

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

**INQUIRY INTO THE MEMORANDUM OF UNDERSTANDING BETWEEN
BALGA SENIOR HIGH SCHOOL AND MANUFACTURING INDUSTRY TRAINING
SERVICES PTY LTD**

CLOSED SESSION

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 3 DECEMBER 2007**

Members

Hon Giz Watson (Chairperson)
Hon Ken Travers (Deputy Chairman)
Hon Sheila Mills
Hon Helen Morton
Hon Peter Collier
(substitute member for Hon Anthony Fels)

Hearing commenced at 2.27 pm**GILLETT, MS MELISSA****Deputy Principal and Manager Operations (previous and substantive)
examined:**

The CHAIRPERSON: On behalf of the committee I would like to welcome you to the meeting. To begin with could you please state your full name, your contact address and the capacity in which you appear before the committee?

Ms Gillett: Yes. My full name is Melissa Annette Gillett. I appear for, I think, a previous position, which was as manager district operations in the Swan education district. One of the schools in that position I looked after was Balga Senior High School, although I would note that subsequent to that I have gone back to a school and been in a school for the last 18 months, which also happens to be Balga Senior High School - the two events being unrelated.

The CHAIRPERSON: Okay.

Ms Gillett: But probably I am appearing in both capacities, I guess.

The CHAIRPERSON: Yes, that is great; thanks very much.

You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

Ms Gillett: Yes I have.

The CHAIRPERSON: Good. These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you might refer to during the course of the hearing for the record. Please be aware of the microphone and try and talk directly into it. Even though this is a private hearing, you should note that the committee retains the power to publish any private evidence. The Legislative Council may also authorise publication. This means that your private evidence may become public. Please note that you should not publish or disclose any private evidence to any other person at any time, unless the committee or the Legislative Council has already publicly released the evidence. I advise you that premature publication of private evidence may constitute a contempt of Parliament and may mean the material published or disclosed is not subject to parliamentary privilege.

Ms Gillett: May I ask a question on that?

The CHAIRPERSON: Of course, yes.

Ms Gillett: Given that the crime and corruption commission has also been investigating matters, if I am asked by them to provide information, I presume I can do that in the course of responding to their -

The CHAIRPERSON: Yes, you can. But you could not say "This is the information that I have given to the parliamentary committee", for example.

Ms Gillett: Sure, thank you.

The CHAIRPERSON: We might start with some questions, if that is okay. I might start with asking: what was your role with the department whilst the Balga Works program was running?

Ms Gillett: In the main, in the first part of the program I was the manager district operations in the Swan education district. By stating that, that is still my substantive position, but one I have not been in for some two and a half years or thereabouts. So, I have been at the school - at Balga Senior High - since June last year. The program officially ended in October last year, so I was there for a very short period of time based at the school. Prior to that, for nine months I was working in central office on a completely unrelated project, although frequently answering questions in relation to my job beforehand. So, in the main, it was as manager district operations in Swan education district, working alongside John Garnaut, the district director.

The CHAIRPERSON: Could you give a little bit more elaboration on what sort of components of your work were in relation to Balga Works?

Ms Gillett: I guess - by way of a little bit of background, before I went out to Swan as manager operations, I was a staffing consultant and staffing manager and Balga, again, was one of my schools that I had responsibility for. So, I guess I have had a fairly long knowledge of the school over - or a sound knowledge over - a long period of time, but at varying different levels. As manager operations probably has the most relevant role in terms of the Balga Works program and, I guess, the role of manager operations is assisting the district director in whatever assistance is required. In this case, probably the main part of my role was assisting them with the staffing side of things. So, writing up the basis for submissions on what the staffing or, I guess, our liaison with staffing and with the central part of the Department of Education and Training generally, on funding that the students were able to access.

Hon PETER COLLIER: Just with regard to your transfer - your move - to Balga Senior High School in June of last year -

Ms Gillett: That is right.

Hon PETER COLLIER: Now, did you request that transfer or were you are asked to go to Balga Senior -

Ms Gillett: No, no; I actually applied for it and won it on merit.

Hon PETER COLLIER: Okay.

Ms Gillett: Strange as it might sound, after 10 years out of the school, I literally woke up one morning and thought I might like to go back into one for a while.

Hon PETER COLLIER: Right.

Ms Gillett: And the acting position - there was an acting job available the very day that I looked at it on the system, so, certainly knowing -

Hon PETER COLLIER: And what, sorry - what was the position again?

Ms Gillett: It is deputy principal.

Hon PETER COLLIER: Deputy, okay.

Ms Gillett: So, certainly knowing the school, obviously, helped in the application process and Merv was involved as principal on the panel, as one of the panel members that selected me. But, there was certainly no request, and in fact, I actually rang and clarified with a few people first if there would be any potential conflict with me going. But, I guess the negative side of Balga Works had not come out in full at that stage - that was something I had to look forward to when I got there.

Hon HELEN MORTON: Were you aware that it was going to?

Ms Gillett: I had some idea, yes. We had had some challenges leading up to that in terms of staffing of, I guess, varying opinions from different directorates within central office as to what level of staffing should be afforded to the program. So, I knew that there would be something

coming. I did not quite expect it to be to the extent that it was in that some of the discoveries, I guess, that I came across when I went to the school.

The CHAIRPERSON: You were saying that your role was to do with the staffing side of things. We understand that you assisted Balga Senior High School in their request for the multiplier and on the staffing formulas?

Ms Gillett: That is right.

The CHAIRPERSON: Could you explain that process and what your involvement was?

Ms Gillett: I guess the difference between the students in Balga Works, as they were described to us at that time, and I say that in terms of the information that we had received from Merv Hammond as principal, was that where a normal student attends school for 1 600 minutes a week, 40 weeks a year, these students were attending 2 250 minutes, which is a 40 per cent increase, for 50 weeks a year. My logical conclusion from that was that you could not apply the normal staffing formula that gave a teacher to teach a group of kids for 1 600 minutes, 40 weeks a year. Industrially, there is no way that you could then employ the teachers for longer over the holiday period or a longer time each day. So, it was simply on that basis that I came up with a formula that we took to staffing to then have approved, was to simply say, "Well, let's put those two multipliers into effect." So, where a student would count as one student in a normal school and I - just to divert, there is quite a few different factors in deciding what one student is worth. A student at Balga has a higher staffing ratio, for example, than a student at Shenton College based on the socioeconomics of the school. A student in year 12 has a different multiplier from a student in year 10, and again, down in primary. So those things were unchanged, but it simply applied that if there were this many students for this period of time, multiply it by 1.4 for the 50 weeks versus 40 and multiply it by 1.25 for the extra minutes in a day that they were attending. All the other factors were as normal.

The CHAIRPERSON: So, those were the two factors that caused - or were the basis of - the multiplier?

Ms Gillett: Yes; in addition to the normal multipliers. Upper school students in a VET program have a multiplier of 1.1 over a non-VET student, so the vocational education and most of the kids were in year 11 or 12, and I think we counted - from memory - all of them as year 11 students, which is slightly less than a year 12. But all the other factors were the same as if they had been enrolled normally in a school besides those two multipliers.

Hon PETER COLLIER: So, the VET multiplier, did you just say?

Ms Gillett: All VET students count as 1.1, so they were within the VET multiplier already.

Hon PETER COLLIER: But the Balga Work students were within the VET multiplier?

Ms Gillett: Yes, so that is any student not doing a TEE program effectively goes into that category, so they were added to that category.

Hon KEN TRAVERS: Sorry, did you say that a student at Balga Senior High School will automatically get a higher multiplier than a student at, say, other senior high schools?

Ms Gillett: The staffing across the state; there is a social disadvantage factor, and that comes through in the multiplier. I am not certain what the exact amount is across all schools in WA but, if you like, it is in the vicinity of, say, 50 FTE of teaching staff that is divided amongst all of the schools that have got a socioeconomic index below 100, and Balga's socioeconomic index is 86. It is the lowest senior high in the state. In fact it is, including district highs, I think, there are only four schools that are lower - Halls Creek, Fitzroy and a couple of others. So, there is an extra part that comes by being disadvantaged socioeconomically.

Hon KEN TRAVERS: But does that operate as a multiplier or by way of additional - just general additional staff given to the -

Ms Gillett: It is built into the whole entire calculation process. Given that you cannot change the overall size of the pie or you do not - unless, I guess, the department or government makes a decision to do that - whenever there is a change of socioeconomic index - and there was last in 2005, I think - then, the same pie was divided up differently according to the different schools. So it is formula driven as well as based on your student numbers in there. So, therefore it is automatically a multiplier. The extent of the difference, I am not sure.

