



COMMONWEALTH OF AUSTRALIA

SENATE

Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING
LEGISLATION COMMITTEE

Consideration of Estimates

WEDNESDAY, 10 JUNE 1998

CANBERRA

BY AUTHORITY OF THE SENATE
CANBERRA 1998

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

CONTENTS

WEDNESDAY, 10 JUNE

Department of Employment, Education, Training and Youth Affairs—	
Program 3—Vocational education and training —	
Subprogram 3.2—National vocational education and training systems	196
Subprogram 3.1—Industry training support	227
Program 1—Schools—	
Subprogram 1.1—General assistance	250
Subprogram 1.2—Targeted assistance	274
Program 2—Higher education—Subprogram 2.1—Higher education system	301
Program 5—Student assistance	324
Program 6—Youth policy and support	328
Program 7—International	332

SENATE

EMPLOYMENT, EDUCATION AND TRAINING LEGISLATION COMMITTEE

Wednesday, 10 June 1998

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

Substitute members: Senator Evans to substitute for the committee's consideration of the 1998-99 budget estimates

Senators in attendance: Senators Allison, Crowley, Chris Evans, Ferris, Mackay, Synon and Tierney

Committee met at 9.08 a.m.

**DEPARTMENT OF EMPLOYMENT, EDUCATION, TRAINING AND YOUTH
AFFAIRS**

Proposed expenditure, \$2,394,960,000 (Document A)

Proposed provision, \$85,802,000 (Document B)

In Attendance

Senator Ellison, Minister for Schools, Vocational Education and Training

Department of Employment, Education, Training and Youth Affairs

Mr Steve Sedgwick, Secretary

Mr Wayne Gibbons, Deputy Secretary

Mr Peter Grant, Deputy Secretary

Program 1—Schools

Mr Chris Evans, Acting First Assistant Secretary, Schools Division

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

Ms Aurora Andruska, Assistant Secretary, Schools Resources Branch

Mr Peter Buckskin, Assistant Secretary, Indigenous Education Branch

Mr Matt Davies, Director, IESIP Section

Mr Bruce Furze, Director, Financial Management Section, AEDA Section

Mr Michael Goonrey, Director, General Recurrent Grants Section

Ms Denise Jefferson, Acting Assistant Secretary, Budget and Coordination Branch

Ms Mary Johnston, Assistant Secretary, Quality Schooling Branch

Ms Helen Tracey, Director, Review and Development Section

Program 2—Higher Education

Mr Michael Gallagher, First Assistant Secretary, Higher Education Division

Ms Jenni Gordon, Assistant Secretary, Research Branch

Ms Jennifer Ledger, Acting Assistant Secretary, National Office of Overseas Skills Recognition

Ms Marion McDowell, Director, Public Funding Section

Ms Stella Morahan, Director, Private Funding Section

Mr Bill Mutton, Assistant Secretary, Funding Branch

NBEET

Ms Mary Lovett, Executive Director

Mr Terry Barnes, Executive Officer

Program 3—Vocational Education and Training

Mr Tony Greer, First Assistant Secretary, Vocational Education and Training Division

Mr Peter Dowling, Acting Assistant Secretary, Entry Level Training Programmes Branch

Mr Rod Manns, Acting Assistant Secretary, Entry Level Training and Programmes Branch

Ms Lorraine White, Assistant Secretary, Industry Policy Branch

Mr Paul Cowan, Director, New Apprenticeship Centre Policy and Operation Section

Mr Phil Potterton, Assistant Secretary, Entry Level Training Programs Branch

ANTA

Mr Terry Moran, Chief Executive Officer

Mr Chris Eccles, General Manager

Ms Jan Johnman, Director, Resources and Management

Mr Peter Noonan, General Manager

Program 4—Employment

Employment and Purchasing Division

Mr Ian Campbell, First Assistant Secretary, Employment Purchasing Division

Mr Michael Burton, Acting Assistant Secretary, Job Network Management Branch

Ms Sheila Butler, Assistant Secretary, Programme Management Branch

Mr Bob Harvey, Assistant Secretary, Employment Market Development Branch

Mr Russell Patterson, Assistant Secretary, Indigenous Employment Initiatives Branch

Mr Finn Pratt, Assistant Secretary, Development and Analysis Branch

Ms Leslie Riggs, Assistant Secretary, Resources and Analysis Branch

Mr John Rowling, Assistant Secretary, Job Seeker Services Branch

Mr Stuart Anh-Thu, Director, Budget Management Section

Employment National

Mr Don Swan, Chairman

Mr Rod Halstead

Employment Services Regulatory Authority

Mr Deny Martin, Chief Executive Officer

Program 5—Student Assistance

Program 6—Student and Youth Support

Program 7—International

Mr Colin Walters, First Assistant Secretary, Youth, Students and Social Policy Division

Ms Frances Davies, Assistant Secretary, Youth Bureau

Ms Barbara Bennett, Assistant Secretary, International Policy Branch

Mr Mylinh Hardham, Assistant Secretary, Equity and Participation Branch

Mr Adrian Van Leest, Acting Assistant Secretary, AEI Branch

Dr Peter Whitney, Assistant Secretary, Student Assistance Policy Branch

Cross Portfolio Responsibility

Analysis and Evaluation Division

Ms Linda Lipp, Acting First Assistant Secretary, Analysis and Evaluation Division

Mr Denis Hart, Director, Occupational and Skills Analysis Section

Mr Lucio Krbavac, Director, Special Projects Section

Mr Ivan Neville, Director, Regional Analysis and Policy 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 Adrian Fordham, Acting Assistant Secretary, Operations Branch

Mr Pat Watson, Acting Assistant Secretary, Finance Branch

Systems Division

Mr John Burston, First Assistant Secretary, Systems Division

Human Resources Division

Mr Bill Burmester, First Assistant Secretary, Human Resources Division

Ms Marsha Milliken, Assistant Secretary, Workplace Relations Team

Mr Tony Swift, Acting Assistant Secretary, Admin Services Bureau

Legal and Review Division

Mr Brian McMillan, General Counsel, Legal and Review Division

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

Secretariat

Finance Branch

Mr Robert Hesterman

Mr Nigel Packwood

Department of Finance

Ms Louise Kamp

Ms Katherine Campbell

Mr Eddy Wojcik

CHAIR—I declare open this Senate estimates hearing. We completed program 4 last night. We are now moving to Program 3—Vocational Education and Training. Before we move on to subprogram 3.2, the first program, I believe that the minister has some information on questions placed on notice yesterday.

Senator Ellison—Yes, we have a couple of answers to questions on notice. We are working on the other ones and will hopefully have them to you as soon as we have answers for them. Mr Burmester has two answers for two of the questions on notice.

Mr Burmester—There are two answers from yesterday. One was the value of the contract for Knight Frank Price Waterhouse for managing our property. The contract is for \$7.2 million over three years. That was the estimated total price. However, it is based on a component of a set fee plus a sliding scale for the number of properties that they manage. So we do not know the final outcome of that contract. But in the first 12 months of the contract, from January 1997 to January 1998, the fee was \$2 million.

The other answer is in relation to Hinds Work Force Research, which conducted the staff survey. The question was whether it was an open tender. It was a select tender, with Hinds Work Force Research being the only company approached, as we had decided to use the proprietary product that they have on offer, which is the employee motivation and productivity index, because it gave a benchmark against 30,000 Australian employees. So it gave us a benchmark on which we could make judgments about our relative position.

[9.10 a.m.]

Program 3—Vocational education and training

Subprogram 3.2—National vocational education and training systems

Senator CROWLEY—This is definitely not in this program, but I wish to ask the minister a general question to open the batting. Mr Chairman, if it is totally inappropriate you can rule that way. Minister, you have recently provided to the Senate two government responses to two reports that we have written—one on adult and community education and Not a level playing field. There is another report outstanding since July 1996—Childhood matters. I wondered if you could tell us when that report might be coming down. I am not sure if I have asked about this at every estimates committee, but certainly at a lot. It is very out of date now.

Senator Ellison—I am working on that. I share your concern as to responses to reports in the Senate that are outstanding. In relation to the other two reports, I have endeavoured to bring them to a conclusion as quickly as possible. I might be able to give you some more detail if I have the relevant officers inquire into where we are at the moment with that particular report. Off the top of my head, I cannot tell you now.

Senator CROWLEY—The last I heard, it had been sent off to the Department of Health.

Senator Ellison—If you will bear with me, I will make those inquiries. It is beyond the time required, and I take your point.

CHAIR—Minister, I pay tribute to your diligence in responding to these reports compared to the previous Labor government. Several of the reports were several years old. One of them we never got a response to.

Senator CROWLEY—I wanted to follow up with some questions about the Institute for Aboriginal Development and the state of play of that money. Some \$15 million, as I understand it, had been approved for the redevelopment of capital facilities.

Senator Ellison—This deals with the IAD in Alice Springs and the current matter pending between the Northern Territory government and, I think, the IAD. That is the question you are asking, Senator Crowley?

Senator CROWLEY—I think that is not a bad description of the state of play, although the information I have been provided with says that all systems were ready to go. There has

been a long process of sorting this through in the Northern Territory and the previous minister had expressed his respect for the board's decision and thought it was ready to go. The new minister has a different attitude, apparently. My concern is: if the federal government approves dollars to be paid for work in the Northern Territory, to what extent do you allow the Northern Territory government to obstruct that?

Senator Ellison—It is not quite as simple as that. The matter does involve ANTA and the ministerial council in relation to training. I have indicated to both parties that it is not an area where the Commonwealth has the jurisdiction to order where, when or how the money should be spent. I think Mr Moran can perhaps tell you how it works in relation to the funds being disbursed from ANTA and perhaps he can assist you there as well.

Mr Moran—The funds, totalling \$2.6 million, were approved for the first stage of the IAD development in Alice Springs. The money goes to the actual building works, not to the selection of a site. There has been a discussion between the IAD itself and the Northern Territory government as to which site the building should be put on, with the IAD preferring the site it currently occupies and the Northern Territory government arguing that it is in the broader interest that the building be constructed adjacent to the Centralian College, also in Alice Springs.

It is not just a question of this program but site acquisition generally. Site selection for capital facilities for vocational education and training has been and still is a matter that state and territory governments look after. In fact, if new land is required they normally buy that land themselves out of their own resources rather than out of Commonwealth funds.

Senator CROWLEY—Are you saying that in general the Commonwealth may approve an application for capital works for an organisation only to find that the state government can then intrude and have a different view?

Mr Moran—Under the guidelines for this particular program—you mentioned a sum of \$15 million before; that is \$15 million over three years, so \$5 million in each of those years—the capital funds were not distributed as they normally are on close to a population share basis. Rather, they were to be made available for individual projects involving private providers of vocational education and training to Aboriginal and Torres Strait Islander communities but made available to those projects through state and territory authorities, as has always been the case with vocational education and training programs. So the administering authority is the Northern Territory Training Authority and, therefore, the responsible minister is at the Northern Territory level.

Senator CROWLEY—Could you understand the Institute for Aboriginal Development's frustration? I read here that the previous minister, Minister Finch, had after extensive consultation agreed to the redevelopment of the current site rather than the other location. On the basis of that undertaking, extensive design work had been carried out and planning approval obtained. The letter I have states that it is apposite to note that the Northern Territory government has yet to contribute one dollar to the capital works program, although in fact it does generously support Alice Springs capital works for church related educational activities. That may be an irrelevance but I suppose it sets a context. The previous minister had gone through a long process with the IAD. It was ticked off. Is that of no concern to you?

Mr Moran—Senator, I well and truly understand what you are saying, but the difficulty I am in is that the ANTA arrangements leave with the Northern Territory government, as with other state and territory governments, a level of responsibility as to the details of what happens. Ultimately, we cannot go to the Northern Territory government and say, 'We hear what you

want to do but we think you should do something different. Do it, please.' The Northern Territory government, as with other governments, has the running on these sort of location issues and that is against practice going back 15 or more years.

Senator CROWLEY—The problem is that the people involved have jumped through all the hurdles. They have examined land—they have looked at all sorts of things—examined it closely, gone through all the traps with the minister who approved it all, and now they have a new minister and they have been told to start again. In the meantime, your commitment for training facilities and extra assistance that way is being obstructed. I know you cannot tell people what to do.

Mr Moran—Senator, in effect, you are trying to hold me accountable for the decisions and actions of the Northern Territory government which, obviously, is not possible. The Northern Territory government is, I am sure, aware of the concerns of the IAD. When I have been approached by representatives of the IAD, I have said that I feel that they have to really pursue discussions with the Northern Territory government to find a solution. My last suggestion to the representatives of the IAD some weeks ago was that they seek to agree with the Northern Territory government on a mediator who could look at the issue and offer independent advice as to what should happen. It should not be forgotten that there are in fact arguments in support of what the Northern Territory government wants to do, just as there are arguments in favour of what the IAD wants to do. It is one of those difficult cases in which there is a strong rational argument on both sides.

Senator CROWLEY—That is all very true, Mr Moran. Are you actually telling me that the federal government has no capacity to lean, cajole, coax, cudgel?

Mr Moran—I am not saying that at all. I am simply saying that, at the end of the day, for a long time it has been accepted that state and territory governments have the principal call on the purchase and provision of sites.

Senator CROWLEY—You have the principal call on the money.

Mr Moran—For capital investments involving vocational education and training. The funding of buildings and equipment to go on those sites has been and still is a shared matter between the Commonwealth and the states and territories. I think one statement you made, Senator, was that the Northern Territory government had not put any money into capital works. In fact, they have and continue to put a substantial amount of money, relatively speaking, from their own sources into the capital development of vocational education and training in the Northern Territory.

Senator CROWLEY—I am absolutely sure all that is true. I am talking about this particular case, Mr Moran. No doubt it is true that the Northern Territory government has assisted with the building of God knows what, but for some considerable time there has been no development or no expenditure of these dollars which were allocated to provide facilities in which training could be provided for the Aboriginal community in Alice Springs.

Mr Moran—That is correct.

Senator CROWLEY—Through the IAD.

Mr Moran—That is correct.

Senator CROWLEY—I am just interested in what else you can tell me you might do. As I understand, the IAD has approached Minister Kemp. Can you tell me what would be the outcome of those discussions, Minister Ellison?

Senator Ellison—They approached me.

Senator CROWLEY—I am sorry. Please tell me about your conversation.

Senator Ellison—I said that I would look into it. I can say to you that the Commonwealth has no jurisdiction in this matter. I have urged both parties to try to sort out the matter. ANTA is in a similar position. It is part of the agreement that it ends. Once that grant is made, it is a matter between the state and territory governments and the bodies concerned. One thing that has happened, which is contrary to some reports that this money has been dissipated or will be resumed in some way—lost—whilst this dispute is ongoing, I understand—and perhaps Mr Moran could correct me if I am wrong—is that the money is being held for this purpose and that it has not been resumed or withdrawn for the purchase of other things or into general revenue. That has been preserved. It is the Commonwealth's view that this is a matter for the parties concerned. It does not have the ability to cudgel, as you say, in any way.

Senator CROWLEY—Not even—

Senator Ellison—It is really for the parties concerned to try to sort it out, but that is as far as we can go because it is simply beyond our jurisdiction. It would be like me trying to tell a state police department how to run its business. I have no power.

Senator CROWLEY—I am not wide-eyed about this, and I am sure that if you were you are not any more. There are plenty of ways in which the Commonwealth government can assist and persuade people to sort out their differences, but I have some concerns. First of all, can you tell me, Mr Moran, about the building works? You say money is in the building works; is that right?

Mr Moran—You mean the purpose for which the money would be spent?

Senator CROWLEY—No. You told me that the \$2.6m was provided to building works, not to the site—is that what you told me?

Mr Moran—My understanding—and I will check this—is that the money has been made available for the actual construction and equipping of a facility rather than for the cost of purchasing land upon which that facility would be built.

Senator CROWLEY—I see what you mean. Goodness gracious, I am glad I asked. Where is that money?

Mr Moran—I should clarify the point. The practice under the infrastructure program for vocational education and training which the Commonwealth has long funded has always been that the site for a new campus or a new building is selected and purchased by the state or territory authority. In the case of the IAD, I assume that the existing IAD site on which they would prefer to build the structure is already owned by the IAD, but I do not have the details available to me here; I could check that out. I also assume that the site adjacent to the Centralian College is actually owned by the Northern Territory. But, in any event, the \$2.6m is not inclusive of funds to pay for land.

Senator CROWLEY—Where is that money?

Mr Moran—That money is part of the \$200 million per year infrastructure program funded by the Commonwealth through ANTA. The minister has said that money is not lost to the IAD and that is achieved by how the cash flows under that \$200 million program are managed from year to year. I might also add that, were the Northern Territory to want to use that \$2.6m for a purpose other than the IAD, they would have to actually come back to ANTA against the guidelines agreed by the ministerial council for this particular program; they could not of their own accord reallocate the funds to other communities.

Senator CROWLEY—Where is the money? Does the Commonwealth have it or has the Northern Territory Minister for Finance got a beady eye on it?

Mr Moran—It has not been paid to the Northern Territory.

Senator CROWLEY—So in fact—

Mr Moran—As far as I am aware, it has not been paid to the Northern Territory.

Senator CROWLEY—This I think would be a help to any of those people who, as you say, Minister, would want to say that the money has gone up in smoke. How long will the Commonwealth hold it?

Mr Moran—I think it is open for the money to be held against this project for some little while yet, but obviously it cannot go on forever.

Senator CROWLEY—What is your reasonable figure for a little while yet?

Mr Moran—I think they should sort it out by the end of this year.

Senator CROWLEY—If they do not?

Mr Moran—There would then have to be a review of the use of this \$2.6m. Could I go back to the purpose of this particular program? It is \$5m a year specifically for the purpose of significant providers of vocational education and training to Aboriginal and Torres Strait Islander communities. There are other providers to Aboriginal and Torres Strait Islander communities who would wish to be funded for the purpose of facilities—some in the Northern Territory and some elsewhere. If there cannot be some sort of an agreement within a reasonable time between the Northern Territory government and the IAD, then I think I would have to go to the ANTA board and say that this has been going on for some time, that their use of the money ought to be revisited against the broader purposes of this program either within the Northern Territory or elsewhere.

Senator CROWLEY—Do you have any alternative capacity to assist an institution such as the IAD with capital funding?

Mr Moran—Also within the infrastructure program there is a separate small skill centre program. But in the past that skill centre program has not been the source of amounts of money equivalent to what has already been agreed, that is, the \$2.6 million for the IAD. Theoretically, one could look to assisting the IAD through the skill centre money, but it would not yield a grant of the order of \$2.6 million. Typically, that money is in the range of \$500,000 or perhaps \$1 million.

Senator CROWLEY—Is there any other way in which you can assist it with \$2.6 million?

Mr Moran—Any other way?

Senator CROWLEY—Yes.

Mr Moran—All of the Commonwealth capital money, whether it is for the general TAFE infrastructure program, the skill centre program, the Aboriginal and Torres Strait Islander private providers program or the VET in schools program—all of those four programs which draw on the \$200 million per year from the Commonwealth—is administered through the state and territory authorities. So even if we were to say that theoretically one could look at another program in order to support the IAD, we would still be talking with the Northern Territory government about how that money would be used.

Senator CROWLEY—For example, is there no way through ATSIC?

Mr Moran—We do not provide any funds to ATSIC. I know that the minister is sympathetic, and I can assure you that ANTA is sympathetic to the position of the IAD, but the minister has rightly said that against the history of how these programs are administered this is an issue that basically has to be sorted out between the Northern Territory government and the IAD. Going back to your point about the pressure, at the end of the day they have to do it within a reasonable period, otherwise in prudence we would be obliged to look at some alternative use of the money.

Senator CROWLEY—As you described that, Mr Moran, I was thinking that that form of words would persuade the territory governments very nicely. When might you have such conversations?

Mr Moran—With whom? With the Northern Territory government?

Senator CROWLEY—Yes.

Mr Moran—At the moment, my understanding is that the Northern Territory authorities and the IAD are in discussions. I have had a brief discussion with the CEO of the Northern Territory authority as well as with the CEO of the IAD. At this stage, all I have done is encourage people to talk.

Senator CROWLEY—Would you agree that the IAD has done a considerable amount of work to try to sort this out already and that it had cleared it with the previous minister?

Mr Moran—I am not well enough acquainted with the facts of the matter to be sure of that. Having said that, I must say that in general terms I regard the senior people at the IAD as highly professional and able. It would be most surprising if they had not provided for the proper planning of the facilities on which the \$2.6 million sourced ultimately from the Commonwealth is to be spent.

Senator CROWLEY—This is a hypothetical. If a state or territory government proposed X site for the building of an ANTA which was completely abhorrent to you—that is, the federal government—would you have one of those chats?

Mr Moran—Abhorrence is not something that we often face.

Senator CROWLEY—You are not driven to it?

Senator CHRIS EVANS—That is not true, Mr Moran; I have seen you at estimates committees before!

Senator CROWLEY—Thank you very much, Mr Evans!

Mr Moran—ANTA is a servant of Commonwealth, state and territory governments. Basically, we seek to run a process by which any one state or territory and the Commonwealth government can agree on how to proceed. It is a complex process not only on the capital side but also on the recurrent side, as members of this committee would know. Basically, it is very seldom that we end up in the sorts of difficulties that you are describing.

Senator CROWLEY—As to say ‘driven to abhorrence’ about the inappropriateness of a site—

Mr Moran—‘Abhorrent’ is not a word I would use in this context. I think we would seldom find ourselves in a position where there is really a disagreement between, in this case, a private provider anticipating support for a structure and a government—in this case the Northern Territory government—and the responsibility for administering the funds that would provide that structure.

Senator CROWLEY—So what you are saying is: yes, the money is there, the Commonwealth still has that; no, it has not been used, frittered away or dissipated.

Mr Moran—We never dissipate money.

Senator CROWLEY—You do not? I might see you afterwards for a full explanation of that claim, Mr Moran.

Mr Moran—Can I stress, Senator, that I am sure that the Commonwealth minister and we also would be keen to see a resolution of the matter some time this year.

Senator CROWLEY—You seem to be suggesting that, if there was not a resolution very soon, there are other calls for other Aboriginal and Torres Strait Islander ANTA needs that may be outside of the Northern Territory.

Mr Moran—There are indeed, yes—as well as in the Northern Territory, I might say. There are other providers of vocational education and training to Aboriginal communities in the Northern Territory that would possibly seek to benefit from this program.

Senator CROWLEY—That may not punish the Northern Territory or, at least, persuade them so much. I understand how very, very frustrated the IAD would be, because they have done this work. They have talked with you. You approved the people, the project and what they are planning to do. It is all ready to go. It has gone through an extensive process with the previous minister. Now for some reason—do you have any idea what that reason is or do you stay away from that?

Mr Moran—I have some inkling of the concerns of the Northern Territory government. I think that in part they are motivated by issues of efficiency. They believe that if the IAD is located adjacent to Centralian, the IAD will be in a position to draw on a range of services already provided at public expense through Centralian, which would, if provided separately on another site for the IAD, involve public expense beyond what could be achieved. I have not looked into—and I do not know that anybody in ANTA has looked into—the details of that view. There may well be other issues on the mind of the Northern Territory authorities. I could see an argument from an efficiency perspective, but I could also see the IAD's argument about the position of an Aboriginal community organisation that wants to operate in a particular way. So I stress, Senator, that there are arguments on both sides. In those circumstances, the best way through is for a constructive discussion between both sides as to a way forward.

Senator CROWLEY—The IAD also points out that, if they do offer a separate location for this training, then that is to extend a little bit the diversity of education experiences that are then available. I think there is a case in your department at the moment through the job network for decentralised provision of services.

Mr Moran—I think that is separate from ANTA. That is more a matter for DEETYA in the employment services area.

Senator CROWLEY—So the left hand of the department does not necessarily think like the right hand?

Mr Moran—We are not part of the department. We are a separate statutory authority. I am answerable to a board, which in turn advises a ministerial council chaired by the Commonwealth but which comprises ministers from states and territories as well as the Commonwealth.

Senator CROWLEY—I suspect that we have to leave it there. Minister, if there were any further information on this, I would certainly be pleased—as perhaps the committee would—if you could provide anything further about the latest state of play. I am never sure whether I

should be asking you, Mr Moran, or the minister—but through you, Minister, because I think, as you have said, effectively this has taken long enough.

Senator CHRIS EVANS—I indicate at the start that—I think the department is already aware—Senator Carr will not be joining us on this occasion. I gather that has been greeted with some relief in departmental circles. Before you get too relaxed, it is fair to say that Senator Carr has asked me to sit in for him on this occasion and has provided me with extensive briefing notes to questions he wished to be asked. I suspect that, with my lack of background and the corporate knowledge that Senator Carr brings, we might be a little quicker in dealing with those issues today, but I do not promise.

I thought a good starting point would be a little discussion about the new ANTA agreement. Perhaps someone could start by taking me through the budget figures, because I am a bit confused about this issue of maintenance of real funding. I note from the joint communique, which I think announced the agreement, that the Commonwealth's commitment to maintaining current levels of funding in real terms applies to the funding appropriated under the Vocational Education and Training Funding Act 1992 in respect of 1998, amounting to \$890.585 million. I do not find that figure leaping out at me in the budget papers. I see a figure of \$910 million as compared with estimated expenditure this year of \$933 million. The cynic in me says: where is the maintenance of real funding? Perhaps someone could take me through this.

Mr Manns—The funding through the ANTA arrangements is appropriated on a calendar year basis. The budget papers, of course, are presented on a financial year basis. That often leads to some difficulty in reconciling the two, but I can assure you that the commitment given in the ANTA agreement has been met. The figure \$890.585 million for 1998 has in fact been increased through the application of the usual cost movement indices. For calendar year 1998, \$904.144 million will actually be appropriated.

Senator CHRIS EVANS—You are saying to me that what was spent in calendar year 1997 was \$890 million?

Mr Manns—No, \$890.585 million was the amount foreshadowed for calendar year 1998 in last year's budget prices, in effect. That figure has now been indexed up for calendar year 1998 to reflect current year prices and, as I say, will be legislated at \$904.144 million when the VET Funding Act is amended in the usual way later this year.

Senator CHRIS EVANS—So when it was proposed last year as the future year's outlays for 1998, it was just used in 1997 dollars?

Mr Manns—That is right—in the budget prices that applied at last year's budget.

Senator CHRIS EVANS—What index have you applied to this figure?

Mr Manns—It is the index that applies to a range of Commonwealth specific purpose payments to the states and territories that are of a running costs nature, as I believe it is described. It is a composite index that is made up of partially the Treasury measure of underlying inflation and partially the safety net adjustment factor, which reflects wage movements, effectively. The balance between those two parts of the indices is slightly different as it is applied to the recurrent component and the capital component because of the different impact of wages, in effect, on those two components of the total grant. It is a standard index.

Senator CHRIS EVANS—I was just checking that it was not a particular education based index.

Mr Manns—No.

Senator CHRIS EVANS—So the figure of \$910.923 million is what you think will be actually expended in the 1998-99 financial year, but the calendar year 1998 we think is \$904 million.

Mr Manns—It is \$904.144 million.

Senator CHRIS EVANS—And have you got the outyears in calendar years?

Mr Manns—It is entirely flat at this stage, \$904.144 million, and then we will come along each year and index that up as the price index is applied.

Senator CHRIS EVANS—And you are using as the base this \$890 million, which is estimated as what will be spent this calendar year?

Mr Manns—Indeed actually appropriated as at last year's budget time. Because the funds are appropriated for the calendar year and go over the budget period, if you like, we come back in later during the calendar year and index them up. It is a standard arrangement.

Senator CHRIS EVANS—So I will not find that \$890 million in last year's budget papers either, will I?

Mr Manns—No, you will not. You will find it in the legislation that was actually introduced into the parliament.

Senator CROWLEY—Why is the money for a calendar year different from the money for any other year? Is it the same 12 months? Tell me why you have a big difference.

Mr Manns—There are two factors, Senator. Firstly, from time to time budget measures which are applied to this particular appropriation will have an impact in one half or other of a financial year and not necessarily in the other half because the money is treated as a calendar year appropriation. Secondly, each year for the purposes of the budget papers an estimate is made of the cash flow—how much will actually be spent out of that calendar year appropriation in the two halves of the financial year. That can wobble around from time to time.

To give you an example, if you look at the financial year figures for 1998-99 and 1999-2000 that are reported in this year's budget papers, you might think there is a drop-off in funding, but in fact the 1998-99 figure includes the full amount of the indexation applied to calendar year 1998 funds because it is all made available in the second half of the financial year. So it looks like there is more money in that financial year than in the next, but it is simply an artefact of the timing of the availability of the indexation.

They are the basic reasons. I can understand your frustration on this point, but I think that for the VET Funding Act purposes it is always the best thing to look at the actual legislation, where the funds are appropriated.

Senator CHRIS EVANS—Throw this away and then—

Mr Manns—Not throw it away. It is an inevitable consequence of the fact that the moneys are appropriated on a different basis from normal.

Senator CHRIS EVANS—I do not mean to sound harsh, but it is a bit hard to follow. Is that the explanation you are using for why in 1997-98 we look to have spent \$933 million and we are only going to spend \$910 million in 1998-99?

Mr Manns—No, I mentioned to Senator Crowley that there were two reasons, usually, why the financial year figures might change. One is this abstruse indexation arrangement, the timing of the payment of that and the cash flow variations. The other is the impact of budget measures. In last year's budget, there was a reduction in funding between calendar 1997 and

calendar 1998. So that figure is also in the two financial years that you have just mentioned. You may recall that there was a \$20 million efficiency incentive applied as between calendar 1997 and calendar 1998. That, of course, does affect the financial years 1997-98 and 1998-99.

Senator CHRIS EVANS—Why would that reduction result in the 1997-98 figure being inflated?

Mr Manns—It does not result in it being inflated. Half of the reduction occurs in the second half of that financial year but not in the first half. So the first half is higher than the second half, if you see what I mean. In the following financial year, the reduction figures, if you like, in both halves of the financial year.

Senator CHRIS EVANS—That explains why we end up with the \$933 million in 1997-98? I thought I understood what you were saying, but it does not lead me to that conclusion. You are saying to me that there is a difference between calendar years and financial years. I accept all that.

Mr Manns—Yes.

Senator CHRIS EVANS—But it seems to me, on the face of it and not being a mathematical genius—I am happy to be corrected—in comparing financial year 1997-98 with 1989-99, we are comparing like with like, apples with apples. So those things that you tell me about the differences between calendar years and financial years should not apply. So I start from that basis and I say: you tell me in these budget papers that we have spent \$933 million in one year and we are spending \$910 million the next.

Mr Manns—We are not actually comparing like with like because, as I explained, funding in calendar 1998 as a result of a budget measure last year was lower than in calendar 1997. That measure has only a half-year effect in the financial year 1997-98 but a full-year effect, if you like, in the financial year 1998-99.

Senator CHRIS EVANS—I understand that. That makes sense. That is not to say that I follow—

Mr Manns—That is part of the reason.

Senator CHRIS EVANS—Because it seems to me, therefore, that that would explain half of a \$20 million discrepancy.

Mr Manns—Ten million.

Senator CHRIS EVANS—Yes, but I have a \$23 million discrepancy here.

Mr Manns—I understand that there is, again, also some cash flow issues that I have alluded to earlier. I have not got the fine detail of the figures in front of me, I am afraid. Can I make the general point, as I have made before, that the variation between the financial years can be explained basically by three factors: impact of budget measures such as the one we have just described, the timing of the availability of the supplementation, and the estimated cash flow variations across the two halves of the calendar year. I am happy to—

Senator CHRIS EVANS—Would it be too difficult for you to produce a piece of paper which provided the chart of calendar year and financial year expenditure, say, for the last couple and the projected next couple?

Mr Manns—Certainly, we can do that, yes.

Senator CHRIS EVANS—I do not want to put you to any extra work, but I would be interested to actually get them so I am comparing like with like.

Mr Manns—Yes.

Senator CHRIS EVANS—Secondly, if you could provide, if you can, any explanation beyond the \$10 million as to why I am not correct in thinking that the budget has dropped by \$23 million?

Mr Manns—I have already explained that the indexation is made available in the second half of the financial year, and there is \$13 million involved in that. So the \$13 million and the \$10 million gives you a total of \$23 million. Then there is also some impact of the scheduling of the payments across the two financial years. But I am happy to provide that in a chart form. I think that would be easiest.

Senator CHRIS EVANS—All right. I am not trying to put you to any extra work. If you could produce that in a way that explains it? Obviously, the New South Wales government would appreciate it. From what I have seen of their press releases, they do not understand it.

Mr Manns—They sometimes do not bother to ask us the question. If I can come back to my initial point and give you the reassurance that the actual appropriation for the calendar years does fully reflect the commitment given in the ANTA agreement to maintain that level of funding and it is actually higher than \$890.585 million. It will be \$904 million as a result of indexing that number up. So there is no going backwards.

Senator CHRIS EVANS—The figures in the out years will be flat currently at the \$904 million?

Mr Manns—At current prices, yes.

Senator CHRIS EVANS—But they will be indexed according to the index that you have—

Mr Manns—That is right.

Senator CHRIS EVANS—Can you provide me with a brief description of that index as well or just the official name of it?

Mr Manns—Yes.

Senator CHRIS EVANS—It is just that there are so many indexes floating around. I know that, in the education area, they have some particular ones I want. I am not trying to put you to extra work; I just want to be able to understand it.

Senator CROWLEY—Minister, on page 61 of this report, the second last paragraph, Commonwealth/state ministers, ‘Under this agreement the Commonwealth will maintain funding in real terms of \$904,144.’ That inadvertently happens to be the same figure.

Mr Manns—That is million.

Senator Ellison—That is million.

Senator CROWLEY—I thought it might have been. I just brought that to your attention. That might need correcting. Jolly small amount that you are managing with this year. I am very chuffed.

Senator Ellison—We will note that. Thank you for that. I might just say that, pursuant to Senator Evans’ questioning, I will explore the possibility of having, for future PBS documents, perhaps a graph to be included to make it easier to look at how the financial and calendar years fit in. That has been a source of confusion in other areas. It makes these documents more helpful. I must say that this new one does have some good points in it. It is more user friendly than they used to be.

Senator CHRIS EVANS—Yes, I think that it would be useful if the calendar year allocations—they are much more commonly understood over the industry as being the

allocations—were represented as well. That might be helpful. I do not know whether, with the preparation of the budget papers, that is immediately available or easily done.

Mr Grant—Senator Evans, could I just mention that many of the same issues that Mr Manns has covered in answer to your questions thus far this morning will also arise in relation to other programs later in the hearings, for example, in relation to schools and higher education in particular. We can come to those matters separately, of course.

Senator CHRIS EVANS—I have in front of me a media release put out to me by the New South Wales minister, where he makes similar points about the other areas. As I say, I was not really working off that at the moment; I was trying to reconcile the figures in the agreement and the budget papers as the starting point. You are saying to me that the critique that he provides is flawed in the sense that the same thing applies to those other areas?

Mr Grant—Indeed, indeed—certainly in some respects.

Senator CHRIS EVANS—Although I gather that in some of the other areas a range of other issues, in fact, have different indexes as well.

Mr Grant—That is so. It is not identical to the set of considerations that Mr Manns has mentioned.

Senator CHRIS EVANS—We will leave that discussion.

Senator CROWLEY—Do your specific purpose payment adjustments for recurrent funding include a per capita component?

Mr Manns—I am not sure what you mean by that.

Senator CROWLEY—Per head of population. Do the bigger states get more?

Mr Manns—The index is applied to the total amount of money available for allocation by ANTA. It does not go to the allocation of those funds as between states and territories. That is entirely a matter for the ministerial council. So the total is indexed by the single index that Treasury applies.

Senator CROWLEY—I will find out some more about the index another time. If there is anything further that you can provide on that, that would be welcome, too.

Senator CHRIS EVANS—Is it possible to get the growth targets for the next three years by state or territory as agreed under the ANTA agreement? Are they available?

Mr Moran—The growth to be achieved is negotiated on an annual basis. We have a figure for 1998. Later this year we will have negotiations with the states and territories about the growth to be achieved in 1999. One state did propose numbers over three years but agreed that, at the ministerial council which considered growth for efficiency, the ministerial council would be asked to approve only 1998 numbers, even in its case.

Senator CHRIS EVANS—So when did you approve the 1998 numbers?

Mr Moran—At the ministerial council meeting in April this year.

Senator CHRIS EVANS—Do you have those available?

Mr Moran—In broad terms, 44,000 additional student places in 1998 will be provided as a result of the growth for efficiency negotiations.

Senator CHRIS EVANS—I was interested in the state breakdown.

Mr Moran—We could provide that information, but I do not have a simple table with me that I could make available to you.

Senator CHRIS EVANS—Senator Carr is very interested in the state breakdowns. If you could provide them, that would be very useful.

Mr Moran—We will do our best.

Senator CHRIS EVANS—You will only be able to do that for 1998?

Mr Moran—Yes.

Senator CHRIS EVANS—When will you agree on the growth targets for 1999?

Mr Moran—At their May ministerial council meeting, ministers agreed that, when they met in November, they would consider at that point both the VET plans for each state and territory in 1999 and the growth through efficiency proposals for each state and territory affecting 1999 as well.

Senator CHRIS EVANS—I am told that the new ANTA agreement has a revision in its key objectives from ‘increased investment in training by industry’ to ‘increasing investment in training’. Is there some significance that we should place on that?

Mr Moran—There is always some significance in the use of words, but I do not attach any huge significance to this. When consulting with industry in the course of preparing the national strategy, industry representatives made it plain that the way in which the objective to which you refer had been worded seemed to suggest that government might seek to move things which it currently funded itself to industry at industry’s cost. It was therefore agreed that, as that was not the intention, the words should be changed so as not to imply that government wanted to vacate certain areas of responsibility in favour of industry paying more.

Senator CHRIS EVANS—It is not a reflection of what seems to be the reality of a reduced industry investment in training?

Mr Moran—You are referring here to the ABS survey. That was not the issue. It was more the issue that I have described. In fact, I met with representatives of employer organisations who were concerned about the point that I have just raised. They suggested that a rewording could deal with the problem that they saw. It was also the fact that, in preparing the national strategy—and Mr Noonan might want to add to this—it became apparent that the previous wording of that objective distorted the thrust of the national strategy. We found that, when we negotiated with officials about the drafting of the national strategy, we actually got a better result when we changed the objective in the way that you have indicated, because we were then able to put under that revised objective more information about how Australia is going and where we need to go in the future as a whole, irrespective of whether industry or somebody else pays for it.

Senator CHRIS EVANS—My interest was not so much in the semantics—although, as I understand it, you had reasons for finally choosing the words that were used. I am more interested in what this says about falling industry investment in training. Do you accept that that is the reality?

Mr Moran—I think the total expenditure by industry is up. But it is then a question of what happens when you break it up by employee and so forth. In fact, when you break it up by industry, some industries are up and some are down. So it is a mixed picture. Unfortunately, I do not have all the details of that survey with me today, but I have certainly used some of that material myself in presentations on where things are going in vocational education and training. The decline in expenditure per employee in industries where it has actually happened is noticeable but not huge.

Senator CHRIS EVANS—One of the figures I have is that the number of employers providing structured training fell from 22.6 per cent in 1993 to 17.7 per cent in 1996. That is a fairly serious—

Mr Moran—As I said, I have not brought all the figures with me.

Senator CHRIS EVANS—Can we accept that I am not fibbing to you and that that is the right figure?

Mr Moran—It would never occur to me that you would.

Senator CHRIS EVANS—You are obviously aware of the general trend. I am not trying to tie you down to a discussion of percentage points. I am trying to get a response. It is interesting that we have a fall in investment in training by industry. We have a semantic change in the ANTA agreement, which you say is for good reasons, which are obviously to do with sensitivities of interests involved. However, I am more interested in what we are doing about arresting the decline in investment by industry.

Mr Moran—If that is the question, then I think Mr Noonan is able to add to my remarks. The fundamental approach that ANTA has recommended to governments is that industry's willingness to train and its involvement in vocational education and training will increase if the system becomes more user friendly and more responsive to industry as the principal client. That is why so much emphasis has been placed on the new national training framework, including training packages and the Australian recognition framework, and also on things such as new apprenticeships and user choice. What we see, for example, in a comparison which we are just completing at the moment—of the 1995 and 1997 employer satisfaction surveys—is actually an increase in the proportion of employers who agreed with the statement that the VET system is providing graduates with skills appropriate to employers.

In the earlier survey, about 56 per cent of employers agreed with the statement and 25 per cent disagreed with it, but in the latest survey in 1997 we saw a marked improvement from that 56 per cent to 65 per cent and a decline in the number disagreeing with the statement from 25 per cent to 19 per cent. I am not trying to get into a debate about statistics or anything like that, but we take some heart from this, because it seems to be suggesting that the structural reforms which have been occurring in vocational education and training are having some sort of a pay-off in terms of employers' perceptions of the system, its responsiveness and flexibility. That being the case, we would hope over time to see an improvement in the proportion of employers undertaking structured training.

Senator CHRIS EVANS—My immediate reaction—and I am being a bit argumentative, if you like—is that you are expert on the survey of employer attitudes and statistics but a little hazy about the ABS analysis of the reality of the fall-off in investments. It seems to me that that is more hope than anything else. You say that you see some light in that, but we have discussed the actual hard facts of a significant reduction in investment by key industries. If you couple that with the federal government not having any growth funding in the VET area and you have the states funding growth through savings, that does not strike me as a terribly rosy picture. You quoted to me a survey which is of some value, but I put to you that it is perhaps not as valuable as an analysis of what is actually happening in the industry and what is happening in terms of investment.

Mr Moran—One has to look for an explanation as to why there might have been a decline in actual expenditures by firms in some industries. I do not know that. I have not yet read of anybody analysing that survey, comparing it with the earlier one and offering a particular view as to why there has been a decline, but one factor that is generally discussed within vocational

education and training is the suspension of the training guarantee, for example, which occurred between the first survey and the second survey. I could not say, however, if that is definitely the case and, if so, what proportion of the decline in some industries is attributable to that suspension of the training guarantee.

Having made that point, however, could I just stress an earlier point I made, which is that we have pinned our hopes for increased involvement by firms on vocational education and training whether structured or otherwise in an attempt to make the vocational education and training system far less opaque, if I could put it in those terms, and far more responsive to firms. You are right to say that, in quoting that employer survey, I am really saying that the early signs are that it is working. Anyway, Mr Noonan might want to add to what I have said.

Senator CHRIS EVANS—So the early signs are working? They are—

Mr Moran—We are coming up with a system that is less of a horrible ride for firms that want to get involved in structured vocational education and training.

Mr Noonan—I just wanted to briefly add that the basis of the objective of increasing industry investment has not been abandoned in the national strategy. It has been encompassed as a specific section within a broader heading of increased investment, but there is still a very strong focus on industry's role and contribution in increasing the total national investment in training. As Mr Moran said, it was really to make that section of the strategy a much broader and more encompassing message about what the country needed to do generally and to not just focus on industry specifically, but the industry's specific role is still contained quite strongly in the strategy.

Senator CHRIS EVANS—I accept that; that is what the strategy says, but what else is being done to lift investment and training in Australia other than this user friendly approach, which we hope will lift it? Have other concrete steps been taken to lift investment and training?

Mr Moran—Perhaps Mr Noonan could inform the committee of the work being done through the industry training advisory bodies to promote within their respective industries a greater involvement in vocational education and training.

Mr Noonan—The strategy basically is to broaden the range of products and services that are available to industry from vocational education and training within industry sectors where there is already substantial provision, such as some of the traditional provisions—building, engineering and so on—to extend structured training into new areas. Some quite interesting and dare I say exciting developments are happening in some of the traditional industries, but probably the more substantial shift will be extensions into new areas such as transport and distribution, telecommunications, information technology and the whole of agriculture. It is basically creating a whole range of new training packages leading to national qualifications and, in many cases, for the first time providing structured training for industries. Some of that will be addressed through government funding for VET programs in the normal way, but we are also expecting an increase in industry investment in those products and services as a result of the way that the programs have been put together, that is, basically by industry itself rather than by training providers.

Senator CHRIS EVANS—Haven't those problems been going on for some time, though?

Mr Noonan—Not really. The training package process—the contracting of the training packages commenced basically at the beginning of last year, and the package process is now rolling out in full in terms of the numbers which are being endorsed and those which are being

developed. It is basically a complete revamp of structured training across all industry sectors, so it is probably going to take two or three years before it is completed.

Senator CHRIS EVANS—We had the curriculum development issue, traineeships and all those other things happening over the last few years. I forget how long ago it was now, but I certainly remember when we were doing the firefighter national standards and all that sort of stuff. It was many years ago now. This is a development on a continuum, isn't it, rather than a—

Mr Noonan—It is a development on a continuum, but it is a quite radical break from the past which is that the standards to which you are referring in the firefighting area became unequivocally the national benchmark for national qualifications. That was not the case in the past. But there has been a significant extension of those standards and national qualifications into existing industries and into new industries. I think we have previously provided the committee with a schedule of the roll-out of training packages and we can provide further information on the progress that has been achieved if that would be of interest.

Senator CHRIS EVANS—I accept that the ABS statistics are fairly old in the sense that they relate to the period 1993 to 1996. My point is that there has been a continuum in the development of national standards, training packages, traineeships and what have you, yet we still seem to be witnessing a decline in industry investment in training. I am not convinced—and I am playing devil's advocate—that what you are doing, although worthy, worth while and useful, is actually arresting what the ABS tells us is a decline in industry investment in training. Neither you nor Mr Moran has gone so far as to say it is. I think there is a bit of a hope there. You are saying that this will help. Are we seriously maintaining that that will be enough, or are we accepting that maybe this is the way the world is now and industry investment in training will not be as strong as it was in the past? I am trying to get a feel for what we think is really happening. How do we compare in this respect with other OECD countries?

Mr Moran—This is a complicated set of questions. We think that the precondition for an improvement is to get the broad structural arrangements for the system fixed. The national training framework and the other reforms which were mentioned make a significant contribution towards doing that. But it also raises other issues which have not been mentioned, such as the ability of TAFE institutes to operate more independently at the state level so that they can respond at the local level to the needs of their industries. For example, there is now plenty of evidence to show that where a TAFE institute operates independently it can establish relationships with individual firms in its area and help them with their training, both to the benefit of the firms and to the commercial benefit of the TAFE institutes as well; they receive money from the firms for doing those sorts of things.

