

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry Into The Impact On Victorian Government Service Delivery Of Changes To National Partnership Agreements

Melbourne — 17 November 2015

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Ms Gill Callister, Secretary,

Mr Simon Kent, Deputy Secretary, Strategy and Review Group,

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

Mr Greg Norton, Executive Director, Intergovernmental Relations, Strategy and Review Group, Department of Education and Training.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the impact on Victorian government service delivery of changes to national partnership agreements. All mobile telephones should now be turned to silent. I would now like to welcome Ms Gill Callister, Secretary of the Department of Education and Training; Mr Simon Kent, deputy secretary, strategy and review group; Mr Craig Robertson, deputy secretary, higher education and skills group; and Mr Greg Norton, executive director, intergovernmental relations, strategy and review group.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts and any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

I now give the witness the opportunity to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Ms CALLISTER — Thank you, Chair, I would like to thank you and the committee for the opportunity to contribute to this inquiry today. I have provided a brief presentation that I will speak to, but given that the secretary of DTF has given an overview of national partnership agreements I will focus on the education and training NPs as they relate broadly to the terms of reference for this inquiry.

This inquiry has focused on the impact of the cost of living for Victorians from, in our case, the education national partnerships. I am sure over the next hour or so we will talk about some of the ways in which the lapsing education NPs have had an impact, directly and indirectly, on the cost of living, but I did want to put our presentation and our discussion in the context of the value of education and the value that education has in improving Victorians' wellbeing.

Visual presentation.

Going to slide 1, we are just trying to represent there how foundational education is to so many aspects of life that we value. It provides a range of social, health and economic benefits both to individuals and to the community, and this diagram outlines those general benefits to both individuals and our community from all education across the spectrum, from early childhood through to school, finally secondary education and tertiary education and skills.

Slide 2 highlights that quality education is one of the best ways to support families and individuals experiencing disadvantage, enabling them to earn an income and engage fully in work and in their community. Australian and US studies have found that an increased investment in school education has the potential to deliver a very big difference to outcomes, particularly for students from low socio-economic backgrounds. Those exposed to greater funding spent in the right way stayed in school for significantly longer, were significantly more likely to graduate and experienced significantly higher incomes and lower probabilities of being in poverty later in life. The significant public benefit from investing in early childhood, schools and tertiary education has been recognised in the Victorian government's commitment to make Victoria the education state.

Public investment through NPs — I hope you do not mind me using that acronym; I will say national partnership a lot — does therefore have both a short-term impact on addressing the costs of accessing education, but it can deliver a longer term impact on educational outcomes, ultimately giving Victorians the opportunity to participate more fully both in the economy and socially. Essentially, on that slide the piece of research represented over on the left basically says the more you learn, the more you earn, and on the right it shows that for quite small increases of funding in education for students you can get much bigger outcomes as long as it is spent on the right thing.

Going to slide 3, since 2008 the Victorian government has agreed to around 25 NPs across early childhood schools and skills, and in this financial year about \$1.8 billion of commonwealth funding has been allocated for education NPs. You can see on that slide that both the value and the number of education NPs has fluctuated over the period, and it is broadly declining from a peak in 2012–13. Projections through to 2017–18 anticipate further commonwealth funding largely in the areas of early childhood and skills. The decline in NP funding for schools is due to lapsing NPs but also an agreement to roll up some NP funding to the broader funding of schools as part of the Gonski agreement.

It is important to remember as well that NPs are only one way in which the Victorian government collaborates and works with the commonwealth and other states and territories to deliver education reform nationally. We work closely with the commonwealth on a range of issues and through a range of vehicles, including COAG, a variety of ministerial councils and senior officials meetings and with statutory bodies such as ACARA.

The final slide provides the full list of education and training NPs that have been agreed by the Victorian government since 2008, and only a handful are still current or subject to negotiations with the commonwealth. As DTF has indicated, NPs were designed and intended to create incentives for efficient investment and ensure that solutions are tailored to local circumstances or local problems. At their best they have been a valuable mechanism for partnerships between the commonwealth and the state in education and training projects and reforms of national significance.

They have allowed the commonwealth and Victoria to jointly deliver projects that have led to genuine improvements for Victorians — for example, the development of a national commitment to provide universal access to early childhood education in the year before schooling. Prior to 2009 the provision of early childhood education in Australia was solely the responsibility of state and territory governments. Since then, all NP funding has been used to ensure that a quality early childhood education program is available for all Australian children in the year before full-time schooling, and it is delivered by a degree-qualified early childhood teacher for 600 hours a year with a focus on participation by vulnerable and disadvantaged children.

The national quality framework implemented a national system of regulation to provide better educational and developmental outcomes for children, and the NQF introduced a new quality standard to improve education and care across long day care, family day care, preschool, kinder and outside school hours care. The NP on skills reform enabled significant improvements to the national training system, including the implementation of the unique student identifier scheme and total VET activity.

Implementation of NPs has not always fulfilled the promised potential of the intergovernmental agreement on federal financial relations, and there are a number of issues with NPs, and these are well documented. These include a proliferation of small agreements; increasing commonwealth prescription on service delivery; a lack of durability of some agreements; the uncertainty around continued funding for expiring agreements, particularly where they are providing actual delivery to people; a focus on input-based rather than outcomes-based performance measures; and an unnecessary administrative burden. I think you will see the Victorian government submission to the inquiry has highlighted NPs where education and training service delivery has been affected both positively and negatively by the way NPs have run.

The commonwealth typically provides funding through education and training NPs to purchase a new product or provide additional or enhanced services. Therefore most NPs do impact services, although not always the existing cost for service recipients, which makes it difficult to quantify the impact of NP changes on cost of living for Victorians. But there are some examples where there has been a direct impact on costs. The NP on TAFE fee waivers for childcare qualifications was a good example of this. In other cases the cessation or the expiry has been well planned for, so from the beginning the NP on more support for students with a disability was established as a time-limited initiative, and Victoria's implementation approach was to deliver a system boost over the fixed time frame and mitigated potential risks with projects that were ceasing at the NP's conclusion. That is a very brief overview, and I guess, Chair, just wanting to emphasise the point about the great value socially and economically to Victoria out of education funding and particularly NPs.

The CHAIR — I might commence. What was your sense in terms of the success of universal access as an NP in terms of early childhood education? I understand of course that it is sometimes difficult to measure the success because the reality is that the first cohort of children who have gone through this partnership now would still be in primary school, but from the department's perspective do you have any insights in terms of have you

felt that this NP has been effective? Has it been efficient? Has it worked well? Could it be improved upon? Were the reporting requirements onerous? Any sort of general overview or comments in relation to this NP?

