



COMMONWEALTH OF AUSTRALIA

SENATE

Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING
LEGISLATION COMMITTEE

WEDNESDAY, 25 FEBRUARY 1998

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SENATE

WEDNESDAY, 25 FEBRUARY 1998

EMPLOYMENT, EDUCATION AND TRAINING LEGISLATION COMMITTEE

Portfolios: Employment, Education, Training and Youth Affairs

Members: Senator Tierney (*Chair*), Senator Carr (*Deputy Chair*), Senators Ferris, Mackay, Stott Despoja and Synon

Senators in attendance: Senators Allison, Carr, Cooney, Crowley, Chris Evans, Mackay and Tierney

Committee met at 9.12 a.m.

DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING AND YOUTH AFFAIRS

Proposed expenditure, \$62,996,000 (Document A).

In Attendance

Senator Ellison, Minister for Schools, Vocational Education and Training

Department of Employment, Education and Training

Mr Wayne Gibbons, Deputy Secretary

Mr Peter Grant, Deputy Secretary

Program 1—Schools

Ms Aurora Andruska, Acting First Assistant Secretary, Schools Division

Mr Chris Evans, Assistant Secretary, Budget and Coordination Branch

Dr Evan Arthur, Assistant Secretary, Literacy and Special Programs Branch

Mr Peter Buckskin, Assistant Secretary, Indigenous Education Branch

Mr Matthew Davies, Director, Indigenous Education Strategic Initiatives Program

Mr Bruce Furze, Director—Financial Management Section, Aboriginal Education Direct Assistance Programs (AEDA) Section

Ms Mary Johnston, Assistant Secretary, Quality Schooling Branch

Ms Helen Tracey, Acting Assistant Secretary, Schools Resources Branch

Mr Michael Goonrey, Director, Government Recurrent Grants Section, Schools Resources Branch

Program 2—Higher Education

Mr Michael Gallagher, First Assistant Secretary, Higher Education Division

Dr Tom Karmel, Assistant Secretary, Operations Branch

Ms Stella Morahan, Director, Private Funding Section

Mr Bill Mutton, Assistant Secretary, Funding Branch

Program 3—Vocational Education and Training

Mr Tony Greer, First Assistant Secretary, Vocational Education and Training Division
Ms Lorraine White, Assistant Secretary, Industry Policy Branch
Mr Peter Dowling, Acting Assistant Secretary, Entry Level Training Branch
Mr Rod Manns, Assistant Secretary, Vocational Education and Training Reform
Ms Linda Laker, Vocational Education and Training Division

ANTA

Mr Terry Moran, Chief Executive Officer
Mr Chris Eccles, General Manager
Mrs Jan Johnman, Director, Resources and Management
Mr Peter Noonan, General Manager

Program 4—Employment

Employment and Purchasing Division

Mr Ian Campbell, First Assistant Secretary
Ms Leslie Riggs, Head, Mutual Obligations Task Force
Mr Bob Harvey, Assistant Secretary, Employment Market Development Branch
Mr Russell Patterson, Assistant Secretary, Indigenous Employment Initiatives Branch
Mr Finn Pratt, Assistant Secretary, Resources and Analysis Branch
Ms Sheila Butler, Assistant Secretary, Work for the Dole Task Force
Mr Peter Reeves, Assistant Secretary, Regional and Employer Servicing Branch
Ms Ashlyn Farelly, Acting Assistant Secretary, Service Delivery Strategies Branch

Centrelink

Ms Carolyn Hogg, National Manager, Employment
Ms Sue Finnigan, Manager, Work for the Dole

Employment Services Regulatory Authority—ESRA

Mr Denys Martin, Acting Chief Executive Officer
Mr Ken Cooper, Director, Services
Ms Helen Rawicki, Director, Case Management Support

Program 5—Youth, Students and Social Policy

Ms Jenny Delroy
Ms Gwen Davies
Mr Colin Walters, First Assistant Secretary, International Equity, Youth and Students
Ms Frances Davies, Assistant Secretary, Youth Bureau
Ms Mylinh Hardham, Assistant Secretary, Equity and Participation Branch
Mr Peter Whitney, Assistant Secretary, Student Assistance Policy Branch

Centrelink

Ms Fiona Howell, National Manager, Youth and Students
Mr David Batchelor, National Manager, Gateway Management

Ms Pam Wilkstone, Manager, Youth Allowance
Program 6—Portfolio Administration and Advising
Analysis and Evaluation Division

Dr Wendy Jarvie, First Assistant Secretary, Analysis and Evaluation Division

Ms Linda Lipp, Assistant Secretary, Skills Analysis and Research Branch

Mr Bob McHugh, Director, Sectoral Analysis Section

Mr William Thorn, Assistant Secretary, Evaluation and Monitoring Branch

Dr Paul Volker, Assistant Secretary, Economic and Labour Market Analysis Branch
Operations and Performance Division

Mr Bob Correll, First Assistant Secretary, Operations and Performance Division

Mr Pat Watson, Assistant Secretary, Finance Branch

Systems Division

Mr John Burston, First Assistant Secretary

Employment National

Mr Rod Halstead, General Manager, Corporate Affairs

Mr Donald Swan, Chairman

Human Resources Division

Mr Bill Burmester, First Assistant Secretary, Human Resources Division

Mr Tony Swift, Acting Assistant Secretary, Purchasing Branch

Legal and Review Division

Mr Brian McMillan, General Counsel

Mr Keith Thomas, Acting Assistant Secretary, Fraud Prevention and Benefits Control Branch

International

Mr John Rowling, Assistant Secretary, AIEF Branch

Ms Barbara Bennett, Assistant Secretary, International Policy Branch

Secretariat

Finance Branch

Mr Robert Hesterman

Ms Paula Ridgway

CHAIR—I declare open this public meeting of the Senate Employment, Education and Training Legislation Committee. The committee has already examined the additional expenditure of the portfolio at its hearings on 12 November 1997. Today we will be conducting supplementary hearings into those matters of which senators have given notice. Under the procedural orders of the Senate, these proceedings are confined to matters to which notice has been given. For this supplementary hearing, all subprograms have been nominated. The committee has agreed to the minister's request that questions relating to Employment National be deferred till Friday of next week.

This means that program 4 and program 6, to the extent that they relate to Employment National, will not be dealt with today. We will by Friday week have the advantage of hearing Minister Kemp's announcement on the services tendered for Employment National

and other details of government policy. The committee looks forward to hearing some further information on this policy from Minister Ellison on this additional day, and the committee has decided that on that day, Friday week, we will meet from 9 in the morning till 3 in the afternoon.

The committee has resolved to take evidence from the Department of Employment, Education and Training in the order of program 3 first. Then the committee has agreed to meet from 9 until 1 and from 2 to 6.30 today and from 7.30 until completion at approximately 11 p.m. The date for submission by the department of written answers to questions on notice has been set at 1 April 1998. I remind participants that all oral evidence and documents in estimates proceedings are part of the public record.

I welcome Senator the Hon. Chris Ellison, Minister for Schools, Vocational Education and Training. I would also welcome officers of the Department of Employment, Education and Training and Youth Affairs. Minister, do you wish to make an opening statement?

Senator CARR—Before he makes that statement, I just need to—

CHAIR—Order! Senator Carr, we should allow the minister to make the opening statement first.

Senator CARR—I just wanted to clarify a remark that you have just made. I understand that the committee will be available for Friday should there be a need to carry out the business for the other programs. I do not recall hearing that in your statement.

CHAIR—That is correct. Minister?

Senator Ellison—I have no opening statement, Mr Chairman. I might clarify the opening remarks you made. As I understand it, program 4 will be put off till Friday next week and that part of program 6 which relates to any announcements made tomorrow will be put off till Friday next week.

CHAIR—We will be considering the other parts of it.

Senator Ellison—Therefore, do I take it that the officers concerned with program 4 are released from the committee for today's hearing?

CHAIR—Yes.

Senator Ellison—And then whatever we have left over from tonight which does not relate to the areas I have just described can go through till Friday?

CHAIR—Yes.

Senator Ellison—Thank you. On that understanding, perhaps the officers for program 4 could be released.

Senator CARR—Before they go, though, there are some questions that we would like to ask in general terms, and I would hate it if any of the officers who are to be dismissed would have the answers. We are happy to let them go in about five minutes. We have some general questions concerning this fiasco. I would ask—

CHAIR—So your questions relate to procedure?

Senator CARR—Yes, that is right. Firstly, could I ask: where is the Secretary to the department today?

Senator Ellison—The Secretary to the department is no doubt attending to departmental matters. The last time the Secretary did not attend.

CHAIR—It is not usual, Senator Carr, for secretaries to attend. That is the normal procedure.

Senator CARR—This is a matter of some dispute, because former secretaries of this department have attended regularly.

CHAIR—Not when you were in government.

Senator CARR—That is not the case.

CHAIR—It is.

Senator CARR—Furthermore, the secretaries of other departments attend estimates. I notice it is becoming a pattern for this secretary not to attend the committee. I understand there will be times when he will be busy with other matters, but I think it would be a courtesy to let us know when he is available, because there are issues that I think only secretaries can deal with that go to the operations of the department.

CHAIR—Senator Carr, when I was in opposition and on this committee for five years, I cannot recall the secretary ever attending; it was always a deputy secretary. What we are doing now is just normal procedure.

Mr Grant—The secretary is attending to departmental business today, but he has indicated that it is his intention to be present when program 4 is considered, and in particular for those matters relating to the Employment Services Market and associated tender processes.

Senator CARR—There might be some other matters that he wishes to attend for as well. Perhaps we will come to that. I appreciate the answer you have given. Could I ask, Minister: when was it that you were aware of the committee's proposed agenda for these hearings?

Senator Ellison—That depends on which agenda you are talking about, because it has changed. When you describe the committee's agenda, can you tell me which agenda it is?

Senator CARR—I am talking about the document 'Additional Estimates 1997-1998, Supplementary Round—Agenda' for Wednesday, 25 February from 9 a.m. till 11 p.m. for the Department of Employment, Education and Training, which goes through the various programs. When were you made aware of that agenda which designated that program 4 would be discussed at 2 p.m. today?

Senator Ellison—Perhaps I could have a look at the document?

Senator CARR—Have you got a copy of that document? When was that sent to them? Is it possible for the secretary to show that to—

Senator Ellison—This would have been received by my office I think some time last week. I cannot be more certain than that.

Senator CARR—Minister, when did you say that your office received this?

Senator Ellison—This would have been received some time last week. I cannot be accurate as to the date. I was made generally aware of it at about that time.

Senator CARR—When were you made aware that the senior minister would be making a statement on program 4?

Senator Ellison—That would have been, I think, to the best of my recollection, before I left Perth on Monday to come to Canberra, which would have been in the afternoon.

Senator MACKAY—With respect to what, Minister?

Senator Ellison—The ministerial announcement.

Senator MACKAY—I was sent at my office yesterday at 4 o'clock confirmation of the original timetable which had been negotiated with the opposition which scheduled Employment, program 4, for today.

Senator Ellison—Bear in mind that I did not arrive from Western Australia, which with the time difference takes some time, until late Monday night and was not able to attend to this until Tuesday in Canberra. So you got it that afternoon. We discussed the matter with the committee chairman and then you were notified. That is how I understand it.

Senator MACKAY—But what I got in my office was confirmation of what had been negotiated, which was that program 4 was scheduled for today. Yesterday afternoon at 4 o'clock we were not advised that there had been a change in the program until approximately an hour later, 5 o'clock.

Senator Ellison—With respect, my office is not the committee secretariat.

Senator MACKAY—No, I appreciate that.

Senator Ellison—Can I say to you that we contacted the chairman, who then contacted, I understand, committee members to advise them as to what a proposed course of action would be. It would then have been up to the committee. We are after all in the hands of the committee.

Senator MACKAY—I appreciate that. If I may say so, I think the committee has been put in a fairly difficult position. But when was the chair contacted and by whom?

Senator Ellison—The chair was contacted, as I recall, by my chief of staff. I can ask him, because I do not have that in my direct knowledge.

I understand, Senator Tierney, that you were in a public meeting yesterday. My chief of staff advises me that he tried to get in touch with you, but obviously you were occupied at that meeting. He left a message for you to get back to him, which you did at your first opportunity, I am advised, and that you did so about mid-afternoon. So there was some delay in making contact, because Senator Tierney was involved in a public meeting.

CHAIR—With three MPs and several hundred people in a public hall.

Senator Ellison—There was that difficulty, which is not unreasonable.

Senator MACKAY—When is the minister making his announcement?

Senator Ellison—Tomorrow.

Senator MACKAY—We were advised yesterday that it could be either Thursday or Friday.

Senator Ellison—I am advised that it is tomorrow. I do not have the exact time, but some time tomorrow.

Senator MACKAY—I am just curious, because I understand that the minister's office advised the press gallery last week that the announcement would be made this Thursday.

Senator Ellison—That is something you would have to ask the minister's office. I am not privy to that information.

Senator MACKAY—What do you think about a process by which the opposition is advised at 5 o'clock prior to estimates that the whole program will be changed to Friday? We were advised that the minister's announcement may be either Thursday or Friday. Obviously, we were geared up and had negotiated and had agreement with the government for employment to be on today.

Senator Ellison—I have been in the Senate for nearly five years and have extensive Senate committee experience. That is par for the course for any Senate committee, including Senate estimates committees. I remind you that, when you were in government, that happened not infrequently. In fact, on some mornings you would arrive at your committee and be asked to rearrange the program. That was quite a normal process. I fail to see where the problem is. I mean, you were given the notice as quickly as possible from my office—and the chairman—and reasonable efforts were made to do that.

Senator MACKAY—The problem is that the minister's office was obviously intending to make an announcement with regard to the successful tenderers at least a week ago on Thursday.

Senator Ellison—You are relying on hearsay evidence, which has not been proved. Therefore, I cannot accept that.

Senator MACKAY—You were advised on Monday.

Senator Ellison—Just before I left on a flight from Perth. Senator Evans will tell you that it does not take five minutes from Perth. I was flying for some six hours—with the time difference—and got in late at night. The first opportunity I had was the next morning. I confirmed what was happening. My chief of staff endeavoured to contact Senator Tierney, who was at a public meeting. Senator Tierney got back to my chief of staff at the first available opportunity. I think he phoned from a public phone box. I do not think you can do much better than that.

Senator CARR—When did the department know about the government's intention to make an announcement in regard to these matters?

Mr Gibbons—The department has been aware of the government's desire to make an announcement as soon as the tender process had been finalised. I have not been involved directly in the tender process, but it is my understanding that it was still being finalised as late as yesterday morning.

Senator CARR—So as to the notification of the committee's proposed agenda for your department, when did the department receive that?

Mr Gibbons—I was aware of it last week.

Senator CARR—The relevant section of your department which handles these matters would presumably be aware of the government's intention to make an announcement on these matters; is that the case?

Mr Gibbons—We are certainly aware of the government's intention to make an announcement as soon as all contracts associated with the employment of a tenderer have been finalised. The exact date and time of the announcement are still up in the air.

Senator CARR—When did you advise the government that there might be a conflict between the committee's proposed agenda and the government's announcement?

Mr Gibbons—I am not quite sure I understand what you mean by a conflict with the committee's proposed agenda. We did inform ministers that, pending the finalisation of contracts and the announcement, officials would not be available to answer questions on matters going to the outcome of the agenda.

Senator CARR—When was that done?

Mr Gibbons—The earliest advice on that would have been, I think, Monday of this week.

Senator CARR—So on Monday the government knew that officers were not available?

Mr Gibbons—That officers were available to attend program 4 at the committee's pleasure, but that there would be problems answering questions about the outcome of the employment services tender if program 4 was taken on Wednesday.

Senator CARR—Did the advice from the department have any bearing on your understanding of the difficulties in the proposed agenda, since you have indicated that you were made aware on Monday that the minister would be making a statement?

Senator Ellison—I did not receive any briefing from the department until Tuesday, which I arranged. It was then that I realised that there were problems associated with this and, of course, the detail of the announcement and how it could not be touched on today. That was the situation.

Senator MACKAY—I will wind up this topic. From our perspective, we were somewhat astonished at the process. We were also astonished that there was a view from the minister's office that the opposition would be required to absorb all the minutiae of the announcement, which we now hear will be on Thursday—we were advised that it may be Friday—and that it may be made while the estimates are being conducted. From our perspective, I have to say with some regret that it looks like a fairly clumsy attempt to avoid open and public scrutiny with regard to the employment services market. I appreciate that the government members of the committee have agreed to have an extra day for estimates in order that we will have a full week to absorb all the information. However, I really do think that, as a process, it looks pretty shonky. I will leave it there.

Senator Ellison—I might remind you that the committee of which you are a member received responses to 87 per cent of all questions on notice by the due date.

Senator MACKAY—That is correct.

Senator Ellison—That is the best overall result achieved by this portfolio in recent years.

Senator MACKAY—I have no—

Senator CARR—That is a damning indictment.

Senator Ellison—But you know, it relates to the years under the former government—

Senator CARR—That might be so, but it says something about the department.

CHAIR—We will move on.

Senator CARR—Can we not move on at the moment, because it is on that very subject about responses to answers that I would now like to ask the minister a question, since you have raised the issue. The schedule of answers that I have received indicates that a number of questions were received by the committee on an interim basis. I note particularly answers to questions Nos. 607 and 608 and a number of others which are designated in the schedule. I ask, in particular, why it is that the department has not been able to answer questions relating to ministerial involvement in the awarding of consultancies?

Mr Gibbons—There were 13 questions outstanding as of today. They have all had an interim response, as you acknowledged. In relation to five, we are not in a position to answer them because the substantive information needed to answer them is still outstanding. There are eight answers to which we have put forward a final draft and they are awaiting clearance by the Minister.

Senator CARR—Sorry, which five questions?

Mr Gibbons—The five questions that we are not yet able to answer because the substantive information is not yet available to us are questions 300, 330, 388, 389 and 406. There are

another eight questions to which we have finalised a response and they are with the minister awaiting clearance—that is Dr Kemp. They are questions 274, 342, 432, 557, 607, 608, 609 and 617.

Senator CARR—You say matters relating to ministerial involvement in consultancies. Is that the case?

Mr Gibbons—That is correct.

Senator CARR—How long have those questions been with the minister?

Mr Gibbons—I might have to seek some advice from my colleagues on that.

Mr Grant—I believe they have been there since 18 February.

Senator CARR—I take it you have been able to provide information to the minister about his involvement in consultancies let by your department?

Mr Grant—As I recall, the questions went to other matters besides ministerial involvement. As I recall, there was a group of four questions dealing with consultancies and related matters. But yes, those questions have been with the minister for clearance, I believe, since 18 February.

Senator CARR—Why haven't those questions been released?

Senator Ellison—I do not have that knowledge and I will have to make inquiries in order to answer your question.

Senator CARR—How long do you think that would take to establish?

Senator Ellison—Look, I will get my office to make some inquiries and we can perhaps give you that answer later in the course of the day.

Senator CARR—I may want to speak to the secretary to the department about these matters.

Senator Ellison—I will not deprive you of the chance of doing that.

Senator CARR—I appreciate the offer you have made and I would be concerned to get a response as soon as possible and pursue those issues with the secretary.

Senator Ellison—Which questions were you asking about?

Senator CARR—These are the questions that Mr Grant has referred to that relate to the issue of consultancies. In effect, the matter is that the department has changed its position about three times on the way in which consultancies are classified and the relationship between consultancies, contractors and service providers. I am interested to know why the minister finds it necessary to be involved in the allocation of these particular arrangements. I am interested to know why the department has this new division of labour involving a new concept of consultant, a new concept of contractor and a new concept of service provider. I am very interested to know what they actually do. I will perhaps return to those matters when we get an indication from Dr Kemp as to where those answers are, and an opportunity might then be had to discuss the matter with the Secretary to the department.

[9.35 a.m.]

Program 3—Vocational education and training

Subprogram 3.1—Training reform

Senator CARR—This is an easy one for you, Minister. Can you tell us what grants or payments have been made to the National Farmers Federation by the department over the past year?

Senator Ellison—We will have to take it on notice.

Senator CARR—I just noticed that, in relation to Webb Dock, the National Farmers Federation seems to have established a company that engages in training—that is what it has stated publicly. Can you tell me if the National Farmers Federation is a registered provider?

Senator Ellison—I think we might have to take that one on notice.

Senator CARR—Does it receive any assistance for any training undertaken by the department in any form—say, any assistance from the department not to—

Mr Greer—To the extent that it is in relation to program 3, any people involved would be trainees, apprentices or what have you and are employed in a common law way. Normal subsidies would flow, but we would need to take that on notice to see whether, in fact, that was the case. We certainly undertake to do that for you.

Senator CARR—I would like that as well as any other sources of funding to the National Farmers Federation or any of its ancillary companies that might be eligible for funding. Could you indicate to me please not only whether they have applied for any money but also whether they have received any money? With regard to the Webb Dock affair, can you tell me who is providing the training in that arrangement, which is currently run by the National Farmers Federation through an ancillary company?

Mr Greer—Certainly. I am not aware of that detail. We will certainly undertake to see what we can ascertain and then come back.

Senator CARR—And obviously if there are trainers, something which is referred to in the press on a regular basis, who is providing those trainers and are they registered trainers? I might just go back. I asked the question whether the department is providing any assistance, financial or otherwise, to the National Farmers Federation. Would you be able to advise me whether there are any other special projects or any other moneys—retraining moneys—that might be used by the National Farmers Federation that it would be in receipt of at the moment? I want the full array of program measures.

Mr Greer—Certainly. We will look at that portfolio operation in the response that we will come back with.

Senator MACKAY—I have one further question on this. I just wonder whether there have been any interdepartmental discussions with regard to waterfront training. Has the department had any discussions with any other department in relation to this matter?

Mr Greer—From the vocational education and training perspective, certainly not to my knowledge. I would like to clarify that before signing off on that.

Senator MACKAY—You are not aware of anything?

Mr Greer—I will certainly check also for other relevant areas of the portfolio in coming back to you.

Senator MACKAY—I wonder whether you, Minister, are aware of any discussions between ministers with regard to this matter?

Senator Ellison—You are talking about the National Farmers Federation and the training aspect?

Senator MACKAY—The waterfront training issue in general, yes.

Senator Ellison—In general, I am not aware of any discussions. Of course, I place a caveat on that there are aspects of cabinet in confidence and other matters of public interest immunity that would touch on that, but you are saying general conversation on the training issue, no.

Senator MACKAY—The caveat that you proposed was cabinet in confidence, so I appreciate that. You are obviously not at liberty to divulge what has been discussed in cabinet, but we can assume that the training aspect may or may not have been discussed in cabinet. Secondly, I am not sure what you mean by public interest or the other caveat.

Senator Ellison—Any aspect which touches on that and matters which are preparatory to that, too, would be cabinet in confidence. I cannot say whether it has been or it has not. Again, as you say, it may or may not have been, but I am addressing my remarks to general conversation. I am not aware of any.

Senator MACKAY—Can you just clarify it for my benefit. To be specific, have there been any discussions at a ministerial level with regard to the training aspect?

Senator Ellison—Not that I am aware of.

Senator MACKAY—Not that you are aware of.

Senator CARR—Minister, I understand that you made some statements on 16 January concerning the number of apprenticeships and traineeships in Australia, indicating that you thought that they had reached a record level of 175,000 by 30 June 1997. Is that the case?

Senator Ellison—Could you show me where I have made that statement?

Senator CARR—Yes, it was a media release dated 16 January. I have it in front of me.

Senator Ellison—Perhaps you could show me a copy.

Senator CARR—Sure.

Senator Ellison—Can I get back to you on that?

CHAIR—We will come back to that.

Senator MACKAY—We inquired of the secretary as to when to ask these questions, which relate to recruitment in the APS, and we were advised that this is the appropriate subprogram to deal with it.

Senator Ellison—Recruitment in the Australian Public Service?

Senator MACKAY—Yes, specifically in the graduate campaign within the APS.

CHAIR—Under 3.1.

Senator MACKAY—The graduate campaign.

Senator Ellison—Is this only with respect to DEETYA?

Senator MACKAY—Yes.

Senator Ellison—Or in general, because you say the APS?

Senator MACKAY—I am speaking about the employment aspects, I suppose, service wide. We did have to seek advice because it was not clear to us, either, where this would fit.

Senator Ellison—I will just seek advice on that, but my initial reaction would be that we can answer only questions on DEETYA.

Senator MACKAY—DEETYA might have a watching brief.

Mr Gibbons—In program 4, there is a program element that deals with recruitment into the Public Service in general that DEETYA undertakes on behalf of the Public Service and Merit Protection Commission.

Senator MACKAY—I understand.

Mr Gibbons—We may be able to answer your questions there. Otherwise they may best be taken up in the committee that is looking at the Public Service and Merit Protection Commission.

Senator MACKAY—I think that they will be answered in a different form but I will avail myself of the opportunity when program 4 is discussed.

Mr Gibbons—We do not manage the policy but we are the recruitment agency.

Senator MACKAY—Yes, that is as I understand the situation. Thank you for that.

CHAIR—Any further questions on 3.1?

Senator CHRIS EVANS—I want to ask my normal set piece on apprenticeship and trainee numbers. Have you got anything to tell me, Mr Greer?

Mr Greer—Yes, Senator.

Senator CHRIS EVANS—I am not used to Senator Carr being so quick. I thought that I would come back after lunch.

CHAIR—Sorry, what actually is the question?

Senator CHRIS EVANS—Mr Greer generally gives me an update on how we are going on apprenticeship and traineeship commencements and completions data. Rather than me asking the question, I am sure that he is prepared for it. So perhaps you would just like to tell me what has happened since we last talked about it?

Mr Greer—Certainly, Senator. If we go back to Senator Carr's question, in the published annual statistics volume of the NCVER, from 1 July through to 30 June it is indicated that there were record numbers of people in training in 1996-97. In-training numbers were 175,354. As of this week, there were some 33,300 traineeship numbers recorded on DEETYA's systems. That is about 16 per cent above where we were at this time last year when we were tracking to that record high of 53,000 commencements.

On the apprenticeship front, my understanding is that the latest published data from NCVER is that for 1996-97 there were 44,127 recorded apprenticeship commencements and recommencements. The lags will need to come through on that. It is our best estimate that that will increase to about 47,000 or 48,000 as those lags filter through.

In relation to how that compares to the previous years, the most recent data from NCVER for 1995-96 was that there were 48,111 recorded apprenticeship commencements and recommencements. I have not got the final number for 1994-95, but I think that it was 50,000 or 51,000. It is consistent with the discussion that we had the last time that apprenticeship commencements and recommencements seem to be plateauing at around that 48,000 mark. There is a continuation of the strong take-up in the AQF 1s and 2s. That 1994-95 figure for apprenticeship commencements and recommencements was 61,738.

Senator CHRIS EVANS—So are we seeing quite a decline then in the three- to four-year apprenticeships?

Mr Greer—No, I think we are saying that there is some stability in that area. What is of interest to note is that the NCVER in its published data for the first quarter of 1997-98, that is July through to September, indicated that there had been a 24 per cent increase in commencements and recommencements in the trades area. In that first quarter, there were some 5,552 commencements in trades areas, which is up 24 per cent upon the equivalent quarter the year before. But I think the NCVER do make the point that that is a combination of AQF outcomes—3s and 4s and 1s and 2s, or certainly 2s.

Senator CHRIS EVANS—But is it not a fact that the number of commencements in traditional three- to four year-apprenticeships has declined quite sharply?

Mr Greer—That is not what the data is demonstrating.

Senator CHRIS EVANS—Have you got a breakdown on the three to four year-apprenticeship commencements?

Mr Greer—To the extent that the figures I quoted to you from the NCVET for 1996-97 were apprenticeship commencements and recommencements, they would have been 3s and 4s.

Senator CHRIS EVANS—And you are saying that they do not reflect a downturn, therefore, in the numbers commencing those longer-term apprenticeships?

Mr Greer—No. What I am saying is that from the NCVET data apprenticeship commencements and recommencements in 1994-95 were 61,700-odd.

Senator CHRIS EVANS—Sorry, Mr Greer. I am not asking that. I am saying: can you break that down in terms of the types of apprentices within that grouping?

Mr Greer—In respect of the AQF council or in respect of the industry sector?

Senator CHRIS EVANS—AQF.

Mr Greer—Apprenticeships in those 61,000 would all be AQF 3s and 4s.

Senator CHRIS EVANS—Right. So, the reports and comments by industry interpreted in the NCVET figures as representing a significant fall in those apprenticeship commencements is wrong?

Mr Greer—To some extent, yes. I am aware that there was some criticism by Australian Business Ltd. I think in one sense it was comparing apples with oranges. I think at one stage it was comparing a combination of commencements and recommencements with just commencements, if that makes sense.

Senator CHRIS EVANS—Mr Greer, why is there a figure from NCVET that looks like it says something and you have an explanation for me that says it says something else?

Mr Greer—I do not think that is right. I am trying to unpick what the figures demonstrate. They are published figures. There may have been a misinterpretation by the business chamber in that instance.

Senator CHRIS EVANS—So you think that there is no need for concern and that, as far as you are concerned, the number of commencements in the traditional three and four year apprenticeship area is remaining at a consistent level, on your best advice currently?

Mr Greer—No, I did not say that.

Senator CHRIS EVANS—I am just trying to get it clear.

Mr Greer—I think I said that the published data came down from a high of 62,000 or 60,000, I think it was, in 1989-90, or in that period. Apprenticeship commencements and recommencements had clawed back to about 61,700 in 1994-95. The published data indicates that in 1995-96 there was a drop from 61,700 to 48,100, and the most recent published data is saying that as at 30 June 1997 there had been 44,127 apprenticeship commencements and recommencements. But that must recognise that there will be some lags that will have to flow back into that 44,127 which, in my view, would probably increase it to around the 46,000 to 48,000 mark. I think that is consistent with the discussion we have had in a number of sessions, that there seems to be a plateauing of the traditional apprentices.

Senator CHRIS EVANS—Would you say it is a plateauing of traditional apprenticeship take-ups rather than a drop-off?

Mr Greer—Well, as we discussed before, there certainly was quite a substantial drop-off following the recession in the 1980s. Numbers have in fact clawed back considerably since then. That clawing back peaked in about 1994-95 and there seems to be a plateauing marginally below that since. At the same time, of course, there had been significant take-ups in AQF 1s and 2s, or certainly in AQF 2s. I think the message coming from the NCVET report is that when you look in the trades area and at the combination of traditional apprenticeships and more flexible traineeships, commencements in the trades area have or are in fact increasing. They have demonstrated that by pointing to the September quarter of 1997 as indicating a 24 per cent increase.

Senator CHRIS EVANS—Have there been any changes recently in terms of eligibility for traineeships or new apprenticeship incentives?

Mr Greer—Yes. As we discussed last time, from 1 January 1998 the incentive regime had changed to reintroduce a completion payment for profit employers who take on AQF 3 and 4 new apprentices or trainees.

Senator CHRIS EVANS—And what form does that take?

Mr Greer—That is a completion payment of \$1,500, so for an AQF 3 or 4, you have a commencement payment of \$1,250. If that was a recommencement rather than a straight commencement, there was a recommencement eligibility of \$500 if it was for a group training company which is a not for profit organisation, and \$750 for a profit organisation.

Senator CHRIS EVANS—Could you take me through that again? What is the distinction? You have distinguished between not for profit and for profit organisations, have you?

Mr Greer—That is correct. You may recall at the last discussion we talked about the inequality of the previous tax consideration and the reintroduction of a completion payment.

Senator CARR—That is only for large employers, is it not?

Mr Greer—No, that is for all employers, and part of that package was reintroducing eligibility for employers irrespective of size of firm.

Senator CHRIS EVANS—So now a completion payment is paid irrespective of the size of the firm?

Mr Greer—That is correct.

Senator CHRIS EVANS—But we now distinguish on the basis of whether they are for profit or not for profit?

Mr Greer—That is correct, because the profit companies are not subject to tax.

Senator CHRIS EVANS—So we pay a completion payment only to the not for profit companies?

Mr Greer—No, we pay the completion payment only to for profit companies, because the incentives are then taxed in the hands of the firms.

Senator CHRIS EVANS—So we pay a completion payment for taking on traineeships only to those companies that aim to make a profit, and we do not pay it to people who do not seek to make a profit?

Mr Greer—That is because the incentives that not for profit firms are eligible for are not taxed. When you gross it up, it is equivalent.

Senator CHRIS EVANS—When you gross it up, it is the equivalent? This assumes that a company for profit pays a particular tax rate, does it?

Mr Greer—The company rate—

Senator CHRIS EVANS—So it is based on them paying that full company tax rate on, what, all income?

Mr Greer—I would need to check the computations. I think we have previously given you an answer on notice on that, but I am happy to elaborate on that.

Senator CHRIS EVANS—Minister, I presume this is endorsed by the government. Are you happy with a situation where the not-for-profit companies do not get paid the completion payment?

Senator Ellison—Mr Greer just dealt with that. It is subject to different treatment by the tax office; one is taxed and one is not. Therefore, if you give the same payments to both, one would be taxed and the other would not.

Senator CHRIS EVANS—Is that not true of a lot of other payments we make, though? But we do not usually distinguish—

Senator Ellison—I cannot speak for other areas.

Senator CHRIS EVANS—I know how this evolved, but I wonder whether we have ended up with an absurdity in the end. Sometimes for the best of reasons you start off with a particular rationale and then we end up with a result that perhaps—

Senator Ellison—I think what Mr Greer is saying is that, because of the tax situation, the for-profit companies could end up in real terms behind the not-for-profit companies. That is why they get this payment on completion, to bring them up to par. I think that is what the whole thing is about. They are calculating into that the 36 per cent which they get taxed across-the-board. That is not faced by not for profit companies. But if there is any more detail—

Senator CHRIS EVANS—Do you have a concern that not for profit companies might be employing more apprentices?

Senator Ellison—No. It is the financial ledgers of the two respective entities that we are looking at.

Senator CHRIS EVANS—I thought our concern was about encouraging the take-up of apprentices, though. I want to tease out the logic of why we would want to penalise an organisation for employing apprentices.

Senator Ellison—We are not. The fact is we are trying to avoid penalising a for profit employer. We are trying to avoid that person being put in a worse position than not for profit employers.

Senator CHRIS EVANS—Why are they in a worse position?

Senator Ellison—Because they face the tax aspect, which the other entity does not.

Senator CARR—That is a deduction, is it not? It does not make any sense to me. In common with Senator Evans, I am having a bit of trouble following the government's logic here. Could you go through that again with us? Why is it that a company that makes a profit would be at a disadvantage if it receives a subsidy?

Senator Ellison—It might help if we can give you a case scenario as an example, where by comparison you can see what we are getting at.

Senator CHRIS EVANS—I think I understand how you got there. I have seen it happen before. You can say, ‘Well, this is how the reasoning started,’ but if you step back and ask, ‘What are we doing here?’, you can see whether the logic really holds up. What concerns me is that you are saying, ‘We don’t want to pay a not for profit organisation a completion rate for taking on an apprentice and making them able to contribute their skills to the Australian work force, because they might be getting that slightly cheaper in an overall sense than a private employer.’ What is the public policy issue here? I thought we were encouraging more apprentices?

Senator Ellison—In net terms, the benefit received by both entities is the same. That is what I am getting at—in net terms. The gross amount might be different, but in net terms it is not different. If we can get back to you in the course of today with an example, that could well illustrate the point.

Senator CARR—You should be aware that under the current program there is a tax exemption for apprentices but not trainees.

Mr Greer—Prior to the decision by government to introduce this regime, that was the case; the CRAFT incentives were tax exempt and the incentive regime for a trainee was not. This is again one of the other anomalies.

Senator CARR—So they are now both tax exempt; is that the case, or not?

Mr Greer—Sorry?

Senator CARR—Are both trainees and apprentices now tax exempt?

Mr Greer—In relation to for profit companies, the incentives received by employers for both apprentices and trainees are taxable. For non-profit companies, such as a group training company, the incentives are tax exempt.

Senator CARR—What percentage now do group training companies include?

Mr Greer—My understanding—and I will check it for you—is that group training companies nationally have some 23,000 apprentices or trainees in training compared to some 175,000 in training overall.

Senator CARR—What is the value of the incentive for a trainee compared to the 1996 level, given that these new changes have been introduced?

Mr Greer—I could take you through this or I can get a copy.

Senator CARR—I am obviously a bit slow at this time of the morning. Can I have a copy, please?

Mr Greer—Yes.

Senator CARR—Has the value remained consistent? In comparison with what the CRAFT scheme was able to deliver to an employer in 1996 dollars, how does it compare now?

Mr Greer—We can work through that. I will clarify this when the paper comes back, but prior to 1996 the incentive for a trainee was \$1,000 on commencement. That incentive is now \$1,250 on commencement. For apprentices, I think that incentive was \$1,500 on commencement and is now \$1,250, but with progression payments. The matrix that has been copied may be mystifying to some.

Senator CARR—It is. I would be interested to see these. In public discussion employers are saying to us that under the changes introduced by this government the value of incentive payments has, in fact, fallen to 62 per cent of its 1996 value and that it is of a similar order for apprenticeships. Would that be a reasonable claim?

Mr Greer—I think we answered a specific question on notice in that area. I will track that through. In question 167, you asked, ‘Has the value of the subsidy of an AQF 2 traineeship fallen by 62 per cent of the—

Senator CARR—No, 62 per cent of its value. That was clearly a mistake on my part. Is it the case that the value of the incentive is now at 62 per cent—not fallen by, but at the value of, 62 per cent? In other words, it has fallen by 38 per cent?

Mr Greer—That may be the case. Your question on notice 397 asked, ‘Have the incentives for the standard four-year apprenticeship dropped by 2,250, or 36 per cent, from 6,250 prior to December 1996 to 4,000 after 1 January?’ In a sense we were saying there that the effect of the taxation exemption when averaged and the resultant gross amount available before confirms, yes, the difference is 36 per cent.

Senator CARR—Minister, do you think there is a correlation between the fall off—the plateauing that the department official has indicated—and, in answer to question 533, an acknowledgment of a decline in the growth rate of apprenticeships and traineeships? Is that related to the decline in the level of incentive payments made by this government to employers?

Senator Ellison—Sorry, can I have your question again, please?

Senator CARR—Do you think there is a correlation between the decline in the level of incentive payments by government and the decline in the growth rate for apprenticeships and traineeships?

Senator Ellison—I think that you are basically asking me whether we can pin what you say is a decline on the incentive payments. There are many variables as to why apprentices are taken on, the general state of the economy being a pretty big one. Incentive payments cannot be, I think, the sole reason for an increase or decline. It is just part of many aspects of why people take on trainees.

Senator CHRIS EVANS—You are quite right, Minister, but don’t you claim the economy is booming?

Senator Ellison—There is a strong growth rate and there are some very positive signs. We have seen new jobs in the form of 23,000 in January and—

Senator CHRIS EVANS—So it makes the question very relevant, doesn’t it? Why is that not reflected in the apprenticeships?

Senator Ellison—When you look at the total number of 175,000 that I think I mentioned in the press release—which was referred to by Senator Carr—on 16 January this year, as I recall that was an 11 per cent increase on the total number of apprentices and trainees from the year before. The total number was at a record high. It was at 175,000, so there was a growth rate in numbers.

Senator CARR—Both today and in writing in answer to No. 533 you acknowledged to this committee what everybody else in industry knows: there is a decline in the growth rate. I am putting to you that there is a correlation between the decline in the growth rate in the number of apprentices and trainees commencing and the decline in government incentive payments to employers. Surely a 36 per cent decline in the value of those incentive payments has to have an impact on the level of incentives paid to employers and, therefore, their willingness to take on apprentices and trainees. Surely that would be irrefutable.

Senator Ellison—No, it is not irrefutable; it is one of many aspects which, as I said, weigh on why people take on apprentices and trainees. It also touches on the previous answer as to

why we make that completion payment to for profit employers as opposed to not for profit employers, to make the playing field level for them.

Senator CHRIS EVANS—Is that not a completion payment that you took off on coming to government and only recently put back on?

Senator Ellison—Sorry?

Senator CHRIS EVANS—Isn't it a completion payment that you removed on coming to office and it has only recently been reinstated?

Mr Greer—Yes, certainly there was a change in—

Senator CHRIS EVANS—It is all right, I am aware of the history. Why do we pay incentive payments to employers?

Senator Ellison—Obviously to attract them to take on apprentices and trainees in recognition of the fact that you have someone working for you who is not fully trained. It is entirely desirable that we have people take on apprentices and trainees.

Senator CHRIS EVANS—We do this as an incentive. Senator Carr put to you that reducing the incentive perhaps reduces the number of the take-up. You cannot accept that?

Senator Ellison—It is one of the many reasons why they do it. With our new apprenticeships, we have made it more flexible for employers to take on apprentices and trainees. We are cutting the red tape. We are making a system that is more attractive to industry and business. Those are things that also weigh on the question of people taking on apprentices and trainees.

Senator CARR—I have read your reports, Minister. I have tried to read as many as I can of the reports that Mr Moran has provided to us. It is very decent of him to do that. I keep noting that this question comes up amongst employers. They say that if the government decreases the level of incentive payments there will be less incentive for them to take on trainees and apprentices. I am just wondering how you could overcome that feeling amongst employers that paying them less is discouraging to their taking on trainees and apprentices.

Senator Ellison—Some of the feedback I have had from the employers is that one of the barriers they have faced in the past has been the inflexibility and the red tape involved. That has been a key issue that has weighed upon them. I have been told that just recently in the north of my state. So the aspects that we have found in talking to employers include the question of training being costly and some of the small businesses involved are too small to take on the burden of having an apprentice, under the old system, full time for four years. Those things have been put to me equally, Senator Carr.

Senator CARR—Is it not the fact that this incentive regime encourages the employment of trainees for the minimal skill programs, that is, the first year—the AQF 1s and 2s—and discourages the employment of AQF 3s and 4s, that is, the traditional, longer term, broadly based training regime?

This so-called flexibility that you are talking about, Minister, does it not in fact mean that employers are narrowing the skill base of Australian workers and actually reducing the levels of skill available to the Australian economy?

Mr Greer—I think there are a range of reasons why some traditional areas of apprenticeship intakes may be declining, which go beyond, I think, any contribution of an incentive. It goes to issues of structural adjustment, technological change and so forth. Coming back to the original question, recognising that the incentives are, in fact, only a contribution to influence

the choice of the decision by an employer to employ or otherwise, there is the rapid increase in take-ups over the past couple of years, and in the trades area. I mean, employers in the trades area are looking for employees at a range of competency levels—two, three, four and what have you—and this regime allows and encourages people to articulate and progress within those.

Senator CARR—We will see about those. It is early days, but obviously concerns have been expressed about the degree of articulation between the different QF levels, and those concerns are matters about which the government should be concerned. I am also, however, aware that you have undertaken some research recently in regard to the particular take-up rates within industries. Are you satisfied, Mr Greer, that the trainees and apprentices who are being employed are actually being employed in areas sufficient to meet the future skill needs of the economy? I understand that Robertson and Gaul recently produced a report for the department. Is that the case?

Mr Greer—I am not sure that Robertson and Gaul produced a report for the department. I understand that they presented a paper at a conference that was held here at Parliament House last November.

Senator CARR—Fair enough. So you are aware of the argument that has been put?

Mr Greer—Yes. I think we have responded. I think there is a question on notice that has been responded to specifically on that. I think it was from Senator O'Brien.

Senator CARR—I am not aware of that question. Are you satisfied that there are measures in place to meet the future skill needs of the Australian economy? Are we getting an appropriate spread of trainees and apprentices in those growth areas?

Mr Greer—Certainly the whole thrust of the new apprenticeship reforms and the strategic directions of our VET strategy nationally for forthcoming years has, as one of its key objectives, just that: equipping Australians for—

Senator CARR—I understand the answer to the question that you have given, but I do not think it was an answer to the question I actually asked. Are you satisfied that the new apprenticeship program will provide the necessary arrangements to meet the skill needs of the Australian economy?

Mr Greer—We are certainly satisfied that the new apprenticeship arrangements will certainly contribute to meeting that need.

Senator CARR—Contribute, not will?

Mr Greer—I think that meeting the needs in the longer term goes beyond training. It is the up-skilling of existing workers and—

Senator CARR—Are you able to provide us with any information on projections that are available to the department on future skill shortages?

Mr Greer—Yes, but not me. I think it is in program 6. The analysis and evaluation division would be able to talk about projections of skill shortages and what have you. As you may be aware, there is a regular assessment done on national skill shortages that is driven out of that division.

Senator CARR—Do you contribute at all to that assessment? Does your division contribute to that assessment?

Mr Greer—I would need to check, but I do not think we contribute directly to that, but the area draws on research coming out of our division across ANTA and also from their own state based personnel. I think the aspect of methodology would be better.

Senator CHRIS EVANS—Could I go back to the question we asked about the differences between profit and non-profit organisations' payments? The minister said he would get back to us later today. I guess what I want to propose is: what is the rationale? Why do you consider that, after tax considerations are taken into account, not for profit and for profit need to be treated the same? I am trying to get at the rationale for that. I understand how we got to where we got, but I am not clear what the government's rationale is. Perhaps, Minister, you would like to take that on notice, because the number is what I am after.

Senator Ellison—Yes.

Senator CHRIS EVANS—Mr Greer has taken us through it before, in terms of how you got to where you got. What I am asking now is why you think where you are at is the right place to be. Mr Greer, you have provided us with that chart. I gather from the four-star note that you pay recommencement payments to not for profit employers but not completion payments. Is that right?

Mr Greer—That is correct. But the value of the recommencement payment for the not for profit company is in gross terms somewhat less than for the for profit company, because the recommencement payment for the not for profit company is not taxable, whereas the \$750 for the for profit company is a taxable payment.

Senator CHRIS EVANS—So what do you pay the not for profit company?

Mr Greer—I get back to the minister's point. At the end of the day, whether you are a for profit company or a not for profit company, the quantum of the incentives is the same.

Senator CHRIS EVANS—So you do not pay \$750 recommencement to a not for profit company. What do you pay them?

Mr Greer—\$500.

Senator CHRIS EVANS—That is your rough calculation of the effect of 36 per cent company tax?

Mr Greer—It is certainly the calculation. I am not sure whether it is right.

Senator CHRIS EVANS—If it came out at exactly \$500 and \$750, we would be surprised. I suspect that it is in that order.

Mr Greer—Yes. It is certainly in the budget process of introducing this regime from 1 January. Those computations have been done.

Senator CHRIS EVANS—Mr Greer, you explained to me last time and provided us with some follow-up answers to questions relating to my concern that the NCVER figures were not correct, or you said that my concern was misplaced in the sense that you thought those figures were misleading.

Mr Greer—Do you have a reference on that?

Senator CHRIS EVANS—One of the answers is No. 538. I think the discussion last time was on questions 534 to 538. At about page 117 of volume 1 are your answers.

Mr Greer—Right.

Senator CHRIS EVANS—I put to you that the NCVER figures I had for completion rates, particularly in the small business traineeships, were quite startling, suggesting success rates of as low as three per cent in South Australia and 15 per cent in Western Australia.

Mr Greer—Yes.

Senator CHRIS EVANS—They are generally pretty poor results. You respond by telling me that, on your figures, the completion rates for traineeships remain much the same, and you have roughly a 60 per cent success rate for traineeships, and that has largely remained the same over time.

Mr Greer—We have certainly been able to do more work and get greater specificity into this area between then and now. In the post-program monitoring that has been done in that period, looking at that package, for instance, of 53,000 commencements in 1996-97 there were some 11,400 small business packages. The completion rate of those was 51.5 per cent and the unsubsidised outcome of those was 60.6 per cent.

Senator CHRIS EVANS—I would like to ask you about this unsubsidised outcome, because it is not a figure that necessarily relates to them being employed in that particular industry as a result of this traineeship, is it? An unsubsidised outcome is a figure which says they may be in employment somewhere else or they may be in full-time education.

Mr Greer—No. The unsubsidised—

Senator CHRIS EVANS—I am sure that that is what the note on one of your tables says.

Mr Greer—I think the unsubsidised employment outcome means that they are in employment, but a positive outcome, which may have a higher figure, might mean that they are in education or training.

Senator CHRIS EVANS—I see. So the unsubsidised outcome means that they are in work, but the positive outcome for your program means that they might have gone to education?

Senator CARR—Sir Humphrey would be pleased with that.

Mr Greer—The unsubsidised employment outcomes for traineeships that were surveyed across that 53,000 was 65.4 per cent.

Senator CHRIS EVANS—So what are you saying about that figure? That they are people in work?

Mr Greer—I am sorry. The footnote says that unsubsidised employment outcomes are outcomes that relate to clients ceasing the national training wage or a TAP traineeship placement in the 12 months ending July. Clients continuing on to further program places within 12 weeks of leaving placement are regarded as being in continued assistance and are not included in the calculation of outcomes. This is unsubsidised employment net of any of the people who may have gone back into education or training.

