

COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

Senate

Education and Employment Legislation Committee

Estimates

(Public)

Thursday, 25 October 2018

Canberra

**CONDITIONS OF DISTRIBUTION**

This is an uncorrected proof of evidence taken before the committee.

It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE SENATE

[PROOF COPY]

|  |
| --- |
| **INTERNET**Hansard transcripts of public hearings are made available on the internet when authorised by the committee.To search the parliamentary database, go to:**http://parlinfo.aph.gov.au** |

Senate

Education and Employment Legislation Committee

Thursday, 25 October 2018

**Members in attendance:** Senators Brockman, Cameron, Kim Carr, Jacinta Collins, Faruqi, Lines, Marshall, Molan, O'Neill, Paterson, Polley, Pratt, Stoker.

EDUCATION AND TRAINING PORTFOLIO

**In Attendance**

Senator Cash, Minister for Small and Family Business, Skills and Vocational Education

Senator McKenzie, Minister for Regional Services, Sport, Local Government and Decentralisation

**Department of Education and Training**

Dr Michele Bruniges AM, Secretary

Mr Marcus Markovic, Deputy Secretary, Corporate Strategy

Ms Jackie Wilson, Deputy Secretary, Early Childhood and Child Care

Ms Alex Gordon, Deputy Secretary, Schools and Youth

Mr David Learmonth, Deputy Secretary, Higher Education, Research and International

Dr James Hart, Acting Deputy Secretary, Skills and Training

**Corporate**

Mr Mark Sawade, Chief Financial Officer and Acting Group Manager, Finance, Technology and Business Services

Ms Prue Torrance, Acting Branch Manager, Budget Planning and Performance

Ms Elizabeth Wicks, Acting Branch Manager, Finance and Business Services

Ms Gaby Medley-Brown, Group Manager, People, Parliamentary and Communication

Ms Susan Charles, Branch Manager, Communication Branch

Ms Belinda Casson, Branch Manager, People Culture and Capability

Ms Kate McCauley, Branch Manager, Parliamentary and Governance

Mr Simon Gotzinger, Chief Lawyer, Tertiary, Skills, Litigation and Legislation Legal

Ms Genevieve Davin, Senior Executive Lawyer and Branch Manager, Schools, Child Care and Corporate Legal