One has to get the structural issues right. At a national level, we believe that that is now the case. In some states there is still a little way to go in terms of the position of TAFE within those states. That having been said, there is then an issue of how you motivate individual firms to take advantage of the new arrangements. As my earlier comment suggested, we have operated on the basis that our best means of achieving that is through the industry training advisory bodies. But we believe also that at a local level TAFE institutes and other providers that have been freed up will do a very good job of getting firms involved in better approaches to training for their work force. There are significant differences between the states at the moment in terms of how well TAFE institutes are doing that for the firms that they serve in their state or region.

Our hope would be that getting the broader reforms properly in place, continuing to press—sometimes to the discomfort of some people—on the issue of the independence and importance of TAFE institutes and, finally, making sure that the firms in a particular industry receive a clear message about how they can take advantage of the reforms is the best way to approach the issue. Having made those general points, there are a number of specific things that we are still working on with industry and the commonwealth, state and territory officials that need to be finally resolved.

For example, assessment is still a bit of an issue. Most states and territories are a bit worried about who pays for what as we improve the approach to assessment that is available within vocational education and training. There is a corresponding problem in terms of industries understanding how these new approaches to assessment, which are part of the training packages that Mr Noonan mentioned before, might play out at the level of the firm and so on. There is a policy task and an implementation task, which we are halfway through. If we can get that sorted out, that will help as well. There are other examples of those sorts of issues that are of some importance to people within vocational education and training but are really to do with the internal operations of the system and, therefore, probably seem a bit arcane from the perspective of, say, industry people sitting outside the sector or perhaps even senators coming to terms with how the sector is changing.

Senator CHRIS EVANS—I will leave that discussion there. Senator Crowley, this does not mean that you have to leave this discussion here. What are you doing to measure industry investment in training? It concerns me that the ABS figures could reveal that we have had quite a significant decline in a whole range of key industries between 1993 and 1996 and yet those figures were not available until 1998. If your hopes are not fulfilled and the investment continues to fall, given what is also occurring in terms of government investment, when are we going to know about that? When are we going to know that what we are doing is not working, given that it has taken until 1998 to find out about what happened between 1993 and 1996? The lag creates a problem. What monitoring are we doing to make sure that if there is an ongoing problem we can deal with it?

Mr Moran—You have put your finger on one of the singular achievements of the most recent ministerial council meeting and one of the things that I am most proud of this year.

Senator CHRIS EVANS—It was not in the press release.

Senator CROWLEY—Please tell us.

Mr Moran—When the national strategy is released by Senator Ellison in two or three weeks time, it will have within it the new seven key performance measures that all governments have agreed for vocational education and training in Australia. One of those measures, the second key performance measure, deals with developing measures of the stock of skills within the work force and how that changes over time. There is still a bit of a way to go on some of the technical issues associated with how you do that. We think we had an approach to doing that, but some of the states and territories thought our approach could be improved upon. We have to do some further work and we will be going back to ministers on this key performance measure later in the year.

Senator CHRIS EVANS—Will that reflect investment?

Mr Moran—It is focusing ultimately on outputs and outcomes which, say, from the perspective of this committee, has been over time one of the points that you have pressed us on. You have said that we should place more emphasis on measuring outputs and outcomes in vocational education and training and less emphasis on measuring activity through annual

hours of curriculum. The good news is that the decisions at the May ministerial council will take some very substantial steps in the direction of moving to a new outputs and outcomes based approach to measuring achievement in vocational education and training. Through the second key performance measure, the approach will extend beyond the traditional realm of publicly funded vocational education and training.

Senator CROWLEY—I wish to follow up on some questions that Senator Evans asked that I do not think were answered fully. For example, how do we compare with the other OECD countries in terms of industry investment?

Mr Moran—I do not know that there is any comparable data on industry investment between OECD countries. I could be wrong about that. I will check it. I have not seen any.

Senator CROWLEY—If you could find anything, Mr Moran, that would be very useful. If not exactly that, something close to it might be helpful.

Mr Moran—The OECD puts out a great volume of material on basically the stock of qualifications within OECD countries. There is a reference to that material in the national strategy which will be released in two or three weeks.

Senator CROWLEY—We are talking industry investment, not stockpiles of qualifications. I think there is a bit of a difference.

Mr Moran—I was just trying to be helpful. You asked whether there was anything else. I told you what we have been able to come up with.

Senator CROWLEY—I am glad that you are being helpful, Mr Moran. I would never suspect otherwise. While you are being helpful, could you also be specific and try to look at industry investment, if there is any information? Are you prepared to tell us what is the difference between the states?

Mr Moran—In what?

Senator CROWLEY—You were telling us before that some states are better than others.

Mr Moran—States are different one to the other.

Senator CROWLEY—You did not say that before.

Mr Moran—On the specific question of income earned by TAFE institutes from fee-for-service activities, if all states achieved the performance of the benchmark state in terms of the proportion of their income derived from fee-for-service activities for industry, the revenue going to TAFE nationally—on the basis of the last figures I saw, which were 1996—would go up by \$360 million.

Senator CROWLEY—Can you provide us with a bit of paper with that spelt out on a state by state breakdown?

Mr Moran—We are still working on our annual national report, volume 3 of which includes a lot of this information. That will come to the committee in due course.

Senator CROWLEY—Could you write a little memo to remind me?

Mr Moran—Certainly. We will ask the minister to provide a copy personally to you.

Senator CROWLEY—Thank you. Supply it with a yellow jog tag saying, ‘Remember the estimates’. I will remember it fondly. Do you do such things as inviting industry around and sitting them down and saying, ‘Now, come on chaps and chappies’?

Mr Moran—‘Chaps’ is a sexist term, and I would not use it. Asking them to do what?

Senator CROWLEY—Do you ask them to put their hands up and invest more in industry? One of the things that I would suggest is that the retreat is interesting. It may indeed be that the government is not providing the money, so a lot of people have gone away. At our recent inquiry into regional unemployment, one of the things that some of the industry people who came along said was that, sometimes, it was a very hard battle trying to persuade industry to come to the party. They are pretty busy. They have a lot of other things to do: bottom lines to reach and so on. You are talking about a climate change inside industry. It often has to do with the right person there. Somebody who is interested will get the whole process going and may, indeed, activate it, make contact with TAFE, et cetera, instead of the other way around. Mr Noonan told us before a lot of things that you are doing in terms of rearranging TAFE, in terms of courses and fitting stockpiles of skills all over the country. Those are things that we do from this end. But what sorts of things are you doing from the industry end? I would not want to call a country school and say, 'Learn about changing your culture so you think about investing in skills training,' but do you do that kind of thing?

Mr Moran—Our view is that the best missionaries, if that is the notion that lies behind your question, are the providers themselves and industry training advisory bodies and, in the case of new apprenticeships, the new apprenticeship centres. In the case of the providers, it is a question of: how do you motivate them to be missionaries? My experience suggests that the best way to do that is to give the public providers far more commercial freedom to go out and drum up clients from industry at the local level. Where TAFE institutes have that freedom, they simply do vastly more business with industry than where TAFE institutes do not have that freedom. In the case of the industry training advisory boards, the funding that has traditionally gone to them has been made available on a more rigorous basis, with tougher performance standards and so forth. Those performance standards are placing more and more emphasis on their working with firms in their industry to bring them up to date on vocational education and training and on the reforms that have been occurring and to take advantage of them. Obviously, some industry training advisory boards are doing better than others on that score.

Senator CROWLEY—What do you mean 'obviously'?

Mr Moran—There are a significant number of them. With any large group, you will always find different levels of performance. Some will do it well; some will need some help.

Senator CROWLEY—Is that a general principle, or can you say that New South Wales has gone to the dogs, but Western Australia is doing brilliantly?

Mr Moran—No, I am talking here of national industry bodies rather than anything on a state and territory basis.

Senator CROWLEY—I understand that. You are tempting me all the time with possible bait. I am not sure that you are really—

Mr Moran—I was not aware that I was doing that.

Senator CROWLEY—Maybe this is more like a trout fly-fishing expedition, but I am trying to find out what you are doing directly with industry. I thought we were just getting there. Then you say, 'Obviously, there are differences.' Goody! What are they? Does one region have much more investment? Does it have more programs running?

Mr Moran—No, we are talking about national industry groups. For example, if one talks about the tourism and hospitality industry, there is a national industry training advisory body called Tourism Training Australia, which both plays a leading role in developing training

packages for that industry and a very active role in then communicating the benefits of those training packages.

Senator CROWLEY—Tourism is big plus, is it?

Mr Moran—I would regard it as a well-performing industry training advisory body. I do not want to then identify ones that we are encouraging to do better.

Senator CROWLEY—Go on!

Mr Moran—There are others that are not performing at the level. There is a spread as to the level of performance. Our job is to make sure they are very focused in what they are funded with public funds to do. As part of that, there are ever more rigorous performance standards set for them individually. Where they fall off against those performance standards, they get help and encouragement from us.

Senator CROWLEY—I am interested in that help and encouragement. A few years ago, the previous Labor government had all sorts of programs to encourage jobs, as you would remember. At one stage, Linfox and Bill Kelty realised that nothing much was happening. Those two got together and went around and shook industry hard. They managed to find 50,000 extra jobs that were out there for the taking if industry had known about it. Who is stirring up industry? You say that those industry bodies are. Are they shaking enough? Does industry need more wet-nursing? Does it need more encouragement? Does it need to look from its perspective?

Mr Moran—My memory of what Mr Fox and Mr Kelty did is that they encouraged employers to take on trainees.

Senator CROWLEY—It is not comparable, I understand, but I give that as an example of industry not being—

Mr Moran—The group of organisations now with the responsibility for doing that are the new apprenticeship centres, so I will hand the question to Mr Greer.

Senator CROWLEY—The question was not anything about that. It was about the fact that sometimes industry, even with the best will in the world, does not have the latest information. If you are running a business or industry, there are a lot of things to cover. When it comes to trying to find a place to do training and a whole lot of new stuff, I could see why people would not necessarily get up and run with it. Mr Noonan was saying what you are doing from the trainer/provider end. I was interested to know what you do directly with industry to get them up on their toes and hot to trot in this area. If you leave it to industry, sometimes a lot of them will miss the game. They have a lot of other things on their plate.

Senator Ellison—The government has focused on this in a particular sense. We have looked at making it easier to embark on training. One of the biggest problems industry has had is the red tape that has been involved with training, so we have brought in our new apprenticeships program and we have our new apprenticeship centres, which will make it easier for smaller businesses. Small business is the biggest employer in the country. We have made it easier for small business people to be able to go along and say, 'I want an apprentice, but I only want half an apprentice, because that is all I can handle.' Group training is an answer there. They could have a facility for a trainee and not an apprentice. All that can be assisted by the new apprenticeship centres, of which there are about 200 around the country.

Senator CROWLEY—Minister, I do not want to hold us up on this. No doubt, we will get to those questions.

Senator Ellison—That is what is happening to shake industry up. When I say ‘industry’, I do not just mean big business, because big business is easier to deal with because there are not so many of them. They are like big governments, big unions, big business: you can knock off quite a big sector in one hit. The difficulty comes in small business, because that is where all the employment is. That is where we have to focus our attention. We agree: you have to get the private sector involved. We are doing that, and especially the smaller businesses, small to medium enterprises, because they are the big employers.

Mr Moran—ANTA’s unambiguous view in what it has put to the ANTA ministerial council is that the number one priority in vocational education and training in Australia is to increase the number of young people making a successful transition from school to work through new apprenticeships. We have done a considerable amount of work with states and territories and with DEETYA to come up with the means by which that can be achieved. No doubt there will be questions of Mr Greer later, as there normally are from Senator Evans, about the number of apprentices and trainees and so forth, but the early signs are that it is moving in the right direction.

Senator CROWLEY—Mr Moran, I do not want to stretch this out—there are lots of other questions—but if all that is the case, how then do you go back to answer Senator Evans’s question about why the amount of money put in by industry is falling? It is a simple kind of correlation in my head.

Mr Moran—I could not add to what I said earlier to Senator Evans, noting that, yes, there had been a decline in expenditure on a per worker basis. I then explained the strategies that have been taken to make the system more responsive to industry so that employers will be more attracted to it.

Your last point really went to the issue of how you actually get individual employers involved. You are dead right, and I suppose I could list a whole lot of initiatives that are being taken within the system, but they do not necessarily involve me or other people at ANTA sitting down with groups of employers and telling them what to do. They actually involve providers being more responsive, ITABs doing a better job and new apprenticeship centres getting up—all within a new framework as to how vocational education and training should be seen.

I think, frankly, although it is a sensitive issue, there is scope for more emphasis on direct communications with employers across the range. But there is a bit of a debate in the system about how to get the right combination of communication activities so that you allow people to be touched at the local level by providers or new apprenticeship centres or whatever within a broad framework for vocational education and training that people in firms have come to understand by some other means. When you look around the world, you see that there are no ready answers that we could import, if I could put it in those terms, because, basically, most countries are having the same difficulty we in Australia are having.

Senator Ellison—I will give Senator Evans an example from our home state. The Master Plumbers Association works in with Cannington High School for in-school training. They take kids to their centre at Maylands and they also take them out on the job. Through this you might get a small percentage of kids who will go on to be plumbers, but it opens up an opportunity for a lot of those kids to an area they otherwise would not have.

To measure that as an industry input—it is an association of plumbers—is very hard indeed, but it is an in-kind contribution which is made by the private sector which is very valuable because it is giving some vocational education of a very practical nature to these kids and then

giving them a chance to go on with a seamless transition from school to training. Cold, hard statistics do not pick up that sort of thing.

Senator CHRIS EVANS—Minister, I would agree that the plumbing industry is to be commended—it has done some very interesting and innovative stuff—but I am not sure that it goes to the central issue about industry investment in training. I will leave it there and ask some questions relating to TAFE. Are we able to get a breakdown of TAFE enrolments by state, institution, course type—that sort of thing? Is that sort of material available?

Mr Moran—The National Centre for Vocational Education Research publishes a lot of information each year. Its statistical publication for 1997 is due at the end of this month.

Senator CHRIS EVANS—That is the only source of that sort of information?

Mr Moran—It is the best and most comprehensive source. We then take some of that information and analyse it further and present it in volume 3 of our annual national report, which is normally available in about September, I think.

Senator CHRIS EVANS—Your annual report in September will deal with 1997 information?

Mr Moran—Yes.

Senator CHRIS EVANS—And that will be effectively refining what is already in the NCVER report?

Mr Moran—It also draws in results from some other surveys. The NCVER data that I referred to is the data drawn from the national management information system, if I can put it in those terms, for vocational education and training and, therefore, is built up from data provided by individual providers.

Senator CHRIS EVANS—But they will have the course numbers and that sort of stuff?

Mr Moran—Yes. In addition to that there are the national surveys, one of which I have already mentioned; that is, the employer satisfaction survey. There is also a graduate destination survey. That data is also drawn on in compiling volume 3. In fact, the information I provided earlier, where I compared 1995 and 1997 employer satisfaction surveys, was in fact taken from the first rough draft of volume 3 of the annual national report, just as an example of the sorts of things that are in it.

Senator CHRIS EVANS—But the basic course type and gender information and so on would be the NCVER's bread and butter. Their report for 1997 will be available at the end of this month?

Mr Moran—Yes.

Senator CHRIS EVANS—That is a public document. I will be able to chase it up.

Senator CROWLEY—Mr Moran, I want to follow up on a letter I received which refers to the review by ANTA of its infrastructure program. The letter states that a review was requested by the ANTA ministerial council at its September 1996 meeting. Some time was taken to establish the terms of reference and the review commenced in February 1998. Have I got that right? It is signed by Mr Eccles, so I suppose it has to be right.

Mr Eccles—Yes.

Senator CROWLEY—You might tell me why it took so long to get going. The concern is that the last paragraph of Mr Eccles' letter states:

The steering committee is aware of the agreement by the ANTA board—

I do not know what agreement that is, and perhaps you can tell me—

to consider the needs of indigenous providers and will take this into account in its considerations. If your organisation wishes to make a submission this should be provided to ANTA, which is providing the secretariat support for the steering committee.

I got a letter from the Federation of Independent Aboriginal Education Providers, enclosing your letter, saying that they got that information provided in response to a letter I wrote to Minister Kemp. They are concerned that there is no reference to Aboriginal infrastructure in the terms of reference—only your letter. Could you comment on that?

Mr Eccles—I will take the first question first; that is, the time taken between the initiation of the review and the commencement of the committee's activities. I think that in part went to the breadth of issues that could be comprehended by a review of the infrastructure program and the fact that the terms of reference bounced around between the chief executive officers of the states and territories and the ANTA board, and at each meeting further items were added to an ever-growing list. It did take some time for those terms of reference to be settled. The committee has now met and is progressing through those terms of reference with a view to providing a report to the November ministerial council.

Getting to your second question, which goes to the apparent deletion of what the ANTA board saw as being a particular issue referred to in your letter, it is still a matter that is alive and before the steering committee for the review and I know that the particular issue will be discussed by the steering committee meeting on 5 August.

Senator CROWLEY—Why is it not mentioned as a specific item?

Mr Eccles—A specific item in my response?

Senator CROWLEY—Your response actually says that you are aware of the needs of indigenous providers and that that will be taken into account, but it gives no mention in the review terms of reference.

Mr Eccles—If it has fallen off the back of the terms of reference, it is still a matter that is alive before the committee, and that is an editorial omission rather than a sin of commission.

Senator CROWLEY—I am glad you are smiling, Mr Moran. I am delighted to think that the secretariat of ANTA is not about committing sins of commission, that if there were ever any, they would all be by gentle omission. Given that it took 18 months of brawling between everybody to try to finalise these terms of reference, you would have thought you might have slipped in Aboriginal, wouldn't you?

Mr Eccles—Absolutely. It is not a brawl so much as a civilised debate, but the fact that in the final wash-up the explicit reference to the Aboriginal issue fell off is something that is being addressed by the committee. I repeat myself: it will be discussed by the committee at its next meeting on 5 August.

Senator CROWLEY—The letter further states that the steering committee is aware of the agreement by the ANTA board to consider the needs. What agreement is that?

Mr Eccles—It was one of the many discussions by the ANTA board of the terms of reference. During the course of that discussion it was explicitly agreed by the ANTA board that there would be reference in the review to the Aboriginal issue.

Senator CROWLEY—Is that in writing somewhere?

Mr Eccles—Presumably it would be in the minutes of the relative ANTA board meeting.

Senator CROWLEY—Would you be able to provide me with a copy of that?

Mr Eccles—I will certainly go and peruse the minutes of that relevant ANTA board meeting and if there is the reference then I will provide it to you.

Senator CROWLEY—Thank you very much. How was it decided who should chair this review?

Mr Eccles—It was decided by the ANTA board that the review was of such significance that it warranted chairing by an ANTA board member, and that was agreed by the states, territories and the Commonwealth.

Senator CROWLEY—Are you getting any outside assistance?

Mr Eccles—We are.

Senator CROWLEY—From?

Mr Eccles—The primary assistance was from the Allan consulting group where we requested as the third stage of the review that we needed some baseline data around both the current infrastructure requirements of the states and their maintenance requirements, and also we wanted to get an insight into their future information and communications technology needs—all matters that were germane to the terms of reference or, in particular, the committee having an understanding of the factual position around the states and territories before it embarked on the more adventurous part of its terms of reference.

Senator CROWLEY—Have you got that?

Mr Eccles—We have.

Senator CROWLEY—Did you say Owens?

Mr Eccles—No, Allan.

Senator CROWLEY—I am sorry. That I presume is yours; it is not public at this point?

Mr Eccles—Indeed.

Senator CROWLEY—Having got all of that, what is the challenge ahead now?

Mr Eccles—The challenge I think is to translate the baseline data into a revised approach to the infrastructure program which recognises that the change is one from bricks and mortar to new technology. The previous orientation of the program was on funding the roll-out of physical TAFE infrastructure. I think the committee is of the view that that has now largely reached its end—it has served its purpose—and it is now appropriate to systematically move the infrastructure program into the 21st century, recognising that delivery will increase if we take an on-line form. If I had to summarise the challenge, it is managing that transition from bricks and mortar to new technology.

Senator CROWLEY—The second dot point of your terms of reference relates to efficiency in the current use of capital funds. I guess it is a question to you or Mr Moran. Is it efficient use of capital funds to have \$2.6 million for the IAD earning interest or doing something for the Commonwealth?

Mr Moran—The \$2.6 million is not just sort of sitting there unloved and unspent. The cash flow of the overall sum of \$200 million for capital purposes has been managed such that other activities have been brought forward to make use of that \$2.6 million, say, in 1997 and if, for example, there should be agreement on the IAD issue later this year, then those activities brought forward will be held aside so that the money would then be freed up and able to be sent to the Northern Territory for the purposes of the IAD issue.

Senator CROWLEY—I presumed something of that sort would happen, that the money is not sitting in a little bank account or bag anywhere, but I still think it is an interesting question, particularly in the light of what you have just said. ‘Is that the most efficient use of capital funds?’ Are they the sorts of questions you would be looking at or is it really along the bricks versus digital lines?

Mr Eccles—No, as the terms of reference make apparent, the issues before the review are impressively broad. They deal with efficiency, capital charging, third party access and private provision.

Senator CROWLEY—Do they deal with the timeliness of expenditure of allocated funds?

Mr Eccles—That would be an element of efficiency, I would have thought—the extent to which the states have pigeonholed funds and the adequacy of their planning arrangements in planning for the roll-out of their facilities.

Senator CROWLEY—Could you also be looking at putting the new technology capital facilities in other than vocational education and training specific sites, for example libraries?

Mr Eccles—That is not something that the committee has considered specifically.

Senator CROWLEY—So what you are saying is—I just want to go back to this question that it was such an important inquiry you decided one of your own should do it. That is bold, isn’t it, Mr Eccles? Sometimes things are so important that you actually have to seek expertise from outside your own family.

Mr Eccles—It was bold and it was even bolder—if there is a such a word—because the ANTA board member who was identified for that particular activity was not, in fact, present at the ANTA board meeting when the proposal was put forward that an ANTA board member would chair the committee. He has since—I would have to say the ANTA board member—

Senator CHRIS EVANS—We know how that works. If you are not there you get the job.

Mr Eccles—I would have to say that he has since embraced the task with enthusiasm.

Senator CROWLEY—That at least suggests that he was not bidding for his own job, but do you not feel a little bit like it is a bit in-house?

Mr Moran—Could I add to what Mr Eccles has said? The work gets done by a variety of means, so there is obviously the contribution from within the ANTA office and the people responsible for that work in the area that Mr Eccles has responsibility for. He has described also a contribution from one consultant. There, in fact, is further work arising from the first meeting of the steering committee which will probably need some specialised experts’ input of the sort that we do not have and, therefore, will have to buy it in. The role of the committee chaired by the board member is to see all of these inputs brought together as to a reasonable view of what advice might be put to first the ANTA board and then to the ministerial council.

Senator CROWLEY—Is he earning any extra emolument for this?

Mr Moran—Who is this?

Senator CROWLEY—Mr Ashton.

Mr Moran—Board members are entitled to a minuscule daily sitting fee. I imagine that, if he claimed it for the days on which the committee met, he would be paid it. I do not know whether he has or not, but it has been the practice of the ANTA board to ask an individual board member to be actively involved in some of the major developments in which the board itself is involved. For example, as you might be aware Stella Axarlis has chaired the ANTA board advisory committee on new apprenticeships and Geoff Ashton himself has chaired the

performance review committee, which is tied into volume 3 of the annual national report and the development of the new key performance measures, which I mentioned before and which was signed off by ministers at their May meeting.

Senator CROWLEY—I am sure that there are precedents. I just find it quite an interesting review and fairly comprehensive. Certainly, some people have raised with me a concern that the decision to have it chaired by a member of the ANTA board seemed a puzzle to them. I guess what we will do is have a look and see. If you had come before this place and said that it was such an important committee that you had gone outside and chosen Blogs to do it, I am sure that we would be equally understanding.

Mr Moran—I think that we are talking at cross-purposes. The board takes its responsibilities in framing advice to the ministerial council extraordinarily seriously. It has long been the board's view that on an issue of major importance the board simply cannot be put in the position of having to, frankly, consider none but my advice to it on what should be done. Therefore, on these most important issues it has adopted the practice of involving a board member in those issues as well so that when the issue is discussed at the level of the board itself and at the point where the board frames its advice to the ministerial council, it is hearing both from the office headed by me and from a board member who is at least as knowledgeable about the issues to be addressed as I would be. Frankly, I think that that serves the ministerial council extremely well.

In relation to the comment that you have received from the Federation of Independent Aboriginal Educational Providers, if that is the group that has written to you, their letter is written in ignorance of both how the ANTA board operates and the approach that it takes to doing its work.

Senator CROWLEY—It may be that I am reading this letter to misrepresent them, so I would like to impute no motive to them and nor allow you by error to do the same.

Mr Moran—I am glad to be corrected.

Senator CROWLEY—I would think that is fair to both you and particularly to them, because this is my paraphrasing of their letter. Can you provide any information to us about what costs Mr Ashton is enjoying as part of this?

Mr Moran—They are set and published by the remuneration tribunal.

Senator CROWLEY—Sure, but in terms of this task?

Mr Moran—Nothing other than what the remuneration tribunal provides.

Senator CROWLEY—Numbers of days specific to this task, apart from the rest of his board work?

Mr Moran—We could check that out, but I would think that the number of days would be fewer than 10, possibly fewer than five.

Senator CROWLEY—If you could confirm that, that would be fine. Thank you. The letter also says, and I think that I would be interested in your comment, Mr Eccles, that they were concerned that, despite the fact that it has taken since 1996 to 1998—it is actually late 1996 to early 1998—to get that review up and running, despite the fact that these people, the Federation of Independent Aboriginal Education Providers, have spoken often with a variety of people in and around ANTA, no-one has actually ever mentioned the review to them. They found out only by inadvertence, it seems. Is it a closed inquiry? How widely have you told people that there is a review on?

Mr Eccles—The members of the committee include states, territories, the Commonwealth, an ANTA board member, a representative from Lend Lease and a representative from, I think, the Australian Hotels Association. In gathering their opinions and positions, they are obviously consulting fairly widely within their jurisdictions and constituencies. There is no sense that the inquiry is a closed inquiry. It is proceeding in a manner that I see as entirely consistent with the way such reviews have continued.

Senator CROWLEY—As I say, it has come as a bit of a surprise to them that not only was it really well under way but that they were also part of the terms of reference, although not written. I am sure that when they read the *Hansard* they will probably take some comfort or find out what else they have to follow up.

Mr Moran—Senator, are we agreeing that it is, indeed, fortunate that this group has been told of this review, has been invited to contribute and will have an opportunity to do so?

Senator CROWLEY—Fine.

Mr Moran—I would be worried that the line of your questioning would suggest that somehow or other we had neglected their concerns or interests and not sought to involve them. The fact of the letter, which is before you, is evidence of a contrary view.

Mr Eccles—Senator, I am happy to give an undertaking to get in touch with the organisation directly and take them through the activities of the review and the committee to date.

Senator CROWLEY—I think that would be most appreciated, Mr Eccles. As I say, this is actually my putting into the system a letter on behalf of a constituent. They are writing back to say, ‘Shock, horror, your minister has told us things that we did not actually know about.’ I do not think that there has been an intent to cover up. Otherwise, you would not have the letter as is. Mr Eccles, I think that that offer would be most appreciated. If you could also provide us with the names of those people you just listed who are involved in this review, that would be appreciated. As I recall, you said that it would be finalised probably in November and available for us at some stage?

Mr Eccles—Yes.

Senator CROWLEY—After November or would it have to go through to the minister?

Mr Eccles—It becomes a paper for the ministerial council. The release of such papers is at the discretion of the ministers, obviously.

Senator CROWLEY—Can I put the rider on it that a lot of us would be interested, if a decision was made to make that public, if it was available? Can that be noted?

Senator Ellison—Senator Crowley, I would have to review that at the time and consider the position then.

Senator CROWLEY—Thank you, minister.

Senator CHRIS EVANS—Could I ask a question? There is a report put out by the Victorian association of the directors of TAFE looking at minimum standards and qualifications for TAFE teachers. Would someone like to tell me whether the department has had any input into that or any comment on that? Is there any view to considering adopting the standards set out in the report in a national sense?

Mr Noonan—This issue has been debated over a number of years. To have a national body for standards development and endorsement requires the establishment of a national body for that purpose, which would basically require the agreement of the employers and the employees. In the past the employees, principally the AEU, have been keen on the development of such

a body. The employers, principally the state governments, have not been willing to agree either in relation to TAFE teachers or, I must say, schoolteachers as well.

As to the development of the standards by the directors organisation in Victoria, we have seen a copy of those standards. I saw an early draft of them. Unless there is agreement to progress them through to the national training framework committee for endorsement, they cannot be adopted as national standards. That, I think, would require the agreement of certainly most state and territory governments.

Senator CHRIS EVANS—There is no national work going on currently in relation to that report or similar issues?

Mr Noonan—I think that the association of TAFE directors did circulate those draft standards fairly widely. I imagine they received probably a lot of informal comment and feedback on the draft standards. There has been no formal national process to bring those through to national endorsement.

Senator CHRIS EVANS—Thank you for that. There have been some reports about a potential boom in demand for VET services from Pacific island nations in coming years. Has ANTA or the department been made aware of those reports? What is your view about them? Has there been any work done on the likely implications for Australian providers and TAFE colleges of a boom in the South Pacific islands?

Mr Moran—I am aware that there was a conference in Brisbane recently—I do not think we were involved—which I think the Queensland government had a role in and which dealt with representatives from a number of Pacific islands on the issue of vocational education and training. I do not know the results of that. ANTA is not really involved in international activities. That is a responsibility of DEETYA.

Mr Greer—That is probably a question that could be better handled by our colleagues under program 6 and the demand for VET services.

Senator CHRIS EVANS—There has been some press discussion about university graduates enrolling in TAFE courses. Do we have any figures on a state by state basis or a course by course basis of what is occurring there?

Mr Moran—In terms of university graduates coming in?

Senator CHRIS EVANS—Yes, enrolling in TAFE.

Mr Moran—I do not have available to me any figures on a state by state basis. We could ask the National Centre for Vocational Education and Research whether the data which they have is capable of being broken down on that basis. I am aware of some comment from the NCVER about the sort of courses in which university graduates or former university students are involving themselves. I cannot recall most of the details, except that one area is definitely in business studies. I assume that university graduates are seeking to obtain some basic knowledge of business systems and so forth as a basis for picking up a position.

Senator CHRIS EVANS—One of the documents I have refers to an unpublished NCVER report showing that 16 per cent of students attending technical and further education have already graduated from university with a degree or postgraduate diploma.

Mr Moran—I think there might be an error in that. Again, I am stretching my memory. Tony Greer might have something to add. The figure included graduates and others who had enrolled at a university but had not necessarily completed a degree. In any event, it might have overstated the total number of people with a university background of one sort or another who were venturing into TAFE. From memory, I think the latest figure from the NCVER for people

with university experience who are going into TAFE is in the range of 50,000 to 60,000 a year. That, as you will recall, is many times greater than the number of TAFE graduates who are going into universities under credit transfer arrangements.

Senator CHRIS EVANS—You used the phrase ‘university experience’.

Mr Moran—That is graduates or people who had enrolled but had not completed a degree.

Senator CHRIS EVANS—You were keen to make the distinction before about the report—that there was a difference between those who had graduated and those who had enrolled—and then you seemed to roll the term into one when you used it.

Mr Moran—The figure that I have just mentioned—and I am struggling to find it in my papers here—did not distinguish between the two. Mr Greer might be able to be of more assistance.

Mr Greer—I do not have the details here, but I am aware of the discussion that surrounded this issue a couple of months back. It was clear at that time that there had been some misinterpretation, particularly of the percentage of graduates or others with university experience coming from the university sector to the VET sector.

Senator CHRIS EVANS—Perhaps you could take that on notice. Obviously there is some interest in it. If that 16 per cent figure was right, then it is clearly quite a major development in education. I would be interested in what statistics you have on that and if you have any further information in terms of courses in which they are enrolling.

Mr Moran—I have found my figures at last. I can be precise about the little that I know. In 1996, 52,730 higher education graduates and others who had been at university enrolled in vocational education and training programs. Also in 1996, 11,819 people were admitted to bachelor level courses on the basis of TAFE studies. That is a figure drawn from DEETYA’s publication ‘Selected Higher Education Statistics 1996’.

Senator CHRIS EVANS—As an outsider to the issue, I would have thought that the progression would have been stronger the other way, in the sense of people doing the TAFE courses and then going to university. Quite clearly it is much stronger the other way.

Mr Moran—Our community generally is bedevilled by misunderstandings about TAFE and vocational education and training. The number of students in TAFE and vocational education and training is nearly twice the number of students enrolled in universities. But in the marketplace—if I can put it in those terms—there appears to be a great interest in the programs which TAFE has to offer on the part of university graduates or university students—a greater interest in that direction, as you have commented, than in the case of people who have left TAFE with a view to going on to university. I think what is happening is that the preferences of students are somewhat ahead of public perceptions generally of the value of TAFE and vocational education and training.

Senator CHRIS EVANS—That is interesting. Obviously, the other aspect of that is what it says about what is happening maybe in the employment market. I would be interested if we had similar figures for earlier years to see whether this is a continuation of a misunderstanding or whether there has been a change going on in more recent times.

Mr Moran—Generally speaking, as you and the committee would know, the employment market for graduates is tougher than it used to be. It is not sufficient now to come out with an arts degree and think that you are going to fall into the beginnings of a professional career. Employers, both public and private, typically expect far more of graduates. I think that many university graduates who, a few years ago, went into universities believing that successful

completion of a university degree was the first step on an escalator leading to our society's glittering prizes have come to realise that the labour market for graduates is far more competitive and that people actually do have to have specific skills that are valued by employers, whether public or private. And that is why we are seeing so many graduates go to TAFE.

It really does raise questions about whether universities—outside the professional faculties—are doing a sufficient job to prepare their graduates for the contemporary workplace. I think that is the real issue, and there is a very strong argument to suggest that the universities are not.

Senator CHRIS EVANS—I will take that as your point of view. I do not necessarily disagree with you, but I am not sure that all of that is necessarily based on one year's statistics. That is why I was interested to know if we have any statistics on the previous years and the current year to see whether your explanation of what you have described as a trend is right. For instance, you have those 1996 figures; it would be interesting if you had them for earlier years.

Mr Moran—We do. My recollection is that the university-to-TAFE transfer rate was at a somewhat lower level than the figure of 52,730, which the NCVER has indicated. I think it might be in the range of 30,000 to 40,000. If I am right in my recollection, that suggests that at the moment there is occurring an appreciable shift in the perceptions in the community, but most particularly amongst young people in universities, about the value which TAFE and vocational education and training can deliver to them as they start their working life and as they start the pursuit of a professional career. I think it is good news.

CHAIR—I have two daughters who are doing degrees. They have both at different times in their degrees taken themselves off to do TAFE courses to get some marketable skills, as they would put it. Are you following figures on how many graduates are moving on to do TAFE courses—not necessarily during their degrees, like my daughters, but possibly following?

Mr Moran—The figure that I mentioned does not distinguish between those from universities who are doing it while they are taking a break from a degree path and those who do it at the end of a degree. I would have to check with the NCVER as to whether it is possible to refine the figure further. Senator Evans has asked that we look at refining it on a state by state basis and a discipline or area—

Senator CHRIS EVANS—Whatever you have available. I do not want to put you to extra work. I was interested in past years as well, if that is quickly available. You say you have a recollection. It would be interesting to see what it was in 1986 and 1996. If we had more current figures—

Mr Moran—I am pretty confident that we could not go back too far, because the quality of the national vocational education and training statistics, other than in the past couple of years—

Senator CHRIS EVANS—It is a general inquiry. Without putting you to too much trouble, just give me what you have got.

Mr Moran—I stress that I think you have yet again put your finger on a really telling point about vocational education and training—one which demonstrates, I think, a significant shift in a positive direction in public perceptions about TAFE and vocational education and training.

Senator CHRIS EVANS—Mr Moran, I am sure Senator Carr will accuse me of being your straight man after today; I keep throwing you the openings.

Mr Moran—I would not wish that upon you. No doubt this was a question that he did not think to ask.

CHAIR—You were talking about perceptions of TAFE improving. What about the universities' perception of TAFE? The question relates to articulation and recognition of prior learning in TAFE and getting full recognition for prior learning. How is that progressing? I do not want you to give us any specific detail. Broadly, how is that progressing?

Mr Moran—I might offer an anecdote, and then Peter Noonan could tell you about some recent developments that we have been working on with the AVCC. My daughter is completing year 12 this year and I have therefore had occasion to read a number of the publications prepared by universities for prospective enrolments, that is, students who are finishing school. I have not done this for a few years.

I have been quite surprised to find the extent to which in these publications universities are making reference to arrangements with TAFE institutes for combined programs—degrees, diplomas—for credit transfer and articulation arrangements. I happened to look at Monash's publication. I was surprised at the extent to which Monash has developed these arrangements. I also looked at the publication of the University of Queensland. The same applies to it and also other Queensland universities. That having been said—and noting that that is vastly different from what it was five or 10 years ago—some other developments are under way that Mr Noonan might describe.

Mr Noonan—We are at a fairly advanced stage of negotiation with the Australian Vice-Chancellors Committee for a major project funded from both sectors that would look at credit transfer and articulation arrangements in the new environment of training packages and national qualifications.

The AVCC has undertaken some very valuable work already on credit transfer using current TAFE courses, but because those courses will change in the training package environment we want to work systematically across all the industry sectors to basically map what credit transfer and articulation arrangement will be possible from diploma qualifications into higher education or into university; but, more importantly in terms of the discussion this morning, from university to VET.

So students undertaking, for example, the diploma level program in VET would be able to receive recognition for work they have done at the degree or even the postgraduate level in areas such as hospitality, business studies and so on. Just as VET students feel frustrated at having to undergo unnecessary education or unnecessary courses in universities when they have already completed the work, a lot of those university students—the 52,000 we have referred to, or ex-university students—would probably feel, similarly, that they have already covered some of the subject matter. We believe they are equally entitled to recognition for the work they have already achieved. We hope to have full agreement on that by mid June, and the project would then take place over the next year.

Senator CHRIS EVANS—I think it is appropriate to ask this question while ANTA is here. I have a question arising from some questions during the last estimates in the health area. It concerns a problem between DEETYA and the Department of Health and Family Services in relation to training for indigenous health workers. There was some discussion about delay in arranging protocols between the various departments for the training of indigenous health workers. Is someone at the table able to tell me whether that has all been resolved?

Mr Moran—I am not familiar with this issue. I do not know whether DEETYA is.

Mr Greer—It may have been an issue that came up under program 4 through our programs branch. I am happy to take this on notice.

Senator CHRIS EVANS—I will put a couple of questions on notice. Yes, it could have come up there. One of the specific issues raised in the estimates on health last time was a suggestion that ANTA and DEETYA were involved in protocols which had not been resolved and, therefore, the matter was not progressing.

Mr Noonan—I think the issue might relate to the inclusion of that sector of the work force within the health and community services training package which is currently under development. I will check the extent of coverage of that section of the work force within the package. I think that may have been the issue. There may have been a set of standards that had been developed, and there was a precedent for how they were to be incorporated within the broader package.

Senator CHRIS EVANS—My questions go to whether the protocol between the various parties has been signed and whether a copy of that is available. Have arrangements been put in place between ANTA and HAFS to facilitate appropriate curriculum development? If so, what are the arrangements and are they available? What other work is DEETYA undertaking in relation to the development of an indigenous health work force?

Mr Moran—Could we take that on notice?

Senator CHRIS EVANS—I am happy for whoever is handling it to give us a bit of an update. As I say, it was raised by Senator West last time in the health area and there was some concern that things seem to be delayed. I have a couple of questions about new apprenticeship centres, but I think I had better deal with that under program 3.1. That is all I have under 3.2.

CHAIR—We will move on to program 3.1.

[11.21 a.m.]

Subprogram 3.1—Industry training support

Senator CHRIS EVANS—I thought we would start with the normal areas that Mr Greer and I traverse; namely, the general budget issues and then apprenticeship/traineeship numbers. Do we have the same explanation for the funding in this area as we have in relation to 3.2 in terms of budget outlays?

Mr Greer—In what sense?

Senator CHRIS EVANS—Let us start from scratch. The 1997-98 estimated outcome budget figure is \$419 million. The budget for 1998-99 is \$416 million. I know the \$416 million is an increase on the original budgeted figure. Can you tell me what is happening in a macro sense there?

Mr Greer—Yes. The expected outcome of \$418.118 million compared with the budgeted figure of \$414.642 million—were they the numbers you were working on?

Senator CHRIS EVANS—No, I was looking at table 3.1. Those are slightly different figures. Sorry. Yes, the figures in the total outlays column.

Mr Greer—You are on page?

Senator CHRIS EVANS—Pages 46 and 47.

Mr Greer—Looking at the variations, initially they reflected adjustments for some \$28 million in savings in running costs that were due to the closure of the CES network and the

like. That is the attribution of those. There is an additional \$12.47 million included in the estimates as a parameter change to incorporate increases in the provision for employer incentives and personal benefits to reflect the numbers that we were successful for in the employment service market. There is a provision for an additional \$2.3 million for the access program as a consequence of the Prime Minister's announcement on 28 January. There are a number of small programs that come to an end in 1997-98. They include things like the ABC pilot project, the training projects grant and the trainer training assistance program. There was some \$7.6 million off for those. The jobs pathway program had an addition of \$5.576 million, again as a consequence of the Prime Minister's statement in January. Then there are increases in the proportion of the \$200 million new apprenticeship initiatives that were budgeted two years ago. This is the third year of that element. There are some additions coming through there. On balance, the variations against the expected outcome, when you accommodate ons and offs, is \$3.498 million. The budgeted figure is \$13.138 million.

Senator CHRIS EVANS—Thank you for that. Perhaps we could go to apprenticeship and trainee numbers. I do not need to tell you what I am after. I presume you are prepared. Is it best that I let you tell me what the latest figures are? Would you like to start there?

Mr Greer—Senator, we can take a somewhat different tack. The publication *Apprentices and trainees in Australia 1985 to 1997: At a glance* is an NCVER report on numbers as at 30 June 1997. In that publication, the NCVER indicated that there were 100,400 commencements and recommencements in 1996-97. The NCVER report indicates 44,100 apprentices and 54,400 trainees. That reflected at that stage—that is, in June last year—a record number of 175,400 apprentices and trainees in training. Coming into 1997-98, the NCVER report has changed its reporting arrangements. It is difficult to distinguish between apprentices and trainees.

Senator CHRIS EVANS—Why has it done that, Mr Greer?

Mr Greer—According to the NCVER, it has done that because it is increasingly difficult to distinguish between the two. I will quote from the NCVER report *Apprentices and trainees in Australia 1985 to 1997: At a glance*. It states:

With the introduction of New Apprenticeships, the differences between apprenticeship and traineeship training are being minimised. Both apprentices and trainees are able to enter into New Apprenticeships in a wide variety of both traditional and more modern occupations. As such, data on apprentices and trainees reported in future publications will not be presented separately, as the historical distinction between them is no longer valid. Future publications of apprentice and trainee statistics will provide information based on Second Edition Australian Standard Classification of Occupation (ASCO) codes. Some of the newer trade-based traineeships will be coded to many of the same occupational groups as apprentices, thus further minimising the ability to distinguish between them.

Senator CHRIS EVANS—First of all, we have the change of names to confuse the picture between what is an apprenticeship, a new apprenticeship and a new New Apprenticeship. Now we are to have the statistics confusing the picture as well, are we?

Mr Greer—Clarifying, I would have hoped Senator—recognising that the flexibilities and the scope for new apprenticeships are increasingly in trades and in non-trades areas. It is increasingly difficult to draw that distinction. What the NCVER has indicated is that, hopefully, as it moves into next year, it will be able to report on these also against AQF levels.

Senator CHRIS EVANS—‘Hopefully’—are you saying that we are not sure that they will be able to?

Mr Greer—They have indicated in their publications that that is their intent.

Senator CHRIS EVANS—How is NCVER funded?

Mr Greer—NCVER is funded partially through the department. I think we contribute some \$534,000. I think ANTA partially funds—

Senator CHRIS EVANS—What I was after was whether there was Commonwealth funding in there.

Mr Greer—Yes.

Senator CHRIS EVANS—So we must have some say about what NCVER does.

Mr Greer—Yes.

Senator CHRIS EVANS—Did the department put a view to NCVER about the collection of these statistics as to what you see as desirable in the future?

Mr Greer—We certainly would support the reporting direction that the NCVER is moving in. It is increasingly less appropriate to endeavour to report on a traditional and emerging basis.

Senator CHRIS EVANS—So you no longer use the terms ‘apprenticeship’ and ‘traineeship’?

Mr Greer—Increasingly, we should be moving to ‘new apprenticeships’.

Senator CHRIS EVANS—In terms of identifying what you are talking about within that broad term, how do you refer to what I used to call an ‘apprenticeship’ and a ‘traineeship’?

Mr Greer—We should be increasingly focusing on the AQF outcomes. Increasingly, we will be able to look as a proxy, in some sense, on your traditional apprenticeships as being an AQF 3, 4, 5 or 6 type of outcome.

Senator CHRIS EVANS—When we talk about an apprenticeship now, do we have to refer to it as an AQF 3?

Mr Greer—That is the Australian qualification.

Senator CHRIS EVANS—No, I mean in terms of a generic, everyday term that will mean something out there—

Mr Greer—It is a new apprenticeship. Having gone from the base of NCVER’s report of June, in subsequent quarterly publications the NCVER reports that the total number in training at the end of September last was 177,209, which was an increase at that stage of 12 per cent. In that September quarter, preliminary commencements and recommencements were 19,026—that is, they were up some 48 per cent on the equivalent quarter the year before. In its December publication, the numbers in training were reported at 182,078. That is the number of apprentices in training. That was an increase of 12.7 per cent over the equivalent position as at 30 December 1996. On a preliminary basis, commencements and recommencements in that quarter were 19,315. They were up also 52 per cent on the equivalent quarter the year before. Unpublished data—I understand it will be published within a week or so—for the March quarter 1998 indicates that the reported numbers in training were 183,804 at the end of March. That is an increase of 15 per cent on the figures for the same period the year before.