Senator CHRIS EVANS—Was that your definition of a positive outcome?

Mr Greer—No. That was the definition of an unsubsidised—

Senator CHRIS EVANS—So what is the definition of a positive outcome?

Mr Greer—I am trying to find it for you.

Senator CHRIS EVANS—The one I have on your table says:

Positive outcomes for early leavers refers to clients who left the traineeship for other employment, education or training.

I take that to be the definition?

Mr Greer—There is a formal definition that I think we should be using, because you can then apply that comparison across the whole—

Senator CHRIS EVANS—But what worries me, Mr Greer, is that the NCVER figures and your figures seem to be totally unrelated. As a layman, I have trouble. The NCVER figures tell me that small business traineeships are not working and that we have an enormous failure rate in small business traineeships on the bold NCVER figures. Quite honestly, that is my anecdotal experience. Senator Ellison, if you ask around Albany about the experience of the small business traineeships, you get a lot of anecdotal evidence from people in the industry about poor completion rates and people not staying but leaving for one reason or another. That is the sort of anecdotal evidence that I get, and the NCVER figures seem to back it up. However, your figures do not reflect that at all.

Mr Greer—No.

Senator CHRIS EVANS—A couple of times I have tried to nail this down. Why do NCVER figures say there are success rates of three per cent and 15 per cent in small business traineeships and your figures look like there is a 60 per cent success rate?

Mr Greer—It is 60.6 per cent, yes.

Senator CHRIS EVANS—I have asked you to try to explain it to me. I am not blaming you for this, but I still cannot quite grasp how a three or 15 per cent success rate turns out to be a 60 per cent success rate when it comes into your table. I am not a statistical wizard, I will concede, but it seems that I get a completely different answer from your figures from what I get from anecdotal evidence and the NCVER figures.

Mr Greer—Senator, if you wish, I could certainly take that on notice and get together with the NCVER and their—

Senator CHRIS EVANS—With respect, Mr Greer, you did that for me last time.

Mr Greer—Yes.

Senator CHRIS EVANS—You have given me that information and I appreciate that. I am not trying to be difficult, but I would like you to try to explain it to me, because it just does not sit. Your chart looks wonderful. According to your chart there is no difference basically in terms of success rates in traineeships and that the small business traineeships are doing as well as any of the others. I am just trying to find out what these figures really mean, because when you say that you have 56 per cent completed, does that mean that they have completed the traineeship and are successfully employed or—

Mr Greer—I am sorry, Senator?

Senator CHRIS EVANS—For instance, the two charts you have provided me with are traineeship outcomes for trainees commenced in 1995-96 and 1994-95, taking it to the specifics. That is in answer to question 535. When I look at retail trade, I have figures from NCVER that tell me that we have five per cent and 15 per cent and 23 per cent success rates. You have given me figures that say there were 4,029 commencements in retail trade in 1995-96 and 53 per cent completed. What does '53 per cent completed' mean?

Mr Greer—The 'completed' means that the trainee would have gone through the full training program to completion and been awarded a certificate. It was not an early drop out. Senator—

Senator CHRIS EVANS—Let me finish this: I therefore take it that 47 per cent of those people did not complete the traineeship? That stands to reason if 53 per cent completed.

Mr Greer—That is correct.

Senator CHRIS EVANS—Does that mean that 47 per cent did not?

Mr Greer—That is correct.

Senator Ellison—Senator Evans, it might help if you have a table there from NCVER—

Senator CHRIS EVANS—No, I am referring to your table, which was provided to me in answer to question 535. I think that last time I supplied the NCVER table that I had to Mr Greer. I am not actually referring to—

Senator Ellison—It just might assist in comparing the table.

Senator CHRIS EVANS—We did that last time, Minister. You were in the room at the time. I am not actually using that at the moment. I am actually using your table and trying to understand what it means.

Senator Ellison—Where did you want us to—

Senator CHRIS EVANS—I want you to confirm for me that that means that of the 4,029 retail trade traineeships started in 1995-96, 47 per cent were not completed.

Mr Greer—That is correct.

Senator CHRIS EVANS—On a number of occasions before I have asked whether this is consistent and on each occasion you have said that it is consistent. It seems like that is one of the worst areas, but not hugely worse than a range of others. Given that this represents 20 per cent of your take-up in traineeships and, it seems, has a lower completion rate than many others do, I have tried to ascertain whether the department has any concerns about that particular program when you are investing 20 per cent of your traineeship funds into retail trade traineeships. Concern has been expressed to me by people involved with training in Western Australia that, in fact, they are not being properly monitored, that they are not being run efficiently, and that the completion rates are very, very poor. The NCVER figures tell me that in Western Australia the completion rate was 15 per cent. There may well be huge disparities between states, but I have never been able to get you to quite reconcile your figures with the NCVER figures.

Mr Greer—We can certainly undertake to endeavour to do that with a bit more clarity with the NCVER. What I am referring to here is the department's post-program monitoring of the 53,000 trainees who commenced in 1996-97. The response to that is giving us these outcomes. Picking up your other point, following the discussion that we had last November we have, in fact, commissioned work in this area of non-completions. The work is in two phases. The first phase is looking clearly at the traineeship data and the reasons behind the withdrawal rate of some 40 per cent. We expect to have that report available perhaps towards the end of March. Subject to being able to access some records of state training authorities, we would hope to do a similar arrangement in relation to apprentices. The plan is to have that feedback available by the end of the financial year.

Senator CHRIS EVANS—I appreciate that. I did read your answers carefully. As I say, my concern is that I still cannot reconcile two sets of statistics. Can you explain to me why the table you provide in answer to question 535, which is the former table which I have seen previously, provides figures on completions and what has happened to early leavers, but the answer to question 536, which talks about your PPM activities, has a chart that refers to a percentage with positive outcomes and that has a figure of 73.3 per cent for small business. That looks like a great figure. We have already established that half of the trainees are not

even completing the traineeship, yet we have a figure presented in the chart here that says that the percentage of positive outcomes is 73.3 per cent.

Mr Greer—Yes, that is correct, of those who complete.

Senator CHRIS EVANS—I see. So that is only of those who complete the program?

Mr Greer—Yes.

Senator CHRIS EVANS—Senator Vanstone taught me to be very wary of charts and figures about training program completion rates, Mr Greer. So I am keen to follow the logic of her argument with the department. You are telling me that the PPM data relates only to those who completed the traineeship successfully. It is only data based on half—

Mr Greer—Look, I would need to confirm my understanding of that with the area that drives the survey, and I will do that. I can see what you are saying.

Senator CHRIS EVANS—One could be a bit misled if one thought that that was of the total, given that you admit that 47 per cent of the people who started it did not even finish. I would be a bit concerned if the figure of 73.3 per cent was being adopted as some sort of measure of how the small business traineeships were going. I really raised it only to make the point that essentially we have all sorts of charts and figures and it seems that you can make any figure or claim or chart you like on this area. They do not seem to match. I am actually genuinely interested in finding out whether small business traineeships are working. Has the department an answer to that question? Are they happy with the success rate of small business traineeships?

Mr Greer—As I say, what the trainee commencements and outcomes are telling us is that the small business package in 1996-97 comprised some nearly 22 per cent of all commencements. Within that, there was a completion rate on this updated data of 59.5 per cent; that is, 59.5 per cent of people who commenced the package completed the package.

Senator CHRIS EVANS—Which year?

Mr Greer—In 1995-96.

Senator CHRIS EVANS—Where does it say that in the table you gave me?

Mr Greer—No, I am saying that there has subsequently been a post-program monitoring report on traineeships, which was released within the department within the past couple of weeks.

Senator CHRIS EVANS—Yes, but in answer to question 535, which is at page 115, Mr Greer you gave me a chart for 1995-96 which, in my view, claims to be a comprehensive analysis of the outcome; it is not a survey—

Mr Greer—Yes.

Senator CHRIS EVANS—It has the exact numbers of trainees, and you claim there that only 53 per cent completed and now you claim 59 per cent.

Mr Greer—I note the disparity, and if I can take that on notice, I will—

Senator Ellison—Yes, we are having that looked at at the moment and perhaps we can clarify that today.

Senator CHRIS EVANS—I am not trying to be difficult, Minister. Mr Greer is obviously a highly competent and diligent officer but I have had three goes at this and I am not getting any satisfaction. It may be that I am just not understanding, but—

Mr Greer—Sorry, Senator, I may have misled you. I have been reading the line below the small business package. It is 51.5 per cent, not 59.5 per cent completion. My apologies.

Senator CHRIS EVANS—As you have indicated, though, on the table you have got 53 per cent and now you have gone to 51.5 per cent.

Mr Greer—Yes.

Senator CHRIS EVANS—I guess we are close—

Senator Ellison—I hope it stays at 1.5.

Senator CHRIS EVANS—Given how we have gone with other suggested expenditure, really 1.5 per cent is a good result, so I am happy to leave that there. I understand how these things can get reassessed and what have you, but nothing you have told me answers my concern about success rates in small business traineeships. Nothing from the department allays the concern in the community about that. Nothing has gone to explain the three per cent success rate in South Australia or the 15 per cent success rate in Western Australia represented in the NCVET figures which, I think Australia-wide, claim 23 per cent completion or success rate for small business traineeships. I have not got the chart in front of me; I think I gave it to you the last time. Those are published NCVET figures; they are not figures I am making up. They at best get you to a 23 per cent success rate. On your last claim, you are at 51.5 per cent. I want to have it explained to me why they are so different. This last chart of the PPM, or whatever, has 73.3 per cent thrust at me, which sounds great, but it just does not add up.

Ms White—At the risk of confusing you with more figures, I think the figure you are referring to, the 20-odd per cent, refers to the percentage of small business as a proportion of overall traineeship commencements. The 53 per cent relates to completion rates of that 20 per cent and the 70-odd per cent, I think, is referring to the successful outcome of those 53 per cent completing small business traineeships. If I could just go back to some of your earlier questions where you were really getting to whether the department has some concerns about the outcomes and the concerns that you have had, certainly the department is aware of the concerns about some of the issues around the small business traineeships and, particularly in its early years, there were some concerns about some of the assessment issues and some of the outcomes. There has been some work done, particularly with the small business ITCs, in ensuring that some of those issues are addressed.

You might also be interested to know that ANTA has, in fact, commissioned a scoping exercise which is specifically looking at a small business training package and how that might operate. So I think that, with some of those issues, we are aware of them, ANTA is aware of them and there is work in hand.

Senator CHRIS EVANS—Thank you for that. I cannot say that I actually am clear as a result of the figures. I think I know what you are trying to say. I do not think though that that NCVET figure is a percentage.

Ms White—There is an issue there, yes.

Senator CHRIS EVANS—That was a percentage of successful completions of small business traineeships, I think, across the states but they varied quite markedly from 50 per cent to as low as three per cent in South Australia, as I admitted, on a small base. Minister, I think that there is a real policy question here. You are out selling traineeships, the government has put a lot of its training dollars into traineeships and 20 per cent of those are going into small business traineeships. We cannot at these estimates, on the third go, get a clear picture of whether or not they are working and what the success rate is. I think that is a genuine public

policy issue. I am not trying to make a heavy political point, but it seems to me that there is a real public policy issue here at stake as to whether or not these things are working and whether or not we have a problem in the small business traineeship area that needs to be addressed.

As I say, the NCVER figures are quite frightening. If true, they reflect a gigantic waste of our training dollar and a very poor outcome. If they are not true and your figures are correct, then it is a slightly better situation. But still I would argue that perhaps a 53% success rate is a bit lower than we would want to see occurring. But I am not convinced that your 53 per cent, or what is now 51.5 per cent, is right. I think we ought to get to the bottom of it. I tried last time, and I got the responses from you this time in time for these estimates. But I still cannot seem to get to the bottom of it, and I think, minister, that we ought to.

Senator Ellison—We are looking at that very point right now. We hope to have some further information for you during the day.

Senator CHRIS EVANS—You said that in November.

Senator Ellison—We gave you further information which has been of assistance to you because it has brought you to the position in which you find yourself now. It is difficult for Mr Greer to answer on behalf of NCVER to ascertain how they came to that figure. Was it a percentage sample? Who knows? We are inquiring now, and we will have that information for you.

Senator CHRIS EVANS—Minister, I point out that we had the same conversation, and you gave me the same answer, in November. I think that time has run out on this. We ought to get to the bottom of it. I think you have a responsibility, as the responsible minister, to provide an explanation as to what is going on with small business traineeships and traineeships generally in terms of success rates. So I would appreciate your making those inquiries, and I would appreciate us being able to resolve what is actually happening.

Senator CARR—The points that Senator Evans makes are very strong ones in regard to retail trade. I notice on your charts that there are other industries that have even lower rates of completion. I wonder whether or not those same issues do not apply in a broader range of industries. I ask you to give me an assessment as to whether, in other areas which appear to have a lower rate of completion than even retail, those same issues do not apply.

Mr Greer—As I mentioned, following the last hearing the work has been commissioned on this. I understand that during March we will have the outcome of that, which is drilling down into each of these areas to get behind that wastage rate of about 40 per cent.

Senator CHRIS EVANS—I appreciate that, but it seems to me that the issue is not just one of statistics.

Mr Greer—I take your point.

Senator CHRIS EVANS—These are people who are not completing their training. We are spending an awful lot of money on them to try to get them into real jobs, and according to NCVER figures it is not working. One side is the analysis down the track and the various statistics, but the department is in charge of these programs. What are we actually doing to fix it rather than analysing it in retrospect? I think there is a real policy problem here. I want to know what we are doing about fixing it, not having nice charts in a couple of years' time that explain what happened. I just want to make the point that that was not my only interest in terms of the statistical analysis. I suspect that, by the time we get that right, it will be too late for a lot of people.

Senator Ellison—We have some officers from program 6 who might be able to help on the statistics side of things. They are coming here to assist you further.

Senator CHRIS EVANS—You know very well, Minister, that they will not assist me, they will confuse me; but that is not their fault, it is mine. That is why I wanted to get away from the statistics to the actual real-life problem of spending money on training and whether or not it is working.

Senator Ellison—But you had relied on statistics as a premise to your question.

Senator CHRIS EVANS—Yes, but the reason I first took an interest in the area was not the statistics, it was the anecdotal experience of people in Western Australia who were raising with me concern about the success in the small business area in particular. Senator Carr quite rightly points to other areas which have poor returns as well, but I had people raising with me concern about the supervision and the outcomes from the small business traineeships in Western Australia because, in their experience, they are not working properly. That was when I went to look at the statistics.

Senator CARR—You have raised the discrepancy with statistics. We are going to address that. I return to your press release, Minister, of 16 January, which commenced this session for us. You refer to the figure of 175,000 persons in training and/or apprenticeships. At our previous hearing, I referred to the report on directions and resource allocations of 1998, which went to the Minco meeting in November and which refers to the commencement figures from this year of 113,440. Minister, could you explain to me the discrepancy between the figure of 175,000, which you are quoting, and the figure of 113,440, which the state training authorities are specifying or which ANTA presumably has signed off on?

Senator Ellison—I am advised that the 113,000 was a commencement figure and the 175,000 was an actual figure in training. So they are dealing with two different situations. That figure comes from Contractor Training Annual Statistics for NCVER, Australian Training Statistics, Volume 3, Annual Statistics.

Senator CARR—So there are 62,000 persons in continuing training at levels two, three or four. Is that what you understand that to mean?

Mr Greer—I think that would be correct.

Senator CARR—Of those 63,000 continuing apprentices and trainees, how many are subject to the government's implementation of user choice?

Mr Greer—I cannot answer that. I certainly do not have the data with me on that. User choice commenced nationally at the beginning of this year. As to the specific implementation of user choice—how it was to be implemented in a sense in its jurisdiction was a state matter. Some states may have applied user choice to apprentices and trainees in training. Other states may have limited it to commencement from 1997-98. When we get to program 3.2, my colleagues might be able to elaborate on that.

Senator CARR—I do intend to pursue that issue with them, but I was interested in the department's view as to the implementation of user choice for those 63,000. It gives you a different impression, does it not—63,000 continuing training—from the figure of 113,000 commencements? There are different ideas here, but from the press release, because of the way in which it refers to a record level of more than 175,000 by 30 June 1997, I could be mistaken for thinking that these are actually new people in the system. That is the statement made.

Senator Ellison—It says that as at 30 June 1997 the number of apprentices and trainees in training was 175,000.

Senator CARR—The reader should not be confused with new people in the system.

Senator Ellison—I think that the statement speaks for itself.

Senator CARR—Minister, could you indicate whether it is correct that only 16 per cent of the total trainees in 1997 were undertaking the equivalents of the AQF 3s and 4s?

Senator Ellison—I think we provided a response to that in question 443. I think your question there was—

Senator CARR—It is essentially the same question. I am just trying to establish the context of this press release. If there are only 113,000 new people in the system, not 175,000, and of those only 16 per cent are undertaking AQF 3s and 4s—that is, the traditional apprenticeship models—

Mr Greer—No.

Senator CARR—If that is true, we are going to have to extrapolate from that—

Mr Greer—The question which you asked on 12 November was interpreted, whether correctly or not, as: how many trainees as distinct from traditional apprentices may we be able to attract? What we are saying is that, of trainees, 16 per cent of trainees—

Senator CARR—That is fair enough. What is the total number of the 175,000 persons at 30 June 1997 in training or apprenticeships? Of that 175,000, how many would be in traditional apprenticeships?

Mr Greer—That is 123,069.

Senator CARR—And you are saying a further 16 per cent, in your opinion, on top of that in 3s and 4s?

Mr Greer—We are then saying that the 175,354 was comprised, on NCVER's breakup, of 123,069 apprentices and 47,756 trainees. Our answer to your question 543 is that, respectively, we think about 16 per cent, or some 3,000, may be in fact AQF 3 and 4 trainees.

Senator CARR—I must say that the December 1996 consultancy undertaken by Ryan and Associates entitled 'The use of choice in transition' did seem to pick the figures reasonably well in terms of the continuing traineeships. I just note that they were able to predict it quite well. I have a question on the whole area of employee incentives. Can you remind me of the budget allocation for employment incentives? What change has there been under the CRAFT scheme in the aggregate budgetary allocation over the last three or four years?

Mr Greer—I am not sure, but I might have that with me.

Senator CARR—We have established that to the individuals it has declined, but have the aggregate amounts of money equally declined?

Mr Greer—I think you will find that the aggregate dollars have increased.

Senator CARR—So what is that amount now?

Mr Greer—Certainly, in this area of employers incentives and benefits to trainees, it was \$265.2 million in 1997-98. In 1998-99, it was \$297 million, rising to \$340 million, I think it is, in 1999-2000. Unfortunately, I do not have the 1996-97 expenditure.

Senator CARR—So presumably this is where the Prime Minister gets the figure of \$560 million in the speech he made on 28 January 1998?

Mr Greer—Yes. I think we have discussed previously that we have budget provision for 107,000-odd new apprentices in 1997-98, rising to 117,000, or whatever it was, in the out years. It would be a combination of those dollars.

Senator CARR—In answer to question 582, the department has advised me that there is a list of companies that have been provided with moneys to develop an enterprise based competency standard assessment model. Can I have the amounts of money provided to each of those companies listed on question 582?

Mr Greer—Certainly.

Senator CARR—You will take that on notice?

Mr Greer—Yes.

Senator CARR—Can you tell me whether there are any, as you understand it—and I will presumably have to ask ANTA a similar question—variations between these competency standards assessment models and those developed through ANTA?

Mr Greer—I am not aware of that, but it might be better to pose that question to our colleagues in program 3.2.

Senator CARR—But you are not aware of any process?

Mr Greer—No. I can certainly take it on notice from the department's point of view.

Senator CARR—For instance, the Ford Motor Company or any of the other companies listed in 582 would work directly through ANTA, or would they come through the department?

Mr Greer—I may stand corrected, but I think a number of these arrangements essentially flowed out of the AVTS arrangements a couple of years back, when we were looking at introducing the Australian vocational training system.

Senator CARR—It says that the Commonwealth has not provided funds for Coles-Myer for such purposes, but has assisted other companies with the development of enterprise specific trainees. What is the form of assistance that the Commonwealth has provided?

Mr Greer—Again, I would need to come back to you, but it could be—it is not unreasonable to expect—assistance in the development of curricula, standards and so forth. But it would be better for me to—

Senator CARR—At a policy level, can you indicate to me why you would not provide money to Coles but you would provide moneys to Chubb, the Ford Motor Company—this is not a struggling firm—General Motors Holden Engineering Company, Optus and Woolworths? Why would you provide assistance to those companies?

Mr Greer—Without looking at the specifics, in the broad it would be to encourage these companies to adopt structured entry level training as the normal means of entry into those organisations.

Senator CARR—Can you tell me why they would not pay for that themselves?

Mr Greer—I would be surprised if there was not some significant contribution by these companies to those arrangements. The Commonwealth might be making a contribution to this arrangement.

Senator CARR—I am having trouble understanding why the Commonwealth would feel it necessary to provide a contribution to the Ford Motor Company to produce its training. What is the policy rationale for that?

Mr Greer—As I say, this was a decision that was taken several years ago, I think, to revisit what the basis of that support was. My impression is that it would have been encouraging these enterprises to pick up and inculcate the AVTS system in their organisations.

Senator CARR—I will come back to answer all of those particular matters. I am sure they will be able to assist me with that. On the question of training reform, I notice that McDonald's does not wish to disclose its training curriculum and asserts, for proprietary reasons, that those training programs should remain confidential. How does that fit with the normal policy framework about providing training mechanisms to companies? How does that fit with our normal arrangements? Is it common practice that traineeships are provided on a confidential basis?

Ms White—In the case of the enterprise specific traineeships that you have referred to, and they were the ones that were listed in response to that earlier question, part of the arrangement is that the enterprise specific competency standards remain confidential. In terms of the McDonald's arrangement, the board of studies did have access to the material associated with those competency standards and the training arrangements before it agreed to endorse them. However, there has been agreement that the details of those training modules will remain with McDonald's; only the titles of the modules are really in the public domain.

Senator CARR—Why is it commercial-in-confidence? Can you explain that to me?

Ms White—In essence it goes to McDonald's competitive advantage. McDonald's has, in fact, funded the development of those training packages or training modules. Most enterprises that we deal with in the context of these enterprise specific traineeships have quite understandable reluctance about the public domain accessing quite detailed information about how they train and develop their staff. I think that that is perfectly understandable.

Senator CARR—So they receive no public moneys?

Ms White—In the case of the enterprise specific traineeships that we listed for you in that previous question, those arrangements go back some years. I think that they go back to 1991. The funding that was provided from the Commonwealth was to assist it in developing curriculum and material associated with those enterprise specific training packages, yes.

Senator CARR—What strikes me as odd is that when I read the performance review committee's answer on the list of objectives for the VET system, I am told that one of the objectives is to enhance the mobility in the labour market. I would ask Mr Greer how the clandestine funding of large enterprises to provide commercial-in-confidence training courses enhances mobility in the labour market?

Mr Greer—I am not sure of the clandestine funding. Again, the enterprise specific traineeships would have many elements that are commonly recognised across broad industry.

Senator CARR—Sorry, can you just say that again? That does not seem to me to be consistent with the objectives—

Mr Greer—I am saying that when you look at the enterprise standards, they may well have—and I would suggest would have—many modules and many elements that are generic across industry per se, but there may be some modules that are enterprise specific. By and large, most or a good portion of the models would be portable.

Senator CARR—But since they are commercial-in-confidence, how do we know?

Mr Manns—I think that there is a distinction to be made between the public availability of enterprise specific standards and related curriculum materials and the fact that those are made available to the various accreditation agencies at the point at which they make their

decisions. Those decisions are not made in the dark without the knowledge of what is contained within the standards, for example, but they are not made broadly publicly available.

Senator CARR—They are made available at the state training authorities, are they?

Mr Manns—Certainly that would be my understanding. Certainly at the level of the national training framework committee, where enterprise specific standards are brought up for endorsement, the standards are available to the committee on a confidential basis, but they are not placed in the public domain, in distinction to publicly funded competency standards that are put in the public domain, generally speaking.

Senator CARR—We have the names of the modules here in terms of occupational health and safety: food preparation; workplace communication; food preparation: breakfast menu; front area operation; drive through area operation; dining and outside operation; selling customer relations; front area maintenance; back area maintenance; team leadership; crew training; stock control and quality assurance. I am just wondering why that information in reality cannot be made available. What could be commercial-in-confidence?

Mr Manns—I am not familiar with the details of them but, as Ms White has said, the general position is that they may contain some elements of enterprise specific practice that the firm does not wish to have known to its competitors. As Ms White has already said, in that particular case the development of the curriculum was funded by the enterprise itself without any public dollars involved. I think the two issues go to the demand, if you like, that can be made for those to be made publicly available.

Senator CARR—So it depends on how much money they get out of the public purse. I would have thought that there was a correlation between provisional public accountability and the provision of public funds.

Mr Manns—I think the point has been made that no public funds, if I am understanding Ms White correctly—

Senator CARR—We are trying to establish how much that is. That has been taken on notice.

Ms White—Yes. We have answered that.

Senator CARR—I understand that you have taken that on notice to establish precisely how much is being paid to these corporations for their training. That is what I understood Mr Greer to be seeking.

Mr Greer—We certainly undertook, in relation to question 582, to identify the—

Senator CARR—If there is any confusion, I would also ask whether or not McDonald's has also received any public funds for the development of its training packages.

Ms White—We have answered that previously. It has received funding for the development of its enterprise specific traineeships. However, in the broad, the training that it has used, adopted and modified and the work that it has undertaken—in relation to the work that has happened with McDonald's and actually modifying it such that it has become a component of the VCE—has funded itself.

Senator CARR—The issues I raise are the level of public accountability, the issue of quality control and, in particular, the value of the credentials, because as we have mentioned earlier this morning, students are undertaking this program; it is not just statistics. Real people are undertaking a program that seems to be entirely in the province of a private corporation.

Ms White—I think that that goes to what Mr Manns actually went through, which was that the traineeships actually go through a formal accreditation process and that the committee that assesses whether they meet the required standards actually has access to that confidential material. So they are, in fact, in the position, so they are accountable.

Senator CARR—What are the policy implications of a broader assessment of this procedure? For instance, why can't TAFE colleges maintain confidential courses, given that they are now in a competitive market competing commercially against other providers and that information on the particular provision of those courses could be financially advantageous to another provider?

Ms White—There are instances in which TAFE is, in fact, contracted by some of those bigger companies to actually deliver the training. So, in practice, it does happen already.

Senator CARR—Will that apply to more generally provided publicly funded TAFE provision? Will it be secret?

Mr Manns—Again, it comes back to the issue of the Commonwealth involvement at a financial level. If the TAFE system funds the development of its own curriculum, I think it is a matter for the TAFE system to establish with the relevant state accreditation agency whether there are any grounds for that curriculum to not be publicly available in some way. It goes to the ownership of the document—of the material.

Senator CARR—So if there is public money involved, you say there is a public right to know?

Mr Manns—The way the Commonwealth approaches the issue is that, generally speaking, if the bulk of the materials are in receipt of Commonwealth funding, those materials are Crown copyright and are available in the public domain. I am not purporting to speak on behalf of state governments. If they choose to develop materials using their own resources, I think that is a matter for them.

Senator CARR—So if we can establish that there are significant public contributions to the development of these programs, surely the argument about commercial-in-confidence falls away.

Mr Manns—I can only repeat, as I have said, what the Commonwealth's position is; I am not purporting to speak on behalf of state governments.

Senator CARR—I will pursue these matters with ANTA. Mr Greer, can you indicate to me the details of any consultancies undertaken by the department into the issue of workers compensation insurance and coverage issues necessary for students undertaking traineeships or VET in schools projects?

Mr Greer—An officer from the Schools Division might be able to better respond to that.

Senator Ellison—Or should that be left to program 1?

Senator CARR—No, it is actually part of this division, is it not?

Senator Ellison—That is okay.

Senator CARR—They might have an officer better equipped to answer it, but I understand that is actually part of your division.

Ms White—VET in schools is actually a cross-divisional thing. Vocational education and—

Senator CARR—All I want to know is who is paying the workers compensation. Can you indicate that to me, Ms Johnston?

Ms Johnston—Under the strategic component of the school to work program, we are funding two consultants to undertake some work to look at the barriers to the implementation of part-time apprenticeships and traineeships in schools. In particular, they have been asked to look at things such as the legislative barriers, insurance and work cover liability, industrial relations issues and employer incentives. While insurance and work cover liability are to be examined as part of those consultancies, it is expected that it will be in the context of the current arrangement in states and territories and whether there are barriers to the employment rather than exactly who is liable. Nevertheless, I am sure those consultancies will look at the issue of the liability.

Senator CARR—What are the current circumstances? What do you understand to be the current situation? Are students who have embarked on these programs covered by workers compensation?

Ms Johnston—Yes, students who are in a structured work placement would be regarded as an employee, and an employer has a duty of care to maintain a safe workplace.

Senator CARR—You will be able to tell me that students are covered on their journey from school to a workplace?

Ms Johnston—That is one of the issues that is less clear and the result of the consultancy will be to look at the issue of travel between school and the workplace.

Senator CARR—But what do you understand the current situation to be? You say it is less clear; is it the case that in some jurisdictions students are not currently covered?

Ms Johnston—I do not know the details about what the situation is in different jurisdictions. We have asked the consultant to look at those issues.

Senator CARR—Ms White, is that your understanding?

Ms White—My understanding is that it is true. However, more broadly, our general understanding is that it really goes to the definition of a student. While a student is in school hours, it is essentially considered to be the school sector's responsibility to exercise student care. Where it gets a little ambiguous is in relation to the nature of their relationship with their employer. Our preliminary advice is that a work placement would be considered to be an employment relationship and, therefore, the employer has liability, and that includes to and from work.

Senator CARR—So after they have left the school gate?

Ms White—That is right. Essentially, as Ms Johnston has said, we really need a little bit more clarity. That is why we have engaged this consultant: to look through the details.

Senator COONEY—What is the relationship between the school and the place of employment in those circumstances? You seem to have just made a fairly clear distinction between the place of employment and the school. I was just wondering whether there is any more to it than that or is it just the employer saying to go off to school would be a good thing for them, which is a normal sort of thing.

Ms White—Most work placements that are organised through the school are facilitated through the school and the school has a relationship with the employer. They would have, in fact, negotiated the placement with the employer. So it really is not a situation of an employer negotiating with a student; the employer would, in fact, be negotiating with the school.

Senator COONEY—The concept that I have on my mind is that a school arranges a place of employment for the pupil and that is all there is to it. Does the school have any input to the workplace or does the workplace have any input to the school?

Ms White—They are structured work placements. They are part of the broader training that is happening within the schools. The school placement may, in fact, be a component of a unit of study that is actually being undertaken primarily in school. So it is quite structured.

Senator COONEY—When Senator Carr asked you about workers compensation, that would be under state law, wouldn't it? State law would apply?

Ms White—In most cases, yes.

Senator COONEY—It just seems to me that—and you are going to check this, I know—the distinction that you have drawn between the workplace and the school for the purpose of workers compensation would be for the purpose of the Occupational Health and Safety Act which seems to be, if I could use the word, a bit tortured.

Ms White—It is quite clear-cut where the schools are responsible and where the employer is responsible. The employer is responsible where you can establish an employment relationship. I think where it becomes ambiguous is—

Senator COONEY—I hope you do not mind me interrupting, but that is the whole point. How do you establish an employment relationship?

Ms White—There are some precedents. We have actually sought legal advice from the—

Senator COONEY—And the workers compensation act within that?

Ms White—There are.

Senator COONEY—Could you give us those—not now?

Ms White—I think we can certainly provide the advice we have been given.

Senator COONEY—These are cases in which workers compensation has been paid to students employed in a workplace pursuant to this arrangement?

Ms White—I am not sure that we could give you that information.

Senator COONEY—What were you referring to? You said there were several cases.

Ms White—We are happy to give you a copy of the advice that we have received from the Australian Government Solicitor.

Senator COONEY—I am not so interested in the advice that other people here are interested in—

Senator CARR—I am interested in the advice.

Senator COONEY—But I am very interested in these cases you have quoted because the cases are what counts rather than the advice.

Ms White—We can certainly go back to the Australian Government Solicitor and ask for examples—if that is possible for them to give us where the precedents are that—

Senator COONEY—I understood you to be saying that the precedents were where the courts had decided cases to do with people who were both students and engaged in the workplace pursuant to the arrangements you have told us about and they had been injured in the workplace.

Ms White—No, I think I may have misled you. What I have said is that in the advice that the Australian Government Solicitor have given us they have said that the employer is clearly

liable for workers compensation where an employment relationship can be established. They have given us a list of precedents where an employment relationship can be established which could be relevant in the case of a student. They have not actually given us precedents where students have been eligible for workers compensation—

Senator COONEY—But this is an opinion that has been drawn from cases that are not directly—

Senator Ellison—I think you are both perhaps referring to the case in a different way. You are referring to it perhaps as a legal authority—

Senator COONEY—Thank you, Minister. As a barrister—

Senator Ellison—Exactly. I think the advice was looking at more a hypothetical case, given the situation that liability would flow. We have a letter dated 18 December 1997 from the AGS that we could provide to you which deals with this advice. It is a question which I have asked to be looked into because of the unusual circumstance you have where a student in a workplace environment is not an employee. It is all cut and dried where it is on school property, but where the student goes through the gates to another place then what are the circumstances there and what insurance aspects should be looked at. That, as evidence has been given—

Senator COONEY—I thought that was a point that ought to be pursued because if you have a person in a student situation going to a workplace there are all sorts of injustices, I suppose, that could in certain circumstances flow.

Senator CARR—Could we get a copy of that letter while we are actually discussing this matter.

Senator Ellison—Yes, there is no problem with that. One of the things I have asked when I have visited the TAFEs is about the sort of coverage they have because you have the same situation there. You can sometimes have a school student going to a TAFE where they might have covered for their own students but is a visiting school student covered as well? Those sorts of things need to be looked at as well.

Senator CARR—It is a growing area of concern. Have the work experience programs that have existed in the states for many years been considered in the context of this consultancy?

Ms White—Yes, they are being considered.

Senator CARR—What do you understand to be the lessons drawn from those experiences?

Ms White—We understand that they would be considered to be school students because generally work placements happen within school hours so the school would retain its student care obligation.

Senator CARR—Even if they are actually on an employer's premises?

Ms White—That is correct.

Senator CARR—So the case I have referred to in previous hearings—the butchers' union has drawn this to my attention—where a boy lost his arm in a mincer—

Ms White—I do not think we actually established whether that was, in fact, during a work placement or an apprenticeship.

Senator CARR—That is the issue. If it was part of a VET in schools program, is that boy covered?

Senator Ellison—In a recent situation I saw was with a part-time apprenticeship for a chef—a young girl was a chef and also doing some studies at school. Of course, whilst at work she would have the same protection as any other apprentice, and it would be of no consequence at school because she was doing that quite distinct from her schooling activity.

That is, again, a different situation from this boy who, as a part-time apprentice, falls into a different category. The real question is where you have a school sending a student to a workplace for experience or, for instance, where the Master Plumbers Association provides 30 days a year to secondary students with training at their facility and then on the job—their students going through them to a workplace environment. That is different to the apprenticeship situation. That is what we are very keenly interested in sorting out.

Senator CARR—When is the consultancy due to report?

Ms Johnston—I think it is about three months consultancy. It is the end of May.

Senator CARR—Who is undertaking that work?

Ms Johnston—Mr John Ray.

Senator CARR—Is that Ray and Associates?

Ms Johnston—Yes, and Mr Bob Marshman.

Senator CARR—Are there two consultancies?

Ms Johnston—Yes, there are two consultancies. Bob Marshman and Associates are undertaking one to identify and analyse industrial relations barriers and employer incentives associated with implementation of part-time apprenticeships and traineeships in schools. The project of Mr Ray and Associates is to identify and analyse the legislative insurance and work cover barriers associated with implementation.

Senator CARR—What is the cost of those consultancies?

Ms Johnston—It is \$25,000 each.

Senator CARR—Minister, will copies of the reports be made available to the committee?

Senator Ellison—Yes.

Senator CARR—When will they be available?

Senator Ellison—We are due to have the reports at the end of May, so I would imagine not long after that.

Senator CARR—Thank you very much.

Senator COONEY—How are the consultancies chosen? I might want to become a consultant myself sometime—lots and lots of work is done through consultancies more and more. It seems to me that, as a parliament, we have to look more and more at them. I do not know this person so I am not casting any aspersions or referring to the quality of his work at all, but what I am more concerned about is what is the process of choosing consultancies, given the fact that more and more consultancies are being chosen. That is the first question. The second question is: what sort of quality check do we have on the work that the consultant produces?

Ms Johnston—In this case the consultants have already worked with ANTA on similar projects. They were recommended to the department by ANTA. That was endorsed by a MCEETYA task force on VET in schools comprising representatives from states and territories. In terms of quality control, the usual mechanisms that we would write a contract to ensure

that we ask the consultants the right questions that we wanted answered and would seek the answers to those questions from the consultants.

Senator COONEY—Does the testing come through the result of putting the recommendation into practice or does it come before—

Ms Johnston—I am sorry, I missed that.

Senator COONEY—Clearly one way that quality control can be maintained is by putting the recommendations into practice to see how those initiatives work out in the end. The obvious trouble with that is that the quality control operates perhaps too late. I was wondering whether there is any quality control prior to that.

Ms Johnston—In this case we are seeking advice. We will take that advice into consideration and consult with others who have an interest in this area, and particularly the states and territories will be very interested in the outcomes of these consultancies.

Senator CARR—This goes to the issue of the Commonwealth's liability in questions of workers compensation—whether or not the Commonwealth would incur a liability because a student suffered an injury in carrying out an activity while participating in a project funded under VET. I appreciate those points that are made here. My ancillary question is whether or not the student is covered.

Senator Ellison—That is why we commissioned the consultancy, which deals with those very points.

Senator CARR—The correspondence does not go to that issue.

Senator Ellison—No. That is why we have horses for courses, so to speak. This one is for Commonwealth liability. The other one is for student cover, et cetera.

Senator CARR—While Senator Cooney is reading that letter, I might turn to another issue. I notice that the department, through the government, has intervened in the Australian Industrial Relations Commission hearings involving the MTIA and the AMWU, particularly over the issue of whether apprentices should be covered in an Australian workplace agreement registered by the commission. Has the department provided any advice on this issue?

Ms Laker—I am Linda Laker, vocational education and training division. I am sorry. I was absent from the room. Could you repeat the question so that I can answer it?

Senator CARR—Yes. I am referring to the hearings before the senior Deputy President of the AIRC, Ms Jan Marsh, involving the metal trades award and, in particular, the intervention by the Commonwealth to have references to apprenticeships removed from that award. Have you provided any advice?

Ms Laker—Has the department provided any advice to the commission?

Senator CARR—To other agencies of government on this matter.

Ms Laker—We have been involved in consultation with the Department of Workplace Relations and Small Business, which provided the Commonwealth's submission to those hearings.

Senator CARR—So you have written that submission?

Ms Laker—No, the Department of Workplace Relations and Small Business was responsible for providing the Commonwealth's submission to those hearings.

Senator CARR—What is the nature of the advice that you have tendered in regard to this matter?

Ms Laker—DEETYA has not tendered any documents to the commission in this matter.

Senator CARR—Have you tendered documents to other departments or other agencies of the Commonwealth Government on this issue?

Ms Laker—No, we have only had discussions with the department.

Senator CARR—So all the advice has been verbal; is that the case?

Senator Ellison—To the Department of Workplace Relations and Small Business?

Senator CARR—Or any other Commonwealth agency on the issues relating to guarantees for apprentices in the metal industry award.

Ms White—The issue is really one for the Department of Workplace Relations and Small Business clearly because the issues that arise are training. They do, as a matter of course, talk to us. Ms Laker has had some discussions with them in forming the Commonwealth's submission, but we have not provided written advice to them.

Senator CARR—So I repeat that it is all verbal advice?

Ms White—That is correct.

Senator CARR—What is the nature of that verbal advice?

Ms Laker—The Department of Workplace Relations and Small Business, in preparing the Commonwealth's submission to those hearings, sought our advice on particular aspects where they were providing information about the vocational education and training system. They sought clarification from this division on some of the material that they were preparing for that submission.

Senator CARR—I am sorry, what particular aspects were you able to advise those agencies on?

Ms Laker—In particular, matters discussed with me were in regard to training being a non-allowable matter under the Workplace Relations Act. The Department of Workplace Relations and Small Business wished to provide material about the vocational education and training system in supporting its arguments in respect of training. They did not have the in-depth knowledge of the system and sought expertise from the department.

Senator CARR—Were you able to advise those agencies that if apprentices and trainees were removed from the metal industry award, those trainees and apprentices would suffer a 10 per cent drop in income?

Ms Laker—No, I was not asked that question.

Senator CARR—I am sorry, it was a 20 per cent cut in income. Are you able to provide this committee with any advice on what impact the removal of apprentices from the metal trades award would have in regard to income for those apprentices?

Ms Laker—There are probably two ways of looking at that question. One is in reference to the Australian Financial Review article yesterday. The other is in respect to whether training is an allowable or non-allowable matter under the Workplace Relations Act. Those hearings are before the commission at the moment.

In respect of the first, where the article in the Australian Financial Review yesterday reported statements from the MTFU, it is the government's view that there is nothing in the Workplace Relations Act or under Australian workplace agreements which would result in a cut in wages of apprentices. Australian workplace agreements allow for a different mix of work and training

for apprentices, but the award rate of pay for an apprentice will be the same regardless of whether they are employed under an award or under an agreement.

In respect of the submissions to the commission about allowable matters and the fact that training may not be included in the revised metals industry award—it is the Commonwealth's submission that training is not an allowable matter, nor is it necessary and incidental to the operation of the award. That goes to the heart of the Commonwealth's submission.

Senator CARR—I understand that was the Commonwealth's submission, and that was the advice that your officers provided to them, was it?

Ms Laker—No, the Department of Workplace Relations and Small Business was responsible for preparing the position on whether training, in their view, in regard to the act was one of the allowable matters under section 89A.

Senator CARR—Are you able to advise the committee on how many other awards currently registered with the commission cover apprenticeships?

Ms Laker—Many federal awards and state awards cover apprenticeship matters.

Senator CARR—So if the commission was to find that the metal trades award should remove award provisions that guarantee apprenticeships in the metal industry payment for time in structured training, are you able to advise the committee what implications that would have for those awards?

Ms Laker—It is likely that the decision on the metal industry award will be regarded somewhat as a test case, and further awards which go through the award simplification process would be expected to follow the decision of the metal industry award.

Senator CARR—So it could potentially have quite a significant impact for apprentices across a range of awards?

Ms Laker—It has an impact on what is contained in awards, but it is not, in my view, going to affect the apprentices' wages, because apprentices' wages are an allowable matter. One of the allowable matters is wages, and that includes apprentices' wages. There is nothing in this case which will remove those wages clauses from the metals industry award or other awards.

Senator CARR—So the issue then is the amount of money paid for time spent in structured training, not the wages of the apprentice. It may be argued that the wage of the apprentice could be reduced, or it would have the effect of reducing the wages of an apprentice if they were not paid for time spent in structured training.

Ms Laker—There is no scope currently under the award system to reduce apprentices' wages in that way.

Senator CARR—So in your opinion, the removal from the award of payments for time in structured training would have no impact?

Ms Laker—I think that the statement that the award is going to remove payments for time in structured training is not correct. Apprentice wages in awards currently reflect a discount for time spent in training and their lower levels of skill and so on. The award simplification process which is under way in the metals industry award at the moment is not going to do anything to apprentice wages. It will neither reduce them nor increase them.

Senator CARR—But workers who are apprenticed to an employer are paid for time spent in structured training under the present award?

Ms Laker—No, the wage rates that they are paid reflect a discount for time spent in training. However, their wage, in effect, is averaged so that every week they receive the same wage, not accounting for overtime and so on.

Senator CARR—I am sorry, they are paid a lower rate. We agree. I am putting it to you, though, that workers currently are paid under the metal trades award for time spent in structured training. They are paid at a lower rate than they would on the job, but they are still paid.

Ms Laker—Because the wage on average—

Senator CARR—But they are paid.

Ms Laker—Yes.

Senator CARR—The point that I am putting to you is that their removal from the Metal Trades Industry Award may allow employers to reduce their wages.

Ms White—Yes, but I think what Ms Laker is actually saying is that there will still be an apprenticeship award rate in the award.

Ms Laker—There is also nothing in the clauses which the Commonwealth submission argued should be deleted from the metals industry award which have any bearing on being paid for time in training.

Senator CARR—As a department, are you not concerned about the further disincentive to people actually undertaking apprenticeship training because they are actually paid at a lower rate?

Ms Laker—I have already stated that the payment of apprentices will be based on the same basic rate, whether it is under an award or under an agreement.

Senator CARR—So in the department's view this will have no impact on people undertaking apprenticeships or, for that matter, employers employing apprentices?

Ms Laker—The policy's intent is actually to have a positive effect in that employers will have more flexibility in the arrangements that they establish with apprentices than may have been available in the past.

Senator CARR—You mean cheaper wages—so they can pay them cheaper rates?

Ms Laker—No, I said flexibility in the way they employ them; that is, they may choose with the apprentice to have more time in training or less time in training. The training may take a longer or a lesser time to complete.

Proceedings suspended from 11.51 a.m. to 12.02 p.m.

Subprogram 3.2—Australian National Training Authority

CHAIR—Program 3.2, Australian National Training Authority. Senator Carr?

Senator CARR—I will come back to the questions that we were canvassing this morning, Mr Moran. You will be able to throw some light on some of the issues that have been raised. Might I begin with the question of the ANTA agreement. Perhaps this is a question for the Minister: have all the states and territories now endorsed the new agreement?

Senator Ellison—I understand that Queensland, Victoria and the ACT have signed up. Western Australia and South Australia have indicated their agreement, subject to some queries being satisfied. I think it went through the Tasmanian Cabinet last week and I think that the Northern Territory is still to put it through its cabinet. That is about where we are.

Senator CARR—Of the states that have not signed, what is the nature of their queries?

Senator Ellison—That is a matter of correspondence between the Prime Minister and the premiers of the two states.

Senator CARR—I am sorry, I missed which of the two states again?

Senator Ellison—South Australia and Western Australia.

Senator CARR—Does that relate to the issue of growth?

Senator Ellison—It is really government to government correspondence and I do not think we can reveal that, Senator Carr. It is really a matter between the Premiers of those two states and the Prime Minister. It is a convention that government to government correspondence is confidential.

Senator CARR—Is it fair to say that the new agreement is yet to be ratified?

Senator Ellison—By all the states and territories, yes, but some states and one territory have ratified it.

Senator CARR—But we still do not have a new ANTA agreement?

Senator Ellison—We have one agreed in principle, subject to cabinet endorsement from the Northern Territory. The others have acknowledged the agreement.

Senator CARR—May I refer Mr Moran to the document entitled the special edition of *Australian Training*, marked December 1997, which heralds the progress achieved at the ministerial council meeting. You say on page 3 that Minco will agree the processes and guidelines for the bilateral discussions and will agree the outcomes of the discussions. I recall that at the previous hearings we discussed the decision-making process in regard to this new ANTA agreement. What bilateral discussions have taken place?

Mr Moran—These are in respect to growth through efficiencies, Senator?

Senator CARR—Yes.

Mr Moran—Basically, discussions at officer level with all states and territories.

Senator CARR—All states and territories have now had bilateral discussions?

Mr Moran—Not necessarily in the sense of people travelling to every state and territory, but communication over the telephone and so forth. Mr Eccles could amplify that matter.

Mr Eccles—The ANTA agreement contemplates an efficiency framework which was also signed up by ministers in November. Within that is a process around the efficiency documentation from the states that would have, in the first instance, them providing a draft document to ANTA and then a series of bilateral discussions around that draft document, then a series of consultations with the respective states to settle the report arising out of those bilateral discussions, then consideration by the ANTA board of that and then communication or advice on the reports to the ministerial council. To date, we have not yet received any efficiency plans from the states and territories. We had worked back from a ministerial council meeting scheduled for 23 April to try to fit the process I have described, working back from that ministerial council. The chief executive had written to state and territory chief executives requesting drafts of efficiency plans by 20 February. That date has passed and we are yet to be in receipt of draft plans from any state or territory.

Senator CARR—From any state?

Mr Moran—Yes.

Senator CARR—In the December document, you refer to agreed processes and guidelines. Could I have a copy of those guidelines?

Mr Moran—These are the guidelines that were agreed at the ministerial council meeting. That would be a matter for the Commonwealth ministers to determine.

Senator CARR—Minister, could I have a copy of the agreed guidelines for the measurement of growth through efficiencies?

Senator Ellison—Normally I would not have a problem with that, Senator Carr, but they are subject to state cabinet endorsement. I do not know whether it is appropriate at this stage to release that.

