

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2015–16

Melbourne — 12 May 2015

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Dr Rachel Carling-Jenkins

Mr Tim Smith

Mr Steve Dimopoulos

Ms Vicki Ward

Mr Danny O'Brien

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Executive officer: Ms Valerie Cheong

#### Witnesses

Mr James Merlino, Minister for Education,

Ms Gill Callister, Secretary,

Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Services,

Ms Penny Croser, Acting Deputy Secretary, Early Childhood and School Education Group, and

Mr Simon Kent, Deputy Secretary, 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 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome to the hearing the Minister for Education, Mr James Merlino, Ms Gill Callister, Secretary to the Department of Education and Training, Mr Jim Miles, Deputy Secretary, Infrastructure and Finance services, Ms Penny Croser, Acting Deputy Secretary, Early Childhood and School Education Group, and Mr Simon Kent, deputy Secretary, Strategy and Review Group, Department of Education and Training.

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, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers 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.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

Because this is a long hearing this morning, we will be having a 10-minute break at approximately 11.00 a.m.

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

### **Visual presentation.**

**Mr MERLINO** — Thank you, Chair, and congratulations on your appointment; and thank you to the committee for the opportunity to present. It is nice to be back at the table, and not in the gallery or elsewhere. Good morning to you, Chair, to the Deputy Chair, David Morris, and previous Chair of PAEC, and committee members. I will make a short presentation on the education portfolio.

The government is committed to making Victoria the education state. We have a strong and vibrant education system, and we have a lot to be proud of. To compete in an increasingly connected, innovative and technological world, we must ensure all Victorians are achieving their best, regardless of location, background or circumstance. In the education state, all Victorians will have the skills and attributes to shape their future in a changing world. Victorians will value education for themselves and those around them at all stages of their lives.

To deliver this we need to address the following key challenges. The Victorian education system achieves good outcomes for students. However, there has been limited improvement over recent years. We are experiencing flatlining performance in key priority curriculum areas, across numeracy, literacy and science, causing a lag in performance behind comparable countries such as Germany and Japan.

On top of our performance challenges, we are also experiencing significant growth in the school-age population, with the baby boom of 2007 and 2008 hitting schools now. The current population of four-year-olds is expected to increase by 10 530 kids, or 14 per cent, by 2020, or by almost 18 000 kids, or 24 per cent, by 2025. This growth is expected to place increasing pressure on education services, requiring new services in growth areas and additional services to children with additional needs. On top of this there is still a persistent gap in student performance and outcomes between disadvantaged students and students not experiencing social disadvantage.

In terms of the 15–16 budget, the education state budget represents the biggest ever injection of extra funding to support students in Victorian schools. This is an increase in the 2015–16 output cost by 5.6 per cent on the 2014–15 budget. There is \$3.5 billion in funding in education and 3.9 across early years and TAFE and higher education. It delivers a majority of our election commitments within budget and on time. These initiatives will put the basics in place and build the platform to deliver system-wide improvements into the future. The remaining commitments, including the funding for the Doctors in Schools initiative, the remaining funding for tech schools and the remaining school capital projects will be delivered in future budgets.

For the first time the Gonski agreement is fully funded in 2015, 2016 and 2017. The budget provides funds initiatives to break down barriers of disadvantage and to ensure more schools and students have access to education and wellbeing programs, and it provides an unprecedented investment into school infrastructure.

The next slide breaks down our LFS commitments, and I will run through these quickly. To deliver on our commitments, the budget provides a \$178 million package of initiatives that aim to break down the barriers of disadvantage. The Camps, Sports and Excursions Fund — \$148.3 million — will help more than 200 000 disadvantaged families with children in government, independent and Catholic schools to pay for their essential school activities. That, importantly, will be rolled out this year. The affordable school uniforms program, a partnership with State Schools Relief, provides \$15.65 million, for free uniforms, shoes, stationery and books, and that will assist an extra 25 000 kids each year. The breakfast clubs initiative — \$13.7 million — is a partnership with Foodbank. We will roll that out to 500 schools and 25 000 students from disadvantaged schools. They will receive a free breakfast.

There is the glasses for kids program, again a partnership, and this time with One Sight (OPSM). In a Victorian first, prep to year 3 students in 250 disadvantaged schools will be given eye tests, and around 10 000 kids will receive free glasses. There is our music in schools program, a \$2 million initiative and a partnership with Musical Futures Australia. This funding will go towards establishing quality music programs in all government schools by 2018. We will also fund a grants program for students in government and low-fee independent schools for musical instruments. There is a \$1.6 million mentoring package, and the rollout of the Safe Schools Coalition to every Victorian government secondary school.

The next slide is a breakdown of our infrastructure investment. Quality infrastructure is critical to delivering our vision for the education system. This budget will see the delivery of the majority of the school capital election commitments. This is the biggest single school infrastructure program in the history of Victoria — \$730 million. There is \$345 million for modernisations and upgrades. Sixty-seven schools will share in \$325 million for upgrades and renovations, and a further \$20 million is being provided for the school improvement program. There is \$40 million for land for new schools, and there is \$111 million to deliver 10 new schools in some of our fastest growing areas. There is funding for asbestos removal — \$42 million in this budget as part of an extensive \$100 million asbestos removal program.

This program is the first phase of the government's commitment to remove asbestos from all government school buildings. The budget also provides funding of \$120 million for capital works at independent schools across Victoria and \$12 million for our tech schools initiative. This budget provides \$8 million in funding for planning works for 10 new tech schools across the state, which will be open to students from years 7 to 12, and it also provides an additional 4 million in output funding for the Wantirna KIOSC, which is the model for our tech schools.

The budget provides \$35 million for new classrooms. As a result of a lack of investment over recent budgets, there will be no new schools opening in 2016. In some areas schools are bursting at the seams and have nowhere to teach their new students. This funding provides for more than 120 new relocatable classrooms to meet that demand. Finally, in this space there is \$25 million to continue the school maintenance fund.

In terms of the education state, \$1.4 billion over five years has been set aside to implement the first phase of the education state strategy. This funding will be directed into initiatives that the evidence shows will improve the outcomes of Victorian school students. As a government we are committed to addressing student disadvantage and ensuring that funding is directed to the areas that need it most. This is consistent with our commitment to the Gonski agreement. There is an unacceptable link between low achievement and student disadvantage. We are focused on breaking this link and ensuring that all students, regardless of their background, have the skills to shape their future. The government will consult with stakeholders, including schools and school leaders, on the

development of new school initiatives and proposed delivery models. Announcements for these new initiatives to support the education state will be made in the coming months.

Just on the final slide, this budget lays the groundwork to revitalise Victoria's education system and restore opportunities for Victorians. The government is working on a range of new initiatives to support Victoria's transformation into the education state. Over the coming months the government will work with the community to co-design a long-term reform agenda to make Victoria the education state. A review will also be undertaken into the student resource package to examine how school education funds are currently allocated and used.

Thank you for the opportunity, Chair. I am happy to answer any questions.

**The CHAIR** — I refer you to pages 47 and 53 of budget paper 3 that list the funding allocated to Victorian schools. Can you outline to the committee how in this you have acquitted the commitments outlined in Labor's financial statements to Victorian schools?

**Mr MERLINO** — We said our first budget would be delivering on our election commitments, and that is exactly what it does. This is a great budget for education and one that I am proud of. This budget takes the first steps towards repairing the damage and laying the foundations of the education state. LFS identified 12 election commitments in the education portfolio. All of the initiatives allocated funding in the 2015–16 financial year received funding in this budget, with the remaining commitments to be delivered in future budgets. Eight of those initiatives have been fully funded in this budget. LFS committed to providing 352.7 million in output funding in the education portfolio over the term of this government. Eighty-seven per cent of this output funding overall was delivered in this budget. One hundred per cent of the 2015–16 financial year output funding outlined in LFS has been delivered in this budget. Everything that we said in our LFS documents was to be funded in 2015–16 has been funded.

The 2015–16 budget provides full funding for all but two of these commitments. Regarding the tech schools program component, funding has been provided for KIOSC to act as a demonstration site. This will inform the rollout of the program, with the remaining funding to be sought in future budgets. In line with the phasings shown in LFS, the Doctors in Schools program component has not yet been funded. Funding will be sought for this initiative in the 2016–17 budget process.

In terms of assets, LFS committed to providing capital funding of \$733 million total estimated investment and an additional \$15 million associated output funding for the education portfolio in this term of government. The 2015–16 budget provides 73 per cent of this funding. Of the 530 million TEI committed for new and existing government school capital programs, 497.5 million has been acquitted. One hundred and two schools received funding in this budget for building or upgrading programs. Forty million has been allocated towards land purchase for schools in some of Melbourne's fastest growing suburbs. The asbestos removal program received 42 million of the 100 million commitment. This includes 15 million output funding to remove some of the worst asbestos-riddled relocatable classrooms from across the state. The tech schools initiative will commence with an initial 8 million for planning and initial works, with further funding to be allocated in future budgets. Remaining TEI announced in this budget has been allocated to other priority capital programs.

**Mr MORRIS** — I refer you to budget paper 3, page 50 — the heading there is 'Education state' — particularly the reference in the first sentence to the Gonski school funding agreement. You mentioned in your opening remarks that the 2015, 2016, 2017 — years 2, 3 and 4 of the agreement — were fully funded. I am particularly interested in year 5, which also falls into the forward estimates period but the presence of funding for that year is not immediately apparent in the budget.

**Mr MERLINO** — I would like to answer that question both in terms of addressing year 5 but also the Gonski agreement and how we came to these figures as well. As I said before, for the first time ever in Victoria we have met our obligations under Gonski, with full allocations for the 16 and 17 school years to make up the \$805 million shortfall in allocated funding to the department. That figure of 805 million over 2016 and 17 is based on the NRIPS methodology. I want to take the committee through that, if I can.

The NRIPS methodology is a nationally agreed methodology for calculating funding that counts towards the Gonski agreement. This amount was not in the department's forward estimates. The budget delivers school education funding of 2.9 billion over five years plus the 568 million in asset funding to deliver on the

government's election commitment and move Victoria towards the education state. I have taken you through those assets, and I will not repeat that.

The Gonski funding shortfall in 2015 will be addressed by funding election commitments. We promised before the election to investigate where the Gonski money went, because if you talk to any school in the community over the last couple of years, they have not seen one cent of it. We made a commitment before the election to conduct an investigation in government to find out what was agreed and where that money has gone to. Back in February, I think it was, we talked about the preliminary investigations of the 14 and 15 years, which identified a \$53 million shortfall, and then a week or so before the budget we announced the funding shortfall for 16–17, which was \$805 million. That has been addressed in this budget. I will get to years 5 and 6, David. One point four billion over five years has been set aside to acquit the Gonski agreement in 16 and 17 and to implement the first phase of the education state strategy. Funding will be directed into initiatives that evidence shows will decrease student disadvantage and improve the outcome of Victoria's school students.

There are two issues here: the state contribution to years 5 and 6 and the commonwealth contribution to years 5 and 6. I will touch on the commonwealth and then answer your question in detail. The commonwealth has indicated that it will not meet its commitment to the Gonski agreement in 2018 or 2019. That puts almost \$1 billion at risk. There will be money that will flow through from the commonwealth in those years — 2018, 19 — but at a much lower rate, so there will be a level of indexation. The difference between what the commonwealth has now put on the table and what was agreed to under the Gonski national agreement — the difference over 18–19 — is around \$1 billion for Victorian schools. We will take that fight up to the commonwealth. There is a ministerial conference at the end of this month. We will continue to pursue the commonwealth funding for years 5 and 6.

In terms of the state and the Gonski agreement, if you look at an incoming government, the first budget is all about delivering on the election commitments. We had to not only deliver on election commitments, we had to find the funding to make up the shortfall for years 2, 3 and 4 — 15, 16 and 17. We have done that. We are absolutely committed to the Gonski national agreement. We do not want to see it die. We want to see years 5 and 6 funded in full.

If you have a look at what happened in New South Wales prior to the Gonski reforms, there was a base review of school funding, school budgets, prior to the reforms under the Gonski national agreement from the New South Wales perspective. That did not happen in Victoria. There was no review of school budgets. I do not want to get partisan, but the former Premier and the former Minister for Education got up and said, 'We've signed up to Gonski. We're meeting it in full'. In this very hearing last year the Minister for Education was pursued for over an hour on Gonski questions and could not identify in the budget papers at all where any of that Gonski money was.

What we are doing is fully funding Gonski in 15, 16 and 17. Former Premier Steve Bracks is conducting a review into school budgets. That piece of work will be done through the course of this year. He will report back to me by the end of the year, and the recommendations out of the Bracks review into school budgets — the student resource package, the SRP — will inform budget decisions for beyond 2017. We are committed to the Gonski agreement. We are going to pursue the federal government for years 5 and 6. We are showing our bona fides by funding it in full for the very first time in this budget, but we need to do the important work of the school budget review conducted by Steve Bracks, and he will do that this year.

**Mr MORRIS** — So the take-out from that, I guess, is that while you said you would fund it in total, we have got the next three years funded but there is absolutely no certainty on funding for years 5 and 6 and nothing in the budget.

**Mr MERLINO** — What we committed to, David, was a commitment to the Gonski agreement, and that is absolutely rock solid today. Governments should be judged on what they do.