Thus, from the preliminary data, the NCVER indicates that the numbers in training are at record levels. They are at least 15 per cent, or 23,850, above the level in 1996-97, or 28 per cent higher than the year before. The preliminary data on commencements and recommencements shows that, recognising there are significant lags as we have been through in this debate before, at least 63,752 commencements and recommencements had been reported through the NCVER as at the end of March. That is up some 36 per cent, or 17,000, from the equivalent period the previous year.

Senator CHRIS EVANS—So, given those, I think what you are saying to me is that there is consistent growth across the groups and the different—

Mr Greer—It is showing also that not only is the growth in the non-traditional areas, it is also in the traditional trade areas. For instance, in relation to the take-up in the December quarter, I think there was a 24 per cent increase in commencements and recommencements in the trades area. But they are not all necessarily what you might regard as traditional.

Senator CHRIS EVANS—No, because the figures I have in front of me had, in fact, for 1996-97, 44,127 commencements and recommencements in the traditional apprenticeship area, which is down on the previous year.

Mr Greer—That is right.

Senator CHRIS EVANS—So is it fair to say that the traditional apprenticeships are declining but the traineeships and other newer forms of new apprentices—to use the global word—are increasing?

Mr Greer—It is certainly fair to say that, recognising that there will be lags in this 1996-97 figure that you are quoting—and it is the figure that is quoted in this publication—my expectation would be that that 44,100 will indeed increase as those lags come through. But I think the line is consistent; the message here is consistent with the discussion that we have had before. There seems to be a plateauing in those traditional areas—certainly a significant growth in more flexible arrangements. That growth in more flexible arrangements also is being specifically reflected in the trades area. As I mentioned in the first quarter of this financial year—the September quarter—that growth in the trades area had increased by 24 per cent.

Senator CHRIS EVANS—When you say the ‘trades area’, you do not necessarily mean in the traditional apprenticeship area?

Mr Greer—No, I am saying in the trades area. It is in those traditional apprenticeship areas, but not necessarily a four-year time frame to serve the apprenticeship. It might be a new flexible AQF 3 or AQF 4 traineeship which might be completed in two years or two and a half years.

Senator CHRIS EVANS—I think that is where the terminology is important because we get confused as to whether we are comparing like with like. That is why I am a bit concerned about the movement in the NCVER statistic gathering classifications.

Mr Greer—We are certainly happy if you have not got them to make available to you the annual report for 1996-97 and the two NCVER reports for the two quarters. Of course, once the March quarter data comes out—

Senator CHRIS EVANS—I think I have got the annual one, but I do not think I have got the latest quarterly update. Thanks for that. In future are we going to get a breakdown by AQF level from the NCVER figures?

Mr Greer—My understanding from the NCVER is that, as they go into 1998-99, they hope to be able to report on the AQF outcomes. Whilst it will not give you the specific split between traditional and non-traditional, it will give you somewhat of a proxy for that.

Senator CHRIS EVANS—I am not concerned so much about that, but it is important that we continue to get good data on what is happening both in terms of the industries and the sorts of traineeships being provided. I would hope that the department would be indicating to NCVER that that breakdown by AQF level is valuable. I would also be interested as to whether we are going to get any data on transfers from one AQF level to another. You might recall that we have had a couple of conversations about that—people starting in one group and

moving to another. I think it is going to be important for public policy issues that we track what is happening there as well.

Mr Greer—I will certainly take that up with the NCVER to see whether that is being specifically factored into the reporting regime.

Senator CHRIS EVANS—If for no other reason, it will make for an easier time at estimates, which is as good a reason as any. Can I just ask a question about part-time apprenticeships and traineeships? Can someone take me through what is happening there, what money is being made available for part time?

Mr Greer—Certainly for part-time apprenticeships—if you are looking at the incentives, provided there is a contract of training in place, the Commonwealth does not distinguish whether it is full time or part time, that is, incentives flow.

Senator CHRIS EVANS—They obviously flow on a different schedule, don't they?

Mr Greer—They flow on commencement. I think it is after a waiting period of three months. It is the commencement payment. It is to the extent then that—

Senator CHRIS EVANS—Is there an early commencement or completion payment now?

Mr Greer—Depending on what AQF level it was. Certainly if it was a part-time apprentice or an arraigned new apprentice at the AQF 3 or AQF 4 level, then clearly a completion payment would flow, but it would flow on acquisition of that qualification.

Senator CHRIS EVANS—Are there any incentive payments in any of those now?

Mr Greer—Where there is a progression from AQF 2 to AQF 3, a progression payment of \$1,250 is made.

Senator CHRIS EVANS—Obviously that was at a time in the program; that would be delayed if they are a part-timer, wouldn't it?

Mr Greer—The commencement payment would be paid after a three-month period, I am sure it is, but then any entitlement to the progression payment would be tied to when the individual actually does progress—does attain or is assessed as possessing the AQF 2 qualification and is moving on. In a traditional four-year apprenticeship that was at the two-year mark.

Senator CHRIS EVANS—The payment times would change. Is there any budget measure then that relates to part-time apprenticeships and traineeships or does it just come under the normal funding?

Mr Greer—There is no express provision for it because the quantum of the incentive is not distinguishable from the normal incentives, so it is captured in the budget provision in the numbers for which budget provision has been made.

Senator CHRIS EVANS—I gather, though, that part-time apprenticeships and traineeships are linked to this question of involvement of schools in offering places, are they?

Mr Greer—Partially.

Senator CHRIS EVANS—Could someone take me through what is happening with the schools, then? I do not quite understand what is happening here in terms of how that works and how that is funded.

Ms White—I am not quite sure what you are asking. In terms of incentive payments?

Senator CHRIS EVANS—As I understand it, there is a capacity for students while at school to undertake part-time apprenticeships and traineeships. Is that funded out of the school's budget or out of this budget?

Ms White—In terms of the incentive payment, it is funded out of our Commonwealth funds, but in terms of what young people do in schools, there are a number of options. They can do a vocational placement, which does not involve a contract of training, or they can in fact do a part-time apprenticeship or traineeship while they are in school. There are increasing numbers of those, although they are still fairly small at this stage.

Senator CHRIS EVANS—How many are involved currently, do you know? I do not want the exact number. Are we talking about 100 or 1,000?

Ms White—I think there is a figure of around 1,000 people, we hope, by the end of this year who will be doing part-time apprenticeships and traineeships in schools. That would correlate with a growing figure probably reaching in the order of 100,000 people in schools doing vocational placements. So it is a very small proportion of all of the young people in schools who are actually doing vocational education and training.

Mr Greer—Senator, it is important to distinguish between vocational education and training in schools, in the broad, which could be a vocational placement, and an actual part-time apprenticeship or traineeship in which there is a formal contract of training.

Senator CHRIS EVANS—That is what I am trying to get to—the latter, and how they work.

Mr Greer—I think what Ms White is saying is that in relation to the specific part-time apprenticeships and traineeships subject to a contract of training, the numbers are around 1,000.

Ms White—We are expecting about 1,000 by the end of the year.

Senator CHRIS EVANS—How many were in place at the end of last year?

Ms White—It would be in the hundreds—probably no more than 200, I would say, last year.

Senator CHRIS EVANS—Is that concentrated in a particular state or area? This is an evolutionary thing.

Ms White—I think it is probably—

Senator CHRIS EVANS—Is it happening somewhere in particular?

Ms White—I beg your pardon?

Senator CHRIS EVANS—I gather that it is an evolutionary thing. Has it started in New South Wales, for instance?

Ms White—I think probably if any state has more of them than any other it would be Queensland.

Senator CHRIS EVANS—I am just trying to get a feel for how it works. What is the involvement of the schools division with DEETYA, VET and ANTA? How is it coordinated?

Senator Ellison—This might help. We can give you, again, a schematic set-out of what is in schools and what is in VET. It is difficult, I know, because what you have got is kids still at school with one foot in school and one foot in vocational education. We could give you the programs that are attached to each—things like jobs pathways, the part-time apprenticeships that you have raised and where that funding would come from.

Senator CHRIS EVANS—That would be very helpful, Minister. That would be appreciated.

Ms White—Senator, I do not think that we have really answered your question. In terms of how it is managed, I think it is worth commenting on the MCEETYA task force. We have a very active task force on VET in schools which meets and addresses a whole range of issues. It has representatives from both the vocational sector and the schools sector. That is the primary vehicle for actually looking at all of these issues.

Senator CHRIS EVANS—But how is it administered, then, within the department? Is there a section that is in charge of this?

Ms White—We have both the schools and the vocational divisions involved in VET in schools. Clearly, it involves both sectors. I have people working in my branch who work on vocational education in schools and, similarly, my colleague Ms Johnson in the schools division has people working on VET in schools.

Senator CHRIS EVANS—Have you set targets for the numbers? You say that there were 1,000 by the end of the year. Have you set targets by state or what have you?

Ms White—There are not any specific targets that have been set, no.

Senator CHRIS EVANS—What is the majority of these hoped-for 1,000 start-ups? What sorts of areas are they generally involved in? Are we looking at traineeships or the traditional apprenticeships? Are we looking at a particular industry area that has attracted some interest?

Ms White—I would have to, I think, give you some more information. I would rather go back on that. I think that most work has been primarily in the retail sector.

Senator CHRIS EVANS—Right. So a large number of these commencements would be in the retail area currently?

Ms White—I think a fair proportion of them would be, yes.

Senator CHRIS EVANS—I would be interested if you had a breakdown of that. I do not want to put you to extra work that you do not have at hand, but I would be interested to just get a feel of the colour of the thing as to what is happening. All of these would actually have to have a contract as well, would they not? If they are formally involved in a traineeship or apprenticeship, they would have to sign the contract papers. Are the schools a party to that contract?

Ms White—No, the schools are not. What you are really getting to, I think, is a range of issues around how these things are managed. There are some very key issues and they are being worked through primarily through the MCEETYA task force. I think we have alluded in previous hearings to two consultancies which have been commissioned by that task force. They are actually being managed by the schools division. But there are those two reports that are not yet finalised that go to a whole range of issues around all of those bits and pieces—about insurance and workers compensation.

Senator CHRIS EVANS—I was just coming to those. When will those reports be finalised?

Ms White—I understand that there have been some delays, largely to do with consulting in terms of what we have in draft. I think we are working towards the end of July as a time frame on that.

Senator CHRIS EVANS—Will they be publicly available once they are—

Ms White—I understand that they will be, yes.

Senator CHRIS EVANS—What are you doing in the meantime? These issues of workers compensation and insurance obviously are live issues for you now.

Ms White—In the meantime, there is a working group that has been convened which falls out of that MCEETYA task force with a number of representatives. That is actually working through how you resolve some of the issues that are emerging from both that MCEETYA task force and also the consultancies that have been commissioned.

Senator CHRIS EVANS—So do the schools currently take over any sort of extra insurance?

Ms White—It varies from state to state.

Senator CHRIS EVANS—I think that this is a very live issue with the work for the dole thing. Obviously, in schools you have an even greater duty of care, in a sense.

Mr Greer—Senator, my understanding is that within the portfolio our legal group is anchoring the issues of insurance and coverage across all of the initiatives and that would embrace this. It might be useful to have a specific report on that from our legal group. We could certainly facilitate that.

Senator CHRIS EVANS—Are you talking about taking that on notice, Mr Greer, or are you suggesting that we grab Mr McMillan—

Senator Ellison—He was around. Perhaps as soon as he comes in we could get him to address this point with you. I know that this has been a concern in previous estimates, and one which is a concern for the government to get sorted out.

Senator CHRIS EVANS—It is just one of those things that can blow up on people quite quickly. As you know, it takes only one incident.

Senator Ellison—You can appreciate the legal aspect to it, and that is why our legal team has been on it.

Senator CHRIS EVANS—I am happy if you might like to have a private chat with Mr McMillan. If it is appropriate, you can come and tell us today. That is fine. If he thinks it is better that he take it on notice, or whatever, I am happy to take your advice on that. This spending on apprenticeships—can we just be clear what we are spending this year? This talks about \$43 million; is that right?

Mr Greer—That is correct. There has been an allocation of \$433 million in the 1998-99 budget to underpin the growth in new apprenticeships. \$296 million of that relates to employer incentives and personal benefits to encourage the take-up of new opportunities, and \$57.4 million of that relates to this year's funding to underpin vocational education and training in schools and \$17 million—

Senator CHRIS EVANS—So that comes out of your budget or the schools budget?

Mr Greer—It comes out of a bit of both: \$2.619 million comes out of school bill No. 1, I think \$5.035 million comes out of school bill No. 2, \$20.224 million is for the ASTF provision, there is \$9.6 million for the provision of jobs pathway and, of course, there is \$20 million that comes out of the VET Funding Act from that. So in aggregate, the portfolio's contribution this year to pursuing new apprenticeships through VET in schools is some \$57.4 million. Similarly, there is \$17 million, too, for regional delivery and addressing impediments that we may identify to the implementation of new apprenticeships across industry sectors. Included in that is the \$2 million for the new apprenticeships marketing campaign. There is some \$23 million for—

Senator CHRIS EVANS—So you have allocated \$2 million for the new apprenticeships marketing campaign?

Mr Greer—As we have indicated in previous discussions, there was an allocation in the 1996-97 budget of \$8 million over four years. This is the 1998-99 tranche of that funding allocation.

Senator CHRIS EVANS—Is that the totality of the money spent on promotion and advertising of the new apprenticeships?

Mr Greer—Certainly states and territories are advertising or undertaking their own activities on new apprenticeships. We do have some project funding with some industry areas—picking up on the line of questioning that Mr Moran was pursuing—to better put down an understanding of the broader training reform system within industry.

Senator CHRIS EVANS—The \$2 million is the extent—

Mr Greer—The \$2 million is the new apprenticeships marketing allocation.

Senator CHRIS EVANS—Has the \$2 million for this year been spent or is it going to be spent?

Mr Greer—There was an underspend, I think we mentioned, last year—given that it was the first year—so we actually brought an additional \$1.6 million of the first year's allocation into this year's allocation.

Senator CHRIS EVANS—So you had \$3.6 million—

Mr Greer—We had \$3.6 million. Of that, \$2.8 million has been expended to date. It is our expectation that, by the end of June, that might increase to about \$2.9 million.

Senator CHRIS EVANS—So you will underspend again this year?

Mr Greer—We are looking at the prospect of perhaps rolling over again into 1998-99, still keeping within the envelope that has been appropriated for this.

Senator CHRIS EVANS—Do you have a breakdown of the expenditure for this financial year?

Mr Greer—Yes. It fairly much reflects what we have indicated in previous discussions—local level marketing, about \$69,000; information products, \$503,000; PR events, \$11,000; market research and concept testing, \$92,000; creative development and advertising, \$2.16 million; and less than \$1,000 on the targeted marketing initiative.

Senator CHRIS EVANS—Why were you doing concept testing in the second year?

Mr Greer—This was concept testing for building on the evaluation of the tracking studies that we had on how the first phase of the campaign had transpired—what worked in that and what did not work, what messages were cutting through and what messages were not cutting through.

Senator CHRIS EVANS—Who had that contract?

Mr Greer—That contract was for Carr, Clark, Rapp and Collins.

Senator CHRIS EVANS—Do you have a breakdown of the \$2.1 million? You described it as advertising.

Mr Greer—Not from the papers I have with me.

Senator CHRIS EVANS—Can you describe that for me?

Mr Greer—That would largely be the cost of the print advertisements that have been run throughout the year. I am sure that the costs of the 1800 number and the mail centre would be included in that also. We can certainly break that down.

Senator CHRIS EVANS—Of this \$433 million, how much is new money? It came from so many areas that I was not able to follow it exactly. What is new money and what is base funding?

Mr Greer—It does cover a range of areas. This might not be specific, but it will be some indication. Certainly some new money in there is a parameter change for ELT incentives. This is to adjust the budget provision to the level of business that we were able to secure in the employment service market. There was an extra \$12.4 million in that parameter change.

Senator CHRIS EVANS—You lost me there. What does that mean?

Mr Greer—We have budget provision in the 1998-99 budget for 124,000 commencements. That was a change to reflect the numbers that we were able to contract through our new apprenticeship centres through the employment service market. We contracted some 200,000 at our new apprenticeship centres to facilitate some 200,000 commencements over the 19-month period. When you bring that back to a 12-month period—on the assumption, of course, that we will be achieving those levels—we needed budget provision to cover that.

Senator CHRIS EVANS—So that is a payment that is internal, in a sense, within DEETYA? I am trying to understand what that means in money terms. Your division is paying—

Mr Greer—These would be the incentives. These are not fees for the new apprenticeship centres. These are the employer incentives that flow in respect of new apprenticeships.

Senator CHRIS EVANS—I was thinking of it as a contract price you were paying to the job network to fill those—

Mr Greer—No.

Senator CHRIS EVANS—Is there any element of that in there?

Mr Greer—Not in these figures, no. I think you may have canvassed those yesterday.

Senator CHRIS EVANS—So it does not affect your section of the budget. Press on.

Mr Greer—There was that parameter change. There was certainly an additional \$2.3 million for the access program, which was new money, as a result of the Prime Minister's statement in January. Similarly, there was an extra \$5.576 million for the jobs pathway program guarantee, again flowing from that statement.

Senator CHRIS EVANS—Have you done estimates for these years for spending on apprenticeships, et cetera?

Mr Greer—We certainly have forward estimates and budget provision for—

Senator CHRIS EVANS—I was just interested in what your estimates are for new apprenticeship take-ups in those years. Do you have those?

Mr Greer—We have budget provision—if you look at 2001-02—for about 140,000 commencements.

Senator CHRIS EVANS—Do you have that broken down by each year?

Senator Ellison—We have contracted 200,000 for the 19-month period which occupies this current round of tenders, which started on 1 May. So if you break that down into years, in 1998-99 it is 124,734; in 1999-2000, 130,347; in 2000-01, 136,213; and in 2001-02, 142,342. Of course, we will have a second round of tenders for our new apprenticeships for the next period, at the conclusion of this current period of 19 months.

Senator CHRIS EVANS—That is the breakdown year by year?

Senator Ellison—Yes, financial year.

Senator CHRIS EVANS—I turn now to some questions about the apprenticeship centres. Can someone explain to me how the funding for that works?

Mr Cowan—I am not exactly sure what your question is.

Senator CHRIS EVANS—I have seen these announcements of the new apprenticeship centres. I see there is one being opened in Wide Bay-Burnett. How is that funded? Is each centre given a specific allocation?

Mr Cowan—The new apprenticeship centres are part of the job network and are funded under that arrangement. Contracts have been entered into with 58 organisations around the country, and they are operating over 200 sites around the country within 29 geographical regions.

Senator CHRIS EVANS—Did you call a tender for those?

Mr Cowan—This was all part of the job network tender process.

Senator CHRIS EVANS—So the new apprenticeship centres were part of that tender?

Mr Cowan—That is correct. They are one of the five services.

Senator CHRIS EVANS—Are we able to get a list of the successful tenderers for new apprenticeship centres and their locations?

Mr Cowan—Certainly.

Senator CHRIS EVANS—Thank you. Is there any extra funding, then, or is all that through the job network?

Mr Cowan—It is all through the job network funding arrangements. There are two elements of their activity. They are funded for the services they deliver on the basis of fee for service. As Mr Greer was saying, they also administer our incentives programs on our behalf. So that is another element of funding they administer, but it does not go to them. It goes to employers they assist.

Senator CHRIS EVANS—So your contact with them is through that avenue. I am just trying to get a feel for how this works. They have got the tender; they are up and running. What ongoing involvement do you have? Do you consult with them about the number of apprenticeships they will have and about what areas they ought to be in?

Mr Cowan—The tender process was based on the 29 geographical regions. In addressing labour markets within those regions, they had to outline to us the nature of business they sought to deliver within their labour market as they saw it. That is one element of it. The significance of the new apprenticeship centres to us is that they are a significant aspect of the delivery of the new apprenticeship agenda. They are a delivery mechanism for that. Our interest in them is to ensure that they are fully briefed on the policies of other elements of that and that they are integrated into other aspects of that such as user choice, the ITAB network—those sorts of arrangements.

Senator CHRIS EVANS—So does the tender include a set amount of money, a set number of apprenticeships?

Mr Cowan—When we wrote the request for tender document we indicated the levels of apprenticeships and traineeships we thought were attainable in the 19-month period. We gave an indicative range of business, based on historical data.

Senator CHRIS EVANS—You would have said to them, ‘You have a tender for 150 to 180 commencements,’ or something like that?

Mr Cowan—Within that region. Then organisations tendered and they were assessed, as with other services within the employment service market, on the basis of the quality of their tender against the selection criteria and then on the basis of price. So they firstly had to demonstrate their capability to deliver the services within the labour market for which they had tendered. They could choose any of the 29 regions.

Senator CHRIS EVANS—Say I won the tender for Perth, Western Australia, and you gave me a figure of 200 commencements and I contracted, say, \$4 million. How do I get the \$4 million out of you?

Mr Cowan—Taking one step back, tenderers could bid for as much business as they wished to deliver. We allowed them to give a number of ranges of business and prices against each of those ranges. We only allocated business within the ranges that they gave to us. Whatever business was eventually indicatively allocated to each of the providers was within the range they saw they could operate in.

The way the funding arrangement then worked, once a contract had been offered and accepted, was that a calculation was made of the projected contract value, assuming that all of those places were met against the unit cost they were successful on, and a calculation of 40 per cent of that figure was made. That was given to the providers as an advance on or about 1 May.

Senator CHRIS EVANS—They got 40 per cent up front?

Mr Cowan—Yes.

Senator CHRIS EVANS—That is quite different from the rest of the network arrangements.

Mr Cowan—It was a little different, but other services did also get advances.

Senator CHRIS EVANS—I know that the government was very keen not to advance cash before they actually delivered the service. That was part of the whole push on the job network. So the apprenticeship centres were treated somewhat differently. They got 40 per cent up front. How is the remainder of the payment made? Is that then by result?

Mr Cowan—Yes, it is by performance. They are paid on the basis of the apprenticeship and traineeship arrangements that they actually administer and assist to get into place, on the basis of 60 per cent of the unit cost for each on commencement, 30 per cent at mid-point and 10 per cent upon successful completion. Those figures are acquitted against the 40 per cent advance until it is fully acquitted and then monthly payments are made on the basis of monthly levels of business.

Senator CHRIS EVANS—So they do not get any more until they have delivered 40 per cent of the—

Mr Cowan—That is correct. They will be paid for the level of business they actually undertake during the course of the 19 months.

Senator CHRIS EVANS—And I presume, as in the other area, you have the potential to reallocate a bit of business if one folds or one is not performing.

Mr Cowan—Our contracts are not rigid and we have not actually committed them to those figures, so we will not be looking to actually vary contracts but we are looking to see how they compete within the marketplace.

Senator CHRIS EVANS—Do you specify in which areas or at which levels these new apprenticeships must be met? Is there something like, ‘The percentage of AQ2s must not be more than 60 per cent,’ or that sort of thing?

Mr Cowan—We are very concerned that they address the broad range of needs out in the community, so we are looking at them servicing against the historical profile of apprenticeships and traineeships in the area and also growing new opportunities. We have not got a rigid set of criteria within the funding arrangements, but we are looking at these sorts of matters very closely to see that they do actually deliver the opportunities.

Mr Greer—As Mr Cowan said, the tenderers were required to construct their tenders against the profile in the region. If that profile demonstrated an historical weighting of AQF3s or traditional apprenticeships vis-a-vis trainees, we reflected that in the contract. So the contracts of the new apprenticeship centres, whilst not getting down to so many in this particular industry or so many in that industry, do have an explicit split in them that so many are apprenticeships in the old context, or AQF3s and 4s and what have you. We will be monitoring to make sure there is not a chase to the easy end.

Senator CHRIS EVANS—That reminds me that I have to ask you about completion rates. I will come back to that in a minute. So you do not specify the industry requirements at all?

Mr Cowan—On the same basis as Mr Greer said, the historical data that we have provided to them in our request for tender documents also had an industry breakup of apprenticeships and traineeships. Similarly, we monitor against that.

Senator CHRIS EVANS—But is there no requirement?

Mr Cowan—No. We did allow tenderers to specify industries if they so wished, if they had a particular industry that they wanted to focus on. Some did. They are working within those industries and delivering services to that industry.

Senator CHRIS EVANS—That is all I have on that area. Thank you for that. You will give me a list of the successful tenderers and their centres, will you?

Mr Cowan—Yes.

Senator CHRIS EVANS—Mr Greer, you know I have a concern about completion rates of traineeships. You and I have discussed the various NCVER figures. I do not really want to rely on those in talking to you today. I raised with the minister a number of times my concern about the figures for completion rates on traineeships, particularly in the retail sector. I am not making a political point, but I am concerned about anecdotal evidence I have been gathering that, particularly due to a lack of follow-up and coordination, in some areas there are a lot of commencements and not many completions. The retail area was one where I had identified a problem in Western Australia.

We were discussing Albany the other day. It was raised with me that, although they had a very successful pilot program at one stage, there are a lot of start-ups and a poor completion rate. Mr Greer, are you able to provide me with any reassurance about that, or do you have any information that might assist the debate?

Mr Greer—Last time we spoke, we indicated that we were undertaking a survey of this specific area, that is, looking into and trying to get behind the issues of non-completion for trainees and apprentices. Certainly the survey has been completed and all of the survey data has been received by the department. The report per se has not been finalised, but an initial analysis of the data provided by the consultant has been undertaken. It is suggesting on the traineeship side that the non-completion rate for traineeships in their various guises has been

relatively consistent at about 40 per cent over the last decade. For the two full years of the national training wage—1995 and 1996—that average had crept up to about 44 per cent.

As I say, the analysis has not been completed, but there are some indicators coming through that suggest that just under half of the non-completing trainees had left their traineeship involuntarily, and that includes situations where the employing business may have failed or where the employer may have laid off a trainee. There appear to be three main reasons why trainees left voluntarily. In some senses, there is a perception that wages were too low; there were personality clashes with management and some concerns about the sufficiency of training being provided in relation to those.

The data indicates also that lower levels of educational attainment and long-term unemployment may tend to decrease the probability of completion. We are doing some further investigation into that, as we are into the non-completion of a couple of packages included in those packages, particularly the small business package. Your interest the last time around was in the rate of non-completion of that package. This analysis has indicated that that rate is about 51 per cent.

Senator CHRIS EVANS—That is significantly higher than the traditional non-completion rate?

Mr Greer—It is. Certainly our AED division is trying to dig beneath that further to—

Senator CHRIS EVANS—Was that 50 per cent rate for the last year or over a couple of years?

Mr Potterton—That is for the two years 1995 and 1996.

Senator CHRIS EVANS—So that is an aggregate figure of 50 per cent non-completion in the small business sector?

Mr Potterton—That is right.

Senator CHRIS EVANS—And that compares with approximately 44 per cent in the other areas and an historical non-completion rate of about 40 per cent? Is that a fair summation?

Mr Potterton—Yes.

Senator CHRIS EVANS—Apart from the reasons you outlined, Mr Greer, does anything else jump out of this that might explain this? One of the propositions put to me—and I forget the detail now, so forgive me if I am a bit vague—was that the state training authorities have officers who provide support in terms of employers, traineeships and what have you. It has been put to me that there have been some cutbacks in various states and other areas of those sorts of support officers or that their load has increased; that employers were not getting the same sort of support in developing the traineeships that they perhaps had and that this was one explanation for why people were going into it a little ill-prepared and lacking a little understanding of the whole thing?

Mr Greer—That is certainly the argument that you presented, Senator. Clearly, from the data coming through, trainees who complete their traineeship have a far better chance of getting employment than those who do not. Indeed, people who completed their traineeship were twice as likely to get jobs as those who did not complete it. Indeed, trainees who stay longer but not necessarily complete it also are more likely to get a job. There is the issue of earlier intervention, because the decision taken by trainees to withdraw from the traineeship happens at particular times.

Senator CHRIS EVANS—Could you give us some details about that? Are we having people withdraw very early in the scheme?

Mr Greer—Without having gone into this in too much depth, what we are saying is that people who are concerned about the wages being too low make a very quick decision—maybe within a week—and move on. People who are concerned about the sufficiency of training or personality clashes may take up to a month to make that decision. Therefore, it raises the prospect of earlier intervention. One method of earlier intervention may well have been through the field officer service that you mentioned.

As the minister mentioned earlier, now that we have the new apprenticeship centres in place, and we have them in place across 200 sites nationally, there will be an expectation that, in receiving their fee structures, they will be intervening on a more regular basis with the new apprenticeships for which they are responsible. Certainly, as we analyse this further, we may be looking at the pros and cons of other potential interventions.

Senator CHRIS EVANS—Will that be available to the committee?

Mr Greer—When the report is finalised, it would be a decision for the minister; but I would have thought, given—

Senator CHRIS EVANS—When will it be finalised?

Mr Greer—This report will probably be finalised during July. That is my understanding.

Senator CHRIS EVANS—I certainly would appreciate the report being made available because as, as I said earlier, it is an important public policy issue. It is all very well to talk about commencements of traineeships but, if 50 per cent of them are not being completed, we have a problem.

Senator Ellison—The non-completion of apprenticeships and traineeships is always of concern to the government. As Mr Greer has indicated, it looks like being finalised about July. I will need to have a look at it first. At this stage, I cannot see any reason why it should not be made available.

Senator CHRIS EVANS—I appreciate that. Can I ask quickly about a report of the Engineering Skills Training Board of Victoria?

Senator Ellison—Is that another area? We have Mr McMillan here who could answer your other questions.

Senator CHRIS EVANS—I am happy whenever it is suitable, Mr Chairman.

Senator Ellison—I thought this might be a convenient opportunity to interpose Mr McMillan.

Mr McMillan—I am sorry. I was not here during the earlier discussions.

Senator CHRIS EVANS—That is all right. We were talking about the school-based apprenticeship and traineeship programs. Ms White and others were telling me about the task force that is looking at all the issues surrounding that development. I then asked about what current arrangements were in place regarding insurance and duty of care and those sorts of issues. I wanted to be reassured that, given that the program was up and running and the task force has not reported, we would have that covered. I do not want it blow by blow, but I want to know how we have dealt with that problem.

Mr McMillan—The key issue is one of a relationship that leads to liability. In the sort of example to which you referred, there is not a direct relationship with the Commonwealth, so the Commonwealth is not itself likely to be directly liable if events are happening in a school

or events are being arranged by a school. If a student travels somewhere to gain, say, work experience or training, then the Commonwealth may very well have encouraged this and/or funded it; but, in the event that something happens, the relationship will not be so close as between the Commonwealth and the individual to whom the happening occurred for the Commonwealth to be liable.

We would expect that, in normal circumstances, the kind of liability that would arise—for example, if a student were injured at school—would be dealt with in the ordinary way. That is to say, when the injury occurs, one would look to see what the circumstances were and one would see who had a duty of care to the student, whether that duty was breached and whether the injury was a consequence. If that is the case, it may be the school; it may be the bus driver. Who can say who it might be? That is the sort of analysis that would be done. If it is the school and if it is a state school, then the state would be ultimately responsible, because of its responsibility for managing the entire school system and each school within it. I am speaking in very general terms.

The ordinary arrangements would apply for coverage of that liability. For example, the Commonwealth at present is its own insurer. If you sue the Commonwealth, the Commonwealth has to find the money if you are successful. I am not aware off the top of my head exactly what the arrangements are in each state and territory, but there would be a similar arrangement. We would expect that that would simply flow on in the event that the student was participating in something that, although encouraged by the Commonwealth, was actually organised by the school. Similarly, if the student is separately employed and something happens in the course of the employment, then ordinary arrangements for workers compensation would apply on the assumption that the student was a worker.

You will see from the way I am speaking that there is the possibility of some, not gaps, but areas where there may be intersecting responsibilities. There may be an issue as to precisely who is responsible when you are using that example of where a person is in attendance at school, travelling to a place of employment and possibly travelling on to a place of training. Those are the sort of issues that we are looking at at the moment. There was a meeting only yesterday, I think, with representatives of the department and representatives of some of the states to look precisely at that sort of question, so that we can be sure that people who are participating in programs encouraged or paid for by the Commonwealth are going to be covered in the event that there is the sort of problem to which I have been referring, which results in injury or loss to a particular individual. I hope that assists you.

In relation to insurance, we, of course, have identified various circumstances where we require people who are conducting programs on our behalf to ensure that participants are insured against the risks that we have identified. I suppose what I have just been talking about is a further example of that, where we are looking to make sure that all risks are identified and appropriate coverage occurs.

Senator CHRIS EVANS—In Western Australia the state government legislated—and I think it is the same in some other states—to remove journey cover from the workers compensation area. Whereas previously, if you were travelling to work, you were covered, you are not currently under workers compensation coverage. That transportation between school and work is an interesting case in point in the sense that, under their own legislation, they are not covered by workers compensation.

Mr McMillan—That is the very sort of thing that we need to identify, because then there are a number of possibilities. For example, the school may have arranged the transport in such

a way that, if something goes wrong with the transport, it is actually the school that has breached the duty of care. Alternatively, it may be that the school has arranged the transport perfectly and the transport operator failed in that operator's duty of care. It may be, of course, that somebody else fails in their duty of care and has an accident with the transport. You can see that, in those circumstances, there are various scenarios where liability will be identified. In my respectful view, that is the first question: what are the possible liabilities? Those potential liabilities identify the risks against which we need to insure. Is that of assistance?

Senator CHRIS EVANS—It is. I appreciate that. As I think like a politician rather than like a lawyer, my immediate response to that is to say that I am sure that the parents of an affected child would see the state and Commonwealth governments as being responsible, if not liable. There is that broader issue about being very clear about all this. You may well be right: some bus operator might well have a legal liability. However, I think that if he declares himself bankrupt the parents will be expecting a response from the state or Commonwealth governments. For those people at school, there is a different sort of framework that they are operating in. I am not expecting you to answer those problems, but that was my immediate concern. I am not opposing the scheme. It just sounds to me as if it is going to be quite difficult to organise.

Mr McMillan—This is certainly something that we have been very careful about in liaising with people. Speaking as a lawyer, I must say that if I were acting for an injured person, obviously I would be looking at the liability question. I would also be looking at where the most money is.

Senator CHRIS EVANS—Spoken like a true lawyer.

Mr McMillan—What that means is that there are some occasions—and I might be able to conclude with this, if it is helpful—in some particular cases where our analysis has been that there was a proper expectation that the Commonwealth would actually stand behind the particular situation, and we have done so when it turns out that that is actually right. That would not obtain in the kinds of situations to which I was referring earlier, but I thought I would mention that because we are conscious of that possibility of ultimate responsibility, although what we are trying to do with the current work to which reference has been made is to make sure that, where responsibility does exist, people recognise it and ensure that it is catered for.

Senator CHRIS EVANS—I appreciate that. Could I ask a couple of questions about this 'Support for New Apprenticeships Programme'. What does that mean? Is that something different from the actual funding of the apprenticeships themselves?

Mr Greer—Were you quoting from something?

Senator CHRIS EVANS—The heading in the budget papers at page 59 is 'Support for New Apprenticeships Programme'. I got the feeling that there was some activity going on beyond the new apprenticeships program that is actually encouraging—

Mr Greer—That is the heading for the \$296 million that is provided for employer incentives and personal benefits to underpin the 120,000 or 134,000 commencements that we spoke of.

Senator CHRIS EVANS—So is there money going into a program to support the program more generally or to encourage employer participation?

Mr Greer—Yes. The government, in its first budget, provided—as I think I have mentioned—\$200 million over a period of four years to underpin the implementation of new apprenticeships.

Senator CHRIS EVANS—Where is the budget item for that in these papers?

Mr Greer—They are essentially incorporated in the \$433 million that we spoke about. I can certainly walk you through specific elements of those.

Senator CHRIS EVANS—I was just hoping to find that so that I could be better informed. I suppose I am more interested in what you spent that on. You told me you spent \$200 million over the four years.

Mr Greer—No, \$200 million is being appropriated for that—\$30 million in the first year; I think it was \$50 million in the second year; and it is \$60 million in each of the following years.

Senator CHRIS EVANS—The \$60 million is for the next financial year?

Mr Greer—Yes. Some of that money, of course, went into the provision of \$22 million over four years for the expansion of group training arrangements—the growth factor. Some of the moneys went into the CELTAs.

Senator CHRIS EVANS—That \$22 million that went into group training—is that the \$22 million in this budget?

Mr Greer—No, that was \$22 million over a period of four years. The element of that that is in this budget, I think, is \$6.2 million.

Senator CHRIS EVANS—So that is not new money then? That is money allocated as part of the \$200 million over the four years; is that right?

Mr Greer—Yes, that is correct.

Senator CHRIS EVANS—So is that \$6 million the total on the new apprenticeships for group training expansion?

Mr Greer—That is the total amount on apprenticeships for group training expansion. In addition to that—not funded out of us, but funded out of ANTA—is \$9.7 million for the group training joint policy. That bucket of money is matched dollar for dollar by the states and territories.

Senator CHRIS EVANS—But you took \$6 million out of the support program. What are we calling this \$200 million?

Mr Greer—I think it was the new apprenticeships allocation that was provided.

Senator CHRIS EVANS—How do we describe it?

Mr Greer—It has been used for a range of elements to underpin the implementation of—

Senator CHRIS EVANS—That is why I looked at the support for new apprenticeships programme, thinking that that might be it; but that is not it?

Mr Greer—No, that is support for new apprenticeships.

Senator CHRIS EVANS—It aptly describes the allocation, but that is not the right one?

Mr Greer—No.

Senator CHRIS EVANS—So we are just calling it the new apprenticeships allocation?

Mr Greer—Elements of that have been put in to underpin VET in schools. There are elements that have been put in to underpin expansion of group training arrangements, and elements that have been put in to underpin regional delivery of new apprenticeships, initially through the establishment of the CELTAs. Some of this money has gone to contribute to the establishment of the fees for the new apprenticeship centres. Similarly, \$6 million of this

money went to establish the access program. A couple of million dollars of this money is the funding for the new apprenticeships marketing campaign. So it came out of that. There is not one pool that you can look at.

Senator CHRIS EVANS—It is not something that I can trace by reading the budget papers? Is that what you are telling me?

Mr Greer—It is not one pool.

Senator Ellison—It does not jump out.

Mr Greer—No.

Senator CHRIS EVANS—Did you say the CELTAs?

Mr Greer—You might recall that these were the range of pilots—I think it was 18 pilots—which we ran nationally in the lead-up to going to the market to test this concept with the states and territories and with industry as to how you could bring together a one-stop centre to provide enhanced services for employers, apprentices and trainees.

Senator CHRIS EVANS—What was that money spent on then? What are CELTAs?

Mr Greer—They were contracted entry level training agencies. But those pilots have been completed. They were funded until 1 May when, of course, the performance service market and the new apprenticeship centres—

Senator CHRIS EVANS—I am with you now. And the regional delivery component—what does that expenditure consist of?

Mr Greer—That had been used in the past to fund the CELTAs, which were providing regional assistance. It was the area from which we funded the NETTFORCE and the NETTFORCE industry training companies.

Senator CHRIS EVANS—Did you let contracts to rural-based organisations to support the new apprenticeships program under that program?

Mr Greer—Is this in the context of a CELTA?

Senator CHRIS EVANS—I'm not sure. I thought it was the regional delivery aspect.

Mr Greer—Certainly. We funded NETTFORCE under this heading and then NETTFORCE entered into particular contracts with each of the 23 or 21 industry training companies. One of those companies was in fact the rural training company, which was one of the NETTFORCE companies which had been, up until the advent of new apprenticeship centres, largely the arms and legs in the community in the regions, driving our traineeship numbers and the national training wage packages since Fox and Kelty pushed this off several years ago.

Senator CHRIS EVANS—Did you let a contract to Rural Skills Australia?

Mr Greer—We have recently let a contract to Rural Skills Australia.

Senator CHRIS EVANS—Under which program is that?

Mr Greer—That would come out of this area.

Senator CHRIS EVANS—And what is that for?

Mr Greer—We have in place now new apprenticeship centres across 200-odd sites. We were conscious to ensure that, as those centres were getting positioned to be able to go out and talk to employers about new apprenticeship opportunities, they were not going out and talking to employers just about a single product. We have identified a range of industry training companies, one of which is the Rural Industry Training Company, to provide educative

services to the new apprenticeship centres to assist in the maturation of that market such that when a new apprenticeship centre is going out and talking to an employer it is not just flogging a small business package; it should be going out with a full knowledge of what the rural package might be, what the metals package might be, what the retail package might be, et cetera.

Senator CHRIS EVANS—So how many of these organisations have you let contracts to do this job?

Mr Greer—We have let contracts to eight companies to do this.

Senator CHRIS EVANS—Could you name them for me?

Mr Greer—The Admin Training Co., the Automotive Training Co., the Australian Local Government Training Co., Jobs Co, Rural Skills Australia, the Recreation Industry Training Co., the Communication and Information Technology Training Co., and the Property Service Industry Training Co.

Senator CHRIS EVANS—And who are these companies? Are they private, for profit companies?

Mr Greer—The companies I have mentioned here are the former NETTFORCE industry training companies. For the last several years their prime mission in life has been to develop training packages and take those training packages out to employers under the auspices of NETTFORCE. Up until the cut-over to the new market, they in fact have been the driving force behind our numbers.

Senator CHRIS EVANS—Did these contracts go out to tender?

Mr Greer—These contracts were not to tender, per se. We found that 90 per cent of the take-up of traineeships was essentially coming from around about 12 packages. That was one benchmark. We then commissioned some further work through the Allan consultancy on the strategic analysis sector by sector, on where the potential for take-up of new apprenticeships might be. They identified between 11 and 16 industry sectors that had the greatest potential to take up new apprenticeships. Looking at the companies that were providing the vast majority of new apprenticeship take-ups and matching that with the areas of strategic importance of further take-up, we identified these companies out of all of them as meeting those criteria and at this stage have funded them to provide that service to the new apprenticeship centres for the period of this current contract.

Senator CHRIS EVANS—What is the level of funding of these contracts?

Mr Greer—In using these we adopted the benchmark levels of funding, adjusted by CPI, that had been in place for funding these intermediary arrangements for many years.

Senator CHRIS EVANS—Were those previous arrangements made by letting them by contract?

Mr Greer—Yes.

Senator CHRIS EVANS—You explained to me that you identified these areas, et cetera, but why did DEETYA fail to go to tender and contract in the normal way for this extension of role?

Mr Greer—What do you mean ‘extension of role’?

Senator CHRIS EVANS—Well, you tell me that you see them as doing this bridging, educative role.

Mr Greer—Yes.

Senator CHRIS EVANS—You have selected eight companies. I want to know how they got the contracts and why they did not go to tender.

Mr Greer—Until such time as the training packages that Mr Noonan and Mr Moran were talking to you about this morning are fully in place—at the moment there are 10 or 11 packages in place—the current product for traineeships is in fact the product that these companies, under the former NETTFORCE arrangements—

Senator CHRIS EVANS—You have explained that to me already. What I want to know is why it was not let to tender. Is there a reason for that, other than that you say they have been in the work before? Clearly there are other companies who are also involved in the work but who did not get contracts. Was the amount consistent with departmental procedures in terms of not letting a tender for that amount of work? I know that you have strict guidelines about a certain value of—

Mr Greer—These were not a consultancy, per se. These were a grant—

Senator CHRIS EVANS—I guess I am trying to understand the approval process; that is, how it is that you contracted these eight organisations without going to tender and what the explanation and defence is, if you like, under the normal process for that not occurring.

Senator Ellison—These were companies that Mr Greer said were in existence, doing the job already. They were not consultancies. Even so, with a consultancy you can have a limited tender or not even a tender where you have a situation of someone being unique in the marketplace. That is, they possess certain knowledge and skills which no-one else has. These companies were in the unique position of already doing this and were set up and going with field officers—

Senator CHRIS EVANS—Were these the only companies doing that?

Senator Ellison—In relation to those particular packages?

Senator CHRIS EVANS—No. Were they the only companies doing that work?

Senator Ellison—It depends on which package you are talking about. For instance, you would not have Automotive Training Australia involved in promoting the rural training package we have launched. Are you asking whether they are the only ones in their discrete area or the only ones in toto?

Senator CHRIS EVANS—Well, both. I accept that they were doing similar work. That is fine. You have not answered the question whether there were more than eight companies doing similar work in a generic sense, but what I want to know is: who took the decision not to put that work out to tender?

Mr Greer—These companies were commissioned to inform the new apprenticeship centres of the product of that company. They are not out there securing vacancies and so forth; they are running a series of educative sessions.

Senator CHRIS EVANS—But you are paying them for that.

Mr Greer—And we are paying them—

Senator CHRIS EVANS—To sell their product.

Mr Greer—To inform the new apprenticeship centres of these things until such time as the new training packages come in place. We are paying these companies to inform all new apprenticeship centres of the specific nature of these packages, recognising that 90 per cent of apprenticeships have been taken up largely through these packages. It was a way of getting a diversity.

Senator CHRIS EVANS—Are you telling me that these particular companies have copyright of these packages?

Mr Greer—These companies developed the existing traineeship product that is in use pending the development and launch of the new trainee packages. It is a project that will atrophy.

Senator CHRIS EVANS—Do they have ownership to those packages in that sense? I suppose ‘ownership’ is not the right word.

Mr Greer—I would need to check.

Senator CHRIS EVANS—I thought what you were saying to me, basically, was that it is their product and we commission them to sell their product or push their product. I gather you are really telling me that no-one else could have done that.

Mr Greer—Yes.

Ms White—It is more than just understanding the traineeships. In the case of these ITCs, they have been in operation for a couple of years. The individuals have a great deal of experience and understanding of the industry sectors. I think that is what we are really contracting them to actually pass on to the new apprenticeship centres, who are picking up that role increasingly. As Mr Greer said, there is a very big difference between existing training product as we know it in traineeships that are out there and the new training packages. Until we have training packages out there and traineeships that fall out of the new training package arrangement, we really need to sustain what is out there in the form of existing product. That is essentially what this service is trying to do.

Senator CHRIS EVANS—Were all eight of those awarded at the same time?