Senator CARR—So they do exist?

Senator Ellison—Yes, that is right. Can I just make some inquiries as to where we are at with that timetable? The only one that has not been through a state or territory cabinet—it is the same as the ANTA agreement—is the Northern Territory's. Once that has been through, we could perhaps give you a copy of it.

Senator CARR—Mr Manns, when do you anticipate that the Northern Territory cabinet will meet to discuss these guidelines?

Mr Manns—I do not have a date for the Northern Territory cabinet's consideration of the matter.

Senator CARR—So when do you anticipate that the ANTA agreement will be signed? We do not have one at the moment. When do you expect that we will have one?

Mr Moran—Could I just clarify one point? There is already an ANTA agreement. The previous agreement is ongoing until changed. This is a matter that you will recall we discussed at great length at a previous hearing of this committee.

Senator CARR—So when will we have a signed new ANTA agreement or a revised ANTA agreement—any way you like to put it? I refer to the proposition that you put together last November that was, I understand, initiated after long discussions late at night involving large amounts of alcohol? When will we have that?

Mr Moran—No, this is not the correct account of what happened. The ministerial council meeting in November at which these documents were discussed by ministers was separate from an earlier meeting to which you have made reference on a previous occasion.

Senator CARR—When will we have a new ANTA agreement?

Senator Ellison—We are waiting for the Northern Territory cabinet. We have not had any word back from them, but we will make inquiries with them. It is a matter for them as to when their cabinet is meeting.

Senator CARR—Senator Ellison, I understand that the draft government legislative program has a piece of legislation contained in it relating to a new ANTA agreement. You have presumably prepared a bill. You would not be circulating a draft legislative program without having a bill prepared, would you?

Mr Manns—The bill has not been drafted as yet, but preliminary drafting instructions have been issued on the assumption that we will have in the next little while finality to the ANTA agreement. We have not yet received a draft of the bill. In essence, it will be fairly simple. It will be attaching the new agreement to the act in place of the old and making some consequential amendments. We are proceeding on the basis in terms of drafting that we will have the agreement brought to finality in its current form.

Senator CARR—And you are anticipating that at the 23 April meeting of Minco you will have all states and territories ready to sign?

Mr Eccles—There is nothing to indicate that the states and territories are walking away from the outcome arrived at in November which would see any efficiency plans being considered by the ministerial council on the 23rd.

Senator CARR—Except that you do not have a copy of that?

Mr Eccles—Not at the moment, no.

Senator CARR—You have a draft. I have a draft of your proposals, but you do not actually have a copy back from any state, yet. I am wondering what measure of commitment can be drawn from that event.

Mr Eccles—As Mr Moran indicated, there have been officer to officer discussions which indicate that there is activity within the states. It is just that it has not consolidated a set of plans that have been formally submitted to the authority.

Senator CARR—The states are notorious on such matters. You are saying that there is activity in the states but it has not been formulated into a document. I understand that to be the point you are making.

Mr Eccles—Yes.

Senator CARR—Is there still confusion about basic definitions under the new agreement? Is there now agreement as a result of these bilateral discussions on basic definitions under this agreement?

Mr Moran—Definitions of what?

Senator CARR—For instance, ‘growth’. Do we have an agreed definition on the concept of growth?

Mr Moran—Yes, we do.

Senator CARR—Do we have an agreed concept of ‘efficiency’?

Mr Moran—Yes.

Senator CARR—So we have an agreed concept on the issue of growth through efficiencies?

Mr Moran—Your questions lead to the conclusion that there is a means by way growth or efficiency could be measured.

Senator CARR—Yes. Have we an agreement on that?

Mr Moran—We have an approach which we are using for how it can be measured. There have been some discussions with at least one state. There are technical details associated with that. I think they have been resolved satisfactorily, and I expect that we will very shortly inform other states who might be affected by these technical matters of the agreement that we have reached with the first state.

Senator CARR—Mr Moran, we have been over this one before and no doubt we will go over it again. You say that these are mere technical matters, but they really go to the heart of the nature of this agreement and the extent to which there has been adequate funding provided.

Mr Moran—No, I did not say that these are mere technical matters. I said a technical matter related to growth or efficiency has been the subject of discussions between ourselves and one state. As of yesterday, I think we have reached a satisfactory set of understandings as to how that particular matter will be dealt with, and that will flow on, I expect, to other states and territories.

Senator CARR—Is that state Victoria?

Mr Moran—No.

Senator CARR—So the Victorian paper that refers to the agreement as signed by ministers was giving no indication of the meaning of 'growth' in the phrase 'growth or efficiencies'? Is that still current?

Mr Moran—You are referring to a paper that I do not believe I have seen.

Senator CARR—The paper refers to the agreement on this meaning and says that it is essential for finalising the processes and guidelines. Is that still relevant?

Mr Moran—As was discussed earlier, there were guidelines agreed at the ministerial council meeting in November, and those guidelines, at the request of some state ministers, were in effect to accompany the revised ANTA agreement through the consideration of that agreement by state and territory cabinets.

Senator CARR—Given that the Victorians tell me through these documents that they are concerned that at the signing of the agreement—or at least the initialling of the agreement; that would probably be more accurate—they assumed that 'growth' referred to student contact hours or annual hours curriculum and that such meaning will have little value over the life of the agreement, do you think that that is relevant?

Mr Moran—That is probably a reference to shifting measurement to outputs and outcomes which, as you might remember from the previous hearings of this committee, has been the subject of work by the performance review committee. Its report went to the Ministerial Council in November and was accepted by ministers in principle, subject to further work on the costs for states and territories of implementing the new arrangements—that work is under way at the moment—and also subject to some technical work, which is being undertaken by NCVET on the detailed means by which these new measures would be applied.

Senator CARR—So when we say that we have broad agreement about the guidelines, I presume that is what—

Mr Moran—My understanding is that ministers in November agreed to the guidelines full stop, and state ministers then said that in submitting the new ANTA agreement to their state cabinets they would also draw the attention of their state cabinets to the guidelines agreed to by ministers on growth or efficiency.

Senator CARR—Mr Moran, I think it is probably fairly well documented now that what ANTA views as having been an agreement may not necessarily be the same as what the states believe they have agreed to? For instance, when you talk about the question of definitions—and you rightly point to the changes that are occurring in regard to measurements from inputs to outputs—it might also be argued that there are still problems in regard to the cost and price of those particular inputs in regard to any of those guidelines. Would that be true? Is there agreement around the cost price of inputs?

Mr Moran—I think we are talking at cross-purposes. Our approach to growth or efficiency is to relate total government expenditure to, desirably, the outputs but, for the time being, activity measures which are the annual hours curriculum. That gives you a measure of the efficiency in that particular state or territory in that sense. So when you use the word "inputs", I assume that you are referring to dollars alone, whereas many people would extend the use of the word 'inputs' to include other things as well.

Senator CARR—These are pretty basic points, I would like to suggest to you, that go to the strength of any agreement. I am concerned that statements have been issued by the states

in regard to their efficiency plan. It leads me to the conclusion that there are no agreements yet.

Mr Moran—I think we have to go back to what Mr Eccles said, which is that these are matters to be considered by ministerial council later in the year. I would advise the committee to draw conclusions as to the efficacy of the process only in the light of what actually happens when the ministers sit down to talk about these matters.

Senator CARR—So you are saying we have to wait until 23 April?

Mr Moran—There are two ministerial councils coming up, one in April and one in May. I think we would be in a position to be a little clearer on the subject in June.

Senator CARR—It looks like a great agreement if you have to wait until June.

Mr Moran—I think it is a workable agreement that will deliver improvements for Australia.

Senator CARR—In these guidelines, has there been agreement as to whether an increase in the overall operational funds provided by a state or territory needs to be treated in the same way as growth or efficiency? Is it the case that an increase in the overall operational funds provided by a state or territory will be treated in the same way as growth or efficiency?

Mr Moran—That is an increase beyond what would be required to retain expenditure in real terms in that state or territory, I take it?

Senator CARR—Yes.

Mr Moran—Where a state spends more money and achieves more activity and outputs in the way that you have described, that is, beyond maintaining expenditure in real terms, that would not be seen as growth or efficiency. Growth or efficiency relates to achieving more with stable resources in real terms.

Senator CARR—So is it the case that if funding by a state or territory remains constant or declines, it will be regarded as a higher level of output? Will there be a measure by which you can have a higher level of output despite the fact that the states are spending less?

Mr Moran—Ultimately, this is a matter for the ministerial council to consider. We have proceeded on the basis that the financial resources available will not decline in real terms at a state or territory level and that, against that stable funding, there will be growth in the number of student places that are available. I say this because I think that there has been some misunderstanding about the real causes of the debate surrounding growth through efficiency. From ANTA's point of view, the formulation of growth through efficiency was an essential mechanism to provide some safeguarding of the funding base at the state and territory level for vocational education and training given that perhaps some state treasuries were only too happy to look at reducing, in real terms, the funding base available for vocational education and training. So against the admittedly deficient approach to maintenance of effort, which needed some change, growth through efficiency was really, I thought, a strategy for keeping states and territories up to the mark in terms of the funding base for vocational education and training.

Senator CARR—Has there been any identification by the Commonwealth and ANTA of the reductions in Commonwealth costs in regard to the delivery of services?

Mr Moran—If we are talking about the ANTA agreement, the Commonwealth budget matters have been the subject of discussions here previously. Quite long answers, I think, were provided by both DEETYA and myself to previous questions. So unless there was something specific, I think it would be best to rest it on what we have previously said.

Senator CARR—So you have not identified cost reductions by the Commonwealth in your assessment of growth or efficiency?

Mr Moran—One argument would be that ANTA itself is ever more efficient in delivering more for the Commonwealth funds which are invested in its operations. I think that is a very good argument. I would certainly want to put that before the committee.

Senator CARR—Are you able to tell me that there has been an assessment of the level of investment by the Commonwealth in national projects as part of the agreement to these guidelines?

Mr Moran—I think you are going back two budgets here. Again, these are matters that were—

Senator CARR—They do affect the base level of Commonwealth contribution to the VET sector, do they not?

Mr Moran—In broad terms, the budget before last, which gave rise to the issues that you are now covering, represented a trade-off between additional funds for growth and some reductions in some areas, one of which was national projects. The overall result—and I am going back 18 months, so I might make some slight error—but the overall result in that year was an extra \$80 million of Commonwealth funds for growth, \$20 million of which was made available for VET in schools under a four-year initiative that the Commonwealth government took. Therefore, in that particular budget, arguably the overall result from the Commonwealth government's point of view was, I think, an increase in funding.

Senator CARR—That is obviously a point of disputation—as to the level of Commonwealth contribution. I am interested to know whether or not there has been any attempt by the Commonwealth to get the states to actually prepare programs over the full life of the agreement, or is it on the basis of short annual projects?

Mr Moran—We have actually said to states and territories that we think it is desirable for them to approach the issue of growth through efficiencies over a three-year period rather than on an annual basis.

Senator CARR—What is the response?

Mr Moran—The nature of the response goes to the issues that were raised by Mr Eccles before.

Senator CARR—You do not have a reply yet?

Mr Moran—No.

Senator CARR—So when we go to the question of the measurements of these efficiencies and we move to this output model, is there an agreement around the incorporation of other measurements, over than student contact hours, to include such measures as module load completions, course completions, course commencements and the number of new apprenticeship commencements?

Mr Moran—The technical work which is under way from the NCVER, the National Centre for Vocational Education and Research, goes to the issue of how a new performance measure related to outputs could be erected. In doing that, it has to embrace some or all of three things: modules; units of competence; and qualifications. There are a variety of views on how that might be done which have not yet been settled, but there is in-principle agreement that we should seek to move to such an output measure and also, amongst the key performance

measures, to have regard to outcomes delivered as well, which are mentioned in the performance review committee report.

Senator CARR—So has there been an agreement as to the number of new places that will actually arise as a result of these greater efficiencies? How many new places are going to be in the system?

Mr Moran—What the ministers have decided—wisely—is that each state will look at where it is at and then talk with us about how it can go from that point to something better. We will then take that forward to the ministerial council with our comments. Therefore, clearly, when we go to the ministerial council, additional places is one of the points that we draw attention to. However, I would like to stress that, in our report to the ministerial council in November, the directions and resource allocations report, we did identify for a number of states for a variety of reasons a growth in student places in 1998 over 1997. When I say ‘a variety of reasons’, I include in that possible additional expenditure and so forth. So already the ANTA agreement in respect of only some states appears to be set to deliver growth in student places in 1998 over 1997.

Senator CARR—So some states will be able to provide some growth now, you are saying?

Mr Moran—Some states indicated in the process that led to the decisions of ministers in November the level of growth that they would deliver. From memory, it was four states and territories. I think that it was an appreciable level of growth across those four states and territories but I do not have the actual numbers with me at the moment.

Senator CARR—Yes. Could I have those? Would it be possible to get those on notice?

Mr Moran—They go to the contents of the directions and resource allocation report, which is now available on our web site.

Senator CARR—Yes.

Mr Moran—If you can wait for the mail, we will send you a copy.

Senator CARR—Yes, I prefer the Australia Post method, I must say. So in their memorandum of understanding, you mentioned that some states were able to advance the number of places spending on their current budgets. The memorandum of understanding notes that a number of measures will impose costs on the states. They include additional VET places, youth allowance, additional new apprenticeships, national training packages and VET in schools. I notice that they are all contained in clause 4 of the memorandum of understanding. Have you been able to quantify the impact of government decisions taken at the Commonwealth level that will have an impact on state budgets in the VET sector?

Mr Moran—I think that there is a speculative element to those claims.

Senator CARR—I am sorry, they are not speculative. I am reading directly from the memorandum of understanding.

Mr Moran—Yes, I understand that. I was about to say that I think Mr Noonan could probably add something on the question of the cost of training packages because we have looked at that.

Senator CARR—Yes.

Mr Moran—My understanding is that, apart from some issues to do with assessments, there are no particular increases in costs associated overall with the introduction of training packages.

Mr Noonan—That is correct, on an analysis of the first five packages, I think, comparing new qualifications with existing ones. There is a debate about the cost of assessment but, in our view, that cost can easily be contained by coming up with a clearer view on what it is that the government should pay for.

Senator CARR—Yes. I thank you for that, but what I was interested to know is whether you, in your bilateral discussions, have established what costs the states will bear as a result of Commonwealth decisions in relation to the five items listed in the memorandum of understanding? Presumably you have had these discussions with the states. You have asked them for an efficiency plan, and I think, given the public comments that have been made and given the agreement that I have in front of me, it is reasonable to ask: what are the implications of Commonwealth decisions in relation to those aggregate terms, those five policy areas, at this point?

Mr Moran—I was trying to come to terms with what memorandum of understanding you were referring to.

Senator CARR—I am sorry.

Mr Moran—I believe that it is the one from September.

Senator CARR—Yes, on 26 September the minister announced—

Mr Moran—Of course, that is now overtaken by the ANTA agreement, settled by ministers in November. That ANTA agreement, together with the document on growth efficiencies, goes into many other points.

Senator CARR—Yes.

Mr Moran—I do not have a copy of the memorandum to which you refer in front of me. If you could just mention the other four areas, we could perhaps help the committee.

Senator CARR—It says that ministers note that the decisions already in train will impose costs on, one, additional VET places; two, youth allowance; three, additional new apprenticeships; four, national training packages; and five, VET in schools. Could a copy be given to Mr Moran?

Mr Moran—I think that these are matters that are actually covered by the point that the minister made before, because they are subject to correspondence between governments.

Senator CARR—Yes, they might be subject to correspondence, but—

Mr Moran—I am in a difficult position. The minister said that it is appropriate to let those negotiations run their course before documents are laid before the committee. I cannot really see how in those circumstances—

Senator CARR—Minister, I can understand Mr Moran's difficulty and I do not want to place him on the spot as an officer. I would ask you, Minister: your government has signed a memorandum of understanding listing those items as costs that the states have to bear and what I am asking from you is your assessment or your department's assessment of what is the aggregate effect of those five items mentioned in your memorandum of understanding.

Senator Ellison—There is no figure.

Mr Manns—A couple of those items are, in fact, by definition growth-additional places. There is clearly recognition in the new arrangements that they will be funded from efficiencies. On the issue of training packages, Mr Noonan has given you ANTA's best advice at this stage. The youth allowance matter and the VET in schools matter, to some extent, have been overtaken by some recent announcements that the government has made about the

implementation of the youth allowance and some additional Commonwealth support to respond to the introduction of the youth allowance.

Senator CARR—Yes, the Commonwealth has made some announcements. Nonetheless, you could surely indicate to me what the aggregate costs are, at a national level, of those particular items. You have indicated that they were all part of the initiative of growth, but these are growth measures undertaken as a result of Commonwealth budgetary initiatives with only, as I read it, a small amount of money provided for the youth allowance for students returning to TAFE colleges.

Mr Manns—No, Senator—

Senator CARR—There are some moneys for the VET in schools places, but clearly a lesser amount than the states are claiming will impact on their budgets.

Mr Manns—They are a mixture of things which are, in fact, the result of national decisions. I would challenge the interpretation of the implementation of new apprenticeships as being something that the Commonwealth has in any sense imposed on the states.

Senator CARR—You would?

Mr Manns—Indeed. In fact, there are voluminous national decisions endorsed by all state and territory ministers which go to the issue of implementation of new apprenticeships. I think we have provided previously to this committee some indication of some early expectations in relation to the possible impact of the youth allowance on the VET sector. The recent announcements mean that, in effect, there will not be any implications at all before 1999 at the earliest.

Senator CARR—Can you explain that to me?

Mr Manns—Because of the deferment of the requirement for under 18-year-olds to be in education and training in order to receive the allowance until the beginning of 1999. That was an announcement made some weeks back now.

Senator CARR—So under that proposal, you are not expecting any of those students to return to TAFE colleges or schools, for that matter, this year?

Mr Manns—In effect, I cannot speak about the impact on schools—perhaps you might want to ask the people from schools—but my understanding is that the government has decided to issue until the beginning of 1999 temporary exemptions, if you like, from the requirement to be in education and training as a condition of receipt of the youth allowance.

Senator CARR—So you do not have an aggregate figure for all of those measures, despite the various reservations you have been able to come forward with for each of those specifics? Is that what you are saying to me?

Mr Manns—No, I am not saying that specifically. I have said that some of the issues relate to the amount of growth that there will be in the system. There is a bilateral process that ANTA has referred to to discuss with the states and territories the amount of growth that they will plan to provide for through efficiencies. I have referred to the fact that the introduction of the youth allowance is not expected to have any impact on the system in 1998. I am not sure that I can take it much further than that.

Senator CARR—The point that I am putting to you is that there seems to be some considerable difficulty with the measurement of growth through efficiencies. You are saying not, Mr Moran?

Mr Moran—I do not think anything that we said earlier was by way of an agreement, but there was a significant—

Senator CARR—So you do not concede that point? You do not see that the fact that the states are not responding to you as any—

Mr Moran—You said ‘measurement of growth through efficiency’. I think that that issue is pretty well tied down and I think that it is possible to later this year take to the minister competent advice as to what is being achieved by states and territories, particularly in the light of the technical issue, the single little technical issue that was resolved I think yesterday following discussions with one state. Secondly, I would say that Mr Manns correctly made the point that the items you have referred to from the September memorandum of understanding in part really go to the issue of growth through efficiency, that is, doing more with the available dollars. That then leads you back to the issue we discussed at the last hearing of the committee and which was raised in turn at the meeting before that which we attended: really, what is the scope theoretically for achieving growth or efficiency. We previously provided information to the committee on that point. Since we last discussed these issues with you, nothing has changed in any significant way to undermine the strength of that analysis.

Senator CARR—Some things have changed because we now have more documents. You could perhaps have a look at those. Some things have changed.

Mr Moran—I think you have got some that I do not have. If you are happy to share yours, we could progress.

Senator CARR—As you know, I am only too happy to share documents with a lot of people. The more interest in these matters the better, as far as I am concerned. In relation to the advice that you tendered to the minister about the funding growth in VET places under the new agreement, which was the subject of question No. 546 at the last round, I asked two questions: the date the document was prepared and the date it was given to Dr Kemp.

Mr Moran—Yes, and I recall that we answered to the effect that it was prepared in August, I think.

Senator CARR—Yes, your answer says that.

Mr Moran—As I have said, I did not think it was correct to present information to the hearing of this committee where this issue was raised about the actual exchanges of advice between ourselves and ministers.

Senator CARR—But you do not refer to that; you do not give an answer at all.

Mr Moran—I was just going for brevity on this occasion.

Senator CARR—So you are not able to tell me the date on which that was actually given to Dr Kemp?

Mr Moran—I have taken advice from the minister, but I felt that that was not appropriate.

Senator CARR—Minister, is it appropriate? We clearly have the advice. We have acknowledged that it is authentic; we have an acknowledgment that it was prepared by ANTA. The question remains: at what date was it given to Minister Kemp?

Senator Ellison—I do not see the date as being material to the substance of the advice. That has been answered.

Senator CARR—So do you stand by the substance of the advice?

Mr Moran—As I recall, at our last appearance before you, you were reading from a document which, to your amusement, I had to admit I did not have in front of me. Therefore, I never saw if you, in fact, had the right version of the particular document that you were referring to. So having not seen what you were referring to, I cannot authenticate it.

Senator CARR—So what was the answer to question No. 546 in which you said that the document was prepared in early August based upon?

Mr Moran—A reference to our files, no doubt.

Senator CARR—So the document entitled ‘Funding Growth in VET Places Under the New ANTA Agreement’ was, in fact, prepared in early August?

Mr Moran—If that is what the answer says, yes.

Senator CARR—The question arises then: is it still your view that funding growth in VET through efficiency alone would necessarily reduce the average recurrent expenditure per annual hour of curriculum by between 3.8 per cent and 7.9 per cent? Now that you have had your bilateral discussions, is that what you are expecting?

Mr Moran—Could you just make that statement again?

Senator CARR—If growth in VET is to be funded by efficiencies alone, reductions in average recurrent expenditure per annual hour of curriculum of between 3.8 per cent and 7.9 per cent would be required?

Mr Moran—I think the problem I am having is that—

Senator CARR—You still do not have the document?

Mr Moran—No, the paper that you are referring to, if it is, in fact, the authentic document—and I cannot be sure of that—actually referred to a range of different scenarios as to growth in new apprenticeships and then, therefore, depending upon which scenario actually proves to be the likely one is the question of how much additional effort would be required from state and territory systems. Let me say that our estimates of the potential resources available for additional places across Australia are much in excess of the percentage figures that you have quoted.

Senator CARR—Much in excess?

Mr Moran—Much in excess.

Senator CARR—What then is your expectation of the reductions in average recurrent expenditure per annual hour of curriculum required to meet growth or efficiencies?

Mr Moran—We are bound by a decision of the ministerial council which said that each state and territory would have the first look at the issue and would come forward with a plan.

Senator CARR—They have not.

Mr Moran—Yes. We will then take those plans to the Ministerial Council with our comments and that will follow discussions and negotiations with the states and territories. There are no predetermined efficiency targets to be imposed—that was a very clear decision by ministers—but states will be accountable for achieving the outcomes that they identify in their efficiency plans and they will notify any variations at the level of the ministerial council.

Senator CARR—So there are no predetermined efficiency levels to be achieved. Is that the same thing as what you were saying?

Mr Moran—I chose my words carefully. I said that there are no predetermined efficiency targets per se.

Senator CARR—So what is the government's expectation of growth in the VET sector over the next year?

Mr Moran—If that is a question addressed to the minister, I am sure he would answer it, but from ANTA's point of view, I will just summarise what I have said in two ways. Firstly, in November we took a report to ministers. It identified growth in respect of, I think, four states and territories which at that stage were saying that they would deliver, and growth beyond that—in 1998 and beyond—is the subject of the process which Mr Eccles outlined earlier.

Senator CARR—Senator Ellison?

Senator Ellison—Your question?

Senator CARR—What is the government's expectation for growth in the VET sector over the next year?

Senator Ellison—It is consistent with what is in the budget provision, but we will get that figure for you.

Senator CARR—Is it the government's expectation that the number of government funded VET clients would have to grow between 30,226 and 84,992 in 1998 to meet the following requirements: additional apprenticeships and traineeships under the new apprenticeship initiative, additional young persons seeking to enrol in VET as a consequence of the youth allowance and underlying growth in demand for VET participation based on current economic and demographic trends? Do you think that to meet those requirements there will need to be a growth of between 30,226 and 84,922?

Senator Ellison—Your question is as broad as it is long.

Senator CARR—It is not broad. It is quite specific. It relates to point 7 of the advice provided by ANTA to your minister—Mr Kemp at the time—some time after August.

Senator Ellison—That is dependent on a number of variables, but I think we will take that question on notice.

Mr Moran—Could I just add one further point or perhaps ask Mr Eccles to outline a further point from ANTA's perspective on this issue?

Mr Eccles—It is just that the game has moved on a little bit in terms of the—

Senator CARR—It might well have moved on.

Mr Eccles—guidelines in which it gives states a pretty broad remit in identifying strategies and outcomes specific to their individual circumstances and history of efficiency. Part of the challenge for ANTA is to analyse the broad suite of measures and to come up with the judgment and the recommendation.

Senator CARR—Mr Eccles, I have no doubt that the game has moved on, and this is exactly the point that I am trying to get to. This government made statements concerning the number of additional places that would be provided through the ANTA agreement. I cannot find any reference to the number of places in that ANTA agreement.

Mr Moran—But my recollection of the statement that I think you are referring to is that it was set in terms of what might be possible given the resources currently within the vocational education and training system, not a specific target that would be delivered. I do not recall any statement from the Commonwealth government or any other ministers for that matter about a specific target.

Senator CARR—On 13 June last year, based on a study provided by ANTA—

Mr Moran—And subsequently provided to the committee.

Senator CARR—Yes. There was a claim made of 100,000 new places and that up to \$300 million in funding could be used more efficiently. Is that true or not?

Mr Moran—That is a reflection on some work done by ANTA which we shared with you. As I said at the previous meeting of this committee, I actually felt it understated what was possible from the perspective of what must have been reasonable caution in the circumstances. This goes back to the comment I made earlier today when you quoted some figures from that paper, which we have not authenticated. The percentages you were quoting were well below what would be achievable from the sort of analysis that we previously provided to you.

Senator CARR—When you said in that paper that it was important that the government commit to growth targets specified in terms which can be measured or monitored, what did you mean?

Mr Moran—Firstly, how do you measure it? We have already discussed that. I think that has been satisfactorily resolved. Secondly, do you have specific targets at a national or state level? We have already indicated the decision actually taken by the Ministerial Council in November, which—

Senator CARR—It specifically excludes that?

Mr Moran—There will be no predetermined efficiency targets imposed.

Senator CARR—Yes.

Mr Moran—However, states will be accountable for achieving the outcomes identified in their efficiency plans and will notify any variations to Minco.

Senator CARR—Yes. That is the point I make. In August you clearly were advising the government that it was important to establish growth or growth targets to be specified in terms that could be measured and monitored. But by November it appears that the government is committing itself to no targets.

Mr Moran—As I understand the decision of the ministerial council, the government along with the other parties to the ANTA agreement were committing themselves to a process and to an objective of achieving growth or efficiencies.

Senator CARR—You could drive a horse and cart through that, Mr Moran, couldn't you?

Mr Moran—We will have to wait and see.

Senator CARR—The answer you gave us to question No. 407, which referred to the proposed state efficiencies in regard to finding the \$300 million per annum that the Commonwealth minister is seeking to fund the additional places with, and the paper you have provided to me, for which I thank you, clearly indicates that the Commonwealth has specified what it believes to be the three options. You are not aware of that paper? It is No. 407 in volume 2 of the estimates statements that I have.

Mr Moran—If you could let me see it.

Senator CARR—Sure.

Mr Moran—Yes, I am with you now.

Senator CARR—So what is happening with all of that?

Mr Moran—You are referring to this table which we discussed at length at the last hearing of this committee. I explained that what it did was adjust data for three factors—the so-called module enrolments, no attendance factor, the course cost index, and the Commonwealth Grants

Commission factors. It then set out three options as to how you might assess the potential for efficiency within the system. I stress that this paper, when first presented to state and territory officials some time ago and then subsequently made available to the Commonwealth and then to this committee, was never anything more than an analysis of the data which the states and territories had themselves put forward and validated. On the basis of their data, we concluded that, depending upon the option you chose, you could identify significant scope for efficiency gains. The interesting thing in all of this is that Victoria was taken as the benchmark as the most efficient state.

Senator CARR—The cheapest state, it could be argued?

Mr Moran—No, the most efficient. Cheapest implies a pejorative comment on the quality of the Victorian system, which I think the Victorian authorities have been taking up as an issue in the press recently.

Senator CARR—They will have to do a lot better.

Mr Moran—The interesting thing about Victoria is that the Victorian minister is often in the media saying that Victoria can do even better than it is doing at the moment. Presumably, that sets the horizon for other states and territories just that little bit further away.

Senator CARR—So in terms of those aggregates, you have not proceeded with this document? Has this document been withdrawn? What is its current standing?

Mr Moran—It is an analytical document designed to inform those involved in the management of vocational education and training in Australia what, for the first time ever, we can conclude at a theoretical level about the relative efficiency of different state and territory systems. I stress ‘the first time ever’, because prior to the ANTA agreement the statistical information available on vocational education and training in Australia was in terrible disarray. It was only through a quite arduous process over the last couple of years in particular that we have got it to the point where it is close to being reasonably reliable. It is still not perfect, but it is reasonably close.

Senator CARR—Mr Moran, how realistic is it to put to a state government that there should be a 36 per cent improvement in efficiency levels? That is what you have done here, is it not? Under this proposal, option one, you are requiring Tasmania to demonstrate efficiencies of 36 per cent.

Mr Moran—In fact, the interesting thing is that on the last data I saw for Tasmania in the year subsequent to what you are referring to, it did achieve very substantial efficiency shifts, almost into double digits. Secondly, there is at least one example of a state system achieving, in one year, an efficiency shift of 22 per cent to 25 per cent. Big efficiency shifts are possible and ultimately it is a question of what governments want to do. The purpose of this document was to show states, territories and the Commonwealth how the system was going on the basis of, for the first time ever, reliable data.

Senator CARR—You say it is reliable data and I want to come to that later this afternoon, but you are suggesting to the Northern Territory that there could be a 53.4 per cent improvement in its operations. You say it is an improvement. What sort of impact would that have?

Mr Moran—The Northern Territory would dispute that the Commonwealth Grants Commission’s factors, which are built into this analysis, adequately allow for the disabilities of distance and population that it faces. I think in the case of the Northern Territory our

position has always been that its concerns have to be respected just as, I might say, do those of Tasmania.

Senator CARR—I can understand why the South Australians and Western Australians would be upset with you. You are talking about a 31 per cent alleged improvement on recurrent resource allocations. For Western Australia it is 24 per cent. That is not to mention New South Wales, which is one-third of the total VET sector, and you are suggesting 19.6 per cent.

Mr Moran—These are indeed impressive figures.

Senator CARR—Impressive?

Mr Moran—Yes.

Senator CARR—But this means massive job losses, surely.

Mr Moran—No.

Senator CARR—How can you do it without massive reductions in wages, which is the major component of the VET sector?

Mr Moran—This is the beauty of growth through efficiency, because governments have said, 'Lock the dollars into vocational education and training and do more with those dollars.' In its advice to the ministerial council, ANTA has been well and truly supportive of that particular approach.

Senator CARR—Except that no state has agreed to it and your agreement does not specify targets. In fact, it has rejected the concept of targets. That does not tell me that there is a success rate.

Mr Moran—No, that is a judgment in advance of events yet to unfold.

CHAIR—Perhaps that might be a good point to adjourn.

Proceedings suspended from 12.58 p.m. to 2.09 p.m.

CHAIR—We will continue with subprogram 3.2—Australian National Training Authority.

Senator CARR—Before lunch you were explaining to the committee your views on the nature of the measurement process currently available to ANTA. I would like to take that a little further. In answer to question No. 620 you said:

ANTA conducts a range of modelling work to quantify the impact of Commonwealth, state and territory government policies.

What is the nature of that modelling work that you have undertaken? In particular, what modelling work have you undertaken to establish what efficiency gains are needed to meet the additional student demand in VET?

Mr Moran—The answer to which you refer is really a reference to the analysis that we were discussing before the break, which has been tendered to the committee previously. I could go through the basis of that analysis but I would only be repeating what I presented to the committee when we last appeared before the committee and it would only be an elaboration of some of the remarks I made before the break.

Senator CARR—The elaboration is probably quite significant, Mr Moran, because it really does go to the heart of this new ANTA agreement. So I would be interested to know what modelling work you are undertaking to establish that:

. . . the potential efficiency gains that could be achieved to fund growth at the lowest level consistent with government policy would lead to total additional funded clients of 27,967.

That is the figure I have drawn from your advice to the minister last August.

Mr Moran—Perhaps a bit of history would help. The VET statistics were allowed to languish for many years. In the early 1990s it was agreed that this would no longer do and a variety of initiatives were taken to improve the quality of those statistics. In 1994 it reached the point where some data reported by us to the ministerial council was disputed by some states and territories as to its ability to support comparisons between states and territories. At that point the ministerial council agreed that ANTA should initiate a major study to look at how comparability could be achieved. That study was the one undertaken by the Boston Consulting Group. Their report said, amongst other things, that through adjustment to the data coming from states and territories one could achieve comparability between states and territories for 1994 and in the period subsequent to 1994 the information systems could be steadily improved so that the need for adjustment steadily declined.

One principal area of adjustment to the data had to do with the so-called ‘invalid enrolments factor’ or the MENA factor, as it is sometimes called. This relates to people who enrol in courses but never actually turn up or submit a piece of work. This MENA factor has been established since 1995 through an audit process undertaken by the NCVET which goes down to the TAFE institute level in states and territories to come up with a proportional figure for each particular state which can be applied to the raw contact hour and module enrolment numbers.

Another recommendation from the Boston Consulting Group was that, as there were some strong feelings associated with the issue of data, an independent authority should be engaged to actually make the adjustments and the authority’s advice should go forward to the ministerial council without any attempt by ANTA or anybody else to further work on the figures or make further adjustments to them. We followed the advice of the Boston Consulting Group as accepted by ministers and instituted a process to have the adjustments made to the data.

Since then the NCVET has really taken over the role of putting this together, working with the states and territories to ensure that the right adjustments are made and engaging a person to act as a respected independent adjuster within the NCVET framework to make sure that the data is okay. Also since then, the auditing by the NCVET of the invalid enrolments has meant that the proportional figure has shifted a bit year on year between states and territories as the auditing methodology itself has become more sound.

So that led us to the position where, at the end of 1996, if my memory serves me correctly, I was able to go to a meeting of Commonwealth, state and territory CEOs and put on the table a document which took the data coming out of the process run by the NCVET on both activity and dollars and not only adjusted the activity data in line with the invalid enrolments but also applied the Commonwealth Grants Commission factors that relate to this and adjusted for the so-called ‘course mix factor’, which allows for slight differences between states as to the pattern of the courses that they offer. Some courses in, say, engineering areas are more expensive than, say, courses in the business studies area. That analysis, which is the one that the committee itself has, showed up significant differences between the states and territories and was the basis during 1997 of the varying discussions at different levels about relative efficiency.

I will summarise by saying that we have worked off data from the states and territories and we have followed the recommendations of the Boston Consulting Group as to how that data could be adjusted. That adjustment has been undertaken in such a way as to have the states

agree to that as well. The NCVER has managed the process and has been the source of what is now called volume 3 of the annual national report. To all intents and purposes, we have achieved a significant improvement, but not perfection, in the quality of the management data coming forward within the system.

Senator CARR—Is it the case that that is the basis of your preparation of the table we were discussing before lunch?

Mr Moran—Yes.

Senator CARR—So that is the net result?

Mr Moran—It sits on top of volume 3 of the annual national report.

Senator CARR—Which we discussed last time.

Mr Moran—And we discussed that table last time too.

Senator CARR—Yes, that is right. It strikes me that these are very important measures of the nature of the VET system and the claims that the government makes about the nature of growth through efficiencies. Given all you have said in regard to the veracity of that statistical compilation, can I draw your attention to answer No. 619 where it says, 'There is currently no robust measure of output.'

Mr Moran—In referring to output, 619 is not referring to annual hours curriculum, which is what this table is based on. And that goes to the issues we discussed before the break about the move from the current measures to the new key performance measures proposed to ministers by the performance review committee in November last year.

To be very clear, what I am saying is that this analysis is based on measures of activity, which are annual hours curriculum, and all governments have agreed in principle that it is desirable if we now, over up to five years—it will take that long probably—move to measures of output and outcomes where the output measures are to be found through some probable combination of modules, units of competence and qualifications.

Senator CARR—Given what you have just noted in regard to the measurements of annual hours curriculum, I draw your attention to the fact that the Allen Consulting Group in May 1997 also drew to your attention the following:

Annual hours curriculum are inadequate as the needed units of output value, owing to their fairly strong residual link to actual training time served, and because they are inconsistently assigned to courses and modules within qualification levels across state and territory systems and within discipline areas. They are not assigned at all to units of competency.

How adequate, then, do you believe that that measure is?

Mr Moran—I think we are talking at cross-purposes, Senator. You are referring to a report which, if I heard the quote correctly, was talking about the desirability of moving to outputs.

Senator CARR—That is on page 3.

Mr Moran—That, I am sorry to say, is another report I do not have in front of me. What I am talking about here are the historical activity measures which up until now have been accepted as the basis of comparisons between states and territories but which we ourselves, through the work of the performance review committee, have advised the ministerial council should be improved upon through the development of new output measures of the sort that I mentioned.

Senator CARR—Is it the case that you place great emphasis on your capacity to measure things at the moment?

Mr Moran—Perhaps I could take the issue a little further. The question might be asked: why are annual hours curricula not a sufficient measure of output? The first reason is that it is not at the level of annual hours curriculum that success or otherwise in an educational experience is measured. It is measured at the modular level or, if assessment is undertaken in the workplace, it is measured against a unit of competence. Secondly, annual hours curricula have been associated with traditional modes of delivery such as you would be familiar with, Senator, from your past experiences, which you have referred to at other hearings of this committee.

Senator CARR—That is an educationalist's view that you are so impressed by?

Mr Moran—It is one that I share. It is a traditional mode of delivery where a teacher is dealing with a class of students in a situation on a traditional educational campus. What everybody is saying—states, territories, Commonwealth, industry and ourselves—is that there are about to be radical changes in the nature of educational delivery, not just in VET but across the board, because of the effect of the new information technologies that are becoming available. It is no longer the case that a teacher with, say, a class of 12 plumbing and gas fitting apprentices taught in the traditional way on a campus will necessarily deal with those students in exactly the same way in the future. To put it another way, their learning experience might be quite different and involve a different sort of relationship between them and the teacher.

So the argument goes that, where some of these new and novel modes of delivery are employed, there may be changes to the costs associated with delivering those learning experiences. There is a view amongst leaders of community colleges in America—this is more anecdotal than anything else—that a shift to flexible delivery does not involve any appreciable reduction in the cost of delivery. It is my view that that position taken by those people in America is now a little dated because of the rapid changes in the technologies that are available to support different modes of delivery of educational experiences, whether in VET, higher education or schools.

This is a very long way of saying that annual hours curriculum were a robust measure where you were prepared to talk about traditional modes of delivery and in the traditional way. But if you want to accommodate flexible delivery in the broadest sense, the argument put particularly by the states and territories is that the traditional cost structures are going to get thrown up in the air and we have to start talking about the outputs and outcomes achieved by a learning experience and what costs can be associated with them. This is a very tricky and difficult task and, frankly, it would put Australia at the leading edge internationally of how outputs and outcomes are assessed in education. But ANTA thinks that it is one worth undertaking.

Senator CARR—That is all very well. I appreciate that you are concerned to put Australia at the leading edge, but you have here an ANTA agreement where growth is to be funded by efficiencies. You are also telling the committee that under these new methods of delivery it is going to be extremely difficult to actually measure output.

Mr Moran—No, I did not say that.

Senator CARR—The cost structures are going to change. You are saying the whole lot, the whole cost sharing arrangements, are about to be thrown in the air.

Mr Moran—What I am saying is that there are two and perhaps other reasons why over time and with caution we would want to shift from measurement based on activity to measurement of outputs and outcomes. The reasons have to do with the desirability of being

able to measure outputs in terms of whether students complete a module, a qualification or whatever as well as allowing for the impact of new technologies.

Senator CARR—But clearly we have no robust measure of output, as you say in answer to question No. 619.

Mr Moran—We have, however, a robust measure of activity.

Senator CARR—As it relates to traditional forms of delivery.

Mr Moran—Which is most of what the system is doing at the moment.

Senator CARR—But you are suggesting that matter is now to be challenged by the new technology being introduced.

Mr Moran—Over time.

Senator CARR—Over time.

Mr Moran—To be very clear on this, we are anticipating a change in the nature of delivering vocational education and training and, in anticipation of that change, seeking to be ahead of the game in terms of coming up with a more appropriate and refined approach to key performance measures.

Senator CARR—To take that forward a little, you are saying, in answer to question No. 620, that growth through efficiency calculations are no more than modelling. To me that is essentially what the proposition seems to be suggesting: it is no more than modelling. So I would ask you if that is a reasonable basis for the forward projections of costs in this sector.

Mr Moran—As I said before the break, the one-page document to which we are referring is an analysis of the data forthcoming from states and territories on the basis of achieving comparability between those states and territories against the measures which they themselves use at the moment. On that basis, ANTA has been clearly of the view that that analysis shows some scope for efficiency gains after you allow for the three major adjustments that people can suggest as being needed to the raw data.

Senator CARR—I understand Mr Peter Harmsworth, who, as you indicated earlier, is making a bit of a fuss at the moment about how wonderful the Victorian—

Mr Moran—I did not say that. I said that Mr Harmsworth had made some statements—

Senator CARR—He is trying to defend the Victorian system against the allegation that it is cheap—

Mr Moran—And a very good system it is, too.

Senator CARR—And that, as a consequence, the quality has declined and the level of satisfaction from employers and students and a range of other measures has led to the view that the system, while it is cheaper, may not necessarily be of the highest quality in the country. Do you agree with the proposition that Mr Harmsworth put to a recent seminar on quality and best practice in February this year when he said if it cannot be measured, it cannot be managed?

Mr Moran—I was not aware that he had made that statement, but there can be circumstances that I could envisage where that would be a very reasonable statement to make; to give you an example: equity.

Senator CARR—We cannot manage equity?

Mr Moran—You cannot achieve things in equity unless you can measure shifts. You cannot know whether things are improving unless you can measure participation, completions, transition to employment and so forth.

Senator CARR—If you think that is a reasonable point in the context of what we have been discussing—

Mr Moran—You cannot expect me to comment on a speech I have not read where you quote one sentence and where my endorsement of that sentence might conceivably have me appearing to endorse a whole lot of other things that he said which I do not know about.

Senator CARR—Yes.

Mr Moran—He does not send me his speeches.

Senator CARR—If that is the case—there is a view that if it cannot be measured, it cannot be managed—I would ask you: what is ANTA's professional opinion and your view about the quantity of growth that can be funded through efficiency gains?

Mr Moran—The ministerial council set out a set of arrangements that we should follow in talking to states and territories about growth through efficiency, and we propose to follow those requirements.

Senator CARR—So you have no professional opinion as to the quantity of the growth that can be funded through efficiencies, given that we have discussed the paper you have prepared for the minister in August?

Mr Moran—It is not a question of professional opinion; it is a question of either facts—and we have given you what we can on that—or the advice which the ANTA board, not me, offers to the ministerial council.

Senator CARR—So does the ANTA board have an opinion?

Mr Moran—It will have advice in due course.

Senator CARR—So it has not at this point got advice other than what we already know about—the two documents that I have referred to, one prepared in August and one delivered in December—as to what it believes to be the level of growth?

Mr Moran—I would hope that, from what Mr Eccles said earlier before the break, you would understand that the ANTA board has not yet had a chance to consider what the states and territories may have to propose in this area. The decision of the ministerial council last November specifically provides for the ANTA board to offer comments to the ministerial council on these plans and, as it has always done in the past, it will scrupulously examine the documents and analysis put before it before framing its advice to the ministerial council.

Senator CARR—So you are not able to tell me at this point what you believe to be the current expectation—because clearly you had expectations. In August you had expectations, in December you had expectations. You have an agreement now that doesn't seem to reflect any of those expectations.

Mr Moran—You are putting me in the position where I would have to anticipate judgments made by the ANTA board as to what advice it would put to the ministers. I simply cannot do that.

Senator CARR—But there are two issues here. One is what the advice is from the ANTA board and the officers' professional opinion at this point.

Mr Moran—The professional opinion from the officers hasn't yet been formulated for consideration by the ANTA board.

Senator CARR—I see. Can you indicate to me how long it will take in your view for efficiency measures to actually yield resources that might be applied for this prospective enrolment growth?

Mr Moran—The decision of the ministerial council envisaged that different states would do it in a different way and they were to be given the first opportunity to come forward themselves with their views of how they might approach this issue of growth for efficiencies.

Senator CARR—But you say that you don't have a view at the moment on a state-by-state basis.

Mr Moran—All I can say, Senator, is that in past history there are examples of both—very significant shifts over a relatively short period of time in efficiency levels on the one hand and, on the other hand, slower shifts. I am not well enough informed of where the states and territories are at in their thinking at the moment to know where state authorities and state ministers will land on that particular spread of possibilities.

Senator CARR—You won't know until you receive their efficiency projections, which were supposed to be in on 20 February and are yet to arrive. It feeds my concern that there is, in fact, some disputation as to what these efficiencies will actually mean.

Mr Moran—I go back to what I said before, Senator—we can only wait and see what happens when we actually have the ministers around the table.

Senator CARR—I see. I look forward to that. Given that you have placed such emphasis on this modelling, what is the impact, for instance, of the 12½ per cent salary rise for TAFE teachers in Victoria which is currently on the cards? What is the impact to their cost structure?

Mr Moran—I don't know because I don't know what offsets in terms of efficiency savings are a part of the agreement to award that salary increase, nor do I know what the actual effect on efficiency will be of the other reforms which the Victorian government announced in the last couple of months.

Senator CARR—I will come to those. They are putting those cuts at your door, claiming that the cuts imposed through ANTA and by the Commonwealth government—

Mr Moran—I have dealt with this question at a previous hearing.

Senator CARR—They have made comments since then, so you will get the opportunity to deal with it again. I ask you the following in terms of the pay rise for teachers, given that Victoria has the poorest rate of salaries for teachers of any TAFE training authority in the country. We have discussed the impact that that has on its relative price—a significant factor, I think you would agree, in the fact that Victoria has the lowest unit price. What impact would a 12½ per cent salary rise have on your model?

Mr Moran—I have already said, Senator, that it isn't a simple matter of saying that it will have an X per cent impact because I don't know what trade-offs are involved in the agreement in terms of the conditions of employment of those teachers, how many hours they teach and so forth. Secondly, everything is relative and therefore it has no meaning unless it is only Victoria which is moving its salaries and, of course, other states are moving their salaries as well.

Senator CARR—It nonetheless would have an impact in terms of the so-called efficiencies that might be achieved by that state.

Mr Moran—Not necessarily, because of the relativity issue that I have already mentioned.

Senator CARR—I see. Tell me, do you think that there might be a distinction between these modelling arrangements that you have presented and have produced, which have become the basis for government policy in terms of the documents I have referred to, and the actual realities as they appear?

Mr Moran—Part of our problem, Senator—and I would wish to be as helpful as I could on this occasion—is that the ministerial council itself specifically decided that ANTA would not be involved in the decisions of states and territories on efficiency strategies, outcomes or the management of their implementation. That means that we end up being confined to scrutiny of data on a retrospective basis and commenting on prospective plans presented by state and territory authorities ultimately for the consideration of the ministerial council.

Senator CARR—The problem with that proposition, Mr Moran, is that that has occurred as a result of the disputation between the states and the Commonwealth, which has effectively excluded you from participating in the process of formulation of policy. Is that what you are saying to me—that you are washing your hands of it?

Mr Moran—Well, Senator, you are talking here of decisions that ministers have taken, not decisions of ANTA.

Senator CARR—Of course.

Mr Moran—I think that, as with all decisions of ministers, it is a wise one.

Senator CARR—Well then, can you indicate to the committee whether or not you believe that ANTA has a professional duty of care when it comes to assessing this modelling in such terms as to warn possible users and parliaments—

Mr Moran—Ministers have also decided that ANTA will draft a report on the outcome of the discussions with each state and territory and provide that report to each state and territory for endorsement before it then goes on to the ministerial council. But the concept of a duty of care is beyond that particular aspect of the decisions of ministers. I would be inclined to say that the ANTA board has been forthright in drawing to the attention of governments the issues about relative efficiency that we have been discussing this morning. But I would also say that even if ANTA hadn't been forthright in that sense, it would all have come out anyway because of the process initiated by COAG to assess the efficiency of services delivery in VET and other areas, which leads to the annual report by the committee chaired until now by Mr Scales, the chair of the Industry Commission.