Ms CALLISTER — I might make some initial comments and then invite Simon Kent to make some comments as well. I think the agreement has been successful in improving participation rates in kindergarten programs. Between 2011 and 2013 the proportion of children enrolled in an early childhood education program for at least 15 hours a week in Victoria increased from 22 per cent to 92 per cent. In 2014 the proportion of children enrolled in a kindergarten program that was available for 15 hours was 99.5 per cent.

One of the things we know and that the evidence tells us is that 15 hours of kindergarten produces significant benefits for children being ready to start school. I think we are potentially about to start seeing and being able to look at some of the outcomes of that through our year 3 NAPLAN results because that group of children who have experienced 15 hours of kindergarten are starting to appear in the year 3 NAPLAN results.

We think this has been a very valuable NP to Victoria. It has allowed us to provide, I think, a service that is well researched to children, and we are going to see for that joint investment some great benefits. One of the risks, of course, if that NP ceases is: how does the state respond to that? I might just invite Simon to make some additional comments.

Mr KENT — Thank you. As you indicate, at this stage we are largely measuring participation and drawing on other evidence and previous experience rather than directly on the impact of the NP for gain. But there was a Melbourne Institute piece of research that found a causal link between participation in kindergarten and 10 to 20 NAPLAN points at year 3 improved performance, which is equivalent to 15 to 20 weeks of participation — so about half a year of schooling gained from participation in a quality kindergarten program.

There has also been UK research, so there is very consistent research internationally about the benefits: two years of high-quality early childhood education gave the same protective effect as having a tertiary-educated mother, which is one of the high predictors of success for children. In terms of improvements, we have gone through the phase of scaling up, as was indicated, and participation is now high. This is now part of the core activity of the Victorian early childhood system. It would be appropriate, as was flagged at the time that the national partnership was agreed, to transition from conditional time-limited funding to make this core ongoing funding for service delivery that is now standard, the norm, within Victoria and indeed Australia.

The CHAIR — I think before the UA NP came into place, four-year-old kinder was 10½ hours or 10¼ —

Ms CALLISTER — Ten hours.

The CHAIR — Was 10 hours exactly? I thought it was a bit higher.

Mr KENT — It was a fraction higher than 10.

The CHAIR — I thought it was a bit higher than that. If we look at the differential between, just say, 10 hours and 15 hours, and let us suppose the feds withdrew from the field, what would be the cost of those additional 5 hours per child for four-year-old kinder, roughly? Understanding of course that population is likely to go up so that would obviously impact, but what are we talking about? Is that a couple of hundred million dollars a year for the 5 hours?

Mr KENT — It is \$100 million, roughly, for the 5 hours that is provided by the commonwealth.

Mr MORRIS — Welcome, Ms Callister. Just pursuing that point for a minute. As an example, we heard from Mr Martine this morning that the NPs are generally — I agree with the acronym too; it will save us all a lot of time — intended really to achieve a specific outcome and then move on, basically. But I am interested in the point you raised particularly just again about these activities just now becoming core. Was that, and it sounded as if it was, the subject of initial discussion when the initial agreement was put together?

Mr KENT — It was. There was an intent, an in-principle agreement certainly, through the negotiations that the national partnership would transition to a national agreement, as we have the five big national agreements that fund a lot of our social services. That and the ongoing agreements with stability indexation arrangements that mean that there is some certainty to plan for for schools, for health, for disability and for housing — that

once the states and territories had collectively demonstrated that we could deliver the increase in service that that should transition to part of the core in the same way as the schooling agreement is not up for negotiation as to how much service we are going to deliver.

Mr MORRIS — Just noting there it says ‘NP under renegotiation’. Are we actually renegotiating a new national partnership or is this the transition?

Mr KENT — No, we are renegotiating an extension of the national partnership for a further two years.

Mr MORRIS — Just on that as well, if I have time, in terms of the compliance and taking this program as an example and a successful example, the degree of oversight from the commonwealth: is that onerous, is it reasonable or is it a very light touch?

Ms CALLISTER — I think at this point in its process we could certainly back off from the kind of reporting. The reporting that has been undertaken previously has been to demonstrate that lift, and that lift has been demonstrated in participation and across a range of indicators. We now are basically in a steady state. There is funding to provide services, those services are being provided and there is no obvious reason why that should shift significantly.

Dr CARLING-JENKINS — Thank you very much for coming in. We really appreciate your time. I would just like to follow up as well, particularly on this list you have provided, which is very helpful. I appreciate it. There are a number here that are lapsed. I note that some of them are quite short term. As you pointed out — I cannot quite find it now — there is one on disability, which is about having some long-term, sustainable outcomes that would be built in. I notice that there are also some, for example, on the national solar in schools program. So once that is implemented there is very little that needs to continue. But I notice some of them appear to be programs that should be long term. I am wondering which ones out of the lapsed NPs here — for example, the national school chaplaincy program — will be transitioning to the core funding, and which ones will have the impact that you were referring to, Ms Callister, in your opening statements about the impact of these lapsing ones in the short term?

Ms CALLISTER — Okay. It is no. 10. We probably should have numbered them for you. It is just about halfway through the school one. It is called ‘More support for students with disabilities’. In reference to some of the lapsed ones, I might hand over to Simon in a moment, but I think what this highlights is the point that I was making briefly in my presentation, which is that some of the NPs have been helpful in the sense that they were additional funding to incentivise a particular capability or focus on a particular issue.

That one was about really having a real turbo boost, as I understand it — I was not in this role at the time — of supporting teachers to build their capability to respond to children with disabilities, because we know that children with disabilities do well when they are part of mainstream schooling as long as they are well supported and teachers have the capability to respond to their needs. We do want students with disabilities in mainstream education. That was an example of something that was not creating a new stream of service, like the universal access NP does, but gave us that opportunity to work with schools and teachers to really build capability, and then hope that as the NP lapses you have lifted the system to a higher level. Simon, do you want to comment on some of the other lapsing ones?

Mr KENT — Sure. A number of them were rolled into our core funding as part of the Gonski agreement, which was our preference in untying those funds to be able to be applied as they now are in an ongoing way. That is one of the key advantages.

Dr CARLING-JENKINS — In a more sustainable way?

Mr KENT — Yes, that they now form part of the ongoing funding base. With respect to some of the success, say, around the low-SES schools NP, the challenge there for schools was planning and certainty about ‘We’ve received this additional support but it’s time limited’. Some of those things can be systemic changes that endure once the resources go, but others are service delivery to support students. The preference was to have that rolled in as an ongoing funding source and to be able to include that funding in school budgets, so that there is that certainty and principals can now plan beyond three or four or five years, to say that that funding will be there. That is distinct from, say, the national solar program, which can be scaled up and scaled down more as an infrastructure program. That coming and going does not cause the same level of uncertainty. There are a

number there where we as a state had planned for them to be fixed term to try to exact maximum value, but it does entail scaling down on the activity when that funding runs out. So it is getting the balance between what is I suppose a surge effort or a system change versus what are services that need to be maintained in order to continue to get the benefit.