**Mr MORRIS** — That is why I am asking you about years 5 and 6.

**Mr MERLINO** — You can see in the budget papers for the first time ever that an education minister and the government of Victoria can say, hand on heart, they are fully funding Gonski. That has never happened before. We are absolutely committed to the Gonski agreement. We will pursue the federal government. We will do that

later this month, and we will do that through the course of the federal election that will be conducted over the next 12 or 18 months or two years. We will be pursuing that federal funding component of almost \$1 billion, and we will have the review by Steve Bracks over the course of this year into school budgets. It has not happened before. This is the first time in 10 years. It is what schools have been calling for, and that will inform our budget decisions for beyond 2017.

**Mr MORRIS** — So there are no commitments for 5 and 6 at this stage.

**The CHAIR** — You have had your say.

**Dr CARLING-JENKINS** — Thank you, Deputy Premier, for your presentation. I appreciate it, and I congratulate you on your budget, as someone who shares your values in education. I certainly share your ambition of transforming Victoria into the education state. I refer you to budget paper 3, page 47, where the Safe Schools Coalition Victoria is a line item, and to the description of the Safe Schools Coalition on page 53.

The Safe Schools Coalition has a program that will be implemented across state high schools, as you stated in your presentation as well. There are many parallel programs which seek to combat bullying based on difference and/or seek to combat bullying through the development of emotional intelligence. One such program, implemented successfully in a trial in Victoria, is called the RULER program — a program which was developed by Yale University and which uses the power of emotions to create a more effective and compassionate society by assisting students to develop their emotional intelligence. If a school wished to implement this program or a program similar to this which matches or exceeds the outcome measures of the Safe Schools program, would you redirect funding to such a program? If not, can you explain why the Safe Schools Coalition was chosen as a priority to fund?

**Mr MERLINO** — Thanks, Rachel, for your question. I am not aware of the RULER program, so it would not be appropriate for me to say before the committee, based on what you have just said — which sounds fantastic — ‘Yes, that should replace whatever program we’ve got rolling out’. But I will certainly investigate the RULER program myself. Jim has just got it up on the internet, but I will not do that now.

In terms of the Safe Schools Coalition, in the budget \$1.04 million over four years will deliver our commitment to extend the Safe Schools Coalition Victoria program to every Victorian government secondary school. The funding will be used to support same-sex-attracted and gender diverse students in Victorian government secondary schools by enabling SSCV to cover all 316 government secondary schools. Currently there are 120 government secondary schools that are SSCV members. Safe Schools Coalition Victoria will provide flexible resources and training opportunities to government schools to reduce and prevent homophobic and transphobic bullying and support same-sex and gender diverse students. Under this initiative, safe schools will develop delivery models for resources, professional learning and advice on matters relating to sexual diversity and gender identity, develop partnerships and provide professional development for existing workforces, such as regional health and wellbeing teams and secondary school nurses, and make any revised or new Safe Schools Coalition Victoria resources available to non-government schools as well.

Research shows that of the 11 per cent of students who identify as same-sex attracted or gender diverse, 75 per cent experience verbal or physical abuse and most of this abuse occurs in our schools. This equates to approximately 32 000 secondary school students in Victoria across government and non-government schools. However, the number of potential beneficiaries of the initiative is broader than just same-sex-attracted and gender diverse young people. Membership of Safe Schools Coalition Victoria supports more inclusive and safer school environments which benefit all students, including young people within same-sex and gender diverse families.

This is an important program, an important rollout of the commitment to deliver it across all government schools, but it is not and should not be the only thing to support the welfare and wellbeing of young people in our schools. There are many other programs and supports in place in our schools. If you allow me, I will take the RULER program on notice and investigate it. Perhaps outside of the committee hearings we can have some further discussions.

**Dr CARLING-JENKINS** — I would appreciate that and I would be more than happy to supply information to you as well, as it is a program that is backed up by a lot of academic research. I want to explore a little bit

further that, while I agree that schools need to be environments which, as you have described, support teachers and students who are same-sex attracted, intersex and gender diverse and I acknowledge the bullying of children who are labelled as different in this way, I also believe schools need to support teachers and students who are bullied for additional reasons. Disability discrimination, for example, is still prevalent in schools. Obesity continues to be a national epidemic which children continue to be victimised for, and the list goes on. I am still trying to grapple with why the government did not pursue a program or a range of programs which assisted students to build their emotional intelligence more broadly in order to prevent discrimination in all areas.

**Mr MERLINO** — Thanks, Rachel, for the supplementary. Further to the point that I made at the end, this is not the only thing that is happening in our schools or the only thing that we are doing. I will give you a few examples. There is individual planning and support for students in terms of student support groups, behaviour support plans, individual education plans, school-wide positive behaviour support, building resilience in our schools, supports for schools to enhance resilience through evidence-based approaches, our wellbeing workforces that I talked about, the Bully Stoppers campaign, student inclusion and engagement guidance and managed individual pathways. There is a range of supports we have in there. One of the key opportunities from the additional funding we have allocated in this year's budget towards the education state — the \$1.4 billion over the forward estimates — will be going out and consulting with schools, peak bodies, academics and the broader community in terms of the best programs that should be implemented under that additional funding. I see this as one of those areas of opportunity.

I think the Safe Schools Coalition rollout has been positive. Its outcomes are positive. It should not be about robbing Peter to pay Paul, if you like; it should be a range of initiatives. We have a number of things in place but there is an opportunity with the education state funding to do more in terms of engaging disengaged young people and engaging students who are at risk, and we will be doing that over the course of the next few months.

**Ms WARD** — I want to ask you to cast your mind back to Gonski. I am glad that it was one of the first questions asked this morning. I refer you to budget paper 3, page 50. I am glad that you responded to the question regarding years 18 and 19, but I am really interested to know how the government is going to meet obligations under Gonski with full allocations to the 2016–17 year.

**Mr MERLINO** — Thank you, Vicki. Every child deserves every chance to succeed in education, no matter what their background or the school they attend. It is with this ethos that the government is making Victoria the education state. We have invested in school capital, we have invested in support for families and we have fixed the Gonski black hole that we were left. In this budget, as I have said, we have a great story to tell. We promised to fix our schools and prioritise our students, and we are getting on with the job. Our investment is record breaking. We are investing nearly \$4 billion across the education system.

Those of you who understand Gonski know that it is not a number but a methodology, as I said before, to calculate student funding, supporting the most disadvantaged students first, and it is important that we make sure this money flows to schools. If you break down the Gonski reforms, the most significant reform of school funding in over four decades, they made absolutely crystal clear the link between disadvantage and poor student outcomes, particularly when there are concentrations of disadvantage. If you look at our system in Victoria, we have got a good system but we have got a long tail of poor performance, and it is exacerbated where you have schools and communities where there are concentrations of disadvantage, so the importance of the Gonski funding cannot be underestimated. That is why schools have been crying out for it.

Across the 16 and 17 school years Victorian kids were set to miss out on over \$800 million under the approach of the previous government. The approach of the previous government was that the NRIPS methodology does not apply; that Gonski somehow is inclusive of all we do in education. But we were the outliers. The federal government and other states and territories that had all signed up to the Gonski national agreement signed up under the NRIPS methodology, so that was the difference in approach — the difference in the policy approach — between the previous government and this current government. This education state budget plugs that black hole. For the first time ever we will fully meet our obligations across the 15, 16 and 17 years.

Furthermore, this budget provides school funding for education of \$3.5 billion to deliver on the government's election commitments and move Victoria towards becoming the education state. As part of this, we are delivering an initial \$180 million package of initiatives to break down barriers of disadvantage to ensure more

schools have access to education and wellbeing, the \$730 million funding injection into infrastructure, the Gonski shortfall of 2015 — that is about \$42 million — and that will be addressed by funding election commitments, specifically the Camps, Sports and Excursions Fund. We made a commitment to our schools that we will not wait until the 2016 school year. We will ensure that in the second half of this year schools will receive their allocation under the Camps, Sports and Excursions Fund. In that way we will meet our 15 obligations, and then beyond that we have got the allocations for 16 and 17.

**Mr T. SMITH** — Welcome, Minister. I refer to budget paper 4, page 24, which provides \$25 million in funding for asbestos removal and conducting an audit. Can you please detail which 200 relocatable classrooms will be selected for replacement under that program?

**Mr MERLINO** — As I said at the outset, we made a \$100 million commitment in terms of tackling asbestos, and asbestos can be tackled in a variety of ways. There is a specific asbestos program, but there is also the removal that will occur as part of our capital program. The capital program for government schools is \$568 million. But in addition to that, there is a \$100 million commitment for tackling asbestos: \$50 million of that is to tackle the worst cases of asbestos in classrooms and \$50 million is to replace old portables that are riddled with asbestos. We have got a relocatable program, but also as part of the asbestos removal program there is also relocatable replacement.

In terms of how they are identified and where, I would imagine it would be the worst examples based on age, condition and the amount of alerts that are given in regard to the asbestos. That is how we will prioritise, Tim. But there will be both 250 relocatable replacements as well as the removal in our classrooms. The department is currently undertaking an audit of all government schools in this state known to have asbestos, removing any high-risk asbestos when identified. This program of audits will be completed in March 2016, by which time no school will have an audit more than three years old.

In terms of how we identify the old relocatables riddled with asbestos, it is based on age, condition and the amount of alerts.

**Mr T. SMITH** — Could the committee get a list at some point about which relocatable classrooms at which schools?

**Mr MERLINO** — That work is currently happening, Tim. I will be happy to share that information with the committee.

**The CHAIR** — Can the minister or the department advise roughly when they think that might be made available to the committee?

**Mr MERLINO** — It would be in the early months of 2016.

**Ms PENNICUIK** — Minister, you have been talking a lot about the Gonski funding and the Gonski principles this morning. I want to just link that to the funding in the state capital program regarding education on pages 23 to 30.

**Mr MERLINO** — What was the reference, Sue?

**Ms PENNICUIK** — Budget paper 4, the state capital program, pages 23 to 30, which outline the funding allocated to new projects. I was looking through that and matching that with the promises made by the government when it was in opposition, and I would point out too that during the election campaign I did an analysis of the funding promises by both the government and the opposition, and it became very clear that most of the promises for around less than 10 per cent of schools — around 8 per cent of schools — were in marginal electorates. The Gonski funding and the Gonski principles are about where the evidence tells you the need is the greatest. Looking at the allocations I have noticed that 12 of the schools that are listed there are getting less funding, and a great amount less funding, in the TEI than was actually promised, at least 3 of them are not there and approximately 16 have appeared that were not in your promises.

But my point is: why were those schools chosen above others? And why will the education department not release the information it has on which schools need upgrading, because we know schools do have condition reports given to them but the actual totality of that is not available to the public, so why does the education



department not release that so that the community knows the full state of schools and where new capital investment and maintenance is needed? I say this because I have written to the department and to the previous minister, and in fact I had a letter late last year, just after the government was elected, saying that the department does use demand forecasting processes and other processes to identify these issues.

**Mr MERLINO** — Thank you, Sue. In regard to the commitments that we made and how we have reached that funding, I think what would be useful for the committee is if I can, through the Chair, talk about what we funded and why we funded it, and you may have some supplementaries after that. You touched on a number of things there, Sue, but if I can just hand around this graphic that was prepared by the department, which gives you a sense of the capital funding.

This graphic gives you a visual presentation of capital investment in government schools over the course of the last several years. The first four bars are the previous Labor government's average of \$525 million of capital investment; the blue bars, appropriately, are the former coalition government's investment in school infrastructure; and the final bar is our first budget. It shows over the previous four years an average of \$278 million.

The damage was done in those first three budgets of the former government where investment in schools really collapsed to just over \$200 million per year, and that has resulted in, as I said in my initial presentation, no new schools will open in 2016 in the state of Victoria because of that lack of investment and, incredibly, a 500 per cent increase in the movement of relocatables. So you have literally got schools bursting at the seams.

A true story: there was a secondary school in Cranbourne with their year 12 students being forced to learn in a canteen, and a school in Kyabram where their relocatable was scheduled to move to that school saying, 'We are going to chain ourselves around that school and not allow that relocatable to move'. This is the pressure in the system at the moment. There has been a 500 per cent increase in the movement of relocatables because there simply was not the investment in our school system that there needed to be.

In terms of the commitments that we made, it was based on a few factors. Quite simple: enrolment pressures, so where demand is just extraordinary — Mill Park Lakes primary school, I think, is a sea of portables. You look down, it is like looking down an avenue. We made a commitment of \$6 million for Mill Park Heights. Where there is enrolment pressure, we have made commitments.

We looked at the state of the facilities — that was utilising the work of the previous government in terms of the audit process — so where schools are literally falling down around them. The greatest example was Essendon Keilor College, which had over 1340 items individually assessed in that maintenance audit. A second consideration was the state of the facilities. A third consideration was keeping faith with school communities that had done the hard work. The Maroondah regeneration project — schools that had done the hard work in terms of their master planning, in terms of working together. A number of schools were at the point of being ready for budget considerations; their plans were just sitting on the shelf for four years. That is the basis upon which we made our funding commitments. The audits of schools, as I said in the previous answer in regard to asbestos, that will continue.

Many projects continue — building works that had stalled under coalition, that had commenced under the previous Labor government as well. That is the consideration in terms of how we have identified them. It is based on need, it is based on enrolment pressures, it is based on schools that have done the work in their master planning. But this is just the first step, this is just budget 1. The damages where you have got underinvestment, budget after budget after budget, that is not going to be solved in one budget.

