



# ***EDUCATION, EMPLOYMENT AND TRAINING COMMITTEE***

**Members present:**

Ms KE Richards MP—Chair  
Mr J Lister MP  
Mr MA Boothman MP  
Mr N Dametto MP  
Mr BL O'Rourke MP  
Mr JA Sullivan MP

**Staff present:**

Mr R Hansen—Committee Secretary  
Ms R Duncan—Assistant Committee Secretary

## **PUBLIC BRIEFING—CONSIDERATION OF AUDITOR-GENERAL'S REPORT NO. 18 OF 2020- 21, *EDUCATION 2020***

### **TRANSCRIPT OF PROCEEDINGS**

**MONDAY, 30 AUGUST 2021**

**Brisbane**

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### The committee met at 9.59 am.

**CHAIR:** Good morning. I declare this public briefing open. I am Kim Richards, the member for Redlands and chair of the Education, Employment and Training Committee. I would like to acknowledge the traditional owners of the land on which we meet today—the Jagera people and the Turrbal people—and pay my respects to their elders past, present and emerging. We are very fortunate in this country to live with two of the world's oldest continuing cultures in Aboriginal and Torres Strait Islander people.

With me from the committee are: James Lister, the member for Southern Downs and deputy chair; Mark Boothman, the member for Theodore; Nick Dametto, the member for Hinchinbrook; Barry O'Rourke, the member for Rockhampton; and Jimmy Sullivan, the member for Stafford.

The purpose of the briefing today is to provide the committee with an opportunity to examine in more detail the results of the audit of entities in Queensland's education sector by the Auditor-General, reported in *Report 18: 2020-21—Education 2020*.

The committee's proceedings are proceedings of the Queensland parliament and subject to its standing rules and orders. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Those present today should note that it is possible you may be filmed or photographed by the media, and images of you may appear on the parliament's website or social media pages. The media rules endorsed by the committee are available from committee staff if required. I ask everyone present to please ensure mobile phones are turned off or switched to silent mode.

**FLEMMING, Mr Patrick, Assistant Auditor-General, Queensland Audit Office**

**REARDON, Ms Michelle, Senior Director, Queensland Audit Office**

**WORRALL, Mr Brendan, Auditor-General, Queensland Audit Office**

**CHAIR:** Thank you for agreeing to brief the committee today. I invite you to make some opening comments, after which the committee will have some questions for you.

**Mr Worrall:** Thank you, Chair. Good morning, everybody. Thank you for the opportunity to brief you on the *Education 2020* report. As you indicated, that report summarises the results of our audits for the entities in the Queensland education sector, which is the Department of Education, the Department of Employment, Small Business and Training, TAFE Queensland, the seven public universities, the eight grammar schools and some other small statutory bodies that are in that portfolio.

The financial statements of all education entities are reliable and comply with relevant reporting requirements. We issued unmodified audit opinions for all entities in the sector. The audits were also completed within their respective statutory deadlines. Despite the challenges presented by the pandemic, entities were able to prepare good quality financial statements, which highlights the maturity of their processes.

COVID-19 has had a significant impact on the sector at all levels over the last year. Universities, TAFE Queensland and schools all considered their delivery models during the lockdown period and beyond. For most entities, this resulted in a move to online learning, postponement where learning could not be delivered this way or home based learning. Affected entities also reduced their costs, with some entities restructuring their operations to better position themselves for the future.

Overall, we found the internal controls that education entities have in place to ensure reliable financial reporting are generally effective but could be improved. Out of the 69 internal controlled efficiencies identified during the year, 36 related to information security and access management controls. This continues to be the most common weakness across the public sector. We are satisfied with the entities' planned corrective actions and implementation time frames for those findings.

Finally, the Department of Education has been undertaking a significant program of construction to ensure they can meet the future demand for schools. In reviewing the schools built in the last five years, we noted that the majority had been built in the areas with anticipated significant population growth. The department also needs to ensure its digital strategy is integrated with its planning for new and existing schools.

I encourage you to view the interactive map, which is included as part of this report. That is on our website. The map allows you to explore the financial performance of education entities within the different regions around the state. The information includes revenue, expenses, assets, liabilities and other measures such as student and staff numbers. The map also allows you to compare internet speed per student by region, school IT funding, if students had access to the internet and what types of devices they had access to. This additional IT related information in the dashboard accompanies my report *Enabling digital learning*, which was report No. 1 for 2021-22, which I tabled in July.