Senator CARR—That is all very good but I come back to that central problem: what is your responsibility to this parliament in advising on the reliability of your modelling proposals specifically in relation to outcomes?

Mr Moran—My responsibility is to a board, and that board's responsibility is to a ministerial council. Commonwealth ministers then no doubt exercise a responsibility to the parliament. We have acted forthrightly in this area, as I have already said, and, as you know, it has been at the cost of considerable criticism directed institutionally and personally. I think that level of criticism perhaps itself might be an indication that we have been reasonable custodians of the public interest in this if the public interest is, as I would describe it, at least involved in trying to get to the bottom of how efficient the delivery of vocational education and training in Australia is.

Senator CARR—Perhaps I could address some of those questions to the minister. You would be aware, Minister, I would trust, that in answer to questions 548 and 549, where I

asked about the reliability of the data that is being provided, the response was that we should not take statistical information at a single point in time. Would you agree with that?

Senator Ellison—Yes, that makes sense.

Senator CARR—You will note that with question 540 it suggests that there is an elaborate explanation for movements in apprenticeship commencements in Victoria of recent years. If we compare all of the information that we have been presented with to date, we have a proposition, Minister, that the most fundamental element of any enrolment funding model is missing—that is, in answer to question 619 we have a proposition advanced by the department that there is no robust measure of output from the training system. We have also confirmed that it is dangerous to make comparisons based on data on a single point in time, which is precisely what volume 3 of the annual ANTA report does in terms of its state by state comparisons of costing per unit. We also have advice that calculating the magnitude of growth achievable through efficiencies gained no more than a modelling gain at this stage.

I put to you that, given the advice that has been given to us, if you do not like the answer that has been given as a result of that modelling new valuables and new variables are added until you get the result that you do want. I suggest that on that basis an attempt is being made by your government to prepare to rank all states in efficiency terms on the basis of this particular data. On the same basis, it is further argued that there is a capacity to achieve very large enrolments—some 300,000 additional places over three years—with no additional funding.

I put it to you, Minister, that the government's policy in this area is basically one of growth through efficiencies, which is in itself built upon quite extraordinary levels of shifting sand, and that in due course has the capacity to do enormous damage to the VET system in this country. Would you be able to respond to that proposition?

Senator Ellison—It was a lengthy one.

Senator CARR—It is based on what we have heard here this afternoon and earlier this morning.

Senator Ellison—I start by saying that you misquote questions 548 and 549 when you say it is dangerous to look at a single point in time comparison, which you say ANTA is guilty of. That answer simply said that comparisons based on single point in time values should be treated with caution. It is a little different from being dangerous. Getting to your shifting sands, the data on which the growth through efficiencies was looked at was accepted by the states. So I fail to see your problem where you say that the VET system is under such great threat.

Senator CARR—So you are saying that, because the states have signed up to this proposition, they have accepted it? Is that the point you are putting?

Senator Ellison—I think Mr Moran can tell us in greater detail how the states have responded.

Mr Moran—The states each year submit data to the National Centre for Vocational Education Research, an audit process is conducted by NCVET to check the accuracy of the data, adjustments are made and the data is published in volume 3 of ANTA's annual national report. Before it is published it is signed off by state and territory officials, and accepted by ministers. So the position to which you refer is actually based, as the minister has said, on data emanating from the states and territories and accepted by them as being accurate.

I would go further and say that, when you said that there was no robust measure of output, the sense of my understanding of our previous discussion of this was we are not talking about

measuring output for these purposes—we are talking about measures of activity which are robust. As to the judgment over time, we have applied analysis to which we have been referring over a number of years, and the results have been consistent.

On our analysis, for 1995 the additional full-time equivalent student places that could arise in excess of 53,000 and when multiplied by the factor we use to convert that to actual enrolments, which is three, is well over 150,000. For 1996, on the basis of the final audited data from the states and territories, 52,200 equivalent full-time student places again multiplied by three takes you to 150,000. On our assessment of the preliminary data thus far from the states and territories for 1998—that is, the data in the directions and resource allocations report given to ministers for their meeting in November last year—the figure is 55,760 equivalent full-time student places, which, of course, puts it in excess of 160,000 actual enrolments.

I think those numbers, over a period of years, constitute substantial evidence that there is something to look at and there is reason for the position which the Commonwealth government has taken in the negotiations with the states and territories about the ANTA agreement. Certainly, ANTA does not demur at all from the analyses which it has done and the conclusions which have been drawn from it.

Senator CARR—I am sure we will continue this discussion, Mr Moran. I pose the question to you: if you are saying to me that, in regard to answer 549, which says that comparisons based on the single point of time value should be treated with caution—

Mr Moran—I am saying that we have it over three or four years now.

Senator CARR—Yes, but why does that not apply to your benchmark studies as well?

Mr Moran—We have had two benchmark reports—for 1995 and 1996. Against the process that I explained before, we have had those reports only because of the initiative taken with the Boston Consulting Group and, subsequently, the independent agent, the work of the NCVET and the ANTA board itself and its performance review committee. It would be nice to have historical data that goes back prior to 1994 but, frankly, the management data about the system was a shameful disgrace before then.

It has been only in more recent times, with the commitment that ministers have given to getting to the bottom of it, that officials have been obliged to sort it out, which they have willingly done. I referred to 1995, 1996, 1998, and there is also some work on 1997. It is a four-year period, and there is a great deal of constancy in what the numbers are showing over that period of time, which gives us confidence that there is a problem there.

I reject the suggestion in your question that we add variables until we get the answer that we want. In the way that you were discussing it before, it was impugning our professional integrity. The variables that we are talking about were not developed by us. They were developed by a process involving the states and territories and which arose out of the Boston Consulting Group report. The adjustment for invalid enrolments and the use of the course-mix factor all work through the states and territories. The one thing that we have done that the states and territories did not do was to use the Commonwealth Grants Commission factors to allow for the disabilities of distance and population spread, and so forth, that those factors embrace.

Senator CARR—And which are disputed by every state, of course.

Mr Moran—But they have not come up with an alternative.

Senator CARR—I repeat: these are fundamental questions about the validity of the approach that has been taken by this government in regard to the funding of the VET sector. You have

indicated that the ANTA models now contain data for a three-year period, but what you cannot tell me is how sensitive these models are to any changes that might occur in the out-years, for forward projection purposes. For instance, in the case of the salary position in Victoria, you say that it depends on a whole lot of other factors. I put to you: if the costs in the benchmarking of any particular state are to jump suddenly, what effect do those calculations have on the growth attainable through efficiency measures in any of the particular states under investigation?

Mr Moran—I apologise for having been unclear in my explanation of the figures. Included in that explanation was reference to projections for 1998 which are based on the figures which the states and territories gave us in November 1997, and which will no doubt change in the light of the plans we are hoping to receive for transmittal to the ministerial council. Those projections for 1998 actually show an increase in the potential for additional places in TAFE over previous years on the basis of counting in the same way. So, if the implication of your question, Senator, was that things might otherwise be getting better, the data that we have obtained shows they are actually getting worse.

Senator CARR—No, the imputation of my proposition is that you cannot ask the states to undertake additional activity of some 300,000 places with no additional moneys—in fact, impose upon them additional demands as a result of Commonwealth government policy—and expect the service provided to improve. You cannot take out the levels of money that have been taken out by this government, expect the states to increase their activity levels by that measure and maintain quality at the same time.

Mr Moran—I fear we have a slight difference of view on this issue, Senator.

Senator CARR—Slight!

Mr Moran—There are examples of states achieving very big efficiency shifts, and I see no reason why efficiency shifts, either small or large, depending upon circumstances, are not possible in the future. While one state's payments to teachers might go up, so too will those of other states. We do not have any evidence at the moment of any significant shift in the relativities between states, which is the critical issue.

Although we used, for the purpose of this analysis, a benchmark, which you have pointed out was Victoria—ministers have said that they do not want to use benchmarks, which is entirely proper—that system is not only operating efficiently but also, as Mr Harmsworth has pointed out in his piece for *Campus Review*, most highly rated on the latest employer satisfaction survey and doing quite well on the graduate survey. I would genuinely view those measures as calling into question any judgment that the Victorian system is cheap and nasty.

Senator CARR—We have not got to the nasty bit yet, but we will later on. I draw your attention to the report of the performance review committee to ANTA of October 1997. Paragraph 2.24 states:

There is a potential with the current assessment system for outputs to be increased at the expense of quality. It is important that pricing principles for VET products and services do not provide a disincentive to fund training which is more expensive by nature, for example, training for particular fields of study or for various individual client groups.

Given what you have just said, Mr Moran, would you not say that the concept of national benchmarking of unit costs flies in the face of this proposition put forward by your own performance review committee?

Mr Moran—I am pleased to say that this is one paragraph that bears my own contribution to the work of the performance review committee. I am glad that you have picked it out for

notice, because what it is saying in effect is that, unless you have good assessment systems in place, a shift to an output oriented system can diminish the quality of the outputs delivered because people have an incentive to cheat. That is too strong a word, but those undertaking assessment have an incentive to allow through people who would not otherwise make it. Therefore, in moving to an output focus for making all these judgments, you have to be absolutely certain that the assessment arrangements are tied down. The interesting feature of the training packages is that they are attempting to tighten up on assessment arrangements beyond what was there previously, and I think that assessment will continue to receive a lot of focus in the years ahead.

Senator CARR—You might say that, but I repeat the question that I put to you this morning: where in the ANTA agreement are these measures qualified?

Mr Moran—Which measures?

Senator CARR—These measures that you are now talking about; these robust measures that you are claiming exist. Where in the new ANTA agreement are we able to satisfy ourselves that there will be measures that have integrity in terms of the measurement of output or activity? Where does it say that in the agreement?

Mr Moran—I cannot recall whether there is a particular paragraph or sentence that I could refer to. I can refer only to the decisions which the ministerial council took in November last year upon consideration of the report of the PRC and to the fact that there is a very substantial commitment at both the Commonwealth government level and state and territory government levels, amongst officials and amongst industry people involved in vocational educational and training—and I would hope also amongst providers—to move towards a different means of measuring success in vocational education and training, and one that is even more reliable than the activity based measures which we have at last got pretty well right in VET after many years of work.

Senator CARR—I repeat the comments I made this morning in relation to the documents which the Victorian government has produced which specify that 'at the signing of the agreement it might have been assumed that the growth referred to student contact hours or annual hours curriculum but such meaning will have little value over the life of the agreement.'

Mr Moran—All I take that to mean—and I stress that I have not seen the document to which you are referring, and I would be cautious about commenting out of context—is that it will take three to five years to develop and implement the new output based and outcome based measures. That is in the report of the performance review committee. It will take a period of time to improve the approaches to assessment that are available within vocational education and training, but that is now well under way. In the meantime we have to rely on what we have, which is the activity measures.

Senator CARR—I will continue with this matter that we have canvassed in regard to the relationship between activity and quality. In resourcing the system that has now been developed as a result of these new arrangements, are there any incentives for the states to produce a VET sector—a TAFE system in particular—that emphasises quality not just numbers?

Mr Moran—This is a very important and complex issue that has many dimensions. I think the best point to begin with is that of training packages. Perhaps Mr Noonan could respond on quality issues from that perspective.

Mr Noonan—I think there are two key quality benchmarks which are being established. One is the national endorsement of training packages—that is, the standards; importantly, the new assessment arrangements and clear qualification outcomes. The second is the requirement under the new Australian recognition framework for registration of all providers operating in delivering nationally recognised VET programs.

The recognition framework has a number of standards relating to delivery assessment, accreditation and so on which I think will significantly raise the bar of what is required of providers to operate in the nationally recognised VET market, and they will apply to both TAFE colleges and other providers. I think the arrangements for endorsement of training packages are working well in terms of the various tests and hurdles which are applied to ensure that the final product is a quality one.

Senator CARR—Perhaps you could show me more specifically what incentives there are to cater for clients whose needs involve costs above the average under this model.

Mr Noonan—Are you talking about the question of funding models?

Senator CARR—Yes.

Mr Noonan—Could I use an example with the funding of group training schemes where the model under contemplation allows for states and territories to provide specific weightings within their funding for group training schemes to cater for people from disadvantaged backgrounds.

States and territories approach the resourcing of providers in terms of how they set the price in different ways. There is no uniform national approach, but a number of those issues have been in the work of the unit cost working party in the internal work done within states and territories. There is a range of different approaches being considered but, as you know, it is not ANTA's specific responsibility to come up with the funding formulas for individual states and territories.

Senator CARR—I would like to move to the broader question of the key performance measures in dealing with the question of the stocks of VET skills against desired levels, which I think is essential to the whole issue of a quality provision. Before I do, can I finalise the issue relating to annual hours curriculum and valid student enrolments.

In answer to question 461 you gave me some figures on the stated directions and resource allocations for 1997, which were produced in November 1996. They have been updated. Given that you have provided me with that answer, could I rephrase the question. Using this definition of growth, what growth has occurred in Victoria each year between 1994 and 1997, firstly, funded from state government sources and, secondly, funded from state and Commonwealth resources combined?

Mr Moran—Is that addressed to me, Senator Carr?

Senator CARR—Yes.

Mr Moran—I would have to take that on notice, but I believe it is information we could assemble for you.

Senator CARR—Thank you very much. Can I follow up Mr Noonan's responses. I am not certain who would wish to take these questions.

CHAIR—Senator Carr has requested an adjournment for five minutes.

Proceedings suspended from 3.02 p.m. to 3.12 p.m.

CHAIR—Just before we proceed on this program, there has been a report on 2CN radio news today referring to proceedings of this committee—a very misleading report on what occurred earlier this morning. I will just read what it says:

Interview with shadow minister Martin Ferguson regarding the gagging of questions relating to Employment Agency services in a Senate Estimates hearing.

The newsreader introduces the item by saying:

The federal government's been accused of covering up a scandal in its new employment agency services by gagging questions in a Senate Estimates hearing. The Opposition planned to raise evidence this morning about the decision to award tenders to some companies which are now selling their tenders on the open market. But the coalition members on the estimates committee refused to allow the questioning to proceed. Shadow Minister Martin Ferguson said the government's trying to avoid public scrutiny.

I would like to place on the public record that that is not what happened. At a quarter to nine this morning, this committee met—Labor members, Liberal members—and unanimously agreed to transfer all matters relating to program 4, including Employment Australia, to the end of next week. Everyone here heard that decision of the committee. There was no attempt at a cover-up. The decision was made, and it was agreed to by the committee on the basis that the minister is announcing this program tomorrow. We have given the committee therefore more than a week's scrutiny of that process by meeting next week. I just want to put that on the public record.

Senator CARR—In response, Mr Chairman, which I must do—given that you have placed these matters on the public record—the Labor members did agree that program 4 not be discussed today on the basis that the government indicated that officers were not available.

CHAIR—They were here.

Senator CARR—Not available to answer questions. We insisted that there be another day provided and we acknowledge that the government has agreed to another day being provided.

CHAIR—It was based on the fact that officers could not answer questions on matters relating to tendering because the minister was making an announcement tomorrow. The agreement was not on the basis that officers were not available.

Senator CARR—The point is that questions were not going to be answered by the government. We are happy to ask questions of the government and I understand that the government is happy to provide officers to answer our questions at the due time. I trust there will be a robust exchange of views, and I have no doubt it will be of great benefit in understanding public policy.

While we are on the subject of the robust exchange of views, Minister, I asked this morning about the answer to some questions regarding consultancies and ministerial involvement in consultancies and the failure of Dr Kemp to answer questions put by the committee. What progress has been made on the release of those answers, which I understand have now been provided to the minister for some time?

Senator Ellison—I understand that the secretary will be attending in program 6, and he will cover that issue then.

Senator CARR—If it is possible, I would like to have the answers to the questions lodged in November last year made available to members of the committee prior to the commencement of program 6. It would be helpful for me to have had the opportunity to read the answers before I ask further questions involving those consultancies.

Senator Ellison—Officers have today been following up that very point with Dr Kemp's office. I am unable to give you a progress report on that, but as soon as I am able to, I will.

Senator CARR—Thank you. I trust that we will be able to attend to that matter very quickly, Minister. Before the break, I was discussing with the officers from ANTA the answer to question 619. In particular, I was expressing my concern about the answer given, which says:

The agreed framework of growth derived from efficiency defines growth as additional outputs. The framework explains that, in the absence of agreed robust output measures, the activity measures of actual annual hours curriculum and the valid student enrolments are the basis for assessing the levels of output.

Measuring growth using output or output measures may be considered by MINCO when such measures have been developed and are proved to be robust.

When will that occur, Mr Moran? When do you think you will be able to have a robust measure of growth on the basis of output or outcome measures?

Mr Moran—That goes to what I said before about the period required to implement the report of the performance review committee, given that when the ministers meet later in the year they decide to go beyond their in-principle adoption of the seven key performance measures proposed by the PRC.

Senator CARR—You place great emphasis upon this measure of annual hours curriculum. Would you agree with the Allen Consulting Group's conclusion, which states on page 3, that, while it is a very commonly used measure, it is conceptionally an activity and not an output measure?

Mr Moran—I said that myself earlier.

Senator CARR—Are you happy with that proposition?

Mr Moran—Yes.

Senator CARR—Are you also happy with the proposition that has been advanced by them that:

. . . it does not attempt to assign relative weight or value going beyond simple counts. Moreover, AHCs have begun to be attributed to courses leading to qualifications into modules independently of actual hours of delivery, taking into account the time likely to be taken by an average or standard trainee to achieve, in an average or standard learning environment, the learning outcomes or competencies required for completion.

Would you agree with all of those measures?

Mr Moran—I know that those observations have been made.

Senator CARR—Would you agree with them?

Mr Moran—I am not sure what you are asking me to agree to. If the question is whether there are courses or modules to which nominal hours are attached, that is, in effect, really the concept of annual hours curriculum in the first place.

Senator CARR—Would you agree that the AHCs are inadequate as the need units of outputs value owing to their fairly strong residual link to the actual training time served and whatever else was in the quote that I put to you this morning?

Mr Moran—Aren't we going over things again?

Senator CARR—We are, because I am going to come to the point soon.

Mr Moran—I would not add to what I said previously.

Senator CARR—Fair enough, but would you agree with the general thrust of that quote?

Mr Moran—No, I would not add to what I said previously. It is a very complex issue. I tried to explain, as best I could, how the problem has emerged, how it has been dealt with and what some of the major reasons are for moving from activity measures to outputs in particular. I think I should leave my response in terms of that fuller explanation of the key relationships within the various initiatives.

Senator CARR—The answer then goes on to draw attention to the other aspects of measuring the VET system's performance. It says:

Inputs, including commencements, as well as activity measures will have an impact on outputs, including the module load completions, course completions and, in turn, non-outcomes, including graduate destinations and employer satisfaction.

The answer goes on to say that the performance review committee has just completed a report—and you have provided us with a copy of that, for which I thank you—and that report highlights the new measures of the key performance measures for VET for the future, and embraces discussion on issues relevant to that.

Of those seven recommended key performance measures, I will deal with just one: the measure that goes to stocks of VET skills against desired levels. But before I do that, could I just ask about the KPMs—the key performance measures: are they supposed to be for the whole VET sector?

Mr Moran—Do you mean by that that they are applied to VET as a whole rather than to providers individually?

Senator CARR—Yes, and I will come to another part of the question in a moment.

Mr Moran—It depends a bit on the key performance measure. For example, key performance measure 2 is really an overall measure, whereas key performance measure 3 and key performance measures 4 and 5 are capable of being used sensibly at a national level, a state level or a provider level.

Senator CARR—Based on these key performance measures, can you tell me which ones apply to non-TAFE provision?

Mr Moran—By 'non-TAFE provision', do you mean publicly funded vocational education and training in providers other than TAFE?

Senator CARR—Maybe we are speaking slightly at cross-purposes here, but aren't these key performance measures geared to the public sector?

Mr Moran—They are geared to what government, through its various actions, brings about, but not limited to necessarily what government actually funds. For instance, we have been working towards a system where it is possible for workers in industry to undertake training or have their skills and knowledge assessed so that they can obtain vocational education training qualifications without having to be a conventional student in a conventional TAFE institute. That goes to the national training framework and how it works and so forth. I think that is a desirable social and economic goal for Australia, but it does not mean that, in order to have those qualifications achieved, the government need necessarily to meet all the costs of all that happens in order for that to happen.

Senator CARR—So you can tell me that there will be other than TAFE providers measured by these performance indicators?

Mr Moran—I think it goes back to my earlier response, that it depends a bit on the key performance measure. The key performance measure 2 is obviously a consequence of what happens in TAFE and other providers.

Senator CARR—But, essentially, they are geared to the performance of TAFE?

Mr Moran—I would hope that they would, at the very least, in some cases be geared to all that is obtained with public expenditure, whether it is through TAFE or other providers. In the case of KPM 2 it is, in a sense, all that is obtained by way of recognised training in Australia, whether publicly funded or privately funded.

Senator CARR—We talk about providers such as McDonald's; we mentioned them this morning.

Mr Moran—I heard that matter, Senator.

Senator CARR—Which of these key performance indicators apply to McDonald's?

Mr Moran—If McDonald's were undertaking recognised vocational education and training as a recognised training organisation under the Australian recognition framework and was then awarding a qualification at the conclusion of the training experience, that qualification would contribute to KPM 2.

Senator COONEY—They have got a university of hamburger, I think.

Mr Moran—Not in this country.

Senator COONEY—In the United States. We went there on one of our Senate trips we did for you. Have you ever followed that up?

Mr Moran—I have visited the McDonald's headquarters in Australia.

Senator COONEY—This is in the United States.

Mr Moran—No, I have not been to the United States, but I have visited the McDonald's headquarters in Australia. Their arrangements for university level study are based upon a strategic alliance between McDonald's and Macquarie University. They have, quite commendably I think, a linked program of educational experiences, starting with vocational education and training certificate experience going all the way through to postgraduate studies in management. So, theoretically, it is possible for an employee of McDonald's—and there may be examples of people who have done this; I do not know—to start at a basic level and obtain a certificate, and then, through further study along the way, obtain additional nationally recognised qualifications and go as far as a postgraduate degree.

Senator COONEY—You might not want to comment on this, but I suppose the only problem you would have is what sort of culture you want in your educational institutions. Before you were born, Mr Moran, we used to go to a little state school.

Mr Moran—That was a long time ago, Senator.

Senator COONEY—Yes, it was a long time ago. Then we went to the nuns after that, and I must confess that has a great deal of nostalgia. But there are all these efficiencies now and it is probably a good thing. However, there is a bit to say for the old style of things—for the culture. Perhaps you could comment on that. I simply ask this in an attempt to find out whether there is a danger that, if you get a body like McDonald's, which has a very strong drive—and properly so—towards what it wants in its production, there is any chance of that becoming too great an influence for the good of the system.

Mr Moran—One can approach the question from a number of different perspectives. It can be approached from an equity dimension, from a quality of educational experience dimension and from an economic policy dimension.

From an equity perspective, one of the major impetuses behind providers other than TAFE being recognised by state authorities as being able to offer courses leading to qualifications

which were previously the monopoly of TAFE was that there were a large number of people who were receiving their training in industry, who did not get recognised qualifications for it and who simply did not want to go off and do a conventional TAFE program. So the impetus in the late 1980s, early 1990s for the opening up of recognition for non-TAFE providers was really directed at allowing those people in those providers to have qualifications that they deserved which could sit alongside those available from TAFE.

Senator COONEY—What sort of system of quality control would there be in that?

Mr Moran—That is the second factor. If you look at it from a quality perspective, one of the features of the Australian recognition framework, which is being phased in from January this year, is a much greater emphasis on managing the quality endorsement of providers in order to ensure that they deliver quality programs and a quality result. The other side of it is training packages, for which ANTA is responsible, where the aim is really to provide a basis for educational experiences in public and private providers which will be quality educational experiences.

In terms of the economic thrust, which is, I think, where Senator Carr's previous question was coming from, one of the benefits of these arrangements is that, at a national level, the stock of qualifications—if I could use these terms—in our community goes up beyond what it would be were we to rely solely on conventional places delivered in public institutions in the conventional way. As long as quality is safeguarded by state and territory authorities, which they are, in their own ways, committed to doing, I think it is a win-win initiative for Australia.

As to McDonald's and the issue that Senator Carr was discussing this morning and promised to raise this afternoon, the recognition of McDonald's and its competency standards, of course, dates back to the former National Training Board, an arrangement which ANTA inherited in about 1995. It was the National Training Board, as I recall, that established the policies for firms putting forward enterprise competency standards to ask that those competency standards be held on a confidential basis for reasons of commercial considerations particular to the firm.

Translating what I have just said, that means that some firms felt that the way they do their training gives them a commercial advantage over their competitors. In other words, it is part of the technology that they use. They did not necessarily want to have to give that away when they went through the process of having their training recognised as leading to a nationally portable qualification which would serve those who receive it well as they moved around through other jobs in the labour market.

Senator COONEY—I think that is the bit that worries me. I do not want you to answer the question now because it is obviously a very big issue. Commercial-in-confidence is a thing we come up against all the time, not only in estimates committees, but everywhere. It is something that has to be worked out. The only question I would like to ask in that context is—you could answer it now or later: is there any danger or risk (and I can understand the need that enterprise has to keep things confidential to maintain their commercial advantage) of two things happening: firstly, are the sorts of values, if you like—the sorts of things that the nuns and the brothers gave me—that you would like your children to have out the door now? Can they be examined? Secondly, a question which you might feel more able to answer: can you keep proper quality control, given the commercial confidentiality that you want to maintain?

Mr Moran—I speak of this having had a reasonably close experience of McDonald's in recent times. My 17-year-old daughter has just resigned from McDonald's, having been with

them for about 18 months and gone through their training programs. I saw it from the parents' end, and I was actually quite impressed with both the nature of the training she was afforded and, in one sense, the sorts of attitudes to work and participation in a team in a workplace that were part of the experience which she had. She ended up on the occupational health and safety committee for the workplace, able to speak on behalf of other young people working for McDonald's. She learnt all those things that business people are from time to time quoted as saying they actually want to see in young people seeking to go into the workplace on a full-time basis.

I watched her closely, and my assessment of her experience was that it was extremely positive for her. It was not just the sort of routine skills for doing what McDonald's does. Built on top of that also was a whole set of values to do with the workplace and how you operate within it. But I would agree that there are many values beyond that—which the nuns and brothers no doubt visited upon you in times past—which McDonald's would never dream of taking on as part of its training program

Senator COONEY—What about the quality control?

Mr Moran—I understand that the quality control in the hamburgers is extremely good, Senator.

Senator COONEY—No, not so much the hamburger ones. The quality control in terms of the issue of confidentiality, which I think is going to be a big political issue generally for everybody, ultimately, as to just how far we can intrude into the confidentiality area. I am not saying that particularly now but for issues that are interrelated but not of this area. Take the breakdown of the power in Auckland, how far should the government or the community go in looking at that? In the same way, how far is it proper for us as a community to look at what these training people do if it is going to impinge upon their commercial confidentiality?

Mr Moran—It is a view implicit in the decisions of the ministerial council that, if an organisation such as McDonald's wishes to have the right to issue a nationally recognised qualification, they must meet the requirements which governments establish. There are essentially three points at which what McDonald's does is checked, by those external to McDonald's itself. They have their own internal processes, as you would expect. The first of these is the actual endorsement of the competency standards by the National Training Framework Committee and, previously, other bodies with different names that performed the same function. In that process, there is a fairly arduous evaluation of competency standards coming forward to make sure they are adequate. There is a requirement that things like key competencies, which are generic areas of skills and knowledge, are reflected in the competency standards and so forth.

The second point at which governments supervise what firms like McDonald's do is in their gaining the status of a recognised training organisation. It is in that area that the Australian recognition framework will tighten further the requirements administered by state and territory authorities.

The third area is in the assessment of the skills and knowledge that young people actually attain as against the requirements of the competency standards and the need to get a qualification. There, too, as I think was mentioned before you arrived, Senator, the introduction of training packages will lead to a tightening of the requirements for assessment and more care with workplace assessment in particular. That is not to say that some firms in some locations might not at times have difficulties. If I said that it was going to be universally great, Senator

Carr would find the exceptions to the rule. But I stress again that it is in the interests of young people and, I believe, in the interests of building the skills base of Australia, as well.

Senator CARR—Perhaps we will come to the skills base of Australia at this point. You said that you were going to tighten up the national framework measures.

Mr Moran—This is where Mr Noonan comes back in, Senator.

Senator CARR—It is too big a hook for me to miss. How are you going to tighten up?

Mr Moran—This goes to the assessment guidelines in training packages.

Senator CARR—In particular, will you be able to weed out fly-by-night and shonky employers from industry?

Mr Noonan—To actually issue a qualification an employer would have to be registered as a training organisation and go through the full registration requirements of the recognition framework. If they were conducting assessment in the workplace they could not issue that qualification without the auspicing or active involvement of a registered training organisation. So while somebody in the workplace might be able to assess a particular set of competencies, that particular assessment would have to be checked and signed off by a qualified teacher or registered assessor or trainer.

Senator CARR—When will this be done?

Mr Noonan—From now.

Senator CARR—It is already the case, is it?

Mr Noonan—Yes, it is.

Senator CARR—I was down in Wodonga the other day. These TAFE directors are very good; they have a habit of drawing to your attention some of the practicalities of these measures. They have advised me that they are concerned about the use of their credential for entirely off-the-job training because there is real scope under the present arrangements for there to be a discrepancy between what actually happens on the job and the alleged conformity with the competencies.

Mr Noonan—It is not their credential.

Senator CARR—If a training provider has to sign it off, whose credential is it?

Mr Noonan—In the new system it would be a qualification from a national training package or possibly an accredited course if there was no training package.

Senator CARR—Who authenticates the assessment?

Mr Noonan—At the end of the day the registered training organisation has to. If it is not satisfied about the quality and integrity of what has been carried out in the workplace then it has every right to not issue the qualification or to ask for further checking or work to be done.

Senator CARR—That is exactly the point. There is now a tension in the system. With entirely on-the-job training where there is a marked separation between the provider and the assessor, what protection is there for the quality of that assessment process under those arrangements?

Mr Noonan—The registered training organisation has to satisfy itself as to the integrity of the assessment which has been carried out in the workplace.

Senator CARR—And it has to be strong enough to stand up to the local employer.

Mr Noonan—Absolutely.

Senator CARR—Isn't its capacity to do that affected by user choice being in place?

Mr Noonan—I do not believe so. Over time, employers will choose, particularly in country towns and regional areas. At the end of the day, quality providers will be recognised and rewarded. If somebody is trying to offer a shonky or second-rate qualification it does not take long, both formally and informally, for that to come to notice.

Senator CARR—That is fine. The problem is that the employer might well be able to withstand any criticism; it is the apprentice, trainee or student in that set-up that has to bear the odium of having a credential that is not worth a dob of glue.

Mr Noonan—Senator, the current arrangements with apprenticeships are not that dissimilar. Employers currently have obligations for supervision of on-the-job training. I would argue that the assessment requirements are now much more explicit and the obligations of the organisation issuing the final qualification are much clearer than they are under the current arrangement.

Senator CARR—I was talking to a chef up at Townsville TAFE who said that under the present arrangements there are enormous incentives for unscrupulous employers to not meet their obligations to trainees and apprentices. They have the power under the present arrangements and the control over the assessment process to reject the competencies that a person in their employ has gained. They have a financial incentive to keep them at a lower level. How do you respond to that proposition?

Mr Noonan—It is interesting that you make that comment in respect of the present arrangements. I suspect you are talking about somebody who is currently in the apprenticeship system.

Senator CARR—This is current. This is what I am talking about. It has been put to me that that is exactly what is going to happen with the new apprenticeship system. How do you respond to the charge?

Mr Noonan—If the employer is not a registered training organisation then the authority of the registered training organisation to ensure that the qualification has been properly assessed and issued is much clearer than it is under the old arrangements. Under the old arrangements there was always the potential for conflict between trade certification and the issuing of the TAFE qualification. Frequently they were two quite different things. One of the advantages of training packages is that they bring that process together and make the registered training organisation responsible. The arrangements whereby employers themselves have obligations and are required to be, in effect, approved to auspice or take on an apprentice will in most states and territories continue. If there were a case of an employer behaving inappropriately, as you are suggesting, then, as far as I know, in Queensland the mechanisms will still exist for that to be pursued.

Senator CARR—Could you just refresh my memory: what are those mechanisms? What action can the trainee or the apprentice take to rectify that situation?

Mr Noonan—There are disputes and appeals provisions.

Senator CARR—Through the state?

Mr Noonan—Through the state mechanism. That is correct.

Senator CARR—There is nothing within the existing structure of the national framework to protect apprentices and trainees.

Mr Noonan—That is not correct. The assessment guidelines within training packages have requirements for appeals built into them. The appeals provisions are quite explicit.

Senator CARR—Thank you. To return to the general issue about these new key performance indicators, you are saying that they will apply to McDonald's and to the other private training enterprises we mentioned this morning. Will they all apply to them?

Mr Moran—I said that key performance measure No. 2 embraced what McDonald's does, but other key performance measures do not, because McDonald's is not doing it with public money.

Senator CARR—We will return to this issue, because this is going to become quite an important measurement, I presume, of outcomes arrangements for vocational education and training. In regard to key performance measure No. 2, stocks in VET skills against desired levels, I asked a question this morning relating to concerns I have as to whether or not we are providing necessary skills in the areas which are actually required. I asked the department a question in relation to that matter. I referred to a paper presented in November last year by Katrina Ball and Chris Robinson. Are you familiar with that paper, Mr Moran?

Mr Moran—I may have seen it, I cannot recall. It does not come to mind. Mr Robinson has authored quite a number of articles, and I am not sure that I have read them all.

Senator CARR—In question No. 541 I make the point that these authors, Ball and Robinson, indicated that:

A large proportion of apprentices and trainees in the 15 to 19-year age group are training in industries that are forecast to decline relative to other industry sectors into 2000 to 2001.

Senator O'Brien asked if it was consistent with the department's understanding of the spread in training in the relevant industry sectors. I ask you now, Mr Moran, if that is ANTA's view? Are we getting the appropriate spread in the 15-year-old to 19-year-old age group—in relevant industries, not declining industries?

Mr Moran—Both Mr Noonan and I might contribute an answer there. This really goes to the heart of the features of new apprenticeships. One of the objectives of new apprenticeships is to make employment based training available in industry areas that were neglected by the previous system. I can remember back to my time in Victoria where, even with the reforms that were achieved there to make the system more responsive to industry, it was inordinately difficult to get up a new apprenticeship in a new area.

That was partly because of the process and partly because the industry people who were involved in the key decisions were wedded to apprenticeships in the traditional areas and did not really want to see that concept spread into the new industries, particularly in the services sector. So one of the advantages of new apprenticeships and of training packages supporting new apprenticeships is, in our view, that it will open up the possibility of employment based training in a lot of industries which have been neglected previously and which are often exhibiting quite a lot of employment growth.

However, that having been said, because of retention rates through to the end of year 12 in school, there are fewer people in the 15-year-old to 19-year-old age range seeking traditional apprenticeships post year 10 and so forth. Therefore, what we are also seeing is a shift in the nature of the people presenting for apprenticeships. In one industry sector it is becoming surprisingly common to see many university graduates presenting for apprenticeships. I think that sector is probably reasonably happy with that, because it thinks that it is getting some good quality people coming into the trades in that industry area.

How it will all pan out is not certain but, against the proposition that employment based training, of its nature, ensures that people are getting training in an industry where young people are wanted and needed, I think that new apprenticeships will help redress some of the imbalance in provision that was a feature of the old system. Peter Noonan might wish to add to that.

Mr Noonan—No.

Senator CARR—Reading through the literature, I notice that we now have a system that places great emphasis on the role of industry and an industry driven model—in TAFE in particular. As I read it, what you are doing is applying a key performance measure in terms of assessing the stock of VET skills against desired levels.

Perhaps you can correct me if I am wrong in any of these assumptions. Is it the case that industry is effectively making national policy via the ANTA board and industry actually dominates the ANTA board?

Mr Moran—Can I take these questions one at a time?

Senator CARR—Yes.

Mr Moran—The ANTA board advises the ministerial council. It is ministers who take decisions, not the ANTA board.

Senator CARR—But, effectively, the ANTA board is dominated by industrial concerns—large employer concerns.

Mr Moran—ANTA is a board with industry people on it but also with dutiful officials, such as myself and the others here today, who do our best to draw together good advice for that board to consider—as you reflected on in earlier questions.

Senator CARR—Is it the case that the competencies are effectively decided by industry? Do you say not, Mr Manns?

Mr Manns—I cannot help but explain the enormous process that goes on before these training packages ever see the light of day. It is hard to imagine a more inclusive process than that. It involves a rigorous analysis by ANTA officers and subsequently by the committee, but also before things go to the committee there is now a process involving evaluation by all state and territory training authorities.

After the committee has made decisions, they all go back out again to every state and territory minister and it is only at the end of all of that that they ever see the light of day. So there is an enormous quality assurance process that goes on to make sure that what the industry, in the form of the ITAB, has developed at that level—bear in mind that the ITABs are generally bipartite—meets all the requirements of the national training framework and at the end of the day is acceptable to nine jurisdictions around the country.

Senator CARR—Mr Noonan, would you like to add anything to that?

Mr Noonan—I would, because I think there was a misunderstanding in your question about that being something that ANTA has imposed. In fact, that competency standards framework was agreed in 1991. The decision on having industry specifying competency standards—as to what is offered by the system—was taken a number of years ago.

Senator CARR—That does not change it. I do not give a damn if it was done by a Labor government or not. Is it a statement of fact or not?

Mr Noonan—What I was correcting was the impression in your question that it was driven by ANTA. The point I am making is that it actually pre-dates ANTA.

Senator CARR—You misunderstood my question. My question goes to the role of industry in the provision of VET training under the current models. It is my contention that industry as defined by ANTA really means employers, and that they have a disproportionate influence over the formation of the training packages.

Mr Moran—I think several points are raised by your question which are a source of difficulty.

Senator CARR—I would be disappointed if that were not the case.

Mr Moran—Of course. You previously asked on notice for information from us on the review of industry training advisory boards. Initially we were not in a position to make that available but subsequently did provide papers which went to the ministerial council. Within those papers in great detail was an indication of business organisations, industry associations and unions—ITAB by ITAB—which supported or did not support the arrangements; and overwhelmingly it was support usually across industry, that is, business and unions. So that is prima facie evidence provided to the committee that that structure has explicit support from literally hundreds of organisations on the employers' side and the unions' side within Australian society.

Secondly, one of the essential features of the reforms which are under way is that there is a clearer distinction of roles between industry, however organised, on the one hand and educators on the other. The essential feature of training packages is that governments seek to regulate only competency standards, assessment guidelines and the link to qualifications against the proposition that the educators, whether in TAFE or private providers, have far more flexibility to craft their educational response to the competency standards which have been set by that industry based process.

So, in my view, it is a far more clear-cut version of a partnership between educators on the one hand and industry on the other than was ever the case previously and, I think, provides the basis for both a richer professional environment for teachers and an opportunity for TAFE institutes and private providers to be far more innovative in their response to industry's needs.

The final point is, however, that not all of the things happening in VET are tied up in training packages or competency standards. We have previously discussed with you the 20 per cent that goes to general education, for example—and the importance that is still attached to that—and the continuing importance for many TAFE institutes of ensuring those enrolled in explicit vocational programs also have, if they need it, access to remedial studies of one sort or another, which, of course, are a version of general education.

So I actually think that, if you wish to approach it from the point of power, which I think you mentioned, you are actually talking about a balance with different groups having different roles and, in one sense, the role of bodies like ANTA or the state and territory training authorities being to keep the different pressures working together to achieve the best result from an industry perspective and from that of the individual student.

Senator CARR—Is it the case that employers select the trainees and apprentices?

Mr Moran—Yes, and it has always been the case.

Senator CARR—Is it the case that employers decide the individual training packages for each trainee and apprentice?

Mr Moran—No, it is not the case. There is for an industry a training package, which we have discussed previously, and at the local level, in the context of discussions between an individual provider and a firm, there can be developed what is called a training program based

on the training package and in the context of user choice. We could go into the nature of that training program, but it does not involve tampering with the national competency standards which are in the training package; it has more to do with the nature of the educational response to those national competency standards.

Senator CARR—That is a moot point.

Mr Moran—No, it is a very clear point.

Senator CARR—I dispute the level at which individual training packages are not determined by employers. But, be that as it may, I would go on to make the case that employers choose the training provider.

Mr Moran—Under user choice, an individual employer, group training company, or in the case of Aboriginal and Torres Strait Islanders a community group, may negotiate with a range of providers, both public and private, before choosing a provider, and in negotiating with a provider they may talk about things like mode of delivery, location, timing of delivery and so forth. But all of that is pinned back to the training package.

Senator CARR—Indeed. So is it the case that employers determine the numbers in training, the occupations for which they are training and, effectively, the number of persons in training positions?

Mr Moran—The point that I was trying to make before, perhaps inadequately, Senator, is that the system as it was meant that many employers who wanted to have apprentices and trainees could not have them. To give you an example, I remember going to one of the very large food retailing companies in Australia—in New South Wales—about three years ago. They really wanted to have an apprenticeship in a new area and they wanted to take young people on. It seemed to me they had a very good argument but they simply could not get it through the regulatory arrangements. They could not get it declared as a vocation. Therefore, they could not offer these entirely worthwhile apprenticeships to a large number of young people who would have had that introduction to a career.

Senator CARR—Mr Moran, you would presumably concede that employers have a substantial impact on the range of services that are actually undertaken through our training system?

Mr Moran—Yes.

Senator CARR—I would ask then: to what extent can we attribute a performance measure such as this performance measure No. 2 to how well the system as a whole is doing if one sector of the VET industry has a disproportionate influence over where the system actually goes?

Mr Moran—That is my argument, Senator. I am saying that the arrangements as they were prevented many industries from doing what is deemed to be desirable in the national interest and in the interests of young people. That is why the system had to be changed.

Senator CARR—How do you determine what is regarded as a reliable estimate of the skills required by an industry?

Mr Moran—We do not, other than through the consideration of now training packages, previously competency standards, originating from industry training advisory boards or like organisations at a national level.

Senator CARR—So who is providing the data?

Mr Moran—It is not so much data; it is a set of competency standards. Perhaps we could help the committee by making available an example of a training package so that it would be possible to see how this all plays out in real life.

Senator CARR—It is not the training package that I think is particularly the problem here; it is the question of whether or not we are training people to adequately meet the needs of the economy over a longer term.

Mr Moran—But this is the question that you raised with us two hearings ago. In response to your request we undertook a very substantial amount of work to assess the general quality of the first four training packages and provided a very detailed paper to the committee, which as I read it—and I didn't draft it; I had some people who were quite independent within the organisation do the work—put to rest convincingly the concerns that you were raising across the table.

Senator CARR—There are two concerns here. There is the question of the quality of the performance, the individual quality of any particular package that is offered, and there is the extent to which we are meeting the skill needs of the economy as a whole.

Mr Moran—Absolutely correct.

Senator CARR—Where in the current arrangements are you able to say that we are meeting the skill needs of the economy as a whole?

Mr Noonan—Can I perhaps read out the packages which have been endorsed—

Senator CARR—Mr Noonan, I am not trying to argue the toss about the quality of your packages at this point in time.

Mr Noonan—No. I was going to give you an indication of areas where there are currently inadequate arrangements for apprenticeship and for structured and recognised training which will be catered for in the new environment. Clerical administration would be a case in point. The national meat industry, a comprehensive package for all sectors of the rural industry, pulp and paper, information technology, corrections, extractive industries—quarrying, for example—and racing would be new ones that I can think of where you will have new qualifications and formally recognised training available for the first time. A number of those areas I have mentioned are areas where employment is growing.

Senator CARR—Perhaps I can bring it back to my experience that, agreed, may not be as extensive as that of the officers from ANTA. But recently in a visit to North Queensland I came across a number of people who said that there are extensive skill shortages opening up in the north of Australia. I think you would acknowledge the claim that is being made. What is the VET system as we have it under these arrangements doing to prepare sufficient numbers of persons to meet those skill shortages?

Mr Moran—I have spoken to people in the building and construction industry in Queensland who are making this statement. They are concerned that there has been a reduction in the number of people going into traditional apprenticeships for that industry in circumstances where the Queensland economy is greatly influenced by the level of building and construction activity, whether it be in the mining industry or in residential developments. The state industry training body that is responsible for that industry won the Australian Training Award at the Australian Training Awards last November and is seeking to actively market careers in that industry to people in Queensland.

From our point of view we, I think, have two training packages under way for the building and construction industry which will provide a better basis for training in that industry in the

future. But at the heart of it, as your series of questions suggests, comes the ultimate question of whether the employers will take on the young people and put them into the training programs. My view is that it is, in essence, a question of selling to a particular industry the need for that industry to do this, and that I think is what this particular state based ITAB has been doing for some time.

Senator CARR—In the building industry, 96 per cent of employers employ fewer than 20 people. Most I have dealt with, in terms of evidence put before this committee at various inquiries, have suggested that the time horizon for most employers is very limited, particularly in small enterprises, where, naturally enough, concern is with financial viability of the firm in the short term. What measures exist in terms of your key performance indicator to assess the long-term needs of a particular industry and the capacity of the training system to adequately meet projected demands of the economy, not the projected demands of an individual firm? This is at the heart of their present dilemma in the training system: you have provided us with a training sector which is, I say to you, industry driven, which means individual enterprise driven, and not necessarily meeting the needs of the economy at large. Given it takes three or four years to produce a skilled person, how are we able to ever say that the skill requirements will be met far enough in advance to provide for the demands of the economy three or four years hence?

Mr Moran—That is an extraordinarily complex and searching question. I do not know that I can do justice to it on this occasion, but could I just make a few comments. Firstly, in the building and construction industry, also in automotive and to an extent in the engineering area, which are the traditional apprenticeship areas, group training companies have been growing at an enormous rate. Their contribution has been to deal with that business cycle problem that you have referred to.

Secondly, a number of providers have been very successful in developing pre-apprenticeship arrangements, the purpose of which is to take young people and bring them through institution based programs to a level of skill and knowledge relevant to the industry such that when they go into the workplace they can be immediately effective and productive from their employers' point of view.

Last week I went to the Gold Coast for the opening of a major new skills centre funded by the Commonwealth through ANTA for a very large and successful group training company. This skill centre was specialising in pre-apprenticeship programs for people for the building and construction industry, and was having a great deal of success in getting people to the point where they had the skills and then getting them into jobs to help that industry. So they are pragmatic responses at a general level, as has been referred to in a number of answers to your questions.

We have been doing a range of studies of qualification profiles for the future on the assumption that they are some sort of a surrogate for skills. DEETYA, as was referred to this morning, has done its studies on both skill shortages and future occupational demands. We are attempting to bring together thinking on all these pieces of work towards the preparation of some advice to go to a ministerial council meeting later in the year. That work is at a stage where I could not offer any more definitive statements to help the committee.

Senator CARR—Sorry, Mr Moran; these key performance indicators in No. 2 presumably are of some significance to this sector. You say on page 2 of the report on key performance measures for vocational education and training which went to the October board meeting that the primary objective of the key performance indicator for VET is to demonstrate public

accountability and efficiency in which resources are to be used. How can you reconcile those two propositions?

Mr Moran—It is a time lag. I think all you are saying is that life is not perfect as of today and it should be perfect by Easter. All I am saying is that it will take a little more time.

Senator CARR—I think a little more time than needs to be taken.

Mr Moran—We are working on it with great application.

Senator CARR—How adequate can you say these performance measures will be, if this is just one example of them?

Mr Moran—We can go through them, as you wish, key performance measure by key performance measure. I did point out that this was one measure that was national in its scope. Earlier discussions would suggest, I think, that some of the others have been the subject of substantial work in recent times and were in an advanced state of preparedness. By that I mean employer satisfaction. I also explained that moving to a new output measure will take some time because of the many issues involved; it is a leading edge development and so forth. The story is different for each of the key performance measures.

I would not want the committee to think that we had not been actively pursuing all the developments that these imply but bear in mind, as I pointed out earlier, that ministers have yet to drop the starter's flag on the introduction of these key performance measures. We are still in the development phase as far as the ministerial council is concerned, and ministers have reserved their position as to whether they will eventually approve the implementation of these key performance measures until they receive further advice probably in May.

