remote and online delivery. We have seen a lot of collaboration across the functions. But not only at the institute—what I have seen is a lot of collaboration between the institutes as well. So that has been a really positive output, I think, from the pandemic but also an opportunity for further collaboration.

We are really sort of looking at the COVID-19 experience and trying to learn from it from both a teaching and a learning perspective, and just a work perspective, and how we apply that to future strategies and structures and how we resource and support staff working remotely. I think a big thing for us is agility and flexibility and how we embed that into our organisation. But a key learning also for us is—and we have got currently a number of tenders out—how we embed that agility and flexibility into some of those procurement and service providers back to us. We have done fantastic things like have virtual open days, and so rather than relying on physical we have moved to virtual and it is something that we will continue, because we have done filming of all the areas and we have actually seen a greater participation with the virtual open days and others. We believe that we will have a lot of opportunities in applied research. We have an applied research ability and function here. We have a centre for applied research and we also house the Mackenzie Research Institute here, so we think that there will be lots of opportunities for how we research the impact of COVID-19 across the sector. We have also been involved with the Victorian government and doing sort of more work in tendering for the North East Link project, and we obviously see that there is going to be greater opportunity for TAFEs generally in helping Victoria recover and how we can work with also the commonwealth government with JobTrainer and what that actually means for us. So I think there are lots of real positives that come out of a really tragic event such as this.

Ms RICHARDS: That is really terrific and incredibly helpful. I was actually interested in sort of unpacking some of that around government, so you have done that beautifully there. I am, though, interested perhaps in getting a sense of how you have managed to continue your important strategic relationships with industry partners during this period and how that has been affected and what changes have occurred in this space.

Ms FARAONE: Well, there is industry on many levels. So there is industry as in employers for our apprentices, so obviously we have been trying to maintain communication with them about what we are doing. We are working very heavily with the Metro Tunnel project, as many of you would know, and that work is still continuing. We are hoping that the Victorian Tunnelling Centre will open officially—if we are ever allowed to get together—later this year. So we are doing lots of work with that. And just on that, we are still doing tunnel inductions, we are doing safety equipment courses, we are doing full qualifications in civil, and we are still doing verification of competency. So we are working with them to ensure that we are meeting their requirements under stage 4. That is going quite well. We are also looking at short courses for industry and how that will work. We are working with Chisholm Institute to offer training to the growing textile manufacturing workforce to make masks, and we are working with the Victorian government on that as well. We are doing lots of health and safety.

And just as an example of some of the work we are doing with our industry partners, with Healthscope, as you may or may not know, we have Holmesglen Private Hospital, which is actually run by Healthscope, and that is on our Moorabbin campus. Healthscope came to us. They had to redeploy a number of their staff to work on the COVID wards, and so they came to Holmesglen for particular training. They requested us to upskill and refresh the training of the group of nurses in basic nursing care for the elderly and provide ongoing educational support. So that was a fantastic example of the type of work that we do with a really key partner.

Other examples have been that we have worked with a number of early childhood centres. We have a very big early childhood program and we reached out to a number of those and we created particular work with a whole lot of those centres.

We are trying to sort of maintain obviously our relationship with our key partners but also with other industry and potential industry partners as well because we see that obviously as a major part of the work that we do here at Holmesglen.

Ms RICHARDS: Thanks so much for your time today. I am very grateful.

Ms FARAONE: Thank you.

The CHAIR: Thank you, Ms Richards, and I will pass the call to Ms Bridget Vallence, MP.

Ms VALLENCE: Thank you, Chair, and thanks, Ms Faraone, for your appearance today—and I hope I have pronounced your name correctly.

Ms FARAONE: Okay.

Ms VALLENCE: First off, I would just like to ask—obviously it has been an extremely challenging year for all sectors and no different in TAFE—what has been the impact of COVID on Holmesglen's 2020 operations?

Ms FARAONE: From a financial perspective or an operational perspective or—

Ms VALLENCE: Yes, sure. I mean, all aspects. Let us start off with the financial aspect, perhaps—you know, in terms of what is the student fee revenue impact in dollar terms?

Ms FARAONE: Okay. I might hand over to Jo, who is with me—Joanne James, the CFO—and she will be able to answer specifically on financial, and you can come back to me for perhaps other impacts.

Ms VALLENCE: So the student fee revenue impact in dollar terms?