Hon KEN TRAVERS: No, no. The only reason I ask is because I always thought that was what schools like Balga did get additional staffing because of their socioeconomic disadvantage, but -

Ms Gillett: It is not a huge amount across the system, based on my understanding, although that does not count all the other special programs that are behaviour management, all of those different things as well.

The CHAIRPERSON: Is that multiplier granted automatically or does it have to be applied for?

Ms Gillett: The multiplier for the Balga Works students?

The CHAIRPERSON: Yes, well the socioeconomic -

Ms Gillett: No, that is automatic; it is built in to the formula. The department can produce a page for you that will outline exactly what the multipliers are based on the number of students, based on socioeconomics, based on the year levels - the student factors, I guess, and the school factors. That can be arranged in a sheet.

The CHAIRPERSON: And other multipliers are cumulative, so if you have got all those factors then you will be up to a fairly high -

Ms Gillett: Yes.

Hon PETER COLLIER: So, in effect, there were three variables, weren't there, in terms of the multiplier, although the built-in component, with regard to the socioeconomic consideration, the VET component, and the additional minutes that were -

Ms Gillett: And the additional weeks and the additional minutes.

Hon PETER COLLIER: Yes; sorry, yes.

Ms Gillett: Yes; that is right. Although, they would have all been VET students anyway, if they had been enrolled in any regular school anywhere, so that is not a multiplier specific to the program or Balga. It is specific to any student not doing TEE.

[2.40 pm]

Hon PETER COLLIER: What is the formula for the VET?

Ms Gillett: Basically, a student counts as 1.1, so it is a 0.1 multiplier. It does not change anything in terms of any dollar allocation for the students, although I may be wrong there; there may be a different VET dollar figure that comes in from a separate area, but it is acknowledging that there is more time involved with teachers needing to go out into the workplace for students that are working in industry and it is not a normal class environment. So, at Balga, for example, the vast majority of our students - certainly all of them this year - have two days a week in the workplace in years 11 and 12 and three days in regular classes. The formula accounts for that or allows schools to cover that with teachers checking them in the workplace.

Hon PETER COLLIER: What about Balga Works, though, with regard to the VET component? I am just interested to know what criteria exist to determine whether or not - I know this sounds like a silly question but I would be interested to get it on the record - what criteria exist for a VET student - say, a student in Balga Works - to be determined as a VET student?

Ms Gillett: That is probably a policy question - not that I am trying to avoid it by saying that - in that, on the one hand, it has been seen as a school would simply just list their students in the normal

staffing process; any schools would just put 56 students doing TEE and 38 doing VET. How they make that decision, there certainly would be definitions. It would vary from all the students not doing a normal TEE-type of program to just the students that are doing a work-placement component, and I suspect it is more to do with the work placement side.

Hon PETER COLLIER: Were you aware of any of the students at Balga Works doing work placement?

Ms Gillett: No - no, that is incorrect. There were some individual students that were doing it if that is where they were at as part of their transition, I understand. I am only going on what I have been informed on that. I did not have enough direct involvement with the students to know who was in and out, but I know that I had been given examples from the then principal, saying, "This is where this student started and this is where they are at now," and the end placement was a workplace or an actual paid job, so I imagine that there was some process leading them to that.

Hon PETER COLLIER: What would you assume that the students would be doing in Balga Works?

Ms Gillett: The information that we had been given at the time that I was putting together submissions was that they were doing courses partly aimed at reengaging them. I was given examples of students that had attended a total of four days of schooling and they were 15 years old, so there is some fairly basic literacy and numeracy work that was going on there, but that basically it was to get them eventually work ready, that there would be some trades-based component in there. The extent of the trades, I am not certain, but a combination of those different things and also just the general social, emotional side of things, so engaging in the community generally, interacting with other people, anger management - given that most of the students had come from a long-term disaffected position and a lot of them had had pretty extensive involvement in the justice system as well.

Hon PETER COLLIER: You would categorise that in the VET component, would you?

Ms Gillett: I am not sure that I know the answer to the question, other than to describe that all Balga students normally, since TEE was removed as a program, have been listed under VET and they came to me listed under VET. Certainly, it was not me who put them in VET, but that is where all years 11 and 12 kids, other than the intensive English centre students, have always been listed. I think it would clarify them as more towards the VET side than the stock, standard program side, but whether the policy reflects that or not I am not sure.

Hon KEN TRAVERS: In terms of all those multipliers, though, that was really about the length of time they were in the school, both in terms of the hours and the number of weeks -

Ms Gillett: That is right.

Hon KEN TRAVERS: Were there ever any multipliers given for the level of intensity of the work in terms of the ratio of students to teachers that would be required?

Ms Gillett: No.

Hon KEN TRAVERS: Is there anywhere in the department where there is a multiplier given because you identify these students needs? You just gave the example of a 15-year-old child with four days in school. Putting them in an ordinary classroom is just not going to work. You are going to need to have some level, whether through teachers or teacher assistants, given the level of intensity. Is there anywhere?

Ms Gillett: There is, in that if you look at the program, if you like, that allocates the teaching FTE, there are a number of categories that are listed as EN1 through to EN6, I think, and they are educational needs. Kids with disabilities would fit within that. That has only changed in the last year or two - or how that is worded - but there is not really an example, that I am aware of, of where schools have been able to put students into those categories. Certainly, when we were looking at

the staffing for Balga Works those new categories had only just been initiated, and I wrote up a paper at the time that went to one meeting - and that was it, if you like - saying that perhaps this is where the kids should be. The department is a large bureaucracy, and I think that there is a reluctance to have anything that suddenly gives an enormous amount of additional resources. I certainly agree with you on the fact that those students have got really high needs, and I am not sure that the needs are just limited; I know that the needs are not just limited to education. I think one of the challenges that did not get well addressed in the program was linking in justice, health and all of the other areas as well.

Hon KEN TRAVERS: You said you wrote a paper up on that issue. That was when you were at Swan education office?

Ms Gillett: That is right.

Hon KEN TRAVERS: And it went to one meeting. One meeting of?

Ms Gillett: We had a meeting with the director and the acting director at staffing, Geraldine Farr, at the time - I think in August 2005 - and I took that paper to the meeting. We had a general discussion about it and the view of the directors was to go in a different direction in terms of how we would write it up, so I wrote up a different paper after that. I had actually forgotten I had written the first paper until I found it on the weekend of preparing for here.

Hon KEN TRAVERS: Do you have a copy of it by any chance?

Ms Gillett: I do.

Hon KEN TRAVERS: Would you be able to provide a copy to the committee?

Ms Gillett: Certainly; I guess as long as the committee is aware it is not a sanctioned paper from the departmental perspective.

Hon KEN TRAVERS: It was a paper produced by you in your capacity at that time and fed into the system and then -

Ms Gillett: Yes.

The CHAIRPERSON: That would be most useful if you could.

Ms Gillett: Certainly.

The CHAIRPERSON: Do you have any idea why? You say that paper was rejected and you were asked to take a different direction.

Ms Gillett: I think there is a combination of things in there. Historically - and I cannot really put my finger on why - there has been a perception centrally that Swan schools get more than what other schools get and get more than what they should get, so there has generally, in any contact with central, been a reluctance to accept whether these students really do have a higher need. I am talking Swan, I guess, as an entire district. I suspect that was because a director that had been there before was very successful at getting additional resources, and there was almost an element of jealousy in there. The other part of it, and it is not a criticism of him at all but Merv was a visionary as a principal. He always was trying to develop programs that catered for kids that most schools did not want to have, so he was always putting up proposals. He was always wanting to do things slightly different from the norm, which meant that most people generally were wary of anything that came up that had Balga's name on it. I can certainly say they are a lot more wary of anything with Balga's name on it now, but even then there was a wariness. Within the staffing directorate that was certainly evident. Balga was a local select school. It was always doing things, I guess, a little bit differently and has always said, "We are different", and that is not something that a bureaucracy copes overly well with. I think that has probably been the nuts behind, I guess, why we have had so many difficulties from the school's point of view.

Hon PETER COLLIER: You mentioned that there was this almost jealousy within the department with regard to Swan. You were talking about the district director preceding Wayne Collier; is that right?