Dr CARLING-JENKINS — It sounds like a lot of the lapsing ones, then, you have planned well for. Are there any there that are causing sleepless nights?

Mr KENT — I am not sure.

Dr CARLING-JENKINS — Are there any you would like to see?

Mr KENT — There are many we would like to see, particularly probably in the early childhood area — the ongoing funding for the universal access agreement we have already discussed. The one that is quite current, the national quality agenda, was effectively a transfer of responsibilities from the commonwealth to the state to undertake the regulatory activity for all early years, including child care, that was previously undertaken by the government. That is the subject of current negotiations — a critical and really positive reform — and I think one of the standouts of the success of national partnerships, where it went beyond merely a financial transfer and brought together the regulatory and service delivery responsibilities of two tiers of government to be able to improve the quality of service.

So to regulate child care and early years services consistently, taking a child-centric approach, rather than, say, expecting one level of quality and one level of service in one setting and a different level elsewhere, and to say, ‘This is about the care and development of children, irrespective of setting’, was something that neither the commonwealth nor the state could have done alone as funders and regulators of different services. That I think is a stand-out example of the policy merits of coming together and using a vehicle like this. Where it is now under threat is that ongoing funding in order to deliver the regulatory service that the state is now responsible for.

Ms CALLISTER — Can I invite Mr Robertson to add to that.

Mr ROBERTSON — If we go down to the fourth-bottom one, which is ‘Skills reform’, albeit it does say that it is continuing, it does conclude at the end of the 2016–17 financial year and the commonwealth has not indicated in its forward estimates continuation of that funding. For example, for the last year of funding, we are due to get \$128.5 million. A fair amount of that, over 60 per cent of that funding, is to go towards training delivery, in addition to ongoing reform of delivery. That is a major impact on capacity for Victoria to continue to deliver training beyond that period.

Ms CALLISTER — I might just add with the digital education revolution that increasingly schools are places, like all other workplaces, where digital devices and capability are core to learning and development. Although that one has lapsed, that is an area that governments have to pay regular attention to in upgrading, updating and building greater digital literacy. I think there is a survey released today in the *Age* about the digital capability of our students, and a conference about STEM over the road focusing on these issues. I do not think they are things we can see as optional. They are becoming core to the learning for students.

Ms WARD — Thank you for coming in this morning; it is good to see you all. We have heard about the challenges that the commonwealth being prescriptive can bring, and you have alluded to that yourselves. How much of the funding in NPAs is allocated to data collection for analysis, evaluation and performance reporting, and is there any administrative overhead included in the funding for this?

Ms CALLISTER — I will ask Mr Norton to answer that.

Mr NORTON — In general there is not usually provision for those. There are a couple of agreements where there is. The universal access agreement does have about \$1.5 million a year to support an ABS collection on data being collected consistently. There is a small amount of money under the chaplains agreement to support administration of chaplaincy grants. But otherwise, in general, it is not something that is kind of factored in, if you like, as part of negotiations.

Ms WARD — Do you think it should be something the commonwealth should consider as a way of getting more money?

Mr NORTON — I think in some ways we would probably rather not have the amount of paperwork that is required rather than getting the money for administration, because it can be quite costly.

Ms PENNICUIK — Thank you all for coming in today. I would just like to take you back to your list, which we are very fascinated with.

Ms CALLISTER — We just thought it would be helpful.

Ms PENNICUIK — It is very helpful. If I could go to the first few, so down to no. 9, but particularly just on the issue you were talking about, Ms Callister, of some NPs being to boost an area. For example, the one on the national quality agenda is under renegotiation, as is the universal access, but the empowering local schools one has been rolled into specific purpose funding. There seem to be a couple of others, such as literacy and numeracy, investment in focus schools and teacher quality, that have all lapsed. I am not sure if you are renegotiating them or whether they are going to come into the major specific funding. You would think literacy and numeracy certainly would need to go into it; you would not want to see it just lapse and disappear. So I suppose it is just following on that theme as to what sorts of negotiations, what sorts of discussions, you have with the commonwealth about these issues and how not to lose the work that has been done.

Ms CALLISTER — We have a lot of negotiations both through ourselves and through central agencies, particularly the Department of Premier and Cabinet. Literacy and numeracy is a core focus of new investment in schools, so we have new 5 and 10-year targets set around literacy and numeracy in Victoria, including other targets that the government set around STEM, and also personal targets about kids being more resilient, their ability to solve problems and critical thinking. It is a kind of whole-child approach to targets. The Gonski funding — we will have to stop calling it that soon — based on a formula around disadvantage is very much focused on how we lift capability in literacy and numeracy.

I will let Simon answer specifically on that NP and how it relates to the Gonski funding, but the national quality framework has, we think, produced some very important lifts and improvement in quality. One of the important things it has done is that it has helped people to see that children need quality in all their settings, so that they are not being minded in one place and educated in another but that they are learning and developing — very young children — in whatever setting they are in. It is very important that settings have a level of quality that promotes that learning and development and that we do not have something that is an artificial separation between the commonwealth and the state, whereby sitting in a kinder in a local government area for 15 hours you are getting a quality program, but sitting in long day care because your parents are working you are not getting a quality program. It has set standards. It has enabled a framework that looks at the quality of early childhood as being important everywhere that children are. We see the continuation of that as critical, and Simon did speak a little earlier about the value that we think that has brought.

Mr KENT — The three at the bottom of the schools list — improving teacher quality, literacy and numeracy and low socio-economic school communities — were really the first of three national partnerships in schooling, and they were negotiated in 2008 alongside the new national agreement and the intergovernmental agreement on federal financial relations. That suite was negotiated first and hence finished first and has lapsed, so there is not ongoing funding associated with those, with the exception of the low SES NPs, which was rolled into the Gonski agreement. The activities that were identified under those national partnerships have been completed, and we are still getting some system lift out of those, but there is no additional lift coming now. Instead it is being delivered through core school funding through the framework for improving student outcomes and the evidence base that we are using to work with schools in that improvement agenda — as Gill said, literacy and numeracy being the core of core activities for schools under that agreement. They have lapsed, and they are not currently the subject of any negotiation with the commonwealth.

Ms PENNICUIK — Yes, lapsed, but they are going to be funded through the — —

Mr KENT — The funding from the commonwealth has lapsed for the first two. The third one was factored into the additional funding delivered through the Gonski heads of agreement. The others were not.

Ms PENNICUIK — So they have lapsed in terms of continuity too?

Mr KENT — That is right. They have in terms of our relationship with the commonwealth, not in terms of our relationship with our schools and the focus that we place on that. So the funding agreement has lapsed, but the focus on those issues remains very much front and centre.