Mr Greer—Yes.

Senator CHRIS EVANS—On the same basis?

Mr Greer—Yes, Senator.

Senator CHRIS EVANS—What sort of money amounts are involved in these?

Mr Greer—From memory, Senator, I think the benchmark we used here was a benchmark of \$78,000.

Senator CHRIS EVANS—Per individual?

Mr Greer—Right. That is not per company; that is per individual. In one company, we might have been funding several individuals to provide this service on a national basis, but the benchmark we used for that was the same benchmark that we had been using for the provision of intermediary services of this nature for the past several years.

Senator CHRIS EVANS—Are you telling me that the contract is no more of the order of \$200,000, a couple of people per company, or are we—

Mr Greer—I think on average the contracts run for the period—I think that it is the period of the first tender round and on average \$200,000 a year.

Senator CHRIS EVANS—\$200,000 per year?

Mr Greer—On average for the period of the first contract round. They were the benchmarks.

Senator CHRIS EVANS—So the contract is a lot more than \$78,000, then.

Mr Greer—Yes, that is why I mentioned—

Senator Ellison—There was more than one person on average.

Senator CHRIS EVANS—That is why I wanted to make sure that that was not a misleading figure to concentrate on. What size contracts are we talking about that have led to this—

Mr Greer—For these purposes, we are talking about contracts that average \$200,000 per annum but extended for 19 months.

Senator CHRIS EVANS—So we are talking about \$300,000 average per contract?

Mr Greer—For the total 19 months, to provide these services

Senator CHRIS EVANS—And what is the largest of the contracts?

Mr Greer—I do not have that detail.

Senator CHRIS EVANS—Is it substantially over \$300,000?

Mr Greer—I do not think that it would be anything substantially over \$300,000 in respect of these eight projects.

Senator CHRIS EVANS—Perhaps you could provide me with the value of the contract to each of the companies.

Mr Greer—Certainly.

Senator Ellison—Just from memory, I do not think there was a great deal of variance, because it would mean that there would have to be a couple of amounts of \$100,000 and a couple of—

Senator CHRIS EVANS—Mr Chairman, I am keen to finish before 1 o'clock.

CHAIR—We are very keen for you to finish.

Senator CHRIS EVANS—I knew you would be. I knew we would be at one on this. I wish to ask a couple of questions relating to contracts, and that will finish program 3.2 from my point of view at least.

CHAIR—Can you not put them on notice?

Senator CHRIS EVANS—I wish to give the minister a chance to respond to this. Minister, you answered a question from Senator George Campbell in the Senate regarding contracts for waterfront companies and any training funds that might have been paid by the department. You came in on Thursday, 28 May, and said, 'Preliminary interrogation of the department payment system reveals', and you detailed the answer that you had placed on notice. I wanted to give you the opportunity to provide the committee with any update. You described it as 'preliminary interrogation'. I wanted to check whether you had anything further to say in relation to that question.

Senator Ellison—The reason why that was used is that I was keen to get back to the Senate with the supplementary answer as soon as possible. The investigation that had gone on was, to be accurate, a preliminary investigation.

Senator CHRIS EVANS—I appreciate that. I just thought this was a good opportunity to follow up on it.

Senator Ellison—I do not think we have been able to come up with anything more, but we can confirm that during the course of the day.

Senator CHRIS EVANS—Perhaps you could do that for me.

Senator Ellison—We have to rule a line through the investigation at some stage and say, 'No, there is nothing.'

Senator CHRIS EVANS—I appreciate that. As I said, I was only looking for an update as to whether you had turned up anything since. Could you also detail any contracts that might have been let from the department to the National Farmers Federation or Rural Skills Australia? I know that Rural Skills Australia got one of those, but were there any others to the NFF or Rural Skills Australia?

Senator Ellison—Yes.

Senator CHRIS EVANS—Thank you very much.

CHAIR—The committee stands adjourned till 2 o'clock, when we will be coming back to Program 1—Schools.

Proceedings suspended from 1.01 p.m. to 2 p.m.

Program 1—Schools

Subprogram 1.1—General assistance

Senator ALLISON—Minister, a couple of weeks ago I asked you a question in the chamber about Dr Kemp's claims on the increases in funding for schools, which he has said for some time to be \$2.3 billion over four years—that is, over and above the 1996 rate. More recently, on 5 March, Dr Kemp revised that figure to \$2 billion. Given the time that has elapsed since my putting that question to you, have you had a chance to look at the figures? Can you confirm that \$2.3 billion is still the figure the government claims, or has that figure been revised down to \$2 billion?

Senator Ellison—This relates to the financial assistance grants figures, and there has been some work done on that. Mr Evans, I think, can assist you in that regard.

Mr Evans—I also refer to a question on notice that we probably have been a bit tardy in responding to. It is one you put on notice, No. 1099, on 12 March. We have actually prepared a draft response. It has only just gone over to the minister, but it gets to the heart of the question that you have just asked. Essentially, the original estimate of a \$2.3 billion increase in Commonwealth sourced funding to government schools was prepared in 1996, you might recall.

Senator ALLISON—Sorry; isn't that to all schools? I do not think \$2.3 billion is government schools, is it?

Mr Evans—No, that is to government schools.

Senator ALLISON—Is it? Okay.

Mr Evans—That estimate was prepared in 1996 as part of the submission to the committee on the legislation. There were two primary sources of the funding that we have included in that calculation. One was the direct funding provided by the Commonwealth. Secondly, there was attributed financial assistance grants that were also included. At the time of preparing the \$2.3 billion estimate, the estimate of the amount of financial assistance grants attributed to government schools was then 24 per cent. This was a calculation that the department had prepared on the basis of some advice that we received from the Grants Commission. Subsequent advice has reduced that estimate to 19.6 per cent. The impact of that has been that the amount of financial assistance grants going to government schools has decreased somewhat but, at the same time, there has been an increase in direct funding since 1996, partly because of the effect of the 7.4 per cent supplementation last year and the way in which that builds into the base in subsequent years.

All those impacts together mean that the new estimate of the increase in funding, the aggregate increases between 1997 to 2000 over 1996 funding levels, is just on \$2 billion—or, accurately, \$1.9 billion.

Senator ALLISON—So Dr Kemp's remarks were accurate on this.

Mr Evans—The \$2 billion is correct. The answer to your question will probably set down the detail on the composition of those figures.

Senator ALLISON—That was one of my next questions. It is very difficult to get your head around these figures, so I wondered whether it was possible for DEETYA to update that table which was prepared for the submission to the states grants bill back in 1996? I have a couple of copies of the tables. They are tables 2 and 3, which are on pages 8 and 9 of the submission.

Mr Evans—I am quite familiar with the tables.

Senator ALLISON—Is it possible to bring those tables up to date so that we can actually look at trends and see what is happening with them?

Mr Evans—Yes. As I say, the answer to the question you put on notice will give you all the information you need on the government school side of that table.

Senator ALLISON—When can I expect that to come through?

Mr Evans—You have put it on notice anyway, so it would come through in the normal response to questions on notice, which would be within a few weeks, I expect, or whatever the normal response time is for responding to questions on notice.

Senator Ellison—Can I ask what the time line is, Mr Chairman, for answers to questions on notice for this round?

CHAIR—It is 14 July.

Senator Ellison—There you are—14 July.

Senator ALLISON—But this was my question on 12 March.

Senator Ellison—I see. You are talking about two questions on notice, one back in March and one you are giving now as a request. The one that you made back in March I understand is in draft form—

Senator ALLISON—Yes, that is what Mr Evans has just given.

Senator Ellison—so we will get that to you next week.

Senator ALLISON—Next week would be good, thank you. Is it possible to provide today details of the EBA calculations for the 1997 enrolments? I have the figures for each state but can you provide, Mr Evans, the actual calculations? I know there is a buffer component and there is a state by state component based on, as I understand it, the actual costs of the state government per capita: do you have that information with you today?

Mr Evans—I have the estimate of the impact of the EBA on each state, unbuffered and then with the buffer—

Senator ALLISON—Yes, I have those figures. What I am asking you for is the calculations—how those calculations were actually worked out.

Senator Ellison—You are after student enrolments; is that right?

Senator ALLISON—It is more, as I understand it, the differences between the states; the reason that the EBA of \$1,750 or whatever it was—I forget now—varied from state to state?

Mr Evans—There were two impacts: one was the student impact but also, as you would be aware, we applied actual net student costs in each state.

Senator ALLISON—That is what I am getting at.

Mr Evans—Actually, whilst I have got the figures, I do not have my working sheets here so I think I would probably have to provide those as part of the response to follow up.

Senator ALLISON—What are you able to give me?

Mr Evans—I can indicate to you the change in full-time equivalent enrolments in government and non-government schools for each state.

Senator ALLISON—I think we have that already, yes.

Mr Evans—The average cost of a student in a government school for the two years, 1996 and 1997, and how those figures work together to give you a financial impact for a particular state and then how the buffer arrangement operated in that particular state.

Senator ALLISON—Okay. Were there other components in the negotiation with the states over the EBA? Were there other arguments put about absolute levels of percentages in government and non-government schools? To what degree are the figures straightforward? Was the only matter that you had to deal with the collection of the amounts of money the state governments spent on government school students and then you did the calculations, or was there a more complex negotiation?

Mr Evans—The financial figure that was used on the basis of submissions from states excluded superannuation—so, when you say a clean figure, they are clean, but they might have had a few things that the states made submissions to the Commonwealth about taken out of the equation. So there are a few things like that. Redundancies was another one.

Senator ALLISON—Can you provide those as well? Is it possible to see what the negotiated variations were?

Mr Evans—I would not normally go into what negotiations took place in each state. But, in providing you with the estimate that was used for the calculation, I can footnote it to show what was excluded. We treated each state the same. I can footnote it to say this excluded redundancies, this excluded superannuation, and the like.

Senator ALLISON—I think that is what I am asking for. What else did you think I was asking?

Mr Evans—I thought you were asking more as to what happened in each state in terms of what claim was made.

Senator ALLISON—Will that not show me anyway?

Mr Evans—No, because once we made agreement we treated each state the same so it does not show which state might have triggered—

Senator ALLISON—I see. That is useful information to know. If there is more than one exclusion from the figures, can you outline how much was in each; what percentage? If it was superannuation that was then taken out or—

Mr Evans—That would require a lot of work because we actually relied on the states to submit a lot of the figures that we got and to agree the figure. I would have to go back to the states and ask them for all these other elements, so I think that would be a fairly major exercise.

Senator ALLISON—Is it possible to get from the states those figures that they provided you with?

Mr Evans—That is what I am proposing to give you. I am not proposing to go out and get another set of figures that includes those other elements back in them.

Senator ALLISON—So the states gave you a figure and said, ‘We have taken out superannuation and three or four other things and here is the total figure.’ They did not give you a breakdown?

Mr Evans—I do not believe they did. I can check. Before we did the final calculations we went out to each state and said, ‘This is the figure that we will be using on cost estimate and these are the enrolments,’ again using full-time equivalent enrolments because of the submissions that had been put to us by the states.

Senator ALLISON—Did you get a consistent response from each state? What is your check?

Mr Evans—I believe each state signed off and said yes, although there was one small issue in New South Wales where they came back and said that there had been an element of student transport—I think it was—that they had inadvertently included or that there had been an impact there. It is something that we are looking at now to see whether it has any impact.

Senator ALLISON—So, essentially, you took the states on whatever their word was?

Mr Evans—We also have pretty good information but we did not want there to be any last-minute dissension over 10 students or \$5 difference on an average student cost.

Senator ALLISON—In 1996, the apparent retention rate of students to year 12 was said to be 71.3 per cent. Again, I think that figure is in the states grants submission. Do we have any figures for 1997 yet?

Mr Evans—I believe the comparable figure for 1997 was 71.8 per cent.

Senator ALLISON—And what is the projection for 1998?

Mr Evans—We do not undertake projections of retention rates because, whilst they are produced by ABS in a series, they are complicated by the nature with which people stay in. You would have to get into predictions of retention rates for each grade of years 10, 11 and 12; also issues about students repeating. It is too complicated an exercise, so we basically just rely solely on the ABS reported retention rates.

Senator ALLISON—I would have thought that next year, because we will see a new group of students in schools that will shift the pattern through the youth allowance requirement that under-18-year-olds must stay at school or not receive the youth allowance, will trigger a fairly major shift in retention rates. Has that not been factored in by you in projections and isn’t that an argument for a special—

Mr Evans—There are a few factors there, Senator. We believe the additional \$80 million that the government provided for school to work will have an impact also in terms of providing other forms of training for those students that would not necessarily go on to university, so we believe that that will have an impact on students staying on longer or completing year 12. You are right that the youth allowance could also have an effect but we have not got down to trying to—

Senator ALLISON—It is a desired effect, I might add, isn’t it?

Mr Evans—Yes. That is exactly right. But we have not got down to trying to predict the impact that that would have on a whole cohort who are finishing year 12. So that work has not been done. That figure would be too difficult and too unreliable, I believe.

Senator ALLISON—Is it, nonetheless, factored into the budget calculations or not, apart from the sum of money for the full service schools?

Mr Evans—We factor into the calculations for general recurrent our estimates of how many students are going to be in primary and how many in secondary by government and non-government so, to that end, at a macro level, we have factored in estimates of enrolments for government and non-government schools but we then do not get down to tinkering at the very edge about the impact.

Senator ALLISON—I can understand that you would not do that, but it seems to me that this is not tinkering around the edges. This is likely to be a fairly major shift.

Mr Evans—There are estimates of the numbers to be assisted through full service schools, but that is in subprogram 1.2. Dr Arthur might be able to talk to you about that when we get to subprogram 1.2.

Senator ALLISON—You may say this is 1.2 as well. The projections of enrolments for 1997 were different from what the ABS show us and were quite different from what the government had predicted in 1996. It was roughly 13,000 students extra in the whole system, including 8,500 in government schools. How does that increased number of enrolments inform you for enrolments for next year—and this year even?

Mr Evans—The change in 1998 over 1997, is that what you are—

Senator ALLISON—Yes, 1998 over 1997 and then 1999 over 1998. Do you expect that to be a hump, in other words? Is that an unusual difference?

Mr Evans—On the basis of the enrolment changes for last year, we are assuming that, roughly, last year's changes would probably carry through to this year. I think the estimate there is about 0.38 per cent increase in government school enrolments and about 2.2 per cent, possibly, in non-government school enrolments.

Senator ALLISON—So 3.8 per cent in government.

Mr Evans—No, 0.38.

Senator ALLISON—So, 0.35. And the EBA will, again, be triggered.

Mr Evans—On that basis, it would be triggered in some states, yes. It may not be triggered, again, in all states.

Senator ALLISON—Have you estimated the amount of the EBA for 1998 enrolments?

Mr Evans—No, I have not. When I say no, there is a national estimate for budget purposes. I have done no estimates on the likely or the possible impact on a state by state basis.

Senator ALLISON—So what is that national estimate?

Mr Evans—Just on \$26 million.

Senator ALLISON—Does that include a buffer and the sorts of negotiations that were done this time around with the states?

Mr Evans—Yes, it does.

Senator ALLISON—Includes the buffer?

Mr Evans—That is correct.

Senator ALLISON—So your estimation for 1998 enrolments is more than double the EBA for 1997 enrolments; is that right?

Mr Evans—Sorry; would you run that one by me again, please?

Senator ALLISON—The EBA turned out to be \$11.5 million.

Mr Evans—It was 11.9.

Senator ALLISON—You are saying the estimate for 1998 is \$26 million, so that is more than twice as much being taken from state budgets.

Mr Evans—That is correct.

Senator ALLISON—Do you have a projection for 1999 as well?

Mr Evans—For 1999, \$39 million.

Senator ALLISON—And 2000?

Mr Evans—There is a proportionate change where there is still a shift in enrolment shares to non-government schools. As Senator Ellison pointed out, it is a very complex arrangement.

Senator CHRIS EVANS—I was going to get you to explain it to me when Senator Allison finishes. It is important that I understand it, but the figures I had indicated that your earlier estimates were in fact wrong. You predicted in 1996 total enrolments would be declining in government schools but, in fact, I gather they have been increasing. I thought on my calculations that their proportionate share was pretty well close to steady. Is that wrong?

Mr Evans—No, there was a 0.37 reduction in the share of students in government schools.

Senator CHRIS EVANS—Sorry; what was that figure?

Mr Evans—It was 0.37 per cent.

Senator CHRIS EVANS—From 1997 to 1998?

Mr Evans—No, 1996 to 1997. We will not have the 1998 enrolments until about August.

Senator CHRIS EVANS—Perhaps you could give me the figures you based that on, then. I have got two sets of figures in front of me. Sorry, Senator Allison, I do not want to cut across what you were doing, but while we are on EBAs—

Senator ALLISON—This revised table that I asked for initially, Senator Evans, will explain that—

Senator CHRIS EVANS—Yes. Could you just give me the figures for 1996-97 that you are working off now.

Mr Evans—I do not think we brought with us the basis of all the calculations that underpin the estimates for the out years. Again it is going to be a national average. If you like, I will take that one on notice.

Senator ALLISON—Could you just finish with the estimate for the EBA in the final year in the quadrennium, 1999. You said \$39 million for 1998.

Mr Evans—It is \$51.4 million.

Senator ALLISON—Over that period, what is the estimate for actual government school enrolment increases? Assuming that the trend continues with a small increase in government school enrolments, what do you expect the difference to be between 1996 and 1999?

Mr Evans—I have not got it in aggregate forms, but, as I indicated earlier, I believe that the rough movement that we saw last year will probably carry through. That might, as you would expect, prove to be a touch high. It might not be as high as that because of the impact

of the VET in schools funding and also the common youth allowance, or the youth allowance. They may actually turn out to be higher, but I would not—

Senator ALLISON—The youth allowance and the other measures to increase retention have not been factored into those figures you have just given me?

Mr Evans—Not to that point. So, in essence, it could mean that—

Senator ALLISON—It is less?

Mr Evans—That is correct. It increases retention in government schools and also, because of the options of vocational education and training, students might stay in government schools more than had been factored into those figures.

Senator ALLISON—When do you expect to factor them in? At what point will you have a better understanding of what they will do to enrolments and retention rates?

Mr Evans—Essentially, I do not believe there is much benefit gained until we do the census at the end of this year, to see what the movement is between 1997 and 1998.

Senator ALLISON—Will that tell you? The youth allowance will not kick in until next year.

Mr Evans—No, but it is showing another year of the impact of vocational education in schools. You are right on the youth allowance but it is another year of \$20 million of VET in schools money. Also there could be an influence factor; students knowing that there is a youth allowance coming may stay on in schools.

Senator Ellison—Also, at the end of the year, our steering committees will have a better idea of the youth allowance and how it is working in each of the states. As we draw towards the end of the year, we will have a much better idea of what size of cohort we are looking at in relation to that youth allowance. Drawing all those together should put us in a better position to make some sort of prognosis.

Senator ALLISON—I will ask about literacy programs later, when that comes up in 1.2.

Senator CHRIS EVANS—I would like to start with the special appropriations for the states grants to primary and secondary assistance. That is the primary figure, is it, that we ought to be concentrating on in terms of assistance to schools?

Mr Evans—Those are the primary amounts that we are talking about in program 1.

Senator CHRIS EVANS—And that is to government and non-government schools?

Mr Evans—Correct.

Senator CHRIS EVANS—Sorry, Mr Evans, I am filling in for Senator Carr on this round and I just wanted to make sure I had my bearings before we started. That, according to these figures, reflects a 4.2 per cent increase in states grants this coming financial year.

Mr Evans—That is correct.

Senator CHRIS EVANS—Can you tell me how you calculate that figure?

Mr Evans—Again, Senator, we are talking about subprogram 1.1 here, so we are talking about general recurrent assistance and capital assistance, predominantly. In terms of the recurrent assistance—

Senator CHRIS EVANS—That is the majority of funding to schools and that is the sort of figure we ought to concentrate on. Is that right?

Mr Evans—It is the great bulk of funding to schools. When we get to program 1.2, we deal with what we term the targeted assistance—such things as languages, literacy and other Commonwealth program elements. Essentially, for the estimates for the special appropriation we rely on the numbers of students that are likely to be in government primary and government secondary, and to those estimates we then apply the per capita rate. The way the appropriation works is that it is open ended. If the number of students increases by 20,000, then we pay general recurrent grants for an extra 20,000 students.

Likewise, with the non-government sector, there are essentially 12 levels of recurrent assistance, both for primary and for secondary. Again we pay on the numbers of students that are in the particular schools generating a particular level of assistance. In addition to that, there are Commonwealth capital payments to government schools and Commonwealth capital payments for non-government schools. The cocktail of that gives you that figure, Senator.

Senator CHRIS EVANS—What is the base it is worked upon? It is the per capita rate, is it?

Mr Evans—Correct.

Senator CHRIS EVANS—What is the per capita rate?

Mr Evans—There are 12 rates. The government primary rate is \$379; the government secondary rate is \$559.

Senator CHRIS EVANS—And you have got 12 categories for private schools?

Mr Evans—Correct.

Senator CHRIS EVANS—I do not need those. I am just trying to understand how it works.

Mr Evans—Each year we have a process of supplementation, so there is indexation to adjust those rates. The rates that I have just given you are what we term preliminary 1998 rates. In about October this year, we will have the outcome of cost supplementation arrangements and those rates will then be adjusted upwards.

Senator CHRIS EVANS—What is the index that you use? Is it just CPI?

Mr Evans—No, it is the average government school recurrent costs index.

Senator CHRIS EVANS—Oh, that one!

Mr Evans—Last year it came in at 7.4 per cent.

Senator CHRIS EVANS—That is applied only to the recurrent grants?

Mr Evans—It is applied to the per capita recurrent grants, but also to other recurrent grants programs.

Senator CHRIS EVANS—It is not applied to the capital—

Mr Evans—No. There is a separate index, a building price index, that is applied to the capital programs.

Senator CHRIS EVANS—So how do you work out your base for the capital programs?

Mr Evans—The base was set by government back in 1996, so it is a fixed capital amount—

Senator CHRIS EVANS—Per student, per capita?

Mr Evans—No. It is a fixed amount of money, adjusted each year by the building price index.

Senator CHRIS EVANS—What was the 1996 base, just so I have got a feel for what we are talking about? I am sorry, this is a bit of education for me, but to make sense of what

comes next I need to understand it. Senator Ellison is taking notes too, so it is obviously worth while for him.

Senator Ellison—You've got to keep up with the figures.

Mr Evans—I do not have the 1996 figure, but the amount of capital for government schools in 1997 was \$212.4 million. For non-government schools it was \$83.5 million.

Senator CHRIS EVANS—So that was the 1997 figure, which is 1996 plus whatever you build in for the price index?

Mr Evans—Correct, and those amounts essentially would be adjusted each year, to the year 2000.

Senator CHRIS EVANS—Is that \$83 million, did you say?

Mr Evans—Million, yes. It would be nice if it was \$83 billion.

Senator CHRIS EVANS—So that is all that you expend on capital works and private schools for the financial year?

Mr Evans—With one minor adjustment. That amount for 1997 that I read out, the \$83.5 million, carries for 1997-98-99, but then it drops by \$10 million for the year 2000. This is the amount for non-government schools.

Senator CHRIS EVANS—And the amount for government schools?

Mr Evans—The amount for government schools continues. It stays at that amount and is adjusted through to the year 2000.

Senator CHRIS EVANS—By the building price index?

Mr Evans—Exactly.

Senator CHRIS EVANS—That was \$6,212 million? Is that right?

Mr Evans—No, it is \$212.4 million.

Senator CHRIS EVANS—Sorry it was a dollar sign and not a six. Is that the total spent on capital grants to schools?

Mr Evans—From Commonwealth sources.

Senator CHRIS EVANS—Yes, and that is indexed. All of that indexing of both the recurrent and capital goes into the pot that makes up the states grants allocation in table 11; is that right?

Mr Evans—That is right.

Senator CHRIS EVANS—Is there a breakdown published in the budget papers of those figures that you have just given me?

Mr Evans—There is a bit of a disaggregation in the budget papers. The table that Senator Allison asked for earlier would provide a more detailed breakdown of the funding by government, non-government, general recurrent capital and a number of the targeted programs. So the answer that I will be preparing will cover it.

Senator CHRIS EVANS—That is fine. That will answer some of my questions and I will be able to do the comparisons. Is your out year funding based on your estimates of enrolments?

Mr Evans—For general recurrent, they are.

Senator CHRIS EVANS—How do you calculate that? I do not mean the detail but the broad parameters. Do you look at population growth?

Mr Evans—You look at the trends that you have. We do cohort work on the number of students that have been in government and non-government schools, and primary and secondary schools and we look at the demographic issues as to whether the population is increasing or flattening out, to give some student populations for the next few years. Then you feed into your calculations how much funding you might be likely to spend.

Senator CHRIS EVANS—How do you then decide on the split between government and private schools in those projections?

Mr Evans—As I mentioned earlier, it is an entitlement program. So, essentially, when we get the advice in August of the actual numbers of students in each school, we pay on that advice.

Senator CHRIS EVANS—Yes, but only for the out years. I have some figures here that you obviously provided in 1996 about your predictions for the out years for enrolments, which it seems are not reflected in the more recent publications. I am not holding you to that as obviously estimates are not accurate but I am trying to get a feel for—

Mr Evans—We tend to revise the estimates on the basis of the latest advice as well. In 1996, we had expected the abolition of the new schools policy from the beginning of 1997 to have had a sharper impact on growth in non-government enrolments. That sharper impact did not occur to the extent that had been predicted back in 1996. So we use that as a basis to re-examine the forecast that we have got for the out years as well.

Senator CHRIS EVANS—So your projections for 1997 for government schools were in fact lower than what occurred, and I gather in 1997 we actually had an increase in enrolment in government schools rather than the decrease predicted. Is that right?

Mr Evans—That is correct.

Senator CHRIS EVANS—For the out years you originally predicted ongoing decreases in government school enrolments. I see now, from the latest figures I have, you are predicting a trend increase in government schools. Is that right?

Mr Evans—I am not sure what figures you are looking at, but I expect that that is correct.

Senator CHRIS EVANS—The last ones I have are out of the May estimates or it may have been a question that Senator Carr or someone asked on notice. I have figures for 1998-99, 2000 and 2001 which show government schools going from 281 to 294 in 2001. So it looks like a modest continuing trend increase.

Mr Evans—Yes.

Senator CHRIS EVANS—You have revised your figures. You expect a modest increase in government school enrolment. What are you saying about private school enrolment?

Mr Evans—The assumptions are that it would continue to rise but probably at a slightly faster rate than for government school enrolments.

Senator CHRIS EVANS—It looks like, on your predictions, a slightly quicker increase in numbers. What is your basis for that prediction, given that you thought the new schools thing did not have the same sort of impact you originally thought?

Mr Evans—It is partly based on the experience of what has actually happened and it is the best estimate that we can come up with.

Senator CHRIS EVANS—It was not a trick question. I am just trying to understand what is happening in the industry. You basically think there is a fairly strong growth in private school demand and that that is going to continue.

Mr Evans—I would not have said strong. There is an increased tendency towards private schools but, as you noted, it is at a lower rate than was predicted in 1996 when the abolition of the non-government new schools policy was announced.

Senator CHRIS EVANS—You have revised your figures for non-government schools down by about 30,000-odd in 2001. So there is a slightly higher demand for government schools than anticipated a year or two ago and a slightly lower increase in demand for private schools. That leads me to ask you to explain what the EBA does.

Mr Evans—The enrolment benchmark adjustment looks at the share of enrolments in a particular state in 1996. Where the share of enrolments in the government school sector decreases in subsequent years, the enrolment benchmark adjustment may be triggered. As students move from government schools to non-government schools, state governments can save money because they spend less on a student at a non-government school than at a government school. The reverse is the case for the Commonwealth. Essentially, we would look at calculating the net saving to the state of that movement. The enrolment benchmark adjustment claims 50 per cent of that estimate for the Commonwealth.

Senator CHRIS EVANS—So it is a sort of clawback to the Commonwealth, basically?

Mr Evans—Or a share in the calculations.

Senator CHRIS EVANS—I thought you said earlier to Senator Allison that the estimate for the EBA is increasing for next year.

Mr Evans—Because it relates back to 1996, being the benchmark year, the impact over a number of years does aggregate.

Senator CHRIS EVANS—What does that mean?

Mr Evans—I suppose another term could be that it has a ratchet effect. If your enrolments are fixed on the 1996 level, you get a .22 enrolment drift in your first and another .22 enrolment means that you have a .44, so it actually builds up.

Senator Ellison—Also, if there is a buffer, which was mentioned earlier, it is not triggered by a shift of 500 students or 0.05 per cent overall. In this last round of EBA, Tasmania, the Northern Territory and the ACT did not have the EBA triggered because the effect was so minimal it came within that buffer.

Senator ALLISON—That 0.05 per cent was applied to each state, was it not?

Senator Ellison—It is an either/or, whichever is the greater.

Mr Evans—Whichever is the more benefit to a state—they either get the 500 enrolments or the 0.05 per cent.

Senator Ellison—Whichever is more beneficial to the state.

Senator CHRIS EVANS—Is that buffer factored into the forward estimates as well?

Mr Evans—Correct.

Senator Ellison—Yes.

Senator CHRIS EVANS—It seemed to me, on a rough calculation that someone did for me, that in fact government school enrolment was expected to be a greater percentage in 1998 than it was in 1997. But I suppose your answer to me is that that does not matter; we are actually comparing 1998 with 1996. Is that right?

Mr Evans—And you are looking at the proportion between the share in government as against the share in non-government.

Senator CHRIS EVANS—I am saying that the figures I have indicate that percentage of enrolment in 1998 is going to be 70.57 per cent and that it was 70.31 per cent in 1997. I do not know whether you agree with those figures. I see a couple of half nods.

Mr Evans—They are in the ballpark.

Senator CHRIS EVANS—At first it seemed to me the question was: why is the EBA going up if in fact the government share of students has increased?

Mr Evans—If the government's share of students increases in 1998, it would not necessarily relate back to 1997; it would be how it relates to 1996.

Senator CHRIS EVANS—I thought that would be your answer. Are you saying to me that the 70.57 per cent in 1998 is still less than the benchmark figure in 1996?

Mr Evans—I am not sure which figures you are using, Senator—but you understand how the principle works: if the 1998 figure is greater than the 1996 figure, because as we mentioned earlier—

Senator CHRIS EVANS—What was the 1996 figure?

Mr Evans—We used full-time equivalent enrolments, not simply just enrolments—at the behest of the states. It was more beneficial to states to have the calculation done—

Senator CHRIS EVANS—Yes. Whenever you think you can get something nailed down, it shifts. I was not having a go at you. I thought I almost conceptually had this, then you mentioned that we had a different set of figures and I thought, 'I am gone!' Putting that to one side for a minute, because I think you will beat me there, the sort of calculation we worked out in terms of the percentage—is that a reasonable way to work it out: the percentage of government students of the total population? That is essentially, conceptually, what we are talking about, isn't it?

Mr Evans—Of the school population.

Senator CHRIS EVANS—When I say to you that on my figures the government's share is going up in 1998 over 1997—putting the exact figures to one side—is that right or is that wrong on your figures?

Mr Evans—I do not believe I have seen a figure that shows the 1998 government share higher than 1997. It may turn out that way, but I do not believe I have seen an estimate of that.

Senator CHRIS EVANS—It is not a question of it 'might turn out'. You have done an EBA calculation for the budget, haven't you, so—

Mr Evans—That is because I have not seen one that shows 1998 greater than 1997.

Senator CHRIS EVANS—I will rephrase the question. What was the 1997 figure and what is the estimate for 1998?

Mr Evans—I will have to take that on notice. I have not got the figure here.

Senator CHRIS EVANS—Where do I find the EBA calculation in the budget papers?

Mr Evans—You will not find the calculation, but you might find—

Senator CHRIS EVANS—I did not mean the calculation. Where is it represented as a budget item?

Mr Evans—On page 34 you will see a table, about a third of the way down the page—'Special appropriations'. If you go down about five lines, you will see 'Implementation of the enrolment benchmark adjustment'. That table is the variation in 1998-99 compared to 1997-98.

So, essentially, that \$13 million that is shown there is the increased impact of the EBA over what was included in the 1997-98 budget figuring.

Senator CHRIS EVANS—Is that right, or is it over the 1996 budget figuring?

Mr Evans—In 1997-98 was the year when it was recovered but it was a calculation comparing 1996 to 1997.

Senator CHRIS EVANS—I want to get this straight, though. That is the difference between 1996-97 and 1997-98?

Mr Grant—I think what Mr Evans is saying, Senator, is that this is a difference in dollar amounts between financial years, even though the actual benchmark is tied to 1996.

Senator CHRIS EVANS—So, on that basis, you are actually claiming, it seems to me, that in fact government schools have a lesser proportion of student enrolments not only than in 1996 but than in 1997?

Mr Evans—That is correct.

Senator CHRIS EVANS—Otherwise you would not have an in bracket figure.

Mr Evans—And the estimate—

Senator CHRIS EVANS—So the assertion I put to you before you are saying is wrong?

Mr Evans—I said I had not seen figures that—

Senator CHRIS EVANS—No, I am just trying to tease this out. What I put to you has, according to you, got to be wrong; otherwise you would not be saving \$13 million?

Mr Evans—That is right.

Senator CHRIS EVANS—So you are saying to me that there is \$13 million of saving over and above the 1996-97 figures?

Mr Evans—That is right.

Senator CHRIS EVANS—So for that to be true there must be, again, a further drop in the government proportion of students?

Mr Grant—I think that is the assumption for purposes of the estimate, and Mr Evans is saying that he has seen no actual figures that would validate or otherwise that assumption.

Senator CHRIS EVANS—I am looking at what I thought were answers given to Senator Allison on a question on notice back in May.

Mr Evans—Do you have the number, Senator. We have a copy of the answers here as well.

Senator CHRIS EVANS—It is at page 2571 of the *Hansard*.

Senator Ellison—Is that question No. 657?

Senator CHRIS EVANS—To be honest, I do not think I have the number with me. It just has the projected enrolments for the next four years, starting in 1998.

Mr Evans—Senator, could we possibly have a look at the answer?

Senator CHRIS EVANS—Yes, sure. It is a question on notice in the parliament to Senator Ellison. Forgive me, I have only got the second page.

Senator Ellison—We will just get a photocopy of it. That will make it easier.

Senator CHRIS EVANS—I apologise, I have only got the second page; I have not got the front page with the number on it.

Senator Ellison—I might point out, while we are waiting, that on those new students that come into the government sector there has been a misunderstanding: people think that they do not get funded. They still attract a per capita funding, the 8,000-odd new students that came into the government sector.

CHAIR—Isn't it true, Minister, when they leave the state government school they actually leave half the money behind, on the enrolment benchmark adjustment?

Senator Ellison—Yes, that is right; that is part of the effect of the EBA.

CHAIR—So the school actually gets that and does not have to support the student—

Senator Ellison—The state does.

CHAIR—which I would have thought was a bit of a bonus. The state government gets—

Senator Ellison—The state does, yes.

Senator CHRIS EVANS—Perhaps it might be easiest, Mr Chairman, if we want to let the departmental officers have a look at that question, but also perhaps Mr Evans could arrange to get that base figure supplied to me and we might come back to it rather than going around in circles.

Senator Ellison—Yes.

Senator CHRIS EVANS—I think it might speed the whole process if Mr Evans got one of his officers to find those figures that he is using, then it is clear what basis the department is working on.

Mr Evans—Okay.

Senator CHRIS EVANS—I am not disputing them; it just did not work out the way that we did it. The reason I wanted to start there was that I wanted to take the minister or the department to this debate about the federal budget containing a substantial funding boost for non-government schools at the expense of the government sector. The government, I gather, has been disputing that. I want to know what the reality of this is. It has been put to me that on your own figures there will be an increase of 6.4 per cent for private schools but only 0.4 per cent for government schools. Is that right?

Mr Evans—If you look at figures—and I think you had this discussion with Mr Manns earlier this morning—about tables that are set out in financial years as against calendar year programs, it does introduce issues about cash flows when you are looking at proportionate shifts between growth in one sector and growth in another sector. It is true though that the number of students in non-government schools is increasing at a more rapid rate, so that has an effect on increasing the level of Commonwealth funding in non-government schools compared to government schools.

Senator CHRIS EVANS—But not of that sort of order—is that right? The figures I saw looked like about 2.2 per cent increase in private schools and something less in government schools, but the funding seems to have gone to 6.4 per cent increase for private schools and 0.4 for government schools so it does not seem to be totally explained by enrolment numbers.

Mr Evans—It is partly enrolment numbers but it is also partly a cash flow effect, but that does not explain it. One of the other factors that leads to it is for categories 5 to 12 non-government schools.

Senator CHRIS EVANS—Yes.

Mr Evans—With categories 5 to 12, which are what we term more needy schools, with category 12 being the most needy, the budget figuring includes over and above supplementa-

tion the 1.8 per cent real increase in their funding amount each year. That is from 1997 through to the year 2000.

Senator CHRIS EVANS—So private schools, 5 to 12—

Mr Evans—Categories 5 to 12—

Senator CHRIS EVANS—get an extra 1.8 per cent.

Mr Evans—On top of supplementation.

Senator CHRIS EVANS—Each year?

Mr Evans—Yes.

Senator CHRIS EVANS—So it is a cumulative 1.8 per cent?

Mr Evans—Correct. And that arrangement had been in place for the previous quadrennium as well.

Senator CHRIS EVANS—And what percentage of private schools fall into that 5 to 12 category? I am talking ballpark; I am not going to hold anyone to the figure, but are we talking 20 per cent of the total or 80 per cent of the total?

Mr Evans—No. Did you ask for categories 5 to 12?

Senator CHRIS EVANS—Yes.

Mr Evans—It is about 84 per cent.

Senator CHRIS EVANS—Yes.

Mr Evans—Over 80 per cent.

Senator Ellison—To give you an idea, Senator, in Western Australia all Catholic schools are at category 11 and in the rest of the country they are at category 10. So it gives you an idea where they sit.

Mr Evans—And the bulk of enrolments in the non-government sector are in Catholic schools.

Senator CHRIS EVANS—That is what I was trying to bring out. So a 1.8 per cent increase annually in those schools has a proportionately very significant impact on the total private school budget—

Mr Evans—Yes.

Senator CHRIS EVANS—Because you are talking about a 1.8 per cent increase for 84 per cent of the total.

Mr Evans—That is right.

Senator CHRIS EVANS—Which will explain a reasonably large amount of the discrepancy that I have been trying to deal with between private and public.

Mr Evans—Yes.

Senator CHRIS EVANS—So, just to recap, the disproportionate increase in funding for private schools is explained partly, first, by greater enrolments and their funding on a per capita basis—is that right?

Mr Evans—That is right.

Senator CHRIS EVANS—I do not want to put words into your mouth so, if I am wrong, correct me.

Mr Evans—Sure.

Senator CHRIS EVANS—Second, by some cash flow transactions carried over, you said. Is that a significant issue?

Mr Evans—I believe it was significant for the government sector this year.

Senator CHRIS EVANS—I am looking for you to explain to me what the 6.4 per cent for private schools increase is made up of, or, if you dispute that figure, to tell me why that is wrong.

Mr Evans—The cash flows impact for government general recurrent was an increase of \$1.2 million, but for government capital it was a reduction of \$30 million. That is a \$30 million explainer as to why 1998-99 is closer to 1997-98. For the non-government general recurrent it was \$11 million more than had originally been predicted. So you can see that there is a negative cash flow in effect for government schools and a positive for non-government, which would partly explain the variations that you are looking at.

Senator CHRIS EVANS—The third factor is what we have discussed, which is the extra funding provided for category 5 to 12 schools?

Mr Evans—Correct, because both sectors get exactly the same supplementation arrangements to their programs.

Senator CHRIS EVANS—Sorry?

Mr Evans—We talked earlier about supplementation arrangements.

Senator CHRIS EVANS—Yes.

Mr Evans—Again, government schools and non-government schools are treated the same way for their supplementation, although, as you say, on top of the supplementation, categories 5 to 12 get the extra 1.8 per cent.

Senator CHRIS EVANS—Is that the totality of factors that would explain what seems to be a discrepancy between a 2.2 per cent increase in enrolments in private schools and a 6.4 per cent increase in funding?

Mr Evans—The other explainer—we have talked about it—is the enrolment benchmark adjustment.

Senator CHRIS EVANS—How would that be reflected in—

Mr Evans—Because it—

Senator CHRIS EVANS—Does that show up then again in the private versus government school figures?

Mr Evans—It would show a slower growth in government school figures. It would be one factor.

Senator CHRIS EVANS—What I am trying to conceptualise is this. If you have got the government school pile and the non-government school pile, where do you put the EBA? I know it fits into your bottom line as an adjustment. Does that impact on the dollar amounts reflected in the various columns, government versus non-government?

Mr Evans—It would impact on the proportionate growth in government school funding.

Senator CHRIS EVANS—So you are saying their proportionate growth would be less?

Mr Evans—It would be one factor that would explain the difference.

Senator CHRIS EVANS—It would not be a factor that would explain the 6.4 per cent growth in private?

Mr Evans—No, that is why I would go to the other points that I—

Senator CHRIS EVANS—No, I am just trying to make it clear. All right, that is the explanation for that. So what do you say is the baseline figure increase in private school funding then?

Mr Evans—Sorry, what do you mean by baseline?

Senator CHRIS EVANS—I guess I am looking at—what is the budget term?—the underlying figure?

Mr Evans—I am not sure if this answers your question, Senator, but I will try. The government has legislated for schools for the years 1997 through to 2000 for government and non-government. The estimates for both sectors are increasing over the period 1997-2000. Again I would point back to Rod Manns's exercise. These are calendar year programs so it is probably best to talk about it in calendar year terms. Funding for government schools this year is estimated to be—this is direct funding through specific purpose payments for calendar year 1998—\$1.712 billion and for non-government schools to be \$2.408 billion. I do not know if that helps you.

Senator CHRIS EVANS—I think that does. Can you say that to me again? How did you describe those figures?

Mr Evans—We estimate funding for government schools in 1998 to be \$1.712 billion and for non-government schools \$2.409 billion, when it is rounded.

Senator CHRIS EVANS—And that is total government funding?

Mr Evans—The second figure I gave you is total Commonwealth funding to non-government schools.

Senator CHRIS EVANS—Yes, and the first figure was total Commonwealth funding to government schools?

Mr Evans—And that is the direct assistance we talked about earlier; states apply Commonwealth sourced financial assistance grants. Financial assistance grants figures are not included in those numbers I have just read out to you, Senator.

Senator Ellison—That comes on top of those figures.

Senator CHRIS EVANS—So when we are comparing year to year we do not throw in the financial grants figures?

Mr Evans—We can.

Senator CHRIS EVANS—Is that usual?

Mr Evans—It is usual in some quarters. What I might give you as well, which gives you a figure to draw a line from, is the total funding for government and non-government in 1996. That might help you to get a comparison.

Senator CHRIS EVANS—Yes.

Mr Evans—In 1996 1.501 billion, and for non-government in 1996 2.009.

Senator CHRIS EVANS—That presents quite a substantially quicker increase in the funding for non-government schools, doesn't it, on a quick calculation? This year is not the only year that that has occurred? Obviously that must have occurred in 1996-97 as well: is that right?

Mr Evans—The table I am committed to providing Senator Allison with will provide you with these figures broken down for each year—1996-97, 1998-99 and 2000.

Senator CHRIS EVANS—Are these real dollars or constant?

Mr Evans—They are real dollars so they are actual out-turn amounts or likely funded amounts in those particular years. They include the estimates of parameter supplementation that would be provided in those years.

Senator CHRIS EVANS—Do you do those 1996 dollar amounts as well?

Mr Evans—I have dabbled around with some of them.

Senator CHRIS EVANS—If you had them, could you provide them to the committee?

Mr Evans—I can provide some of them to you in some years compared to 1996. Is that what you are after?

Senator CHRIS EVANS—Yes. It just allows you then to have a feel for what that index actually does. Senator Ellison made the point that it is not actually consumer price indexes; it is quite a different and much higher rate.

Senator Ellison—Much higher. In real terms there was over \$200 million this year for schools, both government and non-government. I think it was about \$220-odd million.

Mr Evans—In relation to the figure that I gave you for 1996 for government schools—the 1,500,571—the comparable figure for 1997 for government schools on the same price basis—that is the 1996 price basis—is 1,534 billion.

Senator CHRIS EVANS—Have you got it for 1998 as well?

Mr Evans—I can give it to you for 1998. That is 1.557. And for non-government schools?

Senator CHRIS EVANS—Yes.

Mr Evans—You have the 1996 figure. The 1997 is 2,074. The 1998 is 2,165. So you can see that that shows a real increase for government and for non-government. They are adjusted using the estimates of the AGSRC and the building price index that we talked about earlier.

Senator CHRIS EVANS—Thanks for that. I think I will wait on that table before I go any further. Senator Allison, are you looking to have a go? I have some more budget type things.

CHAIR—Have you finished program 1.1?

Senator CHRIS EVANS—No. I was just going to let Senator Allison have a go.

CHAIR—Have you finished, Senator Allison, on 1.1?

Senator ALLISON—Yes. I suppose the question we need to ask the minister at this point is whether representations have been made beyond the normal group of government schools to drop the EBA. What is the government's policy now. We have seen what happened with the 1997 enrolments. We have seen that, even though there was an increase, the government sector lost 11.9 million, and that figure, even though there will be increases in enrolments over the next four years, will continue to double; it must be obvious to the government now that this is a damaging mechanism to your claims to not be disadvantaging government schools. Are you inclined to review the EBA? Will you consider this question?

Senator Ellison—The EBA was part of a budget decision in 1996. It has been through the parliament. It is policy. It is an adjustment between Commonwealth and state and territory governments. It does not mean that at the end of the day there is a net reduction in funding for the government sector—far from it. In the overall expenditures looked at—and you have just seen that figure of \$2 billion for government schools from 1997 to 2000—we believe that it—

Senator ALLISON—Excuse me, Minister: wasn't it \$1.9 billion?

Senator Ellison—No. We said \$2.3 billion adjusted to \$2 billion; that was the figure.

Mr Evans—It was \$1.9 billion rounded to \$2 billion.