Senator CARR—I hope that some consideration is given to the *Hansard* by the ministers in their assessments of the adequacy of these measures. If this is one area of discussion and it suggests to me there clearly is considerable work to be done, I wonder what the others will bring. I draw your attention to question 462, where I asked about the forward planning measures. You have suggested to me that the performance measure for future demand on world's best practice—this is the international comparisons—is based on data provided from 1991 to 1996. How adequate do you think that is, given our present predicament—that is, the situation that seems to be emerging with the Asian economies?

Mr Moran—I am not sure what aspect of the circumstances of the Asian economies you are referring to.

Senator CARR—The fact that they seem to be taking a bit of a hit at the moment, which I think would have some impact on our economy, our growth rates and our capacity to provide training here.

Mr Moran—I am not an economist, and this is not really part of ANTA's brief. I think you might be chancing your arm just a bit, Senator, on some of those assumptions about the future of the economy. That said, I detect a measure of confusion about demand and unmet demand. We have the annual measures by the ABS of unmet demand for places in post-secondary education and training. The ABS released its 1997 survey just before Christmas, as is its practice, and it showed that, on their measurements, unmet demand for places in VET had come down from 1996. From memory, it was from about 62,000 to about 48,000.

So there is a measure of people out there in the community who are saying that they wanted places and they could not get them. But, as Mr Manns commented at the last hearing of the committee, you have to dig further into those numbers anyway, and that tends to further

diminish the apparent number of people who are unable to get places in vocational education and training.

The second view of possible demand is looking at how our qualifications profile stands against those of other countries, which I believe may have been behind your question. Despite quite a number of disputes over methodology and so forth, even there you are not actually talking about people who at the moment are demanding places; rather, you are talking about some notion of how Australia might benchmark itself against other countries in terms of the overall performance of its education and training system—if it is assumed that the level of qualifications within the community is a significant issue to watch.

The third area of work when dealing with demand is to say, ‘If we forget all the international stuff and just worry about what is likely to happen in the future in Australia, what do we think demand is going to be like in the future?’ There are a number of different ways of doing that. The West committee in its discussion paper used one. We work on a different basis. The West committee was looking at what is happening to participation amongst young people of a certain age group; we base our approach on looking at trends in the labour market and trends in the economy generally. One gets a range of scenarios that one can have a look at. We are attempting to assist the ministerial council by later in the year pulling together various pieces of work on these different approaches to the issue so that ministers can consider different ranges of possibilities of what the future might be like in Australia.

Senator CARR—That work, as you say, will have quite a significant bearing on the level of growth we can rightly expect.

Mr Moran—My answer implies that, firstly, there is growth in terms of increasing numbers of people turning up at the doors of providers. The ABS measures that, and the number of people has been going down, not up. Secondly, there is growth over a longer period of time that can be driven by a variety of factors, and your assumptions about which factors to use will greatly influence the projections that you make on a percentage basis as to likely growth over a five- or 10-year period.

Senator CARR—In your advice to government, which has already been referred to today—that is, the matters from August of last year; the famous August paper—you indicated that we had a long way to go to meet world’s best practice. Presumably, this was based on the Cullen material. Do you still think that that is a robust report?

Mr Moran—That is one of a number of reports. So-called report No. 2 is what I think you are referring to. At the moment, we are attempting to finalise report No. 3, from Performance Management Solutions, which pulls together a wider range of considerations than those evident in report No. 2.

At the last hearing of this committee, you asked me a question about report No. 2 and whether it stood up. I said that we are pursuing some issues about ABS data, and so forth. There is also a methodological dispute as to whether, firstly, you can legitimately say that there is a correlation between rankings according to international competitiveness and rankings according to qualifications profiles; secondly, as to whether the regression analysis in report No. 2 embraces a sufficient number of factors pertaining to competitiveness or not; and, thirdly, as to whether the data available from the OECD, even when adjusted, is sufficiently robust to enable rankings of countries to be made.

Allowing for those three sets of methodological preoccupations that some people have, I still think that, as a benchmarking exercise, report No. 2 has a lot to contribute to the debate about the future of vocational education and training in Australia. Having said that, I think

the paper that we hoped to prepare for the ministerial council will be more useful because it will pull together a wider range of considerations than those evident in report No. 2.

Senator CARR—I presume that you will take on notice my request for a copy of that benchmark report No. 3.

Mr Moran—I would have expected nothing else, Senator, but the minister can consider that in due course.

Senator CARR—You can note that now because I will be anxious to hear that. I noticed that on page 30 it specifies what it believes to be the declining position of Australia on a world competitive basis in terms of qualification attainments.

Mr Moran—Yes, but performance management solutions elsewhere in the report set out a range of things which could be done about that problem, including many of the things that we have been talking about today. It also says that there are significant problems with the historical rigidity of the vocational education and training system and its difficulties in adapting to new circumstances, which is just what the new apprenticeship initiative is designed to address.

Senator CARR—You also indicate in answer No. 547 that there are differences in world best practice by comparison to Australia which can be explained by a range of factors, including differences in compulsory school leaving age, differences in structure and length of post-compulsory education and training, differences in community expectations of the value and the worth of particular types of education and training. Do you have that?

Mr Moran—Yes.

Senator CARR—Did you prepare that answer or was it prepared by the department?

Mr Moran—No, I believe it was prepared within ANTA.

Senator CARR—So you are happy with that response?

Mr Moran—I would not put my name to anything that was not as accurate as it could be.

Senator CARR—I am pleased to hear that. Those factors which are listed are essentially highly subjective measures—that is, differences in community expectations of the value and worth of particular types of education and training. How do you measure that?

Mr Moran—That in part is a reference to the value placed in the community on a higher education place as opposed to a VET place. That said, there are twice as many students enrolled in vocational education and training in Australia as there are in universities.

Senator CARR—I accept those points, but is it not the case that, while this is undoubtedly true, there are differences of expectation between countries historically and culturally? How do you measure that difference?

Mr Moran—You can measure it through survey techniques assessing attitudes, but you can also look at the patterns of preferences exhibited in the choices people make about the educational experiences they want.

Senator CARR—Is it valid, therefore, to make comparisons based on essentially subjective judgments as the value of community expectations?

Mr Moran—My reading of that was that these are possible explanations of why things are as they are rather than an explanation of things as they are—an explanation as opposed to the event or incident that you are talking about.

Senator CARR—Can I draw your attention back to the statements made in the principles for a set of key performance measures for VET. In the report on page 2 it states that ‘at the same time it must be recognised there are valid reasons for variations in the values of the KPMs between jurisdictions’. To what extent does that acknowledgment invalidate the concepts of key performance measures?

Mr Moran—The way we approach it is to say that you use this sort of information for benchmarking purposes. If you discover a difference, you then seek to explain why the difference is there. In seeking to explain why the difference is there, you invariably come across—when you are dealing with states and territories—factors particular to an individual state or territory that help explain the difference. That is all that is saying.

Senator CARR—We come back to the point that we will not be using benchmarking for the new ANTA agreement.

Mr Moran—We come back to the point on growth through efficiencies whereby we are negotiating bilaterally with individual states and territories on the basis of the plans which they themselves prepare.

Senator CARR—You mentioned the demand for new apprenticeships. How much is being spent on the advertising campaign for new apprenticeships?

Mr Moran—I think this is a matter under the other program, Senator.

Senator CARR—Is it under 3.1?

Mr Moran—Yes.

Senator CARR—Are you able to tell me, Mr Manns?

Mr Manns—No, it is not my area of responsibility.

Senator CARR—Mr Gibbons, are you able to tell me?

Mr Gibbons—I think Mr Greer is better able to tell you.

Senator CARR—ANTA has nothing to do with the advertising campaign at all?

Mr Moran—We support ITABs in marketing their training packages, and that involves a reference to new apprenticeships. If you are talking about the campaign I think you are talking about, that is a matter for DEETYA, although there is a committee of Commonwealth, state and territory officials, ANTA and industry people for the general marketing of new apprenticeships, of which we are a member. But my recollection is that that committee has not met for some time.

Senator CARR—Mr Greer, are you able to tell me how much is being spent on the advertising campaign?

Mr Greer—Eight million dollars over four years is the budget provision for the new apprenticeships communication campaign.

Senator CARR—How much is being spent this year?

Mr Greer—The planned expenditure this year is \$3.6 million.

Senator CARR—How much has been spent already?

Mr Greer—About \$1.874 million.

Senator CARR—So the bulk of the money will be spent over the next six months?

Mr Greer—No. As I mentioned at the last hearing, a considerable amount of the expenditure for 1997-98 was in respect of work done in 1996-97. In 1996-97 some \$362,000 was

expended, but there was a lot of work in preparation for the launch and the subsequent roll-out of that campaign.

Senator CARR—Am I right in assuming that \$1.8 million or thereabouts will be spent between now and the end of the financial year?

Mr Greer—The planned expenditure for 1997-98 was \$3.6 million. The expenditure at the time the briefing was prepared—and it may be slightly different—was about \$1.8 million.

Senator CARR—So we can expect in the run-up to the next election \$1.8 million being spent on this advertising campaign?

Mr Greer—I cannot comment on that.

Senator Ellison—Who knows when the next election will be.

Senator CARR—We expect the next election fairly soon, Minister.

Senator Ellison—You obviously know more than I do.

Senator CARR—Am I correct in assuming that \$1.8 million will be spent between now and the end of the financial year?

Mr Greer—In that order is correct.

Senator CARR—That is just on the advertising campaign. Are there any other marketing proposals—

Mr Greer—That is the extent of the—

Senator CARR—That is the full envelope?

Mr Greer—Yes.

Senator CARR—That is good. So \$1.8 million will be spent between now and the end of the financial year?

Mr Greer—No, I said it would be less than that.

Senator CARR—How much less?

Mr Greer—Some \$3.6 million was the planned expenditure and \$1.874 million—

Senator CARR—So it will be in the order of \$1.73 million. What assessments are you doing of the effectiveness of this campaign?

Senator Ellison—Senator Carr, we are reopening 3.1. You asked about the cost of the campaign. You are now going into other areas. In all fairness, we have spent reasonable time on 3.1 going over everything and we have called back Mr Greer.

Senator CARR—I think that is a reasonable comment, Minister. I have only two short questions on this matter. One relates to the assessment that is being undertaken of the effectiveness of this campaign. Has there been any assessment undertaken or any feedback sought?

Mr Greer—Certainly part of the campaign strategy was the conduct of tracking surveys. We are in the process of digesting the feedback from the first survey we had. That survey was done very early in the piece off a benchmark. That is indicating that the campaign is having an effect.

Senator CARR—What is the nature of the survey?

Mr Greer—I am not sure whether I have the details of it here.

Senator CARR—Can you outline the methodology that is being used?

Mr Greer—Could I take that on notice?

Senator CARR—Yes, if you would not mind. Could you outline the methodology, the number of persons that have been consulted and any responses that you have to the effectiveness of the survey. Has there been any polling done on this matter?

Mr Greer—There have been surveys, but I am not sure whether that is polling.

Senator CARR—What is the nature of these surveys?

Senator Ellison—That is what we have to take on notice.

Senator CARR—So there has been opinion polling done on that?

Mr Greer—I did not say that. I said there have been surveys.

Senator CARR—I look forward to your answer if you are having trouble with that matter now. What impact will there be on demand as a result of this advertising campaign? Have you got any assessment of that?

Mr Greer—As I mentioned earlier in the day, the traineeship numbers, for instance, as of this week were some 33,000, which is an increase of some 16 per cent on the numbers for the commensurate period last year and on climb to a record intake. It is not unreasonable to assume that there is some bite out there.

Senator CARR—But you cannot measure what effect that is having. You indicate that you believe that there is growth, but how much can be attributed to the advertising campaign?

Mr Greer—We can certainly look at that when we come back to you.

Senator CARR—I would appreciate it if you could give me an assessment of that. I am sorry to have called you back to the table for that matter. Mr Moran, you mentioned ITABs. Are you aware of the recent moves by the Victorian government to close down the Victorian Building and Construction Industry Training Board?

Mr Noonan—Yes, I have heard that.

Senator CARR—Has there been any advice on that matter?

Mr Noonan—I do not recall any formal advice coming through, no.

Senator CARR—As I understand it, ITABs are legal entities—they are registered companies.

Mr Noonan—They are required to be legal entities in order to have funds paid to them. I am not sure of the status of the Victorian ITAB you referred to, but generally they are companies.

Senator CARR—It is a registered company limited by guarantee which has \$525,000 in current assets—that is, cash in hand, cash at the bank—and various other short-term deposits of nearly \$400,000. What I am concerned about is that these ITABs are in receipt of Commonwealth moneys through ANTA. Is that the case?

Mr Noonan—Not directly—I think for the first year after ANTA's inception most of the funds were paid to state training authorities, who then passed the funds on to ITABs.

Senator CARR—Is it the case therefore that the Commonwealth has no claim on those assets?

Mr Noonan—I am not sure of the legal situation—

Senator CARR—Would you be able to take that on notice?

Mr Noonan—Certainly.

Senator CARR—Is there any contractual arrangement involving—

Mr Noonan—I am not aware of any contractual arrangements between the state ITABs and/or the Commonwealth, but I will take the question on notice.

Senator CARR—I am particularly interested in whether or not the Commonwealth has any claim on those assets that are now presumably being distributed, or will be distributed if that company is wound up, as a result of ministerial direction in Victoria. If you are made aware of the fact that the minister has made an announcement, is that the limit of your advice? You have not been formally advised, so I take it that it is an informal arrangement. Is that your only knowledge of this matter?

Mr Noonan—I have heard of the decision of the Victorian government from a number of different sources. There may have been some formal communication. I have not seen it, but I will take it on notice and check to see if there has been formal advice.

Senator CARR—Thank you. What arrangements are being made to ensure that Victoria is represented on the national ITAB as the result of the establishment of what I understand to be six new ETABs? Are you familiar with this concept? Has there been any discussion about these new ETABs?

Mr Noonan—I will have to take that on notice too.

Mr Moran—There is no automatic requirement for each state and territory to be represented on a national ITAB. Some national ITABs have configured themselves in that way with additional national representation. Most are no longer constituted on that basis.

Senator CARR—Is it the case that there were 105 or thereabouts ITABs until recently, and as a result of the review that was reduced to about 18?

Mr Noonan—Not even ANTA was able to effect a reduction of that magnitude, no.

Senator CARR—What is the number? How many ITABs have we got at the moment?

Mr Noonan—There are 25 ITABs in what we would call recognised national bodies who are recognised for developing training packages.

Senator CARR—So the establishment of six ITABs where there was one seems to be moving in the opposite direction to a national policy direction, would you agree?

Mr Noonan—It is a matter for the states.

Senator CARR—You have no comment to make on that?

Mr Noonan—No.

Senator CARR—Equally, I take it, you would have no comment to make on the composition of those ETABs?

Mr Noonan—No.

Senator CARR—Fair enough. I would ask if I could get advice on that. Now there is the issue of ITABs establishing themselves as training providers. Are you aware of that occurring in Victoria?

Mr Noonan—Not specifically. The question of ITABs being training providers has been under discussion for a number of years within ANTA and the predecessor officials group and the ministerial councils. The previous position had been that ITABs, both state and national, were not to be training providers. There had been a strong move, I think in 1991-92, to give effect to that policy decision. Our general view would be that that is not the purpose of ITABs, at least at a national level, and that becoming training providers will compromise their

independence as people developing standards in the product for other organisations to use. We have been, at least informally, strongly discouraging national ITABs from going down that path.

Senator CARR—I would have thought it might present a bit of a conflict of interest.

Mr Noonan—I agree with you.

Senator CARR—Is there any action that can be taken to prevent this development?

Mr Noonan—As you have noted, ITABs are companies constituted under company law and so on. But in the performance contracts we have with ITABs and in the policy framework surrounding the operation of ITABs, we could give very strong direction as to the views of the ministerial council and ANTA should that eventuate. I would think in those circumstances ITABs would very much listen to what was being said.

Senator CARR—Are you aware of how many ITABs are moving to register themselves as national providers?

Mr Noonan—None.

Mr Moran—At a national level.

Senator CARR—How many at the state level?

Mr Noonan—I could not answer the question. I do not know.

Senator CARR—I am advised that the forestry ITAB in Victoria, or the particular ITAB associated with forestry products, is moving in that direction. Are you familiar with that?

Mr Noonan—I have heard of discussion in that industry that at a state level some ITABs may become providers. Again our advice to the national body was that that would not be an appropriate course to take for the ITAB network because it would compromise the ability of the ITAB to be the body that was specifying the nature of standards, and also being involved in the registration of other providers.

Senator CARR—But is it not the case that you just cannot do anything about it?

Mr Noonan—I do not agree completely, because I think if the ministerial council took a collective decision in relation to state and national ITABs that would, as I said, send a very powerful signal about the government's view of what ITABs should and should not do.

Senator CARR—So will this matter be raised through the ministerial council or not?

Mr Noonan—It is not on the agenda formally but it is certainly an issue which is being discussed—I think by the officials group dealing with the Australian recognition framework. It is certainly being raised in that forum and if it became an unresolved policy issue I am sure it could end up with the ministerial council.

Senator CARR—I just noticed that your document on the implementation of user choice specifies the importance of a separation of roles within the user choice model. How does the use of ITABs as registered training providers sit with user choice?

Mr Moran—To be unambiguous on this, it is ANTA's view that an ITAB should not be a registered training organisation. Were we funding such an ITAB directly and it sought to take on that role, there would be a question of whether its funding from us would continue. The reason for that is, as you rightly said, conflict of interest.

Senator CARR—That is what I wanted to hear. On the broader question of user choice, can you explain to me how, under this model, adequate resources are provided for the replacement of capital? As I said, I was at a TAFE college recently and I was shown around

some excellent facilities with magnificent equipment. The director drew to my attention the problem they have with user choice in that, under the present funding model, there was no provision for the replacement of trucks and various other loading equipment—bulldozers and expensive items of equipment necessary for the training of workers in the timber industry.

Mr Moran—It seems to me that the answer to the question would depend upon which state the TAFE institute that you visited was, because the answer goes to how individual states choose to make funds available to TAFE institutes. Some would do it on an all-up basis, while still reserving some equipment funds to go out for particular initiatives. Others would, I think, have a more detailed involvement in individual equipment purchases from the centre.

My experience of TAFE directors is that when you walk through the door the first, second, or third point that they always make is that they do not have enough money for equipment. It has to be taken with a fair measure of caution. In one state, and the one in which this institute might have been located, for a long time the equipment money was rolled into the funds that the institute was given by the state authority to deliver the courses that it was authorised to deliver.

The problem you raise is in the context of user choice, and the real difficulty here at the moment is that the TAFE institutes have publicly funded assets to the tune of \$6 billion to \$7 billion to fall back on in delivering training. Many of the non-TAFE providers do not have access to publicly funded assets and do not find that funds to provide those assets are incorporated within the funding under user choice. That has led to an argument about whether private providers should, under some circumstances, have the ability to access and use the publicly funded TAFE facilities.

Senator CARR—Surely the problem you have with the capital stock of these various institutes—and, as I said, the one that I visited was well equipped and had an excellent program—is what happens when it comes to the replacement of that equipment as it wears out, particularly given the nature of training, which tends to be a bit hard on capital equipment. Teaching people to use equipment actually often leads to its breaking down more quickly.

Mr Moran—I think you are right, but the answer partly lies in the move to accrual accounting, which is occurring across Australia in nearly all the VET systems at the moment. Under accrual accounting, you make proper financial provision for the depreciation of capital stock and so forth.

Senator CARR—I have two other issues I would like to raise with you.

Mr Noonan—Could I just add a point to a previous answer?

Senator CARR—Yes.

Mr Noonan—Under the Australian recognition framework for the standard dealing with the delivery of national products and services—that is, training delivery and not for organisations seeking to offer only assessment services—an ITAB cannot be registered as a registered training organisation. The example that you referred to in the forestry area was one that was seeking to operate in offering assessment-only services.

Senator CARR—I will return to that matter. There are a number of other issues that I need to canvass with you. I turn to the Australian Student Traineeship Foundation. I understand that a recent review was undertaken by Coopers & Lybrand. That is the case, is it not?

Mr Moran—This matter is actually within the carriage of DEETYA rather than ANTA.

Senator CARR—That is not quite right. I received an answer—and I am going to anticipate a response here—to question No. 475, which is headed ‘3.2—Australian National Training Authority’.

Mr Moran—Yes, and if I could be of assistance here, for historical reasons the funds for the Australian Student Traineeship Foundation flow through ANTA, with a reasonably minimalist approach to managing accountability arrangements on our part because, by agreement, DEETYA exercises that role and has an active role in the affairs of the ASTF.

Senator CARR—I do not particularly care who answers the questions.

Mr Moran—No, I am simply hoping that Mr Greer can help you, because I cannot.

Senator CARR—I saw that handpass coming a mile off! Mr Greer, are you able to assist me on this matter?

Mr Greer—I certainly have the response that was prepared. The officer who is the expert in this area left after we dealt with subprogram 3.1, but I can certainly take the question, and perhaps take it on notice.

Senator CARR—Can you advise the committee of the instructions issued to the steering committee that undertook the consultancy into the Australian Student Traineeship Foundation?

Mr Greer—Could you elaborate on that, please?

Senator CARR—What instructions were issued to the steering committee that undertook the advice to Coopers & Lybrand, which I understand was responsible for the review of the ASTF?

Mr Greer—No, Senator, I am not aware of the instructions per se that may have been given to any steering committee. There was a steering committee that oversaw the consultancy. It may be terms of reference you are talking about. Unfortunately, I do not have those in my papers, but I could take that on notice.

Senator CARR—Could you provide those terms of reference, please. I have called them instructions, but you could call them terms of reference—whatever the vehicle was to provide advice between the department and the consultants in regard to the review of the ASTF. Minister, did you or your predecessor have any involvement in this consultancy?

Senator Ellison—No. When you say ‘involvement’, what do you mean—answering questions as part of the review?

Senator CARR—Yes, was there any communication between your office or your predecessor’s office into the preparation of this review?

Senator Ellison—There was certainly no contact with my office or involvement with the consultancy but, as to my predecessor, I will take that on notice.

Senator CARR—Did the minister, after the review was commenced but before it had reported, communicate with the consultants on the nature of this review?

Senator Ellison—Again, I will have to take that on notice.

Senator CARR—I understood that this review went to the question of the functions, objectives and funding of the ASTF.

Senator Ellison—That is correct.

Senator CARR—Is that correct?

Mr Greer—Yes.

Senator CARR—Did the minister make any comment to the consultants in relation to any of those matters?

Senator Ellison—For my part, none.

Senator CARR—I understand you are saying that you had no impact, but I am asking: did your predecessor have any comment?

Senator Ellison—Again, I will take that on notice.

Senator CARR—Minister, were staff or personnel associated with the ASTF on the steering committee which led to the consultants' report?

Mr Greer—I would have to take that on notice. I do not have the detailed papers with me.

Senator CARR—Mr Greer, presumably you will take this on notice: is this normal practice? Hopefully, you will not take it on notice, but is it normal practice for the body under review to have personnel on the steering committee of the reviewing body?

Mr Greer—In the absence of the details of the composition of that steering committee, I would really need to look at that detail.

Senator CARR—If you would not mind. I would ask then that you provide us with a list of the personnel and their respective positions on the steering committee that oversaw the consultants' report or provided advice to the consultants. Can I have a copy of the consultants' report?

Mr Greer—Yes. I understood that a copy had been or was being provided.

Senator CARR—My records are not always as good as they should be. I would appreciate that. Perhaps the committee could advise me: has a copy been provided?

Secretary—I do not think so.

Senator CARR—Could you check your records please.

Mr Greer—My copy of the answer, if it is the same as yours, Senator, is—

Senator CARR—It says, 'The department will seek advice on this matter.'

Mr Greer—No. Mine says:

Further to the reply provided to the committee on 18 December, attached is a copy of the report of the review of the ASTF.

Senator CARR—You say that this is the report? This is *The Australian Student Traineeship Foundation 1994-97: three years on*. Is that what you are referring to?

Mr Greer—I am talking about a review of the ASTF, final report.

Senator CARR—I am sorry, I could have misunderstood this, but I would be surprised if this is a review.

Mr Greer—No, I think we might be at odds. As I say, the—

Senator CARR—I trust that is the case. How much was the consultancy?

Mr Greer—In the absence of this, I think it was \$93,000. The cost is not in the papers I have with me; I will confirm that for you.

Senator CARR—I would appreciate advice on that. As I understand it, the current budget for the ASTF is now \$70 million.

Mr Greer—No, that is not my understanding.

Senator CARR—How much do they get a year?

Mr Greer—My understanding is that it is in the order of \$20 million.

Senator CARR—I have this document here that says:

The allocation of the ASTF from the 1997-98 budget was \$70 million—

that is to expand VET in schools—

. . . with an emphasis on increasing industry leadership and funding workplace coordinators.

Is that true?

Mr Greer—That certainly is not my understanding.

Senator CARR—Mr Moran, what is your understanding?

Mr Moran—I do not believe it is, Senator.

Senator CARR—What do you think it is?

Mr Moran—We handle \$20 million per year which goes to the ASTF.

Senator CARR—In 1996-97 it was \$20 million. I am concerned to establish what it is this year.

Mr Moran—I thought it was the same, but we will check it.

Senator CARR—Thank you. The board of the ASTF has recently changed. Can I have a list of the current board members?

Mr Greer—Certainly. We will make that available.

Senator CARR—I understand that the ASTF provided direct financial assistance to school industry programs involving 18,000 students in 1996. How many students were there this year?

Mr Greer—That is not in the papers I have. I will certainly check it for you.

Senator CARR—Thank you. On page 19 of the report you have provided me it indicates that 'not all projects have worked'. It obviously, according to this document, is doing a magnificent job and is extraordinarily well regarded. But it does say that not all projects have worked. Can you indicate to me what projects have not worked?

Mr Greer—I do not have that report.

Senator CARR—Would you please give me a list of projects that, in the opinion of the Australian Student Traineeship Foundation, have not worked and why they have not worked? The report says that the challenge remained to make lessons more widely available and workable in different circumstances. Perhaps I can assist in that regard. If I could have that, I would appreciate it.

The report also indicates, on page 21, that, in 1997, the ASTF commissioned a survey of 300 school industry programs—and you have given me some results in this report. Could I have a copy of the survey and the full results?

Mr Greer—We will certainly take that on notice.

Senator CARR—Thank you. I asked a question before concerning the current board members. You have a list as at 31 July 1997 in the appendix. I am assuming there is a new board in place since that time and, if not—

Mr Greer—My understanding is that the term of appointment of many on that board expired around that time and a new board was appointed.

Senator CARR—Yes. That is what I assumed as well. Could you just confirm that that is the case and how many of the old board have been replaced and how many are continuing on the board? When do we get answers back to questions?

Mr Greer—It was 1 April.

Senator CARR—Thank you. We do not seem to have a copy of this consultants' report. I understand that there has been an agreement to release that and that a copy will again be forwarded to the committee so that we can have a look at it.

Mr Greer—Certainly.

Senator CROWLEY—Mr Chairman, I would like to seek your advice. I would appreciate being able to put this question to the department or on notice. It is certainly not, as I understand it, part of ANTA, which is what I understand we are dealing with at the moment.

CHAIR—We are dealing with program 3.2 of ANTA at the moment.

Senator CROWLEY—It is not related to that. I think it is probably more to do with corporate services, but I would very much appreciate being able to put it on the record. It is to do with the department's negotiation with a failed project and litigation.

CHAIR—Perhaps you can put it on notice for program 6.

Senator CROWLEY—How can I put it? Can I read it into the record now?

CHAIR—We are not dealing with that program now, Senator Crowley.

Senator CROWLEY—What do you mean by 'put it on notice'? Shall I provide you with a copy which you could put it on notice for program 6?

CHAIR—Yes. It will then be on notice for program 6.

Senator CROWLEY—I think it would be useful if we got from the department some response as to where they are with regard to this matter. It is a program that has enjoyed a lot of support from local people in Queensland, including your colleagues. There was some suggestion from the then minister, Senator Vanstone, about what might have to happen. It is a matter that has been brought to my attention, and I think it would be important to be brought up to date with what the department's action and thinking is on it.

CHAIR—If you put it on notice, we will consider it in program 6. Are there any more questions on subprogram 3.2?

Senator CARR—Yes. Mr Moran, I asked a question at the last hearing with regard to the response to the Senate Employment, Education and Training References Committee's report on adult and community education entitled *Beyond Cinderella*. You said that you were assisting the government to prepare a report. I take it you have nothing further to add to that answer in terms of the response to the committee report?

Mr Manns—Senator, I do not think that was an ANTA response.

Senator CARR—My apologies. It says 3.2 at the top.

Mr Manns—That may be because it was asked in that context, but I am not sure.

Mr Moran—Yes. There was a question as to whether the ANTA board had considered the report.

Senator CARR—I am going to ask you some questions on ACE, so do not fret.

Mr Manns—I may be confusing the issue. In terms of the government's response that is clearly a matter for—

Senator CARR—I was just wondering if the department had anything further to add. Minister, are you able to tell the committee when the government will be responding to this committee's report on adult and community education? The report is entitled *Beyond*

Cinderella. We were told that the government's response would be finalised in September last year.

Senator Ellison—In the change of ministers there was some delay and the matter is now under consideration. I cannot comment until the government has finalised its consideration of it. It is difficult to give you a time frame as to when a response will be made but I am mindful of the time that has elapsed.

Senator CARR—I am surprised that it has taken so long. There are some policy issues that need to be attended to but I do not believe that it is a massively controversial report. It was genuinely a report agreed across this committee. It enjoyed strong support on a bipartisan basis. I am troubled that the government is taking so long to respond to the committee's deliberations. I just draw that to your attention. It is a genuinely bipartisan issue.

Mr Moran, how much is ANTA providing to the ACE sector in this current budget?

Mr Moran—There is funding at the national level for the AAACE. I cannot recall the precise amount; I would have to take that on notice.

Senator CARR—I think it is \$185,000.

Mr Moran—I thought it was more but we will check that and get back to you.

Senator CARR—I understand that there are about 30-odd research projects.

Mr Moran—I was going to go on and say that there is funding for adult learners' week and a variety of other activities. I do not have that detailed information with me. I will take it on notice.

Senator CARR—If possible, could you respond to that question more quickly than the others?

Mr Moran—We will do our best.

Senator CARR—Thank you, I would appreciate it. I am trying to establish just what is currently spent on ACE through the VET budget. The way I read it, it is about \$685,000.

Mr Moran—I think you are referring there to money at a national level for developmental and other purposes.

Senator CARR—Is it a total?

Mr Moran—Yes. But there is money spent through the VET Funding Act by state and territory authorities which is to the benefit of adult and community education providers.

Senator CARR—No, I want to come to that. I am talking about Commonwealth money spent on adult and community education through the ANTA agreement or, for instance, through national programs.

Mr Moran—Yes, that is correct.

Senator CARR—Or any other programs that ANTA provides money for. Given that this parliament is appropriating nearly \$900 million for the current ANTA agreement—

Mr Moran—But that goes to my point, Senator. The state and territory authorities are placing—in many cases, not all—our recurrent funds with adult and community education providers, and they are often the beneficiaries of the training market reforms because they bid and compete with other providers for recurrent funds.

Senator CARR—Do we have an indication of the size of the sector—the activity levels, the financial contributions?

Mr Noonan—As part of the background for the national strategy for adult and community education, which ANTA funded through the MCEETYA task force on adult and community education, research work has been done which has some relevant background information. We could make that available to you.

Mr Moran—It has been pointed out to me that in the NCVER publication, *Australian vocational education and training statistics 1996: in detail*, table 1b identifies community education providers in terms of 'Vocational Programs' and 'Personal Enrichment Programs Only' and activities by 'Clients', 'Course Enrolments' and so forth. So that data is published by the NCVER. I can give you a copy of that table.

Senator CARR—Thank you. I understand that this is not your core activity, I am just seeking some advice here.

Mr Moran—You could not find amongst ANTA a group of people more passionate about adult and community education. As has been recognised by the committee, it has been overlooked in importance by some. But it really is a fourth sector of education and it has an enormous impact on important groups within Australian society—getting them to the point where they can access more mainstream forms of education.

Senator CARR—Yes. How many people are involved?

Mr Moran—I only glanced at those figures, but I think it was 400,000 to 500,000.

Senator CARR—Individuals?

Mr Moran—Yes.

Senator CARR—About 12 million contact hours?

Mr Moran—I have handed the report over to be photocopied.

Senator CARR—Do you have an indication of the unit price?

Mr Moran—Not readily to hand. The important distinction to be made here is between the VET programs they deliver and the personal enrichment programs they deliver. The latter are done on a full fee basis. The VET programs are often done as a result of the competitive processes run by state and territory authorities where, as RTOs, ACE providers can bid to deliver vocational programs within the state or territory training profile. The import of that is that, therefore, the prices paid will vary greatly between states and territories as well as between courses.

Senator CARR—So you have no measure of the average unit cost?

Mr Moran—The accepted view within the system is that adult and community education providers are extremely efficient. I would not use the word 'cheap' as you did before. I would not say that.

Senator CARR—But you do not pay award wages. Is that what you are saying?

Mr Moran—They are extremely efficient providers of vocational education and training.

Senator CARR—They do not provide the necessary staff amenities.

Mr Moran—Actually some of them, as you would know, are very substantial providers. For example, the Victorian Council of Adult Education is in most respects comparable in sophistication with a TAFE institute—it has a very wide diversity of programs, and links into higher education as well as into VET. When you observe adult and community education around Australia you see very big differences between the states and territories and the extent to which that sector has been nurtured and developed.

Senator CARR—Yes. In Victoria there is a particular act that covers the ACE sector. I think it is probably the most advanced in the country. That is something positive I can say.

Mr Moran—I was very proud to be associated with the formulation of that piece of legislation.

Senator CARR—And it has managed to survive the barbarities of the Kennett government, so I am delighted.

Mr Moran—I would not say that, Senator. My recollection is that adult and community education had and still enjoys substantial bipartisan support in Victoria.

Senator CARR—That is the point I am making. In the budget in Victoria there was an average unit cost of delivery per student contact hour of \$7.65 last year and there is an average unit cost of \$7.60 in the coming year. How does that compare to other VET programs or to the average cost of VET programs?

Mr Moran—As I said, Senator, I do not have ready access to such information here today. We could do our best to look at it.

Senator CARR—Thank you. Of the ACE sector, are you able to indicate at the aggregate level how much they have been able to secure in terms of VET funding through user choice?

Mr Moran—Not at this stage. It would be too early to know.

Senator CARR—They have had labour market programs for a while. You must have some sort of an idea of—

Mr Moran—But that is not user choice.

Senator CARR—I understand that, but you have had other access to VET funds in the past, have you not?

Mr Noonan—Yes, but user choice is operating in the apprenticeship and traineeship area, and its full implementation has only been since January or February.

Senator CARR—So they have no application there at all, as far as you can see?

Mr Noonan—There may be. Again in Victoria, I think there are some ACE providers who are—

Senator CARR—Yes. For accredited courses.

Mr Noonan—I think there are some ACE providers operating in areas such as the clerical and admin trainee areas, but it will be some time before we know how many are attracting user choice funding. It may be some months before the full picture becomes clear.

Senator CARR—In Melbourne the Western Bulldogs secured an ANTA grant of \$200,000, I understand. Is that the case?

Mr Moran—I will have to take that on notice. Are you referring here to a skills centre? Has the whole MCG been turned into a skills centre?

Senator CARR—This is the Western Bulldogs football club. Is it true that they have secured a grant of \$200,000 under VET funding to assist 200 students? Are you aware of that?

Mr Moran—You have asked a question we will have to take on notice. You see, we all live in Queensland now where rugby is the code.

Mr Noonan—They may have been successful as what Victoria is calling ‘a preferred provider’ under the user choice arrangements there, but we do not have a direct involvement in that funding arrangement. It is between the Office of Training and Further Education and—

Senator CARR—So it is all done through the Victorian government?

Mr Noonan—Yes.

Senator CHRIS EVANS—It would be their first success for many years too.

Senator CARR—No, they have done very well. The concern I have is not with the fact that the Western Bulldogs should have secured moneys for this purpose but with the suggestion which has been made that these moneys are being used to bolster the balance sheet of an otherwise struggling football club.

Mr Noonan—We would not have any comment on that.

Senator CARR—It has nothing to do with you? It is all—

Mr Moran—None of the three of us can recall such a grant, and we are the only three people who on behalf of the ANTA board can take any action to facilitate such a grant within the ANTA office. I am at a bit of a loss to know how the \$200,000 has been attributed to ANTA. What Mr Noonan has said—that is, that funding has flowed through the Victorian state training board—is more likely to be the case.

Senator CARR—As I say, it is not a question of whether or not a football club receives a grant, although I understand it is the first football club in Australia to receive VET program moneys. Would that be true?

Mr Moran—Which code, Senator?

Senator CARR—Any code. I would be very interested to hear the answer to that one.

Mr Noonan—No. The AFL itself received a grant for a skills centre in 1994, I think. It did not proceed with the skills centre, and the money was subsequently returned to ANTA.

Senator CARR—The full amount of money was returned?

Mr Noonan—That is correct.

Senator CARR—As I say, a suggestion has been made that it is a vehicle by which the flagging financial fortunes of the club could be bolstered.

Mr Noonan—I do not think it would be appropriate for us to comment on that sort of speculation, Senator.

Senator CARR—It is a matter I should take up with the Victorian government. Mr Moran, questions were raised relating to so-called TAFE amalgamations in Victoria. A spokesman for Mr Honey was quoted on 11 December in the *Age* as saying that these amalgamations had to take place as a result of the cutbacks in Commonwealth funding. Are you familiar with those claims?

Mr Moran—You have raised them with me previously, Senator, at a hearing of this committee, and I cannot add to what I said previously.

Senator CARR—Perhaps you can add to the broader question, in relation to the so-called—often forced—amalgamations of TAFE institutes and universities. Perhaps this is a policy question: Minister, do you have a view about the appropriateness of the growing trend for the forced amalgamation of TAFE colleges and universities?

Senator Ellison—That really is a state issue. State governments are doing it.

Senator CARR—Universities are funded by the Commonwealth and a substantial part of the TAFE institutes is funded by the Commonwealth. There is an attempt to institute a national training regime. Do you have any concerns about this process of amalgamations?

Senator Ellison—The area of universities is the responsibility of Dr Kemp.

Senator CARR—It takes in your area, though.

Senator Ellison—It takes in my area, but in relation to universities that perhaps is best dealt with in Program 2, Higher Education, and I can obtain a comment from Dr Kemp. In relation to the TAFE issue, that is an area where the state governments are involved and not the Commonwealth.

Senator CARR—I see. Mr Moran, I notice that ANTA has prepared a submission on the role of TAFE to the House of Representatives committee. Is that the case? Have I got that correct?

Mr Moran—No, we are in the midst of preparing a submission. It is not yet complete; it is in draft form and it has not yet been considered by the ANTA board.

Senator CARR—You did prepare a submission to the West review on the question of convergence, though?

Mr Moran—We prepared a response to the West committee's discussion paper, which covered quite a number of separate issues.

Senator CARR—What is ANTA's view of the appropriateness of these forced amalgamations?

Mr Moran—I could not really add any more to what the board has already said in its response to the West committee. In short, the board stressed that there were distinct differences between the higher education and VET sectors and that these differences needed to be respected so that the benefits for clients were maximised. Having said that, I would add—as the minister has already said—that the organisation of TAFE providers in Victoria is a matter for the Victorian government to determine.

Senator CARR—You say that you have no role in these issues?

Mr Moran—We were not consulted by the Victorian authorities on the Ramler report. We were not asked for any input. I do not think I have even seen the full report from the Ramler committee; I am not even sure whether it has been published. This is also because the states jealously preserve their authority over the organisation and structure of their TAFE institutes.

Senator CARR—The situation has arisen that, in the case of the Western Melbourne Institute of TAFE, there has been a forced merger at the direction of the Victorian government. Are you aware that the new governing council, which will have some 22 persons on it, will have only three persons from the Western Melbourne Institute of TAFE?

Mr Moran—I was not aware of that fact although, of course, in the Victorian context there are pre-existing multisector institutions. If one, for instance, takes Swinburne, which has been somewhat successful as a multisector institution, it made specific provision not only for university council level participation by TAFE but also, if my memory is correct, a specific TAFE board or committee within the university structure that had some authority over TAFE operations.

I think that the previous director of TAFE within the Swinburne University of Technology and the now current director of TAFE, whom I think is called a deputy vice-chancellor or a pro vice-chancellor, have both been energetic champions of TAFE's cause within that university and have been successful at that. So I do not think that one can fairly assess the institutional arrangements solely on the basis of the particular numbers which you referred to.

Senator CARR—I understand the TAFE college has some 40,000 students and has a budget, from memory, of about \$80 million while the university has 6,000 students and a budget of \$100 million. That seems to me to be a little unbalanced. I am wondering if ANTA has taken any steps to protect the integrity of the TAFE institutes, given that this is now becoming increasingly common. We have seen the school of mines in Ballarat and the University of Ballarat; we have seen the western college of TAFE and VUT and we see Swinburne now amalgamating with Casey and various other institutes. Quite clearly a political directive has been taken, in my judgment, to actually prop up the university sector in the face of quite significant cutbacks by the Commonwealth government. Have you taken any action to protect the integrity of TAFE within these arrangements?

Mr Moran—The ANTA board made its views known on multisector institutions in its response to the West committee discussion paper. I believe that a copy of that paper is available to the committee, and if it is not we will make it immediately available. Beyond that we have taken no further steps.

Senator CARR—Is there a danger, in your assessment, of the loss of the special nature of TAFE in these arrangements?

Mr Moran—I would refer you to what we said to the West committee.

Senator CARR—All right. I asked some questions of the departmental officials this morning concerning the operations of the special enterprises. They referred me to you. Can you indicate to me how any of the enterprise specific traineeships, as listed in question No. 582, vary from the normal national framework arrangements?

Mr Noonan—Under the arrangements now in place, if I could take Chubb as a case in point, the Chubb training package has been endorsed. The qualifications which flow from the package have to meet the same requirements as other qualifications in other packages, as do the standards. Therefore, the requirements in that sense are no different. The exception is the confidentiality issue which we have already discussed today where the specific nature of the standards and the training program would be protected by confidential arrangements to the enterprise.

Senator CARR—Given the development of a training market in this industry, to what extent will TAFE colleges in the future be able to argue confidentiality in the provision of their programs?

Mr Noonan—If they were developing a training program in an area where there was no training package, using resources that were not provided by the taxpayer, they may have some case but if the qualification is publicly available together with public funding and delivered with public funding, I would have thought that there was no case for confidentiality.

Senator CARR—I have one final question, Mr Moran. I read in the press that at a meeting in Adelaide in February you indicated that you thought that the time was now safe for educationalists to be allowed back into the VET sector.

Mr Moran—I do not recall quite saying that.

Senator CARR—What did you say?

Mr Moran—That sounds quite odd. I am not quite sure which article you are referring to. As I do not have in front of me what you have in front of you, I will be suitably cautious. I do recall making remarks which were encouraging educators to re-assert themselves within vocational education and training on the basis of the new opportunities for innovation and professional activity which training packages and the new national training framework afford.

Senator CARR—That is it? That is all you said?

Mr Moran—I also might have made some remarks about the imminent departure of quite a number of very experienced TAFE directors around Australia and remarked that in my view their successors should come from within the TAFE system. I think I might also have said something about how TAFE teachers were enormously important as a breed, if I can put it in those terms, because of their direct hands-on industry experience, usually a prerequisite to becoming a TAFE teacher, which is not often found in universities or schools.

Senator CARR—So you did not say at the NCVER conference in Adelaide that the system was now fireproof against educationalists?

Mr Moran—I cannot remember the article that you are referring to. I would have to go back to the particular speech. I do recall that I read a speech on that occasion, and I could check it. That is an unusual phrase.

Senator CARR—That speech was a beauty. I did say that it was the final question but I was wrong. I have another, which relates to the broader question I asked earlier about the so-called multisector institutes. There have recently been administrative changes which have seen the TAFE administration at state level absorbed back within schools or more generalist educationalist programs. Has ANTA expressed a view about the appropriateness of that? Is there a view about the necessity to have separate administrative arrangements for TAFE?

Mr Moran—ANTA has not. There is a requirement under the existing ANTA agreement for each state and territory to have a state training authority which represents industry. At the moment, as far as I am aware, each state and territory continues to have such a state and territory training authority.

Secondly, the question that you raise bears more on the level of independence of individual TAFE institutes I think than the nature of state level government administration. The reforms of recent times—in fact of the last few years—have really sought to hammer out distinctive roles to be performed at the level of the TAFE institute as opposed to what you might call the department of state roles performed at a state level through government bureaucracies.

I think it is arguable that the strength and development of TAFE is able to be supported equally within these new structures and within the sorts of structures that states have sometimes had in the past. The answer lies less in those structural arrangements than in the policies which governments adopt generally, the leadership provided to TAFE and to vocational education and training generally and so forth.

When I referred to ANTA's response to the West committee what I did not say was that ANTA made what I thought was a fairly strong statement about the distinct identity of TAFE and would make that statement not only in respect of multisector universities or multisector post-secondary institutions like universities but also in respect of schools, which is probably what is behind your question. There have to be better pathways for students from schools to TAFE and VET and on to universities.

There is still a major need in Australia for a distinctive set of public institutions that we have called TAFE which have a distinctive ethos, particular sorts of staff teaching in them, distinctive educational programs and educational philosophy and so forth. But I do not think that any of those things are endangered in any particular way because of state level machinery of government changes. They have more to do, as I said, with broad government policies and the leadership that is available within TAFE, particularly at the institute level.

This takes me back to where you began with your question about that conference. The leadership of TAFE at the institute level is at this stage going to see some change in the medium term. In my view, having had a long experience of the system, it is absolutely essential that those who depart are replaced by people equally passionate about and involved in and experienced in TAFE and vocational education and training. I see no reason to doubt that that will be what happens.

Senator CARR—I agree with that assessment. I just say, though, there seems to be an increasing level of concern being expressed that the TAFE institutes are under enormous pressure. At one level, schools and VET have meant that there is a creaming off of some aspects of their traditional work; at the other level, there are forced amalgamations and universities attempting to offer programs that would have in the past been offered through TAFE provision.

I noticed in one of your reports here you highlight this articulation problem that is emerging. I would see it from a slightly different angle: the extent to which protection can be given with user choice and various other measures. I do not mean it in the sense of suggesting there should not be an openness of policy framework but the extent to which TAFE institutes and the quality of our TAFE institutes is actually being undermined by this array of policy changes. Do you have a view on that proposition?

Mr Moran—I do. This is an issue that you keep coming back to, quite rightly, because it is central to vocational education and training. I firmly believe that the quality of vocational education and training in Australia generally and that delivered through TAFE has improved and continues to improve. I firmly believe that the reforms that we have been talking about today will lead to further improvement. I have no doubt about that. But it depends upon a number of things. It depends upon growing professionalism amongst TAFE teachers and their willingness to adapt to a new set of circumstances, particularly those driven by the technologies that will revolutionise the delivery of education in the next five to 10 years.

The leadership for TAFE in the face of these and other challenges in terms of what I was arguing in Adelaide has to come primarily from the TAFE institutes. In the last five to 10 years the leadership that was apparent for TAFE at the state administration level has inevitably been confused with the leadership needed at that level to manage vocational education and training generally. There has not been, therefore, in some cases but now always at the state level the sort of all-embracing leadership for TAFE that TAFE had been accustomed to in the time before that. I do not see that changing.

Therefore, what I said—I am not sure I was reported accurately—is that it is absolutely essential that the directors and senior staff of TAFE institutes and, where they have them, the councils to whom they report recognise the leadership responsibility that they have in respect of not only their institute but also TAFE generally in the necessary changes that TAFE will have to make in the face of all the challenges that the environment throws up, only one of which is the impact of the new information technologies on education delivery, and others of which have been raised in conversations today.

Senator CARR—There is a proposal, I understand, being considered in Victoria that private providers be allowed access to the term 'TAFE'. Has ANTA a view on that matter?

Mr Moran—The ANTA board has not considered the issue. Were it to go before the ANTA board, my advice would be that this is not a good step, because TAFE has always been a set of institutions and to suggest that the term 'TAFE' is a portable brand name that might be applied to any number of providers is to undermine that brand name, in my view. Secondly,

the very reason why we talk about a vocational education and training system is that we needed a term to define an area of educational activity that embraced TAFE but was broader than TAFE. Therefore, the assumption was made that within that broader range of activity TAFE would remain distinct with its own brand name, its own future, its own ability to do things.

Senator CARR—Thank you, Mr Moran. That is it.

[5.45 p.m.]

Program 1—Schools

Subprogram 1.1—General assistance

Senator CARR—Is there a price index which applies specifically to the Commonwealth schools programs?

Mr Evans—There are two index series.

Senator CARR—Would you detail those please?

Mr Evans—There are the AGSRC and a building price index.

Senator CARR—The building price index obviously relates to capital works projects.