**The CHAIR** — Minister, before we go to the supplementary question, the Deputy Chair did ask me whether there is a source for this table, in terms of where the numbers are sourced from.

**Mr MERLINO** — These are all sourced out of budget papers, and I am happy to provide David with some further detail about where he can see those, but it is all out of the budget papers.

**Mr MORRIS** — Just a quick question on that: the earlier figures going back to 07-08 and so on, does that include the PPPs or is that specific state capital investment?

**Mr MERLINO** — Out of the 568 there were two changes that we made to the PPPs. We added in the secondary component for Mernda and the secondary component for Bannockburn. The changes that we made, this government has made to the PPP package under the former government, those two secondary school components, I think were around \$68 million thereabouts.

**Mr MORRIS** — The earlier figures — —

**The CHAIR** — Order!

**Ms WARD** — On a point of order, Chair, we do have a supplementary question still to come.

**Mr T. SMITH** — With respect, Chair, we have just had a document tabled which is not sourced, and we are trying to get an understanding of if this money here is purely state money or BER money or what money it is referring to in the early years of this graph.

**Mr MERLINO** — I am happy to answer that, Chair. This is state funding. This is not including any commonwealth contribution to BER or any other project. It does include that 500 million, though — that does include the previous government's PPP project.

**Ms PENNICUIK** — Thank you, Minister, for your table. The underfunding by the previous government was something I was not unaware of. I was certainly aware of that, Minister. We all have been aware of that, but you would have to say — —

**Mr MERLINO** — It is important to get it on the record, Sue.

**Ms PENNICUIK** — Yes, but you still have to say that over the last 20 years there has been chronic underfunding of schools in the way of capital — maintenance of schools and upgrades. The Auditor-General, for example, in 2013 pointed out that 30 per cent of schools had buildings in danger of imminent failure. That was only a year and a half ago, so I presume that is still the case.

You talked about enrolment pressures, the state of schools et cetera. My question went to the principles of Gonski, which are basically, in a nutshell, base funding with the loadings for disadvantage et cetera. You pointed to ways where you are saying your commitment to Gonski has gone. To use your statement about damage to schools being by underfunding, the damage is also to the community not knowing. There are a lot of schools that have been promised money here that have not got the total TEI, and there are a lot of schools out there that have not been promised anything that are in need — and nothing about this is transparent.

This information about where new schools should be, which schools are in need of upgrades and why is held by the department, and I have been trying to get that released for a long time. I think a lot of damage is done in the community because many school communities are campaigning for new schools or campaigning for capital upgrades and then many of them are not getting anything, and they do not really know why that is, because there is no transparency about it. But you cannot tell me that the department does not have this information and work to it. If you are talking about enrolment pressures, the state of schools, that information is held by the department. Will it be released?

**Mr MERLINO** — There are a lot of questions in there, Sue. I think it is important not to confuse Gonski, which is about output funding, with capital investment. Equally important, Gonski was never about the capital investments that states, territories and the commonwealth make.

**Ms PENNICUIK** — I am talking about the principle of it.

**Mr MERLINO** — But it is important to note it is not related. I am happy to talk further about Gonski. In terms of where I think your question was heading, I talked about enrolment pressures. We have made commitments of delivery of 10 new schools, including in the growth areas such as Hume, Wyndham and Whittlesea. To give you an example of how big those pressures are, there is a primary school born every month in the city of Wyndham. In terms of regional Victoria, parts of regional Victoria do not have those demand pressures that the growth suburbs of Melbourne have, but there are other challenges in providing an extensive curriculum, addressing disadvantage and attracting excellent teachers. We have made some significant

commitments in Beaufort, Morwell, Daylesford, Kyneton, Bendigo, Ballarat and Geelong. Sale Specialist School: we were up there with Danny just a few weeks ago.

**Ms SHING** — Not just with Danny.

**Mr MERLINO** — And with Harriet, sorry. I was looking this way, Harriet. My apologies.

**Ms PENNICUIK** — Minister, it is about transparency of the information, which is not transparent or available to the public.

**Mr MERLINO** — Sorry, Sue; I just missed that.

**Ms PENNICUIK** — My question is about transparency of the information about how decisions are being made regarding allocation of capital funding and new schools. It is not transparent.

**Mr MERLINO** — I am explaining to the committee the basis on which decisions are made.

**Ms PENNICUIK** — You are naming schools, but you are not telling me — —

**Mr MERLINO** — I am telling you the basis on which decisions are made. It is around addressing enrolment pressures, and it is about addressing the state of schools. That is informed by the audit process that the department undertakes, and it is based on clearing up the backlog of projects that have been sitting on the shelf for the last four years. That is the process by which we are investing in our schools. This is the biggest school infrastructure program in the history of the state and in terms of government schools the biggest since 2008–09. It is the underinvestment that leads to the problems that you are talking about. We are not going to solve it in one budget, but that is the basis upon which schools are upgraded and new schools are delivered.

**Ms PENNICUIK** — But that basis is not open and transparent.

**Ms WARD** — We are on question no. 4.

**Ms PENNICUIK** — The question is not being answered.

**The CHAIR** — Ms Pennicuk will have an opportunity to ask a question in the next round. I note that the clock has now been going for 15 minutes, so I think it is time to move on to the next question.

**Mr MORRIS** — Chair, could I just raise a point of order regarding the production of documents outside?

**The CHAIR** — Yes, you may.

**Mr MORRIS** — I am not reflecting on the minister's action — that is fine — but I think we need to get some agreement on a number of things. The things that I would seek your advice on are one, that any documents provided to the committee are sourced prior to their circulation. Two, in terms of visibility to the audience, it has been past practice — not an obligation but a practice — that if ministers wish to have supplementary slides then they are available for display on the screen. Thirdly, could I have an immediate indication from you as to what the status of this document is — whether it is in fact a private document circulated to the committee or whether it has become a public document as part of this public hearing?

**Ms SHING** — Just further to that point of order, I do not disagree with anything Mr Morris said — a first, perhaps, for this committee — save perhaps for the fact that a minister may wish to source a document at the time it is produced where it has not already been produced for the purposes of airing it at this hearing. That may actually be something that solves the problem of the lack of source material.

**Mr MORRIS** — To just assist in our dealing with it, yes.

**The CHAIR** — I would assume, Minister, given that this document relates to publicly available information from past budget years, that the document would be a public document?

**Mr MERLINO** — Yes, I am happy for that, Chair. Thank you.

**The CHAIR** — Okay. That answers that question. I think in relation to the fourth point, it probably would be wise for the secretariat to advise all future ministers who are about to appear before this committee that if they wish to present a document, that document should be sourced, and if ministers propose to do that, then there should be the availability or the capacity for that document to be made available for people who are viewing online or who are in the public gallery.

**Mr DIMOPOULOS** — Good morning, Minister. My question is in relation to the output measure on page 178 of budget paper 3, in relation to principals participating in centrally funded programs for education. In the electorate of Oakleigh I have been to see most of the principals — in fact all of them — of the public schools. One of the key concerns they raise with me is the lack of support, as they perceive it — and I am on their side — by the department in terms of leadership programs and other things like that. I just want to get a sense of that figure. You have gone from 380 to 650 projected as the number of school principals participating in these programs. Just more broadly, though, can you talk about how the government is supporting schools through those kinds of programs — so school principals to improve their schools but also to participate in things like that?

**Mr MERLINO** — Thank you, Steve, for that question. This is the critical thing that has been raised by your principals in your community and the work I did over the last couple of years talking to principals across the state. I am sure, Sue, in your role and others, principals are saying that they have never felt more abandoned, more alone and less supported than they have over recent years. Supporting principals through our consultations on changes we should make to the regions is a really important piece of work and something that has resonated with principals.

A strong regional presence is essential to building Victoria as the education state. There is a whole range of reasons for this. We know that we have higher concentrations of disadvantage in some parts of regional Victoria than we do in Melbourne. The disadvantage can be represented by high concentrations of students and families from low SES backgrounds, high concentrations of Indigenous students and, in some of our rural cities, relatively high refugee populations. We also know that in some rural parts of our state it can be difficult for schools to attract.

To give you an example, Steve, there were about 1000 staff who lost their positions in our regional offices to support our principals across the networks. Previously, regional network leaders were responsible for about 1 in 25 to 30 schools. Now you have got senior advisers — SAs, as they are known — responsible for 1 in 60 schools. You simply cannot have a working professional relationship with your schools if you are stretched so thinly. Regional offices went from nine to four. Principals are saying to me that they are lucky if they pick up the phone and there is an answer at the other end at a regional office.

Supports around curriculum and literacy and numeracy coaches who were provided out at the regions to support principals — all of that is gone. One of the key commitments we made in the lead-up to the election was to examine this and to conduct an investigation and see what reforms we can deliver in our regions to support our principals. That consultation is happening, and that is a key part of the work we are doing. Again, in regard to how to resource that, that is part of the education state consultations, and hopefully we will be able to make some announcements that will lead to significant improvements for principals for the start of the 16 school year.

**Mr D. O'BRIEN** — Thank you, Minister. You touched on a point there that I am particularly interested in. I want to refer you to a couple of your comments — one, your comment in the opening paragraph about students achieving their best regardless of location. I refer you to the budget information paper *Putting People First*, in particular this map on pages 12 and 13. My question is: given your comment about location, why is there virtually no investment in the north-west and east of the state?

**Mr MERLINO** — Thanks, Danny, for your question.

**Mr D. O'BRIEN** — With the exception of Sale Specialist School, of course.

**Mr MERLINO** — Yes. I think it goes back to the answer I gave to Sue. This is budget 1, and repairing the damage and getting the investment back up to the level it needs to be is going to take more than just one budget. Across this budget there is \$120 million to upgrade and modernise regional and rural schools: \$10.5 million for the Morwell schools regeneration project; \$12 million to modernise Geelong high; 7.8 for the Kurnai College

regeneration; 10 million for Phoenix P-12; 13 million across Kyneton primary and Kyneton secondary; Sale Specialist, which you mentioned; and the construction of the new secondary school for Bannockburn.

For the first time ever secondary school students in Golden Plains shire have to catch a bus to Ballarat or Geelong to go to a government secondary school. This community has been crying out for secondary school provision, and it was only the Labor opposition at the time that made a commitment to deliver a secondary school for Bannockburn, and that was delivered in our PPP. That is the capital.

The government supports regional and rural schools through various programs, including regional funding allocation to support alternative programs for students, additional per student funding for schools in non-metropolitan and non-provincial locations and the small schools adjustment funding.

The focus of the 2015-16 budget, as you can appreciate, Danny, is delivering on the more than 100 election commitment projects that we announced. Sale Specialist is the exception to that, I am proud to say, so the majority of budget — —

**Mr D. O'BRIEN** — There must be a good local member there.

**The CHAIR** — Is that your supplementary question, Mr O'Brien?

**Mr MERLINO** — An exceptional local member in Harriet Shing.

**Ms SHING** — Thank you, Minister.

**Mr MERLINO** — I am glad to welcome you as the new lower house member, Danny. This is the first budget, and I will be happy to speak to the committee next year and the year after. We will continue to make those investments, but we are not going to fix the underfunding in one budget. I am already speaking to a number of schools in rural and regional Victoria about their needs and their requirements for their schools, and I will continue to do that. The point I am making is that this is a record school infrastructure program. We are simply not going to meet every demand across the state in one budget, but this is a very good start.

**Mr D. O'BRIEN** — To seek a bit more detail on that answer, Minister, I have spoken to you about upgrades at Korumburra and Leongatha, and I can identify from the coalition's election commitments 18 rural schools that have not been funded in this budget, so I guess my supplementary question is: when will we see funding for these schools that are clearly in need as well?

**Ms SHING** — On a point of order, Chair, we have been talking about the budget as it stands and the list of outputs and funding announcements that have been made under this budget. I do not know how the minister can be clearer where he has already answered the question that this is the first budget and it is not intended by any means to cure all of the problems that were found following the last four years of government.

**Mr D. O'BRIEN** — On the point of order, Chair, it is simply seeking information as to where the funding is going to be to address the gap in this map that I have shown you. If Ms Shing is concerned about the government's lack of funding for rural and regional schools, that is a matter for her. This is a genuine question, and I expect the minister to answer it.

**The CHAIR** — In his answer to the substantive question the minister did mention the fact that he would be going out speaking to regional and rural communities post budget, so I am happy for the question to be asked.

**Mr MERLINO** — Thank you, Chair, and thanks, Danny, for the supplementary. This is not a reflection on you; you are new to this — —

**Mr D. O'BRIEN** — I expect it will be, but anyway!

**Mr MERLINO** — No, you are new to the Assembly, so it is not a reflection on you. I just make the point that governments should be judged on what they do. These are in the budget papers: an average of \$278 million, and in the first three budgets of the former government an average of \$200 million. I would say to your colleagues, Danny — not to you personally — where were you in the 2011 budget, the 2012 budget, the 2013 budget, when those investments in rural and regional Victoria were not made.

**Mr D. O'BRIEN** — We funded schools in Leongatha — —

**Members interjecting.**

**The CHAIR** — Order, Mr O'Brien!

**Mr MERLINO** — I appreciate there were — —

**Mr MORRIS** — On a point of order, Chair, the supplementary related to prospective actions not historical actions, and all we are getting is a response in terms of historical actions. I have been pretty forbearing in terms of some of the political commentary that has been allowed to pass this morning, but we really do need some answers.