**Early Childhood and Child Care**

Ms Kelly Pearce, Group Manager, Programs and Network

Ms Belinda Catelli, Branch Manager, Programs and Network

Ms Anne Twyman, Branch Manager, Transition and Engagement

Mrs Margaret Pearce, Group Manager, Payments and Compliance

Ms Julie Birmingham, Branch Manager, Payments and Compliance

Mr Jeff Willing, Branch Manager, Payments and Compliance

**Schools and Youth**

Ms Renae Houston, Acting Group Manager, Improving Student Outcomes

Ms Lyndal Groom, Branch Manager, Improving Student Outcomes

Ms Margaret Leggett, Branch Manager, Improving Student Outcomes

Ms Mary McDonald, Group Manager, Evidence and Assessment

Dr Gabrielle Phillips, Branch Manager, Evidence and Assessment

Ms Rhyan Bloor, Branch Manager, Evidence and Assessment

Mr David Pattie, Group Manager, School Funding and Assurance

Mr Joey (John) Baker, Branch Manager, School Funding and Assurance

Ms Tanya Blight, Acting Branch Manager, School Funding and Assurance

Mr Ben Vincent, Acting Group Manager, School Reform Taskforce

**Higher Education, Research and International**

Mr Dom English, Group Manager, Higher Education

Ms Katerina Lawler, Branch Manager, Funding Policy and Legislation

Mr Robert Latta, Branch Manager, Governance Quality and Access Branch

Mr Damian Coburn, Branch Manager, Student Information and Learning Branch

Ms Karen Sandercock, Group Manager, International

Mr Travis Power, Branch Manager, Quality Frameworks Branch

Ms Greta Doherty, Branch Manager, Partnerships Branch

Ms Samantha Robertson, Acting Group Manager, Research and Economic

Ms Carolyn Shrives, Acting Branch Manager, Research Policy and Programs

Dr Andrew Taylor, Branch Manager, Research and Economic

**Skills and Training**

Mr Bryan Palmer, Group Manager, Skills Market

Ms Fiona Lynch-Magor, Branch Manager, Skills Market

Ms Liz Dowd, Branch Manager, Skills Market Group

Ms Suzi Hewlett, Group Manager, Industry Skills and Quality

Mrs Linda White, Branch Manager, Industry Skills and Quality

Mr George Thiveos, Group Manager, Skills Programs

Dr Richard Chadwick, Branch Manager, Skills Programs

**Australian Curriculum, Assessment and Reporting Authority**

Mr Robert Randall, Chief Executive Officer

Dr Stanley Rabinowitz, General Manager

Ms Janet Davy, Director, Curriculum

**Australian Institute for Teaching and School Leadership**

Ms Lisa Rodgers, Chief Executive Officer

Mr Edmund Misson, Deputy Chief Executive Officer

Mr Daniel Pinchas, General Manager

**Australian Research Council**

Professor Sue Thomas, Chief Executive Officer

Ms Leanne Harvey, Executive General Officer

Ms Kylie Emery, Policy and Strategy Branch Manager

**Australian Skills Quality Authority**

Mr Mark Paterson AO, Chief Commissioner

**Tertiary Education Quality and Standards Agency**

Professor Nicholas Saunders, Chief Commissioner

Mr Anthony McClaran, Chief Executive Officer

Mr Robert Oliphant, Director

**Higher Education Standards Panel**

Professor Kerri-Lee Krause, Deputy Chair

**Committee met at 09:00**

CHAIR (Senator Brockman): I declare open this meeting of the Education and Employment Legislation Committee on Thursday, 25 October 2018. The Senate has referred to the committee the particulars of proposed expenditure for 2018-19 and certain other documents for the Education and Training portfolio and the Jobs and Small Business portfolio. The committee may also examine the annual reports of departments and agencies appearing before it. I want to say thank you again for the improved timeliness of the tabling of annual reports by the department. That's obviously been a bit of an issue in this committee, so we do thank all agencies and departments for tabling on time.

The committee has decided that answers to questions on notice will be required to be returned by close of business Thursday, 6 December. The committee has resolved that written questions on notice should be received from senators by close of business on Friday, 2 November. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution, in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer’s statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. Witnesses are asked to keep opening statements brief or incorporate longer statements into the *Hansard*.

Department of Education and Training

[09:03]

CHAIR: I now welcome the Minister representing the Minister for Education and Training, Senator the Hon. Bridget McKenzie, and officers from the Department of Education and Training. Minister McKenzie, do you wish to make an opening statement?

Senator McKenzie: No, I don't, Chair.

CHAIR: Welcome, Dr Bruniges. Do you wish to make an opening statement?

Dr Bruniges: No, thank you.

CHAIR: In that case, we can commence. Who's going to take the lead? Senator Collins.

Senator JACINTA COLLINS: Thank you very much, Chair. I too thank the officers for providing the annual report in a timely way. Although I'll add, I suppose, that it was obviously printed ahead of portfolio changes, so I thought we might start with an update in terms of machinery of government changes et cetera.

Dr Bruniges: There've been no machinery of government changes since the printing of the report. Are you referring to the organisational structure?

Senator JACINTA COLLINS: You can do that too, yes. Sorry; I was using it in its most general sense.

Dr Bruniges: In general terms, there've been no changes to the department as a whole. We have three ministers across the department, each in their own right, on each area of responsibility they have: Minister Tehan, Minister Cash and Minister McKenzie.

Senator JACINTA COLLINS: We've lost a minister directly and we have Minister McKenzie as minister representing a minister.

Dr Bruniges: Yes, that's correct.

Senator JACINTA COLLINS: But we have Minister Cash as direct minister for her areas of the portfolio.

Dr Bruniges: That's correct—Skills and Vocational Education.

Senator JACINTA COLLINS: And on the other side of this committee, Employment.

Dr Bruniges: That's correct.

Senator JACINTA COLLINS: What happened to Small Business?

Dr Bruniges: It's with Minister Cash—out of Employment, but a question for the Employment portfolio.

Senator McKenzie: Kelly O'Dwyer has the portfolio of small business, and that was represented yesterday—I think, by Senator Cash.

Senator JACINTA COLLINS: I'm asking partly because I think you need to update some things on the website. I've got one press release here which was put out by Minister Cash.

Senator McKenzie: Can I just correct? Minister Cash is the direct minister responsible for small business, and Minister O'Dwyer is Industrial Relations.