Ms JAMES: Yes, look, in total revenue impact, and I have sort of done it across our various streams—and this is before the much-welcomed government support—we were looking at a reduction in revenue of about \$27 million. A lot of that impact is across, obviously, our international student higher ed and our VET students

as well. We have a lot of non-training revenue that was obviously impacted. In addition to that \$27 million Mary referenced before being taken into account, there is a big potential that students will not be able to pay fees that are outstanding, and we have allowed \$4 million potential impairment of that outstanding debt.

Ms Vallence interjected.

Ms JAMES: Sorry, Bridget. That \$27 million impact, we have been able to mitigate some of that obviously with non-essential expenditure that has not had to be incurred and the government's support—the business continuity funding and the crisis support funding obviously were very welcome. So overall, taking that into account, we are about \$11 million down in revenue. There is not a lot of additional labour cost savings purely because we are still teaching remotely. We might have fewer students, but we still have students in classes and—

Ms VALLENCE: But on the business continuity funding that you mentioned that you have received, in total to date how much have you received in terms of the business continuity funding, in dollar terms?

Ms JAMES: Right. So it is a little bit tricky and the accountant's getting in the way here, but in dollar terms business continuity funding that is referred to includes the actual training delivery we do plus a make-up payment that takes us up to 2019 levels. So in total we have received \$21 million but \$15 million to \$16 million of that was actually delivered, so it is about \$6 million that government has given us as the top-up, if you like, to take us back to 2019 levels, to the planned level spend. Does that make sense?

Ms VALLENCE: Yes, sure. And do you expect to be receiving more from the business continuity funding?

Ms JAMES: I think yes. We will certainly, we are getting \$6 million a month. What are we in now, August? So another \$6 million in August but obviously about \$4.5 million of that will be actual training delivered. So one and a half, roughly, is what we are estimating will be that top-up, and \$6 million again in September. In addition to that we got just under \$6.2 million in crisis support funding, so that has basically allowed us to continue with our business as usual operations—obviously, pay our bills and pay our staff.

Ms FARAONE: Can I just add, though, we have not been advised whether the continuity funding will continue into quarter 4 of this year.

Ms VALLENCE: Right. You mentioned also in your earlier responses around a high proportion of your students are international students, and we also heard earlier today around international students—you know, the TAFE sector experiencing an impact in terms of the drop in international students. The government's announcement yesterday of their intention to extend the state of emergency by 12 months, do you think that that will deter international students who may otherwise start looking to seek education elsewhere?

Ms FARAONE: Well, I do not know what the state of emergency actually means, so I suppose it is about clarification of what that does mean. We are not expecting the international education business, I suppose, to rebound quickly. We are certainly looking at 18 months, because it is usually quite a long lead time for students to actually get here and go through the process, so we are probably not looking at really regenerating international education before 2022 and we are not planning for that. What we are hearing is that there are probably other issues at play. A lot of international students, their own home countries have been badly affected by COVID-19, and so many of those students and their families may not be in a position that they once were to undertake international education onshore.

We are looking at other models, such as taking international education offshore to countries, and we have been quite successful in some B2B in doing remote delivery offshore. We are looking at that for 2021, doing much more remote delivery for students offshore. But I suppose to answer your question, I do not really know what 'state of emergency' means and whether or not it does have more restrictions on students coming in. So I suppose if it is about no-one coming into the country, obviously that is going to push international education further out.

Ms VALLENCE: Okay, thank you. So far during the pandemic have you made any staff redundant and, if so, how many?

Ms FARAONE: No, we have not made any staff redundant.

Ms VALLENCE: Have you stood any down?

Ms FARAONE: No, we have not. At the start, in March, we did not employ some casuals because of the nature of the work that was going on then. What we have actually found is that because a lot of delivery has remained on campus—not so much now during stage 4—we have had to double, in a sense, the number of teachers required. With social distancing we have had to split a lot of classes, or if they come on campus, we actually need two or three teachers. So what we have actually seen is that we have had to utilise all our staff and in fact some additional staff to maintain those services. And as I said in my opening, we have redeployed a lot of our staff to help with student welfare. There is a huge need in student welfare, so we have redeployed a lot of staff to make outbound calls to students and to help with food packing and those sorts of things.

Ms VALLENCE: And you mentioned nursing placement shortfalls. Do you expect that still to be the case through 2021? When would you expect that to normalise?

Ms FARAONE: We are hoping that in 2021 that will normalise. It is not only in nursing, but it is right across the board: it is in community services, it is in early childhood, it is in individual care, which is for aged care. So it actually impacts a number of our courses.