Ms Gillett: No, Wayne Collier is TAFE. Sorry, I meant Swan education district rather than Swan TAFE.

Hon PETER COLLIER: Of course; I am sorry. I meant John Garnaut.

Ms Gillett: Yes. Steffan Silcox was one of the directors prior to that. He is the principal out at Ballajura. Steffan was very, very good at getting across what the needs of the students were and setting up pilot programs. There were in his time more pilot programs set up within Swan than there were within any other district, which I think was about his initiative, not as a negative at all, but certainly I have been a long arguer that the students needs in Swan have not been catered for as well as they could have been based on the additional resourcing that I believe they need, very much from a Swan perspective, I should say. I have got a fair amount of central perspective but a certain Swan bias.

Hon KEN TRAVERS: It would be more the high schools than the district. Are there pockets within the Swan district that would require levels of intensity? There would be pockets within a whole range of other districts that would have that level of intensity and then there would be a lot of schools that would not need that level of intensity.

Ms Gillett: That is right. I guess from a district office perspective, my view has been that there has not been equity; there has been equality in resource allocation at a district level but not equity. I guess, as a simple example, students with intellectual disabilities have to be reassessed every three years. Swan has 900-odd students versus West Coast having 300-odd students. So for me I would say there should be a fundamental, higher allocation of school psychologists to do that work within Swan than there is within West Coast before you then get to all the other factors. Those sorts of things, some would say, are built into the formula, but when you look at it, I think there is a 0.2 FTE difference in an entire district across Swan to West Coast, based on socioeconomic need. That is at a district level.

Hon KEN TRAVERS: Just going back, in terms of the reluctance of the department and some of the hierarchy, I guess one of the problems that I have seen already with Balga Works is that it was sort of established through the back door, in a sense. Would that have contributed to the reluctance of those above to actually provide additional funding? I am not even sure if you are aware, but it is my understanding that Balga Works was established on the understanding that it would not actually require additional resources.

Ms Gillett: I was not entirely aware of that. I understand what you are saying. I guess if you look historically, the question would be: how many of the things that are big projects now or programs now were started by one visionary person or a group of visionaries out in a school setting and have then become bigger over time versus have been initiated centrally when perhaps the people centrally are not quite as aware of what those school needs are. So you are right in saying, yes, it has probably been established the wrong way around. However, then again, so have many other programs, including ones still running at Balga - the wrong way around - and they are working very successfully.

[2.50 pm]

Hon KEN TRAVERS: Look, I am not saying that that is not necessarily how good programs get established -

Ms Gillett: No.

Hon KEN TRAVERS: - but that may be part of the reluctance in terms of when you were trying to get additional resources, whether that was ever anything that you were made aware of; that is,

“Well, hang on, this program was supposed to be operating under existing resources, and now, within weeks of its being established, you are asking for additional resources.”

Ms Gillett: I think you are right. I think there is a combination. One is a general reluctance if there is something new. The other is working out whose areas of responsibility it is in a large bureaucracy. Staffing tends to be the group that you go to for additional resourcing. Their role is doing stock standard normal resourcing, although they have had to look after the above formula side of things. They always try, though, to send that to the area of responsibility. So, if it is about behaviour management and discipline, or student things, they would send it to the student services directorate. Those directorates generally do not have funding to suddenly provide large amounts of money to any sort of program, so it comes back to staffing again, and it just becomes a bit of a going backwards and forwards. A lot of things seem to go through a lot of directorates before there is an approval process at the end.

Hon HELEN MORTON: You just gave me the impression that you did not have any understanding of this requirement, or direction, or whatever it was, to stay within existing normal non-multiplier-type school funding. Given that - that is my understanding, anyway - what was your understanding about the type of funding that this program was going to need to get off the ground and get operating?

Ms Gillett: I would not say that I have a completely sound understanding across the board. Certainly my recollection is that there was money always coming, either from the commonwealth or from other departments - government departments more so than non-government - that money was promised and would be here soon. There were certainly those vague sorts of descriptions on the one side. The very first presentation that I can recall, or information I can recall, was when it was the Manufacturing Industry Training Services program - the MITS program - and that they had been able to run successfully with money from private industry and prop things up from that side of it. That said - and this will sound strange - I would not have said that the staffing formula was necessarily additional resourcing, but merely an acknowledgement of the extension of time that the students would have; not asking for more than what they would have within their normal time frame. I can see that certainly it is a significant extra cost if you look at the dollar figure, but I was not aware of any request outside of staffing for additional dollars, although I know subsequently that there was a lot of those dollars required. I am not sure if I answered your question -

Hon HELEN MORTON: No, that is fine. In terms of talking about the promise or the rumours, or whatever it was, about extra money coming, in particular the money from the commonwealth, to what extent were you aware of that?

Ms Gillett: Only aware, I guess, of talk more than anything. Certainly I was not involved in the committees that established Balga Works in the first place. I was not a member that sat on them at all. So, I guess mainly from discussions with Merv, although subsequently there are a couple of documents that I have seen; for example, the then Chief Judge of the Children's Court had sent a letter off to various departments saying, “We need to put some more money in.” He sent a copy of that letter to Michael Carton and Merv, saying, “If you need some help with your program, let me know”, which sort of suggested that things were linked, but nothing more direct than that.

Hon HELEN MORTON: The money that was possibly coming from the commonwealth, was that discussed at the district office with yourself and your colleagues there?

Ms Gillett: Certainly not in any discussion I was involved with, but, again, I was not involved in a lot of those discussions, so I am not sure if it was through any other group or committee within the office.

Hon PETER COLLIER: You mentioned the letter from Sue Gordon -

Ms Gillett: From Denis Reynolds.

Hon PETER COLLIER: Oh, Denis Reynolds; sorry. Did you say the district director sent that?

Ms Gillett: No. He sent a copy of it to Michael Carton, who was the head of Hurson -

Hon PETER COLLIER: Yes.

Ms Gillett: Certainly Merv was the one who gave me a copy. I have got a copy of it here, so I can leave a copy with you, if you would like.

Hon PETER COLLIER: Sure.

Ms Gillett: He had sent that to the Director General of Education, I think DCD, and one or two other government departments. Again, the details are on the letter. It did not specifically mention Balga Works, but it described the need for a Balga Works-style program. The fact that he then referred it to Michael suggested that, I guess, that is what he was supporting and specifically saying, "Let me know if there is anything else I can help with."

Hon PETER COLLIER: Okay.

The CHAIRPERSON: With the multipliers, as I understand it, there were the ones that were given automatically, like the one to do with socioeconomic factors, but the other ones required an approval - the ones that you put forward?

Ms Gillett: Yes.

The CHAIRPERSON: Were they approved?

Ms Gillett: Yes, they were.

The CHAIRPERSON: Do you know why the department did not apply the multiplier to the salaries FTE conversions in 2006, whereas it had done that in 2005?

Ms Gillett: As I understand it - this is where I came out of working at the district office and went into a different position in central for the last term of 2005 and the first half of 2006 - the calculations had been done and agreed to, if you like, in about August 2005, but they were not all paid through. Someone from another area, I gather, had put a stop to them, saying that they were concerned and believed one FTE was one FTE and should not be extended based on week times or the number of weeks. So, it was held off for a while and then eventually paid. Now, I think the reason for holding off in 2006 was probably a nervousness as to whether it was right or not right. That is probably more opinion than anything else.

The CHAIRPERSON: Do you know who that was - who gave the direction for it to be held off?

Ms Gillett: I know it was within schools resourcing branch. I can probably check my records and see if there is a name mentioned in there, but I am not certain off the top of my head.

The CHAIRPERSON: If you could, that would be appreciated

Ms Gillett: Certainly.

The CHAIRPERSON: Thank you.

Hon HELEN MORTON: Can I just follow on from there?

The CHAIRPERSON: Yes, sure.

Hon HELEN MORTON: Were the consequences known of that decision in terms of reducing the amount of funding when it was -

Ms Gillett: I cannot imagine how it could not have been known to - the impact of reducing an amount of funding. I certainly know that I helped put together the paperwork to say "This is the effect of you not paying all of the agreed amount", if you like, in 2005. We certainly wrote back and said, "Well, we have budgeted based on the agreement that you have provided." I am not sure whether there was anything there in 2006, but certainly that was the case in 2005.

Hon HELEN MORTON: What did you say were the consequences?

Ms Gillett: We said it effectively in a budget term; that is, when you have budgeted and planned on programs based on this amount of money that has been agreed to, you cannot suddenly just pull back -

Hon HELEN MORTON: Because?