Ms PENNICUIK — How is that focus maintained without the funding, I suppose, is the question, because some have been rolled in and some are not being rolled in but they are all still things that need to continue.

Mr KENT — It is now not directly tied in the way that it was. School budgets have increased through the additional equity funding that has been delivered to schools, and the evidence of what works is included within our framework from previous student outcomes that form part of school planning. So it is relying on that evidence, continuing to stay focused on the things that we know matter and using the additional resources, but the commonwealth is not directly funding the state to deliver that.

Mr DIMOPOULOS — Can you give us a bit of a flavour of how you conduct yourself as a department in your relationship with DTF and in your relationship with the federal government and your stakeholders, for example, kindergartens, if it is about universal access or kindergarten parent associations? What is the colour of movement within Victorian government in terms of negotiating NPAs and who instigates them? Is there anything in how we do them here and how each department does them that actually leads to impart success or failure? We are talking about the commonwealth and their intentions a lot, but how do we do it here?

Mr KENT — We work very collaboratively with our central agency colleagues in DPC and DTF to develop a Victorian position and to enter into negotiations with the commonwealth. The challenge that we have, and the example you highlight around the universal access and the relationship with parents and services, was really highlighted over the last couple of years where agreement was struck very late in the calendar year before the services would be delivered — so service levels raised, 15 hours of universal access and delays in negotiation with the commonwealth playing out in making life very difficult for services to plan for the following year, not knowing how many sessions they would have funding to run and not having that certainty for staffing until, in some cases, October and November of the year before the next agreement.

Ms CALLISTER — To deliver 15 hours you need more kinder teachers who are qualified, so you have a lot of workforce capacity that you have to build. You often need more capital, so more buildings and more space for the increased number of hours.

Mr DIMOPOULOS — That is a good example. I understand obviously delays federally cause issues in terms of the success or otherwise of the NPA or the delayed start or whatever, but is there anything that we could do better? Forgetting the federal government for a moment and their interest or ability to make a decision quickly, could we do anything better here, in your portfolio obviously, to secure better success for NPAs?

Mr KENT — I think we have got a good process for identifying where the risks lie within government and highlighting those and pursuing those through as many different places as we can. So, again, that coordination between ourselves and central agencies means that we are raising those same issues, be it at the education council meeting or COAG or the Treasurer's meeting, and a consistent position is being put to the commonwealth, identifying both financial and service delivery risks for Victoria. I am struggling to think of an example where we have not been unified in that view that we have then taken to the commonwealth.

Mr ROBERTSON — In respect of the skills space, certainly echoing the comments about sort of working collaboratively across government, I guess the other thing that adds to the success that Victoria gets out of the NPs is what I would call policy and evidence leadership. It is often through this collaborative approach, with a fair stack of evidence behind Victoria, that they have managed to be quite successful in the vocational education and training area. And that is particularly what gave rise to the renegotiation of the NP in 2008–09, that gave rise to the sort of broader skills reform agenda that is applied across Australia.

Ms CALLISTER — Greg, did you want to add to that?

Mr NORTON — Just briefly, I just want to touch on one of the things that we are trying to do. The agreements are settled by central agencies ultimately, but increasingly on, say, early childhood, we are using the departmental officials to work through early childhood policy groups to kind of work through the issues before it goes into the argy-bargy about money. I guess that is one of the things that we are trying to improve in terms of making sure that the policy that is on the page before it gets signed is good.

Mr DIMOPOULOS — So then the only bone of contention is the funds rather than — —

Mr NORTON — It can be a big bone of contention, but at least you have not got perverse effects in it.

Mr DIMOPOULOS — Thank you.

The CHAIR — I might just bring you to the whole-of-government response to our inquiries on page 33, the third paragraph from the bottom:

Overall, the Smarter Schools National Partnerships ... program was found to have caused a greater improvement in student achievement in secondary schools, while at primary school level, students improved to a lesser degree.

I think most of the evidence now would seem to suggest that if you make those very targeted investments in an early years setting, you are more likely to see significant gains down the track. I think they referred to the achievement gap between children from, say, well-functioning or high socio-economic families who commence school with a higher achievement gap than those from either a poor background or a dysfunctional home environment. So I am just curious as to why from DET's perspective you felt that in relation to this particular program that there were more gains to be achieved in secondary school than in primary school.

Mr KENT — I cannot give a definitive answer as to why that was —

The CHAIR — You can take it on notice.

Mr KENT — but part of the answer will be the starting point. The existing primary school performance is higher than the secondary school performance, so there is more room for gain in secondary schools than there is in primary schools. The first interventions are tackling lower performance, and it has been the experience of many education systems around the world that it is harder to improve from a higher base — every percentage point gets harder and harder to get.

The CHAIR — And in terms of the funding for this particular NP, how was the money allocated? What did the money get spent on?

Mr KENT — There were implementation plans drawn up by schools. The department worked with schools as to how that would be used in a collaborative way, so it was different things in different places.

Mr NORTON — Yes, just to be clear on the comment that is made there, that is actually from the evaluation of the smarter schools NP, so it is what the evaluation found in the outcomes from that. That suite of smarter schools covered off improving teacher quality and low SES and literacy and numeracy. So there were really three NPs kind of bundled together, and I will just take them at the same time.

As Simon said, in terms of the activities, there was kind of a mix of ways in which it was used. Some of the money used was provided at the regional level. A lot of the money was given to schools and they were given kind of a menu of options to undertake on literacy and numeracy, for example, to support primary school maths. Some of the improving teacher quality was for hubs for teachers to work together. So there were quite a range of things that were done. It was not one thing. One of the advantages of those NPs was that they actually provided for quite a tailoring of that. As Simon said, because it was one of the early NPs, largely it was about outcomes and how we can improve outcomes in teacher quality. There are a whole range of ways in which you can do that — there is collective team teaching, additional training. There is quite a long list of different things that were done across Victoria to achieve that.

The CHAIR — How many schools were involved in the NP?

Mr NORTON — I have got it here. Can I come back to that?

The CHAIR — Yes. I was just curious in terms of the number of schools that were involved and what the per capita cost was.

Mr KENT — It was certainly in the hundreds, from memory.

Mr NORTON — To give you an idea, in smarter schools with low SES there were 327 schools involved. In terms of other ones, for literacy and numeracy, there were 210 schools selected; for improving teacher quality, I do not have a number for the number of schools unfortunately.

Mr KENT — That was more of a system approach, so it was working with initial teacher education providers, for example, so it was not such a direct one-to-one relationship with schools.

The CHAIR — Yes. If you are able to take that on notice and provide the committee with any other information just in terms of a per capita cost or in terms of the program and quantifying some of those gains. You might not be able to, and if you cannot, I am not going to hold you to it, but I think it will be quite interesting to drill down into the very tight specifics as to what was the per capita cost for these schools and what were the gains, as a way of trying to flesh out and demonstrate the efficiency of the NP.