Mr Evans—Exactly. That is calculated by the ABS.

Senator CARR—How often is that varied?

Mr Evans—The actual index is used annually.

Senator CARR—So it is varied annually, is it?

Mr Evans—The index series may be collected on a more regular basis, but it is applied on a 12-monthly movement.

Senator CARR—You say it could be collected more often. How often is it collected?

Mr Evans—I would have to take that one on notice.

Senator CARR—How long has it been in place?

Mr Evans—I believe the building price index has been in place for a number of years now.

Senator CARR—Does it measure changes in price as a result of inflation? What does it measure?

Mr Evans—It probably measures changes in capital cost prices.

Senator CARR—Just cost of construction?

Mr Evans—I believe so. It relates to costs in the capital sector.

Senator CARR—Would you indicate what the other index is and how it works?

Mr Evans—That is the average government school recurrent cost index.

Senator CARR—It is a government schools index?

Mr Evans—Exactly.

Senator CARR—How long has that been in place?

Mr Evans—I do not have the starting date for it, Senator, but I am advised it has been in place since 1993.

Senator CARR—That has been varied to take into account changes in the costs of schooling as a result of redundancies.

Mr Evans—Correct. You will recall that possibly two or three years ago there was an issue about sizeable redundancies in Victoria.

Senator CARR—Yes, a four per cent movement, if I recall correctly.

Mr Evans—It was 5.1 per cent and 2.2 per cent that related to redundancies.

Senator CARR—Can you indicate, based on your forward estimates, how these indexes have been applied?

Mr Evans—If I have interpreted your question correctly, you are asking me what the estimates are in the forward estimates for those indices.

Senator CARR—Yes. What impact does it have on the calculations of appropriations in the forward estimates? Presumably you would need to have an assessment of changes in the average recurrent school costs to give you an indication of how much money is being spent on targeted assistance, for instance.

Mr Evans—In each budget process, we would reach agreement with probably the Department of Finance on the parameters for each of the program years, and any revisions might take account of the most recent round of supplementation.

Senator CARR—Will you advise this committee what specific dollar amounts and percentages were applied to the forward estimates using these indexes for the various schools programs?

Mr Evans—Unfortunately, Senator, those indices are treated as budget-in-confidence by Treasury.

Senator CARR—Can you explain to me why they are budget-in-confidence?

Mr Evans—They would provide some sort of an indicator as to other market activity and it could be used—

Senator CARR—Market activity? The cost to schooling?

Mr Evans—They are not necessarily related to that; they also relate to assumptions of wage movements and other salary movements. I recall you asking questions of Mr Moran earlier today about the impact of a 16 per cent salary decision in Victoria. It is issues about that and the compounding of that across—

Senator CARR—Is that the figure—16 per cent?

Mr Evans—I think that was the figure you mentioned.

Senator CARR—No, I do not think it was. But, if that is the figure, I am delighted to hear it. Sixteen per cent—that is very good.

Mr Evans—It might have been the TV falling out a bit, Senator.

Senator CARR—Something will be falling out if that is true.

Mr Evans—For that reason, Treasury treats those forecasts as budget-in-confidence, and we are not in a position to be able to make them publicly available.

Senator CARR—It is an extraordinary proposition to suggest that we cannot determine what the changes in the forward estimates are.

Mr Evans—I did not say that, Senator. I said it is an issue about whether we can disentangle the forward estimates to show the component that is made up of those price index movements.

Senator CARR—Effectively, it is an inflationary measure.

Mr Evans—It is more specific than just inflation because it is tied to a particular sector.

Senator CARR—Yes, it is tied to the costs of government schooling.

Mr Evans—Exactly.

Senator CARR—The increases in the rate of the costs of schooling: I find it incredible that you cannot identify those rates. You are not saying that you cannot identify them; you are saying that you will not provide them. That is effectively the answer.

Mr Evans—That is what I am saying, Senator.

Senator CARR—On what advice is that based?

Mr Evans—The advice that we have always had is that that is to be treated as budget-in-confidence.

Senator CARR—Minister, I would ask you to take on notice that question about the provision of those forward estimates and the effect of the indices on the calculation of school funding as a result of various programs under the various Commonwealth schools allocations.

Senator Ellison—We will take that on notice.

Senator CARR—There is a series of machinery questions that I would like to—

CHAIR—Put on notice?

Senator CARR—No, they will not be put on notice. In regard to the response to question 482—which goes to the issue of the new schools recurrent grants for non-government schools—can those answers be updated to bring the committee up to date? Is it correct to say that only one non-government school that has applied for new school general recurrent grants funding has been rejected since this government's new schools policy was introduced? Is that the case?

Ms Andruska—There is one school that has not been approved for general recurrent funding.

Senator CARR—And that is the only school that has been rejected?

Ms Andruska—That is the only school that has not been approved.

Senator CARR—Can you indicate why that school was rejected?

Ms Andruska—It did not meet all the legislative requirements.

Senator CARR—What in particular?

Mr Goonrey—There are a number of requirements that a new school must meet. One of them is that it must have an incorporated body. It must have a constitution stating that it is not for profit, and those requirements must be met before the school's census day of the year. In this case, it was an incorporated body but it was not incorporated until after the school census day, and there were questions about the acceptability of the non-profit provisions.

Senator CARR—What is the total number of new schools that have now been approved?

Mr Goonrey—One hundred and nine.

Senator CARR—What was it in the previous year?

Mr Goonrey—Forty-three.

Senator CARR—So it was 43 the previous year and 109 this year. You are saying that for that 109 presumably there were 110 applications. Is that correct?

Mr Goonrey—That is correct.

Senator CARR—There are no outstanding applications?

Mr Goonrey—Not at this point.

Senator CARR—We are now starting to move into the new year, so presumably another round begins. Is that the case?

Mr Goonrey—That is correct.

Senator CARR—How many have registered this year?

Mr Goonrey—At this point there are 15 applications for new schools.

Senator CARR—Fifteen already?

Mr Goonrey—Yes.

Senator CARR—Do you anticipate a similar growth rate? What you have here is well in excess of 100 per cent growth a year in the last year, from 43 to 109. That is a substantial increase. Do you expect a similar rate of increase this year?

Mr Goonrey—Last year a significant number, approaching half, were from pre-existing schools—that is, schools that had been in existence prior to 1 January 1997.

Senator CARR—It was either a significant expansion of their operations or matters of that nature. That is the case, is it not?

Mr Goonrey—I think we would have to wait and see.

Senator CARR—How significant is significant? What is the smallest school size that you have now approved?

Mr Goonrey—I am not sure, but I think among the schools approved there are a number of special schools. Under previous arrangements, special schools were required to have a minimum of one student. So it may be that there are some quite small schools.

Senator CARR—It is not an unreasonable request to have a minimum of one student, is it?

Mr Goonrey—I would certainly think that—

Senator CARR—And that policy has changed now?

Mr Goonrey—The policy is that to be approved for Commonwealth funding new schools need to have state registration. As part of that, it is a matter for the states as to what requirements they require of a new non-government school before—

Senator CHRIS EVANS—You have no interest at all in whether they have any students?

Mr Goonrey—Unless there was one student, there would be no basis upon which to make a payment.

Senator CHRIS EVANS—If they have two students you are happy, basically.

Mr Goonrey—Provided they have state registration.

Senator CARR—Have you seen the *Yes, Minister* series about the hospital with no patients?

CHAIR—Senator Carr, could we move on?

Senator CARR—There are a number of schools that are listed under last year's arrangements. For instance, I notice there is one with nine students. There is another one with 20 students and one with seven students. How many schools now have 20 or fewer students in them that you are funding?

Mr Goonrey—I do not readily have that figure.

Senator CARR—Would you take that on notice please? The way I read it there seems to be a significant number of schools with less than 20 students, which, as I am sure you know, concerns me.

CHAIR—Surely for many of these schools with low enrolments it is a starting point for the school at the point of registration. Many of them grow rapidly from that point.

Mr Goonrey—That is true.

Senator CARR—Well, you hope they grow rapidly.

Senator CHRIS EVANS—Mr Chairman's point is well made, but isn't the point of what you are saying that you do not care?

Mr Goonrey—It is not a matter of caring or not, Senator.

Senator CHRIS EVANS—I do not mean that at a personal level, but it is not a criterion that enters your consideration.

Mr Goonrey—No, it is a state responsibility.

Senator CHRIS EVANS—So, if they start with five and drop to three, provided that the state registers them it is not an issue for you. That is what you are saying.

Mr Goonrey—That is correct.

Senator CARR—I take it you have taken on notice my question about the number of schools that have been funded that have 20 students or less?

Mr Goonrey—Yes, Senator.

Senator CARR—Have you had any indication of any schools that are in financial difficulty?

Ms Andruska—We are often in a situation where we become aware of schools that are in financial difficulty because they actually make application to us for short-term emergency assistance.

Senator CARR—How many have applied for that?

Ms Andruska—In the last year, of the order of five to seven, which is no more than in previous years.

Senator CARR—So you are not seeing any noticeable increase at this stage?

Ms Andruska—We have seen no increase at this stage.

Senator CARR—Were any of the five to seven schools that have applied for emergency assistance new schools?

Ms Andruska—No they were not, as far as I can remember.

Senator CARR—So they are all established schools and have been in operation for some time?

Ms Andruska—That is correct.

Senator CARR—How many of the five to seven were small schools?

Ms Andruska—We do not have the detailed information with us. The short-term emergency assistance funding is generally for schools that meet the four criteria. We have had in the past a flood where the bridge and access to the school has been washed out. What we are talking about is absolutely end of the line assistance. Some of the schools have come unstuck because of the funding level they got when it was capped at category six and they have not been able to maintain the level of service. So there is a range of reasons the schools come to us for short-term emergency assistance. The amount of money is only fairly small.

Senator CARR—Is there a maximum limit on it?

Ms Andruska—Yes, there is.

Senator CARR—How much is that?

Ms Andruska—It is of the order of \$580,000.

Senator CARR—Is there a requirement to pay it back quickly?

Ms Andruska—That is the total of the program of short-term emergency care.

Senator CARR—Is that a year?

Ms Andruska—Yes, a year. They have to meet fairly strict criteria to be eligible.

Senator CARR—Are you able to tell us the size of the schools that have applied for assistance and the amounts of money allocated to each of the schools?

Ms Andruska—We could take that question on notice.

Senator CARR—Could you also take on notice the reasons for the allocations? You indicated there has to be some dramatic event, presumably a flood or cyclone. Is there anything else there?

Ms Andruska—I am not quite sure whether in terms of privacy there is an issue there.

Senator CARR—I am not asking for the names of the schools. I am asking for the size of the schools and the occasion that has led to the application, as you understand it. Clearly, I want to see whether there is any correlation between the size of the schools and financial distress. Could you give us the figures for the last three years?

Ms Andruska—Yes, we can do that.

Senator CARR—That will give us an indication of how that is developing.

Senator CHRIS EVANS—I gather a school that is having financial difficulties brought about by a drop in student numbers and generally tight economic times brought about by the failure to attract students or things of that nature would not qualify for the emergency funding? They would need something a bit more out of the ordinary than cash flow problems, to put it at its simplest?

Ms Andruska—One of the criteria is that it has to be unexpected. One of the other criteria we look at is the welfare of the students. Clearly, when we do get applications we go through, as much as we can, all their financial information. Some schools that just have a drop in numbers and dropping funding reserves may consider that an emergency, but we certainly do not because they have money in reserve. If we have a situation where we think it is putting into jeopardy the students that are at a school then that would start to create an emergency situation. We look at each case—

Senator CHRIS EVANS—Would you necessarily fund that or would you just advise them to relocate their students and think about going into another business?

Ms Andruska—As part of the application they have to provide a recovery plan. If it is a situation where they are going backwards they have to show some very definite action that is going to be taken in terms of getting themselves on a more steady footing.

Senator CHRIS EVANS—I am trying to get a feel for whether the schools you identified would be applying for the sorts of funds that are available under this program or whether we might have been at cross-purposes and in fact whether the schools that might just be struggling because of the ebb and flow of students and viability questions would actually get caught in the information that Senator Carr is after.

Ms Andruska—There is no evidence at this point that we are talking about small schools that have just started. There is too much call on the money.

Senator CHRIS EVANS—I did not necessarily mean new schools. I am trying to get a feel for whether those that are experiencing economic hardship because of student numbers or whatever are likely to be considered successful applicants for this particular program or whether it is designed for something else?

Ms Andruska—We have schools that have come to us in that regard but in responding the minister has written a very stern letter saying, ‘I might be prepared to consider something, but I have to see some change in the way you are running your operation.’

Senator CARR—So as far as you are aware there have been no schools anywhere in the country that have closed down?

Ms Andruska—I am not aware of any school that has closed down.

Mr Goonrey—There are often a number of schools opening and closing. We do tend to count amalgamations and separations as closures as well.

Senator CARR—So there is a tendency for them to amalgamate rather than disappear?

Senator CHRIS EVANS—Senator Allison’s state government has had a bit of a program, but they have not been all that successful.

Senator CARR—In answer to question No. 482 you indicate in the footnote accompanying the table that it provides an asterisk for schools that were advised that they could benefit from the abolition of the new schools policy. Did the department actually advise those schools?

Ms Andruska—Yes, we wrote to schools telling them that they would.

Senator CARR—How many schools were contacted?

Ms Andruska—I do not think I have the actual number. I could count through the list. The number of asterisks we have there is the number of schools. We can take it on notice to give you the exact number.

Senator CARR—Do I assume that you went through a list of non-government schools not receiving funding to advise them of the changes in the policy? How did you determine which schools would be contacted?

Ms Andruska—I will answer part of the question and ask Mr Goonrey to answer the rest of it. One of the things that happened with the abolition of the new schools policy was the removal of the category six cap. For those schools caught at the category six level, we went back to their original funding application. We calculated, based on information they had provided, what their funding category would have been had there not been the category six cap. We were able to write to those schools advising them that with the lifting of the category six cap they were eligible for a different level of funding.

Senator CARR—Is there anything else you would like to add to that?

Mr Goonrey—Simply through things like our census collection we were able to identify schools that had, for example, unfunded students. They had advised the department through the census so it was possible to identify them that way.

Senator CARR—Is it the normal departmental practice, Mr Gibbons, that you should be writing to people offering them money?

Mr Gibbons—Writing to people to inform them of government programs or entitlements under statutes is a normal part of government operations.

Senator CARR—So it is normal standard procedure of the department to advise people of their entitlements, is it?

Mr Gibbons—That is correct.

Senator CARR—How many of those schools which were formerly in categories one to three now benefit from the new policies? Are there any?

Ms Andruska—All those that were caught by the category six cap would have been at category six.

Senator CARR—So there are no schools in category one to three—

Ms Andruska—That went to category eight or ten, no.

Senator CARR—None at all?

Ms Andruska—No, because the existing schools would not have had a funding category. They were not getting any money from the Commonwealth so they did not have a funding category.

Senator CARR—In regard to seven schools on the list, I understand that DEETYA has only recently been made aware that they actually existed in 1996. Is that the case?

Mr Goonrey—These were schools that made application for funding. I referred earlier to the census. My understanding is that those schools not in receipt of funding were not formally required to tell the department what their numbers were, whereas when schools became aware of the availability of the funding, as a result of the changes in arrangements, then they came forward.

Senator CARR—Can I assume from this that you do not actually have a full list of schools that currently exist in the country? People actually have to write to you and tell you that they want some money before you know that there is a school in existence?

Ms Andruska—It is possible for us not to know that a school is in existence if it has never come anywhere near us for any Commonwealth funding.

Senator CARR—The school has to take the initiative; there is no coordination between DEETYA and the state-registering authorities?

Mr Evans—Can I draw a distinction between non-government schools and government schools. In relation to non-government schools, they would have to come to us unless they were part of the system because they have been provided with direct funding. In the case of government schools, we rely on the census by state governments for the total number of students that are in the government school system. So whilst we have a list of government schools, at any one time—such as today—it might be 99.5 per cent accurate. There might have been a new school opened or there might have been a few new schools opened that we would not have on that list at the moment. We would not automatically be provided with that information but on a regular basis we update the list.

Senator CARR—Are you able to tell us the total number of students enrolled in those 109 schools? Is that figure available?

Senator Ellison—Perhaps while we calculate that we could move on to some other questions.

Ms Andruska—While we are looking to see if we can find that, in answer to your question about the number of schools we wrote to advising of the change in policy: it was 47.

Senator CARR—Can you indicate what has been the additional expenditure by the Commonwealth for students in those 109 schools? What has been the impact on the budget?

Ms Andruska—We know that the cost of the abolition of the policy is estimated to be about \$90 million for the period 1996-97 to 1999-2000.

Senator CARR—But you cannot give me a specific budgetary impact of the registration of those 109 extra schools?

Ms Andruska—For 1996-97, \$12.17 million.

Senator CARR—That covers just those 109 schools?

Ms Andruska—It covers removal of the category six restriction, the unfunded schools, the unfunded students, the removal of the maximum enrolments and the removal of limitation on systems.

Senator CARR—On the forward estimates, can you indicate to me how much it is for each year, in the out-years? It is \$12.7 million in the current year. How does it go in the out-years?

Ms Andruska—Sorry, I will correct what I just said. What I gave you was the financial year 1996-97. Because it was the financial year, it would not include the whole of the 109 because, as you are aware, they came on stream throughout the whole year.

Senator CARR—Yes.

Ms Andruska—For the calendar year 1996-97, it was \$22.27 million.

Senator CARR—That is for the calendar year for those 109 schools?

Ms Andruska—That is for the calendar year 1997.

Senator CARR—Was it just for those 109 schools?

Ms Andruska—It was for the schools that came under the removal of the category 6 restriction, so some of these are not just the new schools. The figure is for the total cost of the abolition of the policy. So it includes: removal of the category 6 restriction—the existing schools were caught by that; the unfunded schools that had not come for Commonwealth funding; the unfunded students, because there were schools that had students that were not being funded either because they were already at the maximum or because they were running an unfunded level or grade; removal of the maximum enrolment—and I have just mentioned the effect of that and how a maximum was set for each school and each level; and removal of the limitation on systems.

Senator CARR—Can you give me the figures on a calendar year basis for the out-years?

Ms Andruska—For 1998, \$22.97 million; for 1999, \$23.72 million; and for 2000, \$24.46 million.

Senator CARR—What is the aggregate number of students affected by that?

Ms Andruska—I have not got a total bottom line, because we have tried to work it out against the effects of the different elements of it. For the category 6 restriction it is 26,237 students; for removal of the limitation on systems it is 756; for unfunded schools it is 24,509; for unfunded students it is 12,059; and for the removal of the maximum enrolments it is 1,835.6. That is over the four years.

Mr Goonrey—Could I just correct that, Senator. The enrolments are different depending on the category. Whereas for the removal of maximum enrolments and the removal of limitation on systems it is looking at the difference between the funding category of the school and, in one case, the new funding category—where it is a removal for a non-systemic school

and where it is a system it is for the school moving to the system category—those enrolments are different, and the numbers there should more or less be doubled—

Senator CARR—What is the aggregate number now?

Mr Goonrey—The aggregate for the removal of limitation on systems and the removal of maximum enrolments would be roughly 1,290 by four over the four years.

Ms Andruska—A worthwhile point to make is that the drift from the government to the non-government sector has been about 20,000 students from 1996 to 1997. The drift under the new schools policy between 1995 and 1996 was also approximately 20,000 students so, with the removal of the policy, there actually has not been an increase in the drift from the government to the non-government sector.

Senator CARR—But there has been a proliferation of small schools.

Ms Andruska—It means that students have also been moving within the non-government sector.

Senator CARR—That is the point, and that is the significant change we have seen in the last year. One hundred and nine is a very large number of new school registrations in any one year. How many private schools are there?

Ms Andruska—In that figure of 109, I think it is worth keeping in mind—and we have talked about this before—that approximately 48 existing schools were already operating. The other thing was that 31 of the remaining schools, when we look at the total number, were schools that already had provisional approval to commence. If you take away the number of pre-existing schools and you take away those that were already in the pipeline under the policy to commence, we are talking about 31 new schools.

Senator CARR—It is still a significant number by any historical comparison.

Ms Andruska—We are talking about two and a half thousand schools.

Senator CARR—The growth rate for new schools under this policy, whichever way you look at it, has been substantial.

Ms Andruska—For the years 1994, 1995 and 1996, the number of new schools that were approved was 28, 37 and 43.

Senator CARR—Exactly.

Ms Andruska—We are talking about 31 schools.

Senator CARR—You are saying 31 completely, absolutely, off the drawing board.

Ms Andruska—New schools.

Senator CARR—It is still a substantial number.

Senator Ellison—They were in the other years too. They are no different. In fact, it is fewer.

Senator CARR—You are playing with figures here. It is 109 in total. You can try to dress it up in any way you like, but there is a significant increase in the number of small private schools as a result of your policy.

Mr Evans—Again, there is the issue of the enrolments. On the actual increase in enrolments between the two years—the year when the new schools policy was in place and the year after—there are still 20,000.

Senator CARR—Yes, but there is still a proliferation of small schools under this policy.

Mr Evans—That is the way you are interpreting it, Senator.

CHAIR—Just to follow on from that, with the figure which you gave, which I think was 31 this year, are you talking about totally new schools?

Ms Andruska—That is correct.

CHAIR—So there is actually a drop.

Ms Andruska—The other schools were made up of schools that were already in existence.

Senator CARR—In every other year was there not the same figure?

Ms Andruska—The abolition of the policy did not create those schools. They were already there under the policy.

Senator CARR—Given the statistics that you have used, in every other year there would have been schools that had already existed included in those statistics.

Ms Andruska—If we had looked at how many schools were in existence in 1996, I presume the figure would have been much the same. There would have been 48 schools in existence that were not in receipt of any Commonwealth money.

Mr Goonrey—Senator, you were asking earlier about the total enrolments for the 109 schools. The total I have is 5,771.7. I would point out that that will be slightly higher than the list that you had earlier because there have been some minor adjustments in terms of schools.

Senator CARR—How do you get 0.7?

Mr Goonrey—We deal in full-time equivalents.

Senator CARR—You indicate that there is a decline in the number of systemic school funding applications compared with the total number of new school applications. Is that the case?

Ms Andruska—I am not aware that there has been. I do not have the figures in front of me, but there has been no indication that there has been a difference. I want to make it absolutely clear about these numbers of new schools. When I talked before about 1996, the number of new schools approved was 43. In 1995 the number was 37 and in 1994 the number was 28. At that point there still would have been those 48 pre-existing schools that were not receiving Commonwealth funding.

Senator CARR—We have been over that. There have been others that would have attracted funding that otherwise would not have been, although they were in existence prior to those particular dates. They would have moved into the eligible category.

Ms Andruska—There were various things that would happen. There were 31 schools also that were in the pipeline that had approval to commence. Sometimes schools would wait until they built up their numbers and knew that they could have some success to apply under the new schools policy, then they would put in their application. There were others that chose never to apply for funding.

Senator CARR—In terms of answers to No. 479—the question of capital expenditure—could you indicate the details of the 21 projects in non-government schools categories 1 to 3 which received Commonwealth government capital projects money?

Ms Andruska—There were no category 1 schools that received any funding. I, myself, revisited this list that we gave you last time and I just want to clarify that those first five schools that are listed are systemic schools—they are Catholic and Lutheran schools. The way the policy now operates is that, in order to apply for capital money, you actually have to be operating the school—in other words, students sitting in classrooms being taught. It is only

once you are in that position that you actually can apply for capital. It is a way of showing that the schools are going to be viable. There is an exception to that rule. It is where new schools commence that are part of large systems that have a track record of being viable that an exemption can apply. So you will see that there are those five schools that are at the top of the list.

In terms of the schools in categories 10, 11 and 12, if you look at the total amount of money allocated under the capital program you will see that they have about 80 per cent of the total funds. You asked particularly about the schools, probably 3 to 6 or—

Senator CARR—Actually, the ones in the higher categories. You say that there are none in 1. How many are in the other categories at the higher end of the scale?

Ms Andruska—I think what is worth making clear is that the funding for capital is not based on a funding category of a school. The funding category of a school is calculated through the Education Resources Index, which is a set of information about a school's financial position. It creates a funding category out of that.

Senator CARR—How many in that higher bracket get funding from the Commonwealth?

Ms Andruska—With the capital grants program, the money is distributed based on looking at the needs of a school community. What is used in most cases is the SES index of a school community. Because the objective of the capital grants program is to provide funds for those students who are most educationally disadvantaged, it is not the funding category of a school that is looked at; it is how educationally disadvantaged the school is to other schools which is looked at. That is how the priority is set.

Ms Tracey—You asked about the proportion of grants going to category 2 and 3 schools. It is 1.3 per cent of the total.

Senator CARR—How many is that?

Ms Tracey—How many schools?

Senator CARR—Yes.

Ms Tracey—I cannot tell you how many schools.

Ms Andruska—We have five category 2 schools that receive funding.

Senator CARR—So you are saying, basically, that there are five apparently wealthy schools—because they are in the highest category—that are receiving capital works projects moneys from the Commonwealth government because they are disadvantaged?

Ms Andruska—It might highlight that there is a bit of problem with the ERI.

Senator CARR—I was just interested in how you can explain that.

Ms Andruska—There being a problem with the ERI?

Senator CARR—Yes.

Ms Andruska—I think the ERI was introduced in 1985.

Senator CARR—I know when it was introduced.

Ms Andruska—That is about 15 years and, as you know, previous governments have made changes to that. Although everyone would agree that at that time, when it was a pure method, it was a good indication of the needs of schools, over time that system has broken down. I think we passed to you the consultation report of the ERI.

Senator CARR—Yes, I have that. There will be substantial discussion on that matter after the break.

Ms Andruska—I think there was a fair bit of detail in there about the problems with the ERI that had been raised. I think that some of this is highlighted.

Senator CARR—I would just like to clear up this particular question. You may want to take it on notice, and I think you will. Can you provide me with the percentage breakdown of capital grants by category provided for the years 1995-97? Given the proposition that you put to us in the answer that the percentage the Commonwealth paid for Victorian government schools was 47.5 per cent for 1997, was that a substantial increase in the capital works projects for government schools in Victoria? My recollection is that it is not, but will you confirm that that is the case?

Ms Andruska—I will need to take that on notice. I think the point there is that state governments set their capital budgets. It is not linked with what the Commonwealth provides. So there are percentage changes.

Senator CARR—Are you able to provide us with advice on the level of the Commonwealth contribution to Victorian capital works in government schools over the last five years?

Ms Andruska—We will take that on notice.

Proceedings suspended from 6.31 p.m. to 7.37 p.m.

CHAIR—I declare the hearing open.

Senator Ellison—Mr Greer has a statement in relation to the earlier questions dealing with the statistics on small business traineeships. Perhaps Mr Greer could clarify the situation and explain what has transpired since we last touched on this.

Mr Greer—Prior to the break we had the opportunity, out of session, to walk through the papers and some tables with Senator Evans. You may recall that Senator Evans in session earlier today queried the success rate of the small business traineeship, particularly in South Australia.

The data supplied to Senator Evans from NCVER consisted of a number of commencements and completions for small business traineeships by state in 1995-96 and 1996-97. This data cannot be used to calculate wastage rates as this can only be properly done by a comparison of commencements and completions for a particular cohort of trainees. Data from DEETYA's information system based on the cohort of trainees who commenced their traineeships in 1995-96 shows a success rate of 51 per cent for the small business traineeship nationally, with a 71 per cent success rate in South Australia; that is, five completions in South Australia from seven commencements in 1995-96.

There were 11,450 commencements in the small business traineeship in 1996-97, representing 21.6 per cent of total commencements in that year. At this stage it is only possible to consider wastage rates for the cohort of trainees who commenced their traineeships in the first half of 1996-97. This data shows, in relation to South Australia, 31 completions from 43 commencements for small business traineeships in South Australia, or a success rate of 72 per cent. That is consistent with the discussion we had out of session with Senator Evans.

Senator CARR—I was hoping the report would include a comment on the questions relating to consultancies, Minister.

Senator Ellison—Those are being dealt with separately to the issues Mr Greer has been discussing.

Senator CARR—So you are able to advise us now?

Senator Ellison—I would like to deal with this issue first and to sign off on that. I will now move on to the questions on consultancies, which dealt with questions on notice Nos 342, 607, 608, 609 and 617. Dr Kemp has considered the draft answers provided by the department. He requires further information and a final quality assurance check from the department before he is prepared to release the draft answers to the committee. The information required is being assembled and will be provided over the next couple of days. It is expected that clear answers will be made available in the middle of next week, in sufficient time for committee members to examine the material prior to the estimates hearing on 6 March. The secretary to the department will be in attendance on 6 March.

Senator CARR—Unfortunately, we are to discuss these issues on Friday.

Senator Ellison—Friday of next week?

Senator CARR—No, this Friday. We have a hearing day this Friday.

CHAIR—We do not have a set down hearing day. We have a carryover day, if necessary, and we will determine that later tonight.

Senator CARR—I can assure you that it is necessary when I have not got the answers.

Senator Ellison—But they will be available next week for the following Friday.

CHAIR—We will be looking at it next Friday, not this Friday.

Senator Ellison—There is a day's hearing listed for the following Friday, so that still gives the committee time to look at them.

Senator CARR—The trouble is, Minister, that this matter has been outstanding since November. The minister has had these answers since 20 February. I think you indicated that, Mr Gibbons. When did he receive them?

Mr Gibbons—I think that is correct.

Senator CARR—So he has had them for a few days already. And only after I have raised this issue several times today do you advise me that the answers will not now be available until next week.

Senator Ellison—Next week you will have a full day available. You will have them in the middle of next week, which will give you some notice to read them and prepare yourself for the following Friday.

Senator CARR—The unfortunate fact of life is that we had, I understood, agreed to deal this Friday with that program.

CHAIR—No, we have not agreed to deal with anything this Friday. What Friday this week may be is a carry over from tonight, if we have not finished the rest of the programs.

Senator CARR—I understood that it was more than maybe, and I can assure you there will not be much else done until we get that clear.

CHAIR—That is the procedure we are following, Senator Carr. Program 4 is Friday week, and the rest of the programs are tonight and, if we do not finish tonight, we may carry on on Friday.

Senator CARR—The point being that we will be dealing with this matter on Friday.

CHAIR—No, we will not be, or only if we have not finished these matters on the program.

Senator CARR—I have not got the answers to the questions, Mr Chairman. I am sure you can understand that simple explanation.

CHAIR—There is no procedure for meeting this Friday, unless we do not finish program 6 tonight. That is the only way we can meet on Friday.

Senator CARR—I can tell you: there is no way that you will be finishing program 6 tonight if I do not have the answers to the questions I have asked.

CHAIR—Let us see where we are later tonight.

Senator CARR—No, I am not satisfied with that. Minister, why can't the answers be made available more quickly than next week?

Senator Ellison—On the information I have before me, Dr Kemp is checking the detail of the draft answers and wants to make sure that the answers he gives to the committee are accurate.

Senator CARR—I appreciate that the minister would like to give accurate answers. That would be expected. Why has that not been done already?

Senator Ellison—I do not have that information available. But I fail to see the prejudice that you think you suffer, because you still have an opportunity next week. There will be a day's hearing, with these answers being provided to you two days in advance. You effectively have two days set aside for further hearings on this portfolio.

Senator CARR—So long as you understand that it is possible that we will discuss program 6 on that additional day and so long as there will be no attempt made by the government to restrict questioning on that second day.

Senator Ellison—When we said earlier that program 4 would be put off, I understood mention was made of program 6.

CHAIR—Those matters relating to program 4.

Senator Ellison—Those matters in program 6 relating to program 4 would be put off till that Friday and, of course, these questions can be canvassed—it is up to you—on that Friday as well.

Senator CARR—You can understand my sensitivity on this. These are 30 consultancies involving the minister's direct intervention in the allocation of considerable sums of money by this department. A most unusual practice has been followed. We have been waiting for three months for answers and now we are being told we have to wait an extra week. I find this most unsatisfactory.

Senator Ellison—There will be no curtailment of your questioning on that Friday in relation to these questions. It is a supplementary estimates hearing. You have asked these questions on notice; there will be answers provided to you prior to that Friday and then you can pursue the matter.

Senator CARR—Okay.

Senator ALLISON—I would like to proceed with questions about the enrolment benchmark adjustment. Minister, these questions will be familiar. I put them on notice to you three weeks ago so I presume the information is available for you to answer them. The first is whether or not agreement has been reached so far between the Commonwealth and the states regarding the application of the EBA.

Senator Ellison—Mr Evans is the best one to answer that.

Mr Evans—Yes, agreement was reached on the technical aspects as to how the enrolment benchmark adjustment would apply. Dr Kemp has written to state ministers on the details of the application of the enrolment benchmark adjustment in respect of 1997's.

Senator ALLISON—Can those details be outlined tonight?

Mr Evans—Yes. Which particular aspects do you want?

Senator ALLISON—The state by state figures—how they compare with the budget; what percentage is used and what is the dollar amount for the percentage over the benchmark? Perhaps we could run through those.

Mr Evans—I will run through the impact on each state: for New South Wales—I will give it to you in millions of dollars—the impact in respect of 1997—

Senator ALLISON—I am sorry; I am more interested in the calculation itself. What is the benchmark for that state and what were the number of students above that benchmark for 1997?

Mr Evans—Maybe I should introduce a concept to you which you might not be familiar with: in applying the enrolment benchmark adjustment Dr Kemp agreed to apply a buffer arrangement, so that the proportionate shift from government to non-government enrolments was calculated and then a buffer was applied in respect of each state that took account of the first part of any movement so that the buffer was 0.05 per cent of enrolments, or 500. So the notional numbers of the proportionate change were discounted by this buffer in each state.

Senator ALLISON—Perhaps you could give us the figures with and without the buffer so that we could understand how that worked. Is there a table or a document that explains how this works?

Mr Evans—I could provide you with a table. That might be easier rather than going through this.

Senator ALLISON—Can it be provided now?

Senator CARR—In a form that we could work from?

Mr Evans—It might be too complex. You would need to absorb it; there are a substantial number of figures in respect of each state.

Senator CARR—Why don't you try us?

Senator Ellison—We could make it up. When I say that, I mean make up a table which is easily followed.

Mr Evans—Compile a table.

Senator Ellison—'Compile', I should say. The table we have is set out with a lot of detail. We can provide it—there is no problem with that—but whilst you ask some other questions we could do a ready reckoner that you could follow. That could be done in the next half hour.

Senator CARR—That would be good. Obviously, we are always interested in detail; the devil is in the detail.

Senator ALLISON—Perhaps it would be useful to look at some totals so that we could compare those with the budget in 1996.

Mr Evans—Sure, if I run through totals for you that might give you a bit of a handle on figures that you would be more familiar with. The actual calculation of the enrolment benchmark adjustment for 1997 without a buffer—and this is an all states total—came in at \$16.89 million. You might be thinking of a figure around \$20 million—I have seen your media

release about your calculation of it. The way in which the enrolment benchmark adjustment was calculated, after consultations with the states, was to look actually at effective full-time student numbers rather than just full-time student numbers as produced by the ABS.

Those effective full-time student numbers were also adjusted to take account of pre-year 1 students in Western Australia and Queensland, which the Commonwealth funds both in the government and the non-government sector. The enrolments were also discounted to remove full fee paying overseas students in both the government and the non-government sectors. So these effective full-time student numbers were agreed by the states and the Commonwealth as the most appropriate measure of any movement between the two sectors. That is why the figure comes through as \$16.89 million.

In addition, we are using actual state net cost differences between government and non-government school students, whereas I think your calculation was relying on a national estimate. Again, this was an issue that was agreed with each state. They felt it was more appropriate to use actual state estimates of the costs in each state.

Senator ALLISON—How did they vary from state to state, and was the average still \$1,712.50?

Mr Evans—It was probably a little less than that. The tables that I would be proposing to provide to you would give you that figure that shows the net cost in each state and 50 per cent of the net cost. If you would like, I could run through with you state by state the effect of the EBA in each state after the buffer has been applied. In New South Wales it is 4.33 and in Victoria it is 1.73.

Senator CARR—These are millions?

Mr Evans—Yes. In Queensland it is 2.60, in Western Australia it is 0.96, in South Australia it is 2.28, in Tasmania it is zero, in the Northern Territory it is zero and in the ACT it is zero.

Senator ALLISON—So with this new method of calculating with buffers and the other factors you mentioned, what impact does that have on the budget as prepared back in 1996?

Mr Evans—The estimate in the budget prepared in 1996 for the 1997-98 financial year was \$20.6 million. What I am advising you now is that the budget outcome for this year is \$11.9 million. I wish to make one other point about that. In 1996, when the budget calculation was prepared, there was an assumption that the actual proportion drift to the non-government sector would be of the order of 0.5 per cent a year. That has turned out this year to be 0.33. So in essence you would expect the budget outcome to be lower because the proportion at drift was lower than was originally forecast in the budget.

Senator ALLISON—In fact, there was no actual drift, was there? There was an increase in government school enrolments of 8,500 from the previous year.

Mr Evans—Senator, you understand how it works. There was a proportional drift, so I know you understand how the EBA applies.

Senator ALLISON—Perhaps I can ask the minister whether the government regards that as a reasonable outcome given that there was an increase in government school enrolments of almost 8,500 students. In terms of the government's expectations, is it a reasonable outcome to be removing \$16.8 million from education budgets for public schools?

Mr Evans—I take the senator back to the original reason for the EBA. It was largely a reason to reduce what was seen as a cost shifting between various sectors of government and the ability of state governments, as there was a drift from one sector to another, to make quite

considerable savings over a passage of time. The enrolment benchmark adjustment has not taken away all of the savings that the states make.

Senator ALLISON—How can there be savings to the states when there is a net increase of 8,500 students? Where are the savings to the states under those circumstances?

Mr Evans—There can be savings because instead of having to pay an average cost for a student at a government school, the state does not have to pay that. If we were talking about one or two students, that might not be a factor, but for the number of students that we have been talking about since the period going back to 1993, that saving has been very substantial.

Senator ALLISON—So this \$16.8 million—

Mr Evans—The \$16.8 million represents about one-fifth of one per cent of government school budgets.

Senator ALLISON—You will appreciate that it is the principle as well as the percentage that we are talking about here. So what you have just suggested is that the \$16.8 million makes up for some cost shifting in previous budgets.

Mr Evans—The \$16.8 million was the amount with no buffer. The actual amount that was taken out was \$11.9 million.

Senator ALLISON—It is still a valid question. We are still removing \$11.9 million from government school education budgets even though there is an increase of 8,500 students in that system.

Mr Evans—We are providing an increase to the government sector in every state.

Senator ALLISON—In terms of per capita funding?

Mr Evans—In aggregate, the funding that is going to the government sector in every state is increasing.

Senator ALLISON—What is the point of the EBA then? If it is such a small adjustment and there is extra money going into the state system, what is the point of having this mechanism?

Mr Evans—The mechanism has brought to a head the issue of cost shifting between various sectors of government.

Senator ALLISON—How did it do that?

Mr Evans—It made states realise that they were not simply going to realise the whole of the net saving as students moved from one sector to another. It has also caused states to look at their own systems to see how they can retain students in the government school sector.

Senator ALLISON—What is your evidence of that?

Mr Evans—I am only relying on anecdotal evidence at this stage but I believe the fact that there was a complete turnaround in Tasmania is in part a response from that state to making schools more attractive for their students.

Senator ALLISON—How did they do that?

Senator Ellison—It might be easier to explain it this way: the extra 8,000 coming into the government sector are funded. Those that have transferred to the non-government schools attract the EBA because they are no longer in the government sector. You have two separate aspects there. That means that the ones coming in get funded and for the ones that have left, the funding follows them.

CHAIR—That is not true, Minister. Half the funding follows them and the other half stays with the school.

Senator ALLISON—Minister, I beg to differ. This is not how this formula works. This formula works on a difference in proportions. How is it that we have so underestimated the shift, if you like, and the overall enrolments in both government and non-government schools? As I read the projections of the last budget, they were that government schools would lose 5,979 students and that non-government schools would increase their enrolments by almost 20,000. From the schools census, it would appear that the new enrolments in non-government schools is fairly accurate but not in government schools. How do you explain that difference?

Mr Evans—Do you mean in a census sense, or do you mean in terms of the enrolment benchmark adjustment?

Senator ALLISON—In terms of the census.

Mr Evans—It terms of the census, it is partly because, as I said to you, we were expecting a higher drift of students from one sector to another than has actually occurred. The other factor that I believe has had an impact this year is that for the first time there has been a turnaround in retention rates as well. Retention rates, if I recall correctly, moved from 71.2 per cent to 71.3 per cent, whereas there had been a slight dipping over recent years, as you would be familiar with. That has actually bottomed and come up. I expect that our estimates for movements in student numbers would have probably still assumed a bit further of a drift downwards, and that has not occurred. Sensitivity of student numbers to a slight change in retention rates can bring about that change. That is my expectation.

Senator ALLISON—Are there figures for the actual number of students who exited the state system and entered the private system? Could we have those figures?

Mr Evans—No, because we do not track individual students. We look at only aggregates of data collections. So we do not undertake mapping of students as to whether they are moving through systems.

Senator ALLISON—So doesn't this make something of a mockery of the whole enrolment benchmark adjustment—the idea that you are not looking at students going from one system to another, that this is about the net increase in both sectors and that we have an increase in the government school system and still we have a reduction? Do you not agree that that is a problem with the principle of the EBA?

Mr Evans—No, I do not believe so.

Senator ALLISON—Perhaps the minister could answer that question.

Senator Ellison—It is because of the reasons we have explained before—that the funding follows the person.

Senator ALLISON—I think we have just pointed out that that is not how it works.

Senator Ellison—As Senator Tierney mentioned, as an EBA half of it stays with the school.

Senator ALLISON—We actually do not know how many students have left the government sector to go into the private sector. So, Minister, I suggest to you that it is not possible for the money to follow the students since we do not even know how many students went across.

Senator Ellison—But we know that the government sector I think rose by 0.7 per cent and the private sector rose by 2.2 per cent. On that basis you are looking very definitely at some transfer between government and non-government, and we have calculated it at a very low rate.

Senator ALLISON—But that is not necessarily so, is it, Mr Evans? It is quite possible that no students went from government schools to private schools; is that correct?

Mr Evans—I would say that the likelihood of that would be almost zero.

Senator ALLISON—But it is possible, isn't it?

Mr Evans—It is technically possible, but it could not have happened.

Senator ALLISON—It is technically possible because government school enrolments increased.

Mr Evans—I am sure I could find examples of students who have moved from one sector to the other. It would have happened. You and I know that. The law of probability is that students have moved.

Senator ALLISON—What was the cost to the Commonwealth of the increase in private school enrolments in 1997?

Mr Evans—That is about \$1½ billion. Is that the figure you are after?

Senator ALLISON—The increase.

Mr Evans—Earlier this evening we provided some information on the costs of the removal of the new schools policy. I am wondering whether that is the figure that you are after, or are you after—

Senator ALLISON—The net increase in enrolments in private schools is in the order of 20,000 from 1996 to 1997.

Mr Evans—I would have to take that on notice. The problem that I have with providing you with that estimate is that we would not know what categories those particular students went into—whether they were category 1 students or category 12 students. The other issue is that, because the increase in non-government enrolments between 1995 and 1996 was 20,000 and the increase between 1996 and 1997 was also 20,000, the increase in non-government school enrolments last year should not be any different from that for the previous years before the new schools policy was abolished and before the enrolment benchmark was introduced. So year on year there is nothing in those two estimates that should be different.

Senator ALLISON—Perhaps I can come back to the projected enrolments. Given that there is a very large difference in the expectation in government schools, what are the department's projections for 1998, 1999 and the year 2000? How do they vary?

Mr Evans—I have not actually tapered them. As you would appreciate, the results for 1997 came in December and a fair bit of work has been going into finalising the enrolment benchmark figures. I would expect that it would be another month or so before I would be able to refine the estimates to take account of the changed pattern of enrolments in the two sectors and also the impact of the retention rates.

Senator ALLISON—Given that private school enrolments have more or less continued a trend, as you have identified, would you expect government school enrolments to do likewise—to continue to rise?

Mr Evans—They could continue to rise. That is one option. I think the issue of a fairly even increase in non-government enrolments is a reasonable assumption. It may actually dip slightly. Government school enrolments, I predict, might increase year on year or be of the same order as we are looking at now—maybe a touch higher. It also goes to the sensitivity of retention rates. If we are at a point where more students are staying on to year 12, which is what we might like to assume from the changes from last year, there might be an increase. The other

complicating factor is, as you know, the demographics of it—where the blocks of particular ages are coming through. So you need to overlay that as well.

Senator ALLISON—Do we also need to overlay the youth allowance and the impact of students returning to school? When will we see the projected figures for that?

Mr Evans—Some of those questions will come under 1.2. The youth allowance is one factor that will affect the retention rates and the enrolments in the government school sector.

Senator ALLISON—So you are of the view that the projections for government schools will increase, rather than decrease as was projected in the 1996 budget?

Mr Evans—That is the latest scenario, but I cannot refine it down to an actual figure for you tonight, Senator.

Senator ALLISON—Minister, given that we expect there to be an increase over the next four years in government school enrolments—when the EBA was devised and the budget was drawn up, there was expected to be a steady decline of 6,000, then 9,000, then 4,000 and then another 4,500—does it suggest to you that the government ought to revisit this question of the enrolment benchmark adjustment to see how appropriate it is to take this money away from state budgets?

Senator Ellison—It is a mechanism which enables funding to follow the student. If it needs to be activated, it is activated. You will notice that in Tasmania, the Northern Territory and the ACT it was not activated. This points to the integrity of the mechanism. It is not a mechanism just to get money willy-nilly; it is government to government adjustment on where funding should go. The Commonwealth, when it funds the states, says, 'We fund you for students in government schools.' If those students leave the government schools and go to non-government schools, adjustments should be made. If they do not, then no adjustments are made. That is precisely the point in Tasmania, the Northern Territory and the ACT.

When the youth allowance takes effect at the beginning of the school year next year, it could well be that a lot of those students returning to schools go to government schools. That could have an impact on the EBA, and it could have an impact where it results in no triggering of the EBA. So be it. That is how the mechanism works.

Senator ALLISON—Minister, as I understand it, the reason there is no adjustment for Tasmania is that enrolments in government schools increased by a larger proportion than they did in private schools.

Senator Ellison—Precisely, because there was no drift between the two sectors.

Senator ALLISON—I suggest to you, Minister, that it is not about a drift. It is about a different percentage. There is no drift as such; there is a change in the percentages which is picked up in the new enrolments. We are talking about overall percentages changing but not about a drift.

Senator Ellison—I have that tabled. I will pass it up to you. It might make it easier to follow.

Senator ALLISON—This is a matter which this committee has raised with the department and the minister on a number of occasions—that is, the availability of teachers to meet the increased demands in enrolments. Does the increase in enrolments over the next four years suggest that the government needs to revisit the question of the availability of teachers?

Mr Evans—I suggest it is probably more appropriately dealt with in 1.2.

Senator Ellison—We may as well deal with it cognately.

Senator ALLISON—It seems to me to be related to the question of projections of enrolments, how they are different and what the impacts of those are. We have established that, rather than government schools losing students over the next four years, there has been an increase partly due to retention rates. Has the department done any work in looking at teacher availability for this increased number of students in both systems?

Dr Arthur—Senator, as Mr Evans has indicated, as a result of the application of the various funding formulae which apply to government schools, the overall quantum of funding going to government schools is increasing. It is up to state governments, if they wish to do so, to apply that funding to increased teacher numbers or to other activities within the context of Commonwealth guidelines which they judge are going to meet the needs of their students.

Senator ALLISON—So the Commonwealth is not interested in the question of whether or not Australia will have sufficient teachers over the next four years. Is that the answer to the question?

Dr Arthur—You are asking a separate question there, which I assume has not so much to do with the hiring intentions of employing authorities, which, indeed, the Commonwealth does not control, but rather the issue of teacher supply and demand, particularly the extent to which teachers are or are not being produced in sufficient numbers by teacher training institutions. If that is the question, it is a separate question, and someone else may want to deal with that issue.

Senator ALLISON—As I understand it, this is a question of supply and demand, as you have identified, and we are looking at a different demand from what was expected back in 1996.

Ms Johnston—The issue of teacher supply and demand is currently being addressed through mechanisms such as MCEETYA. They have asked the CESCEO, which is the chief executive officers of the systems, to monitor teacher supply and demand. DEETYA will be assisting with that monitoring and providing its projections of student numbers. As to the issue of the increases in students, I am sure that the group that is monitoring teacher supply and demand will be taking that into account in its projections of teachers.

Senator ALLISON—But we do not yet have confirmation that this is likely to be a trend? Mr Evans, you have not done work on enrolment projections?

Mr Evans—Senator, each state has a very good handle on exactly the number of students that are flowing through their system, as does each of the non-government systems.