Senator Ellison—If you want to round it down, it is \$1.9 billion versus an EBA of \$11.9 million. So it is a very small fraction of the total amount that we are looking at by way of increasing funding. We are saying basically that it is an adjustment between the Commonwealth and state and territory governments; we have increased funding to government schools in other areas—you have mentioned the full service schools area—

Senator ALLISON—Minister, what is the point of this mechanism?

CHAIR—Order! Senator, you are interrupting the minister's answer.

Senator Ellison—The point is that we say this: we are funding students in the government sector; they then transfer or shift across to the non-government sector and we are still funding them. As Senator Tierney points out, the states then get a saving in relation to government expenditure, Commonwealth funding. Any new student coming into the government sector gets funded on a per capita basis. We do not rub that out—that stays—and to lessen the impact on the states we even halved the effect of the EBA. We halved it and introduced a buffer.

We think that that, as a principle, is a matter of fairness between the areas of government funding. We are still increasing, overall vastly, government funding to government schools and we believe in a strong government sector and a strong non-government sector. We reject totally that this government is financing the richer schools at the expense of the poorer ones. In fact, today there was an article which said that we would increase funding to the wealthier private schools. Categories 5 to category 12 are the poorer end of non-government schools. In fact, you do not have to go far to see some non-government schools, especially Catholic schools, which are not terribly well off. There has been a beat-up in relation to this whole issue and we reject the criticism that we are increasing funding to non-government schools at the expense of government schools.

Senator ALLISON—Minister, you said that, where a student leaves the government school and goes to the private school, this is the adjustment that—

Senator Ellison—It is the shift that triggers the EBA, proportionally.

Senator ALLISON—But isn't it the case that there are no records of the actual students who shift across; that we do not know how many students actually do that? All we know is that government schools have increased their enrolments. It could be that no students have moved across to the private sector. It could be none at all. Isn't that a possibility?

Senator Ellison—No. The fact is that you have got to look at the growth of both sectors, and the one sector—

Senator ALLISON—Minister, I am sorry to interrupt this—

CHAIR—Order, senators! Do not interrupt, please.

Senator ALLISON—I need to make myself clear on this.

Senator Ellison—Do you want to rephrase the question?

Senator ALLISON—Isn't it the case that, with the figures that we have before us, it is possible that no students transferred from government schools to private schools—that private schools simply took up the increase in enrolments? Isn't that a possibility? Perhaps I should ask Mr Evans, who would be on top of the figures a bit better.

Mr Evans—I think you asked me this at the last Senate estimates hearing. Whilst it is mathematically, theoretically possible, it is very unlikely that could be anywhere near the situation.

Senator ALLISON—You have no figures to prove that, do you?

Mr Evans—I do not have any figures but I know parents whose children might have moved into year 7 in a non-government school this year.

Senator ALLISON—I know parents who have moved their children out of private schools into government schools, too, but that is not evidence.

Mr Evans—It is the point that you made about whether there are any kids moving from a government school to a non-government school. It is evidence.

Senator ALLISON—I suggest to you that all we have—

CHAIR—Isn't it true, Mr Evans, that students are moving in fairly large numbers from the government to the non-government school sector and from the non-government school to the government school sector, right across Australia?

Senator Ellison—And moving within government schools and within non-government schools.

CHAIR—They are moving all the time.

Senator Ellison—That is right.

Senator ALLISON—So all we have are the totals. Isn't that correct? We do not know where the movement is; all we know is the totals. The totals tell us that, in 1997, 8,500 extra students enrolled in government schools. That is all we know.

Mr Evans—That is right.

Senator ALLISON—We know that there were more than that in terms of extra numbers in the private sector, but that is all we know. We do not know that anyone transferred from anywhere to anywhere else.

Mr Evans—We do know that they transferred; we do not know the quantum, Senator.

Senator ALLISON—At the end of the day, the final figures tell us that there was an increase in government schools. That fact should, I suggest to you, Minister, mean that the EBA is an inappropriate mechanism. It does not do what it seeks to do, and that is make up for what state governments no longer have to do—that is, fund places that have been vacated by students in government schools. That is the rationale behind the whole mechanism and it no longer applies.

Senator Ellison—But you cannot explain this. You say that 8,500 students entered the government sector. On the figures that you rely on—just accepting your figures—that means that 4,500 went into the non-government sector, because there were 13,000. The non-government sector is 30 per cent of the school population or thereabouts. But 4,500 compared with 8,500 is vastly different from your 70:30 breakdown, because 70:30 is roughly the breakdown of government versus non-government. On those figures, the non-government sector grew at a greater rate than the government sector. From that, you work out the shift from one sector to the other, because they can still grow and there be a shift. People who have criticised the EBA have said, 'Look, the only way for the EBA to work is that there has to be a decrease in the numbers in the government sector.' But not so; it is based on the shift.

Senator ALLISON—No, that is obvious.

Senator Ellison—It is based on a disproportionate shift, or growth rate.

Senator ALLISON—Minister, I ask you whether you have had representation from any of the private school organisations about the EBA.

Senator Ellison—I have had approaches from some non-government sectors on the EBA, yes.

Senator ALLISON—What do they ask? What is their position?

Senator Ellison—I think that they are anxious not to be drawn into the argument, because they believe in both sectors being well funded—as does the government. They have asked the government as to the basis for this funding, the reason for it, and they have accepted it when I have explained it to them. I can tell you that I do not think demonstrations outside their schools and negative reactions at some of their schools really help very much in trying to get the message across and having some cooperation between the sectors. Some of them have had demonstrations outside their schools, and negative reaction. They, of course, had nothing to do with this. It was a government to government decision. They have raised it with the government and I have explained it to them, and I believe they have accepted the explanation.

Senator ALLISON—Can you give the committee a list of those that you have had representations from—which school groups have indicated that the EBA is a problem?

Senator Ellison—Some of these have been confidential and some have not. I would have to check my records—I am not about to breach any confidence—and I would have to ask them if they were prepared to be released from their confidential discussion.

Senator ALLISON—Perhaps you would take that on notice, then.

Senator Ellison—Yes, I will take it on notice.

Senator ALLISON—Can you say also which of those schools, once you explained the rationale, accepted that as a reason?

Senator Ellison—I believe they all did. The explanation of its being a government to government mechanism was one which was understood. Whether they think it is a good idea or not, or whether they think it could be done differently, is another matter, but the explanation was accepted, that it was an adjustment between federal government and state and territory government funding.

CHAIR—Can we move on to program 1.2, Targeted assistance?

Senator CHRIS EVANS—I will just go back to this question about the increase in funding. I see that the minister has put out a press release where he is claiming a \$380 million increase in this year's budget compared with 1996. I presume, having had a quick look at the figures, that that has included some of the financial assistance grants for the states and special purpose grants because it does not seem to add up on first brush, and I am sure that the minister has not misled us. I was just trying to track down the \$380 million figure. The minister put out a release on 23 May claiming a \$380 million increase in 1998 compared with 1996 and I am just trying to ascertain what that \$380 million includes. Either the minister can answer, or the department can tell me what it thinks the increase from 1996 to 1998 is.

Mr Evans—Is that just government, Senator, or is it government and non-government?

Senator CHRIS EVANS—Commonwealth funding for government schools.

Mr Evans—That figure has actually been adjusted. It is actually the figure I have in front of me—and I can take you through it: \$211 million.

Senator CHRIS EVANS—It is \$211 million!

Mr Evans—Correct.

Senator CHRIS EVANS—Can you take me through that then?

Mr Evans—I believe that when that estimate was done it did not have some of the ANTA moneys that are provided by the Commonwealth to government schools, for one instance. So there was—

Senator CHRIS EVANS—Are you saying \$211 million or \$311 million?

Mr Evans—Did you say \$280 or \$380 million?

Senator CHRIS EVANS—The minister's press release says \$380 million. You are probably as taken aback as I was.

Mr Evans—I see. Sorry.

Senator Ellison—Which date was that press release?

Senator CHRIS EVANS—It was 23 May 1998.

Mr Evans—That includes financial assistance grants, attributed financial assistance grants.

Senator CHRIS EVANS—I see.

Mr Evans—If you like, I can give you—

Senator CHRIS EVANS—Perhaps you can take me through what is in your portfolio area then. What do you say the increase in government funding for government schools is between 1996 and 1998?

Mr Evans—It is a \$404 million increase.

Senator CHRIS EVANS—You have now moved to the minister's basis including financial grants, et cetera?

Mr Evans—Correct.

Senator CHRIS EVANS—They do not come under your—

Mr Evans—That media release was not just about program 1; it was about Commonwealth funding for government schools.

Senator CHRIS EVANS—I accept that. I was just talking about your area of responsibility. What do you say the change in government schools is?

Mr Evans—In direct assistance it is \$212 million since 1996—in 1998 compared with 1996.

Senator CHRIS EVANS—Is that the same as the \$211 figure you gave me a minute ago?

Mr Evans—Correct.

Senator CHRIS EVANS—Right. That is inflation for you. So we have \$212 million, you reckon?

Mr Evans—It was \$211.759 million, so rounded to \$212 million.

Senator CHRIS EVANS—I was just being smart. It is rounded up. It is \$212 million?

Mr Evans—Correct.

Senator CHRIS EVANS—And that is in direct assistance?

Mr Evans—That is direct assistance. The minister's media release made the point that in addition to the direct assistance there are attributed financial assistance grants that are sourced from the Commonwealth and provided into schools funding.

Senator CHRIS EVANS—The \$212 million that you get is comparing what with what?

Mr Evans—The direct assistance as shown in program 1.1, that is, the general recurrent and capital. It also includes the targeted assistance that is provided in 1.2 for the various targeted program elements. It also provides our funding on indigenous students for government schools, and it includes ANTA funding for school to work in schools.

Senator CHRIS EVANS—That is where the adjustment was?

Mr Evans—That is partly the adjustment. It also has in it some small amounts of money under program 3 that are also provided to schools.

Senator CHRIS EVANS—Is that \$212 million in real dollars?

Mr Evans—It is actual dollars. It is not in a fixed price basis. It is the likely amount of cash that has been provided to government schools in 1998 compared with the same reporting basis in 1996.

Senator CHRIS EVANS—Can you give us that figure in fixed price dollars?

Mr Evans—They are the ones I gave you earlier on.

Senator CHRIS EVANS—Which was—to refresh my memory? That was the—

Mr Evans—It is the \$1.500 billion.

Senator CHRIS EVANS—Yes.

Mr Evans—Then it goes up to \$1.534 billion and \$1.557 billion.

Senator CHRIS EVANS—So where is the \$212 million coming?

Mr Evans—That is the—

Senator CHRIS EVANS—What you gave me before was just the states grants, was it?

Mr Evans—That was the actual total amount of funding reduced to the price basis.

Senator CHRIS EVANS—Yes.

Mr Evans—The figure that was just read out, the \$212 million, was the actual increase in 1998 over 1996.

Senator CHRIS EVANS—Yes. So the comparable figure then is the \$212 million versus the \$1.557, is it?

Mr Evans—That is the increase, yes—on a cash basis and not on a real cost basis.

Senator CHRIS EVANS—So that is the direct comparison between the two.

Mr Evans—Exactly.

Senator CHRIS EVANS—Thanks for that. Can you give me the figures for capital expenditure, as well, on that basis? I do not mean now—can you take that on notice?

Mr Evans—I mentioned earlier the figure of \$212.4 million for government schools. In real prices, that is the same amount for 1996, 1997, 1998, 1999 and 2000. So that is in the same price basis.

Senator CHRIS EVANS—I see.

Mr Evans—Again, for non-government schools for 1997, 1998 and 1999, it was \$83.5 million. Again, that is in the same price basis. But it drops back down to about \$73 million in the year 2000, again, in the same price basis.

Senator CHRIS EVANS—Forgive me, Mr Evans. I am not keeping up. But you are right. Do we want to return to that question about government school enrolments now? Are we ready to do that?

Mr Evans—We have had difficulty in trying to find these enrolments. I might take it on notice. If necessary, we might have to approach your office to find out where those figures came from. We will try and track them—

Senator CHRIS EVANS—They are from the ABS schools Australia, January 1997 and January 1998.

Mr Evans—We will take that on notice and, if we have a problem, we will come back to you.

Senator CHRIS EVANS—According to those figures, the Australia-wide total in 1996 was 70.68 per cent—government school enrolments. In 1997, it was 70.31 per cent.

Mr Evans—They are actual enrolments. So they would be a combination of full-time students and part-time students. The actual enrolments that we used to calculate the enrolment benchmark adjustment are full-time equivalent students. As I said before, that was the basis under which states proposed to us we should make our calculations.

There are some other adjustments to that, too. Full-time equivalent students also include pre-year 1 students in Queensland and Western Australia because we actually fund those students through the schools funding. They include unfunded non-government part-time students, unfunded non-government full-time students, funded part-time students—government and non-government—and funded full-time students. So there are some variants from that particular ABS bulletin because of the way in which Commonwealth funding is provided to schools and taken into account in determining the enrolment benchmark adjustment. So that could be where the variation is between the enrolments.

Senator CHRIS EVANS—I would appreciate your coming back to me—because, on the face of it, as I say, it appears that enrolments in 1998 are very close to enrolments in 1996, as a percentage. Anyway, we have probably both exhausted the level to which we can take that at the moment. I have a couple of other minor issues that I need to raise on behalf of Senator Carr. He was asking about the time line for the discussion of the school funding paper.

Senator Ellison—Could we put those on notice?

Senator CHRIS EVANS—I think it is just as easy to run through them, Mr Chairman.

Senator Ellison—Is that the ERI?

Senator CHRIS EVANS—It is the school funding paper. That is the limit of my knowledge on the matter.

Senator Ellison—Okay.

Ms Andruska—There is a review of the ERI under way, which was an election commitment. It commenced in 1997. The major product so far of that review has been the schools funding consultation report, which was produced in October 1997. The next stage of the project is that, because of the level of interest in an SES model, we are exploring that through an SES simulation project, as well as exploring further funding models. With the time line, in terms of the project, we expect the report of that simulation project to go to government by the end of the year. Also at about that time, we expect to have some of the other work that we have been doing on alternative models, so that we can provide government with comprehensive advice.

Senator CHRIS EVANS—Who is going to be consulted in the consultation process about the paper?

Ms Andruska—There has been a very wide consultation program under way throughout the whole process. Right at the beginning, in February 1997, when there were terms of reference put out, the schools community provided submissions on the terms of reference. There were about 70 submissions received. We also had a face-to-face consultation program where we travelled around each of the capital cities. We spoke to over 200 people through that process. As a result of the report, further submissions have been received. We have made ourselves available continually throughout the process to speak to people as they have wanted to speak to us. In terms of the simulation project, we have a reference group that has representatives from the schools community and we have a steering committee that is overseeing that.

Senator CHRIS EVANS—Thanks for that. Mr Chairman, I am happy to put a couple of the questions on notice, because they actually go to Senator Carr looking for some specific detail, which I do not think will tax the officers too much. They are not the ‘what happened from 1983 onwards?’ type of questions. They just go to a couple of specific issues. But I did want to ask about full service schools. Is that best done now or in subprogram 1.2?

Senator Ellison—In subprogram 1.2.

CHAIR—We might move to that now.

[3.33 p.m.]

Subprogram 1.2—Targeted assistance

Senator ALLISON—Last year, Dr Kemp announced extra literacy training for 70,000 teachers. Can somebody point to the place in the budget where that is included? I do not see any reference to it.

Dr Arthur—That is included under the general item of the literacy national strategies and projects, which a colleague points out is on page 36. That announcement was for the commitment of a particular element of that funding to literacy professional development. We have previously provided a state-by-state breakdown of that assistance.

Senator ALLISON—Is it possible to get a breakdown of the rest of 2.03—projects to enhance literacy outcomes?

Dr Arthur—I will have to take that on notice, Senator.

Mr Evans—The funding for literacy is included on page 36 of the portfolio budget statements. It is included under the heading of ‘Special Appropriations’. There is a figure for States Grants (Primary and Secondary Assistance) Act 1996. Included in that appropriation of \$402.7 million is an amount for literacy, along with amounts—

Senator ALLISON—What page are you on, Mr Evans?

Mr Evans—Page 36. If you go down the page, you will pass ‘Annual Appropriations’, ‘Appropriation Bill 2’, and ‘Total Annual Appropriations’ and you then get to ‘Special Appropriations’.

Senator ALLISON—Right.

Mr Evans—That one line, starting at \$368 million and going through to \$402 million, includes literacy and languages money and special learning needs money.

Senator ALLISON—It is not under ‘Annual Appropriations, Appropriation Bill 1’, at 2.03—projects to enhance literacy outcomes. It is not what that is?

Mr Evans—No; it should all be in that ‘Special Appropriations’ line.

Senator ALLISON—Okay; so what is the total literacy component of that line for states grants special appropriations?

Dr Arthur—There is a total for the literacy program and there is a total for literacy strategies and projects. There are, in fact, other literacy related activities which happen under other headings. For example, there is a project which was announced a little while ago about assistance for literacy programs in secondary schools, which was in fact funded out of the quality outcomes item. You would need to go through a number of elements to get everything in terms of literacy. But in terms of things which are specifically identified in the budget papers relating to schools literacy, they are the combination of the literacy program's two elements of strategies and projects, and it comes to some \$167 million.

Senator ALLISON—That is the figure that the minister has been using, but it is difficult when you open up the budget and you cannot find it here. It would be good to have that figure identified, and the breakdown of it.

Dr Arthur—Indeed. We will certainly provide you with details of that figure.

Senator Ellison—We can do that.

Senator ALLISON—The teaching training component, as I do the arithmetic, amounts to \$100 per teacher: for 70,000 teachers over three years, it is \$7 million. Is that correct, at \$100 per teacher?

Dr Arthur—I have not done those calculations. I would make the comment that the Commonwealth's role is not to directly provide professional development. That is the responsibility of the employing authorities, and those employing authorities receive very significant funding through general recurrent and through the literacy program elements of the budget, for purposes including professional development. The funding that was announced last year was intended to be catalytic funding, which would help identify best practice and support a number of innovative initiatives. It is not meant to be the quantum of funds to provide professional development in literacy across Australia.

Senator ALLISON—It is quite detailed. The minister's press release talks about the breakdown to each state. For instance, for Victoria, it talks about 1,200 new literary coordinators to be trained, working with all teachers in the early primary schools years. That is quite detailed, isn't it?

Dr Arthur—Those would have been the elements which were provided to us in the project which the Victorian government put forward for that funding.

Senator ALLISON—I see. So you said to Victoria, 'We will give you \$1.3 million. You tell us what you will do for it': was that the arrangement?

Dr Arthur—The method of allocation of the funding was that all education authorities were invited to submit proposals for funding. The majority, although not absolutely all, provided proposals which were joint proposals from the government and the two non-government sectors in each state and territory. In a couple of states and territories, there were separate proposals from the sectors. Those proposals were then considered and funding was provided in response to those proposals.

Senator ALLISON—Were the states given the budget and told, 'Match it to this budget'?

Dr Arthur—They were given indicative figures, but the breakdown of funding does not exactly equate to a per capita amount. The committee that considered the proposals also considered the merits of particular proposals. Where there were proposals with particular merits, they received funding on that basis. Overall, however, the funding is in the area of

proportions you would expect from the per capita enrolments of students in the particular state or territory.

Senator ALLISON—In which states was there a higher per capita funding?

Dr Arthur—I would need to take that on notice.

Senator ALLISON—I am interested in the Northern Territory, for instance, which has significant teacher training and literacy issues to address. Is it fair to ask whether the Northern Territory's problems were recognised in this funding?

Dr Arthur—I would need to take that on notice, as I do not have the ability to calculate their per capita entitlements and compare that with the figure, at the moment.

Senator ALLISON—Thank you. I think it was you, Dr Arthur, who wrote to the Australian Council of State School Organisations—and, no doubt, a number of other bodies of this sort—announcing the changes to guidelines for literacy programs.

Dr Arthur—Indeed.

Senator ALLISON—That was back in October last year?

Dr Arthur—Yes.

Senator ALLISON—And a discussion paper was sent around?

Dr Arthur—Yes.

Senator ALLISON—Is it possible to give the committee an update on that discussion paper? Where is this discussion paper at, in terms of the literacy program? Were there any changes to the general bases for this document?

Dr Arthur—Certainly. At the time, we sent out, as you are aware, a draft set of guidelines for the literacy program for the coming calendar year and a discussion paper on funding for literacy programs. As a result of the responses received, a number of changes were made to the guidelines. We have already had a request from Senator Carr for the responses that people we wrote to made to the draft guidelines and to the discussion paper, to be made available to this committee. We have written to all those persons and are now collating their responses. You did not ask that; but, for your information, that process is under way.

Senator ALLISON—And when can we expect that?

Dr Arthur—I would expect that that would be available within the next couple of weeks. That is to say, from those organisations that have agreed that their comments can be made available, I would expect them to be made available within the next couple of weeks. There have been some already, I have noticed, in the correspondence that has gone past me—

Senator ALLISON—Will you also list those who made submissions but do not want their material to be released?

Dr Arthur—Given that those with whom we consulted is a public fact, I would see no issue in providing that information. I will check that assumption that those with whom we consulted is a matter of public record; if that assumption is correct, as I say, I do not see an issue there. Following the comments, the guidelines were revised and were duly issued and they are now in force. The discussion paper—

Senator ALLISON—So the guidelines are now in force?

Dr Arthur—They have been in force since 1 January of this year, since they are guidelines for this calendar year. On the discussion paper, we received a large number of comments, as a result of which—

Senator ALLISON—Excuse me, Dr Arthur, but was there a new document prepared on 1 January?

Dr Arthur—Certainly the actual guidelines for the literacy program were issued, and they are contained in the departmental publication of the administrative guidelines for the funding under the states grants act.

Senator ALLISON—Are those guidelines in a format similar to that of the discussion paper?

Dr Arthur—Not the discussion paper. There were two documents: one was the proposed changes to guidelines, and the second document was a discussion paper that might inform future changes to the guidelines. They were two quite distinct documents and they addressed quite different issues. The actual guidelines have now been issued and, as I say, are available to this committee—and, indeed, to anyone else—in the compendium of administrative guidelines under which the schools program funding, under the states grants act, operates.

The discussion paper raised a number of issues, particularly on the question of the advantages and disadvantages of moving to an outcomes basis for allocating funding under the literacy program. Following the comments received on that discussion paper, we provided further advice to governments and received approval to carry out a research project on the issues associated with outcomes funding. A public tender was held for that research project, and it has now been awarded to the Australian Council for Educational Research. I can make available to the committee the project brief for that research project.

The project is intended to produce a discussion paper on the issues associated with outcomes funding. As part of the process of developing that issues paper, it is intended—and this is covered in the project brief—that there be a public forum held of experts with an interest in the area, in order to canvass issues associated with that.

Senator ALLISON—What is the time line for the discussion paper and the public forum?

Dr Arthur—We would hope that the public forum will happen in the next couple of months. That will be dependent on the views of the consultant undertaking the project as to the exact feasibility of producing, presumably, a first canvassing of issues to be an agenda setter for that discussion. The project itself will determine some of the time lines, but our hope would be that in the next couple of months we would have that forum. The project, as I recall, envisages completion within 12 months of the discussion paper.

Senator ALLISON—So the public forum comes before the discussion paper?

Dr Arthur—Before the finalisation of an issues paper, yes.

Senator ALLISON—So it is a discussion paper, the public forum and then an issues paper: is that the order of things?

Dr Arthur—It will be up to the consultant to determine the methodology. I just speculate that, if this one is going to have a public forum, it would be a useful thing to have some kind of preliminary document canvassing the kinds of issues that are likely to be out there, and that it would be productive to discuss at such a public forum. I would expect the consultant to provide us with firm advice on that issue.

Senator ALLISON—Will ACER also nominate the participants in the forum, or will it be up to them to—

Dr Arthur—That would be a matter for discussion between ACER and ourselves. We would certainly expect to have a view on whom it would be appropriate to invite. For example, we

would assume that the representatives of all the various education authorities, as a starting point, would be invited to attend.

Senator ALLISON—What is the cost of that consultancy?

Dr Arthur—I will find that. I will give you that figure in one moment.

Senator ALLISON—So the guidelines that were issued, under which we are now operating, do not go to that question of funding based on outcomes?

Dr Arthur—No. The allocative mechanisms for the literacy program are the results of the activity undertaken by this government two years ago to broadband a number of existing programs. In doing so, the former disadvantaged schools program and the former English as a second language general program were combined into the literacy program. However, the mechanisms which were used to allocate funds for those two programs were retained, although those mechanisms were updated, particularly in terms of the data that was used to drive those mechanisms. That continues to be the case. The funds for the literacy program are allocated according to the allocative mechanisms derived from the former disadvantaged schools program and the former ESL general program. The major changes at the moment are that, this year, we would expect to update those formulae, to take account of the data available from the 1996 census.

Senator ALLISON—Why the May 1996 census? I see, that is the one that goes to disadvantaged—

Dr Arthur—That is the most recent census data available. Previously they were based on the 1991 census. It is in this year that we have available that data, although one of the indexes that we need to carry out the updating will not be produced by ABS until about August this year.

Senator ALLISON—Is it possible to provide the committee with details of that shift—the change?

Dr Arthur—Certainly. We propose to—

Senator ALLISON—Presumably, it is geographical change, is it?

Dr Arthur—Yes, it is a mechanism—

Senator ALLISON—Some schools stop being disadvantaged and others become disadvantaged and are so designated?

Dr Arthur—It is an allocative mechanism for the Commonwealth to fund education authorities so that it does not contain information on particular schools. It is ultimately based on census districts—that being where we get the information from the census—so that the information we provide is on the shifts from one year to the next in terms of state by state numbers and, within each state and territory, shifts between government, Catholic and independent sectors.

In terms of timing on that, we anticipate providing advice to the education sectors on our calculation of what the shifts should be in the coming weeks. At that time, subject to the minister's views, it would certainly be appropriate to provide it to the committee. I place one caveat on the accuracy of the figures we will provide. Because one of the indexes we rely upon is not produced by ABS in official form until August, what we have arranged to do is for ABS to provide us with a proxy of that index, which they have provided to us—

Senator ALLISON—Which index is that?

Dr Arthur—That is IRSED, one of the SEIFA indexes. If I am compelled, I can find out what those acronyms mean. They are the socioeconomic indexes which are calculated by ABS on each census. We will base our estimates of the changes so that states and territories and the non-government and government sectors have as accurate as possible an idea of what their funding will be for the next year as early as possible on, as I say, a proxy provided by ABS. However, it is not until we have the actual index, which they have formally signed off on, that we will be able to go out with changes which we are certain are well founded.

Senator ALLISON—The guidelines do not change the funding mechanism, except for the new census data.

Dr Arthur—Correct.

Senator ALLISON—But they do still require detailed plans on how schools will ensure minimum acceptable literacy standards? Is that part of this discussion paper and recommendation which went into the guidelines?

Dr Arthur—That certainly is the major change of the 1997 guidelines compared with the 1996 guidelines. The requirement for submission of a detailed plan on how education authorities intend to ensure that the national literacy and numeracy goals are going to be achieved is the major new feature in the 1997 guidelines.

Senator ALLISON—Which states have produced the plans and submitted them?

Dr Arthur—At the moment we are in receipt of 20 plans out of 24. I am informed that the other four are coming. All authorities have indicated the plans will be submitted shortly.

Senator ALLISON—Have you had a chance to look at those plans? Do they meet your expectations and meet the guidelines?

Dr Arthur—Yes. The plans in general are of a very high standard and demonstrate a very clear commitment to meet the goals set down in the national literacy and numeracy goal.

Senator ALLISON—If we were to shift to an outcomes based funding model, what is the earliest you would expect to be able to do that, given the discussion paper and forum and so on?

Dr Arthur—Our normal approach to these things would be that we would not introduce any major change in funding bases in the middle of a quadrennium. The earliest point one would ever do that would be at the start of a new quadrennium. In saying that, I am not making any comment whatsoever about whether we will or will not make such a change at that time.

Senator ALLISON—This is 2001 at the earliest. Is that your understanding, Minister?

Senator Ellison—That is right.

Senator ALLISON—I am ready to go on to full service schools if Senator Evans has something to ask about literacy.

Senator CHRIS EVANS—I wanted to take up the question of the closure of Language Australia. Minister, Language Australia was formerly called the National Languages and Literacy Institute of Australia and given the government's public push for improved literacy standards, I suppose I am a bit surprised by what seems to be a decision to phase out funding for Language Australia, given also its prime role in that area and particularly given the independent reviews that have basically given it high commendations and talked about multiplier effects of \$5 for every dollar contributed by the government. I want to know what the rationale for winding it up is.

Senator Ellison—We moved from core funding to funding projects. That is, that organisations do not necessarily just get funded as such. If they have projects which fit in with the government's policy and agenda then they are free to apply for funding for those or participate in a tender process. That is the basis of Language Australia. This is applied across the board with other people as well. You have got a variety of groups that are receiving government funding at the moment but they are getting that funding for the projects they are doing for government. We funded the Australian Secondary Principals Association for discrete projects. What we are after is looking at outcomes, not just inputs putting money into organisations and then just leaving it there. We have changed the way we do the funding and perhaps Mr Evans can give you more detail.

Mr Evans—What you are referring to is a decision that was announced last budget which was to, over a period of three years, reduce Language Australia's core grant funding that was provided through the schools program. The first impact of that was last year where I think there was a reduction of about half a million and another half a million this budget. There are a number of other projects we are funding Language Australia for and we encourage them to compete for other projects.

Senator CHRIS EVANS—Have you given any commitment to them about ongoing funding or is there an understanding about you commissioning them? It seems like you are almost moving to competition policy here. Are you?

Mr Evans—Partly, but not under a banner of competition policy. It is more under a banner that we will provide funding for the particular products that we want or the states want to purchase in the area of language and literacy.

Senator CHRIS EVANS—Where do I find the budget items that provide for the purchase of that literacy research that previously occurred?

Mr Evans—I think some of it is on page 36 that I referred Senator Allison to under the special appropriations.

Senator CHRIS EVANS—Which point is that?

Mr Evans—Portfolio budget statements: I referred Senator Allison to the special appropriations item down towards the bottom of that page where it shows state grants primary and secondary assistance. Can you see the figure of \$368 million where it goes across to a figure of \$402 million? That includes funding for literacy projects as well as other projects outside of the area that Language Australia has expertise in.

Senator CHRIS EVANS—That budget item is the whole of the states' grants, isn't it?

Mr Evans—It is the states' grants for targeted programs so it actually has program delivery but it also has some project funding in there as well.

Senator CHRIS EVANS—I guess I am asking the wrong question. What revenue is available for literacy research? Clearly, the \$368 million is not—you are talking about a subset somewhere in there. Which subprogram are we talking about and how much money is in it?

Dr Arthur—There are two major possible sources for literacy funding. One is the grants for national strategies and projects. The other is quality outcomes. A number of literacy projects are currently being funded under that item as well as under the grants for national strategies and projects. It certainly is the case that Language Australia has one major proposal currently under consideration under grants for national strategies and projects.

Senator CHRIS EVANS—Would it be possible to get a list of the current literacy research projects that have been funded under those two programs?

Dr Arthur—Certainly.

Mr Evans—Senator, there was another funding source on that page as well, towards the top of that page under the annual appropriations, division 220.201, quality outcomes, and a bit further down there 203, projects to enhance literary outcomes. Language Australia's expertise in part does lie in adult literacy which is beyond the funding source from this particular program. I just make that point.

Senator CHRIS EVANS—Is this project to enhance literacy outcomes—the \$801,000 there—part of the \$176 million announced in the press release about spending on literacy by the federal government after the budget?

Dr Arthur—No. The \$176 million is purely derived from the grants to schools to foster literacy development and grants for national strategies and projects. There would be additional funds for particular programs from those other allocations that Mr Evans mentioned but that \$176 million is derived from, in 1998-99, \$168 million for funding under the grants to schools to foster literacy developments and \$7.8 million under grants for national strategies and projects.

Senator CHRIS EVANS—Any funding for literacy research will not come out of that particular allocation?

Dr Arthur—Some of it will. As I said, \$7.8 million is from grants for national strategies and projects and that in general is usually for research related purposes although the money that Senator Allison previously inquired about concerning professional development came from that and conversely some funds for secondary literacy came from the quality outcomes funds.

Senator CHRIS EVANS—Has that \$176 million been broken down in terms of expenditure by state as yet?

Dr Arthur—\$168 million of that directly goes to education authorities under the formulae that I referred to in my answer to Senator Allison. Those will have been immediately split up and sent out to the education authorities. The \$7.8 million is retained under discretion to be spent on literacy and indeed numeracy related projects such as research and professional development.

CHAIR—Have you finished on schools?

Senator CHRIS EVANS—No, we have just finished on that aspect of schools.

CHAIR—Could we just stick to this procedure that we normally have which is senators question on a program and then we move onto the next program.

Senator CHRIS EVANS—That is the program we are on.

CHAIR—No, you finish your questions on 1.1 or whatever it is and then we go to the next person otherwise—

Senator ALLISON—Why is that, Mr Chair? There are only two of us.

Senator CHRIS EVANS—That has been a procedure you have always followed, Mr Chair.

CHAIR—Finish your questions on the program then we will go on to the next program otherwise we will be here all night.

Senator CHRIS EVANS—Mr Chairman, I just put on the record that is a policy you have always tried to enforce and I have always resisted and I will continue to resist. I think it helps Senator Allison and me to deal with literacy with the officers and then move onto something else rather than her deal with it for an hour, we go on to something else for two hours and then we come back. It is your call.

CHAIR—That is right. Your objection is noted. I think we have managed that fairly successfully in the past.

Senator ALLISON—If we ask the same questions perhaps—

CHAIR—Perhaps you could put those on notice, Senator Allison.

Senator ALLISON—I have a question about the item which is described in the budget papers as surplus Commonwealth IT equipment to schools with a funding of \$0.3 million over three years. How old are the computers which will be? These are Commonwealth agencies getting rid of their old computers and they are going to schools? Is that how it works?

Dr Arthur—That is correct. They are Commonwealth agencies and Commonwealth departments and they are going to schools. In terms of the age of the equipment, that clearly will vary. However, given the policy which, as far as I am aware, all departments have of regularly upgrading their desktop environments, one would expect that the equipment would be two to three years old or, in many cases, less. For example, in the case of DEETYA, we have a large amount of equipment becoming available because of the transition between the CES and Job Network. There will be an amount of equipment which will be surplus to DEETYA requirements in that process and that equipment will become available to schools. Some of the equipment, because of issues such as that, or other issues in other agencies, is likely to be very new indeed.

Senator ALLISON—Do we have any figures in respect of numbers and ages?

Dr Arthur—I can provide some estimates at the moment. The process is being organised through existing cooperative arrangements we have between the Commonwealth, the states and territories associated with the Education Network Australia initiative. The Education Network Australia Schools Advisory Group, which brings together all the states and territories and Catholic and independent sectors, is managing this activity for us. There is a project officer hired through that group. At the moment, 400 computers have been provided for distribution, with a further 2,500 expected to be available shortly.

Senator ALLISON—Over the period of this funding of three years?

Dr Arthur—We do not have a realistic estimate of the number of computers likely to be available during that period, particularly because of the difficulty of predicting decisions which agencies will make concerning their IT environments over that time. The funding merely refers to the provision of project officers to manage the process through the period. There is additional funding, which we have not attempted to put into the budget papers, whereby all the agencies that participate in this project will, by definition, forgo the residual value to them of the equipment through normal disposal processes, and that residual value will effectively be transferred to schools education. In fact, the use value of that equipment will be a significant multiple of that.

Senator ALLISON—Do we have an estimate of that residual value transferral?

Dr Arthur—We have deliberately not attempted to produce an estimates figure, because it would be essentially speculative.

Senator ALLISON—But you know that almost 3,000 are ready to go. It must be possible to estimate the residual value of those at this point.

Dr Arthur—We certainly could provide an estimate of what those normally involved in the disposal of Commonwealth equipment would consider it to be and what you would normally get for that. We can certainly provide an estimate for you on that basis.

Senator ALLISON—Is that all CES?

Dr Arthur—I do not know from which agency that equipment would come. I would expect it would come from a number of agencies.

Mr Evans—Just to give you a ready reckoner there, for every 10,000 computers, if you put a value of about \$500 on each computer, it is about \$5 million.

Senator ALLISON—Even when they are a year old?

Mr Evans—That is right. That is probably down the cheap end of the value, but that just gives you a ballpark feel for it.

Dr Arthur—The purpose behind this program is not meant to be substituting for the activities which education authorities are already engaged in of having quite comprehensive plans for the provision of IT equipment to schools. This is a pure addition on top of that at no cost to school systems.

Senator ALLISON—Are more PCs being made available through the outsourcing of IT to government agencies? Is that another way in which extra units are being made available?

Dr Arthur—Precisely, I do not know, but I would doubt it. The logic of the outsourcing is merely passing control for decisions on the detail of managing an IT environment, including a desktop environment, from a departmental IT area to an outsourcer. It does not have any necessary connection with the number of units in an organisation or the speed with which those units are recycled for newer units. Those are the issues which are going to produce numbers in themselves rather than the issue of the precise management arrangements for the desktop environment.

Senator ALLISON—That is what I would have thought. Apart from the CES, are there any other unusual circumstances which will release greater numbers for this program?

Dr Arthur—Those decisions usually occur when particular agencies make major re-equipment decisions for their desktop environments. I am certainly not aware of the detail of agency plans on that. Indeed, it depends on whether agencies themselves or through an outsourcing arrangement do that in large slices or do that on an as needed basis. The short answer is that we do not have a detailed knowledge of the numbers to be made available, nor for the operation of this program is it necessary that we have precise estimates. This, essentially, is a program which provides additional computers above and beyond that which educational authorities are planning through their own IT activities. Therefore, it is something which does not need to be planned in the way that an IT equipment roll-out would be planned if you were carrying that out as an authority.

Senator ALLISON—I can imagine a couple of states saying, 'We're getting the old computers from Canberra and we can make a saving on our budget there.' What sorts of guarantees do you have that that will not happen?

Senator Ellison—There has recently been evidence of that in Western Australia where they announced an extra \$100 million in the budget for IT, and they knew that this was coming but nonetheless they still allocated an extra \$100 million in their budget. I would not see the states as holding back. I think everybody realises this is an important area. In the schools that I have visited, they believe these computers have quite a life in them because, although they might not be useful in departments and areas like that, in a school environment there is still a lot of life—teaching and learning—that you can get out of them. So I see it as a complementary aspect.

Senator ALLISON—If it is going to be over and above what the states would be doing in any case, is there going to be any attempt on the part of the schools advisory group, which will manage this project, to see that those schools that have a level of disadvantage perhaps have access to this equipment or is the Commonwealth leaving it entirely up to the schools advisory group to decide on the criteria for a host of schools?

Dr Arthur—The process will be determined by the schools advisory group of which the Commonwealth is a member. All education sectors are also members and there will be local committees set up in each state and territory to manage the process in that state and territory. There will be an interaction in terms of which schools get—

Senator ALLISON—There will be what?

Dr Arthur—The process for determining which schools get which computers will be influenced by a wide range of factors, not the least of which will be the geographical location of the computers and the ability of particular areas to cost-effectively gain access to the equipment. But those things will be determined according to local arrangements and following a consultative process.

Senator ALLISON—Will the consultation process involve individual schools? Will the 2,900 which are going to be made available shortly just go to one state? What is the program for release of these?

Dr Arthur—The equipment will, in general terms, be made available in the location where it currently is. In terms of the current number of units, I do not have information with me at the moment as to exactly where they are or what decisions have or have not been made as yet about their distribution.

Senator ALLISON—So these are mostly CES computers and presumably they are spread pretty well around the country, and what you are saying is that they will stay within the region that liberates them?

Dr Arthur—I do not know that they are mostly CES computers. I mentioned the CES as an instance of the availability of computers which were not necessarily going to be old because they were the result of computers which were surplus to requirements. I do not know the origin of the units and I would not be in a position to speculate on their locations.

Senator CHRIS EVANS—Given the staff reductions in DEETYA, there has got to be a few going there.

Dr Arthur—This may well be true.

Senator CHRIS EVANS—You have probably got about five computers each at the moment.

Senator ALLISON—The community access through schools, or guided access, I think it is described as—the next dot point on page 38—what is the impetus for this program? Is it designed to make these redundant computers available to a broader community? How does this work?

Dr Arthur—There is no connection between that particular project and the surplus computers projects. They were announced at the same time as part of the Prime Minister's Investing for Growth statement in December of last year. However, they are quite distinct projects.

The project is intended to build on the role of the schools as centres of their local communities, to provide the location for initiatives designed to improve community

understanding of information technology. It is expected that there will be pilots and the funding is overtly for pilot projects to be carried out in all states and territories.

Again, the project is being managed by the Education Network Australia Schools Advisory Group. The funding in this case is intended to be directly for running projects in the local areas. The schools advisory group has decided that the funding should be divided between states and territories equally, so each state and territory is receiving \$75,000 under the project to run some projects. The decision to divide the funds equally was made by the state and territory and education sector representatives.

Senator ALLISON—So the states and territories will designate one region in each of the states and territories. Is that right?

Dr Arthur—They will designate at least one access project. They will determine whether or not the funding makes sense to have one project or two or three, depending on the nature of the projects they approve.

Senator ALLISON—What does it pay for? Does it pay for the computers as well as somebody to conduct the program?

Dr Arthur—The detail of what would be involved in the project would be up to the project proposal. I would not be able to speculate in advance what would be encompassed in a particular funding proposal. You could envisage situations where people would take advantage of existing infrastructure to run a project; other cases where people might want to lease equipment. It would be up to the people who came up with projects to determine what their funding proposal would be, and up to the advisory committees which are being established in states and territories to determine the cost-effectiveness and value of particular projects.

Senator ALLISON—Does the government expect this to be a point of access for Internet? Is that one of the reasons for putting it forward?

Dr Arthur—It is certainly not intended to deal with the issue of community access to the Internet per se. That is an issue which has much more to do with telecommunications provision and infrastructure issues. However, one would certainly expect that improving community understanding of the Internet and appreciation of the value of the Internet as an educational and, indeed, community building tool would be part of the projects.

Senator ALLISON—So it is more a learning project than an access to a service?

Dr Arthur—Indeed; with the level of funding, it is certainly not intended to be addressing the issue of community access to Internet facilities per se—a much larger order issue.

Senator ALLISON—Can I just go back to the literacy plans. I neglected to ask if it was possible for the plans—that is, from the states and territories—to be provided to the committee.

Dr Arthur—That question also was asked by Senator Carr and we have asked states and territories that question. When we have the responses, those that have answered positively, we will certainly provide it.

Senator ALLISON—Why do you need to ask the states?

Dr Arthur—The plans have been provided to the Commonwealth government not just by the states and territories but also by the Catholic education authorities and the independent schools authorities, and we have felt it necessary to ask their views on provision of the information.

Senator ALLISON—Why is this not a public document, especially the government school plans?

Mr Evans—Senator, states provide information to the Commonwealth at times on the basis that the Commonwealth requests it. They do not often provide it on the basis that they are expecting us to be the people that put that into the marketplace. The question you are asking would be quite reasonably asked directly of the state of Victoria, the state of New South Wales, the state of South Australia. That is why we believe we should ask the states as a matter of courtesy before we release a document that was prepared by them.

Senator Ellison—It is a matter of protocol between governments.

Senator ALLISON—I just would have thought this would become a very public document. If it is—

Mr Evans—It may well.

Senator Ellison—It may well be.

Senator ALLISON—the plan for literacy in Victoria, why would it not be on the record?

Senator Ellison—But in these sorts of communications between governments there is a protocol to be observed. We ask the same of the states in some cases. It may well become a public document. But that is the situation we face, not through any desire to keep things secret.

Mr Evans—As much as anything, Senator, so that a particular state does not get surprised by reading about it in their local paper one morning. The timing can be everything on the release of these documents too.

Dr Arthur—Perhaps I could go back to an earlier question you raised concerning the funding for the ACER projects, the answer to which is \$50,000.

Senator ALLISON—Good.

Dr Arthur—For the issues paper on outcomes funding.

Senator ALLISON—That comes out of the literacy budget too?

Dr Arthur—It comes out of the national strategies and projects.

Senator ALLISON—Is that the same thing?

Dr Arthur—Yes, it is one of the elements of the literacy element of the program.

Senator ALLISON—I did ask you earlier if we could have a breakdown of that \$176 million, didn't I?

Dr Arthur—Yes. I can provide you with some breakdown now, which I also have in response to Senator Evans. The breakdown in this financial year is that \$168 million is under grants to schools to foster literacy developments and \$7.8 million is under grants for national strategies and projects.

Senator ALLISON—And where is the teacher training?

Dr Arthur—The teacher training is over three years under the grants for national strategies and projects, so part of it is from that \$7.8 million. That is just for this financial year, and the professional development runs over—

Senator ALLISON—I just wonder if it is possible to have that sort of detail, rather than two broad figures that do not really tell us a great deal. For instance, what is the figure for benchmarking and testing? Is there—

Dr Arthur—The Commonwealth does not have a figure for benchmarking and testing per se because that is something which the states and territories and the Catholic and independent

sectors will carry out as part of their participation in the national literacy and numeracy plan. So they will spend some of their general recurrent funds, some of the funds they receive under the literacy program funds and, in the case of the states and territories some of the funds they receive under financial assistance grants, on that activity.

Senator ALLISON—So testing and benchmarking is within that \$168 million. What else would you expect to be in there? I know you cannot give us the figures, because that is up to the states, but what other elements of the literacy program are within that \$168 million?

Dr Arthur—The guidelines set out what the states and territories and the Catholic and independent sectors can spend that \$168 million on. It includes a wide range of activities which can be broadly encompassed under the heading of activities intended to enhance the literacy and numeracy development of their students.

Senator ALLISON—That is pretty broad, as you say.

Dr Arthur—Indeed.

Senator ALLISON—We have exhausted literacy, but I have a couple of other matters to go on with. With regard to isolated children, if I can return to that question of retention rates, Mr Evans, you gave some figures of 70-odd per cent—

Mr Evans—It was 71.8 per cent.

Senator ALLISON—It is 71.8 per cent for this year. As I understand it, the retention rate in year 12 for boys in particular in remote areas is something like 44 per cent. What sort of programs are in this budget to address this very serious problem for remote and rural students?