Ms VALLENCE: Is it an impact then to—

The CHAIR: I am sorry to cut you off there, Ms Vallence, but your time has expired. I will pass the call to Mr David Limbrick, MLC.

Mr LIMBRICK: Thank you, Chair. Thank you for appearing today. I would like to pick up on a couple of points. With regard to student welfare, Ms Faraone, you mentioned food, which is clearly an important need. What other impacts are students having on them from the government's response to the pandemic, and what other sorts of welfare are you referring to?

Ms FARAONE: Welfare and counselling services have experienced a 56 per cent year-on-year increase in students accessing counselling. We have had financial counselling assist over 500 students in financial distress, including saving them from eviction, assisting them with rental payments, preventing disconnection with energy companies, supporting them to access suppliers and hardship programs and setting up a social network. We have had crisis welfare support provided, with over 750 food parcels to around 300 students. We have supported 128 students experiencing homelessness or accommodation insecurity, provided outreach sessions to students who are hospitalised and provided support to about 50 students to resolve legal issues.

We have provided disability support for 24 per cent more clients compared to the same time in 2019, providing over 1000 hours of direct support to students by joining their remote learning sessions, and 95 per cent of the students registered for disability support have continued their studies. To the end of July, mental health issues for students increased, with counsellors seeing over 500 students with anxiety and nearly 700 with general distress-related matters. We have had 648 applications for assistance to our foundation, and approximately 500 applications from international students, and to date our foundation has made payments of just under \$160 000 with grants and scholarships to students. It is probably a reflection of what we see in the general community, but this is both our international students and our domestic students, who are really in deep need of assistance from a counselling perspective and financial assistance.

Mr LIMBRICK: What do you believe is the root cause of these financial and mental health issues? Is it because they have had other financial means of support, such as having a casual job or something like this, and they have lost that because their industry has been shut down? What is causing these financial and mental health distress things, do you think?

Ms FARAONE: Well, I think the financial issues are that most or a lot of our students do have part-time employment, and so a lot of that employment has gone. For some students they have maintained employment, for a lot they have not. The anxiety, I think, is—and what we are seeing at the institute is—increased levels of students with mental health issues coming into the institute, so that has been something that we have seen over the last five years. I suppose that is really a reflection also on community and general anxiety about the pandemic and their studies. And for a lot of students as well it is the uncertainty of remote learning, it is the difficulties with remote learning. We have also provided laptops to a number of students and internet access for

a number of students who have not been able to access that. So it is sort of a variety of issues, but I think the financial certainly stems from lack of paid employment.

Mr LIMBRICK: Yes. And you mentioned also about trades. Now, clearly for a lot of trades courses—you know, if they are doing apprenticeships or whatever—they will have to come in and do this sort of thing. What sort of disruption has there been to trades education and apprenticeships? Has that just managed to keep going through or have people's pathways to getting their ticket been getting disrupted?

Ms FARAONE: Well, generally speaking we have maintained delivery for trades, even now in stage 4. However, there are some employers who are not sending their apprentices for health reasons. What we have also seen is a number of apprentices who have lost their apprenticeship over this time as well. We have an apprentice support centre that works with those apprentices, and we are trying to maintain their study during this period as well. So I suppose out of the whole cohort at the institute the apprentices are the ones who have had the most normalised experience in 2020 in some respects. Also we have put a lot of effort into the cleanliness of the workspaces and workshops that they learn in, and as I said before, we have had to split classes so there is quite a lot of space between students who come in.

Mr LIMBRICK: And so with the apprentices that have unfortunately lost their apprenticeship due to their employer's business failing or something like that, you are helping them to place them with another employer—is that correct? Are you having any success with that? How successful is it?

Ms FARAONE: We do not formally do that. We do that through informal means because our apprentice support centre has a lot of contacts, obviously, with employers because of the work that they do. Also the Victorian government has got an apprentice—and I cannot think of the exact term of it—working with apprentices who have recently lost their jobs, so we work with them as well to help them get another apprenticeship somewhere.

Mr LIMBRICK: And if someone has lost their—

The CHAIR: Sorry, Mr Limbrick. I am sorry to cut you off there, but your time has expired. Thank you very much for appearing before the committee today. We certainly appreciate you taking the time to inform our deliberations. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a very short break before consideration of the next witness, and we will declare this hearing adjourned, but thank you both for your time today. Thank you.

Ms FARAONE: Thank you for the opportunity.

Ms JAMES: Thank you.

Witnesses withdrew.