Ms Gillett: - \$150 000, because the program cannot continue to run in those ways. The exact wording, again, I have got in documentation that I am happy to hand over.

Hon HELEN MORTON: Can we get that, please?

The CHAIRPERSON: Yes, if we could that would be -.

Hon PETER COLLIER: Who did you speak to about that, Melissa?

Ms Gillett: Either - certainly staffing was one group. I am not certain if we spoke to schools resourcing at the same time, or whether we did it through the same correspondence, but eventually staffing then did put through the processes to put the extra money back into the school's accounts.

Hon PETER COLLIER: What, do you mean they had missed -

Ms Gillett: In 2005. They had held some back, but then they did eventually make the payment in 2005.

Hon PETER COLLIER: The reciprocal money, you mean? The money that they missed out on they got, as well as - so the multiplier recommenced then, did it?

Ms Gillett: The multiplier was in place for the whole of 2005. It was not there in 2006 from what I can see, but certainly in 2005 the school eventually did receive the entire amount, although some was held back initially -

Hon PETER COLLIER: Okay

Ms Gillett: - and then paid eventually at the end.

Hon PETER COLLIER: But not for 2006 at all?

Ms Gillett: No. Again, I was not in the district office or in the school for the first half of the year, but looking at the staffing file that comes off the system electronically, there is no indication on there that there was any extra provided in 2006.

Hon PETER COLLIER: So it was Merv Hammond who spoke to you about it, was it, and complained?

Ms Gillett: Merv spoke, and he also wrote a letter, I think to Neil Wilson in staffing - the staffing manager - saying the same thing, but I had been liaising with Merv all the way through on that as well.

Hon KEN TRAVERS: Based on what you just said there, you may not be able to answer this question, but in terms of the multiplier, the multiplier was in place, and they were getting paid in 2005, but at some point they stopped during 2005, but then there was complaints, so eventually they did repay the multiplier for the whole of 2005?

Ms Gillett: For the whole year. It was worked more - it is probably better described in terms of FTE. The student numbers increased dramatically over the course of that year, where it was about 48 kids, I think, in term 1, through to 150-odd by term 4. So we had worked that out to what that meant as a full-time equivalent student for the whole year, and we then had the multiplier. All in all, it was 16.81 FTE. One thing that was different, I guess, is that in most schools they would then use that for 16.81 teachers, whereas because it was a private provider, the entire amount was being converted to salary pool to pay the private provider.

[3.00 pm]

Ms Gillett: I think in the end that the holding back was between two and a half and three FTE, so most of it had been given eventually.

Hon KEN TRAVERS: So there was still some held back?

Ms Gillett: Initially, yes, but I think 18 October, if I recall correctly, was when the final amount was paid through to the school, or agreed to be - whether it hit their bank account then or not, I am not sure.

Hon KEN TRAVERS: When the program recommenced in 2006, it would have been very clear to the program that they were not going to be getting the multiplier for 2006.

Ms Gillett: I would guess so, but I do not know the answer, not having been there at the time, but there is nothing on the staffing sheet to suggest that there was ever going to be anything additional provided.

Hon KEN TRAVERS: For 2006?

Ms Gillett: For 2006.

Hon KEN TRAVERS: Everything in 2005 that would have been expected was ultimately paid, if a bit late?

Ms Gillett: Yes.

Hon HELEN MORTON: If the recipients - in this case, Balga Senior High School - had been receiving the multiplier funding and got the allocated amount for 2005, so that what was held back got paid to them, what is it that would have made them think that they were not going to get it for 2006 eventually, one way or another?

Ms Gillett: Most of the documentation, like the approval on the final amount that had an agreement in principle back from staffing, from Geraldine Farr, said that there would be a review for how things would be the following year, so there was nothing fixed one way or the other. That said, even once the amount was known, aside from the delay, I had communicated to the school what amount they could expect based on that total of 16.81 FTE. At that point, I remember in an email to Merv saying, "This number's not as big as the number that you've got on your budget, so is there a problem?" He had identified that there was a shortfall around that time anyway. I am not sure what impact that had directly on 2006, but certainly that is when it became clear, probably for the first time at the district level, that there was a concern about whether the funding was appropriate or not. That is when John Garnaut made contact with his senior officers centrally. That may well have had a big impact on 2006 figures as well.

Hon HELEN MORTON: Given the - what's the word? - the humming and hawing around the funding through 2005, would it have been a consideration of people, say, at the district office or even at Balga Senior High School that, "If this is going to get fixed up, sooner or later we'll get this fixed up"?

Ms Gillett: My sense from the staff at Balga Senior High School - by staff I probably mean the principal and registrar at the time - was that there was always dollars coming. Those dollars never came to fruition, but I mean dollars from alternate sources, not within the Department of Education and Training. I think they probably had some confidence that things would get better, that people would recognise the strength of the program and the benefits of the program. Whether that was a good assumption on their part or not, I am not certain. Hindsight would say it was not, but at the time, whether it was something that would be the same in any other setting, I am not sure.

Hon SHEILA MILLS: Was there any audit ever done of the numbers supposedly enrolled in Balga Senior High School for which this funding was being claimed?

Ms Gillett: There was, I believe, in term 4 of 2005; I was not involved at that point. Prior to that it had been by Merv providing the numbers in writing, which is the usual process. There is some

mechanism whereby staffing or the census branch can check and send somebody out to a school from time to time. I am not sure what happened in term 4. I know that there was more auditing, I understand, that John Garnaut initiated with one of the other deputy principals in 2006. Certainly, when I arrived at the school midway through 2006, the level 3 that was involved - level 3 being head of department level - from the school side, raised some significant concerns about the process of enrolment, levels of attendance and the like. I am not sure about before that.

Hon KEN TRAVERS: In terms of the expectations that others would sink funding into the school, who apart from the education department would fund the educational side of the program?

Ms Gillett: No-one would be funding the general education side; that would normally obviously come from within the department. I think it is the fact that these kids had so many more needs. There was certainly an indication that the Department of Justice would have a significant involvement, based on the dollars. I remember a figure being bandied about of around \$6 million being saved by not having the students involved or engaged too extensively with Justice. Certainly the courts at the time, when I was involved at the very end, based at the school, were actually remanding kids to the program, so I think it was probably Justice and DCD. There was talk of federal government departments, but I could not tell the committee which ones they were. I am not certain what aspects of the talk came from Michael Carton, versus coming from anything more official than that. Michael was a very convincing fellow who probably was not overly truthful with his words, but he was certainly convincing.

Hon KEN TRAVERS: I still cannot understand how the program - from what I can gather, people identified it; there is a memo here from you that sort of talks about the school being effectively bankrupt back on 10 June 2005. Why was there not an earlier response from the department for more intensive management at the school?

Ms Gillett: Just looking at that one as an example, that was when the school still had not received the staffing allocation, so I think then there was still a general view that if we got the staffing multiplier and could convert that, that it would be all right. That is my recollection at the time.

Hon KEN TRAVERS: I think you also said earlier, though, that the budget that -

Ms Gillett: By August I could see that -

Hon KEN TRAVERS: - the budget that Merv had for what he was running still was not going to be met with a 16.81 FTE.

Ms Gillett: No, and I had not had any knowledge of the budget back in the June part of it, but certainly by then, yes.

Hon KEN TRAVERS: This, I assume, is purely in the education component of the program, and not getting into all the accommodation and the broader program that was being run. No-one knows exactly from where this was occurring.

Ms Gillett: From my perspective, the only involvement I had with it was 2 250 minutes a week, so it was sort of until five o'clock or thereabouts.

Hon KEN TRAVERS: Obviously some of the Department of Justice involvement would be from five o'clock through until nine o'clock the next morning, looking after those kids in that intensive side of it. Was there never an earlier discussion about it anywhere in the department that you are aware of? Let me put it this way: when do you think, from your recollections, the earliest discussions occurred about the serious financial problems that Balga Senior High School was in?

Ms Gillett: Other than the memo the member referred to in June, in terms of trying to get staffing forward, my first recollection of any of that was when I sent the email back to Merv in August, I think, saying, "This figure doesn't add up to the figures that you've put in." To be honest, I am not even sure when I was suddenly aware of that total budget figure, because I had not been involved in

that all the way through, but certainly at that point, when I had seen that number and could see that the two numbers did not add up, I think things moved fairly quickly from there, in terms of -

Hon KEN TRAVERS: So you obviously reported it to John Garnaut.