Senator JACINTA COLLINS: Yes. It's confusing in part, even in terms of the banners for some of the press releases on the department's website. This one here is an example: 11 October—Minister Cash, Minister for Jobs and Industrial Relations, Minister for Women, when she's actually the Minister for Small and Family Business, Skills and Vocational Education.

Dr Bruniges: Yes, Minister Cash's title is minister responsible for skills and vocational education, as well as small business and family business, which is part of the Jobs and Small Business portfolio.

Senator JACINTA COLLINS: Except that you've still got her here as the Minister for Jobs and Industrial Relations and the Minister for Women on this particular press release.

Dr Bruniges: If we've done that, that's an error, and we need to correct that.

Senator JACINTA COLLINS: Yes.

Dr Bruniges: Do you have a copy of that, Senator?

Senator JACINTA COLLINS: Yes, I can give you a copy.

Dr Bruniges: A copy would be great so we can actually track back.

Senator JACINTA COLLINS: It has just come off your website this morning.

Dr Bruniges: Right.

Senator JACINTA COLLINS: It's a press release dated Thursday, 11 October.

CHAIR: And maybe just the title of the press release.

Senator JACINTA COLLINS: 'Small business to receive tax relief five years early'.

Senator McKenzie: Hear, hear!

CHAIR: Great press release!

Senator JACINTA COLLINS: It'd be good if we could find the right minister!

Dr Bruniges: Senator, can I just clarify—

CHAIR: It's whole of government!

Dr Bruniges: is it the Department of Education and Training's website you're referring to?

Senator JACINTA COLLINS: This doesn't tell me. I'll give you a copy of the release. It has got the internet address on it.

Dr Bruniges: I'm happy to take that away and have a look and maybe come back to you on whether it's our website or the other part of the portfolio's website.

Senator JACINTA COLLINS: Yes. It may not be your fault; that's right. I can't remember which other mug shots were on that one at the time.

Dr Bruniges: I don't think it is one of ours, but we'll seek clarification. Jobs and Small Business we're hearing.

Senator JACINTA COLLINS: Okay. But, in terms of the overall education and training staffing, machinery-of-government arrangements, structure and all of that, nothing has changed?

Dr Bruniges: No, it hasn't, and the annual report would've reflected the structure as of 30 June, because it's the financial year. Since that, as I said, we work with three ministers, but the department itself is, one and the same, as it was before the appointment of those ministers.

Senator JACINTA COLLINS: Three ministers?

Dr Bruniges: Yes. Minister Tehan—

Senator JACINTA COLLINS: You work with two, don't you?

Dr Bruniges: Minister Tehan is the minister responsible for education, Minister Cash is the minister responsible for skills and vocational education, as well as small and family business, as part of the Jobs and Small Business portfolio, and Minister McKenzie is the minister responsible for educational services in regional Australia.

Senator JACINTA COLLINS: Okay, I get you with the last point now. So you've lost two and you've picked up three, and you no longer have an assistant minister.

Dr Bruniges: That's correct.

Senator JACINTA COLLINS: No other changes in terms of areas moving, staffing arrangements or anything like that?

Dr Bruniges: No. Let me take you to page 8, the departmental structure. It remains, post 30 June, a little different, in the fact that we no longer have Child Care Reform Implementation, Matt Yannopoulos, in the department. We brought him across for 12 months to assist with the build of the IT system, but he is no longer there. We've had a change in Corporate Strategy with the appointment of Marcus Markovic here, after Carolyn Smith actually left the department. So there have been some changes since the deadline of 30 June.

Senator JACINTA COLLINS: Where did Ms Smith go to?

Dr Bruniges: I'm not sure where she went to, but she actually resigned from the department.

Senator JACINTA COLLINS: So she hasn't moved into another departmental position?

Dr Bruniges: No.

Senator JACINTA COLLINS: Where does Senator McKenzie get her resourcing from?

Dr Bruniges: We currently do not provide resourcing from the department for Minister McKenzie.

Senator JACINTA COLLINS: Bridget, there's an idea for you!

Senator McKenzie: Thank you, Senator Collins. I'll be following that up.

Senator JACINTA COLLINS: So it comes from another department—is that correct, Dr Bruniges?

Dr Bruniges: I'm presuming so.