Mr Evans—There would be assistance provided directly by state governments and the non-government sector through general recurrent grants. You mentioned assistance for isolated children. That is in program 6.

Dr Arthur—There is also a program within this item called the country areas program, which is not intended to address the generality of issues of delivering education in remote areas but which is intended to provide some supplementary funding to education authorities to run programs designed to, in part, alleviate some of the limitations, particularly curriculum limitations in many cases, of isolated students. The figures for that—

Senator Ellison—While that is being looked at, under another program, Austudy, we relaxed the regulations dealing with the living away from home allowance for those people in remote areas who, if they missed more than 20 days a year through impassable conditions or problems with getting to school, could then apply for that. The problem was that they had to do it each year and, with weather conditions changing, as they were, it was very hard to do that. So what we said was that you just had to prove it for one year and you got it for the remainder of your secondary education. That was a relaxation of that allowance. That is under a different program, more like student and youth support, program 5, but I just mention that.

Senator ALLISON—In educational outcome terms, what is the federal government's policy or objective in relation to retention rates for these students? Do you have goal?

Senator Ellison—Of course it is a concern to see low retention rates anywhere and the government's policy is to increase those retention rates—simple. There is a discrepancy between metropolitan areas and regional areas. You have mentioned remote, which I think is in a different area again to regional Australia. I think it goes: urban, regional and then remote. In Western Australia—I have seen it in my own state—retention rates have been lower than in the city, and that is not necessarily remote areas.

I think the increase in VET in schools is a way to address that. We canvassed that earlier today, about part-time apprenticeships and traineeships. In Karratha, in the north-west of my state, I saw a young girl who was a part-time chef whilst attending school and was going to complete year 12, going right through and doing some subjects at school to improve her literacy and numeracy skills in particular. So I think the VET in schools is a way to address that, and that will have a great effect. The youth allowance, of course, will also have an effect and, for the more remote regions, the measures which we have introduced, one of which I have just touched on.

Senator ALLISON—How will the youth allowance advantage remote areas?

Senator Ellison—Perhaps not so much remote, because of the travelling involved, but regional certainly could be affected.

Senator ALLISON—I did not make up that figure of 44 per cent. As I understand it, the NBEET study entitled 'Equality, diversity and excellence advancing the national higher education equity framework' noted that figure for isolated and remote students. We have VET in schools but that does not seem to me to be all that significant, given that a lot of these students have trouble getting to school, especially secondary school.

Senator Ellison—You asked me in a more general sense about retention rates and I addressed that.

Senator ALLISON—I asked you about the sorts of programs the government had in mind to provide to address this problem.

Senator Ellison—VET in schools is part of it. Let us just look at remote and forget the other areas, and perhaps Mr Evans has more specifics on that.

Mr Evans—In 1998, we will be providing \$15.2 million under the country areas program for government schools, and \$2.2 million under the country areas program for non-government students.

Senator ALLISON—And how does that compare with the previous budget?

Mr Evans—I expect it is probably about seven per cent higher. I think it would have had the indexation so it would be up about seven per cent on 1997.

Senator ALLISON—What do you think the \$15.2 million will do to that 44 per cent retention rate for boys in remote areas? It is not a lot, is it? It is not much of an increase.

Mr Evans—That is one element. For each school student that stays on, the general recurrent payment goes to the state for that student as well, so that would add to it reasonably significantly. I mentioned assistance to isolated children but that is in program 5, and it is referred to on page 101 of the portfolio budget statements. You might want to ask questions about that in program 5, Senator.

Senator ALLISON—Okay. Let us move to full service schools. When last I asked this question it was not clear how the system would work, but I gather there is to be an area based committee which will decide which project applications are worthy of funding. What is the progress on this system of deciding what happens to the \$24 million for full service schools?

Dr Arthur—The process is, as you suggest, in general terms. There is an extra step to it in that states and territories are provided with an indication of the general amount of funding that is likely to be available based on the numbers of recipients in particular areas for what is still termed the youth training allowance. That provides a preliminary indication of areas of priority need. Then there are the state and territory committees, which are widely based

groups. They are chaired by—in all cases, that I am aware of—the local state government departments. They go through a process of, firstly, refining the priority areas which will need attention. Secondly, they call for projects coming from those priority areas and, thirdly, they recommend projects to the Commonwealth minister for approval. There have been consultations in all states and territories about this process and about the setting up of committees.

Senator ALLISON—Is the minister you referred to the federal minister or state minister?

Dr Arthur—The federal minister will in the end determine the projects to be funded. I might add that this is a model which is quite common in a number of our targeted programs, where we seek expert views from people that are locally involved to develop funding proposals for approval by the minister.

Senator ALLISON—Is there any estimate at this stage of the number of students who will receive youth allowance, who might be in this category of requiring alternative programs but will not get them? Do we know yet how far that money will stretch?

Dr Arthur—We have estimates of the likely numbers to be affected by that element of the youth allowance. We have not revised those estimates to take account of the changes to the youth allowance legislation that occurred in its passage through the parliament.

Senator ALLISON—Why not?

Dr Arthur—I was about to add that the initial estimates contain a very large number of assumptions and, given that what we are attempting to do is predict the decisions that individuals will make based on one change in their environment when there are likely to be a large number of other changes in their environment, the figures have, even more than most estimates, a large amount of ambiguity. It would be, to quote someone, false sophistication to go too far into precision with those estimates.

The effects of the amendments made in the Senate will, to a large extent, depend upon the decisions which are made to apply the exemptions to the youth allowance in Centrelink. DSS, to my knowledge, have not as yet made any estimates of the impact which those amendments would have on the numbers as a starting point for all of the other assumptions that underlie our figures. I should add that the assumptions that underlie the estimates we made before have previously been made available to this committee.

We do not have anything other than quite general estimates of the numbers likely to be affected by the youth allowance. There is an additional complication in that by no means all of those people who will be affected by the youth allowance changes are likely to be individuals for whom special activities will be required. There certainly will be a proportion of such individuals who will have particular needs above and beyond the normal secondary students. That is addressed, in normal situations, by the current formulae for recurrent funding and other forms of funding.

We do not have a real understanding of how many students, within the group of students who are likely to be affected by the youth allowance changes, are likely to need additional assistance. It is for this reason that the funding made available for full service schools is not predicated on any per capita or average cost per student basis. It is our best estimates of the quantum of funding which will make an effective contribution to meeting the needs of these students.

Senator ALLISON—Given that we have no idea of how many will be able to access the program, what sorts of guidelines are being given to these committees? Are they going to be

encouraged to accept applications on the basis of spreading the dollar as far as possible or being realistic about what the money can do? How is it going to work?

Dr Arthur—The guidelines for the program, which obviously can be made available to the committee, concentrate on the kinds of projects and activities that it would be appropriate to approve under this funding. It will clearly be a matter for the state and territory committees to make decisions based on their expert knowledge as to precisely how best to structure activities in their particular state or territories. They will have, based partly on data and partly on their own knowledge that they are able to bring in through their own networks, a good understanding of where the needs are likely to be. We would expect they will develop, in consultation with the local areas, projects which meet those needs.

We would envisage circumstances whereby—and the guidelines encourage this—schools that are grouped within an area likely to be heavily impacted will combine on particular projects and come up with initiatives which will benefit clusters of schools, including clusters—

Senator ALLISON—I can see that that will benefit metropolitan areas, but how will you cluster regional, rural and even remote area schools? Isn't this yet another level of disadvantage to remote and rural students?

Dr Arthur—Clustering is one approach. There are clearly going to be areas where clustering of individual schools will not work, and so there will be a need, in the development of projects, to address such issues as the ones you have raised.

Senator ALLISON—If there is a clustering approach and we get four or five schools that offer one program at one of the schools, is the expectation that the students from those other areas will go to that program? Is that why it is being clustered?

Dr Arthur—We have deliberately refrained from providing direction about how to solve those issues from the centre, in the belief—and this partly flows from some things coming out of the analysis of the program known as Students at Risk—that a structure which has both state committees and committees within local areas will be in the best position to come up with programs which meet local needs, and which also take into account other programs. One of the key ideas behind this program is that it should have the flexibility to allow local committees to come up with projects which fill gaps which are not met by current programs: that is one of the major issues.

Senator ALLISON—A cynic would say that there is not enough money to go around, and so this is just a mechanism to make sure that somebody else decides where it goes, and not the government.

Dr Arthur—I do not think I want to comment on that, Senator.

Senator Ellison—It is not as if the federal minister has the final say. If you really wanted to pass the buck, you would hand it all over, wouldn't you?

Senator ALLISON—I think this is passing the buck, all right.

Senator Ellison—Let me make the final decision.

Senator ALLISON—Secondary principals have expressed great concern about this, Minister. They have said that the sorts of students that we are now inviting to stay on for years 11 and 12, who would otherwise be out looking for a job, are not those that are going to be easy to provide programs for: they will not readily fit in to schools, in some cases. The principals' argument is that those students need to be funded at a much higher rate and that, in order to

provide the sort of programs necessary, we should be looking at something like \$5,000 to \$7,000 per student. How do you respond to that?

Senator Ellison—I have spoken to them about that and I have kept in close contact with them. We have had more than one meeting on this and other matters, of course. In some areas, the costs might well be higher than in other areas because, in some areas that I have seen, there has been an infrastructure in place where there has been a facility and willingness on the part of schools: they are quite keen to become involved, because they are already catering to that sort of student. So, there will be a lower cost involved there. In other areas, it could well involve more cost. The regional areas are ones that we have got to do some work on. But I do not think it is insurmountable; and, from working with groups like the Secondary Principals Association in the states, I think we can make it work.

Senator ALLISON—Is there a review to take place after a period of time? It seems to me that this process is highly experimental: are we going to examine it after 12 months and appraise it?

Senator Ellison—Naturally the government reviews all its programs. Nothing goes without some sort of monitoring or review.

Senator ALLISON—So after what period will you be doing your review?

Dr Arthur—Senator, in terms of a review, I think the point of your question is the impact of the youth allowance per se, and I think it would be the minister for Social Security who would formulate views on that issue, overall.

Mr Grant—There is a formal evaluation strategy accompanying the introduction of the youth allowance. As Dr Arthur mentions, this strategy is being managed by the Department of Social Security; but, given the obvious interests of our department in the impact of the youth allowance on students, we are closely involved in that evaluation and will be taking a keen interest in its conduct.

Senator ALLISON—What is the extra cost to the states of accommodating the students who will stay on in schools between years 11 and 12? I know the Commonwealth gives them \$600-odd per capita, but what is the cost over and above that, across the board, for the implications of the youth allowance in state government budgets?

Dr Arthur—The question really needs to be broken down. As you know, historically retention rates have fluctuated between very wide margins. In normal circumstances, upward movements in retention rates are dealt with by the normal formulae for provision of Commonwealth funding to states and territories, and to the non-government education sectors.

The issue in the case of this element of the youth allowance affecting 16- to 17-year-olds reflects not so much on the average cost of students—because I do not think that we have any mechanism for calculating that average cost—but on the marginal costs to education systems from that element of students that are either returning to school or staying on at school and have additional needs beyond those of the ‘normal’ student—

Senator ALLISON—No; I was not talking about additional needs. I was simply asking you, per capita, what additional money the state has to find, simply because of the increased enrolment numbers in schools.

Dr Arthur—We would normally regard the average government schools’ recurrent cost as being the statement of what it costs, in the broadest terms, to fund a student.

Senator ALLISON—There are specific purpose grants, which are per capita, and then there are the FAGs. Is it not the case that the states will have to find, within their FAGs—which

will not be increased by virtue of this measure—an extra sum of money? I am looking at a response to Senator Carr's question about the estimate of the number of young people who would be in schools as a result of the common youth allowance, and it is 12,000. How is that reflected in the extra costs to the states?

Mr Evans—I am not aware of all the complexities of financial assistance grants, but I know this has got a series of weightings built into it, and I believe they may get some additional measure or weighting because they have got students in the school system. I might have to tease that out and come back to you at a later hearing on that one.

Senator ALLISON—I would be interested in that, thank you.

Mr Grant—The other factor, as Dr Arthur was alluding to a moment ago, is that it would be misleading to assume that the total cost burden on the states, by dint of the introduction of the youth allowance, was the number of students encouraged to return to school or to stay on in school, multiplied by the average unit cost of students at that level of education. The actual impact will depend very heavily on the distributional consequences of the youth allowance. For example, in the case of schools where only a handful of students are affected, the actual costs to the particular school or to the state may be very modest indeed and well below the average cost. A lot depends on the distributional consequences, I think.

Senator ALLISON—Yes, I understand that we are dealing with very raw figures here and that we cannot be absolutely sure of the costs. Nevertheless, in the same climate, we have got an enrolment benchmark adjustment, which seems to me to make very precise adjustments when there is a similar lack of knowledge about the actual cost. Minister, I put it to you that, given that we have got the youth allowance—which is, in fact, costing the states more to educate more people in years 11 and 12 under age 18—that is another argument for getting rid of the EBA, which seems to be lacking in rationale.

Mr Evans—You made the comment that the EBA is based on precise figures, and that is correct. We do rely on actual enrolment figures when we make those calculations and come up with estimates. Dr Arthur is saying that we need to see what the actual impact is in a state. The other issue is, as you have drawn a link, that the retention of students in schools will possibly reduce the burden on a state of the EBA.

Dr Arthur—Where there are increases in enrolments in school systems, the normal formulae—be they special purpose payments or be they according to the exact details of the formula under FAGs—will apply.

Senator ALLISON—Of course; but that is a minor element in the cost of educating a student in a government school, is it not: \$600 per capita, or thereabouts? What is the total cost of educating somebody in a government school?

Dr Arthur—It is the basis on which the division of funding between the Commonwealth and state governments has traditionally operated.

Senator ALLISON—I understand that.

Mr Evans—And has operated when the retention rates have been significantly higher than they were now.

Senator ALLISON—Of course.

CHAIR—That finishes the program on schools.

Senator CHRIS EVANS—No, it does not, Mr Chairman. I have been waiting patiently: give me the call when you are ready.

CHAIR—We have been on schools for three hours; and, if you really could put some questions on notice, we would appreciate it.

Senator CHRIS EVANS—Certainly. The alternative is for me to call Senator Carr back and fly him in.

CHAIR—It is long way from Brazil.

Senator CHRIS EVANS—I know who I have got on my side, Mr Chairman. If you want to take the whole community on, you go for it!

CHAIR—Leave Senator Carr overseas.

Senator CHRIS EVANS—I just wanted to follow up on this full service schools concept. I was not quite clear from the discussion what was meant. Are we going to have schools that are designated full service schools, such that school A will be a full service school and school B will be a less than full service school, in a sense? Are they going to be designated schools?

Dr Arthur—That will be up to the approach taken in particular education systems. I doubt, however, that that approach will be taken in particular systems; but it will not be for the Commonwealth to determine that.

Senator CHRIS EVANS—So what is a full service school?

Dr Arthur—The program does not—

Senator CHRIS EVANS—Your initiative is called ‘full service schools’, and so I assume it describes something.

Dr Arthur—The initiative is based on a concept that, in order to meet their obligations, schools should provide for the full range of needs of their students. However, the program is not primarily or in any particular part intended to provide a definition of a full service school. It is intended to provide funding for the needs of particular groups of students.

Senator CHRIS EVANS—I am still not clear on this. About 27,000 students are affected in this youth allowance initiative, and they are expected to go back to school: is that the figure you are working from?

Dr Arthur—That is an estimate we previously provided of the numbers potentially affected by that element of the youth allowance.

Senator CHRIS EVANS—Are we saying to these 27,000 students, for instance, in my home state that they will only go back to schools that are full service schools—however defined—when you work that through? Or are we saying that they can go back to any school in their normal geographic area?

Dr Arthur—As always, policies on which particular schools that students may or may not attend, or may or may not be expected to attend, are the responsibility of the administering authorities. The Commonwealth will not have a view on which particular schools a student should attend.

Senator CHRIS EVANS—Help me with this. We are saying that the funding is not going to be spread among every government and private high school in Australia; so the funding is going to be limited to certain schools. I am not sure from what you have said to me how that matches. We have a limited number of schools and 27,000 students spread throughout Australia. Are you saying to me that you will be drawing those students, if identified, in? Or are we saying that these programs will attempt as best they can to pick up those students in high risk areas or where we identify large numbers? I am not trying to be obtuse; I do not quite understand how this works.

Dr Arthur—We would expect that the projects which come forward from local area committees, and which are then considered by state and territory committees, are directed towards their analysis of the areas of priority need.

Senator CHRIS EVANS—Who is doing the analysis of areas of priority need?

Dr Arthur—As I indicated, some preliminary data for that will be provided by the numbers of youth training allowance recipients in particular areas and the concentration of those recipients. That would also be supplemented by information which those people involved in the consultative process will bring in from their own local information.

Senator CHRIS EVANS—But my immediate reaction is that the Commonwealth holds that information.

Dr Arthur—The Commonwealth will be providing that first data set, yes.

Senator CHRIS EVANS—Because it is a Centrelink/Social Security issue.

Dr Arthur—Correct. However, we are not setting this program up so that it will run on any per capita basis. We wish to allow the flexibility to combine that information with the information which people have about local needs, about existing services in particular areas and about particular gaps that need to be filled. One of the major issues for youth assistance has traditionally been the need for coordination among a range of portfolios involved with youth coming from education and coming from welfare. The structure of the program is intended to facilitate filling gaps between existing programs and not reinventing wheels.

Senator CHRIS EVANS—So there is no suggestion that these 27,000 are going to be flagged in any way and targeted for assistance. Will you attempt to target these 27,000 washing around among the generality of high school students?

Dr Arthur—There is always a problem when you create numbers like 27,000 that you tend to think of a cohort of 27,000. The reality is that there is a continual flow of students into and out of schools. The number is a reasonably simplistic attempt to pick a number out of a complex stock and flow situation.

Senator CHRIS EVANS—Is that right on this occasion, though? Are we not identifying the people who were on social security and will not be, and the people coming through who will never be on social security? It is a bit different on this occasion, is it not?

Dr Arthur—Certainly, in terms of retention, it would be extremely difficult to determine whether a particular individual has decided to stay on for year 11 and 12 because of a particular change in Commonwealth social security legislation.

Senator CHRIS EVANS—That is what I am saying: in terms of this one-off, we are dealing with a group who have gone off and gone onto social security and who are now coming back. I am not being argumentative, but that is why what you are dealing with is, in the first instance, conceptually, a bit different. Am I wrong there?

Mr Grant—No, I do not think so. My recollection of the 27,000 estimate—which, as Dr Arthur mentions, is composed of aggregates rather than individuals—is that it comprises a significant number of students who would stay on when they might otherwise have left. So in that sense you will not have a situation in respect of those students of them moving onto social security benefits and then returning; rather, they will never have left the school system but they might have without the effect of the youth allowance.

Senator CHRIS EVANS—So you do not think there will be any students—

Dr Arthur—The estimate we previously provided was 12,000 ‘returnees’ as opposed to ‘retainees’ and, theoretically, it will be easier to determine those. But, even there, schools do not normally keep records which identify students who have returned to school after a period. It would be open, obviously, to an education authority to ask schools to retain that information, to aggregate it and to use it as a planning basis, but they quite likely would not do that on the basis that it will not be of immense assistance to them in the way that they run their systems.

Senator CHRIS EVANS—I think I will leave that issue there and wish you the best of luck. I have a question about the indigenous education strategic initiatives program. Shall I ask that here, under schools?

Mr Evans—Yes.

Senator CHRIS EVANS—Could you provide me with information about the forward estimates for funding of that program?

Mr Evans—I will take you back to our earlier discussion about the difference between financial year programs and calendar year programs. We have a calendar year program and the amount of the money that the government has legislated covers the calendar years 1997, 1998 and 1999, in particular, in terms of IESIP funding. And in each of those years it shows an increase in the funding for IESIP. One issue that has been raised since the budget was what looks like a fall-off in funding in the year 2000-01 and that is simply because the government has not had to make a decision about funding in this budget or last budget for the year 2000 and beyond. Is that possibly addressing these questions?

Senator CHRIS EVANS—It goes beyond that. The budget papers I have indicate that for funding in 1997-98 the estimate was \$135 million; in 1998-99, \$118 million; 1999-2000, \$106 million; 2000-01, \$86 million; 2001-02, \$87 million. It looks to have a continuing decline not just in next year’s budget but starting from this year.

Senator Ellison—This is another calendar year versus financial year situation dealing with the cash flow.

Mr Evans—I will take you through it, Senator.

Senator CHRIS EVANS—I think we ought to because, quite frankly, \$135 million in 1997-98 to \$87 million in the year 2001 strikes me as being a lot more than a calendar year adjustment.

Mr Evans—The legislated amount for 1997 is \$102.4 million; \$114.4 million in 1998.

Senator CHRIS EVANS—Just before you go on, are you talking about a calendar year or a financial year?

Mr Evans—Calendar year.

Senator CHRIS EVANS—So you are saying 1997 is what?

Mr Evans—\$102.4 million.

Senator CHRIS EVANS—And in 1998?

Mr Evans—\$114.4 million and \$122 million.

Senator CHRIS EVANS—In 1999?

Mr Evans—In 1999. Then if we go to how that translates into financial year estimates, the increase in IESIP funding in 1997 was split between the two half-year components so it was anticipated that some \$48.6 million was going to be spent in the second half of 1997—

essentially 50 per cent of the 1997 calendar year. But expenditure was slower than we anticipated and the first half of the 1998 program year had expenditure of some \$86.4 million. In combination those two figures give you the \$135 million that you referred to a few minutes ago. But essentially the bulk of that money is money that came from the 1997 program year that was spent in the first half of 1998.

Then we take the second half of the 1998 program year which is a figure of \$57.7 million, which again is essentially half of the 1998 program year, and add to that half of the 1999 program year, which is \$60.7 million. Then you come up with a figure for the 1998-99 program year of \$118.5 million. You are right in saying, when you look at it comparing a financial year with a financial year, that it appears that there is a reduction in funding. But in essence it is funding that should have occurred—

Senator CHRIS EVANS—Go on. You are going to tell me that flows to 2001-02.

Mr Evans—Essentially, as I explained before, the legislated figures show that there is an increase of funding in each of the calendar years 1997, 1998 and 1999. For the actual year 2000, which affects 1999, 2000 and 2001, the government has yet to make a decision about IESIP funding. When it does you would find that those forward estimates would again show an increase over 1998-99.

Senator CHRIS EVANS—Where do you get the \$86.9 million figure from if the government has not made a decision.

Mr Grant—Is it a half-year effect.

Mr Evans—We are talking about additional funds that the government legislated for indigenous education, but it has only provided additional funds for the years 1997 through to 1999. From the year 2000 there is still core indigenous education funding there.

Senator CHRIS EVANS—What is the core funding?

Mr Buckskin—The \$86 million is the base funding. That was there prior to the government's response to the national review into education for indigenous people where this extra money was added to the IESIP program for the three-year period. That three-year period finishes in the year 2000.

Mr Evans—The figures I have just taken you through are that additional funding.

Senator CHRIS EVANS—I think we are going to have to do something about this because, quite frankly, the budget papers make a nonsense of what is happening.

Mr Evans—Senator, I know you referred earlier to a New South Wales paper in another program area. It is a similar failing in that paper to recognise that in the schools area as well there are programs that cease at the end of 1999 and yet, when you look at it in the forward estimates context, it appears that there is a reduction in funding where the government has yet to make some decisions that extend to the out years of the forward estimates.

Senator CHRIS EVANS—But it is more than that, is it not? For instance, you have a 1998-99 budget figure of \$118 million. Is it usual to add the flow over from the underspend into the budget?

Mr Evans—It is quite normal if the legislation provides for that. We are talking special appropriations here. You are correct in an annual appropriation sense in that it lapses at 30 June, but these programs are calendar year programs and there are special arrangements that apply which mean that you can commit money in the program year, but spend the money beyond the program year.

Senator CHRIS EVANS—I accept that. What I have difficulty with is that it is shown as a budgeted figure for the next financial year, rather than the usual case—as I normally understand it—where flow over amounts may well be spent in that year but the budget still shows the underlying estimate expenditure.

Mr Evans—You are right and this in part is the difficulty of translating calendar year programs into financial year estimates and the difficulties flow from that particular translation.

CHAIR—Senator, at the start of the hearing when I made the opening statement, I made a point there that, if senators had problems with the way in which the statements were set out, they should raise those and we will put those in further review.

Senator CHRIS EVANS—That is fine, Mr Chairman. I am happy to do that. I did not know what the explanation to this was until we got here. Quite frankly, anybody reading the budget papers has no chance of figuring that out. One of the issues for us is that the budget is supposed to be transparent. The Australian public are supposed to understand the budget papers.

Senator Ellison—I sympathise, Senator Evans.

Senator CHRIS EVANS—A lot of it does cover this calendar year thing which is a structural thing in the education area which seems capable of being tackled, but it seems there is this other problem about this ongoing spending which gives a completely false impression of what is occurring in the expenditure. I was inclined earlier, having looked at the New South Wales education minister's press release, to privately be a little critical of how he could have drawn those conclusions. But I think, in fairness to him, if you read the budget papers that is the answer you get.

We have this big debate in Australian society about what we are spending on education and it is legitimate. People can read the budget papers and come to the view that the government is doing exactly the opposite of what the government says it is doing. I take your explanation on face value, Mr Evans. I assume you are right. I do not have enough background knowledge to be absolutely sure because there is nothing here that helps me with what you said, other than your being an honest officer explaining the situation.

But nobody else reading the budget papers has the benefit of that explanation. Nobody else has a chance of working out what has happened in this area. The same goes for the general schools issue which is a huge public issue—the whole question of private versus public education. For all the heat and controversy that surrounds that, the budget papers do not make any of this clear.

CHAIR—Perhaps, Senator, if you put that in your particular complaints to the committee, we will pass it on to DoFA.

Senator CHRIS EVANS—I am sure you will support me, Mr Chairman, because you will be most concerned that the government has been unfairly criticised.

CHAIR—I am very concerned about it.

Senator CHRIS EVANS—The figures are misleading. I was going to ask the minister if he would undertake to have a look at what could be done to overcome those two problems. The minister complained earlier about having to deal with misrepresentation in the budget.

Senator Ellison—I cannot say any more. I mentioned earlier that I will look into it and that is what I will do. I think there have been some improvements on this from previous days. There have been some changes, as you can well see—it is more user-friendly—but that does not mean to say we do not look to make it even better.

Senator CHRIS EVANS—But obviously in the education area there are a couple of structural problems as well which are a bit different from the way the papers are laid out as a separate issue.

CHAIR—Could we move on to subprogram 2.1.

Senator CHRIS EVANS—We can move on to the National Illicit Drugs Strategy, if you like.

CHAIR—I was hoping, Senator, that we could actually get higher education finished by tea time.

Senator CHRIS EVANS—Hope springs eternal.

CHAIR—If you could put some of these on notice we would really appreciate it.

Senator CHRIS EVANS—Mr Chairman, I think I will attempt to try to finish today, rather than use tomorrow or the following day. If you let me get on with it we will get there, I suspect.

CHAIR—Fine. That is our objective.

Senator CHRIS EVANS—I know you do not want to be here tomorrow so if we all work cooperatively we will let you get away. Is it possible to get a copy of the schools drug education strategy?

Senator Ellison—It has not been developed yet. What we have done is to set up the schools drug education committee which is a diverse group of people who are looking at formulating the strategy or advising the government in relation to that, and they are working on that at this moment.

Senator CHRIS EVANS—This was the strategy announced last year?

Senator Ellison—What we announced was the Tough on Drugs strategy which was the Prime Minister's announcement covering a whole of government approach. What we were looking at with the Tough on Drugs strategy was law enforcement, health and education. It breaks down. There is a national council on drugs strategy. That is a council which has representatives on it from health, law enforcement and education. Then there are subsets of that, if you like, which deal with health, education and law and order. This is part of the government's Tough on Drugs strategy.

Senator CHRIS EVANS—Is the description of the strategy in the budget papers just a government objective for the strategy, rather than a part of that strategy? It says, 'No illicit drugs in schools'. Is that part of the strategy?

Senator Ellison—That is the policy of the government. It says:

The Government's School Drug Education Strategy will:

. . . adopt a goal of no illicit drugs in schools.

You would not want your strategy just to be those two dot points; it has to be more detailed.

Senator CHRIS EVANS—You have told this committee what part of the strategy shall be and that—

Senator Ellison—The terms of reference.

Senator CHRIS EVANS—Adopting a goal of no illicit drugs in schools is a term of reference to the committee, is it?

Senator Ellison—We can give you those terms of reference, if we have got them here. They are a bit more detailed than that. What we have done is summarise it in the budget paper. You do not obviously put in the complete terms of reference.

Senator CHRIS EVANS—I am sorry. I am a bit confused. I thought this was announced last year, but the committee itself is going to draw up the strategy; is that right?

Senator Ellison—That was set up a couple of months ago and you are now being given the terms of reference of that committee.

Senator CHRIS EVANS—Thanks for that. This does not actually refer to those particular dot points? What status do they have?

Senator Ellison—The terms of reference do incorporate the strategy which is pursuant to the government's policy. What you have got with the two dot points is a general description of the government's approach. Its policy is no illicit drugs in schools:

The strategy will be developed in close consultation with State and Territory governments . . . There will also be close collaboration across Commonwealth portfolios, particularly between health and education; We will:

. provide funds for the development of new, high quality curriculum and teacher professional development materials;

Senator CHRIS EVANS—Where are you reading—

Senator Ellison—That is out of the budget papers. It is in no way inconsistent with the terms of reference. The terms of reference are directing the committee in a way to advise government on the strategy.

Senator CHRIS EVANS—Yes, on the development and implementation of a national schools drug education strategy. So there is no strategy currently; the committee is going to draw that up. These terms of reference do not provide for those two dot points. Is it open for them to adopt a goal of some illicit drugs in schools? I am not being facetious but is that a direction?

Senator Ellison—That was set up to pursue the government's policy in relation to the drug strategy. Perhaps I could have a copy of the terms of reference and show you what I mean.

Senator CHRIS EVANS—I have them in front of me. That is why I got confused. Those two dot points are not part of the terms of reference so I am just trying to get clear what status they have.

Senator Ellison—The strategy which is mentioned there includes that. Right?

Senator CHRIS EVANS—Where?

Senator Ellison—The two dot points are included in the drug strategy.

Senator CHRIS EVANS—Where are they in the—

Senator Ellison—It says that it will:

provide expert advice and direction on the development and implementation of a national schools drug education strategy; monitor and review and evaluate the progress of the schools drug education strategy; provide high level expert advice; provide reports; and work with those other councils.

That implies that they are not going to be working against government policy. They are set up pursuant to government policy.

Senator CHRIS EVANS—I see. I thought they were to provide expert advice. Anyway, I am just trying to get this clear. Was this set up in April or May?

Senator Ellison—It was 22 April.

Senator CHRIS EVANS—Have the members been appointed?

Senator Ellison—Yes.

Senator CHRIS EVANS—Have they been publicly announced?

Senator Ellison—Yes.

Mr Evans—We can provide you with a list, Senator.

Senator CHRIS EVANS—I might have found the press release here. Is Karyn Hart the chair?

Senator Ellison—Yes.

Senator CHRIS EVANS—That is the one, okay. Have they started work?

Senator Ellison—Yes.

Senator CHRIS EVANS—Do you have a draft strategy?

Senator Ellison—Not yet. They are meeting for two days soon

Ms Johnston—There is a draft strategy which the committee is currently working on. The minister has not yet seen that. It is still a working document that the committee will be considering in detail at a two day meeting on the 22nd and 23rd of this month.

Senator CHRIS EVANS—And the committee was appointed by you, Minister?

Senator Ellison—Yes.

Senator CHRIS EVANS—On advice from the states? I presume you have representation from them.

Senator Ellison—It was on advice from the department, the states, the Prime Minister's office, Dr Kemp's office—

Senator CHRIS EVANS—So you got a series of nominations and you picked—

Senator Ellison—The parents council also provided advice. There were nominees, if you like, from various groups.

Senator CHRIS EVANS—Did you actively seek nominations like that?

Senator Ellison—Yes, we did.

Senator CHRIS EVANS—Was that done by advertising or just by contacting local—

Senator Ellison—No, just contact. You will see that the chairman, Karyn Hart, is the president of the Australian Secondary Principals Association. Sectors represented include the government, non-government, the church, community—

Senator CHRIS EVANS—There is \$2.5 million set aside in the budget for the next financial year and then for the following two years as well. Is that right?

Ms Johnston—Yes.

Senator CHRIS EVANS—How is that going to be expended?

Ms Johnston—That will depend on the advice of the advisory committee to the minister. As part of the strategy they will look at ways of allocating the funding through existing drug education committees which exist in all states and territories. There may be some money set aside for some national initiatives. The strategy will address those sorts of issues as to how the money should be allocated.

Senator CHRIS EVANS—Is there ongoing contact with the states or do we take it that their representation is through the committee?

Ms Johnston—They are represented on the committee by two nominees of the directors-general, but there will be ongoing consultations with them on the detail of the strategy.

Senator CHRIS EVANS—Thanks for that. That is all I have on that program, Mr Chairman.

CHAIR—Thank you. I thank the officers.

[5.19 p.m.]

Program 2—Higher education

Subprogram 2.1—Higher education system

Senator CHRIS EVANS—There is a Carresque flavour to these questions, just to keep the officers on familiar ground. Could somebody explain to me this question of a 25 per cent discount on HECS by making a partial payment of \$500 or more? What are the financial implications of that?

Mr Mutton—Originally the arrangement was that you could get a 25 per cent discount if you paid the whole of your HECS up front. When the government changed the arrangements and increased the amount that students would contribute through differential HECS, it was thought that it was appropriate to provide a 25 per cent discount for payments of \$500 or more. Some students would have had to pay quite large amounts up front to benefit from the discount. So it worked in the students' favour and the government's favour in terms of revenue flows.

Senator CHRIS EVANS—What are the financial implications in the out years? What sort of take-up rate do we have and what does it mean?

Mr Mutton—This is the first year so we do not have any experience to base an answer on. We would expect that since people can access the discount to the lower amount, there will be more paying up front than there have been in the past, but we do not really know.

Senator CHRIS EVANS—Theoretically, you would have more cash now and less later in terms of your budget. Is that right?

Mr Mutton—Yes.

Senator CHRIS EVANS—By when do they have to pay to be eligible for the discount?

Mr Mutton—By the census date, or an earlier date if that is determined by the university.

Senator CHRIS EVANS—The census date?

Mr Mutton—That is the date by which you have to make up your mind whether you are going to stay in the course or not and you are then committed to HECS.

Senator CHRIS EVANS—They will have to pay their full fee by then to get the discount?

Mr Mutton—Not later than that, and in some cases it is a little earlier if the university determines that.

Senator CHRIS EVANS—When will we have some idea of what the take-up rate has been?

Mr Mutton—Perhaps in October or November.

Senator CHRIS EVANS—On the question of fees, Senator Carr asked me to ask whether you are able to give some break down of the payment of up-front fees, for example the numbers of local undergraduate students enrolled in fee paying places in semester one?

Mr Mutton—We have early estimates from universities which have not been confirmed and will not be confirmed until a similar date to the one we just talked about. However, those early estimates suggest there were 797 fee paying undergraduate Australian students.

Senator CHRIS EVANS—Do you have any idea whether any students are on full or partial scholarships?

Mr Mutton—I could not tell you the numbers. Certainly, the University of Melbourne offers scholarships, and quite a substantial proportion of the 797 are at Melbourne. I cannot tell you exact numbers but certainly a good few of those are scholarships.

Senator CHRIS EVANS—You know that to be the case—

Mr Mutton—Yes.

Senator CHRIS EVANS—that a good few of the 797 would be on scholarships?

Mr Mutton—Yes. I just do not know the exact numbers.

Senator CHRIS EVANS—I just wanted to test your level of knowledge about that—whether you were guessing or you had some knowledge. Have we got any information on the courses in which they enrolled and the number of HECS places in each of those courses?

Mr Mutton—We will not until later in the year. Anecdotal evidence suggests that they are typically in law, veterinary science—those types of professional courses—but not entirely so.

Senator CHRIS EVANS—You said the majority are Melbourne. Are there any other noticeable—

Mr Mutton—The majority of the 797 are in Victoria. I am not sure that it is necessarily in Melbourne University specifically.

Senator CHRIS EVANS—Senator Carr was also after an update on the table provided to the committee late last year which gave details of the universities which had decided to charge fees, those which had ruled it out and those which were undecided.

Mr Mutton—There is no change, Senator.

Senator CHRIS EVANS—Do you have any information on the University of Central Queensland—whether they are about to change their view for semester 2 this year?

Mr Mutton—We have not heard anything, no. Semester 2 of course has not started yet, but so far as I am aware they are continuing.

Senator CHRIS EVANS—There was some suggestion, I think, that they might be moving to up-front fees in the second semester. You have not heard that?

Mr Mutton—They made a decision some time ago that they would do it in the second semester rather than the first. We have not heard that they have changed their mind.

Senator CHRIS EVANS—Thanks for that. Is medicine still exempted from provisions which allow the charging of up-front fees to Australian undergraduates?

Mr Mutton—Yes.

Senator CHRIS EVANS—So that has not changed since it was originally announced by the minister in 1996?

Mr Mutton—That is right.

Senator CHRIS EVANS—Are you aware that the Monash University budget estimates for out years indicates them receiving income from Australian fee paying undergraduates in the faculty of medicine in those years?

Mr Mutton—No.

Senator CHRIS EVANS—There is some suggestion that the Monash budget for the out years starting 1998 to 2000 has a facility for income from Australian fee paying undergraduates in medicine.

Mr Mutton—Are they overseas students? There is no limit on overseas students.

Senator CHRIS EVANS—No, Australian fee paying undergraduates—it is different from the international and Australian postgraduate categories.

Mr Mutton—The guidelines are quite explicit in making that exemption.

Senator CHRIS EVANS—You do not have any basis for understanding why that might be the case?

Mr Mutton—No. My first guess was overseas students. I cannot think of any other—

Senator CHRIS EVANS—It may well be that we are not reading their budget papers correctly and they may have a different form of category. I was really just putting to you what had been picked up—

Mr Mutton—We will follow up.

Senator CHRIS EVANS—and seeing whether you had any comment to make, or whether you knew anything or not.

Mr Mutton—No.

Senator CHRIS EVANS—Effectively, given the current guidelines, that would not be allowed to happen if that was—

Mr Mutton—No.

Senator CHRIS EVANS—Okay. Senator Carr was also interested, and I am not sure why, in the percentage of the higher education and academic work forces over 40 years of age. I do not know if he was thinking of getting into another career or maybe academia. Do we have any ability to break down the academic work force by age and gender?

Mr Mutton—Certainly by gender and I think by age as well. But it is not—

Senator CHRIS EVANS—Senator Carr was interested in the 40-year-old and up and the 50-year-old and up breakdown and in the gender breakdown, if that was available. Perhaps you could take it on notice.

Mr Mutton—We could provide that.

Senator CHRIS EVANS—Minister, I gather a recently released report on managing higher education diversity in a climate of public sector reform by a Professor Meek and Dr Wood confirms that the overwhelming majority of university students are still drawn from the affluent middle class and that little or no progress has been made on the relative access to university by rural or isolated students or by persons of low socioeconomic status. Have you a comment you would like to pass on that, in terms of what the government is seeking to do to address that ongoing problem, or maybe some of the officers of the department can say what steps have been taken to try and address that continuing problem in terms of the origin of higher education students?

Senator Ellison—I think Mr Gallagher can answer your question.

Mr Gallagher—The paper you refer to is the proceedings for a conference which represented a diversity of views on matters of higher education development. In terms of the access of low socioeconomic status groups to higher education, there does not seem to have

been the increased representation that policy over the last decade has sought to achieve. That matter is now subject to some internal consideration, with advice to the minister on arrangements both for better measuring ways of understanding the nature of educational disadvantage and its causes, and options for addressing it, ways of improving access, and measures for the allocation of equity funding to universities to encourage greater participation and retention and success.

Senator CHRIS EVANS—In the department's view has the profile changed much over the last 10 to 20 years?

Mr Gallagher—There has been absolute growth, Senator, and the middle segments of the population, if you like, have been the ones that have taken most advantage of that growth.

Senator CHRIS EVANS—There has been some press coverage of the Australian Vice-Chancellors Committee calling for access to HECS funds for domestic fee paying students. Has there been any government response to that call? Is the government actively considering that request?

Mr Gallagher—The minister has acknowledged the AVCC's recognition of the fact that the sector is currently funded and needs to continue to be funded by a diversity of sources, both public and private. The particular matter that the AVCC has recommended goes to some of the options canvassed by the West committee on higher education financing and policy which is currently under review by the government.

Senator CHRIS EVANS—I guess that is a starting point for that. When is the government likely to respond to the West committee?

Mr Gallagher—We are still doing analytical work, so it is some months away.

Senator CHRIS EVANS—Have you got a target date?

Mr Gallagher—I think that is a matter for the minister.

Senator Ellison—I think we can only really go as far as Mr Gallagher has indicated. It is under consideration and there are some complex aspects to it. We really cannot give you a date as such.

Senator CHRIS EVANS—Thank you. In terms of this call by the vice-chancellors, what has been the experience of enrolled domestic up-front fee paying students? It has been put to me that the forecast for the government's triennial funding is way over what the experience has been in terms of the domestic enrolment. Is that right?

Mr Gallagher—Only partially. The projections that were earlier indicated at one of these hearings by us were drawn from the early estimates from the universities themselves that chose to charge up-front fees as to the numbers they thought they might obtain. Actual take-up was lower than their expectation. However, that was the first year, even the first semester, of the new policy regime and there is a fair amount of cultural change associated with that, as well as marketing, so one might expect a lower take-off rate. If you look back on the emergence of fee paying arrangements for postgraduate coursework places and for overseas students, they also started slowly and then gradually expanded.

Senator CHRIS EVANS—I accept your explanation that they were not your figures, but have you done the comparison between the take-up and the estimates?

Mr Gallagher—In terms of the shortfall?

Senator CHRIS EVANS—Yes.

Mr Gallagher—I think they were estimating over 1,000 and they have come in under 1,000.

Mr Mutton—They were estimating 1,300 and, as I have just indicated, the early estimates suggest 797.

Senator CHRIS EVANS—The figure I had was about a 44 per cent take-up, but that is not what 797 out of 1,300 represents—it is a bit more than that. We are confident, though, that 797 out of an estimated 1,300 is the accurate comparison in terms of estimate versus actual?

Mr Mutton—Again, that is what the universities have told us. There is usually some variation when we get final figures, but it is—

Senator CHRIS EVANS—Don't talk to me about calendar years! I have had two days of calendar years.

Mr Mutton—I would not dare.

Senator CHRIS EVANS—So 797 compared to about 1,300 as the estimate is a reasonable conclusion—okay. There has been some press coverage of claims that university academics have been issued with instructions to lower their marking standards to attract fee paying students. Has the department been made aware of those claims? Do you have any comment to make on them? Have you taken any action? Is there any dialogue with the department about those claims?

Mr Gallagher—No, no and no, I think, Senator, to your questions. However, when we meet the institutions later this year for annual profiles discussions we can raise these matters.

Senator CHRIS EVANS—But you are aware of those claims?

Mr Gallagher—We are aware of them in respect of allegations that some institutions were lowering their assessment standards for overseas students. We are not aware of claims that institutions have lowered entry standards for fee paying. To the contrary, the institutions that have decided to participate in fee paying this year have been very conscious of the need to retain quality and reputation.

Senator CHRIS EVANS—Do you think they are conscious that their reputation could be damaged if there is any suggestion that they might be looking to make a quick buck, basically?

Mr Gallagher—The areas that are on offer for fee paying, as Bill Mutton suggested, in fields like law and vet science, tend to attract people with high academic achievement. If there is an adjustment of one or two percentage points, then that is not an erosion of quality. But they are certainly not taking down the achievement band for fee paying. None of the ones that has entered this year has any intention of doing that.

Mr Mutton—Perhaps I could add to that. We are aware that of the seven universities offering fee paying places in 1998, certainly to this point they are not offering them to people with TER cut-offs more than five points below the HECS liable equivalent. So the cut-off rate for these fee paying students is not, at any of the universities, more than five per cent below what it is for everyone else. In some cases it is higher, I think, particularly if scholarships are involved.

Senator CHRIS EVANS—To get a feel for what the difference in the cut-off rate is, what would be the fair statistical method to use to measure what is occurring there—is that a median?

Mr Gallagher—In the case of law, you are talking about a TER normally of 97 or above. The policy of five per cent being the tolerance band would mean that you would admit into

law at 92 or above. You are still taking high achievers. That is still a very high achieving group.

Senator CHRIS EVANS—That is one thing you could say about it, but that does not alter the fact that the schools have been affected, does it? You are nevertheless opening it up to a different group of people who otherwise would not have made it. I accept that that is one comment you can make about it, but at what point would you say therefore is acceptable—do you say 10 is acceptable or 15 or 20, given that they start at such a high level? I am not sure what you are trying to say to me there.

Mr Gallagher—The institutions have set a band of five per cent, and in the areas where they are offering fees you are talking about very high achievement, all in the top decile.

Senator CHRIS EVANS—You seem to be making some sort of subjective view about that.

Mr Gallagher—I am saying that there is not a quality problem there.

Senator CHRIS EVANS—Would you be concerned if one of the lower qualifying courses—for example, in Western Australia one of them would be the Bachelor of Business in some institutions—offered five points down as a qualifying marker.

Mr Gallagher—Do you mean in institutions-

Senator CHRIS EVANS—In areas where they have not had a high relative qualifying mark.

Mr Gallagher—That is not happening.

Senator CHRIS EVANS—You obviously had this view about the quality, and I am just trying to ascertain what you were saying to me there.

Mr Gallagher—I am just saying that, in terms of the current behaviour of the institutions, they are protecting quality.

Senator CHRIS EVANS—In your view. I guess I am trying to tease out of you what you think quality is. Is quality five points down on what they are currently accepting or is there an independent benchmark for quality or does it depend on the course?