Ms Gillett: Absolutely, and John then took it straight up with central from there. I know he sent his finance and administration officer to have a look, or to help the school go through the books. I am no expert on the finance side to know exactly what happened from that point, other than the documentation I have seen.

The CHAIRPERSON: Just to add something further with regard to the question you wrote to Mr Wilson in June 2005, could you summarise what the department's response to that was?

Ms Gillett: Not off the top of my head. I guess there is a sense that a lot of things take a lot of time dealing with the staffing levels they have in there. I do not mean to be critical of them and the processes they have there. Often it is a case of putting the words to them to make them understand the urgency of it. If I use where we are at now as an example, Balga is still a school that has very high needs and very different needs according to the kids we have there. We received our salary for conversion from semester 1 this year in October. We put it in in March or April, and it has taken that long to convince people that it is a normal process and that we really need that additional support.

[3.10 pm]

The CHAIRPERSON: So, is that a fairly standard sort of time length?

Ms Gillett: No. Anything -

The CHAIRPERSON: Is it because it is Balga?

Ms Gillett: In my view it is because it is Balga, and it took some fairly impassioned pleas to get things happening - even at that rate. We have not yet finalised the numbers for our semester 2 salary pool conversions. So, this year, we have been effectively running on a negative for a fair amount of time, until it finally comes through. It may have come through somewhere in the last few days, but it has not been very early.

Hon HELEN MORTON: Sorry; can I just clarify that? You have not actually finalised the funding for semester 2 this year, and so you have been running on a negative in a way that the bank - have you got an overdraft? I mean, how does it -

Ms Gillett: Effectively, it is, I guess, a bit of a robbing Peter to pay Paul. You are paying for salaries out of other parts of your budget, and maybe making some purchases of things later than you otherwise would have done. I mean, schools have a decent budget in terms of a decent-sized budget for maintenance and all of the different aspects. So, I guess there has been a lot of money swapping from one bit to another. On paper, it does not actually change the bank account overall, but the school salary pool component has been running below zero until we have the salary pool.

Hon HELEN MORTON: And is that fairly common practice?

Ms Gillett: I do not think so, no. I would think normally -

Hon HELEN MORTON: Is it -

Ms Gillett: From my position as a staffing consultant, when we would get a request to convert FTE to the salary pool, we would normally have it processed. We would receive it in March and have it processed in March, and it would be paid in the first term holidays to the schools, which is thereabouts late March or early April. Perhaps Balga converts a little more than some schools do, which is again based on - our conversion goes towards school psychology time, chaplain, and family support workers for the African refugee families. It is not your standard teaching FTE and so it is probably more than most, but it has been a frustration not to have it done earlier.

Hon HELEN MORTON: Okay, whilst it is not common practice across the board in terms of the whole of education areas, is it more common practice at Balga? Is it something that you know for the last five years would have been, with all of those different programs that you have got running out there and all the special programs, somewhat similar, or is that kind of practice -

Ms Gillett: I think there would be conversions every year. Certainly in senior high schools across the board, there are salary pool conversions. Any conversion of any school that is more than 0.5 FTE has to go through a district director to be reviewed in terms of "Why?" because the intent is that the money is spent on those students that year - that is part of it in terms of government funding. But, also, it is not about trying to reduce the number of teachers that we have got. So, there has to be a fairly solid case put forward as to why you need a conversion to happen. I would have to check the figures, but I would imagine that Balga, along with most senior highs would have converted every year in the last five years.

Hon HELEN MORTON: Yes. No, my question is more around the delay in getting the -

Ms Gillett: No. The delay would not have been - I have somewhat of a conflict: it would have been me doing the conversions in the first couple of years, so I like to think that there was no delay there. The records would be quite clear as to when those things happened, so I can certainly provide that back to the committee on exactly when. No, I believe that the delay has been specifically based on Balga since the Balga Works program.

Hon HELEN MORTON: Okay. Thanks.

Hon PETER COLLIER: The financial difficulties that existed at Balga prior to Balga Works, are you familiar with those financial problems?

Ms Gillett: Not that were unrelated to Balga Works. I have only been aware of difficulties in the other areas of the school's finances or funds that had been allocated to other areas and were moved to Balga Works. I was not aware of anything prior to that.

Hon PETER COLLIER: Okay. My next question is redundant. That is fine.

The CHAIRPERSON: So, for my clarification then, was the dire financial position of the high school prior to your letter of June not known to the Department of Education and Training?

Ms Gillett: It was not known to me and I am pretty sure that I would have been aware if it had it been known to John Garnaut at that stage.

The CHAIRPERSON: What action did the department take when it did become aware of the financial situation?

Ms Gillett: I am not certain exactly - other than from what I have seen in documentation, because I went into central office around that time. I had a month or so in July where I was working at the Police Academy on a secondment; I think it was around July or the start of August. I was back for about six weeks and then went permanently into central for that nine months. From the documentation that I have seen, I know that there were various meetings and things looked at. As far as I can recall, John put up a submission to basically say to the system, "Can you either make a decision to provide additional funding to support the program as it is, to give instruction to cease the program, or to have some sort of a reduced program?" I am not certain exactly what happened as a result of all of that. I suspect that some of it got a bit murky in terms of other investigations that started up in and around that time.

The CHAIRPERSON: Did you receive any complaints in relation to the program; and, if you did, could you provide details?

Ms Gillett: As manager, operations, no, I did not. I did certainly, though, when I was working at the school - in the term, I guess, of me going in there as deputy principal before the program finished, and a little bit after that, I became aware of some complaints from staff employed by

Hurons of non-payment. I was asked to be involved in, eventually, negotiating a settlement with one of those - I guess it was a company providing services. That company, just by way of further information, was owned by Merv Hammond's son, but unrelated to the school. So, I was involved in negotiating that one, and I had certainly had a couple of discussions with staff of Hursons - employees of Hursons. It was not my primary role, but when a person rings in need, I am not one who is just going to say, "Sorry, go and find somebody else." It was enough for me that I did put together an information sheet in terms of their rights with superannuation and with WorkChoices and the like to give to any staff on that side. The other concerns that I had raised with me was by the level 3 program manager at the time in terms of occ health and safety issues. He raised those issues in that same term.

The CHAIRPERSON: And what did you do with those matters?

Ms Gillett: I raised them with the principal and also with the occ health and safety representative in that particular case. By the time the staff issues of the payment came through, that was something well familiar to the department. Mostly, I was giving a stock standard response as to who they needed to speak to or write to on the staffing side of things, but, with the occ health and safety one, there was definitely some conflict there. Adrian Brand was the level 3 in charge at that time. He resigned from that position, and when he did so - and I do not mean this as a negative at all - he was quite disgruntled. When he resigned, he felt that he had not been supported across the board, and there was definite conflict in terms of enrolment processes and in terms of safety processes. On the paperwork that I have seen, I would not disagree with him on any of those things either.

Hon KEN TRAVERS: Sorry; can I just go back? You said earlier that you were involved in negotiating with people who had not been paid by a company associated with Merv Hammond's son.

Ms Gillett: Merv Hammond's son owned a company that provided services to the Balga Works students. So, I do not want to give the exact quote because I will get it wrong, but it provides surfing and yoga and retreat-based services. So, he was one of the suppliers, if you like, that had not been paid.

Hon KEN TRAVERS: So, had not been paid by the high school or by Hurson?

Ms Gillett: By Hurson.

Hon KEN TRAVERS: Right.

Ms Gillett: As I understand it, and it is the only one that I was involved with, where payments had not been made, an instruction was given to one of the other deputies, Gary Taylor, to go through a negotiating process and to come to an agreed settlement. Because he knew Merv's son personally, and he did not want to be involved in that particular one, he asked if I would do it. I agreed, on condition that I had the approval of Keith Newton and John Garnaut to do so. They gave that approval, so I negotiated it from there.

Hon KEN TRAVERS: Sorry, but is it about someone that was employed by his company not being paid, or was it about Merv Hammond -

Ms Gillett: It was about someone being employed by Hurson not being paid, but I am -

Hon KEN TRAVERS: So, where does Merv Hammond's son's company come into it then?

Ms Gillett: That was the company that had not been paid.

Hon KEN TRAVERS: Oh, it was the company that had not been paid.