**The CHAIR** — The minister had started to answer that question. I think he was setting some background.

**Mr MERLINO** — I was, thank you, Chair. I was just about to get to the point Danny made in terms of the election commitments that the coalition made and when will they be addressed. I acknowledge the needs and the desires of the communities where the coalition made commitments. They were commitments made literally in the days and weeks leading up to the 2014 election.

I come back to the point I made. This is record funding — historic funding — for school infrastructure in this budget. There are another three budgets over the course of this term of government, and I will endeavour to make sure that each and every year we have got a substantial capital works program delivering capital improvements across the state. I do acknowledge the need in rural and regional Victoria. I visited some schools which are incredibly below par. We made commitments at some of those schools, but there is a lot more work to do.

**Ms SHING** — What a shame we do not have a budget for an 11th hour. Deputy Premier, I would like to take you to page 171 of budget paper 3, if I may, and the line item in relation to support for students with disabilities. This is, as you would be aware, an area of education policy which is particularly close to my heart, representing Gippsland and in particular the discussions that led to the \$7.6 million funding of the Sale Specialist School. Could you explain how the government is going to make Victoria the education state, as has been referred to by Mr Morris earlier in this morning's session, through support provided to children with special needs?

**Mr MERLINO** — Thanks, Harriet. This is an area of government policy that I am extremely excited about and really proud of. There was a lot of consultation that we did in opposition, and we put together a package of initiatives that are quite exciting. Our special needs plan covers a range of new initiatives that will help schools provide even better support for students with disabilities. These initiatives will deliver a more inclusive and supportive school system for all children and young people with disabilities, including both outputs and capital expenditure.

In terms of the outputs, Harriet, there is a new requirement for all teachers to undertake special needs training as part of their tertiary studies or through ongoing professional development for existing teachers. We held a number of community forums, as you would be aware, either dyslexia-specific forums or broadly around students with additional needs, talking to parents and academics. In any given classroom you will have a child, or three, or four, or five, or six, with additional needs — dyslexia, autism — so every single teacher should have the tools to make sure that they are delivering and meeting the needs of all students. At the moment at best if you are an undergraduate, a preservice teacher, special needs is an elective. So that was an important commitment that we made.

There is also the establishment of the senior practitioner (disability), who will oversee the use of restraint and seclusion in schools. There will be a review of the program for students with disabilities — and this was the other big thing that came out of our consultations over the last couple of years — particularly focused on the transition from primary school to secondary school. For any kid that is a big jump and quite traumatic, but doubly so when your PSD funding is at risk. You might not only find yourself transitioning into secondary school, but parents will find that the level of PSD funding has dropped. We are looking specifically at the transition, and also looking at dyslexia.

We will phase in the abilities based learning and education support curriculum, ABLES, and training teachers in its use to support students who are not at the standard school curriculum level. ABLES is a computer-based assessment tool that allows teachers to assess students with additional needs for their readiness to learn. Every student should be making progress, and that is what implementing ABLES is all about.

There will be an investigation into early years screening program for learning disorders, so that schools can more effectively identify those kids who are not achieving at expected levels in their first years of school.

We will investigate the establishment of a schools commissioner, an independent umpire who could receive complaints from parents or students in a similar way that the health services commissioner is an independent body investigating complaints in our health system. That is something that the department and Judith Graley, the parliamentary secretary for education, will be investigating over the course of this year.

We will have the introduction of an award category for inclusive education excellence at the excellence in education awards held annually by the government. These awards showcase the outstanding contributions made by teachers, principals, business managers and education support staff in Victorian government schools.

In terms of capital, there is the investment we are making, as you know, Harriet, in terms of specialist schools, so Sale Specialist School and Warrnambool specialist school — the commitment we made there as well. In addition to funding the schools, there is in this budget a \$10 million inclusive schools package that will increase the funding and technical expertise available to support schools in ensuring all students, parents, teachers and students with disabilities have access to education on the same basis as their non-disabled peers. This is about building infrastructure. If you need to have a space where you have kids' lockers — if they cannot have their locker in the general locker bay — so there will be some space for students, or space for teachers aides, or a sensory garden. So it is making capital investments in those schools that have got a great inclusive program. In a sense it is about rewarding those schools that are doing the right thing.

But there is a lot of work we have got to do in this space. The thing that will always stay with me in terms of the consultations we held over the course of the last two years was parents absolutely at their wits end who talked about the ugly lottery — whether their local school is inclusive of their child, or their local school says, 'Little Johnny, I think he'll be better at the school down the road'. Schools should not do that, but we know it does happen. So there is a lot of work we need to do in this space. I am really proud of the special needs plan — innovative, life-changing stuff — and thinking about the review of the PSD, not insignificant either.

**Mr MORRIS** — Minister, can I refer you to BP2, page 6, under the heading 'Investing in our schools', where the third last paragraph on that page includes the words:

The government will implement its election commitments to ensure transparency of school funding allocations ...

On that basis, can I ask you to confirm that every school will know how much Gonski funding they will be receiving for at least each of the three funded years?

**Mr MERLINO** — Thanks for your question, David. You are right, that was a commitment that we made. Schools will receive their indicative budgets in September for the 2016 school year; and they will absolutely see complete transparency. Each and every school will have a specific line item in their indicative budgets in September outlining the additional Gonski-related funding, so the education state funding, which is the Gonski national agreement funding — the additional funding that we have allocated for 16 and 17 in full. When schools receive their indicative budgets, they will see that in complete transparency. Other jurisdictions have had this in the past — New South Wales and in South Australia. Victorian schools have not had the ability to look at their indicative budgets and see how much additional funding they are receiving. They will get that this year.

**The CHAIR** — Mr Morris, on a supplementary question.

**Mr MORRIS** — A pretty straightforward one, Chair. Minister, will you make that information available to the committee?

**Mr MERLINO** — I am happy to, David, but in what sense. How?

**Mr MORRIS** — School by school.

**Ms SHING** — For every school. You are asking for every school?

**Mr MORRIS** — I am.

**Mr MERLINO** — I will take that on notice, David. What will happen in September is individual schools will receive it, so they will get it. In terms of how it is calculated, we will publish that. The commitment to the schools, and their ability to see individually how much they are receiving, will be delivered. I will take on notice how we can express that in terms of the information we provide to the committee, but the schools will receive complete transparency for the first time ever.

**Mr MORRIS** — If it is available to the schools, it should be easily available to the Parliament through the committee.

**Ms SHING** — Just on that request, are you indicating, Minister, that you are prepared to provide the methodology with individual schools to get the line items when they get those drafts?

**Mr MERLINO** — Yes, the methodology will be public; that will be on the website. Schools will receive their individual allocation, but I am happy to provide some further information to the committee beyond that.

**Ms WARD** — As the recipient of an electorate with some schools capital funding — thank you very much, Minister — I refer you to budget paper 4, pages 24 to 30, and the new schools projects listed. Could you please explain how the government is going to make this state the education state, as you claim, with new statewide capital works for more than 60 schools?

**Mr MERLINO** — Thanks very much, Vicki. The capital program is one of the big stories out of this budget: \$567.5 million total investment for government schools infrastructure, delivering the majority of our election commitments. This is the largest investment in government school infrastructure since 2008–09, and you can see that on the graphic that I distributed before. When combined with our \$120 million investment in non-government schools, the \$15 million output funding for asbestos and the \$25 million planned maintenance funding, this \$730 million package is the largest school infrastructure investment in Victoria.

In terms of new schools, the budget delivers a \$111 million package to support the delivery of 10 new schools in Melbourne's growth and established areas. When combined with the 13 new schools under the public-private partnership, this investment will ensure that 21 new schools open across 2017 and 18. Think about that comparison: not one new school opening in 2016, 21 new schools are opening in 2017 and 2018.

The government will provide 35 million to purchase relocatable classrooms to meet enrolment pressures at schools which are bursting at the seams. I think there was a movement of 260?

**Mr MILES** — Yes.

**Mr MERLINO** — Two hundred and sixty relocatables were forced to move at the beginning of this school year to cater for that enrolment demand. This will address demand pressures resulting from no new schools opening.

In terms of the 67 schools, the 2015–16 budget provides 325 million to upgrade and modernise 67 schools, including the restart of the Maroondah and Morwell regeneration projects, which had previously stalled for more than four years. An additional 20 million school improvement fund will assist schools in urgent need of minor works and capital upgrades — they are the smaller projects. As I mentioned just a moment ago, the \$10 million inclusive schools fund, which will help schools be more inclusive to students with special needs.

Regarding asbestos removal — I talked about that — the \$42 million as part of our 100 million package. Project prioritisation — in the lead-up to the 2014 state election we committed to \$748 million across 116 school infrastructure projects and 10 tech schools. The focus of the 2015–16 budget is delivery of these investment priorities, with more than 100 election commitment projects receiving funding, with the remainder of our election commitments to be funded in full in future budgets, and funding in future budgets will be directed to those schools that need it most.



This is a pretty comprehensive capital program, but you cannot fix the problem in one budget. In fact in reality capital investment needs to be at a significant level each and every year. Regardless of which party is in power, the capital program needs to be maintained. This is out of the Auditor-General's report that you mentioned before, Sue. It needs to be maintained at a significant level over a period of time.

**Mr T. SMITH** — Minister, I refer to budget paper 4, page 24. I note the commitment from the ALP prior to the election to make Victorian schools free of asbestos by the year 2020. What is the total cost to remove asbestos from all school buildings in Victoria?

**Mr MERLINO** — Thanks for your question, Tim. I talked about the audit of asbestos, which will be completed in early 2016. Every school will have been assessed within that three-year period, so we will have a very up-to-date assessment of the level of asbestos in our schools.

In terms of addressing your question, it depends on the level of investment across the board. There will be ongoing audits with regard to asbestos removal, and we will do that as we progress through with our 42 million commitment but also the 568 that we are investing in government schools. If there is a new school rebuild or a major upgrade to a school, the asbestos identified in those projects will be removed as well, so we will progressively report on the removal of asbestos.

If you just looked at the \$100 million asbestos commitment that we made, we know that alone that will not make our schools asbestos-free, but it is about that commitment, the relocatables commitment, the 568 commitment to government schools and investment in budget after budget after budget that will get us to the point where we will be asbestos free in our schools. This is something that I imagine we will be talking about next year and the year after and the year after as we progressively work to meeting that goal of being asbestos free.

**Mr T. SMITH** — Minister, it is my advice that the total cost of removing asbestos from all schools could be as high as 800 million — —

**Ms SHING** — On a point of order, Chair, can I just ask where that has come from?

**Mr T. SMITH** — No, you can't.

**Ms SHING** — On what basis do you actually — —

**Mr T. SMITH** — Can I ask my question?

**Mr MORRIS** — We are asking the questions, we are not providing — —

**Mr MERLINO** — You are plucking a figure out of the air, Tim.

**The CHAIR** — Order! I will let the member ask his question — —

**Mr T. SMITH** — Can I get to the end of my question and then you can decide whether or not you like it. Do you stand by your pre-election commitment that every school will be free of asbestos by 2020?

**Mr MERLINO** — Absolutely, I do. In my answer I said that if you look at the \$100 million allocation, that alone will not remove asbestos. This is about a significant boost to removing asbestos in our schools, but it has got to be seen in combination with the investment that we are making in our capital school program. All the upgrades we talked about — those 67 schools that are receiving upgrades — as part of the capital program, where asbestos is identified that will be removed. You have to look at the totality of our work across capital, maintenance, asbestos removal. We will be assessing our progress through those asbestos audits over the coming years but we are absolutely committed to the goal of making sure our schools are asbestos free by 2020.

**Dr CARLING-JENKINS** — I refer you, Deputy Premier, to budget paper 3, page 50, where it says in the second paragraph:

To make Victoria the education state, it is critical that all funding is invested where it can have the greatest impact.

Again I commend you for statements and sentiments such as this. I believe that adequate funding is vital for each child to reach their full potential within the education system, and I believe that this is your aim through this budget as well. Sometimes we need to acknowledge that children do not fit within traditional schooling models and that parents choose to homeschool. Will the government commit to provide the approximately 3500 Victorian students who are homeschooled with a basic level of funding to ensure that they are better able to afford resources such as reading material, internet access and similar, which are necessary for an adequate level of education in our modern age?

**Mr MERLINO** — Thanks, Rachel, for your question on homeschooling. As you would be aware — intimately aware — the Education and Training Reform Act requires all parents of children up to the age of 17 to either enrol their child at a registered school and ensure that their child attends the school at all relevant times or register their child for homeschooling in accordance with the regulations and ensure that the child receives instruction in accordance with that registration. My view and the policy of the government, Rachel, is that we encourage all parents to enrol their children in school, where they can get a high-quality education from trained teachers, participate in a variety of programs and develop social and emotional skills with their peers. But we do also understand that for some children homeschooling is a real option chosen by parents for a variety of reasons and over various periods of time as well — it might be for a short period, or a child might be enrolled at a school but also spend part of their time being homeschooled as well. Parents who choose to homeschool their child assume responsibility for ensuring that their child receives a quality education. This includes the planning, implementation and assessment of their child's educational program — which is quite a task, I would imagine.