The COVID-19 pandemic accelerated progress towards a digital society. Within a few months of its arrival in Australia, schools, universities, government services, businesses and families adopted new ways of working and staying connected. We saw a significant increase in remote working, online business and online education. My first report of 2021-22 presents some key facts about how the Department of Education is reliably connecting learners and staff of state schools to digital resources and online content. I look forward to briefing the committee on this report in due course. We welcome any questions you may have on *Education 2020*.

**CHAIR:** Thank you, Mr Worrall. It has certainly been a very interesting 18 months for our educators and the school system with COVID. It is a very interesting report. Deputy Chair, do you want to kick off with a question?

**Mr LISTER:** Not at this stage. The member for Theodore may.

**Mr BOOTHMAN:** I have a quick question with regard to the internet. Obviously during the pandemic students had to work from home. How do think the internet services at the schools were able to take on that additional internet load? Was it sufficient? Did you find any problems with certain areas or regions?

**Mr Worrall:** I will start and Michelle might jump in on that one. There are a couple of things to take into account. Obviously internet speed is one of them. That is in relation to the report tabled on 20 July. There is some variability around internet speed. There are a couple of other things at play as well. Students' access to devices is another aspect at play. Not all schools were in the position to give devices to every student. I think a lot of devices would have come from the home. Where that would come into play is different socio-economic parts of the state. There may have been more home devices in some parts of the state than in others. It is probably not a level playing field. If you are a student, your experience in one school may not be the same as your experience in another school in a different part of the state because of those things at play. Michelle might have something to add.

**Ms Reardon:** What I will add is that schools were very cognisant of making sure that students received the support that they needed during that time. Ideally, that would have been a device and fast internet and support from their teacher online. Where that was not the case, they certainly made sure that they had other resources available. The principals that we spoke to during that time were making sure that paper handouts were available at the school gate to be collected. That certainly did occur, so students were supported through that process. In addition, the department also made sure that they upgraded internet access for certain schools and provided additional devices where they could. Support was provided in a variety of ways. That was the intention—that everyone would get the support they needed during that time.

**Mr O'ROURKE:** My questions are around recommendation 3, particularly around asset management in schools. Do you think the four-year rolling program is adequate in that space?

**Ms Reardon:** About four years ago, or a little bit longer than that, following our previous report on asset maintenance in public schools, the department did a very comprehensive condition assessment of all of their state schools. When we did a follow-up report on that, we found that that was very comprehensive and that gave them really good information to inform their maintenance going forward.

These are long-life assets, so they do not change significantly year to year. That information does hold true for a period of time. The department is going through a process now, I understand, of getting updated information. They are also going through a process of implementing a system such that, as schools undertake additional maintenance activities, they can record that in a central system and the department will be notified of that. There are a few things happening in this space. Certainly, I think a four-year rolling program is appropriate given the size of the department's portfolio and how it does not change significantly year to year.

**Mr O'ROURKE:** Who undertakes that assessment? Is it a qualified builder?

**Ms Reardon:** I think when they did it a few years ago—it is a qualified external person who goes through and does it for them. They were going through a tender process about 12 months ago to appoint a new person, but it is external to the department.

**Mr O'ROURKE:** Looking at direct-to-market schools, did anything come up in that space where you were comparing QBuild delivering a product to the schools going direct to market? Was there any difference? Was the work prioritised accordingly?

**Ms Reardon:** That is not something that we analyse, I do not think, as part of our process. I probably could not comment on that, I am sorry.

**Mr SULLIVAN:** Mr Worrall, to paraphrase, you said that a lot of the new schools are in areas of high growth and high density. I am on the north side of Brisbane, probably a more established part of South-East Queensland. Are there particular elements or advice for schools that have some dated infrastructure, whether that be physical infrastructure or digital infrastructure, as to when they need to retrofit effectively for digital infrastructure? What particular challenges does that bring, as opposed to a new build?

**Mr Worrall:** That is an interesting question. I think that is something that the department grapples with. It has a lot of needs across the state in relation to physical infrastructure but also digital infrastructure. We talk a little bit about digital infrastructure in that report around internet speeds. Michelle can probably talk with more knowledge about this than I can.

The department would have a process to (a) identify what those needs are but then (b) prioritise those needs throughout the state, given there is probably a finite amount of money available in any financial year to spend on that. It would have some process to prioritise where the spends are going to go from year to year. I do not know if you can add any more than that, Michelle?

**Ms Reardon:** It is a really complex area. There are a lot of things that go into that in terms of the condition of the asset and the nature of the school community as to when they are going to invest to either upgrade or continue to maintain the existing infrastructure that is there or whether they move to more digital infrastructure. For example, we have seen school libraries getting to the end of their life and they are not necessarily replacing them with another school library in the same way that they would have 40 years ago. As they are going through and doing new builds or upgrades, they are revisiting what the need for the community is for now and in the future.