Ms Gillett: That is right. That was one of the companies -

Hon KEN TRAVERS: So, it was actually that the negotiation was on behalf of -

Ms Gillett: So, I was the department's person. I guess, as I saw it, the department - Gary Taylor in the main, and myself in this case - was a facilitator of the negotiation between Hurson and either an individual or a company that had not been paid -

Hon KEN TRAVERS: Right.

Ms Gillett: - to come to an agreed amount as to what their entitlements were. So, I was the facilitator for that particular account.

Hon KEN TRAVERS: Right. So, in terms of your understanding, how were those matters ultimately resolved?

Ms Gillett: I can only comment, really, on the one that I was involved with, but it seemed that there was a process of saying, "Is the amount that the person is requesting, or the company is requesting, reasonable?" Certainly, that is what I did with, I think it was, the Samudra account. From my understanding, then a cheque was written by the school using department funds to pay Hurson, for Hurson to then pay the provider.

[3.20 pm]

Hon KEN TRAVERS: How did the school get the funds to pay the -

Ms Gillett: I am not certain about that. That is certainly something that I was concerned about on that level of involvement right from the word go as to how it was - it seemed to me to be awfully close to double payments.

Hon KEN TRAVERS: It was either double payments or bringing forward the next term's payments, which was then robbing Peter to pay Paul.

Ms Gillett: It is but looking at the Samudra one as an example, the services had already been provided. So, it was money owing.

Hon KEN TRAVERS: No; the money was owing but the way that the school paid it - whether it was a matter of the education department making an additional payment to the school or whether it made payments that were going to be owed to the school in the following term to allow them a bit -

Ms Gillett: Given this was 2006, so there were no extra staffing payments, my understanding is the school did get an additional payment from the department to make sure that the school finished the year at least at a zero or positive amount rather than a negative amount. So, it was in term 4, 2006. The exact amount, I am not sure about, though.

Hon KEN TRAVERS: Who in the department was instructing, I guess yourself, and Gary Taylor to be involved?

Ms Gillett: On that particular one, when Gary had asked me to be involved, I said that - I mean, everyone was, I guess, fairly nervous by then, and I had said "without authority", so I forwarded that request through to Keith Newton who, I think, was executive director rather than deputy DG then, and John Garnaut, and received an email back from John Garnaut saying, "Yes, you are authorised to do that negotiation."

Hon PETER COLLIER: When was that payment, sorry, Melissa?

Ms Gillett: Either in term 3 or term 4, 2006. I can check the exact date; I have got that in my records.

Hon PETER COLLIER: So that would have been at the time when a lot of the issues with regard to salaries were quite prominent?

Ms Gillett: Absolutely.

Hon PETER COLLIER: Is that the only case that you are aware of in which the department paid a person for a service beyond the funds that were transferred to Balga senior high?

Ms Gillett: I think Gary Taylor negotiated a number of settlements. The Samudra one was only one. It was the one I was involved with. I think for staff who had not been paid there was an instruction given to negotiate and make those payments across the board in a number of cases. I am not sure of the extent of it but my recollection, vague as it might be on it, is that it was a reasonable amount that it would have totalled.

Hon PETER COLLIER: That was for services that Hurson had provided, was it?

Ms Gillett: Yes.

Hon PETER COLLIER: Can you recall how much was paid to that company?

Ms Gillett: No. I would not have a total figure on that anyway. I am really not certain. I can find my figures on Samudra.

Hon PETER COLLIER: Yes, that is what I mean. Is it Samudra?

Ms Gillett: I think it is Samudra or Samudera. I have got them with me but I cannot recall them off the top of my head. I have a file with everything.

Hon KEN TRAVERS: Are you able to find it quickly in your file?

Ms Gillett: Yes, sure. The figure I have - I am not certain if this is the exact amount. Samudra Surf and Yoga Retreats was the company. \$18 630 is the figure I have got. I am not certain whether we negotiated that down or not, but my recollection is that it started higher than that.

Hon PETER COLLIER: Have you got a date there?

Ms Gillett: Certainly when I was asked to be involved in it and got the authority to do so was 28 July, so I would have met with them some time shortly after that. The exact date I am not certain of, but it was not long. I started working at the school on 24 July, so it was pretty early on in the piece. I think Gary Taylor had already done a fair few negotiations prior to and then did some more post that day.

Hon PETER COLLIER: Similar type circumstances, were they?

Ms Gillett: Yes, although, and again it is only on the best of my recollection, most of them were individual staff who had not been paid, as opposed to a company of some form. The same effect; I mean, this is a small company.

Hon PETER COLLIER: If that was July 2006, at that stage, as I have said, there would have been a host of employees seeking wages from Hurson.

Ms Gillett: Yes.

Hon PETER COLLIER: Do you know if they were paid at all?

Ms Gillett: I think they were paid through that negotiation process that Gary did, where the department then gave Michael Carton another cheque to pay on from there.

Hon PETER COLLIER: What was that cheque for?

Ms Gillett: For whatever the negotiated amount was. In this case, if it was that \$18 000 or so, my recollection is then that that figure was given to our registrars, and they drew up a cheque for I think that amount plus GST and then provided that as a cheque to Hurson, and Hurson made the payment to whoever was owed.

Hon PETER COLLIER: That was above and beyond the funds that had already been given to Hurson?

Ms Gillett: As I understand it, yes.

Hon PETER COLLIER: Are you aware of any that did not get paid?

Ms Gillett: No, I am not aware of any that did not, but I am not aware of all of them, so I would be guessing if I said that there were some that were not paid.

Hon SHEILA MILLS: You mentioned earlier on that funding was going to the school and the specific program, but it was getting moved about and going into the Balga Works program. There was one particular amount of \$250 000 that Merv Hammond expected to go towards the Balga Works but went to the Aboriginal Aeronautics program. Are you aware of that money ending up going to Balga Works?

Ms Gillett: I have never even heard of the Aboriginal Aeronautics program.

Hon SHEILA MILLS: At Balga Senior High School - no?

Ms Gillett: There is an Indigenous Sports program but I have never been aware of any aeronautics program of any form for any students at Balga. There is an aeronautic program at Greenwood and Morley, the nearest ones, and Kent Street, but certainly not at Balga that I am aware of in the last 10 years.

Hon PETER COLLIER: Does the figure of \$250 000 raise any memory at all?

Ms Gillett: That might have been the figure that the department provided to, if you like, bring Balga into the black at the end of 2006.

Hon PETER COLLIER: Oh, no, this is 2005.

Hon SHEILA MILLS: Provided by the Aboriginal education director?

Ms Gillett: No; it does not ring a bell at all.

Hon HELEN MORTON: I had that question down to ask you about. Were you aware that early in the piece Robert Somerville had actually promised that \$250 000 would be made available to the Balga Works program - that was very early in the piece?

Ms Gillett: No, not aware of that at all.

Hon HELEN MORTON: But there was a subsequent decision to not allow that money to flow.

Ms Gillett: No I am not. That said, again, as manager ops, I am not sitting on every committee that is to do with it. Someone within the VET program at the district office may have been aware of that, but it is not something I am aware of at all.

Hon HELEN MORTON: You made a comment about your concern about double payment. Can you explain what that is?

Ms Gillett: It just seemed strange to me that if people had not been paid by the company, but the impression I had had was that Hurson as the company had been paid by the department. The school had given Hurson the funds that they were entitled to or had been agreed to. Hurson had not made payments so we were negotiating, not for us to pay them directly, but to end up giving a cheque to Hurson to pay them. It seemed to me that that was a double payment; we had already given the money to Hurson. That is based on how it was described to me. I was not involved intimately in the finance side of it. I was surprised that what happened when I had finished negotiating this particular one was that our school then wrote a cheque to Hurson for that amount. That is not what I was expecting. I am not sure what I was expecting, but that was not it at the end of it. It certainly seemed to me to be the same as paying Hurson twice for the same service. I do not think the people at the other end got paid twice.

The CHAIRPERSON: Do you think Hurson might have been doing something else with the money?

Ms Gillett: My faith in Hurson is not even at the level that I would describe as low level of faith. It is way below that. I could not honestly tell you exactly what was happening there. Subsequently, Michael as the director has pleaded guilty to charges over east, as we know. At the end of all of this

and there are the charges that have been preferred against Merv Hammond, I would be disappointed if there were not things like that looked at very closely in relation to the Hurson people. I am not sure if that answers your question.

Hon PETER COLLIER: Did you say director of Hurson?