The Victorian Registration and Qualifications Authority, the VRQA, is the body responsible for the registration of students for homeschooling. Registrations grew at a rate of just over 10 per cent annually from 2009 but have slowed, interestingly, to about 1 per cent in 2014. Recent data from the VRQA suggests that growth in 2015 will be consistent with the previous year. As you mentioned, Rachel, this represents a total of over 3500 homeschooled children for 2014. We know that a high proportion of homeschooling families live in rural and regional Victoria, and the data shows that half of all homeschooling families live in rural and regional areas, compared to about a quarter of Victoria's general population. In terms of the supports that currently exist, the department provides a broad range of resources to assist parents who choose to homeschool their children. Parents can access a wide range of online resources, including current curriculum frameworks and materials, to support teaching and learning. This expenditure investment in families who choose homeschooling is reflected in the department's appropriation budget. Distance Education Centre Victoria also makes its teaching and learning materials available for a nominal fee, and the department's *Guide to Home Schooling in Victoria* contains an extensive list of available resources to support homeschooling families.

I know this is an issue close to your heart, Rachel, and one that you have been pursuing. I am happy to explore the level of support that is given to parents who homeschool their children — what is currently provided — but I would make two points. One is that, if we are talking about the SRP, no jurisdiction provides a per student SRP-type funding for children who are homeschooled. It is not our policy, and I do not think it will be our policy, to contemplate SRP funding flowing to students who are homeschooled. The second is that I personally think it is important that students are enrolled in school. Having trained teachers, participating in a variety of programs and experiences and developing social and emotional skills with other children their own age — I do think that is important. It probably does not answer the question as you would like, Rachel, but that is our position. I am happy to explore whether there are gaps in support for parents who are homeschooling their kids. I am sure that we will have those conversations.

**Dr CARLING-JENKINS** — I will just ask another question and add just a couple of comments as well. I personally believe that a high-quality education can be achieved through homeschool, and I believe that Victoria could really lead the way in this area. I acknowledge that there are some current resources, but obviously I am talking about some more direct funding. Would you be willing to ask Steve Bracks to consider homeschooling in his review of education funding and how it is allocated? I am just asking for a consideration.

**Mr MERLINO** — Yes. I will consider it. The terms of reference are strictly about school budgets and the student resource package. Let me consider if that is possible or if there is another way we can explore what supports are given. I do not want to leave you, Rachel, with an expectation that we did not make any commitments in this space. The budget is about implementing our LFS commitments. I do think that a school education is important, but I do acknowledge also that some parents make the real choice that it is, in their view,

in the best interests of their kids that they are homeschooled. Let me take that on notice, and we can have some further discussions.

**Mr DIMOPOULOS** — Minister, I want to ask you about breakfast clubs. Budget paper 3, page 47 — —

**Ms SHING** — Do you have a Molly Ringwald reference for that budget paper? I will stick with Judd Nelson.

**The CHAIR** — Order!

**Ms SHING** — Come on, you know it is only going to get better from here, Chair.

**Mr DIMOPOULOS** — In your presentation at the beginning as well, Minister, you talked about \$14 million for breakfast clubs. I want to get a sense from you, a bit more detailed information, about how this program is important in terms of the education priorities of government.

**Mr MERLINO** — Thanks very much, Steve, for the question. It is timely because yesterday morning I was at Richmond West Primary School. They have been conducting a breakfast club for their kids — about 25 or 30 kids on average, every day, enjoying a meal at Richmond West.

It is a sobering reality that while many of us take breakfast for granted, one in seven children come to school with an empty stomach, and students from low socio-economic backgrounds are over six times more likely to miss breakfast. As you can appreciate, Steve, an empty stomach does not make it easy to learn. It makes kids tired, it makes it hard for kids to concentrate and at times it makes them not want to come to school at all. Starting the day without the worry of hunger and the impact of tiredness and inattention is critical for our students' engagement, achievement and wellbeing.

It is crucial that we address and mitigate the factors that contribute to student disengagement, and the expansion of school breakfast clubs is a fundamental plank in our commitment to ensure that students have all they need to engage in and participate in their education. We have delivered on our election commitment to put in place one of the most fundamental preconditions for kids to learn — a nutritious breakfast before school. We will invest \$13.7 million over four years to establish breakfast clubs at 500 of our most disadvantaged government primary schools, serving a healthy breakfast to 25 000 kids across the state each day.

This is a great partnership with Foodbank, the largest welfare food agency in Australia, to ensure that the breakfast clubs will be up and running and rolling out from the first day of school next year. Foodbank, as many of you may know, is a food welfare agency that works with a network of over 800 corporate and community partners to source and distribute food to Victorians in need. Foodbank will utilise its existing networks, transport and infrastructure to supply food at a reduced rate to support the implementation of the breakfast clubs for schools in need. Specifically, Foodbank will use funding to identify and target schools to participate in the program, source and deliver the food to schools, manage and coordinate program delivery, manage communication and promotion activities, monitor and evaluate the program, and coordinate and deliver any necessary training. Foodbank will engage with community volunteers where required to assist schools in running the breakfast clubs. School staff will also be required to supervise in order to meet duty of care obligations.

The department will discuss the implementation within the allocated funding in further detailed work with Foodbank. The department and Foodbank will work together on joint project planning to develop clear accountabilities — who is doing what — key deliverables and time lines to ensure delivery of food to schools in time for breakfast clubs to commence in January 2016. The department will develop a funding agreement with Foodbank which outlines deliverables, reporting arrangements and funding time lines.

In many respects, this budget is about setting the foundations for the education state. It is about repairing damage, but it is also about setting those key things in place — making sure that through our breakfast clubs kids have a full stomach, that through State Schools' Relief they have uniforms on their backs and that through the Camps, Sports and Excursions Fund they have access to experiences that all the other kids are having. This is about setting the foundations, and then beyond that it is delivering the education state.

This is a really important program, and I am looking forward to it. I want to put on record my appreciation for the work so far of Foodbank — of David McNamara and his team. This is going to be a great partnership for schools across the state.

**Mr D. O'BRIEN** — Minister, my question follows along the lines of my last one, and I refer to budget paper 4, pages 24–30, which itemise the schools that will receive capital investment under this budget, including, as you said, I believe, your election commitments. Can you advise why Wonthaggi Secondary College is not listed in the budget for any funding — —

**Mr MERLINO** — Which one, Danny?

**Mr D. O'BRIEN** — Wonthaggi Secondary College. Given the commitment and what you said before, when could we expect to see that?

**Ms SHING** — On a point of order, Chair, aren't we looking at what is in the budget? As the minister indicated earlier, this is the first budget and one of a number involving acquitting ourselves of election commitments. This was not an election commitment.

**Mr D. O'BRIEN** — On the point of order, Chair, I am asking a question, and I would just like the minister to answer it.

**Ms SHING** — We would all like the minister to answer whichever question we would like to put, but there are — —

**Mr T. SMITH** — It is related to — —

**The CHAIR** — Through the Chair!

**Mr T. SMITH** — We have just had to endure — —

**The CHAIR** — Is there a point of order, Mr Smith?

**Mr T. SMITH** — I will allow my colleague here to continue before I make my point.

**The CHAIR** — I will allow the first part of the question to stand, in relation to why Wonthaggi Secondary College is not in the budget papers. I think in relation to the rest of the question, it has been previously answered by the minister in terms of how he proposes to work going forward.

**Mr MERLINO** — This will be a long committee hearing if we all talk about other schools. My point to you, Danny, is that what is in the budget are the commitments we have made to deliver in the 15–16 year and beyond — \$568 million of capital upgrades for government schools, including new schools and upgrades to existing schools. They are listed and identified in the budget papers. For schools that you may have made a commitment to — —

**Mr D. O'BRIEN** — No, this is one you made a commitment to.

**The CHAIR** — Order!

**Mr D. O'BRIEN** — I am trying to assist the minister, Chair.

**The CHAIR** — Mr O'Brien, I do not think the minister requires any assistance.

**Mr MERLINO** — Danny, thanks for the question. I cannot recall — —

**Mr D. O'BRIEN** — Can I assist the minister further?

**Mr MERLINO** — Yes. I cannot recall a specific commitment to Wonthaggi.

**Mr D. O'BRIEN** — It was the ALP candidate for Bass:

Out of the \$510 million —

which I think was in the LFS —

Wonthaggi will be built and so will Koo Wee Rup ...

**Ms SHING** — What is your source, Mr O'Brien?

**Mr D. O'BRIEN** — That is the *Sentinel Times* of 25 November.

**Ms WARD** — That is the date, but where did you get the information from?

**Mr D. O'BRIEN** — The *South Gippsland Sentinel Times* newspaper.

**Ms WARD** — So it was reported in the newspaper?

**Mr D. O'BRIEN** — It is a direct quote of the ALP candidate for Bass:

Out of the \$510 million, Wonthaggi will be built and so will Koo Wee Rup ...

**Ms SHING** — I might be able to assist the committee in relation to this particular line item. I spoke with the candidate at the time that the statement is alleged to have been made along those lines. It was incorrect, and the statement was corrected after it was put in the paper.

**Mr D. O'BRIEN** — The candidate was counselled, was he, Ms Shing?

**Ms SHING** — No, an inaccurate position put onto the record — —

**Mr D. O'BRIEN** — He was from Werribee, so I am not surprised.

**Ms SHING** — Mr O'Brien, it is hardly helpful. If I have clarified that, then there is no need for the question to continue. If, however, you have got any additional information beyond what has already been indicated — —

**Mr MORRIS** — Rulings from Ms Shing, now, have we?

**Ms SHING** — This is my view, which is not dissimilar to the unsolicited advice that Mr Smith gave about his estimation of the cost of the asbestos removal program over the four years of the budget.

**Mr D. O'BRIEN** — We are agreed there is no commitment to the Wonthaggi and Koo Wee Rup secondary colleges, is that right?

**Ms SHING** — There was an 11th hour commitment from the side that did not win the election.

**Mr D. O'BRIEN** — I am talking about the government — —

**The CHAIR** — Order! The minister has the call.

**Mr MERLINO** — I think what we have established is that the local candidate was either — —

**Mr D. O'BRIEN** — I do not think he was local; that was part of the problem.

**The CHAIR** — The minister is answering one of your questions, Mr O'Brien. I would ask you to let him finish.

**Mr MERLINO** — In regard to Wonthaggi and also in regard to Koo Wee Rup there was not an LFS commitment made by the Labor Party. We are delivering on all our election commitments in full. What I can say to the communities in Wonthaggi and Koo Wee Rup and broadly to communities across the state is that this government will be working with communities. We are not going to deliver a capital budget of around \$200 million; we are more than doubling the investment in government schools. Repairing the damage will take more than one budget, so my message to communities in Koo Wee Rup and Wonthaggi is that the government will work with those communities. The question is not in order in the sense that this was not an election commitment that the government made; it was not an LFS commitment. We are delivering on all of our commitments.

**Mr D. O'BRIEN** — On the supplementary, and perhaps this will assist us with any confusion in future, could you provide a list of school funding commitments that you did make in the election — —

**Ms SHING** — Sorry, on a point of order — —

**Mr D. O'BRIEN** — Ms Shing, can I actually get a question out?

**Ms SHING** — If you start talking about the budget papers, then we might be able to proceed without interruption.

**Mr D. O'BRIEN** — Could you provide a list of the commitments that you made in the election that are not funded in this budget so that we will know for future reference not to ask questions about Wonthaggi, for example?

**Mr MERLINO** — In regard to commitments every LFS capital commitment is delivered either in full or in planning in regard to your supplementary question, Danny. As I said, the government has provided a 567.5 million investment package for government school infrastructure, delivering the majority of election commitments. In the lead-up to the 2014 state election we committed to 116 infrastructure projects across new and existing schools in addition to the tech schools. The focus of the 2015–16 budget is delivery of these investment priorities, with more than 100 election commitment projects receiving funding.

The budget provides stage 1 funding for projects at 12 schools, and page 30 of the 2015–16 budget paper 4 details our commitment to provide the balance of funds for these projects in future budgets. These projects have received stage 1 funding because planning or preparatory works need to be completed prior to the commencement of construction. Funding in future budgets will be directed to those schools that need it most, including those schools requiring further funding to acquit an election commitment.

I am quite proud of the fact that this budget and the budget papers provide progress on every one of our election commitments. I am happy to provide further information for you, Danny.

**Mr D. O'BRIEN** — I do not want to ask another question; I just want to clarify those comments. One-hundred-and-sixteen schools is what you were just reading out there. One-hundred-and-sixteen new commitments, I believe you said. One hundred of them are funded as a line item in the budget, is that right?

**Mr MERLINO** — Yes; budget paper 4 lists all the funded projects.

**Mr D. O'BRIEN** — Did you say there were 16 that were — —

**Mr MERLINO** — There are 12, and that is outlined in budget paper 4 on page 30. Note (b) on page 30 of budget paper 4 states:

Balance of funds will be delivered in future budgets.

**Mr D. O'BRIEN** — Thank you. Just to clarify that all your commitments are, one way or another, covered in this year's budget.

**Mr MERLINO** — Yes.

**Ms PENNICUIK** — Can we go back to the theme of the need for more openness and transparency with regard to schools funding?

**Mr MERLINO** — Sure.

**Ms PENNICUIK** — On page 50 of budget paper 3, under 'Education state' it states:

... the government reconfirms its commitment to the Gonski school funding agreement, the principles of which are central to making Victoria the education state.

It also states that the obligations under Gonski have been met for 2016–17. Then it goes on to say:

The government will commission former Victorian Premier Steve Bracks to undertake a review of Victorian education funding and how it is allocated. This will provide the basis for schools funding beyond 2017.