Senator ALLISON—It did not have for 1997 obviously.

Mr Evans—The issue there was that back in 1996 we projected a pattern of enrolments in a particular sector that now appears to be lower.

Senator ALLISON—So you are confident that your projections over the next few years will be more accurate?

Mr Evans—With any projections, you refine them in the light of new knowledge. Issues like the new schools policy appearing not to have the same level of impact in increasing non-government school numbers will be one factor that you would take into account in your projections.

Senator ALLISON—That was fairly accurate, as I understand it. It predicted 19,789 additional students in the private sector. I gather the figure is around 20,000. So that is quite accurate. It is the government school enrolments which are not.

Mr Evans—No, but I indicated to you that the anticipated drift that we had assumed was 0.5 per cent, whereas it has actually come in at 0.33. It is the impact that that has overall. It is a complex equation.

Senator ALLISON—Yes, I understand. I have no further questions on the EBA. I do not know whether Senator Carr has anything to add.

Mr Evans—Senator Allison, you asked some questions before as to whether there was a single table that had enrolments by state. We believe we know the information you want, but it is not in any one table. It is in a series of tables, not simply a state by state table either. I will take that on notice and provide you with that response.

Senator ALLISON—Thank you.

Senator CARR—You have indicated to the committee what you believe to be the calculations for the EBA liability. Minister, can you indicate to the committee when the reduced funding to the respective states that they supply us to will be made and what vehicle will be used to extract that money?

Senator Ellison—There will be a variety of mechanisms used depending on the state and the situation. In New South Wales, it will be 100 per cent from the March instalment; in Victoria it will be 100 per cent from the March instalment; in Queensland it will be 50 per cent from the March instalment and 50 per cent from the April instalment; in Western Australia it will be a third from the March instalment, a third from the April instalment and a third from the May instalment; in South Australia it will be a quarter from the March instalment, a quarter from the April instalment, a quarter from the May instalment and a quarter from the June instalment. That is in the general recurrent grants.

Senator CARR—That is under the states grant legislation, is it? That is the legislative instrument that you are using?

Senator Ellison—That is the states general recurrent grants, yes.

Senator CARR—How were those calculations arrived at?

Mr Evans—It was to ensure that the impact on any one state was not significant in any one month, so it took account of the size of the enrolment benchmark adjustment and the—

Senator CARR—I am sorry, I heard that Victoria and New South Wales were in one month?

Senator Ellison—Yes.

Senator CARR—Mr Evans, did you not say that the suggestion was that it would not have an impact in any one month?

Mr Evans—A significant impact, I said, Senator.

Senator CARR—If you take all the money in one month, is that not a significant impact?

Senator Ellison—It depends on the size of the budget, does it not?

Mr Evans—Payment to Victoria on average would be—without getting down to the last dollar—about \$20 million a month. So the amount that is proposed to be recovered for the EBA in Victoria on my calculations would be about 10 to 12 per cent.

Senator CARR—Ten to 12 per cent in one month's payment.

Mr Evans—And that is the total liability for a year.

Senator CARR—Why is Queensland being spread out so much?

Mr Evans—Because the amount as a proportion of their total general recurrent grant is slightly higher so it is spaced over several payments.

Senator CARR—Was that figure arrived at after discussions with the state?

Mr Evans—No, but it was advised to states in the letter from Dr Kemp.

Senator CARR—It was just announced, was it?

Mr Evans—If a state had a particular problem with it, Senator, I believe they would come back to Dr Kemp.

Senator CARR—That was made clear in the letter, was it?

Mr Evans—I believe the way in which we all work together—

Senator CARR—I notice how you have all worked together on this one. I have correspondence in front of me from the New South Wales minister to Dr Kemp, where he says that every state and territory remains opposed to this measure. Is that an indication of how you are working together on this?

Mr Evans—My experience is that whenever there is an initiative that is taking money off a state they oppose it and whenever it is providing money they are fully for it.

Senator CARR—Is this what you mean by working together? You receive a letter from the minister saying that the money is going to be withdrawn and, if they do not like it, they can squeal. Is that how you would describe working together?

Senator Ellison—I think it was a fairly old letter, was it not?

Senator CARR—No.

Senator Ellison—What date is the letter?

Senator CARR—It is 27 January. It is an old letter, I suppose, by your standards.

Senator Ellison—It pre-dates the correspondence that Dr Kemp has had with the states.

Senator CARR—Yes, but the point I am making is that there is an indication here that all states and territories remain opposed to the EBA. Is that a statement of fact or not, Minister?

Mr Evans—All states object to a proposal that takes money off them. All states have objected on numerous occasions to this particular proposal. The issues that are covered in Mr Aqualina's letter are issues that Mr Aqualina has raised on numerous occasions. There have been numerous letters back showing how some of the points raised in his letter are not accepted by the Commonwealth, but at the end of the day that will be where the line is drawn.

Senator CARR—Minister, would you agree with Mr Aqualina's comments in regard to the methodology of the EBA? Are you familiar with this correspondence?

Senator Ellison—I do not think I have seen that letter. Perhaps you could show it to me and refresh my memory.

Senator CARR—Quite rightly, I can understand why you have not seen it. It is addressed to Dr Kemp, but it does handle your portfolio area.

Senator Ellison—Dr Kemp has responsibility for financial expenditure in matters of the portfolio, so it is Dr Kemp who determines the expenditure.

Senator CARR—So you are not responsible for this area?

Senator Ellison—I am, but on any aspect of handling the expenditure and financial matters of the portfolio Dr Kemp deals with the correspondence with the states. That is an agreed break-up of the portfolio.

Senator CARR—How long has that been in place?

Senator Ellison—Ever since I have been minister for schools.

Senator CARR—Was it the case in the previous administrative orders?

Senator Ellison—I do not know.

Senator CARR—Mr Gibbons, was that the case?

Mr Gibbons—I believe it was, but I will refresh my memory.

Senator CARR—Can you take that on notice and indicate that to me. I would appreciate that. Minister, is it the case, as is claimed by the New South Wales government, that, rather than being a device to prevent cost shifting by the states, it is a measure by which the Commonwealth cost shifts—that is, takes money off the states? The claim by Mr Aqualina is that the Commonwealth will save an average of \$2,141 per additional student. Is that the case?

Mr Evans—As I indicated to you, I do not have a detailed treatise going back against each of the claims, but there has been long—

Senator CARR—I understand that.

Mr Evans—We went through this at the Senate hearing.

Senator CARR—We have been through this many times. I am asking the minister who is responsible for this area whether the states' claims that this is in fact a device by the Commonwealth to take money off them and is a cost shifting device by the Commonwealth is true or not.

Senator Ellison—It is not. If that were the case, why would there be a zero effect for Tasmania, the Northern Territory and the ACT?

Senator CARR—Is it the case for New South Wales that you are actually saving \$2,141 per additional student?

Senator Ellison—We would have to check those figures. I could not say off the top of my head. What I can say to you is that it is possible that the EBA would not be triggered. Tasmania did not trigger it because there was no growth in the proportion of non-government school enrolments as opposed to the government sector where there was an increase. So there was obviously no drift.

Senator CARR—Can I say to you, Minister, that it is claimed by the New South Wales Ministry of Education and Training that the annual cost to the states will be \$180 million by the year 2006. Do you accept that figure?

Mr Evans—As I recall that letter—and it has been a while since I saw it—it also claimed that there was \$6 million being taken off New South Wales this year. As I have just read out to you, that figure has already been proven to be incorrect so it raises the question of the validity of the other figures in that letter.

Senator CARR—I see the point you make. This was before \$5.21 million for liability—

Mr Evans—Which is not \$6 million.

Senator CARR—No, it is not \$6 million, but it is \$5.21 million, according to your own figures.

Mr Evans—That is right.

Senator CARR—That is still a substantial sum. I am actually asking the minister this, but I am happy for you to answer it because no doubt he will refer it to you. How far off the mark is the claim that by the year 2006, under this arrangement, New South Wales will have to find an additional \$60 million?

Mr Evans—I would say that is well outside the mark because, as we have talked about tonight, that letter was written before there was even an understanding of a concept like an EBA. I believe it raises the question of the validity of any of the statistics in that letter.

Senator Ellison—Senator Carr, there were figures of \$20 million, \$30 million, \$40 million bandied around. As you can see, it is just not the case. It is \$12 million. When you look at it, in the total budget of \$11.6 billion for government schools it is less than 0.2 per cent of the government school budget. That is not the Commonwealth cost shifting towards itself and lining its pocket. It is not a question of that growing into \$100 million as you suggest because we have the youth allowance next year which could well change things.

Mr Evans—Could I also put it in context that here we are talking about \$4.3 million that is coming off New South Wales at a time when, several months before, the Commonwealth provided \$30.5 million in cost supplementation to New South Wales. In the context of relativities—

Senator CARR—I can understand why the states do not bother replying to your letters.

Mr Evans—Offering \$30 million?

Senator CARR—The methodology that has been argued here in this letter and has remained the case—

Mr Evans—No, I explained to you that we have changed some of the methodology which has reduced the financial impact on New South Wales and has changed the situation.

Senator CARR—Has the proposition that if the EBA were to continue it should be calculated on the basis of marginal rates been accepted or not?

Mr Evans—If New South Wales did the calculation they would find that the effect now would be almost the same with the buffer—it would equate to a marginal rate.

Senator CARR—Have you responded to New South Wales along those lines?

Mr Evans—Not in all the detail. As I said to you before, we have had numerous exchanges with New South Wales on the matters that are covered in that letter.

Senator CARR—I do not know that we can take it much further. You keep saying that the amounts of money available to the government school sector under this government will increase. Have I understood you correctly?

Mr Evans—I think they were my words.

Senator CARR—In answer to question No. 52 you provided me with figures for total government expenditure through the period in the out-years to 2000. Do you stand by those figures?

Mr Evans—If you could bear with me, Senator, I would like to refresh my memory as to the answer to No. 52. I think we are going back several Senate estimates hearings.

Senator CARR—Yes, 16 September 1996. It indicates on my reading of it a decline in final prices.

Mr Evans—If I recall that answer I think the question you asked was to discount it for any price movements or enrolment effects. Was it along those lines?

Senator CARR—I asked about the forward estimates in real terms for out-years in regard to general recurrent grants, capital grants, government targeted programs, joint targeted programs for the government school sector and the non-government school sector.

Mr Evans—The distinction, as you would be aware, is the reference to the term ‘real prices’.

Senator CARR—So it is the case that in real terms the level of expenditure by this government on government schools will increase or decrease?

Mr Evans—The figures I have in front of me for each of the out-years are in outturn prices.

Senator CARR—So is it the case that there will be a real decline in government expenditure for government schools in the out-years?

Mr Evans—I would have to do the calculation. I can give you some information that I am familiar with. If you look at the movement for government schools between 1996 and 1997, the increase for government schools—and this is recurrent capital, literacy, language, special learning needs and so on—is 7.4 per cent.

Senator CARR—But then it declines in the following year.

Mr Evans—That 7.4 per cent compares to a CPI figure for the corresponding period of the ASSRC, with which you are familiar, of 4.2 per cent. That 7.4 per cent builds into the base in each of the out-years. If you are comparing it to a CPI for that year of 4.2 per cent then there is roughly a three per cent increase on the CPI in each of the out-years before you look at the normal increases.

Senator CARR—That is fine, but your own answer—and I want to ask you this again—

Mr Evans—That was two years ago.

Senator CARR—Do you wish to update this answer? Do you stand by the answer that you gave to question No. 52 which clearly indicates a decline in real terms in the level of expenditure on government education?

Mr Evans—There would be some changes to those figures since that period.

Senator ELLISON—It needs updating.

Senator CARR—Would you please take it on notice to update them in real terms for the out-years—presumably further beyond 2000—because as I read that answer there has been a decline, according to your figures here, of some \$41 million in real terms.

Mr Evans—I will take it on notice. As we have discussed earlier—

Senator CARR—Several times tonight you have suggested that there was a growth in government expenditure for government schools. I am saying your own answer gives the lie to that proposition.

Mr Evans—As we indicated, there has been a change in enrolment patterns for government schools which would impact on those figures as well.

Senator ELLISON—That needs updating. We will update it and get the figures to you.

CHAIR—Anything else on program 1.1?

Senator ALLISON—Can we discuss the ERI under this program?

Senator CARR—Yes, sure. With regard to the ERI review, what modelling has been undertaken to test the scenarios canvassed in the school funding consultation report?

Ms Tracey—The consultation report, as you know, canvasses several different models of funding and on a couple of them there is some further work going on. I could go into the details of those if you like.

Senator CARR—If you would not mind, please.

Ms Tracey—One set of changes in the report—to the ERI as it exists at the moment—consists of making some amendments to the way the ERI works. Those changes are set out in chapter 7 of that report. A new computer program has been set up to assess the impact by modelling those changes. That is happening at the moment.

Senator CARR—So all of the options are being modelled?

Ms Tracey—That just applies to the option which is a set of changes to the ERI.

Ms Andruska—It is the changes detailed in chapter 7 to the ERI.

Ms Tracey—There is another approach to funding set out largely in chapter 13 which bases the funding of non-government schools on a measure of the socioeconomic status of the school community. The department is running a research project on that particular approach, a simulation project, to examine it in a bit more detail.

Senator CARR—What is the cost of that research project?

Ms Tracey—There is not a clear cost available at the moment. We are still setting up the project and discussing some of the details of the costs. There will be different kinds of costs involved—some in using a consultant and some in actually administering the project. Some of those costs we will share with states.

Senator CARR—It will be a joint Commonwealth-state project?

Ms Tracey—It is not state departments actually. It is the non-government school authorities in the states who already undertake some work of this kind, and we will be looking at what they are doing.

Senator CARR—Will the public sector be involved at all in the review?

Ms Tracey—We are looking in those projects at non-government school funding with the non-government school sector.

Senator CARR—Will the state education authorities be involved in the review?

Ms Tracey—They were involved in this process of review, given their responsibilities for funding non-government schools, anyway. They have had a copy of this and some have responded to it. We will have further discussions with the states as we go along.

Senator CARR—You do not know yet whether they will be involved in this joint project?

Ms Tracey—In the project particularly looking at the socioeconomic status measure—

Senator CARR—That is the project in chapter 7?

Ms Tracey—It is the one in chapter 13.

Senator CARR—Chapter 13 is a joint project involving, presumably, the peak councils, is it?

Ms Tracey—Yes, the non-government sector.

Senator CARR—Is that the systemic group?

Ms Tracey—Both kinds, both systemic and non-systemic.

Senator CARR—You cannot tell me at the moment whether or not the state education authorities—ministries of education—will be involved in such a project?

Ms Andruska—At this stage the states are not being involved in the project. As Ms Tracey said, the states have been interested in the ERI review. They have provided submissions to the terms of reference. They have also provided submissions in response to the consultation report. You will have noted in the report there are some suggestions about how we might work with the states. It is certainly our intention to explore some of that further. We have flagged that with a couple of states and we intend to do that, but at this stage we have not embarked on that process. There was support in the responses and in the consultations for different sorts of funding models. What came through quite clearly, though, was that everybody supported a model based on measuring different needs. In terms of a school resourcing type of model, which is the model we have got at the moment—the ERI model—we feel that we are fairly familiar with it, whether or not you do it exactly as it is done now or whether you were to use fees or other sorts of measures of the school's resource.

Another kind of model which had a lot of support was a model based on the SES status of a school community. At this stage, we do not know whether it is possible to come up with an index that will rank schools based on need that would be agreed by all parties. We are exploring this to see whether an index can be developed that will rank schools in what people believe is the correct order in terms of their need.

We thought that, in terms of our needing to advise government, it was something that we did not know much about and needed to explore further. We decided that we would run a project. We asked for any schools or systems that may wish to volunteer to be part of that project in working through how you might come up with an index and work out whether or not it is an appropriate measure for ranking schools.

That is the position that we are in. We have just got a project brief and, as Ms Tracey stated, we are in the process of working through with the steering group of people involved from the systems and from the AISs about the exact detail of how the project will operate.

Senator CARR—Could we have a copy of the names of the personnel on the steering group?

Ms Tracey—Yes, and we could also get you a copy of the project brief which sets that out, if you would like that.

Senator CARR—Thank you very much. Does the modelling that you are proposing involve each school getting a base grant?

Ms Andruska—No, we are not looking at that at all. All we are looking at is whether we can come up with an index. We have to explore that. There are a number of indexes that are currently used that take in different sorts of factors. We are not looking at money. We are just looking at whether we can come up with an index that will rank schools in order of need. That is the end of the project.

Senator CARR—What is the time line on this?

Ms Andruska—We expect to have the project finished by the end of the year.

Senator CARR—Would it be ready for operation in the next budget?

Ms Andruska—We are not proposing that at all at this stage. In terms of the next steps of the whole ERI review, we have had of the order of 67 responses to the report. We are looking at those at the moment. We are exploring further, as I mentioned, about what sort of feasibility there is because of the level of interest on an SES type of index. Once we have that full body of information, we will be going to government with that advice.

Senator CARR—Have you had any discussions with any of the states regarding the SES model?

Ms Andruska—In December, we held a funding forum where we looked at a couple of different models. We invited the states to that and representatives from Victoria and Queensland came, and they expressed interest in discussing it further with us.

Senator CARR—Do you expect them to continue to be involved in the review process?

Ms Andruska—As I mentioned before, we certainly intend to have discussions with states. It is on the list of things that we need to do to proceed with that review. We do not have meeting times scheduled, but it is something that we need to do as part of that review process.

Senator CARR—On 12 February, the *Age* reported that the department was trialling new funding models. Was that report accurate?

Ms Andruska—A trial is not occurring. My definition of a trial would be that we were actually changing the funding arrangements based on a different method. If that is what your definition of trial is, there is no trial.

Senator CARR—So what is happening?

Ms Andruska—What we are undertaking is a simulation project to see whether we can have an index that will rank schools on need.

Senator CARR—Can you give us a list of the participating schools in that project?

Ms Andruska—I can give you the fairly broad range. I think all the Catholic systems, except in the Northern Territory and the Australian Capital Territory, have volunteered to be part of it, and all the AISs across Australia.

Ms Tracey—We have almost complete coverage of the non-government sector.

Senator ALLISON—In what sense is this a trial? Are you simply looking at the incomes of the parents within that school and fitting them into the model? Is that how it works?

Ms Andruska—It is not a trial. We are simply looking at whether we can get an index in which we will rank schools from the most needy to the least needy—so it is not a trial.

Senator ALLISON—What do the schools have to do to be part of it?

Ms Andruska—We need to get addresses. This is part of what we have to work through. At the moment, block grant authorities and some state governments use a Ross-Farish index to determine some of their own distribution of funding. Different indexes are used by different states. We will be looking at the same kind of methodology as the Ross-Farish index and looking at other indexes that are available at the moment.

Ms Tracey—It involves collecting addresses from schools and matching them against census districts and then getting an SES index of some kind for the census district, and then a score for a school, leading to a ranking of schools. That is the process that we follow, but there is a lot of research—

Senator ALLISON—Do the schools provide you with the addresses of their students?

Ms Tracey—Not us necessarily, but that is the first part of the process. That is also a process that schools are already involved in, as Ms Andruska said, because they already provide that kind of information.

Senator ALLISON—Does it go to incomes for those families as well?

Ms Tracey—It depends what you end up putting in an SES index, but there is no individual information about children and their families. You could build up an SES index with a number

of different components, and sometimes family income is likely to be one of those—it is in most SES indexes—but that does not relate back to a particular child at a school.

Senator ALLISON—How will you make judgments about these models? What is the next step? You will advise government, but what are you looking for in this project?

Ms Tracey—It is probably still a long way down the track, but when we finally get some kind of ranking of schools we will probably try several indexes and get some rankings, and then people who know systems and schools well will be in a position to assess whether it is a reasonable and fair measure.

Ms Andruska—Senator, were you asking a broader question about all the models that were being put forward in the report and how we would—

Senator ALLISON—No, I understand that this is just one of the models.

Senator CARR—Why are you looking at this particular model?

Ms Tracey—It is probably the model that has the highest degree of interest, and it is also possibly the one we know least about and that we have to explore in more detail before we know whether it is a workable or reasonable approach.

Senator CARR—It is just to inform yourselves—is that what you are saying?

Ms Tracey—And the community.

Senator CARR—Are you able to provide the committee with any information on any agreements that had been entered into with any participating schools?

Ms Tracey—What kind of agreements?

Senator CARR—That is what I am asking: have you entered into any agreements with the participating schools?

Ms Tracey—In this particular project?

Senator CARR—Yes.

Ms Tracey—There would not be an agreement between the department and individual schools.

Senator CARR—Do you have any statements as to the objectives, methodology and reporting timetables of this particular project?

Ms Tracey—I think you will find that those are in the project brief. I do not have them here.

Senator CARR—That would probably satisfy me.

Ms Tracey—Yes, that sets it out in some detail.

Senator CARR—The *Age* reports that, under the model that you are examining there are schools in the three lowest funding categories, such as the Scotch College, Melbourne Grammar and others, that stand to receive up to an extra thousand dollars per student. Is that right?

Ms Andruska—That is not correct.

Ms Tracey—It does not relate to the model we are examining.

Senator CARR—Why do you say it is not correct?

Ms Tracey—The model we are examining is looking at another way of measuring need and it does not have much to do with giving extra money to particular schools.

Senator CARR—What is the point of it?

Ms Tracey—It is a way of assessing the need of schools for government money—which is what we do now. But there are some under the ERI.

Senator CARR—So you can categorically rule out that such schools as Scotch College and Melbourne Grammar will receive extra money?

Ms Andruska—I think the basis on which that article has been written is assuming that there will be some sort of 25 per cent base grant topped up with an SES measure. Yes, that sort of option is one of the many options that were put forward during the consultation process and from submissions—a tiered approach; one of the things that was in the report—but it is not what we are looking at under this simulation project. It depends on where you see the 25 per cent grant coming from; whether you see it as being a state grant or a Commonwealth grant. I think the author of that article is assuming that there would be a 25 per cent base grant of Commonwealth money on top of what a school gets from a state. That is where that assumption is coming from.

As I said, a base grant is something that was mentioned to us in consultations and it is something, therefore, that is in the report. It is not what we are looking at under this simulation project. All we are looking at is seeing whether we can come up with an index in which we can rank schools based on need.

Senator CARR—So, you can tell us that that concept of a base grant has actually been ruled out?

Ms Andruska—No. Nothing has been ruled out. All options that are in that report are as they stand at the moment. There has been no advice given to government from the department following that report.

Senator CARR—Is it possible that the base grant could be considered by government at a future date?

Ms Andruska—As possible as any other option that is mentioned in the report.

Senator CARR—So, presumably, while you are not examining it in the current arrangements, it could be examined when you look at the other models?

Ms Andruska—The interesting thing for us is that the report, on the page where it talks about the base grant of 25 per cent, actually presents a table which shows the percentage that the state actually pays to non-government schools. My interpretation of bit of information was that we were talking about the states paying a base grant of 25 per cent and, if you look at it, most states are already there. We are not talking about additional money.

Senator CARR—In terms of the time lines that you are looking at, are you thinking of preparing recommendations to government before the end of the present quadrennium, which I understand is December 2000?

Ms Andruska—No, I do not believe that there would be any change in the current quadrennium.

Ms Tracey—But the recommendations to government would go before the end of the quadrennium.

Senator CARR—Is it the case that these matters would have to be resolved before December 2000?

Ms Andruska—Yes. In fact, we want to have it resolved before that because there is a commitment that we give to schools that we advise them of changes. Like any business, they need to have an opportunity to plan.

Senator CARR—When would you like the matter resolved? You say before December 2000. What is your time line?

Ms Andruska—We do not have a definite time line at this stage. We expect to go to government with advice once we have completed the report, looked at the submissions and done any further analysis that we feel necessary. That should be towards the end of the year.

Senator CARR—End of this year?

Ms Andruska—Yes.

Senator CARR—With a view to having government decision presumably early next year?

Ms Andruska—I cannot comment on when there would be any decision made.

Senator CARR—That is the point I was putting to you earlier about the next budget cycle. Presumably, it would start to fit into that, would it not?

Mr Evans—Senator, that would be the following budget cycle. We are in the current budget cycle now, so we would be talking about two budgets away—

Ms Tracey—If we are looking at funding for 2001.

Mr Evans—If it were to be considered at that time.

Senator CARR—When will we be able to get a copy of the brief?

Ms Tracey—I can get it to you tomorrow.

Senator CARR—Thank you.

Senator ALLISON—Who was actually on the review panel for the ERI?

Ms Tracey—This is the result of a departmental review.

Ms Andruska—The department prepared terms of reference, distributed them, received submissions, undertook the consultation program and then wrote this report. So if there has been new work undertaken, it has been undertaken by the department.

Senator ALLISON—Who went on the overseas trip which is discussed in the report?

Ms Andruska—Ms Tracey and I went on the overseas trip. We spoke about this last time.

Senator CARR—We did? I was only too happy to return to the topic.

Senator COONEY—It was not a trip; it was a mission.

Ms Tracey—A ‘study tour’ are the words we use.

Ms Andruska—Mr Terry Chapman from the Association of Independent Schools of New South Wales, Mr Peter Annett from the Catholic Education Commission of Victoria and Mr Mike Keily from the Queensland Department of Education.

Senator ALLISON—Did they pay their own way or did the government pay?

Ms Andruska—No, the Commonwealth paid.

Senator ALLISON—What was the cost of that trip?

Ms Tracey—I think we have given that to you in an answer as a result of the last hearing. It was \$84,235.

Senator ALLISON—I may have missed the discussion in the estimates before on this question, but it is still not clear to me why government sector school groups were not involved in the consultation, the review or the workshops in any way. Do you hold the view that the government sector has no stake in the outcome of this review?

Ms Andruska—The state education departments were invited to all the consultations.

Senator ALLISON—I note that, but there are other stakeholders, are there not, in the government education system?

Ms Andruska—I am sorry?

Senator ALLISON—I would have thought that there would be other interested parties in the government education sector. Why were they not involved in this review?

Ms Andruska—Because we were looking at the way funding is distributed to non-government schools, the people that we believed should be involved were non-government school systems, the peak bodies that represented them and state governments.

Senator ALLISON—Does this suggest that an outcome of this review, whichever the funding mechanism or model used, will have no impact on the state sector?

Ms Andruska—That is why the state governments have been involved, because some state governments do use the ERI as a way to distribute funding to non-government schools.

Senator ALLISON—So you are saying that only the state governments have an interest in this, not anybody else?

Ms Tracey—It really is about the way non-government school funding is distributed.

Senator ALLISON—What if an outcome of this review, and a change to it as a result of that, facilitates a further expansion of the private sector? Would you agree that that then would be a matter of interest to a broader range of people?

Ms Andruska—There is no suggestion of looking to increase the expansion of the non-government sector with the review. There are people who say that the ERI does not do the job that it should in terms of working out who is most needy and who is least needy and who should get more money and who should get less money.

Senator ALLISON—But surely if those who are most needy get more money, will not that necessarily be an incentive for other families to use the private sector system?

Ms Andruska—We are not talking about more money. We are just talking about whether there is a more equitable—

Senator ALLISON—But you just said that the outcome of this might mean that those on lower incomes with greater need—if this is all about need—might end up with more money and the wealthier schools might end up with less, presumably. Is that necessarily the case? Is it necessarily going to mean that there is no net increase in the funding for private schools as a result of this review?

Ms Andruska—What we are looking at is the way schools are ranked in terms of their need. We have a current system that people are saying has some problems. We are looking to see whether there is another mechanism by which the bucket of money can be divided between non-government schools. We are not talking about more money.

Senator ALLISON—Can you assure the committee that an outcome of this review will not mean more money going to the private sector overall?

Ms Andruska—There are all sorts of factors that can come into play. It would be inappropriate for me to make any type of assurances at a stage where we are only exploring options and have not provided any advice to government.

Senator ALLISON—That would be my expectation, and I come back to that question: if there is extra money going into the private sector as a result of whatever modelling you do and whatever needs you find necessary, why is it not of interest and concern to the government

sector? Why would you assume that this issue can be so confined to the non-government sector?

Ms Andruska—I do not know that it has been so confined. State governments have been involved and, in fact, P&Cs have responded to the report. The report has been available on the Internet and to whoever has wanted to be involved in that—some teachers and so forth.

Senator ALLISON—But not involved in the process, not involved in the workshops and not involved in the submissions?

Ms Andruska—Yes, involved in the submissions.

Senator ALLISON—I did not see any submissions from the non-government sector in the appendix.

Senator Ellison—The Australian Education Union was part of the response to the schools funding.

Ms Tracey—There have been several responses to the report itself from the government sector.

Senator ALLISON—Yes, to the report. But I am talking about the process of arriving at this position. There has not been any government—

Ms Tracey—The process of starting off the consultation was by invited submissions from the non-government sector and from state governments with responsibility for funding on government schools. So the invitees were all non-government sector.

Senator ALLISON—Was that a decision of the minister or was it a decision that the department took?

Ms Andruska—I cannot recall the minister making a decision about it. It was because we were talking about non-government funding. That is what we were talking about and that is what we were reviewing.

Ms Tracey—It was a process that was agreed.

Ms Andruska—We did have separate conversations with the AEU during our consultation round, just to put that on record, about the process and as input into the report that we produced.

Senator ALLISON—Did the AEU choose not to be a part of the review?

Ms Tracey—They were happy not to be part of the consultations when we explained what it was we were doing and how the consultations were being run.

Senator ALLISON—Were other models canvassed in this review, such as charter schools and voucher systems? To what degree will those be picked up in further work or further modelling?

Ms Tracey—There is no active further exploration of those going on at the moment.

Senator ALLISON—Is that because your overseas experience suggested that it was not a workable proposition? Why did you come to that view?

Ms Tracey—The charter school initiative that you mentioned is not really about non-government schools anyway; that is probably something quite separate. As to vouchers, I think there is a bit of exploration going on as to how something like that might work. But we are looking at a needs based system and there has not been a great deal of interest in that.

Senator ALLISON—So how has the overseas experience informed this process? What was gleaned from the work in, say, Canada and the UK?

Ms Tracey—At the last hearing we passed over a copy of the findings of that tour. I am not sure whether you have seen it.

Senator ALLISON—Is there another document, beyond this one?

Ms Andruska—Yes. In a response to questions that we took on notice at the last Senate hearing we provided our report of the main findings of the study tour, which you might find interesting.

Senator ALLISON—Was that in answer to one of the questions?

Ms Andruska—Yes. We can provide another copy.

Senator ALLISON—Minister, does the government have an attitude towards introducing this ability to pay definition of need system into government schools? Is that something that your government would be interested in exploring?

Senator Ellison—No, the only review we are looking at at the moment is the ERI, which deals with the funding of non-government schools.

Senator ALLISON—So this is not something the government is interested in exploring for government schools?

Senator Ellison—This is only in relation to non-government schools.

Senator ALLISON—I understand that this report is only in relation to non-government schools. I am asking you, Minister, about your views on the government sector.

Senator Ellison—There are no plans to do anything of this sort in the government sector?

Ms Tracey—Partly, Senator, it is because the Commonwealth involvement in funding for government and non-government schools has a very different basis. Commonwealth funding for non-government schools has always been a needs based system, and that is what we are looking at. Commonwealth funding for government schools has a different objective and purpose.

Senator Ellison—You have to understand that we fund the states with general grants; they then handle the question of government schools in their respective states. So we do not have the ability, even if we wanted to, to do a similar review in relation to government schools. That is a state question and you should really be asking the state governments that.

Senator ALLISON—So we could not expect the Commonwealth to be thinking along these lines?

Senator Ellison—Even if we were we would be whistling Dixie because the states are in charge of the delivery of government school education in their own states. You would have to have the states' cooperation before you even embarked on this.

Senator ALLISON—I suggest to you, Minister, that the Commonwealth does fund government school students on a per capita basis. You have the ability to modify, withdraw or—

Senator Ellison—But it is in no way the same as the non-government sector where we have a direct line of funding. You cannot compare the methods of funding for the two sectors. We could not do anything in the government sector without having the cooperation of the states. In the non-government sector it is a totally different scene because the Commonwealth funds non-government schools and the states do not have much of a role to play.

Senator ALLISON—Yes, I understand that.

Ms Andruska—The Commonwealth provides about 12 per cent of funding for government schools. If we were to run an SES index against every government school in New South Wales, for example, if that is what you are suggesting, the end result would be exactly the same as the current result, which is that we pay in a lump sum to the state and the state distributes the money as it wishes.

Senator ALLISON—I suppose the same argument may have been made about the enrolment benchmark adjustment—that it was inappropriate for the Commonwealth to be telling the states that they had to pay money back. But I will let that go. Would it surprise you to hear remarks, as I do, from the non-government sector that it would be quite appropriate for us to apply this on the basis of needs funding in the government sector?

Ms Andruska—Not at all. It is actually what we heard and it is what some of the responses told us. That is why it is in the report. It would have been wrong of us not to report that. That is what the report was about—giving people the range of views that were put forward. As you would have read, that concept is there.

Senator Ellison—But their first call should be at the door of the state governments.

Senator ALLISON—Can I just get this clear: is it that the Commonwealth has no view on the matter because it is a matter for the states or do you have a view that it is inappropriate to take a similar approach to government schools?

Senator Ellison—It is a matter for the states as to how they deliver educational services in the government sector in their respective states. The Commonwealth targets specific programs and that is quite separate. But it is really a question for the states. If anything was to be done here it could only be done with the cooperation of the states. So it is an entirely different situation.

Senator ALLISON—I understand that it could only be done with the cooperation of the states, but I am interested in your government's views about whether that would be a desirable direction in which to head.

Senator Ellison—We have not even thought about it because it is a state matter. It is pointless if you do not have control over it. It is just a fact of life. The question of capital punishment is a state matter; it is not one the Commonwealth has control over. Therefore, you do not find the Commonwealth passing laws trying to tell the states what to do in relation to capital punishment.

Senator ALLISON—Thank you.

Senator CARR—I asked some questions before, Mr Evans, regarding your updating of tables. Could I also have forward estimates tables updated with regard to school funding broken down into government and non-government with capital provisions and recurrent provisions for each relevant targeted program shown separately? We go through this exercise on a regular basis. As you know, I am only too happy to have my knowledge of the sector improved. I trust that you will be able to provide that information.

Mr Evans—Yes.

Senator CARR—Does the government advise local members of parliament of Commonwealth grants for both government and non-government schools in their electorate? Is it the case that Commonwealth payments to schools—capital, recurrent or whatever—for both government and non-government schools are notified to local federal members of parliament?

Senator Ellison—For non-government schools, yes.

Ms Andruska—I think the answer is yes, but we might take that on notice, just to confirm it.

Senator CARR—Would you please. If it is not the case, could you advise me when the practice ceased?

Ms Andruska—There has been no change. I know that much.

Senator CARR—So you are satisfied to respond on that.

Ms Andruska—Yes, I know there has been no change in the arrangements.

Senator Ellison—Whatever the system is, we have continued it from the last government.

Senator CARR—So you are saying that there has been no change in the administrative routine?

Ms Andruska—Of the capital grants program?

Senator CARR—Yes.

Ms Andruska—There have been changes introduced for this year, but no changes were introduced until this year.

Senator CARR—Could you indicate to me the nature of the changes that have been introduced?

Ms Andruska—For this year for non-government schools for non-government capital there has been a requirement that the BGAs provide more detailed outcome information on the amount of funding going to various schools, including those that are most disadvantaged, and the cost of their administration per grant. So we are moving towards getting a lot more information from the block grant authorities about their administration and exactly where the funds are going. And there is a requirement for them to tell the schools that belong to their BGA what they are doing.

Senator CARR—Thank you for that answer. We are slightly at cross-purposes. I do value the answer you have given me. I was actually seeking information about whether members of parliament are notified of these grants.

Ms Andruska—As I understand it, there has been no change in that regard.

Senator CARR—So the suggestion that some members of parliament are finding out about various grants and others are not is unfounded. Is that what you are putting to me?

Senator Ellison—Just to clarify one point, I think your question referred to local members of parliament, did it not?

Senator CARR—Yes.

Senator Ellison—Of all persuasions?

Senator CARR—Yes.

Senator Ellison—In that case, I must clarify my answer. We notify, as did the previous government, local government members of parliament.

Senator CARR—So you do not notify members of the Labor Party?

Senator Ellison—No, because the government member represents the minister. This was done by the former government. When the Labor government was in power, local Labor members were notified, and they represented the minister. I am certain a coalition member never represented a Labor minister.

Senator CARR—There is a difference here. I am not talking about getting your name on the wall, Minister, which I know you are not interested in—the old plaque at the ceremony. My question relates to payments by the Commonwealth to local schools. My recollection is that under the previous regime there was notification of all grants to a particular state. Perhaps you will correct me. Maybe I got information I was not otherwise likely to have. I asked for it through this estimates process on a regular basis, much to the chagrin, I am sure, of many of the officers still at the table. But that information was provided. Is it the case that the current administrative practice is that members of the opposition are advised of direct grants made by the Commonwealth to various schools or, for that matter, grants that are made on a state basis through state authorities but involving Commonwealth moneys?

Senator Ellison—Can we take that on notice, Senator Carr, so that we make sure we have not got our wires crossed in relation to the understanding of your question.

Senator COONEY—I have a question which might not seem akin to that, but I think it is. No doubt the Commonwealth has its grants to the state audited. When it gives an amount of money to the state for education purposes, does it audit the way that state spends that money? Do we know?

Mr Evans—There is accountability. There is a requirement under the states grants legislation for—

Senator COONEY—I know, but does the Commonwealth audit it?

Mr Evans—We do not audit it. We require—

Senator COONEY—Can we just take it step by step? The Commonwealth auditor audits the payment of money by the Commonwealth.

Mr Evans—Yes.

Senator COONEY—And the Commonwealth auditor would audit the block grant: the amount that is given to the states by way of grants. Do you know whether he audits the way the state spends that money? I would be surprised if he did.

Mr Evans—I do not believe he has the jurisdictional ability to do that, Senator.

Senator COONEY—That would seem to be the right answer. But then, when you say there is accountability, what do you mean by that?

Mr Evans—The accountability comes in in terms of the way in which the total funding is applied. So we look at what the outcomes for students in each state are and what, for example, the improvements in literacy skills for students are. What we are doing is moving more to seeing particularly how education—both combined Commonwealth, state and private—is making a difference in each state. We do that through the annual national report in schooling, which is a document produced each year by MCEETYA.

Senator COONEY—That is more a sort of quality control on the educational levels?

Mr Evans—Quality and outcome control. But it links back to accountability. Does that get to the heart of it?

Senator COONEY—So the outcome in terms of the students—whether they are well educated or not in each state—has an impact on the lump sum, if you like, that the Commonwealth grants each state?

Mr Evans—It does.

Senator COONEY—And it can vary from state to state from year to year, depending on the outcome?

Mr Evans—Yes. I would also expect that a state auditor would be looking at the totality of the funds in that state. So, if you are looking at it, they are not bound by the fact that this is Commonwealth money, but they are saying, ‘Okay, here is money from the Commonwealth in Victoria and money from the state of Victoria that is being applied,’ and they look at how all that money is applied.

Senator COONEY—That seems right, because it would be state expenditure, and you would have to have a look at that.

Mr Evans—Exactly. And they would have to look at how the other moneys that the state receives are applied.

Senator COONEY—It is interesting about the outcome and the second year.

Senator CARR—I wish to continue from where I left with regard to information going to members of the House of Representatives for grants made to government and non-government schools in their electorates. I understand that was the practice in the administrative arrangements in the last government. Will tell me whether or not I am right. I trust you will be able to advise me if it has ceased and, if so, why it has ceased. I am interested to know whether information is actually provided to some members of parliament. Perhaps you would take that on notice.

Senator Ellison—Yes.

Senator CARR—Can you advise me whether the Victorian government has taken a decision to apply Commonwealth funds on a set percentage basis to all new school capital works projects? This is a longstanding argument. I have noticed over the years that about 49 per cent of Commonwealth funds has been applied to capital works projects in public schools in Victoria. Do you know if a decision has been taken to restrict it to that level?

Ms Andruska—We said before the break that we would provide you with the last five years of information.

Senator CARR—That concerned a different question. The question I am asking you now is: are you aware if the Victorian government has taken a decision to apply Commonwealth funding on a set percentage basis for all new school projects?

Ms Andruska—No, I am not aware.

Senator CARR—Is it possible for the department to establish whether that is the case?

Ms Andruska—We look at the percentage that the Commonwealth contributes to each of the projects that the state puts forward, and that varies. With some projects the Commonwealth is providing 48 per cent; with some projects it is providing less—much less.

Senator CARR—All right. Presumably, I will await further advice as to whether that has changed at all.

[9.17 p.m.]

Subprogram 1.2—Targeted assistance

Senator ALLISON—My question is about literacy and numeracy benchmarks. Minister, would you explain how those benchmarks would be dealt with in the budget context?

Senator Ellison—In the budget?

Senator ALLISON—As I understand it, announcements have been made over past months along the lines that benchmarks would determine funding for particular schools.

Dr Arthur—There has indeed been some reporting along those lines. However, that reporting is not accurate. There is no proposition which has been put to government that there should be a relationship between literacy and numeracy outcomes and funding. There has certainly been a proposition, which was incorporated in this year's guidelines under the literacy program, which placed a condition upon funding for the states—and indeed also for non-government authorities under the literacy program—that they are required, amongst other things, to submit a detailed plan outlining how they propose to improve literacy and numeracy outcomes in their respective areas of authority as a condition for receiving funding.

Senator ALLISON—How far is the Commonwealth down the track of finalising that process?

Dr Arthur—The guidelines are now in force. The date by which the plans are to be submitted is, as I recall, in May this year. A number of authorities have already provided us with draft plans; the majority have indicated that they are well on the way to formulating the plans that will be required to be submitted.

Senator ALLISON—Is this coordinated by the states or is this something for which individual schools need to respond directly to the Commonwealth?

Dr Arthur—No. It is something which is associated with the relationship the Commonwealth has with those educational authorities which receive Commonwealth funding, so it is the state and territory governments, the Catholic education commissions in each state and territory and the associations of independent schools which are obliged under the guidelines to submit those plans.

Senator ALLISON—So the Victorian government, for instance, needs to put a plan in place to submit to the Commonwealth for all its government schools?

Dr Arthur—Correct.

Senator ALLISON—Is it possible that those plans will not be acceptable to the Commonwealth? If that is the case, will the money not be handed over to those state governments?

Dr Arthur—Hypothetically, that might be possible. However, the fact is that the states and territories, as part of the very cooperative approach which exists at the moment to improve literacy and numeracy standards in Australia, are quite well advanced in developing plans to improve performance in their states and territories. I would have thought it would be exceptionally unlikely that they would not come up with highly positive and forward-looking plans.

Senator ALLISON—Minister, as I recall, remarks that you made in the Senate last year were along the lines that the schools themselves would have to demonstrate better outcomes to continue to receive literacy and numeracy funding. Is that not the case now?

Senator Ellison—I do not recall saying that about the schools. Perhaps you could point me to it in the *Hansard*.

Senator ALLISON—No, I cannot do that. So it is not the case that we are interested in outcomes of particular schools and linking that with literacy funding. Can we have your assurance on that?

Senator Ellison—The education authorities are the ones which are required to provide a detailed plan on how the schools will make sure that the students meet the benchmark. It is not so much a question of the Commonwealth dealing directly with the school itself. I think that is what Dr Arthur said.

Dr Arthur—The Commonwealth does not have a funding relationship with individual schools under the legislation.

Senator ALLISON—In the event that some individual schools do not meet those benchmarks after a period—and some do not—is it 12 months when an evaluation is taken and new testing is done? What is the obligation of the state authority in that respect?

Senator Ellison—We do not have a funding relationship direct with the school.

Senator ALLISON—I understand that. Having not seen the guidelines that you say are in force now, what are the guidelines for the states in relation to the students in those schools who do not meet those benchmarks, or are you asking the states to have a percentage of students overall who pass the benchmarks?

Senator Ellison—I see what you are saying. You are saying that if there are one or two schools that do not meet the requirements and the rest do, what do we do with the state? That is what you are saying, isn't it?

Senator ALLISON—Yes.

Senator Ellison—I understood you to say, 'What do we do in particular with the school itself?'

Senator ALLISON—My first question was whether you do anything at all but you have clarified that now.

Senator Ellison—We do not have a funding relationship direct with the school.

Dr Arthur—I could also add to that. Going on from the point of your initial question, the Commonwealth has not made a decision that it is sensible to directly link funding with literacy and numeracy outcomes. At the time the draft guidelines for the literacy program were circulated for comment to the funding authorities we prepared a discussion paper which canvassed those issues. The paper itself and the responses—we received some very intelligent responses to that paper—have indicated a number of very significant issues that face a proposition of attempting to link funding levels to outcome levels. There are a number of issues there. So there is no government decision to do that.

Senator ALLISON—Perhaps you can tell us what they were.

Dr Arthur—Some of the points that have been made on the issue are that you run the risk of either rewarding underperformance if you direct funding to areas where the outcomes are low and remain low or, alternatively, you risk punishing improvement or, alternatively again, if you have an area which because of particular background variables has particular literacy difficulties and you therefore take funding away because the results are low, you risk having inappropriate results. As a result of all of those issues, what we plan to do at the moment is to commission further research into the issues so that we can have a better understanding of all the pros and cons of linking funding levels directly to outcomes.

Senator ALLISON—Dr Kemp seemed to think that, by uncrowding the curriculum and getting rid of faddish teaching methods, we could solve most of our literacy problems. Is that your view as well? Is this the basis of the guidelines that have been given to the states?

Senator Ellison—I am not aware of Dr Kemp's comments. Perhaps you could show them to me.

Senator ALLISON—I would be happy to do that; there are plenty of them.

Senator Ellison—The situation is that the Commonwealth government, along with the state governments, places a very high priority on literacy and numeracy. This has been demonstrated

at the various ministerial councils that we have had. I think the Australian teaching profession as a whole does a very good job. This can only succeed with the cooperation of the state, territory and Commonwealth governments. That is what we are working to do and that is what we will be looking to do at the MCEETYA council in April this year when we will be looking at benchmarks.

Senator ALLISON—Are you saying that the benchmarks and whether or not the states reach those benchmarks overall in their schools will not affect funding for literacy programs?

Senator Ellison—No. The fact is that we have announced that we will fund literacy programs. You fund those programs because there is a need for it. I fail to see what your argument is there. Whilst there is a need, we fund literacy programs.

Senator ALLISON—So what is the point of establishing benchmarks?

Senator Ellison—The states, the territories and the Commonwealth government think there are very good reasons for having benchmarks. We are all in agreement that there should be benchmarks because that provides a standard. It provides equality in outcomes and that is what we are all about.

Senator ALLISON—And if that standard is not met?

Senator Ellison—Well, you keep on trying to meet it, don't you? The states have agreed that they will test for it. They are each going to test in their respective jurisdictions and they are at one accord with us.

Dr Arthur—One of the issues is that having all states and territories agree to the process to formulate the benchmarks and to report performance publicly on a state by state comparable basis provides a very powerful discipline upon all education systems in that their clients will be able to see very clearly how they are achieving. That in itself provides a pressure for excellence.

Senator ALLISON—Dr Kemp's benchmarks suggested that one-third of students did not meet them as a result of a recent study by ACER. Is that benchmark going to be the benchmark which will apply?

Senator Ellison—I think it was 30 per cent, not one-third.

Dr Arthur—The benchmarks against which the analysis was carried out by ACER at the request of the Commonwealth-States Advisory Committee, which was at that stage managing the process of the national school English literacy survey, was the benchmark that was developed by the benchmarking task force, technically as developed by the curriculum corporation under the supervision of another state and territory body, and Commonwealth body, the benchmarking task force. The analysis was carried out against the benchmark as it existed at the date on which the analysis was carried out. Since that time the consultative process and technical development has been carried out on the benchmarks. When assessment against the benchmarks is carried out in the course of 1998 it will be carried out against the benchmarks which are endorsed by ministers as we expect, at this next meeting of MCEETYA in April.

Senator ALLISON—So the minister will decide the benchmark and there will be some other mechanism for establishing where it lies?

Dr Arthur—The ministers will decide. The process is that there is a group of Commonwealth, state and territory officials which are supervising the process; the technical work is being carried out by the Curriculum Corporation, which is an expert company owned by state and territory ministers; the benchmarking task force will recommend a set of benchmarks in reading, writing and spelling for adoption by ministers at the next MCEETYA meeting; and

it is all state and territory ministers and the Commonwealth ministers who will endorse, we expect, those benchmarks in April.

Senator ALLISON—Will the states pay for the testing regime, or is part of the literacy funding going towards the tests which will establish whether or not students have met the benchmark?