Ms Gillett: I only ever knew it as being Michael Carton was Hurson. From what I have seen in the media since, I gather that his wife is also a director of the company.

Hon PETER COLLIER: You were under the impression, were you, that he was the director?

Ms Gillett: I understood that he was the owner, if you like. I am probably not using the correct terms from a legal point of view, but Michael's company was Hurson.

Hon PETER COLLIER: Did he give you that indication?

Ms Gillett: I never received any other indication from him - whether he actually said it that directly or not, but that has always been my understanding and still is my understanding, other than, as I said, bits that I have seen in the media subsequent.

[3.30 pm]

Hon KEN TRAVERS: I think you may have answered this question just before, but as part of that negotiation process, it was purely about determining whether or not the person had actually provided services to Hurson and whether that was a fair value. There was then no requirement, as part of your negotiations, to try and factor that back into a total pool of what had already been paid to Hurson's or -

Ms Gillett: No.

Hon KEN TRAVERS: - in any other way factor it back into the services that may have been provided by Hurson's to the school.

Ms Gillett: That is right. My role was only to assess the claim that was made by Samudra to say is this a reasonable bill, if you like, that they are putting towards Hurson, so it was a matter of checking it. Michael had said, for example, "Oh, no; they didn't actually do this that weekend", so there was a discussion as to whether that was the case or not, come up with a final amount and that was it. There was nothing involved in whether or not the hourly rate was fair or not or whether Hurson had already been given the money or anything like that.

Hon KEN TRAVERS: You mentioned earlier that the process was described to you by somebody. "As it was described to you", I think were the words you used. Described to you by whom?

Ms Gillett: The negotiation process?

Hon KEN TRAVERS: Yes.

Ms Gillett: By Gary Taylor, who was doing the rest of the negotiations, bar this one, as I said, because he knew the person involved.

Hon KEN TRAVERS: But no-one more senior ever - I mean, in your communications with people like John Garnaut and Keith Newton, that was never discussed about what the process was?

Ms Gillett: Certainly not with Keith. Other than - no. The notes that I have got in front of me via email were simply saying, "Could I be involved in the arbitration?" and saying, "Yes, you can." There was nothing more than what I was instructed to do. I say "instructed" but that is probably not the right phrase, but other than what was described to me by Gary.

The CHAIRPERSON: In terms of additional requests from the school for more funding, we have talked about that a little bit. Have you covered all the additional requests for funding and what flowed out of that, in your sense of what you have said to us this afternoon?

Ms Gillett: I think so. I did not have any direct involvement in funding with any other agencies. The only other part is that a component of the school grant comes from the number of enrolled students, so we certainly put the adjusted figures through to the school's resourcing for that as well. I am not certain exactly how much we received from that, although, again, I can find that out. I know that there was - I took in a letter and delivered it to them saying these are our extra students and they had responded some time later saying this is an unusually large amount of extra students that we would not expect to have happen down the track, but they did make the payment, from recollection. That is the usual school grant in terms of - that covers everything, electricity, all the normal school operations.

The CHAIRPERSON: Were you satisfied that those numbers accurately reflected the numbers that were attending - or involved, sorry?

Ms Gillett: At the time I submitted the numbers given to me by Merv and I did not have any knowledge of whether they were accurate or not. I had not been out there visiting and looking at the school. When I was working out there in term 3, 2006, then I raised the concerns about the numbers myself, because I could physically see that there were very few people and the numbers that I had been putting forward the year before were up to 150, and when I could not see more than 20 people in the same place at the same time then I took that through as, I guess, the deputy side of things was pretty concerned about that then.

The CHAIRPERSON: In general terms, in your time that you had contact with the program, did you see any other problems that you saw with the program?

Ms Gillett: When I was at the school I saw a lot of problems with it. Given that things were - when I was based there, things had already started becoming quite public and it was coming to the end of the program, if you like. I think there might have even been some media coverage by then. I can remember saying to one person, "Find me a single pen in the room that these students are in and I will take that as enough evidence that they are doing something to do with literacy", because I was confident that they would not find a pen. It seemed an ad hoc babysitting service, which is a pretty tough one to provide with the kids of that level of need. Michael was not there all the time. The staff did not seem to me to have the skills to deal with the students that were there, many of them coming under different levels of influence of alcohol and drugs. There were not many positives that I could see when I arrived at the school on the deputy side of things at all.

The CHAIRPERSON: Which was when?

Ms Gillett: July 2006.

Hon PETER COLLIER: What were they actually doing? What were the kids doing when you were there?

Ms Gillett: There was an art person there, so they were doing some bits of painting, but I think, generally, if I had gone into that room, I would see eight or nine students in there and there were some kids that I understand who were -

Hon PETER COLLIER: How many staff - sorry?

Ms Gillett: It varied - three, four, five; not as many, again, as what I had seen on the books. Even then when Michael was submitting payroll information with a list of names, I straightaway said, "Where are these people because I have not seen all of these people?"

Hon PETER COLLIER: In terms of the qualifications of the staff, did you have any concerns about that?

Ms Gillett: I did not know all of them. In terms of their qualifications, it was more what I was aware of them. I know that one had worked in the youth work area. One artist that came in at the end was on her way to completing her qualifications and she came in right at the end of term 3 and we thought she was quite competent. Whether she was formally teaching qualified or not - I

understand only from names that I have seen in terms of negotiating payments afterwards that there was at least one qualified teacher in there, but I am really not certain beyond that.

Hon PETER COLLIER: As deputy - I mean, it is the responsibility of the principal, is it not, to determine the qualifications or thereabouts of the staff, but in this instance, because the private provider was providing the staff, where does the onus of responsibility lie in that instance?

Ms Gillett: I think that it is a two-sided question. On the one hand, the principal is always responsible for the safety of the students on their school site or engaged in any school activity and the fact that there is a private provider does not change that. That said, it is the first time I think that there has been such an extensive use of a private provider for a program to provide the fundamentals. It might be that you have got a company coming in to do something with kids for a day, but not usually as in doing the entire program from one side to another, so it is different from normal on that. But it does not change the fact that the principal still has responsibility for maintaining the safety and wellbeing of all of the students on-site and from a WorkSafe point of view, occ health and safety, from all people that are on that site, be they directly employed or not directly employed.

Hon PETER COLLIER: What would you assume that the staff that were working at Balga Works would be qualified to do?

Ms Gillett: I would have hoped that there would have been some that were either qualified teachers or cert 4 trained.

Hon PETER COLLIER: Why cert 4 trained?

Ms Gillett: I guess because I see that as depending on - if you look, for example, at the work I did with the police department, the police officers are not trained teachers, but they have all done their cert 4 training to be able to teach other police officers or the recruits, so at the very least I would have said cert 4 or teachers.

Hon PETER COLLIER: Did they have WACOT numbers, do you know?

Ms Gillett: WACOT came in when - I am not sure that it was really in quite when all of that was happening -

Hon PETER COLLIER: It would have been then.

Ms Gillett: - but I would have been surprised if any of them had WACOT numbers. One of the staff subsequent, who was actually doing his dip ed - or still is doing his dip ed; finishes it this year - we have employed as an untrained teacher this year and we got his WACOT accreditation after the program had closed, so he certainly - I think he was as close to qualified as any of them were, and he did not have a WACOT number prior to that - to us employing him directly.

Hon PETER COLLIER: As far as you are aware, Michael Carton did all the employing, did he?

Ms Gillett: Yes, as far as I am aware, other than Adrian Brand as the level 3 that the school provided to oversee, and Adrian, I think, has raised his concerns fairly straightforwardly with a number of people on the way through outside of that.

Hon PETER COLLIER: The trade training component of the course, do you know what the kids were doing there?

Ms Gillett: No. I know that there was some discussion that they would do the certificate of general education. That is all I am aware of. I do not know whether they were enrolled. I know when we first put the staffing submission together that one of the things that was stated quite clearly was that the FTE was to cover any component of education and training, so they should not be enrolled at a TAFE as well as being enrolled at the school because they were being funded for the extra hours already. But whether there were any enrolments, I am not certain at all.

Hon HELEN MORTON: In the scheme of things, with your experience, having worked some of the time in the department as well as at district and at school level, how big an issue was this at the department level?

[3.40 pm]

Ms Gillett: I think it probably depends on what month you are asking the question in. By the time the auditors - the MITS company that was doing their books, if you like, when they went into bankruptcy or insolvency over east, when they sent a request through to the minister to ask for \$3 million, I think that it was an extremely high priority in the department at that point.