**Mr MERLINO** — Yes.

**Ms PENNICUIK** — In one of your media releases you also say that the review by former Premier Bracks will look at how government school funding is currently allocated and used and how to make sure the system is clear and transparent for principals and school communities on school funding and how it is determined. Earlier in your comments you said that the Bracks review will unpack how the student resource package, the SRP, is put together. That has been unpacked by the Auditor-General on page 9 of the appendix to his *Additional School Costs for Families* report of February of this year. The SRP refers to core student allocation, equity funding, school-based funding and targeted initiatives. My question, by way of all that background, is: what is the Bracks review going to tell us that we cannot already know by the release of more information held by the department, and is the Bracks review aiming for a Gonski-style funding methodology?

**Mr MERLINO** — Taking your last point first, we are for the first time applying the principles of Gonski — the NRIPS methodology. For the first time ever, in this budget we are fully meeting our commitments under the Gonski agreement. That is not waiting for the work the former Premier will be doing over the course of this year in terms of reviewing school budgets, but I will come back to that in a moment. I will give you some detail in terms of Steve's review.

As the committee knows, when we came to government we had no way, as I mentioned before, of determining from last year's budget papers the extent to which Victoria was meeting its obligations under the Gonski school funding agreement. This meant that we had to conduct an investigation to determine whether we were in a position to acquit the agreement and, if not, how far short we had been left. The committee also understands, I believe, that those investigations, which were conducted by the Department of Education and Training, supported by the Department of Treasury and Finance, determined that Victoria was over \$850 million short against our obligations under the Gonski agreement across 14, 15, 16 and 17 — over 50 million from the 2014 and 15 school years and then over 800 million against the 16 and 17 school years. All of this of course is set against the actions of the federal government, which has cut approximately 1 billion in education funding from walking away from years 5 and 6 — 2018 and 19 — of the Gonski agreement.

Our response to these findings has been to fully commit to Victoria's side of the Gonski agreement, and we can see this clearly in the budget papers, with record funding against our education state initiatives. Labor, as you mentioned, Sue, has also launched a wideranging review into school funding to be led by former Premier the Honourable Steve Bracks, AC. Given the uncertainty created by the previous state and current federal Liberal governments, the Bracks review will consider how government school funding is currently allocated and used; commonwealth contributions to government school funding in Victoria; how the student resource package is calculated, constructed and distributed; and how to make sure the system is clear and transparent for principals and school communities on school funding and how it is determined. The review will be completed by the end of 2015. There will be recommendations to me on how to deliver a funding system that supports schools to achieve the best results for Victorian students.

We have shown through the budget and through the appointment of Steve Bracks to undertake this comprehensive review of school funding in Victoria that our government is committed to the Gonski agreement and is working to ensure that our schools and students get the support they need to excel in their education. It is important to note — I would like to get it on the public record — that Steve Bracks has agreed to undertake the review on a pro bono basis and is keen to ensure that through the review he has many opportunities to speak with Victoria's school principals, parents and professional organisations to ensure that the views of those on the ground are heard and acted on.

In terms of your question about previous work of the Auditor-General and Productivity Commission reports as well, there is information out there, but this is a base funding review for the first time in a decade. It is timely. I mentioned before in an earlier answer on Gonski that when New South Wales implemented its Gonski reforms there was a base funding review of school budgets conducted before it implemented those reforms. The previous government did not do that base review. If you talk to the peak principal organisations, if you talk to schools, if you talk to the AEU — if you talk to all of the stakeholders in education — they have been calling for a review of the student resource package for years. This has been very much welcomed.

You are right in terms of where this leads us beyond 2017, into the 2018 and 2019 school years — years 5 and 6 of the Gonski agreement. The work, the consultations, the recommendations and the findings that Steve will

make through this piece of work will inform our budget decisions beyond 2017. We are absolutely committed to Gonski, and I say to everyone who questions that or doubts that: judge us on what we do. This is a government that for the first time ever has fully acquitted Gonski. Principals will receive for the first time ever a line item in their budgets outlining additional resources as part of the Gonski national agreement. The work you mentioned is important, but this review delves much deeper into the issue of school budgets, and it is an opportunity for schools and education stakeholders to engage fully with Steve in this review.

**Ms PENNICUIK** — I hear everything you say; I am just a little bit perplexed as to how Mr Bracks's review is going to uncover how the student resource package is allocated, as if that is some sort of a mystery and the department does not know already how it allocates the student resource package. That is my point in that regard.

Moving on from that, you did say in your remarks in answer to my question and earlier that the government is committed to Gonski. You mentioned New South Wales and how New South Wales allocates its funding under the national education reform agreement — and that is, of course, implementing the Gonski principles. The Gonski principles are sector-blind base funding and additional funding based on disadvantage et cetera. If the government is saying it is committed to that, how does it reconcile that with allocating 25 per cent of total government school funding to independent schools, which is completely contrary to the sector-blind Gonski principles and is not the same as New South Wales, which got rid of that 25 per cent total funding allocation and has now allocated all its funding according to the national education reform agreement?

**Mr MERLINO** — Thanks, Sue. I know this is a supplementary, Chair, but this is a substantive question. I will answer it now, but it will be longer than just a quick answer to a supplementary.

The government has delivered on its commitment to guarantee funding certainty for non-government schools, and this is a really important point, so I am glad, Sue, you have asked this question. Funding certainty for non-government schools is one of the government's first actions to make Victoria the education state.

Non-government schools are an important part of Victoria's education system, with over one-third of Victorian kids studying at a Catholic or an independent school. For the first time in Victoria, funding for non-government schools is now recognised in the Education and Training Reform Act. The Education and Training Reform Amendment (Funding of Non-Government Schools) Act 2015 guarantees that total Victorian funding per student to non-government schools is maintained under existing arrangements and distributed through the financial assistance model. This is about putting in legislation what currently happens. Rather than the non-government sector going cap in hand every three or four years to negotiate a new agreement, the legislation provides for a maintenance of the existing arrangements, distributed through the financial assistance model. This is where we get to its relationship to Gonski, because there is a lot of misinformation — —

**Ms PENNICUIK** — No, there's not.

**Mr MERLINO** — No, there is, Sue, and I will get to that. Obviously — —

**Ms PENNICUIK** — There is no relation to Gonski.

**Mr MERLINO** — I am happy to answer the question, Sue. The financial assistance model is needs based and allocates funding amounts to individual non-government schools according to the different educational needs of their students. As part of the Gonski agreement, the FAM, with minor amendments, was endorsed as consistent with Gonski principles, including addressing student need, and therefore met the conditions of the agreement. That is not just me saying this. This is the heads of agreement signed by the Prime Minister at the time, Kevin Rudd, and the Premier at the time, Denis Napthine. This is the heads of agreement to the Gonski national agreement. So you have got the student resource package, which is the funding model for government schools, and the financial assistance model, which is the funding model for distribution for non-government schools. Paragraph 8 of the Gonski agreement says:

Victoria's distributional model for funding government schools, Victoria's student resource package ... has been assessed and validated as being consistent with the NERA principles for needs-based funding —

that is, the national education reform agreement. Paragraph 9:



... Victoria's financial assistance model ... for non-government schools, requires minor amendment to ensure it addresses all categories of educational need included in provision 58b of the NERA, which will be introduced by 2016 to be consistent with the NERA principles for needs-based funding.

Both the student resource package and the financial assistance model — both funding models for government and non-government schools in Victoria — are completely in line with the principles of Gonski. You can shake your head —

**Ms PENNICUIK** — I am shaking my head!

**Mr MERLINO** — but that is the head of agreement. It is needs based.

**Ms PENNICUIK** — It is not consistent. It is inconsistent.

**Ms SHING** — Point of order! I am just wondering if the minister could give his answer without it becoming an exchange.

**Ms PENNICUIK** — Chair, I think that is a bit rich, given the constant interjections from Ms Shing.

**Ms SHING** — Further to the point of order, the 'constant interjections from Ms Shing', as you have put it, Sue, are in relation to the way in which questions have been asked, their relevance to the budget papers and other concerns about the use of terms employed. They are not an exchange per se. The minister has been asked specific questions. He is in the process of answering those, and again it would be good if he could be allowed to answer those without it turning into some form of recorded conversation.

**Mr MORRIS** — On the point of order, Chair, despite previous practice in this committee over the last couple of days, it is only permissible to make one contribution on each point of order. I think Ms Shing has just had her second contribution on the same point of order. Perhaps if we could all stick to one, things would move along a bit quicker.

**Ms SHING** — One interjection or one point of order?

**Ms PENNICUIK** — On the point of order, Chair, I would prefer that the Chair ruled on questions and interjections rather than Ms Shing.

**Ms SHING** — Ms Shing is not purporting to rule on anything, Ms Pennicuik.

**The CHAIR** — I am conscious of the fact that Ms Pennicuik's substantive question was 13 minutes ago and I appreciate the fact that this is a very detailed and complex policy matter, so I would encourage the minister to resume his answer without any further interjections.

**Mr MERLINO** — I will wind up. In conclusion, this means that we will continue to provide those students in non-government schools with the highest levels of need with higher levels of funding. The needs or equity component distributed to a school's need profile under the financial assistance model is almost 63 per cent, so 63 per cent of the component of funding under the financial assistance model is needs based, taking into account the student family background as measured by the number of students in receipt of the education maintenance allowance, or what will be the Camps, Sports and Excursions Fund; student family background as measured by the student family occupation index; students with disabilities; Aboriginal and Torres Strait Islander students; and rurality and isolation. I repeat the point that the financial assistance model for non-government schools and the student resource package for government schools are completely in line with the principles and tenets and completely in line with the heads of agreement under the national education reform agreement signed by the Premier and signed by the Prime Minister at the time.

**Ms SHING** — Minister, I take you to pages 47 and 52 of BP3, if I may, and in particular the reference to the Camps, Sports and Excursions Fund. I would welcome an explanation from you as to how the government's support for disadvantaged students, in particular families, to cover the cost of school trips and activities will contribute toward the broader aims of the education state as referenced at page 50 of BP3.

**Mr MERLINO** — Thanks, Harriet, for the question about the Camps, Sports and Excursions Fund. I mentioned in passing in previous answers that during the past six months as minister I have heard firsthand

from parents, school communities and principals about the cuts to the education maintenance allowance and the impact on families. My office has received, and I am sure members of the committee and other members of Parliament have received, letters from parents who are struggling this year to pay for their schoolkids' camps, sports activities and excursions.

There is no education maintenance allowance this year; it was ceased under the previous government. At the start of this school year parents with a healthcare card received nothing for their kids. The inability to participate in camps, sporting activities and excursions is keenly felt by students and their families. A sense of inclusion or exclusion plays a key role in student engagement at school and family engagement with the wider school community. We are committed to ensuring that our education system supports and encourages all students to participate and achieve, and we recognise that the school experience extends beyond the classroom. Extracurricular activities and trips are important learning opportunities for students to help students feel a part of their community. These activities provide students with some of the most memorable moments of their young lives.

The fund will deliver the government's election commitment to support disadvantaged students, to help cover the cost of school trips and other activities. The government will invest \$148.3 million over four years in the fund. The fund will provide over 220 eligible government and non-government school students with a school credit of 125 annually for primary school students and 225 annually for secondary school students. Alongside the increased support for school uniforms, books and stationery, as well as the implementation of the Glasses for Kids program and the school breakfast program, the Camps, Sports and Excursions Fund demonstrates the government's commitment to giving students the basics they need to access and fully participate in education.

Participation in sporting activities is not only important for emotional and physical wellbeing, it is a crucial part of the health and physical education curriculum. So I am proud that we have delivered on our promise to fill the gap left by the withdrawal of the EMA. Perhaps more importantly I am reassured about the wellbeing and engagement of our students and their families.

The Camps, Sports and Excursions Fund will be available on exactly the same basis as the EMA, and we will make sure that families receive it this year. Kids will not miss out on the extracurricular activities that are so critical to their health, wellbeing, inclusion and engagement. The program will commence in mid-2015. The payments will be tied to individual students through existing government and non-government school accounting and allocation processes. Schools will need to manage and acquit the expenditure for these students throughout the year. It aims to support students and families who previously qualified for the education maintenance allowance, which ceased at the end of 2014. The EMA provided assistance to low-income families with the costs associated with education.

The ceasing of the EMA was a bit of a two-step process. Firstly, it used to be a school payment and a payment to families. The previous government in 2013 cut the school allocation so there was a year where it was only a payment to parents and schools had to go to parents and see if they could sign over those funds so the funds could be allocated back to the school to support the child. Then in the last budget under the previous government they cut the EMA altogether. Importantly, the funding under the Camps, Sports and Excursions Fund will be directly to the school allocated to an individual student, and the school must show that they have invested those funds for camps, excursions or extracurricular activities for that child. That has been very well received.

We gave a commitment as well that we are not going to let one school year go past where there has been this gap. That is why we will ensure the funding usually will be at the start of each school year. This year we will ensure that there is a payment in the second half of the year — a 2015 payment — for those eligible families.

**Mr MORRIS** — Minister, if we can go back to the subject of Gonski funding. I refer to the budget overview, page 9, but also to BP 3, page 50. In the budget overview some of the text states:

... this budget sees Victoria fully deliver on its obligation under the Gonski agreement for the 2015, 2016, 2017 years.

We have already discussed that at length. In question time in the Legislative Assembly on 5 May you referred to a report regarding a departmental investigation which I understand was undertaken jointly by the Department of Treasury and Finance, and Education and Training — an inquiry into the Gonski funding. Can I ask you: when

did that investigation conclude, what was contained in the report, and will you provide a copy of that report to this committee?