Dr Arthur—The agreement that ministers reached on benchmarking assessments last year was that assessments of performance against benchmarks would be carried out using existing rigorous state based assessment mechanisms. So the mechanisms which will be used are those which states and territories, by and large, already have in place for carrying out assessment of the students in year 3 and year 5. There are issues for some states in terms of moving their assessments from one year to another. There are also issues for some states who are currently carrying out only sample testing to move to testing all of their students. However, the agreement is that the additional costs, if there are any, will be met by the various states and territories as part of their contribution to the overall cooperative process.

Senator ALLISON—In relation to learning disability and the group of disorders that are common, some would say that between 10 and 15 per cent of the population naturally is affected by one of these disorders. I think some studies in Canada have shown that figure to be fairly accurate. What work is being done in Australia to establish what degree of the problem relates to learning disabilities? There is dyslexia, dysnomia, dysgraphia and various others.

Dr Arthur—I do not have with me a comprehensive answer to that issue. I think there has been a question on that particular issue at some points. There is some research certainly in Australia. Quite recent research in Victoria has been conducted by Professor Peter Hill on the likely expectations of the cohort of students who, even with extremely effective intervention methods, are unlikely to be able to attain an acceptable level of performance in the early years of schooling. Professor Hill estimates that figure to be quite small—in the order of 2½ to three per cent. No doubt there would be other researchers in the field who might well have a different view.

The Commonwealth is certainly conscious of this issue. Commonwealth, state and territory ministers are conscious of this issue. The national subgoal for literacy and numeracy endorsed by ministers last year contains an explicit proviso that there will be a small group of students—it is not, in that decision, quantified—who will not be able, because of their particular starting point, to meet the national goal.

The Commonwealth is also interested in increasing our understanding of this issue. A research project was announced two weeks ago, I think, to address particular issues associated with literacy and numeracy but particularly literacy in this case related to students with special learning needs. I would be happy to provide you with a copy of the advertisement and the project brief.

Senator ALLISON—So at this stage it is just an advertisement and a brief?

Dr Arthur—Indeed.

Senator ALLISON—You are inviting people to submit proposals or to—

Dr Arthur—It is seeking responses for people to carry out a research project in this area.

Senator ALLISON—What is the funding available for that?

Dr Arthur—I do not recall that.

Senator ALLISON—Roughly?

Dr Arthur—I will take that on notice. I just do not want to give a figure when I do not have it in front of me.

Senator ALLISON—Are you aware of the recent case in the UK of a former student who sued an education authority because her dyslexia and I think another disorder were not diagnosed until the end of her secondary schooling? She took her case to court and was successful.

Dr Arthur—I am not aware of that case. However, the issue of students with one form of disability or other and the liability of education authorities under various anti-discrimination provisions, both Commonwealth and state, is certainly a lively issue in Australia. A large number of particular cases arise on a whole range of issues throughout Australia.

Senator ALLISON—Does that suggest to you that there might be a need, since we are going through this benchmarking and testing regime, to identify such problems early in a child's schooling?

Dr Arthur—Indeed. One of the major elements of the national literacy and numeracy plan which was agreed by ministers was that there should be diagnostic assessment of all students as soon as possible after they commence school to identify whether or not there are any particular barriers to their learning and to intervene to address those barriers.

Senator ALLISON—So will your guidelines to the states, which are due in in May, include some systematic method of collecting this data and doing that diagnosis? Will they canvass approaches to funding that sort of diagnosis? How exactly will that work?

Dr Arthur—The commitment that is required from education authorities, both government and non-government, is that they will implement all elements of the plan. One of the elements, as I have just indicated, is early diagnostic assessment of all students and intervention for those students who need it. The Commonwealth would not seek to impose a particular method for carrying out that assessment or indeed a particular method for carrying out intervention. Those are decisions which we believe should not be taken centrally. They should be taken by those authorities who actually carry out schooling, however that is arranged within those particular education authorities.

We are interested in providing assistance in terms of research. Another project, which is not yet at the stage where we have finalised the project brief, is to look at some research in terms of assessment instruments for diagnosing literacy difficulties when children enter school. That is another area which we are certainly interested in promoting research.

Senator ALLISON—Are you aware that in most states there is no provision of such diagnosis except on a fairly casual, ad hoc basis and that most students need to pay in the order of \$200 consultation to have that diagnosis done?

Dr Arthur—Overall, the process that we are engaged in has been one where state and territory ministers have committed themselves to an extremely challenging goal—that is, all students will achieve appropriate literacy and numeracy outcomes in their schooling—and have committed themselves to a series of measures which include early intervention. The Commonwealth interest is that state and territory authorities and non-government authorities implement the plan and achieve the outcomes. We do not, however, have an interest in specifying how it happens in individual areas.

Senator ALLISON—I did a rough calculation: 10 per cent of the population by \$200 is around \$200 million, which would be a substantial amount for the states to find if they were to provide this service. Would the Commonwealth have an interest in funding that?

Dr Arthur—Carrying out assessments to determine whether or not students have literacy difficulties and then whether those difficulties are or are not associated with specific learning difficulties is certainly an issue. I am not expert enough to say whether or not a mechanism of carrying out wide scale screening of students to determine whether or not they have a specific learning difficulty would or would not be an effective way of addressing the issue. I regard that as an issue which education authorities who deal routinely with these issues and the administration of their schools would address.

Senator Ellison—You would have problems with the states again in that regard if they were not cooperative because it is a constitutional problem for the Commonwealth.

Senator ALLISON—Would this research project be of the sort to make recommendations in terms of diagnosis along these lines?

Dr Arthur—I suspect the research project, like other research projects, will look at particular approaches and make comments on them. At this stage, it would be premature for me to speculate in any way what outcomes might flow from that because the research would be carried out by a researcher under contract within the terms of the project brief. At this stage, I have no idea what conclusions might be reached from such a project.

Senator ALLISON—In relation to literacy and numeracy, has the department done any sort of review of the impact of removing professional development for teachers? I understand it is a budget item which came out of the last budget.

Dr Arthur—You are referring to the non-continuation of the national professional development program?

Senator ALLISON—Yes.

Dr Arthur—I am not aware of any research on that particular issue.

Senator ALLISON—It would seem to me to have some relationship with the literacy question. Is it not a matter that requires discussion with the states? Does it not relate to the guidelines?

Dr Arthur—We certainly are interested in the issue of professional development and we have, as part of Commonwealth contributions under the literacy plan, provided funds for catalytic work in professional development. At a later point, I will be able to give you the actual figures of funds that will be provided over the next three years for professional development in the states and territories for literacy and numeracy activities.

Senator ALLISON—Will the guidelines for the states include professional development? Is that one of the matters the federal government will require the states to address?

Dr Arthur—The national plan which state and territory ministers agreed to also involves provision of professional development. The states and territories and the non-government authorities are the employing authorities, and they have the primary responsibility for providing professional development. The Commonwealth is providing some additional seeding funding in that area, but the overall approach in this initiative is to specify some challenging outcomes, not to control inputs as to how the states and territories and the non-government authorities achieve those outcomes.

Senator ALLISON—So each state may do something different in terms of how it achieves the outcomes?

Dr Arthur—Absolutely.

Senator ALLISON—Without having the guidelines in front of me, it is difficult to pursue this line of questioning.

Dr Arthur—That particular point is not essentially part of the guidelines; it is part of the overall approach, which is to have, for the first time, an agreement to a very specific outcome for students in Australia and for a very concrete measure of whether or not that outcome is being met.

Senator ALLISON—Yet you said earlier that the outcome was not to be the factor in the funding process and that benchmarks, if they were not met, would not in any way have a budgetary impact.

Dr Arthur—The point has been made to us from a number of people that, in terms of efficiency in achieving the outcome, a mechanism which sets essentially a high public expectation—that goals will be achieved—will be a highly effective mechanism and that an attempt to link funding to those outcomes may not be as effective a mechanism for achieving outcomes. I can provide the details of those figures now. It is \$7 million over three years. If you want, I can provide the state and territory breakdown, or I can provide it later on.

Senator ALLISON—I would be obliged if you did that.

Senator CARR—I will pick up some of these themes that Senator Allison has raised. I refer to question No. 485. Do you have that in front of you?

Dr Arthur—Yes, I do.

Senator CARR—Has the department contacted the various parties to obtain their permission to release their submissions to the committee?

Dr Arthur—No, not at this stage.

Senator CARR—When will that occur?

Dr Arthur—If you are asking us to carry out those consultations, we will carry them out.

Senator CARR—I am asking—

Dr Arthur—We will ask them, Senator.

Senator CARR—Have the final literacy program guidelines been completed yet?

Dr Arthur—Yes.

Senator CARR—Do they vary from the drafts? Were the changes in line with the information received in the consultation process?

Dr Arthur—They vary from the drafts in a number of ways. The major difference is change in the date by which funding recipients were required to submit literacy and numeracy plans. That date was changed from, as I recall, December 1997 to May 1998 as a principal change.

Senator CARR—So the proposition that all the authorities provide detailed literacy plans by 31 December has not been met?

Dr Arthur—They were draft guidelines. The guidelines have now been changed so that the dates are as I have said.

Senator CARR—Can you indicate to me which education authorities were able to submit detailed literacy plans by the original date of 31 December?

Dr Arthur—I would have to take that on notice.

Senator CARR—I trust that you will be able to advise me which are still outstanding.

Dr Arthur—I can certainly do that. I point out that the date is still some months off.

Senator CARR—I understand that. I take it that there will be no funding flowing from these initiatives until such time as these detailed literacy plans are submitted.

Dr Arthur—No.

Senator CARR—Is that not the case?

Dr Arthur—No. The guidelines are in place; there is a funding requirement in them. However, there is not any effect that the funding does not flow until the plans are submitted. Simply, as a recipient of the funding they are now obliged to provide us with those plans.

Senator CARR—It is a gentleman's agreement, is it?

Dr Arthur—No. Guidelines are attached to the administrative guidelines which are part of the apparatus of the acts, and by receiving the funds they are accepting the obligations which flow from the guidelines.

Senator CARR—You say that it is an obligation, but what is the nature of the obligation? Is it a binding contract? What actions will be taken if the states do not submit these plans?

Dr Arthur—I am not in a position to speculate on what actions might be taken. The nature of the obligation is a standard obligation that flows from the states grants act.

Mr Evans—The issue at the moment is that the states are not in breach of the guidelines so the money can flow.

Senator CARR—Until May.

Mr Evans—Until May.

Senator CARR—Presumably you would then extend the guidelines again.

Mr Evans—No.

Senator CARR—So there is no intention to extend the deadline beyond May?

Mr Evans—The December deadline was part of a draft set of guidelines that went out for consultation. Dr Arthur has indicated that the final guideline specified that reporting date.

Senator CARR—Mr Evans, I understood the nature of the response.

Mr Evans—So there is no intention to extend the deadline again.

Senator CARR—Thank you. Dr Arthur, can you advise me what the states have actually agreed to do in return for Commonwealth targeted literacy funds in 1998?

Dr Arthur—They have agreed to implement the national plan. That is in the guidelines.

Senator CARR—And you have agreed to extend the deadline to provide them an opportunity—

Dr Arthur—No. I said that they had up until that time to submit a particular detail which was the plans. However, they have accepted the obligation to implement the national plan, which contains a large number of elements.

Senator CARR—I have some correspondence here from Mr Phil Gude concerning the benchmarking task force. Have there been any concessions by the Commonwealth in regard to the demands made in that letter, Minister?

Senator Ellison—Which letter are you referring to?

Senator CARR—The letter dated 27 November to you indicating that ministers will not sign off the benchmarks until the benchmarks are validated such that the meaning and interpretation is more precise and less subjective. Has that been agreed to?

Dr Arthur—That letter preceded the MCEETYA meeting.

Senator Ellison—That is out of date.

Senator CARR—It might be out of date, but I am interested in the Commonwealth response. It is not out of date in terms of the estimates process because this was sent after our last meeting. So I have not had the opportunity to ask the question.

Senator Ellison—We resolved the matter at the MCEETYA meeting in December.

Senator CARR—Yes, but in that process did the Commonwealth agree that the benchmarks are guaranteed by assessment and evaluation experts as being able to be interpreted in a consistent manner and to be able to be confidently used as measures of ability in literacy and numeracy?

Dr Arthur—What was agreed at the MCEETYA meeting was that there should be further consultation and development of the benchmarks; that in particular they should be signed off by the various states and territory boards of study; that following that process the benchmarks should be resubmitted; that the spelling, reading and writing benchmarks should be submitted for adoption at the April MCEETYA meeting; that further work should be done on the viewing and listening benchmarks; and that work on the numeracy benchmarks should also continue with a view to adoption for trialling in 1998 at the April meeting.

Senator CARR—These are not exactly very onerous demands being placed on the states in regard to these matters by the sound of it.

Dr Arthur—I do not understand the point of the question.

Senator CARR—The point is that the Commonwealth has backed down in all of this, has it not? You have basically given in to every one of Gude's demands.

Senator Ellison—We do not see that that was different to what we were planning any way. They are both of one accord.

Senator CARR—Is there an agreement about the protocol surrounding the use of the benchmark data?

Dr Arthur—That issue was not the subject of any decision at MCEETYA.

Senator CARR—So there has been no agreement about the protocol surrounding the use of the benchmark data?

Senator Ellison—But I think that is no longer an issue.

Senator CARR—Fine. If that is your response, I am sure Mr Gude will enjoy reading this *Hansard*. Is there an agreement about the procedures for the allocation of the Commonwealth literacy funding money to the states and territories?

Dr Arthur—Did you say the procedures?

Senator CARR—Yes, it says here that there is an agreement about procedures.

Dr Arthur—The procedures by which the funds are allocated, if that refers to the mechanisms by which the funds are allocated, were brought into place at the beginning of the current quadrennium and have not changed.

Senator CARR—So you are satisfied that that is not one? You have not backed down on that?

Dr Arthur—There was no decision taken on that issue at MCEETYA.

Senator CARR—Will the state and territory reports on detailed literacy programs be available to the committee when they are provided to the Commonwealth?

Dr Arthur—I would need to take that on notice.

Senator Ellison—We would have to take that on notice.

Senator CARR—What possible objection would you have to providing those to the committee?

Senator Ellison—It depends on the states.

Senator CARR—If the states did not mind you would give them to the committee.

Senator Ellison—That is right. Obviously, they might provide them to us in confidence. That is pre-empting how they might provide the information to us.

Senator CARR—So subject to that agreement, you would not mind providing them to us?

Senator Ellison—If the states are in agreement I cannot see any problem.

Senator CARR—We will probably get a copy anyway.

Senator Ellison—You have been doing pretty well up until now.

Senator CARR—We are doing reasonably well. Can you advise the committee what progress has been made in terms of the special education review?

Dr Arthur—The special education review is proceeding. The report is now with the members of the committee for final clearance and I would expect that it would be submitted to the minister shortly.

Senator CARR—Will that report be available to the committee when you have received it, Minister?

Senator Ellison—It will have to be considered by government. After consideration by government, I would imagine it could be released.

Senator CARR—How much did the review cost?

Dr Arthur—I would have to take that on notice.

Senator CARR—Is it the case that the review explores different ways of allocating per capita moneys for special education?

Dr Arthur—The review is primarily concerned with the allocative mechanisms for special education. There are two main elements of that. One is a per capita mechanism and the other is a number of effectively block mechanisms.

Senator CARR—So, it does.

Dr Arthur—Yes.

Senator CARR—In relation to the answer to question 484 on the issue of class sizes—and I would have thought that the issue of literacy and numeracy was directly related to the issue of class sizes—can I indicate to you, Minister, that I do not think that this is a reasonable answer. Is the government concerned about the continuous rise in class sizes in primary schools?

Senator Ellison—I will just have a look at the answer that you are referring to, if I may. I do not see why the answer is not satisfactory. It is a state matter. Whilst it is always desirable to have lower class sizes, as the answer says the states can raise the concern with the Commonwealth and to date the states have not raised that.

Senator CARR—I would be surprised if they did raise the matter with you. In terms of measuring educational outcomes, I would have thought that there would be a correlation between the learning environment—class sizes in particular—and the attainment of literacy and numeracy levels. Would you not agree?

Senator Ellison—We do have advice it is inconclusive that class size is a sole contributor to significant improvements in educational attainment.

Senator CARR—What is the nature of that advice?

Senator Ellison—The advice I have is that, in relation to the United States, the class size is only relevant to the attainment of the students where you have a significant decrease in the class size. That is one school of thought.

Senator CARR—And you are prepared to accept that school of thought?

Senator Ellison—No, I am just saying that that is a school of thought. You are approaching it on the basis that class size reduction is an irrefutable contributor towards higher education attainment. Of course, what you have to do is also look at the teaching skills that are being provided or are available. It is not just a question on its own that results in higher education attainment.

Senator CARR—So it is not the Commonwealth's intention to raise the issue in the context of developing state literacy action plans?

Senator Ellison—It has not been raised with us and we are not raising it with the states because that is a state area.

Senator CARR—I put a question on notice eight months ago and I am still awaiting an answer. It was question No. 610. It relates to a response to information I sought from Dr Kemp's office. My question is No. 220 of 4 June 1997 and No. 376 of August 1997. Given that it has now been eight months, can I assume that the minister is in fact refusing to answer the question?

Senator Ellison—No you cannot.

Senator CARR—It just says here Dr Kemp's office is considering a response. I am wondering how long you think I can expect to wait to get a response from Dr Kemp. At what point do you think it would be reasonable for me to assume that he does not intend to respond. As I say, it has been eight months.

Senator ELLISON—I just want to clarify the date of the answer that you received to 610.

Senator CARR—There was an answer to question 610 and it related to questions I had previously asked, which had been referred to Dr Kemp's office from August and June last year, where I was advised by the department that these were matters the minister was considering.

Senator ELLISON—I think I can sort things out, Senator Carr. On 24 December I responded to the letter concerned. I have got a copy of it here and I would be happy for you to have a copy of that with the attachment. But I really think, looking at the date of 610, that it predated my reply, which was 24 December. I think your answer was given on 17 December, so my reply actually superseded matters and the relevance of Dr Kemp's response now is a matter of history.

Senator CARR—I will have to read that; thank you very much for your response. I have some other questions relating to the announcements made regarding youth allowance and other such questions. Before I do that, might I ask Mr Buckskin some questions regarding indigenous students programs?

CHAIR—Under program 1.2?

Senator CARR—Yes. Is it possible for you to provide the committee with full details of each of the projects funded as part of the \$20 million funding package announced by Dr Kemp on 5 December?

Mr Buckskin—Yes, Senator.

Senator CARR—I understand it is of benefit to 15,000 indigenous students in non-government schools and pre-schools across Australia, is that the case?

Mr Buckskin—Yes, and also the VET sector.

Senator CARR—How many are there in the VET sector?

Mr Buckskin—I think around about 3,000 to 4,000.

Senator CARR—Across all states?

Mr Buckskin—Yes.

Senator CARR—How many pre-schoolers would benefit from this?

Mr Buckskin—I think it is about 12,000.

Senator CARR—This is in fact under the indigenous education strategic initiatives program for new equipment, facilities and curriculum programs.

Mr Buckskin—Yes.

Senator CARR—It is for buses and the like. It includes housing for teachers as well?

Mr Buckskin—Yes.

Senator CARR—Why are you funding teacher housing out of this particular project?

Mr Buckskin—We decided to have a set of guidelines, which the minister approved, to fund activities which had no other source of funding from the Commonwealth.

Senator CARR—So it is convenient?

Mr Buckskin—Approving teacher housing in remote communities attracts teachers, therefore it increases opportunities for educational resources.

Senator CARR—I am not arguing about spending money on teacher housing. The committee was fortunate to go to East Arnhem Land late last year and I saw the conditions under which people were living, actually in tents, so I am not complaining about expenditure of the moneys for teacher housing in this area. I am just wondering why, as you say, there was no other mechanism to fund the program.

Senator ELLISON—It is also a question of it being a package in the delivery of the initiative. Because it is in a remote area, sometimes you cannot supply a computer or aspects of education when there is nothing to go with it, so that is part of the rationale as well.

Senator CARR—Has the Commonwealth made current indigenous education agreements with any or all of the state and territory governments?

Mr Buckskin—Yes, with every state and territory government, both in the VET sector as well as the school sector.

Senator CARR—How much money is involved in these programs covered by these agreements?

Mr Buckskin—Around \$80 million plus.

Senator CARR—To what time periods do they relate?

Mr Buckskin—To a triennium, to the year 2000.

Senator CARR—They are all fairly recent.

Mr Buckskin—From 1997 to 1999.

Senator CARR—Do they require specific outcomes or targets in return for the Commonwealth funds?

Mr Buckskin—Yes they do.

Senator CARR—How are those outcomes measured?

Mr Buckskin—They are measured by the states and territories setting their own targets and a percentage increase. They also identify a whole range of their own performance indicators that cover a number of areas like curriculum professional development, literacy and numeracy, the employment of indigenous staff and the professional development of non-indigenous and indigenous staff.

Senator CARR—Can we have copies of those agreements?

Mr Buckskin—Yes you can.

Senator CARR—All of these agreements are public documents, are they?

Mr Evans—I do not believe that they are on the public record.

Senator CARR—I take it that they are available to the committee?

Mr Evans—I predict that the document itself is a fairly generic document. Would you be happy if we gave you one rather than giving you eight agreements?

Senator CARR—Are you telling me that they are similar in nature?

Mr Evans—I believe they are similar in nature. As you would expect with any agreement with state governments, there can be some slight variations.

Senator CARR—Why can't I have all eight?

Mr Buckskin—I cannot see any reason why you cannot.

Senator CARR—Thank you, that is pretty straightforward then. In regard to the announcement that was made on 5 December about the \$20 million, is it possible to get the details of the name of the school, the amount, the objectives of the project, and the number of students expected to be assisted with each of those projects?

Mr Buckskin—Yes. The non-government sector was only the first part of the Commonwealth's response to the strategic results element of the indigenous education program. The minister will have before him this week the government sector submissions that have been presented by state and territory governments for consideration.

Senator CARR—That is still part of the \$20 million, isn't it?

Mr Buckskin—No, an additional \$10 million will be—

Senator CARR—So there is \$30 million all up for this particular initiative?

Mr Buckskin—Yes.

Senator CARR—Has that \$10 million been announced?

Mr Buckskin—No, the submission is to go to the minister this week.

Senator CARR—Thank you.

CHAIR—Are you ready to move to the next program?

Senator CARR—I am still on subprogram 1.2.

Senator Ellison—Have we finished with the indigenous education section so that Mr Buckskin can go?

Senator CARR—Yes, thank you. Minister, have you seen the reports that the Queensland government has costed the impact of the youth allowance, in terms of 16- and 17-year-olds coming back to school, at \$7,000 per student? If it were around 27,000 students, that would mean that the states and territories would need an additional \$189 million in extra support. Have you seen the reports of the claims by the Queensland government of the figure of \$7,000 per student place?

Senator Ellison—I have not seen the report, but I am aware of the press reports. I think Dr Arthur might be more across that report.

Dr Arthur—I certainly have not seen that report. I have seen press reports. I have seen one letter—which, at this stage, the minister has not yet seen—from a particular state government containing figures, but I do not have those figures in my head. They are figures computing a cost per student returning to school.

Senator CARR—Do you agree with that figure of \$7,000 per student?

Dr Arthur—As the answer to other questions may have indicated, we do have a breakdown of the number of students who, because of the eligibility requirements of the youth allowance, decide either to return to school or to remain in school. We do not have an analysis of how many of those students would require additional assistance beyond that provided by normal Commonwealth and state sourced funding, and we are not in a position to agree or disagree with a per capita figure for students returning to school.

Senator CARR—I notice that in its annual report the VET sector has put together a unit cost of about \$7,700 per TAFE place. I notice that in the same volume it draws similar sorts of figures for a school place. I notice that it has been able to establish that for university it is about \$12,000 per place, or perhaps a little less. I notice that the Queensland government has reached a figure of \$7,000 per place. I note that the Victorian government, in its submission to the MCEETYA meeting of 11 December 1997 on the question of the Commonwealth youth allowance, seems to imply a cost figure of that amount. Is it not, therefore, reasonable for the Commonwealth to have reached a figure?

Dr Arthur—There are certainly per capita figures for the cost of educating students in schools in Australia. Indeed, the AGSRC is one of the things that addresses those issues. There are, indeed, formulae and those formulae are reflected in the funding arrangements, Commonwealth arrangements, and state sourced funding arrangements for schools in Australia. As, historically, the retention rates in schools ebb and flow, those formulae have applied and have led to funding increases and decreases for Australian schools.

The issue is not the unit cost of educating students, which is comparable to the figures you quoted for TAFE students and higher education students; the issue is: of the cohorts who are affected by the youth allowance, what is the incidence of students who have needs above and beyond those characteristics catered for by normal funding formulae? What is the marginal or opportunity cost of the choices that students are going to make as a result of the youth allowance? As I say, we do not have the ability to analyse those figures with the degree of sophistication which would produce a unit cost flowing from that.

Senator CARR—Why are the Victorians, for instance, able to calculate—presuming no special disadvantage—that the unit cost for 15- to 17-year-old students is around \$7,000, which is specified on page 2 of their submission to MCEETYA, and the Queensland government is

able to calculate a similar figure? My recollection is that it is a figure that the department itself has come up with before. Is that not the case? Have you provided advice to government using a figure similar to that?

Dr Arthur—If you could perhaps point me to the advice, I could comment on that. I might make the general comment that it is perhaps interesting that states and territories are able to cite very clearly what they presumably are alleging is the opportunity cost of one student who remains in school because of the youth allowance but, at the same time, are unable to identify any savings when such a student does not continue in a government school but moves to a non-government school.

Senator CARR—Yes, I am sure that is an irony that will not have escaped you, but the proposition remains that their calculations suggest to me—and the figures that you have agreed on, I understand, given the answers you have given me to questions on notice—that there are approximately 27,000 students that will be affected by these measures.

Dr Arthur—That is our best estimate.

Senator CARR—That is your best estimate, but we all agree that your best estimate is around, in fact a little less than, 27,000. The way I calculated it out is that, at \$7,000 per head and 27,000 students, it is considerably more. In fact, \$189 million in extra supports is required, considerably more than the \$42 million that the Commonwealth has allocated for this particular initiative. Would you agree with that line of argument?

Dr Arthur—If one accepted that the opportunity cost was \$7,000 for each of those students, I would agree. But I do not agree with that. I would point out that all of those students who either return or remain in school will attract Commonwealth recurrent funding under existing per capita formula and will also generate eligibility for the states and territories for a range of other Commonwealth-targeted programs. Also the increase in numbers of students which is attributed to those estimates which occurs over the period we are speculating upon will bring retention rates in government schools somewhere back up to where they have been historically and where previously they were dealt with by the standard funding formulae. The issue is not how many students are going to continue on because there are funding formulae which address that. The issue is: what is the need associated specifically with those students which the Commonwealth has provided measures to address?

Senator CARR—The department provided advice to government back in June suggesting that it would require between \$116 million and \$140 million over four years to meet the various measures that arise from the impact of the youth allowance on schools. Is that the case or not?

Senator Ellison—Are you talking about DEETYA?

Senator CARR—Yes.

Dr Arthur—I am not in a position to comment on that particular document.

Senator CARR—You are not?

Senator Ellison—Perhaps you could provide it to us and we could have a look at it.

Senator CARR—I think you are aware of it, Minister.

Senator Ellison—If you could refresh our memories, we would be most grateful.

Senator CARR—It is a draft cabinet submission.

Senator Ellison—In that case we could not possibly comment on it.

Senator CARR—You could not possibly comment on a draft cabinet submission; I understand that. The point I am making to you, whether or not you can comment on a draft cabinet submission, is that in July 1997 the department thought it was necessary to submit to the government that a figure of between \$116 million and \$140 million over four years would be adequate to meet the demands placed on the school system as a result of the youth allowance being introduced, yet now the government is suggesting that \$42 million all up, of which only \$22 million will actually go to schools, would be adequate. Is that the case?

Senator Ellison—We cannot comment on that.

Senator CARR—You cannot comment on a cabinet submission but can you comment on this: of the \$42 million, only \$22 million will be going to schools. Is that correct?

Dr Arthur—No.

Senator Ellison—No, \$13.5 million will be involved in the jobs pathway and \$6.2 million will be for the new apprenticeship access program, so that is tied up with the whole issue of youth allowance students. When you look at what is to be done with those students, the funding of \$42.6 million will cover the variety of needs that may well have to be met. Some of them might not be just in the classroom sitting down learning reading, writing and arithmetic; they could well be doing other things. It may well be that some of them will be given opportunities to access training in a more formal sense.

Senator CARR—Yes, that might be the case. Minister, can you just repeat those figures? You were saying that the jobs pathway program—

Senator Ellison—The figure for the jobs pathway program is \$13.5 million, with \$6.2 million for the new apprenticeship access program and \$22.6 million for the new full service schools for students at risk.

Senator CARR—In July \$60 million was proposed by the department as being appropriate under the jobs pathway program, which is obviously considerably more than what you provided. I see that the student intervention program has received no moneys.

Senator Ellison—If you are still referring to the cabinet submission, I cannot comment.

Senator CARR—No. Of course you could not comment on a cabinet submission, but the processes of government strike me as odd that in July there could be a concern to provide \$140 million, yet only \$42 million is actually provided.

Senator Ellison—Unfortunately, we cannot even confirm that you have a draft cabinet submission. You might think you have one.

Senator CARR—I might. Yes, that is right, it could be a forgery—I am sure that is the case. Minister, can you confirm for me what a full service school is? Obviously, the minister cannot.

Senator Ellison—You will get a more comprehensive answer from Dr Arthur, who has been dealing with this subject.

Dr Arthur—The name of the program is ‘full service schools for students at risk’. The program is intended to carry out a number of activities which will be of benefit to students, schools and school systems affected by the introduction of the youth allowance. It does not contain within it the definition of a full service school.

Senator CARR—So you do not know what a full service school is?

Dr Arthur—The program is designed to meet a number of objectives. It is designed to fund activities such as employing specialist teachers or counsellors, developing and delivering special courses, assisting students to access other government and community support services,

providing student support, providing professional development for teachers and other staff, supporting liaison with community agencies and providing other support activities. It is designed to provide a range of activities with a high degree of flexibility for local initiative and, indeed, local coordination, so that the full range of needs of students who may be at risk of leaving school early can be met.

Senator CARR—Yes. But, I am sorry, I did not hear from that answer a definition of a full service school.

Dr Arthur—The objective of the program is to provide assistance to students in that age group who may be in need of it; the objective of the program is not to provide a definition of a full service school.

Senator CARR—Then why is it called ‘full service schools’?

Dr Arthur—Because it is a program which will enable schools to provide a full range of services to students who might otherwise be at risk of leaving school early.

Senator CARR—So is this a reinvented STAR program?

Dr Arthur—No, it is not.

Senator CARR—How does it differ.?

Dr Arthur—It differs in that it has a different target group; it differs in that it has local coordination arrangements designed to ensure that this funding is complementary to, and supports, other initiatives—indeed, other funding initiatives—which are available to assist this group. The design of the program certainly does reflect experience learnt with STAR, and it implements a number of measures which emerge from the evaluation of that program.

Senator CARR—If we now agree that there are some 27,000 or 28,000—and I am sorry, I might have been wrong; it might be 28,000—young people who we hope will be students affected by this, are we able to establish then the extent to which those students returning to school will actually be adequately funded?

Dr Arthur—We are now commencing a process of consultation with state and territories, with non-government education authorities and other interested groups, such as the Australian Secondary Principals Association, on the implementation of the program. The whole purpose of those consultations will be to ensure that the program is developed in ways which meet the needs of students. The lead time for the program, given that the effects of the youth allowance on this group has now been deferred to 1 January 1998, is such that we will be able to go through a very careful process of consultation and ensure that we have the ability to fund measures under the program which will meet the needs of the students.

Senator CARR—So you have a bit more time to work out the impact.

Dr Arthur—I did not say to work out the impact; I said to ensure that the program initiatives that are developed are sensitive to local needs and do, in fact, meet the needs of the students.

Senator CARR—But the states claim they already know the needs. For instance, Victoria is claiming that the short-term impact will see the vast majority of 3,000 students who are expected to return to schooling in 1998, mostly from the 15- to 16-year age group, seek a placement in government rather than non-government schools, and that a further 600 are expected to seek a place in VET. Would you agree with those assessments, or not?

Dr Arthur—I certainly do not agree that students will return in 1998. It is likely that significant numbers—and I do not have a state by state breakdown immediately available to

me—would return in 1999. Again, the issue is not so much how many students will be affected by this, but to what extent there are particular needs associated with those students, to what extent those needs are concentrated in particular areas and to what extent there are gaps in existing programs for those kinds of students which need to be filled.

Senator Ellison—The other thing, Senator Carr, is that that I think predates the government's announcement that there be exemption for students from 1 July to the beginning of the school year.

Senator CARR—That is right.

Senator Ellison—So, as for the state reports you have been referring to on the basis of what numbers would be coming back in July this year, of course that is now history because it has been changed to the beginning of the school year next year.

Senator CARR—Yes, Minister, that is a reasonable point you make. But can you confirm that there will be:

. . . some 3,000 people expected to be retained in the school system during 1998 and 1999—

which is stated on the final page of the attachment to the submission—

. . . significant the new arrangements become more widely appreciated—

and that there will be an additional between 600 and 4,100 additional people seeking places in VET. Can you confirm those figures?

Senator Ellison—I am not acquainted with their methodology for arriving at that and, therefore, could not say. The Queensland report you have been putting to us, we have not seen. So we cannot possibly comment on that, without seeing how they arrive at those figures.

Senator CARR—But I take it, Minister, you have seen meeting papers from Melbourne on 11 December.

Dr Arthur—I would just comment that the figures quoted for returning to school—and I cannot comment on the VET figures—would be broadly consistent with a national figure of 28,000. But I repeat: the issue is not the straight number of how many students are returning; it is what special needs need to be addressed.

Senator CARR—But that only goes to the adequacy of the amounts of money that you have provided under these new arrangements—which I would put to you are substantially less than the department has in the past sought from government. What you are putting to me is that the demand is greater, the special needs are actually greater; if the average cost is \$7,000 for a student attending a straight up and down high school place, that they, in fact, demand further resources.

Dr Arthur—Exactly, and the normal process would be, with a student attracting whatever are the unit cost requirements of any student at any school, that those are met by current mechanisms. The issue is exactly what are the additional needs, and we have provided funding specifically to address those additional needs.

Senator CARR—So you are arguing that the per capita funding under the normal recurrent arrangements should be added to these figures?

Dr Arthur—That is certainly one point. I am also saying that it is a fact of life that retention rates in Australia have risen and declined, numbers of students in systems have risen and declined, and they have been met by the mechanisms which are in place in terms of Commonwealth funding and arrangements that state government education authorities have with their own treasuries for funding of education.

Senator CARR—But this is a substantially different program from anything we have seen before. What this government is doing—and I commend them for it—is actually raising the school leaving age. Effectively that is what the impact is. You may not be doing it on a legislative basis. You may not be prohibiting people from being in other than a school or training institution if they are less than 18, but that is the impact of this. That is what you are saying: there will be an additional 27,000 people in our training and educational institutions by the year 2000—that is, persons under the age of 18.

Dr Arthur—That is the estimate we are working from.

Senator CARR—That is the calculation you are making. They are a special group of people. They require additional resourcing. Clearly your advice to government has been recognised by the department in the past in regard to the particular needs of students who face massive disadvantages. That is why they are out of the education system now. Would you concede that or not?

Dr Arthur—We have certainly conceded that some of them will require additional assistance and funding has been provided to address that need.

Senator Ellison—You cannot say every single one of them will be in that category, Senator Carr. It depends on the circumstances. That is an unknown variable. It is impossible to form a prognostication at this stage for each case in point of the 27,000—if it is 27,000. But certainly, in that number of people there will be people who do require special attention.

Senator CARR—I thought it would be self-evident that the program will require schools to cater for students who have been disaffected by the education system and have, as a result of social and other factors often associated with poverty, not been successful with the education system. The point is that that requires additional resources from governments to meet those special needs. I am putting it to you, Minister, that the department has acknowledged that there is a demand there which would require expenditure of \$140 million for which you have only provided \$42 million. I am wondering how we reconcile those two propositions.

Senator Ellison—I disagree that the Commonwealth's response is insufficient and, once again, if you are referring to something that purports to be a cabinet document, I cannot comment.

Dr Arthur—A point of clarification: as you are well aware, the number of 28,000 is composed of estimations of those students who are likely to return and those students who would make a choice, which they might not have otherwise made, to remain at school. So it is not simply that you are dealing with students who have already been disaffected.

Senator CARR—There would not be too many in the category.

Dr Arthur—No, the breakdown we are working on is that of those 28,000 some 12,000 are estimated to be returnees and the rest would be retainees.

Senator CARR—Obviously we will pursue this matter. When is this legislation coming before the parliament?

Senator Ellison—In the autumn sittings, I understand.

Senator CARR—So you expect that the government will pursue it in the autumn sittings?

Senator Ellison—Yes.

Senator CARR—Have the states responded to the Prime Minister's announcement of 28 January concerning the common youth allowance, Minister? Have there been any representations from the states to that announcement?

Senator Ellison—There has not been any correspondence. I have seen one or two press comments where it has been welcomed. I think the state Minister for Education in Western Australia, Mr Barnett, welcomed it. There were some other comments; I do not readily recall who made them. But that is about the sum total of it. The Secondary Principals Association, ASPA, welcomed it and said that it was very good.

Senator CARR—Has there been any communication from schools with the Commonwealth government in relation to these issues, particularly those schools in areas where it is likely that there would be a significant number of re-enrollees or returnees?

Dr Arthur—We have communicated with all state, territory and non-government education authorities. There has not been direct communications with individual schools but I would not expect that at this stage. There will certainly be a process of consultation which will involve discussions with schools and clusters of schools on the detail of the implementation of the full service schools initiative.

Senator CARR—When will that consultation take place?

Dr Arthur—The consultations with the states and territories are commencing now and part of those consultations is to agree on the timetable for further consultations.

Senator CARR—Will you be able to advise the committee on the nature of any such efforts?

Dr Arthur—Yes, as the process goes through we can certainly discuss it.

Senator CARR—Please do that, particularly given that the legislation is coming before the parliament.

[10.37 p.m.]

Program 2—Higher education policy

Program 2.1—Higher education system

Senator CARR—Could you provide me with figures for the amount of money that was collected from up-front payments of HECS in the full year 1996-97.

Mr Mutton—I am not sure if we have answered that in a question on notice, Senator. You asked quite a lot of questions of that nature last time. I cannot recall if that was specifically one. If we have not, we will provide an answer.

Senator CARR—There are a number of issues I will need to canvass, some of which I may well have canvassed in other areas. If I have, I apologise, but could you draw my attention to that answer.

Mr Mutton—Question No. 490 asked what up-front payments of HECS totalled in 1996-97 and then in 1997-98 to 2000-01. They range from \$208 million in 1996-97 through to \$304 million in 2000-01. The full answer is in question No. 490.

Senator CARR—Thank you very much. Can you indicate to me how much HECS, paid independently of the tax system but not up front, amounted to in the full year 1996-97. Presumably you will remind me of which question I have already asked that under.

Mr Mutton—I am not sure I understood the question.

Senator CARR—Paid independently of the tax system but not up front.

Mr Mutton—Unless I am missing something, it is either one or the other. There are voluntary payments which you can make after the census date and, if you pay more than \$500,

there is a discount of 15 per cent. There is an answer to that question. It is No. 493, if that is what you are getting at.

Senator CARR—Thank you. That covers that very well. In the answer to No. 590, regarding RMIT and the reduction in HECS funded places in the business program and in applied science, as I read your answer you are essentially saying that, because the university as a whole is providing an appropriate number of HECS funded places, individual departments are not in breach of the guidelines in reducing the HECS funded places. Is that the way it works?

Mr Gallagher—You may be confusing two different matters here. The first is whether RMIT was deliberately reducing its publicly funded places to make room for fee paying students. The answer goes to the outcome of our discussions with RMIT, which went to the fact that they were over-enrolled—substantially in business, as it happened—and sought to manage their position better against the new policy for marginal payment for under- and over-enrolment. That is for the institution at large.

The second matter of the 25 per cent relates to enrolments in a particular award course, and that is not affected by this. The fee paying offerings were less than six per cent of business places.

Senator CARR—That is overall business. So you do not believe they are in breach of the guidelines in regard to business? What about applied science?

Mr Gallagher—Applied science: 1.3 per cent.

Senator CARR—You do not believe that is in breach of the guidelines?

Mr Gallagher—It is certainly not 25 per cent.

Senator CARR—I will return to the answer to question No. 494, where you are suggesting that in the department's view there is a predicted growth in HECS debts from 1997 to 2001 of 73 per cent while in the same period you are predicting a drop in the number of HECS debtors of three per cent. Is that the case? I am wondering how we can reconcile those two figures.

Mr Mutton—Would you repeat the figures as I have just found the question?

Senator CARR—You are suggesting there is a 73 per cent increase in the growth of HECS debts. Is that right?

Mr Mutton—Yes. I have not done the figure but that looks all right.

Senator CARR—In the same period there is a predicted drop in the number of HECS debtors of three per cent. Is that right?

Mr Mutton—Yes.

Senator CARR—How can you explain that?

Mr Mutton—Differential HECS. Firstly, there are increasing numbers of students and, secondly, they are paying more increasingly over time as differential HECS works through.

Senator CARR—In regard to question No. 492, I asked on what basis had DEETYA calculated or estimated the number of payers of HECS debts through the tax system until the year 2000-01 for the projections that were provided in response to question 492. How far is this increase in payment expected to be due to the lower threshold or repayment?

Mr Mutton—Substantially so, because of the lower threshold.

Senator CARR—What other considerations were regarded as relevant in making this estimate?

Mr Mutton—I am not sure that I was involved in the making of the estimate. I could take that on notice, but when I asked the question the answer was that it was substantially related to the threshold coming down.

Senator CARR—Of what order? You say ‘substantially’. To what effect is ‘substantially’ in this context?

Mr Mutton—I was simply asking what were the principal things resulting in such big increases, and that was the answer that I had.

Senator CARR—In answer to question No. 491, you provide estimates of the number of students who have elected to pay their HECS charge up front to the year 2000. You say the estimates are based on the assumption that a constant 29 per cent of students will continue to pay up front. Is that correct?

Mr Mutton—Yes.

Senator CARR—Do you believe that, despite an increase in the level of HECS charges, the same proportion of students will continue to pay?

Mr Mutton—It is a working estimate. I think we have to wait and see what the experience is this year.

Senator CARR—What is the assumption?

Mr Mutton—The assumption is that it will not change—on the basis that we do not know what factors might be at work. Some people might be more inclined to pay, given the debt will increase, and others, given that the up front payment is greater, may be deterred. In part for that reason the government decided that it would provide a discount for payments of more than \$500 up front rather than the whole amount up front.

Senator CARR—Do you believe that, as a result of increases in charges, some students will choose to defer payments? Will that have an impact on that calculation?

Mr Mutton—The assumption here is that it will stay the same, but we have to see the experience before we determine that.

Senator CARR—Are there any other assumptions that the department has relied upon in drawing this conclusion?

Mr Mutton—I think it is simply a working assumption. In the absence of clear implications one way or the other we would maintain the same percentage.

Senator CARR—That is your view.

Mr Mutton—We do not know.

Senator CARR—That is your best guess, and no-one else has been able to provide you with a better guess?

Mr Mutton—That is right.

Senator CARR—Fair enough. Recently in Victoria there has been some discussion about proposed changes to teacher education. Mr Gallagher, can you provide the committee with any advice on the amounts of money that the state of Victoria pays towards teacher education at Victorian universities?

Mr Gallagher—I will have to take that on notice.

Senator CARR—Thank you. As I understand from sources, the state is now providing less than one per cent of the operating moneys for universities. Is that the department’s estimate?

Mr Gallagher—In aggregate, but you may recall that a couple of years ago the state government of Victoria injected some additional growth places for a period of time.

Senator CARR—How much was that?

Mr Gallagher—I think it was a three-year sunset program. I will have to check the figures.

Senator CARR—As for the general proposition of states now providing one per cent of moneys towards the universities' operating costs, would that be correct or not?

Mr Mutton—That would be tops.

Senator CARR—Tops?

Mr Mutton—Yes. I will see if I can find a figure.

Senator CARR—Thank you. So in regard to the teacher education programs the situation is not likely to be any different? So the departments of education in universities are not likely to attract any additional moneys?

Mr Gallagher—For professional development there are state contributions.

Senator CARR—Yes, but for the training of teachers—that is, the initial training?

Mr Gallagher—For initial undergraduate teacher education that is almost—

Senator CARR—It is actually postgraduate, by and large, but there would be some undergraduate. I agree they are concurrent degrees. But are you aware of any additional moneys provided by state government?

Mr Gallagher—No.

Senator CARR—So the estimate of one per cent tops would be about right in your judgment?

Mr Gallagher—It would be in that ballpark, yes.

Senator CARR—There has been a public debate in recent times regarding the number of universities that have enrolled up-front fee paying Australian undergraduate students. I understand that eight public universities are now engaging in such programs. Is that correct?

Mr Mutton—There are seven, with another introducing that from mid-year.

Senator CARR—So it is seven currently but it will be eight within a few months?

Mr Mutton—Yes.

Senator CARR—Are you able to provide the committee with advice on the number of applicants for up-front fee paying places by course and institution?

Mr Mutton—I do not think we can provide it by course and institution—probably by state.

Senator CARR—You can provide it by state but not by course or institution?

Mr Mutton—I do not think so. I seem to recall someone saying that the Victorian ones were being treated as a whole.

Mr Gallagher—I can give you state figures.

Senator CARR—If you would not mind. I would seek those. I would take any advice you could provide.

Mr Gallagher—Do you want them here?

Senator CARR—Yes. I am interested in the report that appeared in the *Campus Review*. If you have them here in a tabled form, I will take them if they are available. Are they able to be tabled?

Senator Ellison—There is no problem with that.

Senator CARR—I noticed a report in the *Campus Review* of 11 February. Mr Gallagher, are you aware of the claims made by Carolyn Allport in the *Campus Review* of 11 February suggesting that the number of students engaged in up-front undergraduate fee paying courses would involve revenues of no more than \$5 million across Australia?

Mr Gallagher—I recall the article. I do not know on what basis—

Senator Ellison—Do you have a copy of it there? It might be of assistance to us.

Senator CARR—The secretary has gone off with a copy of the article, presumably to photocopy it for you. I had a copy for you. The hour is late.

Senator Ellison—Do you want to move on to the next question while we wait?

Senator CARR—We might come back to it on Friday. What I am seeking from you is whether you would agree with those assessments of the numbers.

Mr Mutton—We cannot know the numbers or the mix and therefore the revenue for some time yet. Universities projected 1,300 undergraduate fee paying places in 1998, and we estimated on some rough average assumptions that that would produce revenue of \$13 million.

Senator CARR—I would ask you to examine the claims made in the article printed in *Campus Review* of 11 February which details, basically state by state, university by university, the number of places offered and the number of acceptances, which I presume Dr Allport has information on. I ask whether the department can give me their assessment of the veracity of those claims.

Mr Mutton—I do not think we can prove something we do not know yet or will not know by Friday, but we can give what we do know.

Senator CARR—That is basically what I would be seeking from you.

Mr Mutton—The processes have not been completed for determining who is enrolled but they shortly will.

Senator CARR—It is claimed, for instance, that the number of first round offers for the University of New South Wales is 21; Monash, 175; University of Sydney, 60; Adelaide, 12; University of Melbourne, 220—of which 200 were in fact scholarships; Deakin, 50; RMIT, 29; and CQU, none.

Mr Mutton—CQU is the one that has not started yet—mid-year.

Senator CARR—It has been proposed that on that basis there will be a revenue of \$5 million, so I seek some assessment from you on that matter. Perhaps, Minister, given the hour, we might want to—

Senator Ellison—Is there any chance of finishing 2.1 tonight?

Senator CARR—No. I suggest we adjourn the consideration of the program until Friday.

CHAIR—This hearing will now adjourn until Friday morning. As per the program for Friday, it will be 9 o'clock to 3.45. We will consider the rest of program 2, program 5 and program 6. Program 4 will be considered in the following week, as will those aspects of program 6 that relate to program 4.

Senator CARR—And other matters relating to the question of consultancies. I am sorry to pursue this but we have had difficulties in this committee and before on these matters. That is why I wanted to be clear.

Senator Ellison—It is on the record that it will be dealt with on Friday of next week, not Friday of this week.

CHAIR—Although the schedule indicates that this coming Friday we are to start at nine, the minister has made a request that we start earlier. Do we need to have a private meeting about this?

Senator CARR—No. What time do you want to start?

Senator Ellison—At 8.30.

CHAIR—Is that agreed?

Senator CARR—Yes.

CHAIR—We will continue with program 2 at 8.30 this coming Friday.

Committee adjourned at 11.01 p.m.