Mr KENT — Absolutely.

The CHAIR — Thank you.

Mr MORRIS — I will go in a slightly different direction. As I indicated to Mr Martine earlier, the committee initially sent out, as you are probably aware, individual questionnaires to each department. The decision was taken to provide a whole-of-government response. One of the reasons that we were keen to get the individual departments to do this was because, as in many other areas across the Victorian public sector, some things work really well in some locations and not so well in other areas. So we are keen to get an indication from each department about NPs that they have been involved in that have worked really well and about others that have been at the other end of the scale. So could I ask you from a DET point of view: can you give us an indication of what has worked well and what is at the other end of the scale and are traps to avoid?

Ms CALLISTER — I suppose one of the issues, and I would not necessarily say that it means it has not worked well, because we think that universal access has worked extremely well, but what we think is that that then ought to move from being a national partnership to being core funding, because it is funding service delivery. It would be very hard to remove 15 hours of kindergarten now, but if the commonwealth did remove that, either there would be no more 15 hours or the cost would flow to the state or the cost would flow to parents, or both. Or, at worst, we might end up with a two-tiered system whereby more disadvantaged people only got 10 hours of kinder and more advantaged people got 15 hours of kinder because they could afford it. We know, as we said earlier, the great value that has for the individual and collectively.

I think now that we have achieved such an improvement in quality as well, through the quality framework, and improvements in service delivery and in participation, we will be able to measure shortly, through some of the measures we have like NAPLAN, the benefits. There needs to be a mechanism with NPs that are about service delivery, about how that service delivery becomes core and remains a core responsibility of the commonwealth and the state, because that \$100 million is not insignificant to the state in terms of cost.

I think that given that some of them invariably are about actual service delivery as opposed to boosting capability or some of the other nature of them, one of the things that becomes a problem is how you move it from being a national partnership to being something that is about core funding, and stop a lot of time, a lot of senior office time, both in DET and then in central agencies getting tied up in the renegotiation of something that I think most people would agree now has a solid evidence base, and we should continue. I think that is one of the problems with them.

Mr KENT — I think one of the key criteria for where they can give the greatest benefit is where there is a genuine partnership, where both of the parties bring something to the table beyond the chequebook. The national quality agenda and the teacher quality ones probably stand out from criteria that you would use that are particularly important, where it goes beyond the resourcing question to, 'We could not do this alone even if we had the resources'. That is a criteria to use rather than to say, 'They have been structured particularly well as agreements'.

Then I think there is a question which also goes to the origins of the national partnership model, which is about benefit sharing. Part of the thinking behind them was many of the benefits of success for these investments flow to the commonwealth through the tax and transfer system rather than through the state, so the state incurs the cost. Bringing in that idea of benefit sharing, which can exceed the cost and should exceed the cost of the

deliveries, the benefits of a whole range of studies of additional investing in early years to society and to governments collectively exceed the cost. How do we make sure that the benefits are shared appropriately and that the state is supported to deliver those core services, rather than the state incurring the cost and the commonwealth getting the benefit?

Mr MORRIS — Just on that point, in your view was that aspect dealt with adequately in the original agreement, accepting that it is going to take probably a couple of decades to really flow through?

Mr KENT — I do not think it embedded. The national partnerships very quickly became a replacement for the old SPPs, so there was a rationalisation from 90 or so to 5 SPPs, to say, ‘Let’s clean it up and focus’. But very soon after rationalising down to 5, the NP started to fill that role and just became a funding mechanism for commonwealth initiatives rather than the partnership side, where we would sit down and say, ‘What are our agreed objectives?’, as we did with some of the early ones. What are the things that are most likely to get us there? How can we finance those and then share the benefits? That idea around reward payments that could exceed the investment because it was an investment that was returning more to governments than the cost of the additional service delivery. That was the rationale for why we chose those activities in the first place.

Mr MORRIS — Just finally, Chair, if I may, are you able to put a time frame on that change — the effective substitution to the SPPs?

Mr KENT — How quickly they started to return?

Mr MORRIS — The concept of the NP was subverted, if you like.

Mr KENT — The proliferation started in 2008–09. It was almost immediate because there was not another funding vehicle. So there was an issue with the architecture potentially. That has now been filtered — the project payment — to say, ‘This is merely a transactional piece. Deliver service’. We are buying it in a purchaser-provider way rather than using national partnerships, which were aimed at reform, change and sharing of benefits over time. In the absence of having that project payment model, it was immediate.

Dr CARLING-JENKINS — I am going to go back to the chart you provided, and just ask about one program that we have not mentioned — the national school chaplaincy program. Given that that one is lapsing — —

Mr NORTON — It should actually be current. I have just realised that when I look down here that that runs until June 2019.

Dr CARLING-JENKINS — Okay. That was my question.

Ms CALLISTER — It is our error. I apologise.

Mr NORTON — Yes, it is our error. It is still current.

Dr CARLING-JENKINS — Not a problem. I will skew my question then. Given that it is current and continuing at this stage until June 2019, and putting aside the controversial nature perhaps of this program, are there plans to transition this program into core funding or will the longevity of that be dependent on renegotiating with the commonwealth?

Mr NORTON — There are not any current plans to transition that. As you say, there was some controversy about the scheme when it was first implemented. The current government’s view is that there is a grant for two years and then they will have a discussion after that particular point. That is where we are at on that. The commonwealth is not pushing to put it into general school funding either.

Ms WARD — I just want to follow up from Rachel’s question and then I have my own, if that is okay. With the chaplaincy program, was there any discussion with the state regarding the shift in the focus or the criteria for the chaplaincy program?

Mr NORTON — There was discussion when it was proposed. There was discussion amongst officials about the scope of it, but it was a very clear decision from the commonwealth government — the Prime Minister, in fact — at the time, so there was a fairly limited scope to negotiate on that.

Ms WARD — Is that common with these agreements — that ability to negotiate or that ability to have a conversation around the direction of a program or agreement?

Mr NORTON — It is definitely often constrained, that in some instances the federal government has announced its intentions, so that clearly constrains officials in negotiation about how much room there is to move on the detail of what is going to be implemented. That was certainly the case going back to the Building the Education Revolution piece. That was announced, and there was very little scope as to how we would deliver that. There is probably a range of smaller ones, but that has been the case. There has been a public announcement, and with that announcement from the commonwealth to say, ‘And commonwealth officials will negotiate with state and territory officials about a national partnership to deliver this’.

Ms WARD — Does any department consultation occur at a local level with those involved in frontline service delivery, and if it does, how does that manage or improve effectiveness?

Mr KENT — That varies from agreement to agreement. If we go back to the low SES school community, there was a lot of consultation that went on with that one, where the department worked with individual schools about their implementation plans and how they would use the additional resources that were provided, through to things where there is very little scope for that discussion because there is very little scope for discussion from the state to the commonwealth. We then attempt to learn from that and how we can improve it, but that is after the agreement has been signed and is in place.