Hon HELEN MORTON: Can you just remind me what month of the year that was, around about?

Ms Gillett: Can I just check my -

Hon HELEN MORTON: Yes, sure. November '05?

Ms Gillett: It was certainly - it was when I had gone into central office; 25 October 2005 is when Bird Cameron wrote to the minister.

Hon HELEN MORTON: '05, yes?

Ms Gillett: '05; so it certainly was then. I know that John had raised it as a concern earlier, and I know separately that through normal school review processes in 2004 and 2005 John had raised issues about school management, which is why there was the additional deputy principal put in that school halfway through 2004; and finance and proper adherence to department finance procedures was raised by him in reports in both those years.

Hon HELEN MORTON: So would you say that from that time on, well at least for the next six months, it was a relatively high-order issue -

Ms Gillett: Yes.

Hon HELEN MORTON: - within the Department of Education and Training?

Ms Gillett: I would say so, yes, given that I was in central for part of that so I was not - my knowledge of it there was that I was physically located next to the ministerial liaison unit; so it was more just being aware of letters and things coming in at that stage.

Hon HELEN MORTON: Was it something that you believed - I know that you probably do not know for certain - but is it something that you would believe that the executive would -

Ms Gillett: As I understand it, once John Garnaut became concerned about the finances, he put together a committee - I am pretty certain it was operating in term 4, if not term 3 of 2005 - that included the director of the then complaints management unit, Peter Denton, Keith Newton, and Peter McCaffrey, who was director or executive director finance; and Keith was executive director schools at that stage, both then deputy director general. My understanding is they were both involved and I think someone from audit as well. So, certainly that means the executive should have been well aware of it.

Hon HELEN MORTON: Yes, but would they - I do not even know how the executive would operate, but would it be something that they would discuss, say, at a monthly executive meeting or something of that nature?

Ms Gillett: I am not certain whether it would be something discussed at corporate executive, which I guess is the top committee structure at the top end of the department. I know that John had those meetings regularly with that group as a committee. How often, I am not certain, though, but I know it was specifically formed to discuss Balga and the Balga Works program and the management of the program.

Hon HELEN MORTON: What were the other issues occurring at the same time that probably had the equivalent prominence?

Ms Gillett: At a departmental level?

Hon HELEN MORTON: Yes.

Ms Gillett: I guess there we were starting to get some discussion about whether year 7s would become part of secondary schools at that stage. Thinking probably more from my level of involvement, we had a fair bit to do with Max Trenorden and reviewing the schooling out Northam way.

Hon HELEN MORTON: I am just trying to get an understanding of when you say it was a significant issue, just how significant that means.

Ms Gillett: I am not aware of any other committees that have been formed on schools that have got a couple of executive directors and three directors involved on them. In all of my time I have not been aware of that to manage a school issue at all. So, I think that would suggest that it was fairly significant. I am not sure how far known it was further above that and I know just, I guess, from an ad hoc side of things that when I indicated to people in central that I was leaving to go out to be the deputy at Balga, I have never had so many warnings given to me in my life to be careful when I got there. So, that again suggested that it was on the top of a lot of agendas, I think.

Hon KEN TRAVERS: You said that when you got there, earlier on you made the comment that you noticed, one, that there were not that many students there, but also there were a lot of people. I think you said something about when you got there Michael submitted invoices for staff and you asked him sort of the question that you had not seen them. What was his -

Ms Gillett: I did not; I did not ask Michael that question. I just commented on that more. At that stage everyone was aware that there were significant problems and I was not going to be raising anything directly with Michael. Anything I was saying I was taking straight to John Garnaut and at that stage even bypassing Merv if I was really concerned about it.

Hon KEN TRAVERS: Right, so did you raise that concern?

Ms Gillett: I did. I raised that in September at that - as I said, it was not my responsibility to look at attendance, but I raised the attendance issue and then the number of staff that would have been there in September with John. And I gather he had already - that had already progressed further up the line. It was just the first time that I guess I had some direct contact with it; but I sent further up, but yes, it did -

Hon KEN TRAVERS: But you are not aware of what happened as a result of that; you never got feedback as to what occurred as a result of you raising it?

Ms Gillett: I have presumed that it has been part of the CCC investigations.

Hon KEN TRAVERS: Right, but at the time you got no feedback about this thing?

Ms Gillett: No. That said, though, I would not expect to - I am not sure if you have met with John Garnaut, but he is a man that very much follows the procedures and he is probably one of the most corporate people that I have ever worked with in terms of making sure that things follow processes. Now, by that stage I was in the school as the deputy principal. It would not have been the normal procedures for him to come back to me with a principal in between. Certainly when Geoff Harris took over in term 4 everything would have gone back to Geoff and I would never have expected John to bypass other people to come back with anything other than what he should have come back with; and I guess that is just my knowledge of him the whole time I have worked with him.

Hon PETER COLLIER: I am trying to word it, but, you know, from your perspective, Melissa, I mean you were in head office in 2006 and you are saying it was a fairly prominent issue within the department; yet the program continued and it was to continue with Merv Hammond still as principal and Hurson Pty Ltd was still the private provider that was delivering the service.

Ms Gillett: I think, and again given that I was not directly involved in central because it is not the job that I was doing at the time, there was a process set up to put out to tender the program; and I know, I believe at the end that a decision was made that none of the - I think there were three people or three companies put in a bid and none of them met the tender requirements within the price range. So that was resolved by October, which was why the program was then stopped at that point; but I am not certain when that process was put into place exactly.

Hon HELEN MORTON: Just one other. At the very beginning of your discussion today you made the comment about when you went out there, there were some discoveries that you made that you had not anticipated. Have you covered all of those or are there any other discoveries that you found that would help us in our investigation?

Ms Gillett: There were two other matters that I referred through to John Garnaut in relation to expenditure - or probably three other matters in relation to expenditure on Balga's accounts that I had concerns with that may or may not be, I think are, the subject of some of the charges that have been preferred against Merv since then. That is a tricky one for me because other than now, I do not think, besides John Garnaut, that anyone is aware of the fact that it was me that identified those. One of them was the school's corporate credit card that had some really unusual expenditure on it that I understand was expenditure that Michael had made or done. I am not certain, which is why I passed it further up the line.

Hon HELEN MORTON: Unusual; would you like to be a bit more explicit?

Ms Gillett: I think, from memory, there were two items on there at a service station of exactly \$2 000 that did not seem to be -

Hon PETER COLLIER: What, for petrol?

Ms Gillett: It did not seem to be fuel or I could not quite work out what they were. I think, from memory, there were over half a dozen airline tickets, to Melbourne and back, that I understand were flights Michael took. So those certainly I referred through to John Garnaut and had a meeting with him about them; and there was also a matter of something to do with car tyres and whose car they had been on and who was responsible for that bill; but I think the CCC has looked into that one fairly closely. The third one was the mobile telephone bills. The school - and perhaps because I had not been in a school for 10 years, perhaps a lot of schools have got a lot of mobile phones, but Balga seemed to have a mobile phone almost for everyone; and when I saw the phone bill that literally came through at two to three inches thick for all of the bills on the way, and that Michael's was \$500 for a month; and then looking down at his staff I raised that as a concern with John Garnaut as well, just in terms of the amount that the school was paying for and whether the school should be paying those bills or whether that was another expense that Hurson's should be paying. I am not sure what the outcome of all of those investigations were.

[3.50 pm]

Hon PETER COLLIER: Melissa, if you have any documentation at all that you think might be helpful to this inquiry it would be really very much appreciated.

Ms Gillett: Sure, I will go -

Hon PETER COLLIER: If you have got anything? Certainly.

Ms Gillett: I have got everything that I have got here but I will go through it all and -

Hon PETER COLLIER: Anything that you think would be helpful would be -

Ms Gillett: I am hopeful you will have a huge amount of it already but I will assume that you do not have anything.

Hon PETER COLLIER: We have got nothing!

Hon KEN TRAVERS: And there were some particular ones that we asked for after, if you can provide those.

Ms Gillett: Yes.

The CHAIRPERSON: That will be very clear because when you get the transcript that will be - you will have - verbatim what we actually said, “Could you follow this up with that”, so -

Ms Gillett: Sure.

The CHAIRPERSON: If members have not got further questions, I thank you very much. It has been very useful to meet with you this afternoon and thank you for your time.

Ms Gillett: You are welcome, thank you very much.

Hearing concluded at 3.49 pm