**Mr MERLINO** — Thanks for your question, David. You are right, we made a commitment, as I said before. Because we could not get a straight answer in regard to Gonski, we made an election commitment to conduct an investigation into what was agreed to, where has that money gone, why have schools not seen any of that funding. We committed prior to the election to conduct an investigation and to release the findings — to release the outcomes — of that investigation, and that is exactly what we have done.

We did it in two stages: earlier on in the year when we released the preliminary findings of the 2014 and 2015 school years, which showed a \$53 million shortfall for the first two years of the Gonski agreement; and then just prior to the budget when we released the findings of those investigations, which showed an \$805 million black hole for the 16 and 17 school years. We have fully acquitted what we promised to do. This was an investigation conducted by the Department of Education and Training in conjunction with the Department of Treasury and Finance. The money was not there in the budget. In the forward estimates there was a funding shortfall of over \$850 million.

**Mr MORRIS** — Minister, I note the very careful wording there, and you have apparently released publicly the findings.

**Mr MERLINO** — Yes.

**Mr MORRIS** — But you have not released the report. Given your unwillingness to make the report publicly available, can I simply ask: what is it that you are seeking to conceal from the Victorian community?

**Ms SHING** — On a point of order, Chair, that question presupposes an answer. It might be better phrased in a different way as an open question rather than a leading one.

**Mr MORRIS** — We have got the findings. We have not got the report. It looks like either deception or concealment to me.

**Ms SHING** — Chair, I ask that you make a ruling in relation to that particular point of order.

**Mr D. O'BRIEN** — On the point of order, Ms Shing keeps making points of order because she just does not like the question. We are allowed to ask questions that are specifically related to the budget papers. I ask that you rule the point of order out of order.

**Mr MORRIS** — In fact we are allowed to ask questions that are a lot broader than that.

**Mr DIMOPOULOS** — My view is that it is just the phraseology that is a bit problematic, casting aspersions because of the use of the word 'conceal'. You could ask the same question without casting aspersions.

**Mr MORRIS** — I have asked for the report. We have got the findings released, but we have not got the report. It looks like a deliberate effort to conceal information from the public. That is why I am asking the question the way I am.

**Mr MERLINO** — David, I suggest you speak to every single school in your electorate and every single school across the state of Victoria. Not one school received one cent of additional funding under the Gonski national agreement; that is a fact. The investigation was an analysis of the budget papers and it was an analysis of the NRIPS methodology, so the net recurrent income per student methodology — the nationally agreed methodology to allow public comparison of school funding on the My School website. The net recurrent income includes commonwealth government recurrent funding excluding capital grants, state government recurrent funding excluding capital grants, fees, charges, parent contributions, and other private sources for recurrent purposes. NRIPS is calculated by dividing the relevant income figure by the number of full-time equivalent enrolments. Capital is separately reported.

The methodology includes government funding provided to schools, schooling-related costs incurred centrally by the relevant department, some umbrella services provided free of charge, fee income and other income from

private sources. It excludes payroll tax, allowances paid directly to parents for educational costs, residential boarding fees, certain umbrella services including the VRQA, the VCAA and NAPLAN costs, depreciation and amortisation, school student transport except where the school owns the buses and user costs of capital and interest. So there are things that are included in the methodology — —

**Mr MORRIS** — On a point of order — —

**Mr MERLINO** — I am answering the question, David, if you can allow me to answer the question — —

**Mr MORRIS** — I have asked you to release the report. A long-winded discussion about methodology is not releasing the report. It is a pretty simple question. You can answer it yes or no — —

**Ms SHING** — On a point of order, Chair, debating the minister's answer is not helpful here.

**Mr MORRIS** — There is no answer. He is talking about a completely — —

**Mr MERLINO** — Allow me to finish; David.

**Ms SHING** — Perhaps asking a question which is not laden with presuppositions might get you an answer which gives you the clarity — —

**Mr MORRIS** — I can almost guarantee there will not be an answer, but I am open to being surprised.

**The CHAIR** — I consider that what the minister was seeking to do just then was to provide some broader clarity to help — —

**Mr MORRIS** — I am seeking a report, not broader clarity.

**The CHAIR** — Okay, seeking a document — —

**Ms SHING** — On a point of order, Chair. Mr Morris, would you please not interrupt the Chair when he is in the process of explaining a point of order you have just raised. For the benefit of everyone on this committee it would be good to be able to hear the response.

**Mr MORRIS** — I think the Chair was indicating what he thought the minister was saying. I have got two ears. I know what I was hearing — —

### **Members interjecting.**

**The CHAIR** — Order! I will rule on the point of order. I advise the Deputy Chair that he may wish to rephrase his question so that it is not laden with suppositions or inferring that the minister may have an ulterior motive. If the Deputy Chair would like to rephrase his question?

**Mr MORRIS** — Chair, with respect, I think it is entirely inappropriate to rephrase the question after the minister has been answering for the best part of 2 minutes, if not longer. It is fairly simple; it is a yes or no — —

**The CHAIR** — Order, Mr Morris! I was trying to explain that I thought that the minister was providing some assistance to you in terms of trying to provide some clarity around your question. You then indicated that you felt you did not require an explanation, so I decided to rule on the point of order that is before the Chair. I have ruled on the point of order and I am asking that you rephrase your question so that the minister can answer it.

**Mr MORRIS** — I think the minister and those in the room, and those who are listening, know exactly what I am asking for. It does not need rephrasing. If the minister wishes to not respond on that basis, then — —

**Mr MERLINO** — I was happily responding, David.

**Ms SHING** — On a point of order, Chair, saying 'If the minister wishes to not answer on that basis', again, is laden with pre-suppositions.

**Mr MORRIS** — It is as good as a no.

**Ms SHING** — Mr Morris, you have had the question asked. You are not content with the answer, and on that basis there is not really much further for us to go.

**Members interjecting.**

**The CHAIR** — Order!

**Mr T. SMITH** — We are seeking a report, very simply. Is the minister going to provide that report or not?

**Ms SHING** — But this is not your question, Mr Smith.

**Mr T. SMITH** — Thank you for your advice, Ms Shing, I am asking the Chair.

**The CHAIR** — Is that the question that the Deputy Chair would like to ask the minister?

**Mr MORRIS** — I have asked the question.

**The CHAIR** — I am sorry; is that the question that the Deputy Chair would like to ask the minister?

**Mr MORRIS** — I have asked my question.

**The CHAIR** — Okay.

**Mr MORRIS** — I am not going to have my questions edited.

**Ms SHING** — Through the Chair, if you would start by asking questions which do not say, ‘What is the minister trying to conceal?’.

**Members interjecting.**

**The CHAIR** — Order! We will move on.

**Ms WARD** — Minister, thank you for responding to a few questions regarding school capital works. I think we have got a pretty good understanding of what is happening in the outer suburbs, especially in high growth areas such as Mernda, but can you give us some information — and I am referring to budget paper 4, pages 24 to 30 — about how the government is going to respond to the demand that is going on in the inner-city area.

**Mr MERLINO** — Thanks, Vicki, for your question. This is an exciting space and it is interesting that we are dealing now with decisions of previous governments back in the 1990s in terms of closing schools and the lack of opportunities for young people in the inner city. We provided \$567.5 million for government school infrastructure, delivering the majority of election commitments — the largest, as I said, since 2008–09. There has been a resurgence of the student-age population in many city areas. Due to smaller site sizes and issues of school scarcity of land, numerous hotspots have emerged. The government is dedicated to addressing long-term trends and complexities of inner city education provision. The Department of Education and Training is working with the Metropolitan Planning Authority and local councils to determine the infrastructure implications, open space agreements and demographic trends and will investigate other solutions to complex enrolment challenges.

More than \$15.5 million has been allocated to projects in inner city areas in 15–16, including funding to commence delivery of new schools in Richmond, Footscray and South Melbourne Park and a year 9 campus for Albert Park College. It is great news for Albert Park College, which has received 2.3 million for a second campus. The former Circus Oz site in Port Melbourne will be redeveloped into a year 9 arts and science hub with a capacity for over 150 students. Albert Park College is a great inner city success story. South Melbourne Park primary school and the Richmond and Footscray learning precincts were all allocated in the order of \$1 million towards planning for entirely new facilities. These exciting new projects will be developed in consultation with their communities. These facilities will be innovative and unique learning environments.

One million dollars has been allocated for planning and preliminary works for a \$10 million upgrade at Carlton Primary School. The Department of Education and Training will work with Carlton primary to plan for the replacement of old facilities with brand-new classrooms. The government will continue to work with the City of

Yarra and local school networks to progress planning for a new campus of Alphington Primary School at the Amcor development site. No funding is required in this budget, as the redevelopment is yet to commence.

These projects are in addition to the government's commitment to deliver a high school in Prahran, with the government fulfilling its election commitment to commence negotiations with Deaf Children Australia immediately — and I can inform the committee that those negotiations are currently underway. The government will also deliver on its commitment to undertake a review of education provision needs in Preston and Docklands in 2015. A site has been purchased in Ferrars Street, South Melbourne, for the purpose of South Melbourne primary school. That was done at the beginning of 2014. Funding of 5 million was allocated in the 14–15 budget to facilitate the demolition of existing buildings, remediate site contamination and start planning. With only a small amount expended in 14–15, this funding is sufficient to progress the project. This work is underway, and the department is currently in a tender process to engage an architect. Opportunities for co-location at the Ferrars Street site are being explored with other relevant organisations. So there is a lot happening right across the inner city, meeting the needs and dealing with some decisions, some two decades old.

**Mr MORRIS** — Minister, it is a change of pace for me to move away from Gonski, but on school breakfast clubs, at BP3, page 47 and page 51, I am particularly interested in this because I have a school in my electorate, Mornington Park primary, which is in an area where, let us say, the students face some challenges that are not apparent in most of the rest of the electorate. Essentially it is a neighbourhood with, as I said, challenges. But it is surrounded by more affluent neighbourhoods, so when you look at the SEIFA indexes, for example, it just gets completely missed in the mix. Can I ask you to advise the committee what the process will be to identify the 500 schools that will qualify for the program?

**Mr MERLINO** — As a first step, David, the process is identifying the 500 most disadvantaged schools. Many of them will already have a breakfast club operating.

**Mr MORRIS** — In this case, yes.

**Mr MERLINO** — So this is an opportunity for schools that have an existing breakfast club — so Richmond West Primary School, that I was at yesterday — to buy in and get the support out of the arrangement with Foodbank. There will be the ability for schools to come into the program, or they may choose, if they have got an existing arrangement with the Salvos, the Bendigo Bank or local Lions clubs, to say, 'We're okay. We've got all the supports we need. The program's going well'. There will be that, the ability to come into the program or the ability to identify and engage with our 500 most disadvantaged schools.

A target list of schools eligible for participation has been identified based on student family occupation index data. SFO is the standard equity funding component of the student resource package aimed to target the allocation of funds to schools most in need. SFO is calculated based on parental occupation data collected at the school level. This is a big program, David, so I see the opportunity for your example, and I have some schools in my own electorate which would be in a similar situation, and I am confident that they will be able to access this program.

**Mr MORRIS** — Thank you for your response, Minister. Just looking at the figures that are in BP3, 1.5 million and 3.2 million and 4.5 in each of the out years, I understand from one of your earlier answers that the 1.5 is basically for start-up from next year, so it is effectively funding half a year. Obviously in the out years there is some ramping up, but when you look at either the first half year or the second full year and you look at 40 school weeks and then divide that down to five days, it works out at about 60 cents a student, which I would have thought was a bit on the skinny side. I think in part you have alluded to the arrangements for this in your first answer, but can you explain to the committee how it is going to work on the basis of about 60 cents a student?

**Mr MERLINO** — Firstly, as you indicate in your supp, David, there is the six months worth and the full rollout will start from the start of the 16 year. The other point to make is that the strength of breakfast clubs, where they are existing at the moment, is the partnerships with local businesses and local community organisations and volunteers. We do not want to lose that, so we want to actually encourage engagement with local communities to support a breakfast club in their local school. We want the local baker to continue to support it; we want the local Lions Club, Rotary or other community organisations to continue to support it.

This is not about replacing what is happening now with an arrangement with Foodbank. This is about a partnership with Foodbank, tapping into their extensive network and distribution capabilities, but also engaging with schools, volunteers and local businesses. It is wrong to just divide the number of students or the number of schools with the allocation in the budget. This is a significant allocation of funds to this project, but you need to also include in that package of support all of the other supports that go around that.

**Mr MORRIS** — So in some regard it is supplementary funding?

**Mr MERLINO** — Yes, that is right.

**Mr DIMOPOULOS** — Minister, you gave a fairly comprehensive answer earlier in relation to the EMA — the components that related to excursions and those extracurricular activities. I just wanted to get a sense from you in relation to the school uniforms reference on page 47, BP3. Is that also linked to the former EMA, or is that separate? Does that come out as a result of the EMA not being funded by the previous government, or is that separate? Also, how do you see that as an effective way to help kids learn?

**Mr MERLINO** — Thanks, Steve. In terms of the first part of your question, this is separate; this is in addition. The Camps, Sports and Excursions Fund was very much viewed as the replacement for the education maintenance allowance. This is in addition to that. It is quite a significant leap in our partnership with State Schools Relief.