Ms WARD — Do you think that those consultations or that communication improves the overall package?

Mr KENT — Invariably.

Ms WARD — So they are an integral part.

Mr KENT — Yes.

Ms PENNICUIK — My question relates to the list but also to the previous slide which has got the graph regarding NPA funding committed to Victoria by the sector, which is also really interesting. We have been discussing a little bit the reason why the red block, the funding under NPs, is decreasing due to the national education reform agenda. Are we still calling it that rather than Gonski?

Ms CALLISTER — Yes, that is better.

Ms PENNICUIK — My question is maybe a little bit complicated. Early childhood development is the blue and skills is the green. Skills is falling. You have let us know that that is not going to be continuing. As a department you have got to deal with those three levels — early childhood, schools and skills. You do not have the universities. Then you have to deal with the different levels at the commonwealth with those three areas. You were talking about proliferations of NPs, so they are not proliferating in schools but are they going to still be proliferating in other areas? Is there an agreement or discussion happening between the states and the commonwealth about not proliferating them anymore and getting more consolidated funding in terms of specific purpose funding across those three levels? Do you see what I am getting at?

Ms CALLISTER — I think so, but I might just start.

Ms PENNICUIK — Say with the top one, where you are having to renegotiate that for two years, I presume that is being driven by the commonwealth and not by the state.

Ms CALLISTER — The top one being the universal access?

Ms PENNICUIK — Yes.

Ms CALLISTER — It is fair to say that is a joint negotiation. Obviously the state does not want the commonwealth to reduce its commitment either financially or the commitment to continuing the national quality framework itself.

Ms PENNICUIK — Yes, I am talking about it as a another national partnership agreement with a fixed end date rather than part of the general ongoing funding.

Ms CALLISTER — Yes.

Mr KENT — If we had our preference, it would be transitioning to a national agreement and that would be a national partnership that ceased to exist.

Ms CALLISTER — We would prefer that, but currently we are negotiating for a further national partnership agreement. All of this is happening as well in the context of the COAG discussions that are ongoing about reform of the federation and the areas that are in the commonwealth white paper that are in scope, so early childhood, schools, the VET system, health. There are about five. What have I missed?

Mr ROBERTSON — Housing.

Ms CALLISTER — Housing and homelessness. There have been a couple of COAG meetings and another scheduled later this year to continue those broad discussions. We are not party to those discussions, but it is really about what are the relative roles of the commonwealth and the state in those big partnership areas. It is possible that out of that, depending on what happens, that some of these things could change. That is a broad public conversation that has been going on for 12 months or so. I am sure DPC will have more to say about that.

Ms PENNICUIK — I suppose from your point of view, in education you would rather that these things were more consolidated across the three levels rather than ongoing more NPAs on particular issues. Unless there was something like solar in schools.

Ms CALLISTER — Things that increase our capacity to deliver actual services, if they are successful, we would rather them rolled into a funding agreement. Where something is to build capacity or to focus on a particular policy problem and it is a partnership to deliver benefit to a system that we might then continue in some fashion or has lifted the system, then we think NPs deliver that quite well.

Mr DIMOPOULOS — You sort of touched on this across the last hour or so, but to what extent do you think your policy or implementation advice to government is adapted or filtered through wanting to get an NPA up? If you had a dollar to spend that was free of any encumbrances in your portfolio, would your advice be different than a dollar to spend coming from the commonwealth and having an eye on a national agenda, politics of the day and that kind of stuff? If there are any examples you could talk about or just in generality if you are unwilling to talk about examples.

Ms CALLISTER — I will just make a general comment, and it echoes what Mr Robertson said earlier. I think the attempt in Victoria is to be policy driven, and in how we approach NPAs or commonwealth funding it is about how we lift our systems or tackle particular problems that will have an effect on the ground. I think the list says that we are quite policy driven. We have to be a bit flexible. As Mr Kent said, the commonwealth often will make particular policy statements about what they want to invest in. Sometimes those will be at a policy level and there is a bit more capacity to negotiate, and others are very prescriptive indeed and it is about how many computers you will put in how many classes and what colour they are. It is being a bit flexible but trying to keep the policy integrity in what it is that we are trying to negotiate.

Mr KENT — The thing I would add to that is there is a question of flexibility up-front at signing and agreement. The other thing we have tended to lack is flexibility to adapt over time. The key performance indicators and measures are set up-front and remove the ability to learn and adapt as quickly as we would like along the way. There is an external reporting accountability, so we have to keep delivering the particular things that were agreed on when we might have learnt that a bit more directed to one of the other priorities within the agreement would have a greater return, but we have got to keep delivering against the performance measures that are in the agreement in order for the funds to keep flowing.

Mr DIMOPOULOS — Just quickly on that. It is a good segue into this. I do not know how these NPAs work anywhere near as well as you do, but is there a chance to go back and re-prosecute the evidence or the deliverables way before the end of the agreement?

Mr KENT — There is, but it is time consuming and they are multilateral agreements, so it involves adjustment between the commonwealth and six states and two territories. It just slows that process down to not be able to spot an opportunity, move and act. You spot an opportunity, open up negotiations and see what others think.

Mr DIMOPOULOS — Just as likely as spotting a unicorn.

Ms CALLISTER — Sometimes the commonwealth does impose milestones or reporting arrangements that not only does the state think are unreasonable but are sometimes almost unachievable, so there is a lot of negotiation.

Mr DIMOPOULOS — Once you have bedded it down, you do not really want to reopen it, I suppose.

Ms CALLISTER — Yes. I just draw your attention to one of the things that has worked well. The universal access in the national quality agenda in early childhood needed a whole workforce boost. We needed more people in child care and more people who were qualified and could deliver a quality early childhood service. You can see at the bottom there was an NP on TAFE fee waivers for childcare qualification, so there was an incentive for people to get a childcare qualification to give that workforce boost to the other ones.

The CHAIR — Just coming back to the whole-of-government submission, pages 29 and 30, in relation to the Indigenous early childhood development NP. I note on page 30 that there was a fairly positive uptake in the participation rate amongst Indigenous four-year-old children in kindergarten programs from 59 per cent in 2007 up to 79.6 per cent.

Also I note on page 29, in table 3 with Bubup Wilam funding and then table 4 with Dala Yooro funding, the per capita funding was in the order of \$60 000 at Bubup Wilam and a bit over \$68 000 in Dala Yooro. Obviously the uptake in the participation rate is welcome and positive. Those per capita figures are quite significant, and I understand of course that this program has now lapsed, but I am just trying to get a sense as to while the outcomes are positive in terms of the participation rate, that seems like an awful amount of money on a per capita basis for children to be attending 15 hours a week of four-year-old kinder. Are you able to flesh that out in a little bit more detail?