Senator JACINTA COLLINS: Do you not have a DLO in the minister's office?

Dr Bruniges: No, I don't. Perhaps we should support the minister better.

Senator JACINTA COLLINS: Do you know which department does resource the minister—assuming your people need to talk to her people?

Dr Bruniges: Sorry?

Senator JACINTA COLLINS: Assuming the department needs to engage with their minister, which department is resourcing the minister?

Dr Bruniges: On the Education side, we're yet to put any staff with Minister McKenzie.

Senator JACINTA COLLINS: No, but do you know which department is resourcing the minister?

Dr Bruniges: No, I'm not aware.

Senator JACINTA COLLINS: Not even from the email address?

Dr Bruniges: No.

Senator McKenzie: My ministerial email is with the Health part of my portfolio.

Senator JACINTA COLLINS: Okay. So then the answer is it's probably the health department.

Dr Bruniges: Sorry, I didn't quite understand what you were getting at with the email address, but that would have been serviced from a different portfolio area. Just as Minister Tehan would have our email address and Minister Cash would have ours, Minister McKenzie would, indeed, have Health.

Senator JACINTA COLLINS: Okay. At this point in time, there are no education department resources in Minister McKenzie's portfolio?

Dr Bruniges: That's correct.

Senator JACINTA COLLINS: Let me deal for a moment with, I suppose, legacy issues. This is a previous iteration of an employment issue regarding Assistant Minister Karen Andrews's time when she was Assistant Minister for Vocational Education and Skills, from 19 July 2016 through to 28 August 2018. I think you were secretary throughout that period, Dr Bruniges?

Dr Bruniges: Yes, that's correct.

Senator JACINTA COLLINS: What's the total number of staff the minister had in her office during this period?

Dr Bruniges: During the whole period? I don't think I have that with me. We'll just see if Mr Markovic has a list of DLOs.

Mr Markovic: Minister, I don't have the total number. I've got staff who've been up with Minister Andrews's offices over the last perhaps 12 months or so.

Senator JACINTA COLLINS: Let's start there.

Mr Markovic: The department provides interim advisers to Minister Andrews as well as—

Senator JACINTA COLLINS: Sorry, what was that word—interim?

Mr Markovic: Interim advisers—advisers for a short period, supplementing the office for a short period to the minister's office, as well as—

Senator JACINTA COLLINS: That's a new term for me, an 'interim adviser'—do you mean someone who's assisting the minister with an adviser absence as opposed to a DLO? Is that what you're referring to?

Mr Markovic: I was just about to get to that. We provide officers in the capacity of DLOs, and we also, for short periods, might provide advisers for something less than 12 weeks to the minister's office.

Senator JACINTA COLLINS: So that's what you're referring to as an 'interim adviser'?

Mr Markovic: Correct. They're the two staffing types that we've provided to the offices.

Senator JACINTA COLLINS: Sorry, I just hadn't heard that expression for them before.

Mr Markovic: Yes, we've provided those officers up to Minister Andrews's office.

Senator JACINTA COLLINS: You were going to tell me the numbers for the last 12 months.

Mr Markovic: In terms of numbers for Minister Andrews's office—

Senator JACINTA COLLINS: Well, Assistant Minister at the time—

Mr Markovic: Assistant Minister Andrews, correct. For the period 27 November until 28 August, we had two officers there.

Senator JACINTA COLLINS: As interim advisers?

Mr Markovic: As department liaison officers.

Senator JACINTA COLLINS: So two DLOs.

Mr Markovic: Two DLOs from the period 27 November to 28 August. And, in terms of interim advisers—again, these are people that would have been there for less than 12 weeks, up to 12 weeks—for the period 16 April to 13 August, we had three officers.

Senator JACINTA COLLINS: Why are we looking at different periods for the DLOs versus the interim advisers?

Mr Markovic: I've captured information for the last 12-month period, and that's the officers that were available during that period. So what I'm giving you is the start date that the officer went up and the final end date of the officer returning. That's why they're different.

Senator JACINTA COLLINS: So two DLOs and how many interim advisers?

Mr Markovic: Three.

Senator JACINTA COLLINS: Three, over the period 16 April to 13 August. Is that three six-week blocks?

Mr Markovic: The periods were for four weeks, one week and six weeks, and they weren't continuous.

Senator JACINTA COLLINS: And what about DLOs?