Mr Gallagher—If you are talking about fields of study and institutions where it is the top decile of performers in academic achievement, dropping five or six points within that decile would not seem to make a lot of difference to the quality of intake. Those marks are artificial simply because of the constraint on opportunity. This is not a reflection on the quality of the student body. If you were to move to fields and institutions in the bottom quartile that may be a different matter, but there is probably not the same level of demand to attract fee paying there anyway.

Senator CHRIS EVANS—I was trying to get you to say the level at which you would express concern.

Mr Gallagher—I do not think there is that much cause for concern within the top quartile of the policy that the universities have got of a five per cent band.

Senator CHRIS EVANS—Thanks for that. Do you have any figures as to how many students have been enrolled this year, over and above the targets with DEETYA?

Mr Gallagher—Yes.

Mr Mutton—Over and above targets?

Senator CHRIS EVANS—Yes.

Mr Mutton—In total, 45,000 more than were contracted for or above target, of which, 29,000 are undergraduates.

Senator CHRIS EVANS—Do you have a breakdown of those by institution?

Mr Mutton—We do but, because of the preliminary nature of the estimates, it has not been a practice to release the break-up publicly.

Senator CHRIS EVANS—I appreciate that but perhaps we can put that on notice for when it is finalised. Could you give me a feel for it—the colour of the thing in the sense of whether they are spread widely across institutions or is it concentrated in a few?

Mr Mutton—They vary considerably between institutions. Some have overenrolled by very high margins of 20 per cent and 25 per cent and others have been right on the mark.

Senator CHRIS EVANS—Are those high enrolments concentrated in the elite universities.

Mr Mutton—No, not from memory.

Senator CHRIS EVANS—I am just fishing for some colour about where the problem is, without being specific.

Mr Gallagher—All institutions but one are overenrolled. Some of the pre-1987 universities are overenrolled and some of the post-1987 universities are overenrolled. It is quite well spread.

Senator CHRIS EVANS—Are there any that have been substantially overenrolled? Are there real problem areas?

Mr Gallagher—There are a couple of institutions that surprise us and we are seeking further information from those universities.

Senator CHRIS EVANS—So you have concerns about their overenrolment and you are having discussions with them; is that right?

Mr Gallagher—Yes.

Senator CHRIS EVANS—What is the top end of the overenrolment that we are talking about: is it 10, 15 or 20 per cent?

Mr Gallagher—Close to 20 per cent in the case of a couple.

Senator CHRIS EVANS—So it is significant. And that is of their undergraduate and other places or just undergraduates?

Mr Gallagher—That is total.

Senator CHRIS EVANS—Are you able to provide details of the marginal public funding for each undergraduate overenrolment.

Mr Gallagher—We pay a flat rate of the discounted HECS at the first band rate of \$2,517.

Senator CHRIS EVANS—Could you take me through that?

Mr Mutton—It is the minimum discounted HECS rate, and this year that is \$2,517.

Senator CHRIS EVANS—So that is for each overenrolled place?

Mr Mutton—That is a slight oversimplification but, essentially, that is the case, yes.

Senator CHRIS EVANS—What is the impact of these marginally subsidised positions in 1998? Do they become part of their fully funded load in 1999?

Mr Mutton—No.

Senator CHRIS EVANS—What is the impact of this?

Mr Mutton—We will look at the load each year, after the event and when we have final figures. So the calculations for this year will not be done until 1999, and there will be

retrospective adjustments based on the total actual numbers compared with the targets. There are other factors that come into it, but that is essentially it. But they are not guaranteed; they do not change status after a year.

Senator CHRIS EVANS—There is no incentive or reward for being highly overenrolled in one year?

Mr Mutton—The fact that institutions get the \$2,517 may be an incentive in some cases where they believe they have spare capacity. It does not really cost them very much. It is marginal. It is not a very attractive offer if you do not have marginal capacity; it is really costing you the full amount.

Senator CHRIS EVANS—I meant more in terms of how you then decide what the fully funded load is in the following year. What impact does this overenrolment have in your thinking or in dealing with that?

Mr Mutton—There is a continuum of possibilities but, to make the most obvious example, you are not likely to offer growth to an institution that underenrolled three years in a row—those sorts of things. If an institution has high levels of overenrolments and is also in an area where there is clearly growth, and they have been responsible rather than irresponsible, that might affect your decision. But there are multiple elements, and you would have to differentiate between what is real demand and what was possibly irresponsible on the part of an institution in simply trying to get growth. It would be an odd decision on their part, given that there is no growth until the year 2000 or 2001, so it does not come into the game, and the growth before then has been allocated already, so we are talking about a hypothetical situation.

Senator CHRIS EVANS—Senator Carr wanted me to ask about postgraduate degree enrolments. He is basically looking for the projections for 1996 through to 1999, and also broken down by institution and course discipline. I am happy to put that on notice but I want to ask whether you are capable of providing that sort of information.

Mr Mutton—Yes, we are.

Senator CHRIS EVANS—I certainly will not bother you for it tonight, but I will put that one on notice. I want to ask about mature age enrolments. Do you have any breakdown by state and institution of what has happened in terms of mature age enrolments? There has been some publicity about the impact on mature age enrolments.

Dr Karmel—We have certainly done some analysis of applications from the two groups—the school leaver group and the mature age group. It appeared to be the case last year that applications from the mature age group declined, and it also appears to have been the case this year. That is at the aggregate level. We would be able to get some information, I think, by state, but I currently do not have any information by institution, even though when we get the enrolments data later in the year we could provide some by institution.

Senator CHRIS EVANS—Perhaps you could take that on notice in terms of the state and institution and provide what is easily available. Are you able to do a comparison between this year and last year?

Dr Karmel—Yes. As I said, the indications are that the applications filled last year from this group—the mature age group—and also filled this year.

Senator CHRIS EVANS—Do you have any figures available at the moment on that?

Dr Karmel—I do not have them with me but, off the top of my head, I think they were of the order of a five to eight per cent decline, but I can check those.

Senator CHRIS EVANS—For both years?

Dr Karmel—For both years.

Senator CHRIS EVANS—Perhaps you could take that on notice and we could then have a look at that comparison. What is the department's response to that? Is there any concern about that? Are you undertaking any research to identify what is behind that change in the mature age enrolment pattern?

Dr Karmel—The analysis that we have done to date is really focused on the effects of the change to the HECS regime, and that was certainly consistent. The decline in mature age applications is certainly consistent with the change in the HECS regime. It would appear to be the case that a plausible hypothesis is that mature age students, many of whom would be working and studying part time, have been affected more than school leavers.

Senator CHRIS EVANS—Is there any further research going on concentrating on the mature age profile?

Dr Karmel—No.

Senator CHRIS EVANS—Is there any response being thought about or formulated within the department as to how one might address that issue?

Mr Gallagher—Senator, one view of this that was canvassed at a previous meeting of this committee is that the mature age part-time students are now making more real economic investment decisions as to the worth of undertaking university studies and that in previous years the institutions were carrying people who may have thought that consumption of higher education was a good thing but, when they actually have to pay a fair price for it, they make another judgment.

Senator CHRIS EVANS—I take it from that answer that we are not concerned about the drop-off and we are just going to leave it? Do I take that from your answer?

Mr Gallagher—We are still monitoring it, Senator.

Senator CHRIS EVANS—We are happy that the market is all okay?

Mr Gallagher—At the moment it does not seem to be too problematic.

Senator CHRIS EVANS—At what level would the department express some concern?

Mr Gallagher—As Tom Karmel has said, we have seen an initial shift in behaviour. We want to see whether that is a sustained shift or whether, as in previous years when there have been behaviour shifts, they are a bit transitory. So, at the moment, we do not know whether there is a problem and whether it is an ongoing problem or just an adjustment.

Senator CHRIS EVANS—I guess that takes me back to my previous question: what are you doing in terms of researching it?

Mr Gallagher—We are not doing any fundamental research in the area; we are simply monitoring forms of participation by different groups and, as we discussed earlier in respect of socioeconomic status, if it seems that there is an emerging problem, we are alerting government to policy options.

Senator CHRIS EVANS—So we have a five to eight per cent change over two years and that has not triggered any concern at this stage. When will we feel that this concern has been triggered? You expressed a view that there was a question of monitoring it over time. How long do you want to monitor the drop-off in mature age student applications?

Mr Gallagher—We will see what happens next year.

Senator CHRIS EVANS—So three years is the plan?

Mr Gallagher—Three years gives us a bit of a trend.

Senator CHRIS EVANS—Thank you. Are there any government plans to introduce a national graduate test?

Mr Gallagher—Yes.

Senator CHRIS EVANS—Could you describe to me what stage they are at? What is in place?

Mr Gallagher—At a previous meeting of this committee we canvassed the purposes for looking at a battery of tests, not just a single test, but tests that might be able to be used for—

Senator CHRIS EVANS—I do not mean for you to canvass stuff you have already canvassed before the committee. Please do not feel you have to fill me in on all of that if it has been canvassed already. I would be interested in an update as to what has happened since or where we are at, rather than you cover the whole ground again.

Mr Gallagher—We are currently developing a scoping brief with a view to having that tested by people who are expert in these fields within the country and externally. We will then approach those organisations that have testing expertise to design some instruments and then invite universities to field test those instruments over the next 12 months.

Senator CHRIS EVANS—What is the time line for the scoping brief?

Dr Karmel—We are working on that at the moment. We would expect to have a draft shortly which, as Mr Gallagher said, we will discuss with experts. I would expect that we would have something pretty definite within a month or so.

Senator CHRIS EVANS—Is there a budgetary allocation for the cost of this? How much is this whole process going to cost?

Dr Karmel—We have not yet worked out a precise cost but it is being funded as an initiative under the higher education innovation program.

Senator CHRIS EVANS—It will be met out of the running costs of that budget item?

Dr Karmel—Yes, out of that program.

Senator CHRIS EVANS—I gather, Mr Gallagher, that the government is committed to the project; it is a question of process now rather than waiting. The scoping study is not to form a view; it is more to see how you do it. Is that right?

Mr Gallagher—Yes, it is not so much whether, but how.

Senator CHRIS EVANS—Yes. I wanted to clear that up. Thank you. I have a couple of questions about voluntary student unionism. I gather Minister Kemp said something publicly about a national system of VSU. Is it the government's intention to introduce such a national system? Is there a timetable for that introduction?

Mr Gallagher—The minister is on the record confirming the government's policy position on this matter, but there is currently no active work under way.

Senator CHRIS EVANS—There is no legislation in preparation?

Mr Gallagher—No.

Senator CHRIS EVANS—Is there a process in place?

Mr Gallagher—No.

Senator CHRIS EVANS—Therefore, there would be no consultation process occurring.

Mr Gallagher—No.

Senator CHRIS EVANS—I was a bit surprised by the answers so the follow on questions do not hold. You are telling me there is no active work inside the department on a national VSU?

Mr Gallagher—That is correct.

Senator CHRIS EVANS—Did you prepare a discussion paper on the issue of a national VSU?

Mr Gallagher—No.

Senator CHRIS EVANS—Has there been an internal department paper prepared?

Mr Gallagher—There has been normal policy briefing to the minister.

Senator CHRIS EVANS—Nothing of a more general, wider distribution in the way of a discussion document or whatever?

Mr Gallagher—No.

Senator CHRIS EVANS—Were specific recommendations made to the minister?

Mr Gallagher—That is privy to the department and the minister, Senator.

Senator Ellison—That is confidential, Senator Evans, in the normal course of government business.

Senator CHRIS EVANS—Did DEETYA officers get involved in consultations with universities in preparing that paper?

Mr Gallagher—Yes, which is normal. When we develop policy advice we talk to people in the sector about which we are advising.

Senator CHRIS EVANS—It is not always followed by all departments. It was not a criticism; I was just asking whether you had done it or not. Did you consult with anybody else apart from the universities?

Mr Gallagher—University interest groups, broadly, Senator.

Senator CHRIS EVANS—What does that describe?

Mr Gallagher—There is a variety of people we talk to in the university sector.

Senator CHRIS EVANS—I was trying to ascertain what you described as that. Are you talking about student unions? Are you talking about academic associations? Are you talking about individual academics?

Mr Gallagher—Some of our people go around the universities and they will talk to people in the administration of universities at different levels, they will talk to people in student service areas, they will talk to people in the academic arena, and they talk to students and their representatives.

Senator CHRIS EVANS—Was there any particular discussion with representatives of the student unions?

Dr Karmel—As Mr Gallagher said, officers talk to a range of people. Apart from the student service people, in some cases there were discussions with people who administer unions, and some of those are student unions. They are the organisations that administer the services.

Senator CHRIS EVANS—That leads me to my next question which is a question about the application of competition policy to higher education. Has the department done any work

on the application of that policy to universities, particularly in terms of the operation of the student guilds and other services provided by universities to students?

Dr Karmel—We were involved in a fair amount of work with our state counterparts on the application of competition policy to university activities and a paper was put to the ministerial council on this topic. In that paper we identified a number of areas of commercial activity which universities are involved in. That paper did cover issues such as student residences and catering facilities.

Senator CHRIS EVANS—When was that done and what was the import of it, the outcome of that?

Dr Karmel—The timing of it I would have to take on notice. It was done earlier this year. In terms of the import of it, we basically differentiated in general terms between activities that were purely commercial—and we suggested that there should be no cross-subsidies to these types of activities—and some activities that have a real spill-over effect into the academic work of the university, things like professional development courses and some consultancies.

The part that is relevant to student unions is generally commercial activity. Basically, in those cases we will be proposing that either the activity is done completely separate from the university, or if it is not that it should be done in a very transparent way. We will be proposing that if there are to be any subsidies they should be directed purely to the members of the university, not outside to members of the public who may want to use those facilities.

Senator CHRIS EVANS—Who might have access to the facilities.

Dr Karmel—Yes.

Senator CHRIS EVANS—Would the majority of those services be used more broadly than the university community per se?

Dr Karmel—In general, no. But depending on the circumstances you can get situations—catering for example. University catering facilities—unions and so on—do outside catering. If they are catering for a wedding, there is no reason why the university should have some type of advantage over some other catering organisation.

Senator CHRIS EVANS—Is a copy of that report to the ministerial council available?

Dr Karmel—Yes.

Senator CHRIS EVANS—Could we have a copy of that?

Dr Karmel—Yes.

Senator CHRIS EVANS—So that I am clear, when you say, ‘We are recommending,’ are you recommending because you think it is a good idea or because you think competition policy requires you to? I want to get a feel for the tenor. Are you saying, ‘If we are to be consistent with competition policy and government objectives, this has to happen’?

Dr Karmel—The paper was prepared by the Higher Education Task Force which is a cross-jurisdiction body; this is a cross-jurisdictional matter. That task force put together this paper and argued a case. That was presented to the ministerial council and the ministerial council endorsed the paper.

Senator CHRIS EVANS—What is the next step?

Dr Karmel—The next step is to develop some pricing principles which enable universities to actually implement what we have set out. That is happening at the moment. A working group has been set up with people from a sector.

Senator CHRIS EVANS—You will then issue policy guidelines for universities?

Dr Karmel—Yes, it would be a resource that would enable universities to meet their obligations.

Senator CHRIS EVANS—What would be the impact of that? Sorry, is this a mandatory thing for all universities? Is it purely optional? Is it advisory on your part? What is the sanction basically?

Dr Karmel—In a sense it is advisory on our part. But individual companies in all jurisdictions will be able to make complaints about competitive neutrality and in each state there are tribunals or procedures to assess those complaints. Our view is that if the universities follow the guidelines that we set up this will be some form of defence for them in addressing those complaints.

Senator CHRIS EVANS—Is the department aware of this report in the *Sydney Morning Herald* on 28 March 1998 by Luis Garcia, a higher education writer. It refers to some concern that promotion at the University of Sydney would be partly dependent upon the ability to attract outside sponsorship deals or research grants. Has that been brought to the department's attention? Do you have any concerns about that type of development?

Mr Gallagher—Senator, those matters of staff appointment promotion are matters that the Commonwealth does not intrude in.

Senator CHRIS EVANS—Are you aware of this practice being in place in other areas?

Mr Gallagher—There are a variety of practices, Senator. Some academics are appointed on the condition that they have to obtain sufficient revenue to pay their own salaries plus, and the forms by which they attract sources of income can be associated with the contracts of their appointment. There are a variety of practices out there as there are in most businesses.

Senator CHRIS EVANS—In policy terms, does the department have any concerns or views about issuing guidelines? Do you see a role at all for the department in monitoring or advising on developments of these types of practices?

Mr Gallagher—I think that is more a role for the Australian Vice-Chancellors Committee, in terms of voluntary regulation of the sector, rather than of government.

Senator CHRIS EVANS—Do you think it is more a self-regulation thing?

Mr Gallagher—Yes.

Senator CHRIS EVANS—In relation to the Industrial Relations Commission decision regarding contract employment of university staff by universities, has the department done any work on the implications of this to provide information about what it means?

Mr Gallagher—Only preliminary work to keep up with what is happening and to hear the views of different universities as to what that means for them. As you may have read, they themselves have different responses to the situation. I understand that the decision will be appealed, which is only a recent decision of the vice-chancellors. We are just watching the shifts in this area at the moment so we can keep the minister alert to developments.

Senator CHRIS EVANS—Is there any suggestion that the government will be party to the appeal?

Mr Gallagher—No.

Senator CHRIS EVANS—Will the government be appearing or making representations at any appeal hearings?

Mr Gallagher—No.

Senator CHRIS EVANS—Has the department sought to discuss the matter with the vice-chancellors or the AVCC in a formal sense?

Mr Gallagher—Only from the point of view of seeking to understand the situation, as they see it, and the impacts that they are aware of so that we can better inform the minister.

Senator CHRIS EVANS—You do not see any proactive role for the department at all in this?

Mr Gallagher—No.

Senator CHRIS EVANS—Have you received any approach from the Queensland government regarding special growth funding for Queensland universities to meet strong growth in demand for university places in Queensland?

Mr Gallagher—Yes. Representations are frequently made from a number of states in respect of growth and Queensland is usually—

Senator CHRIS EVANS—I thought they just issued the press release but I did not know they actually did it.

Mr Gallagher—Yes, we have been approached.

Senator CHRIS EVANS—You have a recent one from Queensland?

Mr Gallagher—We have recently received from Queensland a draft of what is purported to be a strategic plan for the state and in that they again make a case, based on demography and low participation, for growth to be allocated to Queensland.

Senator CHRIS EVANS—What has been your response? How are you going to handle it?

Mr Gallagher—We think the draft needs a lot more work. We will be discussing that with our colleagues at the Office of Higher Education in Queensland.

Senator CHRIS EVANS—You have not ruled in or out the possibility of additional funding?

Mr Gallagher—There is none currently available within the forward estimates and a case needs to be made. We are open to listening to those who seek to make a case and testing the validity of the claims.

Senator CHRIS EVANS—When would be the earliest that they could achieve additional funding provided that they made a successful case?

Mr Gallagher—That is a matter for government decision.

Senator CHRIS EVANS—I just wondered, in terms of triennial funding, whether there was actually a problem in terms of getting any funding, anyway, in the short term.

Mr Gallagher—It would be unlikely to be available before the year 2000.

Senator CHRIS EVANS—In the Queensland government state higher education strategic plan, they make an accusation that the federal government has provided only \$43 million of the \$80 million promised to Queensland from the capital development pool. They basically accuse you of withholding the rest. Is that correct?

Mr Gallagher—It is correct that we withheld funds until such time as they produced a satisfactory plan. What we found happening in Queensland was that a number of the conditions attached to the capital development pool have not been met, on a consistent basis, by

Queensland, such as TAFE collaboration and such as the exploration of electronic delivery alternatives. There was also some ambiguity arising in Queensland with the potential for some institutions to break up into smaller campuses. We needed some clarity as to the Queensland government's intentions with regard to the tertiary education sector so we could ensure that Commonwealth investment in fixed infrastructure was worth while and properly directed.

Senator CHRIS EVANS—Do I take that to mean that you thought they were a bit too keen on bricks and mortar and not so keen on technological development?

Mr Gallagher—It was a fairly conservative approach, Senator, yes.

Senator CHRIS EVANS—Do you think they have any argument in terms of their more decentralised population for a more regionalised structure? I gather part of their argument is that they needed capital development in regional centres as part of their approach. You made the reference to smaller campuses; I guess we call them regional campuses. I am just trying to get to the core of what is in dispute.

Mr Gallagher—We do not deny the need for capital allocations to Queensland. We seek some assurance that the places where the investment will be put will yield returns in the longer term. We have concerns that Queensland was reconfiguring its arrangements without a strategic framework and investments were going in in defiance of the criteria. The conditions that attached to that program have been laid out for the last several years. In particular we have been concerned that the difficulty of achieving cooperation with the TAFE authorities in Queensland has inhibited the forms of co-location and cooperation that we see in every other state.

Senator CHRIS EVANS—So you reject their allegation that you are basically in pursuit of unit cost reductions at all costs—that somehow you are a group of penny-pinching economists?

Mr Gallagher—We do not dispute that we are in pursuit of unit cost reductions at all, Senator. We are bravely in pursuit of that and it strikes us that the new generation of electronic delivery technologies opens up really creative possibilities for the future and people need to look to those before simply resorting to the old ways of funding campuses.

Senator CHRIS EVANS—Is it true Queensland already has the highest proportion in Australia of off-campus higher education delivery?

Mr Gallagher—I would not know that, Senator. I would have to have a look at that; I would have thought Victoria could well lay claim to that.

Senator CHRIS EVANS—You would concede that they have a relatively high off-campus delivery proportion?

Mr Gallagher—They do, yes.

Senator CHRIS EVANS—What is the Commonwealth's view about the future? How do you see the Commonwealth supporting access to higher education in Queensland, given their rapid population growth?

Mr Gallagher—We need to brief the minister on our response to the Queensland draft plan. We need to have further consultation with the Queensland officials. We will be having further consultations with each of the Queensland universities later in the year and we will take stock of that input and provide considered advice.

Senator CHRIS EVANS—Do you have to do more work in terms of the plan before making some progress?

Mr Gallagher—The plan does need a lot more work.

Mr Mutton—Perhaps it is helpful to add some information about the way things have gone up to date just in case you may have the wrong impression. Queensland has received 40 per cent of the capital development pool funds in the period 1994 to 1999 so they are not being starved of funds for bricks and mortar. They have got 40 per cent of what is available nationally in that period. As well as that there is a capital component in the funds that they get for each student and Queensland has done very well in terms of growth over that period. They have not been starved of funds. I just wanted to be clear that they have done quite well, but not quite as well as they would have liked.

Senator CHRIS EVANS—Why have they got so much of the capital pool? Is that because of the population growth?

Mr Mutton—Yes, and some of the sorts of arguments they have put to you. It is not a matter of whether they warrant relatively high priority; they have been granted that already. It is a matter of how much of a priority and, as Mr Gallagher said, of where the money is best spent. It is not a bottomless pool, to coin a phrase.

Senator CHRIS EVANS—I can assure you the Queensland government have not been briefing me—not the current one, anyway; see me in a week. I have a query about the discontinuation of a regional disability liaison officer initiative. Can you confirm that there is such a program and what its role is and has it been discontinued?

Dr Karmel—I can certainly confirm that there is such a program. It was funded, I think, for three years. It was never an open-ended situation. It is coming to an end. The department has done an evaluation of the program and a brief will be made to the minister about the outcome of that evaluation.

Senator CHRIS EVANS—So which is its last financial year—this one ending July this year?

Dr Karmel—I would have to look that up. It has been slightly confused because some of the states for various reasons had difficulty getting their programs under way so they do finish it at different points.

Senator CHRIS EVANS—Have you funded one officer in each state?

Dr Karmel—I think that is basically the situation.

Senator CHRIS EVANS—And what is the charter of this officer?

Dr Karmel—The charter of the officer is basically, as the title says, to be a liaison person and it really is not just focused at universities; it is focused at schools and vocational education as well. The person is just meant to make it easy for people with disabilities to find out and access education.

Senator CHRIS EVANS—Right, and will you take on notice the question about when the funding comes to an end? I take it from what you said earlier that no decision has been made necessarily to discontinue the program, but I would assume though that if it was coming to an end at the end of this financial year—by which I mean 1997-98—the question of whether it was to continue to be funded has already been made. It was either in the budget or it was gone.

Dr Karmel—The funding was for a fixed period of time. There is nothing in the forward estimates for the continuation of the program.

Senator CHRIS EVANS—But the impact of my point is that if in fact funding ends at 30 June 1998 whatever you put to the minister is a bit late, is it not? It has gone.

Dr Karmel—There are a number of ways that it could be funded from other programs.

Senator CHRIS EVANS—It is not a huge cost, then?

Dr Karmel—It is not a huge program.

Senator CHRIS EVANS—So when was it intended that the minister be briefed on this for decision?

Dr Karmel—Shortly.

Senator CHRIS EVANS—Perhaps we can leave it on the basis that you will let me know on notice when the funding runs out in various states and we will follow up with you, Minister, if and when you get to make a decision.

CHAIR—Any more questions on 2.1? Before you go on, we are getting a little close to our break. What is the prognosis for 2.1?

Senator CHRIS EVANS—I know you get grumpy if you get hungry, so I am very conscious of that, but I suspect there is not much more than 15 minutes or so. What I have got may be a little longer but not much. I suspect the officers would rather finish and go home. I am happy to do that. I could not see me going beyond seven o'clock.

CHAIR—We are battling hunger so it is dangerous, but continue on.

Senator CHRIS EVANS—Speaking of hungry students, is there such a thing as the student feedback advisory group? I have got some suggestion that the AVCC has received a request from Minister Kemp to nominate a representative to be part of an advisory working group.

Dr Karmel—Yes. We are undertaking a relatively small consultancy, and the Graduate Careers Council of Australia is doing this for us. The consultancy relates to the surveying of universities to find out the sorts of mechanisms they have for obtaining their perceptions and views of students. We do have an advisory group for that consultancy.

Senator CHRIS EVANS—Has that already been established?

Dr Karmel—Yes.

Senator CHRIS EVANS—How was it established? Who is on it? How did you go about doing that?

Dr Karmel—Basically I think we wrote a letter to the AVCC asking them to sit on the group.

Senator CHRIS EVANS—You asked the Vice-Chancellors Committee to sit on the group?

Dr Karmel—To nominate somebody to sit on the advisory group.

Senator CHRIS EVANS—Was that person to be a student representative or a representative of the vice-chancellors?

Dr Karmel—It was to be a nomination from the Vice-Chancellors Committee, from memory.

Senator CHRIS EVANS—I may have gotten confused here, Dr Karmel, forgive me. Who else is on the group, other than the nominee of the AVCC?

Dr Karmel—Certainly somebody from the department. I will have to take it on notice.

Senator CHRIS EVANS—Perhaps you could take on notice the members of the advisory group, its charter and the stakeholders represented on that group.

Dr Karmel—Yes.

Senator CHRIS EVANS—Thanks for that. Senator Carr has asked me to raise reports of staff cuts and course closures at a number of institutions. I put it to you, Minister, that a number of people are claiming that these are a result of funding cuts and the failure, particularly, to provide extra funding for salary increases to staff. What is your response to that assertion?

Senator Ellison—Are you talking about student enrolments or course cuts?

Senator CHRIS EVANS—Staff cuts and course closures. I think Canberra has been a classic case.

Senator Ellison—I know student enrolments have—

Mr Gallagher—To start with the facts, there is actually greater funding of universities this year than in previous years, from all sources.

Senator CHRIS EVANS—By all sources, do you mean totally?

Mr Gallagher—Total—that is private as well as government funding. So the institutions are better funded now than they were previously. There is a problem with the logic that says the cuts have been to staff numbers and to courses because of reduced funding, when funding is actually up. Courses are shifting frequently as student demand shifts, as employers are looking for different sorts of graduates, as knowledge is diversifying. Institutions that are responsive to those changes in the total patterns of demand continually look to move out of some areas of offering into new ones. When they move out of some fields where student demand has declined staff who were attached to those fields find themselves surplus.

Senator CHRIS EVANS—So you think there is no impact on staff redundancies from funding cuts on courses being offered or from cutbacks in courses being offered at Australian universities?

Mr Gallagher—No, I did not say that. There is no direct relationship between the government funding and the nature of the institutional responses. A variety of factors are driving those responses. Some university managers are taking advantage of the opportunity of a levelling off in government funding together with the absorption of the enterprise bargaining outcomes to achieve some fairly strategic restructuring in their institutions.

Senator CHRIS EVANS—When you say there is an increase in funding from all sources, are you talking about real dollars?

Mr Gallagher—Yes. The total funding in 1998 is about \$8.5 billion, which is over half a billion dollars more than in 1996. That is in estimated 1998 constant outturn prices.

Senator CHRIS EVANS—Is that including—I am loath to go into this area—whatever the tertiary higher education index basis is?

Mr Gallagher—Yes, it is factoring in all of that.

Senator CHRIS EVANS—Which index is used in this regard? Are we talking about CPI or are we talking about a particular—

Senator Ellison—Are you thinking of cost supplementation, as in schools?

Senator CHRIS EVANS—When you say ‘1996 real dollars’, what basis are you using for that calculation?

Mr Gallagher—Just budget outturn prices.

Senator CHRIS EVANS—No CPI?

Mr Gallagher—There is a GDP deflator that is applied.

Senator CHRIS EVANS—A GDP deflator?

Mr Gallagher—Yes.

Senator CHRIS EVANS—Perhaps we could start from the other end. What index is used or what is the GDP deflator that you refer to?

Mr Gallagher—For the total amount, the figures that I am using are simply expressing dollar prices in 1998 budget outturn prices.

Senator CHRIS EVANS—How do you calculate what you describe as budget outturn prices?

Mr Gallagher—They are the prices that are reported by Treasury in the budget documentation. I am not sure what you are asking for.

Senator CHRIS EVANS—In trying to compare 1996 figures with 1998 figures, we have had some places that use the CPI. We have found in the schools that there is this complex formula, which Senator Ellison gave evidence of earlier today, which actually equalled seven per cent last year, rather than the CPI which was one or two per cent at the top. I am trying to get clear the basis of the calculation for this higher education funding that you are using.

Mr Gallagher—There are different lines within that total amount, some of which are indexed to the Treasury underlying inflation index. Do we still have a capital index?

Mr Mutton—I think it is principally the safety net adjustment which used to be inflation some time ago. It is 1.5 per cent this year and is determined by the commission. There is a cost adjustment factor for non-salary which this year is 1.9 per cent. Salaries are obviously a high proportion of the higher education budget.

Senator CHRIS EVANS—That is what I was trying to get to. Mr Gallagher, when you say funding has increased, I want to make sure we are comparing apples with apples. What did you say the figure was in 1996?

Mr Gallagher—It was \$7.9 billion.

Senator CHRIS EVANS—Do you say the figure for next year is \$8.5 billion?

Mr Gallagher—Yes.

Mr Mutton—I think we should check that. I think the previous figure is for 1995 and not for 1996.

Senator CHRIS EVANS—Was it?

Mr Mutton—That is what is in my mind and I would like to be sure that we are giving you accurate figures.

Senator CHRIS EVANS—Perhaps you could take on notice this global budget figure, and give me a comparison in real dollar terms between the 1996-97 and 1997-98 financial years.

Mr Mutton—The figures that Mr Gallagher is referring to are cost adjusted in that way. It is just that I think the lower figure is for 1995 and not for 1996.

Senator CHRIS EVANS—Because we have been at it for a while and we have that doubt, I would appreciate it if you took that on notice so that we are clear what we are talking about and what the index used is and what the base figure is—

Mr Mutton—That is fine.

Senator CHRIS EVANS—and we have a comparison in real dollar terms between those three years. What proportion of the funds this year are from overseas students or fee paying students generally—

Mr Gallagher—I am sorry?

Senator CHRIS EVANS—The \$8.5 billion figure you used—what proportion of that is from fees from overseas students or local fee paying students? Do you have a breakdown of those?

Mr Mutton—I have a figure for the year 2000 which is not all that helpful, but I think the \$8.5 billion does not go up by very much. In the year 2000 that figure would be \$1.1 billion, so it is probably a billion. We will have to look through the numbers to get you something accurate.

Senator Ellison—I have a figure here which says that, between 1996 and 2000, income from fee paying overseas students is projected to increase by about \$380 million. That is the increase.

Senator CHRIS EVANS—Perhaps you could take on notice the breakdown of the \$8.5 billion that Mr Gallagher has given me today, as to where that is coming from and how that compares with previous years.

Mr Mutton—That was, as I recall, documented in the funding report, but we can reproduce it.

Senator CHRIS EVANS—I just want to make sure, as I say, when we are having these debates—it would be preferable if it was in the budget papers—that I have got it straight. So you reject, Mr Gallagher, the connection between funding and the closure of courses and staff reductions in various faculties; you regard that as part of the normal ebb and flow of universities reallocating priorities and meeting student demands. Is that a fair summation?

Mr Gallagher—The tighter fiscal position is a factor. I am just saying there is no direct relationship between the level of public funding and the activity of the universities at the moment. There is a variety of factors impinging on that.

Senator CHRIS EVANS—So do you concede that that is one of them?

Mr Gallagher—Yes, it is part of the context.

Senator CHRIS EVANS—I just wanted to be clear—I was not sure that you were conceding that that was one factor. What other factors do you identify?

Mr Gallagher—As I said, shifts in demand. A lot of the activity that is reported is to do with the humanities, the arts and social sciences. This is where there has been quite a noticeable shift in what students want to study and what seems to be associated with good employment outcomes for graduates.

Senator Ellison—We had evidence earlier today, Senator Evans, about the shifting emphasis on vocational education—and I think that is one area which could well be impacting on this—and that you have people turning to those sorts of courses in preference to university. Between 1996 and 2000, Commonwealth funded undergraduate places will increase by over 14,000, so certainly the places are there but there will be shifting areas of demand, and vocational education could well play an important role in that. We have seen the burgeoning of the information technology sector—that is to name one.

Senator CHRIS EVANS—Okay. Can I ask about research and research studies. I gather the projections in the higher education funding report show a significant drop in research infrastructure funding, both for block grants and equipment and facilities programs for the year

2000, as well as decreases in the research quantum. Does the department accept the projections for 1998 to 2000?

Mr Gallagher—There are gaps in the budget forward estimates in respect of those programs. The minister has indicated in his budget media release that he will be bringing forward a statement on research and research training at a later date and will attend to that matter in that context.

Senator CHRIS EVANS—So what does that mean in terms of the budget—that decisions about that funding have been deferred to this announcement?

Mr Gallagher—In preparation for the last budget, the government did not have the report of the West committee. There is a whole chapter on research and research training in the West committee report and the government was seeking the opportunity to take advantage of that advice before firming up on its longer-term policy for research and research training.

Senator CHRIS EVANS—So we can take it that the government's policy and budget projections for research will really be tied to the West report response?

Mr Gallagher—In part, yes.

Senator CHRIS EVANS—So we should not express too much concern at this stage about what appear to be some quite significant drops in spending in those out years?

Mr Gallagher—I assure you we are aware of those.

Senator CHRIS EVANS—But are you assuring me not to worry?

Mr Gallagher—I cannot do that.

Senator CHRIS EVANS—Has the department received advice from universities on 1998 enrolment applications at postgraduate coursework level?

Mr Gallagher—No.

Senator CHRIS EVANS—When do you get those?

Mr Gallagher—Early enrolment data we have obtained by level of study, if that is what you mean?

Senator CHRIS EVANS—Yes. We were talking undergraduate before—

Mr Gallagher—You mean what general figures do we have?

Senator CHRIS EVANS—Yes, in terms of postgraduate enrolment.

Mr Gallagher—I thought you said representations.

Senator CHRIS EVANS—No, sorry. I was really after what advice you had from universities on postgraduate enrolments and whether anything interesting has come out of those figures in terms of increase or decrease in enrolments.

Mr Gallagher—Postgraduate coursework enrolments have been declining as the universities have sought to protect undergraduate opportunities and postgraduate higher degree by research opportunities, and as the culture of fee paying for postgraduate coursework has become more broadly accepted.

Senator CHRIS EVANS—So are you telling me that enrolments were down significantly again this year?

Mr Gallagher—I do not have the figures in front of me for total postgraduate. But, if you include fee paying, what is happening that publicly funded postgraduate coursework places are declining but fee paying is rising. I am just not sure whether the fee paying have fully yet

compensated for the reduction in the public. But there has been, I think, a 76 per cent increase in fee paying postgraduate coursework places over the last four years.

Mr Mutton—It is the absolute numbers. I was looking at these figures earlier; I have lost the piece of paper where I did the calculations but certainly by the year 2000 the number of places taken—Commonwealth funded and fee paying postgraduate places—is somewhat higher than it is now, even though the Commonwealth funded places are reducing. So they are being more than made up for by fee paying places.

Senator CHRIS EVANS—Sure, but what has happened to the non fee paying places in terms of the aggregate numbers?

Mr Mutton—They have been reducing.

Senator CHRIS EVANS—Yes, but have you some indication of what sort of number you are talking about here?

Mr Mutton—Not by coursework. There is postgraduate by coursework and by research. We do not have figures to differentiate.

Senator CHRIS EVANS—They are not able to be obtained?

Mr Mutton—Certainly we will have them later in the year. But the early estimates data, as I recall, and according to figures I have in front of me, does not differentiate between research and coursework.

Senator CHRIS EVANS—Are we talking, though, in general terms about another serious decline in those numbers or are we talking—

Mr Mutton—We are talking about the overall numbers increasing but, as Mr Gallagher said, the publicly funded ones reducing and the fee paying ones increasing more rapidly than they are declining.

Senator CHRIS EVANS—Are there any concerns within the department about that change in mix—any equity concerns or any other impacts that you think we might be needing to monitor?

Mr Gallagher—There is one concern: it is because the number of places allocated to institutions historically now lead to a situation where, in a competitive environment, some institutions have more publicly funded places than others; and where one institution may have to put a particular course out as fee paying and another can offer the same program on a HECS liable basis, it would seem to us you have got unfair competition.

Senator CHRIS EVANS—Just going back to university research, there is \$450 million available this year—is that right?

CHAIR—Senator, are you moving on to 2.2?

Senator Ellison—Did we finish with 2.1?

Senator CHRIS EVANS—No, I did not know I had moved on. I have got two questions left and this is one of them, Mr Chairman.

CHAIR—That is fine. I am just checking up that we have the right officers.

Senator CHRIS EVANS—If we are in the right program I think we are doing well.

Mr Gallagher—Total research is \$450 million.

Senator CHRIS EVANS—Right. How was that distributed?

Mr Gallagher—The research grants component of that is \$132 million; the postgraduate awards component is \$77.5 million; research infrastructure is \$127 million; overseas postgraduate research scholarships is \$15.7 million; research fellowships is \$28 million; special centres is \$17.4 million; evaluations, \$0.6 million; research organisations, the learned academies, \$1.5 million; collaborative research activities, \$43 million; the Anglo-Australian Telescope Board is \$3.5 million; and unallocated funds, \$3.4 million.

Senator CHRIS EVANS—Which of that goes to the Australian Research Council?

Mr Gallagher—The Australian Research Council advises the minister on the allocation of large grants, fellowships, postgraduate awards and the SPIRT program which is collaborative schemes and related infrastructure.

Senator CHRIS EVANS—So the large bulk of that \$450 million you just described to me would go through the Australian Research Council?

Mr Gallagher—Yes, a fair whack of it.

Senator CHRIS EVANS—Have you got figures for the out years for university research or is that picked up by the same sort of issue we discussed earlier in terms of the block grants?

Mr Gallagher—The out year figures reflect the fact that two of those line items I just mentioned, namely, infrastructure and collaborative programs, show declines in the current budget out year estimates.

Senator CHRIS EVANS—And that is because of what we discussed earlier in terms of the government's review of that area?

Mr Gallagher—Yes.

Senator CHRIS EVANS—What about the basic research money—what is happening to that in out years?

Mr Gallagher—On current forward estimates that is holding stable, at \$128.8 million, and the postgraduate awards similarly. It is only those two programs—research infrastructure and collaborative programs—where there is a decline. The rest is showing maintenance.

Senator CHRIS EVANS—I understand the infrastructure, but what are these collaborative programs?

Mr Gallagher—It is collaborative research with industry.

Senator CHRIS EVANS—I see. And that is caught up in the same policy debate we discussed earlier?

Mr Gallagher—Yes.

Senator CHRIS EVANS—Okay. I have a question about whether medical schools will be affected by places in the newly approved medical school in Townsville. There is some suggestion that places in medical schools in the southern states, as Queenslanders refer to them, would be negatively impacted by the Townsville medical school. Is that true?

Mr Gallagher—I do not think that there is a process of considering that in any detail at the moment, Senator. The Queensland—

Senator CHRIS EVANS—Does it logically follow that one would reduce places in the other?

Mr Gallagher—Were there to be a medical school in Townsville and were it the policy of the health portfolio to restrict the supply of general practitioners for health outlay controls,

if that policy were to continue then if there was to be no increase in the national provision of medical places there would have to be some redistribution.

Senator CHRIS EVANS—When you say ‘should there be a Townsville medical centre’, are you doubting Dr Wooldridge? He announced it.

Mr Gallagher—I think the announcement was made by the Queensland Premier.

CHAIR—If such a school were to come about, there would be a fairly slow build-up of places—as with starting any new medical school—so any adjustments would be slow over a number of years if they did occur, would they not?

Mr Gallagher—Yes. They are talking initially about 20 places being transferred from the University of Queensland on top of the 20 that they have there already at their clinical school.

CHAIR—So the southerners are safe.

Senator CHRIS EVANS—I have a spokesperson for the minister who has acknowledged in a quote I have here that it was happening anyway. That was the concern, that other universities might be targeted for reductions. I think there was particular concern about Adelaide. You are not aware of any discussions or propositions that Adelaide university would be impacted by the Townsville decision?

Mr Gallagher—Not at all.

Senator CHRIS EVANS—Thanks for that.

Proceedings suspended from 6.52 p.m. to 7.54 p.m.

Program 5—Student assistance

Senator CHRIS EVANS—Can someone take me through what the implications are of the modification to the Abstudy measure announced in the budget?

Dr Whitney—You will recall that there were a number of measures announced in the 1997 budget for Abstudy to take effect from 1 January this year. Following discussions with a number of institutions and other concerned parties, the minister agreed to make a number of small modifications to a couple of those measures to ensure that they more appropriately met the government’s objectives. As those changes were announced in October last year—that is, after the last budget—they feature in this year’s portfolio budget statement on page 103, budget measure 12. It is a cost for the calendar year 1998 that has been split into the two financial years that are shown there.

The two main changes were to do with the away from base activity, for which the originally announced limit was increased, and the limit that had been applied on interstate travel for a group of tertiary and enabling courses. That was modified to allow some interstate travel where that was more cost effective or more appropriate because the courses were not held within the student’s home state.

Senator CHRIS EVANS—From when did those changes apply?

Dr Whitney—Those changes applied from 1 January this year. The announcement in October last year by the minister modified two of the measures that had been announced in last year’s budget. So the full range of those measures, including those that were not modified, have taken place from 1 January this year.

Senator CHRIS EVANS—Is there any adjustment to last year’s budget?

Dr Whitney—Not to last year’s budget. These figures here reflect the change from the forward estimates for 1997-98 and 1998-99 that were shown in last year’s budget. They are

shown here because the changes were not announced until October, after the last portfolio budget statement was produced, and that is why they are reflected in this one.

Senator CHRIS EVANS—You have answered a question on notice from Senator Carr, question No. 122, lodged on 5 June 1997, which ran through the impacts of these changes in Abstudy arrangements. Are there any significant changes to those figures—and I mean significant?

Dr Whitney—Significant, no. The figures that we provided, if I recall correctly, were the estimated full year effect of the elements that had been announced in the budget. Of course, we do not have a final full year figure for 1998, so we do not have any actual figures to compare to those that were put forward as the estimated figures.

Senator CHRIS EVANS—I am more concerned about the slight adjustments that were made and whether they have had any major impact on the number of students affected, et cetera.

Dr Whitney—It is \$1 million out of a projected, if I recall correctly, \$10 million a year saving figure. There has been a modest change, particularly in relation to the two measures I mentioned: the away from base activity and the interstate travel for tertiary certificate and enabling courses. There was a modest effect on those two in particular.

Senator CHRIS EVANS—The away from base assistance was actually one of the big items, though, was it not? What was the other one you said was affected?

Dr Whitney—There was a limit placed on interstate travel for tertiary certificate or enabling courses. The original announcement indicated that fares would not be available for interstate travel. That was modified to allow interstate travel if it was more cost effective than intrastate travel and one other aspect.

Senator CHRIS EVANS—Is it possible for the department to provide a comparison of the benefits under Abstudy versus Austudy? It has probably been done before.

Dr Whitney—That information has certainly been provided, whether to this committee or not I do not recall. The benefits available under each scheme are published each year in the student information booklet. The Austudy scheme will come to an end on 30 June this year when it is replaced by the youth allowance and Abstudy payment, so the comparison of Abstudy to Austudy only has three weeks of validity remaining, from that point of view.

Senator CHRIS EVANS—Is there any intention of the government to look at making Abstudy part of the youth allowance as well and maybe providing some supplementary, specific benefits?

Dr Whitney—You may recall that, when the youth allowance was announced, the government indicated that it would look at the relationship between Abstudy and the youth allowance in terms of the Abstudy living allowance and the supplementary benefits. That review of Abstudy was confirmed last year and has been undertaken, so the issue that you raise is one that is being considered.

Senator CHRIS EVANS—What do you expect to flow from it? Are you going to make a public announcement?

Senator Ellison—That is the result.

Senator CHRIS EVANS—I do not mean the result as much as the process. Are you going to make a public announcement about the review?

Senator Ellison—Yes. There would have to be an announcement following the determination, if there were any change to be made, of course, but I would anticipate resolving the matter in the near future. Unfortunately, it is under consideration by the government and I am unable to take it further than that.

Senator CHRIS EVANS—No, I was not looking to press you on what your decision was to be. I am more interested in what the process is from here. You have the review before you, and you are considering it, and you will make some sort of public announcement about how you are going to respond to the review in due course.

Senator Ellison—That is right.

Senator CHRIS EVANS—Will the review be made a public document after you have considered it?

Senator Ellison—That is a matter that has not been determined as yet. I have yet to consider that aspect. It is something that I will have to consider at the appropriate time.