Ms CALLISTER — Just generally, the participation rate of Indigenous children has improved but it is nowhere near the participation rate of non-Indigenous children. Our objective in Victoria is to get the participation rates the same for Indigenous children.

Bubup Wilam and Dala Yooro: under that the commonwealth provided \$16.655 million, which was both capital and operating funding for those two centres. I am not sure over how many years that was.

Mr NORTON — Three, I think. I will confirm that.

The CHAIR — According to your slide, it is from July 2008 to June 2014, so six years.

Mr NORTON — Sorry, six.

Ms CALLISTER — They were funded by the commonwealth with the objective that they would become self-sustaining based on the government childcare and kindergarten subsidies — so with subsidies that would be still provided that they would become self-sustaining, which essentially means that parents would pay fees as well. We still contribute money, as the state, for kindergarten funding, and I think we have given them a grant to try to move them to self-sustaining. It is probably an example of where the commonwealth's money was intended for the service to become self-sustaining but in effect just became money that was used to deliver the service, which is why you see, I think, that large per capita amount.

The CHAIR — Part of that would be capital as well as recurrent; is that — —

Mr NORTON — No. The per capita kindergarten fee subsidy is recurrent funding, but that capital has gone in separately. The reason — to your question about cost — is that their ratios are much higher within these centres compared to the normal kindergarten.

Ms CALLISTER — More staff.

Mr NORTON — It is a starting ratio of 1 to 3 for under three-year-olds and 1 to 5 for under five-year-olds compared to 1 to 4 and 1 to 15. So it is quite an intensive — —

The CHAIR — Yes. While clearly the participation rate is increasing, which is welcome, I suppose my question is do you think that \$60 000 in per capita funding per child is value for money? I know the program has lapsed, so it might be a different question now, but is that the most efficient way to get that outcome, do you think?

Mr KENT — The department is working with the centres at the moment to develop what is a sustainable financial model for them to continue in the future.

The CHAIR — Right. I know there is always that difference between participation and attendance, so while I appreciate the fact that the attendance rate at a statewide level is probably more like 95 per cent or 97 per cent or 98 per cent, how many kids actually attend on a regular basis is obviously less than that. Does the department have any sense that this led to not only an increase in the level of the participation rate but an increase in the attendance rate as well?

Ms CALLISTER — I think we would have to take that on notice.

The CHAIR — Yes, that is okay. That is fine.

Ms CALLISTER — Anecdotally, yes, I believe there was increased actual participation, and that is probably because the ratios were so low that you can actually build relationships between a staff member and a family — not just the children but a family. But we would have to take that on notice in terms of being accurate about it.

The CHAIR — That is fine. Thank you. In relation to the broader question about attendance, just as part of the UA NP, has the department been able to track the attendance rate as well, either through sampling size or across the board in Victoria?

Mr NORTON — Attendance is captured in the ABS data. The challenge with it is it is a one-week census period done every year. Basically they can give you a sense of how many hours did a child attend for that period, but because it is done in August — there is a whole range of things; the child could be sick for that week, or they could be enrolled but not attending because they have gone on holiday. So attendance is a very difficult thing to capture within the kindergarten program space. If they have attended for an hour, there is a kind of proxy for they were probably attending. But, as I say, because of the sampling for the census that is done is only on a very short window; it is not something that is recorded like it is for schools every day that a child attends.

The CHAIR — So the limitations from the ABS data do not really enable you to provide a causal link between the UA funding and an increase in the attendance rate?

Mr NORTON — You can say that there is definitely enrolment, as you say, and you feel like that kind of suggests participation, but it does not guarantee the attendance, because that is just not captured as consistently across the year.

The CHAIR — Yes. And the state does not really have any other capacity to try to track attendance?

Mr NORTON — The thing we would have to do is get every kindergarten to mark a roll, I guess, and that is something that has not been done to date.

Ms CALLISTER — It would be very administratively burdensome, but we are looking at ways that we can have more real-time electronic systems and ways of tracking actual participation because we do think that is important, but we are not there yet.

The CHAIR — In terms of some of the more affluent suburbs or affluent communities, it is probably less of an issue. I think it is more about looking at the culturally and linguistically diverse communities or low SES families in order to try and prevent the achievement gap being stratified and locked in at prep and in those early years in primary school.

Ms CALLISTER — I suppose, Chair, just to follow on from your question about the per capita amount, we are working with those services to try to get to a more sustainable amount. But we do have very high rates of representation of Aboriginal children in the child protection system in Victoria, and we do have high rates of

substantiation of child abuse of Aboriginal children in Victoria — so high per capita rates. We also know that more than 50 per cent of the Aboriginal population in Victoria is under the age of 18, so it is structured completely differently to the non-Aboriginal population. It is a non-ageing population, it is a very young population, so the more we can find mechanisms to invest in early childhood support for those children, that we can find them and have them in services that build children's capability and development, that is very important. We have higher numbers of Aboriginal children completing year 12, which is a really positive thing, but we have to start back here.

Ms WARD — It is an investment that can pay dividends further down.

Ms CALLISTER — Yes.

Mr NORTON — Just looking at those numbers, although it says 'per capita', per capita is the kindergarten funding stream rather than that being a per capita, per child, of \$60 000 ahead. I suspect, and we will come back to you on this, that is the total for those 19 children, as we go down, which actually brings it back into line with general kindergarten funding, if you like.

The CHAIR — If you can come back to us, that would be great.

Mr MORRIS — I do not have anything desperately to ask. I am just looking at the time. If any of my colleagues have an issue they wish to pursue — I can ask a question if you like.

Dr CARLING-JENKINS — I do not have a burning question.

Mr MORRIS — If I could come back to a comment Mr Kent made earlier about the multilateral nature of these agreements, just in terms of mechanics, obviously the commonwealth as the funder has a huge say in what the agreement might look like and what the outcomes are. I am just wondering how much say we — being the state of Victoria — genuinely have in terms of the form of the agreement and the outcomes of the agreement or whether there is even an opportunity to influence the nature of the agreement through the states legally. In practical terms, how does it work? Does the commonwealth have the whip hand and use it, or are we actually getting collaboration on these things?

Mr KENT — It varies from agreement to agreement. As to how consistent the approach is, that is at least sought by the commonwealth, and then it really comes down to a negotiation as to a willingness to be involved or not be involved in that agreement. So like any negotiation it depends very much on a willingness to actually participate or not as to how that negotiation plays out.