**Mr Worrall:** I would add that on our work plan we have an audit coming up, I think it might be in 2022-23, in relation to planning for infrastructure. Our plan would be to do a drill down on education as one of the entities, given that they account for a large part of the state's capital works budget, to see how they plan for this infrastructure, including where growth is happening but also whether those assets are coming online at the appropriate time. I know that is less about maintenance and more about new builds, but there could be new builds at existing school facilities as well.

**CHAIR:** Victoria Point State High School just had their library upgraded about 16 months ago from the traditional very old library to something that is contemporary, digital and provides a really great flexible learning space. We have certainly been the beneficiary of a really great design that meets the needs of the future and the future of education. Member for Hinchinbrook, do you have a question?

**Mr DAMETTO:** I appreciate all three of you coming along this morning to give us this public briefing. Thank you very much for your time. My question is around infrastructure and in particular safety infrastructure in our schools—for example, fencing around schools, alarms and even cameras to keep our children safe while at school. Could you comment on the safety infrastructure in schools across Queensland and if you believe they are adequate at the moment?

**Mr Worrall:** I probably cannot comment on that.

**Ms Reardon:** It is not something that we look at from a financial audit perspective. That said, there is certainly ongoing expenditure in that space. It probably does depend on the individual school's need. My reflection on that is, again, conversations I have had with different principals through our school visits. The nature of incidents at their school will really inform what they spend on security—whether it be having visits from security guards throughout the week and over the weekend, fencing, lighting and those sorts of things. It might come from their individual school budget or they might go back to the department and ask for additional support in that space. It does not really form a great focus but we certainly do observe aspects of that.

**Mr DAMETTO:** I appreciate that.

**Mr BOOTHMAN:** You spoke briefly about the new schools and the infrastructure programs. Was there any consideration in the report about the potential impact they have on existing schools? For instance, if you have a new school being built just down the road from an existing school, obviously the population of the older school is going to take a bit of a hit. Were there any discussions about that?

**Mr Worrall:** I do not think there is any specific discussion in this report around that, but that was something we touched on a couple of years ago. We did an audit in relation to Building Queensland and the business cases that Building Queensland were assisting in the preparation of for infrastructure. There was one business case that we did drill down on and that was in relation to the new school across the river. I think it came out in the report that there were other schools that were not too many kilometres away that had capacity and were not overcrowded. I am just trying to remember what we said—it was something like it was not as apparent how those things had been taken into account in relation to the business case. Cavendish Road high school and Dutton Park were both under capacity, so it was whether upgrading those facilities to bring them up to a requisite standard had been considered even though they were only several kilometres away. That is the one time we have considered it in a public report.

**Mr BOOTHMAN:** It is certainly an issue down my way. I have the electorate of Coomera sitting just off mine. There is a massive population growth, yet my schools are suffering and their populations are dropping because people want to go to the brand-spanking-new schools with the nice, shiny classrooms and the wonderful technology. It is certainly something that is hurting some of my schools.

**CHAIR:** We have one of the new schools going down in Redland Bay. Currently, the existing Redland Bay State School is absolutely bursting. The 2016 census had roughly 15,000 people living in Redland Bay, so there has been some good planning work that has looked at the new development in the southern end of Redland Bay, where over the next five to seven years there will be 3,000 homes, which is roughly re-creating the size of a suburb again. From my experience, I have seen some good work in that space. Anyway, I digress. I had a question with regard to the impacts of COVID on universities. Have you made any observations around how we make sure we can protect our tertiary education system into the future?

**Mr Worrall:** I am happy to talk about that. Obviously, the university sector was greatly impacted right from the start because Australia closed its borders in March last year and that event saw a lot of international students return to their home countries. Those students have not returned, and that is quite obvious when you walk around places like the Brisbane CBD. That had a direct impact.

When you look at the revenue figures in the report that we are talking about, it is not so significant. I think international student revenue may have been down about eight per cent, but I think that was because a lot of those kids had already enrolled not just for the semester but for the year. You will probably see further drop-off in that revenue in the current year we are talking about. Some of those students are still enrolled and are now doing those courses online, but that is probably not replacing the revenue base that was there previously.

There is also a risk that those kids who wanted to go to university face-to-face have now probably done that elsewhere, because there are other countries that have not closed their borders to students. I think North America is one of them and the UK is another, so there is the potential that we have lost those students not just for one year but for three or four years, so we might still see some effects from that ripple through.

Once our borders open up, whenever that is, you have to figure that the service delivery model will not look the same as it did previously. Students may not all come for the full period of their degree course; they might come for a semester or maybe a year. I think there will be more agile service delivery mechanisms and there will be a structural shift, like we are seeing in other parts of society. That will also be impacted in that sector.