A key part of the Labor government's commitment to ensuring that every student has the opportunity to reach their potential is to help parents with the full costs of educating their children. For the past 80 years State Schools Relief has worked with government schools to provide uniforms and shoes to families who are struggling with the costs of education. The program currently provides 10 000 children with 42 000 items of essential clothing annually. Having the same uniform and decent shoes is a critical part of a student's sense of belonging, purpose and wellbeing. The other tangible school essentials to get kids started and keep them engaged and participating in schools are books and stationery. It is critical that our students have all that they need at school so that they can stay engaged, feel a sense of belonging and be active participants in their education.

The budget provides an additional \$15.65 million over four years to boost the impact State Schools Relief can have. That is going from 500 000 annually to this level of funding. It is getting harder for them because schools in your community will have special logos on their shirts and even logos on their socks. It is actually harder to deliver the uniforms to the kids so that they can feel that they are fitting in in their own school community. The cost for State Schools Relief just in maintaining that level of support is increasing, and this goes beyond that — not only uniforms but also books and stationery and other supports.

The funding boost will help State Schools Relief assist up to 25 000 extra students every year, on top of the 10 000 students who benefited from the program last year. It will support State Schools Relief to expand their uniform distribution program to meet growing demand and, as I said, to include the assistance with stationery and textbooks. This will be trialled in the second half of this year, with full implementation to occur from January 2016. The additional investment in school uniforms, textbooks and other essential items for disadvantaged students attending government schools will mean that families will have that bit more breathing room and the kids who need that extra bit of support to fully experience the whole school experience will get it. We will provide this support to more than double the number of students who received it in 2014, and this demonstrates how serious we are about reducing the factors that place kids at risk of not coming to school. We are proud of this increase in much-needed support to students and their families. Alongside the innovative glasses for kids program and the breakfast club program, this extra support for school essentials demonstrates our commitment to giving students the basics they need to access and fully participate in education.

**Mr T. SMITH** — Minister, I refer to budget paper 3, page 47, which provides 16.4 million in this financial year and 8.9 million in the next financial year as additional maintenance funding. Why has the government chosen to not provide any additional funding in the maintenance budget in 2017 and 2018?

**Mr MERLINO** — Thanks, Tim. In answering this question on maintenance, maintenance and capital upgrade need to be viewed together. There is the maintenance funding, which I will get to in a moment, but when you are dealing with schools like Essendon Keilor College and with 1340 maintenance items that need

addressing, rebuilding that school is the best way to address maintenance. You should look at it both in terms of what the allocation is for maintenance and what the capital program is as well.

A condition assessment audit was undertaken between November 2011 and July 2012 under the previous government. The audit assessed 27 000 school buildings across our 1539 government primary and secondary schools. The audit found that 4300 buildings and infrastructure across 790 schools were rated as below standard, with 420 million required to bring up all buildings to an acceptable evidence-based standard. The response was 147 million provided to 364 schools in 13–14 and 14–15 for the replacement and repair of some 1400 buildings. The ongoing response to the condition assessment audit will be, as I said, the combination of capital and maintenance funding. We are continuing to fund the school maintenance program at existing levels; there is a continuation of the existing level of funding under the previous government and under this government when it comes to maintenance. That continues at that same level, with an additional \$25.3 million to support schools to overcome minor maintenance issues, utilities and other infrastructure issues. This is funded for one year consistent, teamed with the approach in the 14–15 budget. That was the approach of the previous government in 14–15; we have continued the level of the funding and funded it for this year.

In addition to the maintenance funding, we have provided a significant investment, as I said, of \$568 million in school capital. This funding will address existing maintenance issues and will improve facilities, preventing critical issues like those identified in the school condition assessment. This initiative supports the government's commitment to Victoria as the education state.

The short answer is: maintenance continues, but there is a more than doubling of the capital program, which will significantly address the maintenance issues identified in those schools.

**Mr T. SMITH** — Minister, maintenance is maintenance. The previous government inherited a \$420 million maintenance backlog and took significant actions during its term in government to address that, so how can you justify this quite significant cut in the maintenance budget?

**Ms SHING** — On a point of order, Chair — —

**Mr D. O'BRIEN** — You are a bit slow, Ms Shing. You let him get the whole question out!

**Ms SHING** — The question has been asked and answered in relation to the doubling of the capital program that will sit alongside the maintenance budget.

**Mr T. SMITH** — The question pertains to maintenance, not capital.

**Ms SHING** — Further to the point of order, the short answer according to the minister just now is that maintenance will continue as is and that there is a more than doubling of the capital program that will significantly address the maintenance issues at those schools.

**Mr T. SMITH** — Chair, the question and the supplementary regard maintenance funding not capital funding. I do not really see what the point of order is.

**The CHAIR** — I will allow the question.

**Mr MERLINO** — Let me be quite clear: with respect, that is completely wrong. There is absolutely no cut to maintenance funding. There is the \$25.3 million maintenance funding in this year's budget. In terms of what is already within the department's budget, it is proposed that \$27 million will be allocated through the planned maintenance program again in 2015–16, so there are no cuts to maintenance and there is a more than doubling of the capital program. I want to be quite clear, Tim: there are no cuts at all.

**Dr CARLING-JENKINS** — I refer to budget paper 3, page 51, and also in reference to the last slide of your presentation, I would like to ask a question around models of funding for independent and Catholic schools. As you have spoken about already to the committee, legislation was introduced — and I commend you for that legislation earlier this year — where funding for non-government schools was given a guarantee on how the funding would be calculated.



Now we turn to how that funding is divided between individual non-government schools, which you have already acknowledged in relation to the Gonski question earlier. This is a decision now that you are responsible for making as Minister for Education. In this budget it is my understanding that the current funding arrangements for non-government schools were rolled over for another year in 2015–16.

The financial assistance model which relates to non-government schools has been in place since 2009, initially for a four-year period, as you would be aware, and it has been rolled over year by year while waiting for a new model. Many within the sector believe that an agreement needs to be reached on funding into the future, so my question is: what work has the department undertaken on modelling for a new or different funding arrangement for 2016–17 and beyond for non-government schools? Specifically, can we anticipate a maintenance of the status quo, as we have had since 2009, separate models for different sectors or a one-size-fits-all policy?

**Mr MERLINO** — The change we made in legislation was about putting into legislation the existing arrangements, so at a minimum of 25 per cent. Prior to the legislation and the current agreement, it is actually a fraction over 25 per cent, so it is about putting in place, in law, the existing arrangements and then the distribution allocated by the financial assistance model, which is completely in line with the principles of Gonski, and, as I said before, it was acknowledged by the federal government and the state government at the time that the financial assistance model was in line with the national agreement.

In terms of further reform and further discussions, the other great thing about the legislation that passed earlier in the year is that the act also establishes a School Policy and Funding Advisory Council with representatives from the government, Catholic and independent school sectors to advise me on regulatory policy and funding issues that affect both government and non-government schools. This was something identified through the years of work on Gonski but never achieved by that national process. We actually never got to a point where we had this formal arrangement where the three sectors in education can actually sit down and work on funding and other policy matters. This is actually a step beyond Gonski. It was identified in the Gonski debate and in the reforms but never achieved, so I am quite proud of that. That is our opportunity, Rachel, in terms of talking about where the reforms should go next — that is, it is the advisory council that will get us there.

**Ms SHING** — Minister, I would like to take you to BP4, pages 24–30, and in particular on 29 there is a reference to the technical schools program of planning and first stage of construction for Gippsland, Bendigo, Ballarat, Geelong, Monash, Casey, Wyndham, Banyule, Yarra Ranges and Whittlesea. In relation to that funding allocated to tech schools, could you explain how the government is taking those steps to achieve the outcomes of the education state, as referred to by Mr Morris and others this morning, with the establishment of those 10 listed tech schools?

**Mr MERLINO** — Thanks, Harriet, for the question. The Andrews government has committed to the development of 10 tech schools across the state, and we would like to see more. There are some other great examples of potential additional tech schools, but we have got to get these first 10 right. These centres will provide interactive and innovative learning experiences for students from 7 to 12 and possibly latter primary years as well, if we get the model right, to complement their comprehensive education.

As I said, we want to get these centres right. That is why we have dedicated \$8 million in this budget to planning to get the right site, the right curriculum and the right industries to provide the best opportunities for Victorian students. The remainder of our funding commitment, a total commitment of \$100 million for capital and \$25 million for operating, will be allocated in future budgets.

The 10 tech schools will be established in Gippsland, Bendigo, Ballarat, Geelong, Monash, Casey, Wyndham, Banyule, Yarra Ranges and Whittlesea, with specific sites to be finalised as part of the planning process. They will open progressively over 2017 and 2018.

We will be establishing each school in partnership with local communities. The implementation of the tech schools will vary from location to location; there is no one size fits all. The local partnership will help determine the focus and curriculum speciality of the tech school. The local partnership and government will work together to design, construct and equip the tech school. It will ensure that facilities and equipment are fit for purpose to meet the identified needs of their tech school.

They will be stand-alone centres of excellence in the delivery of education and training, using leading-edge technology, discovery and innovation to equip students with the knowledge and skills that connect them to their futures. The government recognises that Victorian students may have careers vastly different to those that we can even imagine. Each tech school will have a different focus and will be uniquely positioned to equip students with the knowledge and skills of Victorian emerging industries, such as medical technology and pharmaceuticals, new energy technology, food and fibre, transport, defence and construction technology.

Tech schools will not be a 1970s technical college. These facilities will provide students with experiences that will complement and expand on the curriculum they learn at school. They will be enrolled in their local schools, and in our region there will be participating government and non-government schools with the tech school. Students from years 7 to 12 will be able to access that tech school. This is about opening horizons, not about putting kids into a box early. There will be an emphasis on building students' critical thinking, problem-solving, enterprise learning, planning and self-management skills, skills that are responsive to industry needs, and current and future career opportunities. They will be established and operated in partnership with secondary schools, TAFEs, universities, business, industry, local government and local communities.

We will be using the Knox Innovation Opportunity and Sustainability Centre, KIOSC, as an inspiring example of a successful shared-learning centre. The key tenets of KIOSC are to equip students with the skills that will connect them to their futures; inspire and engage students; provide interactive and practical learning experience in a technology-rich environment; provide programs on discovery, innovation and learning inquiry; and provide learning experiences embedded into the curriculum and assessment of each home school. This is quite exciting. There is a lot of work to do to get this rolled out.

Where trade training centres and technical colleges have fallen down in the past is that genuine partnership with industry that is relevant to that local region, and that is what we have to get right; that is what the KIOSC model shows. If you can get that right, it is a great opportunity for young people.

**Mr D. O'BRIEN** — I look forward to finding out where the Gippsland tech school will in fact be, Minister. That is not a question; that is a statement.

**Mr MERLINO** — Ask Harriet, Danny.

**Mr D. O'BRIEN** — Minister, in budget paper 4 — we are back to pages 24 to 30 and the schools that will receive a capital investment under the budget — can you detail for us the assessment criteria that was applied in determining which schools would be funded in the budget this year, and did you take into consideration the condition assessment report that you referred to before?

**Mr MERLINO** — Thank you, Danny. It is not much different to the answer I gave Sue a bit earlier on in terms of how we came to these decisions and election commitments that we made from opposition at the time. It was based on clear need in terms of enrolment demand — schools that were literally bursting at the seams. Through the FOI we had access to the condition and assessment audit, so we had a look at the maintenance needs — the state of those facilities — and we also wanted to keep faith with those school communities that had done the work and master planning and design and then had their plans and projects on a shelf for four years. Those were the three criterion from opposition.

Obviously in government you get a bit more access to further information about the needs of those schools. But, as I said to Sue, it was based on enrolment demand, the physical state of the facilities and schools that had done the work in terms of master planning and design.

**Mr D. O'BRIEN** — This is very simple. Basically I am just asking for confirmation that the condition and assessment report was used to choose those successful schools that are in the budget this time around.

**Mr MERLINO** — Yes, Danny, that was part of the consideration.

**Mr D. O'BRIEN** — And the other two considerations — those in need and those that were prepared?

**Mr MERLINO** — Yes. So enrolment need, state of the facilities and schools like the Morwell regeneration project, the Maroondah regeneration project, a number of other schools that had done the work but had had their projects shelved for four years.

**The CHAIR** — That concludes this morning's hearings. I would like to thank the Minister for Education, the Honourable James Merlino, MP; Ms Gill Callister, secretary of the department; Mr Jim Miles, Ms Penny Croser and Mr Simon Kent.

The committee will follow up on any questions taken on notice in writing. A written response should be provided within 21 days of that request. I note that there were three items which were questions on notice. One was raised by Dr Carling-Jenkins in relation to the RULER program. I think that should meet the 21-day time line. The other two questions related to the asbestos school audit. I think the response was that there would be some further information in early 2016. The third point, which was in response to a question from the Deputy Chair, related to Gonski per school per year, and I think that the minister undertook to take that on notice as well. That obviously would be outside the 21-day time line.

**Mr MERLINO** — That is right, Chair. If I could just add on that last point and the issue that David raised, I was talking about the methodology in terms of NRIPS. I am happy to provide to the committee a breakdown of the methodology in terms of the reasoning of how we got to the conclusion of that shortfall and also provide information on that shortfall year on year. I am happy to provide that to the committee.

**The CHAIR** — Thank you very much for your time.

**Mr MERLINO** — Thanks, Chair; thanks, committee.

**Witnesses withdrew.**