There have been a number of good examples, and probably first amongst them I would put the low SES school communities one, where there was a strong focus on 'This is what we want to achieve, and there is some flexibility in how we go about doing that, not just at a state and territory level but at a school level', so tailoring right down to that level. Again that was, I think, a good example of prosecuting a good policy argument, to say, 'We can't come up with a single solution for all communities'. What is needed in one community even within Victoria, let alone between Victoria and the Northern Territory or Western Australia, is going to be very different. So there are good examples of that kind of tailoring where the head agreement, the national partnership itself, sets some broad directions, and bilateral agreements that sit beside that, about the implementation planning for each jurisdiction, allow high degrees of flexibility. But in others the commonwealth will say, 'This is effectively a commonwealth program, and if you want to be part of this program you need to sign up to these conditions'.

Mr MORRIS — In the latter case, it is essentially an SPP dressed up as a partnership?

Mr KENT — In fact with less flexibility than with an SPP, because the money would be untied if it was an SPP. We would be able to have the flexibility as to how we used it.

Mr MORRIS — Is it fair to say, then, that the general shape of a particular proposal depends a bit on where it comes from? I assume that in most cases it would come from the commonwealth first or as a by-product of the COAG process or ministerial councils or whatever.

Mr KENT — Increasingly that is the case. In the early days those three that I highlighted, the three Smarter Schools National Partnerships, were generated as ideas that were seen as the high priorities or things that would

improve the outcomes that we were seeking. Then we sat down over almost a year to craft a series of agreements and jointly draft them. That again would be, I think, the gold standard of that kind of approach for how do we genuinely partner and collaborate, or to say, 'This is what we want to achieve. How would we go about achieving that?'

Mr ROBERTSON — An important underlying sort of dichotomy is that the commonwealth may want to achieve outcomes — and that is fine; that is when it works — but it does not know costs, nor does it have data or experience of delivery. It is when they get into prescribing that that NPs become quite difficult to administer, because they are prescribing something that may in fact be impractical to deliver. So in the examples that Mr Kent has given, the commonwealth seeks outcomes; then let us sit down and talk through how can that be delivered on the ground. When they are like that is when NPs are at their best.

Mr MORRIS — So the ideal is to say, 'What do we want in terms of outcomes now, and how do we go about it?', and whether that is one or three or five agreements?

Mr ROBERTSON — Correct, and each jurisdiction may well approach that differently, depending upon their service structures and the like.

Ms CALLISTER — Sometimes they are being negotiated very, very quickly. In my previous portfolio, things like homelessness agreements where the state does have a lot of service delivery knowledge and the commonwealth does not but it is happening very, very fast, that is when you end up with silly outcomes sometimes.

The other aspect that we mentioned earlier was when we were talking about things being finished late so that you cannot plan as well and the impact on the ground is not as good, such as with kinders. A similar thing is when the decisions are made late about whether they are going to continue or not. So people are wondering about their employment, parents are thinking, 'We'll go to other services because this one might not continue', or in the case of homelessness staff, they are looking for other jobs because they do not know if the partnership is going to be rolled over or renegotiated. Those are things that could definitely be improved.

Ms PENNICUIK — If I could turn to skills reform and the outcomes that are listed on page 39 of the whole-of-government response for that NPA, the other list you gave us says \$212 million has been received to date and \$434.8 million is expected by 2017. I am presuming that the non-continuation is after 2017?

Mr ROBERTSON — That is correct, yes.

Ms PENNICUIK — The outcomes are more accessible training, more transparent VET, a higher quality VET sector and a more efficient VET sector. Given the range of controversies over VET in Victoria with regard to whether it is transparent in terms of the amount of money that is now going into the private sector — that has been an issue raised over the years — the quality in terms of some of the registered training organisations that have not delivered on quality but in fact one could say are taking advantage of the VET FEE-HELP system, how is Victoria reporting that these particular outcomes have been delivered, given these issues that are part of an ongoing public discussion right up until this day?

Mr ROBERTSON — I will try to make three or four points in trying to answer that. When the NP was struck, it was around an entitlement to all Victorians to upgrade their skill levels. You can see that in trying to provide subsidised places up to certificate III because it was a general priority of lifting the human capital of the community. So that is when a sort of open access model was introduced. It certainly was true that a range of private providers came in, and that was the policy intent. But at that particular point in time the responsibility for regulating the quality of the provider and of provision rested with the commonwealth for the majority of training providers that operated under this particular model. It would be fair enough to say that there have been instances where there has been poor quality provision. We do not know the full extent of that. We know there are certainly some examples of it.

That is really a case where you really do need good dialogue and collaboration between levels of government, because your entitlement funding is dependent upon a rigorous quality regime that is administered by another level of government. I think all levels of government would acknowledge that there have been some gaps in that process. Indeed Minister Herbert is quite strong in dealing with that with the federal government at the moment and will be doing that in fact on Friday in a ministerial council meeting. So that is the first point.

Then you went on to say that there has been an expansion of VET FEE-HELP, and certainly that is the case; there has been quite a substantial increase in VET FEE-HELP for fee-for-service students. That is all administered by the commonwealth, that growth in fee for service. Under the Victorian model we will provide a subsidy for diploma and advanced diploma studies, along with access to VET FEE-HELP for the balance. What is happening is because the commonwealth has opened up that scheme, providers are just going quite aggressively to pick up students from particular cohorts and charging full fees. So that is what is happening with those.

That is an example of a commonwealth-run scheme that is directly impacting upon the effectiveness of the design of the Victorian system. I guess the third point is why the government has announced a funding review of the training system, so we can look at those interrelationships.

Ms PENNICUIK — I just want to follow up on a point Mr Robertson made, which was about particular cohorts that have been targeted by the some of the less scrupulous RTOs. If you look at page 40, it shows that Victoria has delivered on a number of particular issues, but it also lists commencements of higher qualifications by Indigenous Australians, commencements by students with a disability and commencements by individuals who are employed, who seem to me to be vulnerable cohorts, and we know from media reports that they have actually been targeted.

My concern about that is what the department is doing to follow up with these. I know that the Auditor-General has prepared a report on the non-follow-up of apprentices, so the department knows who has commenced but does not know who has finished. What is the department doing in regard to the follow-up of these particular cohorts when we know that these unscrupulous RTOs are actually targeting these groups? They may be commencing, but they may not actually be participating or ever finishing.

Mr ROBERTSON — I can answer that in 1 minute. For students who are funded by the Victorian government, we do a census of all students every calendar year — it is often via the iPhone or whatever — and we get feedback from those students. We have asked them about the quality and relevance of the training, and we then follow them up, so that is how we do that one. But we do not do it for VET FEE-HELP, which is obviously administered by the commonwealth.

Ms CALLISTER — And we do have a new team working fundamentally on quality in the contractual arrangements that we have. So we have a bit of a blitz on quality, for want of a better word.

The CHAIR — I would like to thank the witnesses for their attendance. Thank you, Ms Callister and Messrs Kent, Robertson and Norton. The committee will follow up with any questions taken on notice in writing and a written response should be provided within 21 days of the request.

Witnesses withdrew.