Out of the seven public universities in the year that we are talking about, two made an operating loss. From memory, that was CQU and Griffith University. CQU had an operating loss of around \$30 million and Griffith was around \$4 million or \$5 million. In the current year I think there are three that are budgeting for an operating loss, and that includes CQU and QUT, which is budgeting for a small one, and I am not sure what the third one is. Again, CQU are budgeting for the largest loss but, having said that, I think if you go forward to next year they are actually planning to return to surplus. That was the university that probably had the most exposure to international students. I would say traditionally that has been the case for probably the last 20 years.

**CHAIR:** That was in terms of the university's population. The component of international students was larger than any other university, and that speaks to the big gap compared to Griffith at \$3 million to \$4 million.

**Mr Worrall:** That is exactly right. It has always had the biggest exposure to international students, so if there is an issue in that space it is going to be the most impacted, and it was the most impacted. To their credit, they took some bold steps very early on in the piece. I am talking before 30 June last year. They had a voluntary redundancy scheme across the university which saw about

140 staff voluntarily exit the university. They closed a couple of extension type campuses as well, so they definitely tried to curtail their operating costs. We will probably see that when they are planning to return to surplus next year.

I am not saying the impact on the universities is over, because I think it is ongoing. I know they have been hoping that the borders would open or they would be able to trial a return of international students, but obviously that has not happened. As other variants of the virus have emerged, there has been no trial of opening borders to internationals at this stage. I think it is still an area that is going to continue to evolve.

**CHAIR:** Very much in flux.

**Mr O'ROURKE:** I am going back to maintenance again. Does the school have a criteria as to how they prioritise maintenance requests? For example, it might be that a blocked sewer has to be fixed within three hours.

**Ms Reardon:** Yes. We probably do not get into that level of detail. For example, when they go around and do their condition assessments, the condition of the asset will determine at what point that needs to be replaced or upgraded. Obviously in terms of those more emergent issues, there are service standards in place whereby you make a call to, for example, QBuild and they have a certain amount of time to respond to that and address the issue. The department has been working with schools on the back of the report on maintenance in public schools and is really looking at how we make sure that we are planning proactively for the maintenance of our schools to make sure that, again, we are doing that in the smartest way possible in a region and getting the best value for money.

**Mr O'ROURKE:** I do not know whether you cover this. When you visit a school and look at their maintenance requests, do we actually check to see throughout the year whether QBuild or the direct-to-market providers have actioned that work within the time frame that is specified?

**Ms Reardon:** No, not within the time frames. They will probably look at a bit of a higher level—just given the scope of the financial audit and the materiality that we apply. It is at a higher level, looking at things like: 'What is your maintenance budget? Are you spending your maintenance budget? How does that then compare with the condition of your assets at the time?'

**Mr O'ROURKE:** Thank you.

**CHAIR:** I have just been whizzing through the mapping. It is an excellent tool, so thank you for that. We have had responses back from the departments and TAFE, but there were 36 other entities covered in the report—grammar schools and the like. Could you give your observations or understandings on the feedback they have provided to the report and their implementation process?

**Ms Reardon:** The recommendations are made for all entities to consider, but the relevance of them does vary for each of the different entities. Some of them are not going to be all that relevant and some may need to be taken more seriously. For example, assessing the cost and value of your services to determine your future service offering is really very relevant for universities when they are looking at not having their international students in the quantity that they would like, so what services should they be providing going forward. Similarly, TAFE Queensland and looking at their sustainability is very relevant; for some of our other entities, it is not as relevant. We have seen evidence that they have all been considering the recommendations as they need to.

**CHAIR:** And you seem happy that they all look like they are gearing themselves to move in implementing those where they are relevant.

**Mr BOOTHMAN:** I have a quick question regarding population growth. Were there any discussions with the department when it came to excellence programs and potentially taking in out-of-catchment students? There are a few schools down my way that run them and their populations do increase as a result. Have there been any discussions with the department about that?

**Ms Reardon:** I suppose that starts getting a bit more into curriculum and how they are delivering that so, no, we do not look at that as part of our financial audit and I do not think we have had anything on our assurance engagement either.

**CHAIR:** Thank you very much. I think you have answered everybody's questions. That concludes this briefing. I thank the Auditor-General and officers for the information you have provided today. It has been very helpful in understanding the implementation process of those very important recommendations. Thank you to our Hansard reporters and the broadcast staff. A transcript of these proceedings will be available on the committee's inquiry webpage in due course. I note there were no questions taken on notice, so I declare this public briefing closed.

**The committee adjourned at 10.29 am.**