Senator CHRIS EVANS—One of the terms of reference of the review was that it be budget neutral. Is that right?

Senator Ellison—Yes.

Senator CHRIS EVANS—That limits your options, I suspect. That only limits the review and your decision does not have to be budget neutral.

Senator Ellison—There still can be a good deal of change even though it is budget neutral. It is looking at how you can make things work in a more practical sense, perhaps.

Senator CHRIS EVANS—Are we able to get a breakdown—this is a question Senator Carr asked me to ask—of Austudy recipients? He was interested in breakdowns according to age, gender, institutions attended, et cetera, and whether there was some breakdown of the number of recipients in each of these categories in receipt of the maximum payment. Is that information readily available?

Dr Whitney—We would have information on the breakdown of Austudy recipients by age groups. I do not think we could provide it for each age, but we do group certain ages and, certainly, by gender.

Senator CHRIS EVANS—The ambit claim is: age, gender, institution attended, course discipline, ethnic background and socioeconomic status. Left-handedness is not required on this occasion.

Dr Whitney—To my knowledge, we do not ask for ethnic status because that is not relevant to someone's application for Austudy.

Senator CHRIS EVANS—Perhaps you just give us what you have.

Dr Whitney—We will give you what is readily available, noting, of course, that the scheme has only three weeks to go.

Senator CHRIS EVANS—Yes. I think Senator Carr is interested to see who is moving into the youth allowance and what impact that will have. I think that he is interested to get a fix on who is receiving Austudy now, obviously to track, I suspect, the experiences—

Dr Whitney—Perhaps, we will provide full year figures for 1997 as opposed to this year which has only just started.

Senator CHRIS EVANS—Do you have those figures available?

Dr Whitney—It is only four or five months into the year now but we could give you either the five months for this year or the 1997 figures.

Senator CHRIS EVANS—Knowing Senator Carr, he would like both, but you can take what is reasonable. Thank you. I have a question I want to raise which, in a sense, is a constituent query. I do not want to use the name of the people involved, although it may well be that this becomes obvious to the departmental officers. I have not had a chance to double-check. I was contacted by an intermediary that is acting on their behalf. That is the only reason I am being sensitive—because I have not spoken to them personally. I am being cautious.

I raised a policy issue following a suggestion that some students in receipt of Abstudy for living away from home at a residential college had apparently had been overpaid. The students had not been in attendance at the college for some period of time—I am not sure how long. I understand that the total debt now is in the order of \$7,000 or \$8,000—I think that includes some interest component—but, clearly, I can conclude from that that obviously some students were not there for some period of time.

I raise the issue with you because the family involved took advice to sign over the Abstudy payments to the college direct, which I understand is a procedure you allow so that the actual Abstudy goes direct to the residential college rather than to the family. So their argument is that they never actually received the money in the physical sense and they are now being pursued by DEETYA for recovery of the overpayment. I gather this has gone on for some time. But apparently the school is unable or unwilling to sort the problem out. I am advised that DEETYA are pursuing the parents. I am advised that you are actually deducting the reimbursement from their family payments.

I want to put a proviso on this. I have not spoken to the family directly. I got this through an intermediary that is acting on their behalf, providing them with some advice. But I just wanted to explore with you at this stage whether that sounds like normal practice, whether this is procedure or—

Dr Whitney—Senator, it is very difficult to comment on what might happen in a particular case, given that, naturally, for reasons of privacy, you are not able to enter into the details. Certainly we would be prepared to look at the details of the particular case if you wish to make those available—and, of course, many members and senators do provide representations to the minister—and we would act on that particular case. There are a number of variables in that. It would be difficult to say what we would do.

Senator CHRIS EVANS—I am not trying to take you through the specifics, but perhaps you could answer this policy question: is it a fact that you allow families to sign over the payment of Abstudy directly to a residential college?

Dr Whitney—Where the students are boarding at an institution, they can sign over the living allowance to the boarding institution, as far as I understand, Senator, yes.

Senator CHRIS EVANS—So it is possible that the family did not actually receive any funds?

Dr Whitney—It would be possible in that case for the money not to go through the family's bank accounts.

Senator CHRIS EVANS—In the case of an overpayment in that scenario, who does the department consider liable—the college or the parents?

Dr Whitney—I would have to check the rules there, Senator. What you say may be the case in the particular case, but I would have to check the rules as to who would be legally liable.

Senator CHRIS EVANS—I accept on the face of it that it may well be that legal liability—and Senator Ellison would know better than me—might rest with the family in the sense that, strictly speaking, the payments were made to them and signed over for administrative purposes. But equally, pursuing the family for the payment when the department is aware that the money has not actually gone to them would seem to be a little over-zealous.

Senator Ellison—Senator Evans, if you like, your office could make contact with mine tomorrow. Daman Hunt from my office works on these matters.

Senator CHRIS EVANS—I appreciate that. I would have done it before. I tried to contact the actual family today and spent most of the day here as you have, so I have not done that. I am reluctant to use their name without actually speaking to them because I do not think that it would be right. I will take it that way. I just thought that I would pursue the policy question to make sure the facts are right. It sounds as if the facts, in terms of paying over the allowance, could be right. You are not sure whether the department would pursue the college or the family directly?

Dr Whitney—That is right, Senator; I am not certain of that one.

Senator CHRIS EVANS—I will take that up with the minister. Is this the right spot to ask about the BEAT training service?

Dr Whitney—BEAT?

Senator CHRIS EVANS—The bridging education and training service, the joint initiative between the federal government and the Salvation Army which you just closed.

Dr Whitney—It is certainly not a student assistance program.

Mr Walters—It does not ring any bells, Senator. Perhaps if we could take it on notice we could try to look into it for you.

Senator CHRIS EVANS—Perhaps I could provide you with a copy of the *Sunday Age* report of 7 June 1998. It talks about:

BEAT—the Bridging Education and Training Service—was a joint initiative between the Federal Government and Salvation Army, established in January 1996.

It aims to prevent teens grappling with homelessness, crime, drug use or expulsion from drifting out of the education system.

Apparently the funding has been withdrawn. I took a best guess and thought youth services.

Mr Walters—I think it is actually program 6, if you want to move onto that. I think we will still have to take it on notice, if we may.

Senator CHRIS EVANS—We will have that argument under program 6. I am finished with program 5

[8.11 p.m.]

Program 6—Youth policy and support

Senator CHRIS EVANS—Perhaps I could raise the question of the BEAT organisation here.

Mr Walters—May we take that one on notice?

Senator CHRIS EVANS—Are you telling me you administer the program and you have never heard of it?

Mr Walters—We administer a lot of programs and I am not quite clear which one that might come under.

Senator CHRIS EVANS—Mr Grant is bringing the—

Mr Grant—My guess is that this may be a particular provider under a program such as JPET, or one of the programs which falls in this youth area, rather than a program in its own right.

Mr Walters—It appears to be under one of the apprenticeship programs but it could be under one of a number. I am afraid that this particular case is not familiar to me but we will gladly look into it and place a reply on notice.

Senator CHRIS EVANS—There was some talk about apprenticeships but then it looked like it was a stand alone, dealing with teenagers at risk so I thought it might have been yours. Mr Grant, perhaps you could on behalf of the department, if I have got the wrong section, take on notice my concerns about this and perhaps you could provide information.

Senator Ellison, you are quoted in the article so you should know something about it. It does say a 'spokeswoman' for you. Anyway, I presume this was a spokesperson who was not consulting with you closely when they issued the release. Perhaps you could take it on notice. I want to ask how it was funded, under which program, what assessments have been made of the program, and what brought about the decision to close the program?

Mr Grant—We will be happy to look into it.

Senator CHRIS EVANS—Thanks for that. I think Senator Mackay has put some questions about JPET on notice. Could I ask what grants in aid are currently being provided to youth organisations?

Mr Walters—Leaving aside the Green Corps and the JPET programs, which are specific programs directed on the one hand to the Green Corps, which you are familiar with, and to JPET, which is a program we run for homeless youths, which provides a holistic service for those who are unemployed, homeless and so on, there is a program which is called 'Youth affairs grants and publicity', which is at line 6.05 on page 109. That is used to provide a miscellaneous selection of grants to peak bodies and occasionally to local programs.

There is quite a heterogeneity there. For example, we fund the magazine *Youth Options* which appears a few times a year. We fund the rural youth information service. That is for the Young Australian of the Year. We provide some funding to enable the rock eisteddfod to keep going.

We also help to fund the National Clearing House for Youth Studies, which provides a research program. We fund one or two other organisations. We put money into homeless youth pilots. It is used for a number of things like that. More recently it has also been used to fund the pilot programs on young offenders which are taking place in Queensland and Victoria, and it has been used to fund domestic violence workshops. Those are examples. It is a reasonably long list, as you can see, and if you would like the complete list we will gladly provide it.

Senator CHRIS EVANS—And that is under the youth affairs grants and publicity item?

Mr Walters—Yes.

Senator CHRIS EVANS—I would appreciate the list. This year it has had a sizeable increase. Is that right.

Mr Walters—The budget for next year is \$4.3 million, as you will see from the table on page 109.

Senator CHRIS EVANS—So it has had a sizeable decrease. What has happened there? You budgeted \$4.4 million last year, and you seem to have spent a lot more than that.

Mr Walters—I believe that the variation may be accounted for by carryovers, the extent that funds remain unspent at the end of one year. Sometimes we are allowed to carry funds forward.

Senator CHRIS EVANS—Is that the explanation here? That is quite considerable.

Mr Walters—I believe that may have been the case for last year. Again, we will provide a precise estimate on notice.

Senator CHRIS EVANS—If that is the explanation, that is fine, but if you think there might be an incorrect answer then please provide a precise answer. Do you provide assistance to AYPAC?

Mr Walters—At the moment we do provide that assistance.

Senator CHRIS EVANS—What form does that take?

Mr Walters—That has taken the form of a cash grant.

Senator CHRIS EVANS—How long has that been in existence?

Mr Walters—For some years.

Senator CHRIS EVANS—What is the extent of the cash grant?

Mr Walters—I do not have the figure for this year. For 1996-97 it was \$368,000.

Senator CHRIS EVANS—Has it been funded in this year's budget?

Mr Walters—It has been funded in the 1997-98 budget.

Senator CHRIS EVANS—To what amount?

Mr Walters—It would be more than that. There was certainly an inflation factor applied. We will have to give you the precise figure.

Senator CHRIS EVANS—But not wildly inflated or anything?

Mr Walters—I'm sorry, for 1997-98 it is less than that; it is \$336,000. It did go down slightly.

Senator CHRIS EVANS—On what basis is it made and on what basis was it reduced? Do you do this annually, or is it part of a three- or four-year funding program?

Mr Walters—This grant is reviewed annually, and the decision was taken last year to award that sum of money.

Senator CHRIS EVANS—What does that enable them to do?

Mr Walters—I believe it funds a general grant towards the administration of this particular peak body.

Senator CHRIS EVANS—So there is no specific initiative related grant?

Mr Walters—It may be that at times in the past we have funded specific initiatives, but I believe the generality of the grant has gone towards the generality of the administrative funds.

Senator CHRIS EVANS—So it has a grant again in next year's budget.

Mr Walters—For next year the minister has not yet made a final decision on the allocation of this particular pot of money.

Senator CHRIS EVANS—I thought you said that the AYPAC had been approved? Is that different from the others?

Mr Walters—For this year, for 1997-98.

Senator CHRIS EVANS—Right. So there has not been an approval in the budget papers we are dealing with, which is 1998-99?

Mr Walters—There has not yet been a final decision on that issue.

Senator CHRIS EVANS—You just said that the budget provided for the amount to be reduced to around \$336,000 from \$368,000.

Mr Walters—That is for this year, 1997-98.

Senator CHRIS EVANS—What is the \$368,000 figure?

Mr Walters—That was for the year before.

Senator CHRIS EVANS—Right.

Mr Walters—Sorry. We are going backwards in time.

Senator CHRIS EVANS—I have got it straight now. In 1997-98 it was in the order of \$336,000. In 1996-97 it was \$368,000. Are you telling me that there has been no decision made about any of the grants made under that funding item 'youth affairs grants and publicity' as yet?

Mr Walters—There are a number of implied decisions which will carry forward for next year, but this particular one is not one of those. We are funding some projects which will roll forward into next year. For example, I think the young offenders program has got implications for next year, and the domestic violence seminars.

Senator CHRIS EVANS—When is the decision about these other grants made?

Mr Walters—That lies with the minister.

Senator CHRIS EVANS—When does he normally make them?

Mr Walters—From time to time during the year.

Senator CHRIS EVANS—I assume some of these organisations rely on this funding for ongoing operation, or what have you. I presume there is a time by which you have to notify them. So, although the minister makes it from time to time, what time frame are we dealing with when the minister in reality has to have made these decisions?

Mr Walters—It really depends on the particular organisation and service concerned. There is no single rule; they are all on different time frames.

Senator CHRIS EVANS—When would you hope the minister would finalise these matters?

Mr Walters—That is really a matter for the minister, Senator.

Senator CHRIS EVANS—Is there a problem here? I am trying to get at this a number of ways. Is there something unusual about this? I assume the minister annually looks at these and signs off on them. Am I missing something? Is there something complicated about this?

Mr Walters—I think it has been operated for some years in the same way, in that it is a sum of money which is available for funding different initiatives in the youth sphere. They do not all necessarily come up at the start of the year; they are not all necessarily looked at at the same time. Therefore, ministers have, for a number of years, taken decisions about them during the course of the year.

Senator CHRIS EVANS—But are there some that require funding by 1 July?

Mr Walters—Certainly. Most of the organisations that come to us want funding fairly quickly, and in the case of some they probably would, yes.

Senator CHRIS EVANS—So, in the normal course of events, with those that you are providing ongoing funding for, you would be hoping to get a decision to them out of the minister before 1 July so that they can continue their funding, if that is what you chose to do, wouldn't you?

Mr Walters—If that was the case, yes.

Senator CHRIS EVANS—I accept that you might have a pool of funds from which you might take on initiatives during the year, but I just got the feeling from what you said earlier that a number of these organisations were actually relying on this funding as ongoing to their operation. It just strikes me as strange that we cannot say, 'Yes, they will get decisions prior to the financial year starting.'

Mr Walters—As you know, on decisions which are in the hands of ministers, the timing tends to be in the hands of ministers too.

Senator CHRIS EVANS—I have always found that Senator Ellison makes very prompt decisions. Isn't that right, Senator Ellison?

Senator Ellison—Always, he said, tongue in cheek.

Senator CHRIS EVANS—I did not say I agreed with them, I said you made them. I think that is all on program 6.

[8.23 p.m.]

Program 7—International

Senator CHRIS EVANS—I was given the answer to Senator Carr's question about the Mortley report last night. Is there some reason for that? Can someone explain to me what has happened? It says here that Senator Carr asked the question on 9 June 1998. I presume that is not right.

Mr Walters—That is right, and it has already been answered. The answer was provided to the committee yesterday. Would it be helpful if I read the answer?

Senator CHRIS EVANS—No, I have got a copy of the answer; I am just trying to understand the process. This question was asked when?

Mr Walters—I have got on here that it was asked on 9 June. It was certainly tabled within the last couple of days. Whether that is a typo, I do not know, but he asked this question this week, or at the end of last week.

Senator CHRIS EVANS—He has not been here this week. The secretariat advises that he lodged some questions earlier in the week and they were submitted to the department, but I think he was pursuing you about this at the last estimates, wasn't he?

Mr Walters—Yes.

Senator CHRIS EVANS—I take it from this that the minister has decided to release a summary of the report and make that public, but not to release the full text of the Mortley report. Is that right?

Mr Walters—That is right.

Senator CHRIS EVANS—What is the reason for that?

Mr Walters—The reason, basically, is that the report was provided in confidence to the minister. It contained quite a lot of comment which had been provided to Professor Mortley in confidence by people in a number of countries. It was felt that, having been provided on this basis, it would not be right to release it publicly. It was policy advice to the minister.

Instead, the minister felt that it would be helpful to release a summary which gave the main thrust of the report and made clear the thrust of the advice which Professor Mortley had given him.

Senator CHRIS EVANS—How would you describe the tenor of Professor Mortley's advice? How did that impact on your thinking prior to that?

Mr Walters—I hesitate to paraphrase a report by a distinguished figure such as Professor Mortley who, in fact, visited a number of countries to make the report. However, I would say that it confirms what we all suspected, which was that the rapid growth in student numbers—and it has been very rapid in terms of student numbers from overseas, as I think it doubled in something like four years up to last year—was not likely to continue in view of the economic situation which we had seen developing in a number of Asian countries last year.

This had a number of lessons for Australia. We could not simply take for granted the sort of growth figures we had seen. The world was more competitive. Other countries with whom we compete for students were taking steps to try to attract them into their countries. We needed to seek out our advantages, to stress the quality which Australian education can provide, and generally to make sure that we are paying full attention to the needs of the market as we service it.

Senator CHRIS EVANS—Does Professor Mortley's report provide any other indicators that you think the department ought to act on? In terms of identifying markets, what do you think will flow from his report in that regard?

Mr Walters—I hasten to add that Professor Mortley did not look right across the field; he was asked to look at certain markets in the Asia-Pacific particularly. But certainly I think the thrust of the report reinforces us in the work we have been doing recently to try to identify emerging markets and make sure that appropriate effort is put into attracting students from those markets, together with looking at what we would call the mature markets and making sure that we are not losing market share there in so far as we can—bearing in mind that the department's role is basically in support the work of the industry.

Many of the universities and VET colleges undertake their own recruitment. They do a lot of their own work and have their own agents out there, so we are in a supporting, encouraging and informative role to all of that. In terms of new markets, we were still seeing substantial growth until recently in such places as Vietnam and India, for example. We have seen good growth from non-Asian markets, although from a very low base, in places such as Europe and South America. These are all things we have to keep our eyes on. But it is a very big world and we also have to make sure that we concentrate our efforts where they are to the best effect.

Senator CHRIS EVANS—You mentioned India. There is no mention of India in the summary that I have received. Did Professor Mortley consider the Indian market?

Mr Walters—No, he did not specifically.

Senator CHRIS EVANS—Was he given a term of reference to look at specific markets only?

Mr Walters—Yes. We asked him to investigate the challenges facing the Australian education export industry in the light of recent currency crises in a number of key Asian markets. I think that those are the markets which there are specific comments on on the second page of the summary—namely, Malaysia, Thailand, Singapore, Taiwan and Indonesia.

Senator CHRIS EVANS—He was not asked to comment on India or China?

Mr Walters—We were concerned to make the job achievable because I think what the minister wanted was a fairly quick assessment of what was happening at a very volatile time. If we had asked Professor Mortley to try to cover the world for us, I think he might understandably have said that that would take just a little longer.

Senator CHRIS EVANS—It is a good job though—I am sure he would have taken it. The reason that I was asking is that Minister Kemp announced an international marketing campaign around 11 May, and he referred to potential new markets such as India, China, Europe, North America and South America. It struck me, from looking at the Mortley report, that it discusses markets other than the ones that the minister is talking about. What is the basis for the minister's interest in those other markets? It is obviously not from the Mortley report.

Mr Walters—The basis is that one of the lessons which comes from Professor Mortley's work—and, indeed, from the work that we have been doing ourselves—is that one cannot simply rely on the Asian markets which have shown the greatest growth in recent times. We know this quite well. On the other hand, a lot of the rest of the growth is from a fairly low base. What we are seeing in some of the Asian markets is a degree of maturity—such as, for example, from Singapore where the numbers have been steady for quite some time. This follows any traditional market curve where you actually reach a plateau and you need to look to where else your students are coming from.

Having said that, I would emphasise that the great bulk of the students coming to Australia come from a number of countries: South Korea, Indonesia, Malaysia, Hong Kong, Singapore, Japan, Taiwan, and Thailand. We have to maintain a significant focus on those markets which have become established markets for us.

Senator CHRIS EVANS—In his press release, Minister Kemp talks about how 94 per cent growth is expected between 1997 and 2001 from India and 39 per cent from China. What information is that based on? Is that based on a study other than the Mortley study?

Mr Walters—No. We construct our own projections of student numbers. We take the available data from a number of sources. For example, we have the data coming through from student visa applications to the immigration department; we have data coming through from the educational institutions themselves on the number of enrolments; and we have other sources such as the assessments of our own staff who are located in a number of these countries, on the basis of the numbers coming through our Australian education centres and other market intelligence that they may have.

For example, in a number of countries, the governments themselves are quite closely involved in the direction of students towards various different countries. We might have information that a certain government is looking to send a number of students to us in the future. We try to take all of those sources of information and blend them into projections which we put together from time to time.

As I mentioned to Senator Carr last time around, we do not claim omniscience in all of this. We give it our best shot and our projections are our best attempt to interpret the data that is coming towards us. Projections work best when you have a fairly stable situation. When you have a very volatile one, such as we have at the moment, projections do not work so well because the long-term trends are the things which projections are best at spotting.

Senator CHRIS EVANS—As you would be aware, that is what I was leading to. Are the figures that the minister used in his press release departmental estimates?

Mr Walters—Yes, that is right.

Senator CHRIS EVANS—When were those estimates compiled which he based his press release on?

Mr Walters—Those estimates were compiled in early May, shortly before the minister's announcement.

Senator CHRIS EVANS—Those are your figures in early May. The first question that arises from that is: have you had cause to revise those estimates? They are fairly optimistic and fairly positive figures in terms of growth in student numbers and it is a fairly up-beat assessment.

Given the Mortley report's caution about the rate of growth and the continuing impact on Australia of the Asian currency crisis, is the department looking to revise those figures? Or have you revised them? Or do you think caution is needed in using those figures? I know the world is moving pretty quickly, and I am not trying to hold you to the estimates, but it seems to me that it is a pretty up-beat assessment.

Mr Walters—I have a number of comments. Firstly, the technical answer to your question is that we are going to revise them after the June visa data is received from the Department of Immigration and Multicultural Affairs. That is the next concrete set of new information that we will have, and we will revise them then. Secondly, would I urge caution in interpreting them? Certainly, and I think all the institutions and all the players in the field use what information they can get, and our projections are one source of information amongst others. They have their own information being fed back, and I think that is only fair.

Is it an up-beat assessment? I think in comparison with a lot of the industry assessments that would have been put through 18 to 12 months ago, obviously it is a rather dour assessment, and the industry would say, 'This makes fairly grim reading.' On the other hand, it is not so much doom and gloom as one might have thought, and it is worth bearing in mind that, as well as the unfortunate effects of the Asian economic crisis that are well known, there are some countervailing tendencies. For example, the fact that the Australian dollar has fallen considerably in relation to the European currencies and the US dollar, gives us a considerable competitive edge.

Senator CHRIS EVANS—US education would be looking very expensive to the Asians.

Mr Walters—Very expensive indeed in comparison with Australia, and we believe we give great value for money in terms not only of price but also quality. Certainly in terms of price, what has happened in the last few months has increased what was already a good commercial edge.

Senator CHRIS EVANS—From watching the 7 o'clock new, I understand you are going to get cheaper by the minute.

Mr Grant—It is also relevant to look at some of the actual figures of growth by country over the last couple of years. It is interesting to look at offshore student visas granted in the 12 months to April 1996, 1997 and 1998—particularly for some of those emerging markets which you mentioned. In India, for example, there was a 12 per cent growth in student visas issued from India between 1996 and 1997 and, beyond that, a 53 per cent increase in the 12 months ending April 1998 relative to April 1997. For China, the growth figures in those two 12-month periods were 18 per cent and 17 per cent respectively; and for Vietnam, 28 per cent and 43 per cent respectively.

This is not all based on speculation. There is some hard evidence of substantial growth despite the difficult circumstances in the region—admittedly, in all of those cases, from a

relatively small base. In the case of China, for example, we are still talking about only a couple of thousand student visas per year; in the case of India, about 4,000.

Senator CHRIS EVANS—Mr Grant, are there restrictions on the number of visas granted to students from particular countries?

Mr Walters—There are no restrictions. There are different processes which apply to students from some countries where the immigration department takes the view that there is a higher risk of abuse. There are different processes, but there is no ceiling on the numbers.

Senator CHRIS EVANS—I know nothing about the area, but I would have thought that there would have been some sensitivity about Chinese students, for instance, given the history in Australia. Is that a restriction or a factor that impacts on our potential to attract students from that area? If so or if not, what contact do you have with the immigration department about those issues? If you are out there encouraging students to come in, is the immigration department also encouraging students to come in, or is that part of a concerted policy?

Mr Walters—The immigration department is well aware of the value of the industry to the country. They are aware that we assess that it is worth \$3.3 billion in terms of export dollars to this country, and they have worked very closely with us on this issue. There is a review currently under way of the processes for issuing student visas. As well as talking to us, the immigration department has been talking extensively to the education industry about this.

Senator CHRIS EVANS—So did you make a submission to that review?

Mr Walters—Yes, indeed.

Senator CHRIS EVANS—Is that submission available for the committee?

Mr Walters—I think it is in the nature of policy advice which goes towards the cabinet process, so I do not think it is something we could divulge.

Senator CHRIS EVANS—Has that review reported?

Mr Walters—Not yet.

Senator CHRIS EVANS—Do you know when it is likely to report? Who is this conducted by? Is it an internal immigration department job?

Mr Walters—It is an internal review by the immigration department, but they have conducted consultations with the education and training industry in the course of it.

Senator CHRIS EVANS—Do you have a feel for the time line?

Mr Walters—That is really for the immigration department and the Minister for Immigration and Multicultural Affairs.

Senator CHRIS EVANS—So you are not formally involved; you have just been consulted?

Mr Walters—As a government department being consulted, we are formally involved.

Senator CHRIS EVANS—I mean that you are not involved in the working group or the review team. I am not trying to be pejorative, but you are not actually involved in the review. You have been asked your opinion, you have put in a submission and you have been consulted, but you are not actually part of the review team.

Mr Walters—No, we do not have the carriage of the work, but we certainly have plenty of opportunity to put points to the immigration department.

Senator CHRIS EVANS—What about this argument about the immigration department considering restrictions on overseas students doing part-time work? Have you been consulted and submitted anything about that proposition?

Mr Walters—I read in the media that that is one of the issues that is being considered under the review, so that must be true.

Senator CHRIS EVANS—That is where I read it, so that is why I knew it was true. That leads me back to the question: have you been consulted and have you submitted about that aspect?

Mr Walters—We have submitted views, facts and experience on all the questions being covered by the review.

Senator CHRIS EVANS—You just told me you only knew that was being covered by the review because you read it in the paper, so I am not sure what you are telling me.

Mr Walters—I do not think I said that I only knew it was being covered by the review. I said it was covered in the newspaper report so it must be true.

Senator CHRIS EVANS—Are you able to tell me what your attitude is to that question of part-time work?

Mr Walters—I think that is in the nature of policy advice which we really are not at liberty to divulge.

I would make one other point about these forward estimates because I think it is a point that is well worth getting across. When you look at the different sectors, the impact of the Asian crisis seems to be impacting far more on the school and the ELICOS sector. ELICOS is the English language short course sector.

Senator CHRIS EVANS—I am just coming to a series of questions about that.

Mr Walters—I did not want to let the point go past without making the point that we understand that, we recognise that and we are trying to work with those sectors to alleviate the effects.

Senator CHRIS EVANS—Maybe the best starting point is for you to describe to me what you think is happening and what you base that on.

Mr Walters—Our latest forecasts—and with all the caveats I have given earlier—are that the percentage changes from now to the year 2001 are something like an increase of 28 per cent in higher education and 27 per cent in vocational education, but only three per cent in schools. Our projection at the moment is that there will probably be a reduction of eight per cent in the ELICOS sector.

What we know about this is that decisions to go in for higher education are often taken over a long period of time by families. They have concern for their children's education and going in for a degree or a further degree is an important thing which is planned for over a number of years. It is less likely to be susceptible to short-term changes. Whereas sending a child off for English language training on a short course is something which is more likely to be postponable, moveable and more likely to be susceptible to a short-term decision. So what we may be seeing is some postponement as a result of what is happening Asia. The situation may bounce back. I think it is quite important to note that our forecasts do suggest quite a variation between the different sectors.

Senator CHRIS EVANS—I have a friend who works in the area and he was suggesting to me that the higher education sector seemed to be holding up quite well. He actually goes off and does the recruiting in Asia, and that sector seemed relatively immune at this stage, but I think it is a bit early to tell. Do you have any figures on the number of students coming

to Australia to study English this year? You have given me this advice about what you think is happening. I presume that is based on some recent statistics you have.

Mr Walters—Yes. The 1997 figure I have was 30,400 and our projection for this year is down, at 24,900. That is our current projection for the ELICOS sector, down from 30,000. That is a forecast reduction of 18.2 per cent.

Senator CHRIS EVANS—Is that based on student enrolments this year, or is that purely forecast?

Mr Walters—As I have mentioned before, these forecasts are a combination of factors, including intelligence coming through from overseas posts, immigration figures—although quite a few people who study in this sector come on tourist visas, not on student visas—and also admissions figures in so far as we have them. We do not have them for this particular sector.

Senator CHRIS EVANS—So it is largely estimation rather than admission figures? I am just trying to get a feel for it.

Mr Walters—And the feedback we get from the industry itself, because we do keep in touch.

Senator CHRIS EVANS—But, given what you have said earlier, it is likely if anything to be lower rather than higher if they are sensitive to the short-term influences.

Mr Walters—It is very hard to say at this stage. Of course, it does depend on what happens during the rest of the year, too.

Senator CHRIS EVANS—Do you have similar figures for the other areas?

Mr Walters—Yes. The current estimates we have got by sector are: for higher education we are forecasting 72,800, up from 64,188; for vocational education almost a plateau on 40,100, from 40,978—in fact, a very slight reduction—and school education down from 15,951 to 14,400. Those are the four sectors that we record.

Senator CHRIS EVANS—Have you got any idea what is happening by country of origin?

Mr Walters—It is really quite a complex matrix. I do not know if you would want me to read that.

Senator CHRIS EVANS—You could give me the colour of it, perhaps, rather than the specifics. I just want to get a feel for it. You were suggesting earlier that it was quite different from one to another.

Mr Walters—That's right. But as you would expect, there are certain countries which have been hardest hit. So we are forecasting overall the biggest changes from South Korea, from Taiwan, from Indonesia of course, and from Hong Kong. If you would like the percentages perhaps that is the easiest way to give it. From South Korea we are forecasting 1998 over 1997 a 23.7 per cent reduction, from Taiwan a 14 per cent reduction, from Thailand a 10.4 per cent reduction, and from Hong Kong an 11.5 per cent reduction. There are other factors in terms of Hong Kong, of course. Mr Grant reminds me to mention the positives, as of course I should.

Senator CHRIS EVANS—That is why he is a deputy secretary.

Mr Walters—Absolutely. Again, we have strong growth in some of the smaller markets but ones which are upcoming, for example 38 per cent growth in India. We are forecasting that that could virtually double between now and the year 2001. In terms of Vietnam we are forecasting that there is a 33 per cent, a third, growth for this year and we are forecasting a steady growth up to the year 2001. So there are some positives. Some other markets are

holding up reasonably well, too, such as Singapore. Malaysia at the moment we are forecasting will hold up reasonably well.

Senator CHRIS EVANS—The report ‘The overseas student statistics 1997’ is not produced by you, is it?

Mr Walters—Yes. We have many copies of it. If you are referring to this report, that is our report, yes.

Senator CHRIS EVANS—If I could have that, that would keep Senator Carr very happy. Could I ask what you expect to be the economic impact of the drop in the student numbers. More particularly, you have identified that the English as a second language courses and the schools are where the immediate impact is. Is there a flow-on effect for higher education or TAFE from that? As I understood it, a lot of the students from Western Australia came over and did some of those short courses or did their matriculation equivalent and then went into TAFE or into university. So can we expect a flow-on effect if the numbers in schools and English courses go down?

Mr Walters—Our projections do try to take into account flow-on effects. I think you are taking us into slightly uncharted waters. We do know, for example, that there is a strong Western Australian connection with certain countries, such as Singapore. We do know that in some countries there has been a connection between sending children over for English language training and then going on to higher things, but we also know that in some of these countries there is a tendency to repatriate some of this training, to do it more within the country of origin.

Australia is tapping into that. For example, we see universities opening branch campuses overseas. We see very strong activity. You only have to open the newspapers in some of these countries to see many advertisements from Australian institutions operating in those countries. Singapore is a good example. Those links and ties are changing over time. We hope they can be strengthened and developed in a different way perhaps.

Senator CHRIS EVANS—In terms of the flow-on effect, do we have any figures on the proportion of students who come here to study English or do school study but then go on to a higher course at TAFE or higher education? I just wanted a feel for it.

Mr Walters—We have some survey data, so obviously it is a bit less hard and fast than anything we have talked about so far. Perhaps we can put that on notice. It comes from a publication which we produced which is a survey of international students and tries to set up some of that—

Senator CHRIS EVANS—I just wanted to get a feel for it, as I say. My own Western Australian experience is that I feel there is a fairly strong element of that, but that is anecdotal. I would appreciate your finding something useful. In terms of your identifying the drop-off in the growth in enrolments, are we expecting it to be worse next year, in a sense? What is your feel for the out years, or is it too early to tell?

Mr Walters—What we are basically forecasting is a plateau for this year overall and then gradual growth resuming. We have published the figures. We do not know precisely and we will have to revise that during this year. There is such volatility at the moment that our projections must necessarily be more hedged about than they were in the past.

Senator CHRIS EVANS—I suppose the argument might be that the Asian economies will have recovered a bit by then, but we might be going through the worst of it next year, I think.

Mr Walters—It is not just the Asian economies, but what people do within them. You are looking at the class of person that has actually put money by for their children's education—whether they have invested it at home or overseas—and what happens to things such as asset prices at home in the intervening period, and not just that but asset prices in those overseas places where they might have put some money away for a rainy day. There are a whole host of factors that we do not know.

There is also the way in which people approach their children's education. For example, it was suggested to me in one country recently that the fact that graduate unemployment is rising in that country is going to increase the tendency of people to look for postgraduate courses for their children so they have something constructive to do and some experience and qualifications to get while the economy is recovering. That is a factor I came across in Europe a few years ago when similar things were happening there. It is plausible. What I am saying is that there are a whole lot of cross-currents which we do not honestly understand at the moment, which we are still trying to study and get the best of.

Senator CHRIS EVANS—You mentioned earlier that it was a question for the providers to get out there, sell their services and deal with the issue. Is the department taking any steps to deal with the issues arising from the changing conditions of the market?

Mr Walters—Very much so, Senator. The media release which you referred to of 11 May by the minister refers to the government's decision to continue funding for the organisation that used to be known as the Australian International Education Foundation. We are relaunching that. We are currently halfway through the exercise of reorienting the organisation, working out new marketing plans and discussing with the industry at large how best to direct our efforts and what new marketing plans to devise. We are doing all of that and, in conjunction with the—

Senator CHRIS EVANS—The Australian Vice-Chancellors got it wrong there, did they? I gather they were quite critical of what they saw as the government's lack of support in this area.

Mr Walters—No, I do not believe so. The Vice-Chancellors have been very supportive since this announcement. I think you might be referring to a comment which they made before the announcement when they were waiting for an indication of what the government was going to do. But certainly we enjoy the best of relations with the Vice-Chancellors Committee. We work very closely with them, and will be over the next few months to make the best of the resources we have now got certainty of to work jointly to market these things for the benefit of Australia.

Senator CHRIS EVANS—You are right. The criticism I was referring to was made in April, concerning the last three years of withdrawal of support for international education. What are you saying they are saying in terms of the current budget announcements?

Mr Walters—Immediately following this announcement—if my memory serves me correctly—they put out a release saying they welcomed the announcement that had been made and looked forward to working closely with us, as indeed we do.

Senator CHRIS EVANS—What was the rationale behind this reorganisation, renaming and rebadging?

Mr Walters—There are two aspects to it. One is that the former arrangement involved a subscription arrangement with the industry where the industry put money in and the government put money in. There was a plan to reduce government funds and eventually float

the thing off as something funded solely by the industry. In an extended series of consultations which took place last year, the industry indicated it did not really like this arrangement.

What we eventually came up with is still the principle that the organisation is funded by the industry but, instead of doing it on a subscription basis, there will be two parts to it. Firstly, funds will be provided by the government, which will come from the general pot of funds that are available to higher education and vocational education and training, and, secondly, quite a lot of services are going to be fee-for-service by the industry. So the industry can choose which services it wants to purchase and fund the services which will be provided in that way.

Senator CHRIS EVANS—So where is the government funding coming from?

Mr Walters—The government funding is going to come from the higher education budget and from the vocational education and training budget, from the funds provided to ANTA.

Senator CHRIS EVANS—Where are those funds represented in these budget papers?

Mr Walters—The precise way in which the mechanics of this will be operated have not yet been finally decided. So I think you will not find it set out in these budget papers.

Senator CHRIS EVANS—No, it looks to me like you have zero allocation.

Mr Walters—That is because the measure is seen as budget neutral. In other words, it is taking it from one pot and putting it back into another.

Senator CHRIS EVANS—I have had a bad day so I have not said anything about budget measures. Just because they are not there does not mean it is not happening.

Mr Walters—Senator, you also asked about the relaunch. We decided that we would give the organisation a slightly more modern name. The foundation tag which the old organisation had was not always helpful because in some countries and in some translations it gave the impression that we were a grant-giving body, which we are not, for individual students. We thought on balance it was best to have a change and give the organisation a slightly more snappy name which we thought made it very clear what the organisation was for, which is basically to promote Australian education and training overseas.

Senator CHRIS EVANS—What is the new name?

Mr Walters—Australian Education International.

Senator CHRIS EVANS—Why do the budget papers say it is to be renamed the Australian education foundation?

Mr Walters—That is a typo.

Senator CHRIS EVANS—I knew what you were saying did not fit with what the budget papers told me.

Mr Walters—No. Sorry about that, Senator.

Senator CHRIS EVANS—That is all right. I thought that is what it was called. You were saying the foundation name was not sexy enough so you have dropped it and I was reading the budget papers and the new name was the Australian education foundation.

Senator Ellison—Senator, it has changed. I understand you have an old edition.

Senator CHRIS EVANS—Nothing would surprise me. I used to be a member of a union once and there was only one copy of the rules and the secretary had that. He said, 'If you want to know what the rules are, just ring me up and ask me.' So what you are telling me now is that you have one copy of the budget and if I want to know what is in it, I just have to ask

you. Is that right? I have an old copy. The day has been like that. We are going to call it Australian Education International, are we? Is that final?

Mr Walters—Yes.

Senator CHRIS EVANS—You cannot tell me where the money is coming from because there is an internal reorganisation of funds. Can you tell me how much we anticipate the Commonwealth will contribute?

Mr Walters—It will broadly be coming from the higher education and vocational education and training budgets, but the precise mechanics have not yet been determined.

Senator CHRIS EVANS—What sort of money are we talking about?

Mr Walters—Perhaps I will hand you over to my colleague Adrian Van Leest.

Mr Van Leest—The sort of money we are talking about from ANTA, as Colin said earlier, is \$1 million for each financial year for the next four years, and that is subject to a submission put to the ANTA board for approval. From HEFA in 1998-99, there is an amount of \$2.031 million.

Senator CHRIS EVANS—From which acronym was that?

Mr Van Leest—HEFA, Higher Education Funding Act. In the next year, 1999-2000, \$2.828 million, the subsequent year \$4.687 million and the year after that \$4.687 million.

Senator CHRIS EVANS—How does that compare with the sort of funding the previous foundation was receiving?

Mr Van Leest—Previously the foundation received—for the last two years at least—\$3 million from government in terms of program moneys which were supplemented by subscriptions from industry. It also received running cost moneys to support the operational costs of the AIEF.

Senator CHRIS EVANS—So that is a rough estimate of what the Commonwealth is going to be funding. Do we have any idea of how this fee for service is going to work?

Mr Van Leest—Yes. We are hoping or expecting to raise up to \$2 million from fee for service activities.

Senator CHRIS EVANS—Do you have a schedule of fees?

Mr Van Leest—Yes. We have three types of fees. One is fee for service for activities agreed with institutions according to what they see they require from our offshore network in terms of specific services that are of commercial benefit to institutions. So that is the first type of service for which we will be charging a rate similar to that that Austrade—of \$150 per hour. Secondly there is a schedule for accessing our AEC services or in country information services. That is quite a complex schedule. I propose not to provide you with that at this time but we have negotiated with industry what they would accept as reasonable in that case. Certainly the fees would not be greater than what industry was paying previously for access to our information centres.

The third one would be for subscriber only access to our web site, which would be set at two rates: one is a corporate rate of \$1,000 for an institution and there is a single or individual rate for individuals seeking access of \$500.

Senator CHRIS EVANS—You hope to raise \$2 million annually from that structure.

Mr Van Leest—Yes. We hope to raise about \$700,000 or \$800,000 from our AEC or in country information service operations, possibly \$300,000 from our web site and perhaps on average \$100,000 per post for in country servicing to institutions.

Senator CHRIS EVANS—Thanks for that. Can someone tell me this. The \$21 million Dr Kemp announced on 11 May for an international marketing campaign—is that new money or is that coming out of an existing budget?

Mr Van Leest—The money as far as AEI is concerned is new, but it is money coming from existing programs. That is what Mr Walters just explained to you previously in terms of the source of the funds.

Senator CHRIS EVANS—Where are we at with this marketing campaign?

Mr Walters—We are in the process of talking to the industry about it. There are a number of ideas. There are quite a lot of different players. It will take us a bit of time to pull together. It is something we are doing all the time anyway. At our Australian education centres overseas in a number of different countries we have people coming through the door in large numbers every day of the week. They are fulfilling a function of giving out information about what we do. It is a question of what more there is to be done to promote Australian education within the educational context pure and simple and also operating with people like Austudy in terms of promoting Australia, our industry and our country generally.

Senator CHRIS EVANS—So the international marketing campaign might well consist more of an increase in activity in a couple of designated countries as much as anything else, might it?

Mr Walters—It could well do that. It is certainly something—just as for tourism, for example, where you project quite a different image in different countries—we will need to project a different image in different places. For example, we have some markets which are substantially English speaking, such as Singapore, where we will not have much of a market for people coming to ELICOS colleges, whereas in fact that is the basis of our market in South Korea. We do need to look at it market by market but we will be picking up common themes. The key thing is trying to work with the other key players, because we have big agents, we have the AVCC and we have the other associations, and we have some very vigorous individual institutions—one or two universities, for example—which do very well overseas. It is a question of getting our act together and making sure.

Senator CHRIS EVANS—They do not necessarily want to share information or jointly act on many occasions, I gather?

Mr Walters—I think it is like most industries where there is a degree of commercial confidentiality about what individual players do. But also there is a very strong case for cooperation too. That is why I think the relaunch of the organisation had widespread industry support. They see a need for it and they want to work closely with us.

Senator CHRIS EVANS—On an unrelated matter: do you have any figures on the number of overseas students enrolled in distance courses?

Mr Walters—In distance courses from overseas, I do not think that is a statistic we keep, but it is certainly a growing area of market attention and in fact this is one where there is very vigorous competition from all around the world, because, of course, you can run distance courses from here, Alaska or Timbuktu. There are universities all around the world that are looking to expand rapidly in this kind of area. It has a lot of cost advantages for the student but, of course, it also has some disbenefits. It is not quite the same experience as actually

coming here to study, for example. It is something we work closely with the industry over the marketing of, but no, I do not think we have any collected statistics.

Senator CHRIS EVANS—There are some figures quoted in a press commentary from IDP Education Australia. Do you have access to those?

Mr Walters—We receive a lot of information from IDP and I daresay we have those. IDP is a company which is owned by the Australian universities: it is their promotional arm primarily; it has other clients too.

Senator CHRIS EVANS—I just was not sure of what the status of your connection with them was. The report I saw in the *Australian* talked of IDP figures, talking about this growth in distance education. We were interested in what figures you had on that, but you do not actually keep any?

Mr Walters—We do not keep any figures but I am quite sure they are absolutely right. It is a sector which is of keen interest to many of the institutions.

Senator CHRIS EVANS—Is it something you are going to look at keeping some figures on or is it beyond your purview?

Mr Walters—We certainly would not want to duplicate IDP's efforts if they are doing a good job in that respect. It is a thought which we will take away and look at.

Senator CHRIS EVANS—We might just contact IDP. That is probably the simplest thing. You talked earlier about Australian universities opening campuses overseas. Do you have any data on who has opened what and where and what the enrolment figures for those campuses there are? Do you have a fix on that overseas activity by Australian institutions?

Mr Walters—This varies in scale from quite a big operation such as the one that Monash recently opened in Malaysia, which was a landmark event and a very important one for Australia, where Monash managed to pull off quite a victory over other universities from other countries that were competing for the same honour and privilege, to much more scaled down operations which are part time, where premises are taken over temporarily, and so on and so forth. I do not think we have any consolidated statistics on that. It is an area where a lot of institutions are very interested. Obviously, it can involve a substantial investment, so a great deal of care needs to be taken. But it is certainly a growing area in which there is fierce international competition.

Senator CHRIS EVANS—Would IDP be a better source for information on that?

Mr Walters—I would not like to say.

Senator CHRIS EVANS—It just seems to me there is a rush for Australian universities to get involved. I would have thought it was of interest in public policy terms and the department's involvement as to what is happening and that it would have some sort of monitoring role—

Mr Walters—It is not an area in which the universities in particular have looked to us to take a lead, because you will appreciate there is a degree of rivalry about it—

Senator CHRIS EVANS—Yes, I am not expecting you to take the lead. I thought you would have an interest in what is happening.

Mr Walters—In terms of providing you with some information, we can certainly ask the AVCC whether there is anything which we could usefully pass on to you, Senator, if that would be helpful.

Senator CHRIS EVANS—I would appreciate that.

Mr Walters—My colleague makes the point that, as well as establishing branch campuses, there are a lot of twinning arrangements where Australian universities put resources in to assist overseas universities and run courses in tandem.

Senator CHRIS EVANS—Yes, there is quite a lot of that going on. Thanks for that. You will be upset to know, Mr Chairman, that that exhausts me.

CHAIR—Very upsetting. I thank the minister and the officers of the Department of Employment, Education, Training and Youth Affairs, and I thank my colleagues for a smooth process. I declare these estimates closed.

Committee adjourned at 9.11 p.m.