Mr Markovic: Senator, if I could just correct the record: there were two officers, sorry. I've included, accidentally, an officer that was at Minister Birmingham's office. There were two officers as interim advisers between 16 April and 27 August.

Senator JACINTA COLLINS: You've given me a different date now too. Originally you gave me 13 August.

Mr Markovic: Correct. So two officers that were interim advisers in Assistant Minister Andrews's office between 16 April and 27 August, and they were there for one week and six weeks.

Senator JACINTA COLLINS: So the first person who was four weeks was actually with Minister Birmingham?

Mr Markovic: Minister Birmingham—I apologise for that.

Senator JACINTA COLLINS: That's all right. And the DLOs—you gave me the dates: 27 November—

Mr Markovic: 27 November 2017, and the last was 28 August, and there were two officers.

Senator JACINTA COLLINS: And how long were they?

Mr Markovic: They ran for a continuous period. We had a DLO in the office for the entire time.

Senator JACINTA COLLINS: But what was the split within that time period?

Mr Markovic: One was from 27 November to 5 June. The other was from 30 May until 28 August. There was obviously an overlap there of a week for a handover, which would be our normal process.

Senator JACINTA COLLINS: So those are fairly usual DLO time periods?

Mr Markovic: Yes. And that's consistent with the resources we would have provided to Assistant Minister Andrews's office.

Senator JACINTA COLLINS: Do you have her overall staffing figures for that period, apart from departmental people? How many advisers was she allocated?

Mr Markovic: I don't have those figures, no.

Senator JACINTA COLLINS: I'd have to get them from Prime Minister and Cabinet?

Dr Bruniges: Probably, yes.

Senator JACINTA COLLINS: I think I've got their updates, but I'd have to ask them the specifics, which I can do on notice. So did any of these staff return to the department earlier than was originally planned? Presumably the one week? Usually there are a minimum number of weeks that what you're calling interim adviser would be placed for.

Mr Markovic: I'd need to take that on notice. I haven't got anything in my records in terms of why they returned. The DLOs we would ordinarily replace. As one DLO comes out, we ensure that there's a DLO up with an office, which would be normal practice. In relation to the interim advisers, it's my understanding that those officers were there for short-term periods to cover absences in Minister Andrews's office. But I would need to take that question on notice.

Senator JACINTA COLLINS: Dr Bruniges might be able to help you. I'm pretty confident there's a minimum placement period for adviser substitutes.

Dr Bruniges: I think you're right, Senator. I would have to take that on notice. But it may be that an existing DLO is on rec leave. So we'd need to look into the records of each one, and if someone was on rec leave for a week we would sometimes put a substitute up, depending on the work volume. So, I think, as Mr Markovic has said, we'd need to have a look at the records of the individual officers and ascertain the reasons for any of those shorter period.

Senator JACINTA COLLINS: But what we're talking about here isn't a DLO; this is an interim adviser.

Dr Bruniges: Yes, we would have had one interim adviser for one week, which Mr Markovic has said, from 20 August 2018 to 27 August 2018, but the reason for that we would need to take that on notice.

Senator JACINTA COLLINS: You don't know that reason?

Dr Bruniges: No, I don't; sorry.

Senator JACINTA COLLINS: Okay. Are you aware of any complaints made by a member of the minister's staff regarding behaviours in the minister's office?

Dr Bruniges: The department would not normally make comment on individual staffing matters. That would go to either confirming or denying complaints. The reasons I say that are probably threefold. One is the potential identification of individual staff members for privacy reasons.

Senator JACINTA COLLINS: Let me stop you for a moment there. Let's be very clear here: I'm not asking for that level of information. I'm simply asking if you are aware of complaints made by a member. I'm not specifying or seeking information about who such a member might be but any complaints made by a member of the minister's staff regarding behavioural issues in the minister's office. Are you aware of any complaints to that effect?

Dr Bruniges: I'd have to take that on notice.

Senator JACINTA COLLINS: You're either aware or you're not.

Dr Bruniges: To be accurate, I'd need to take it on notice.

Senator JACINTA COLLINS: So you have some awareness, but you want to be completely accurate about how you characterise that awareness? Is that it?

Dr Bruniges: No, I'd need to take the question on notice.

CHAIR: An official has the right to take a question on notice and they have done so.

Senator JACINTA COLLINS: Yes, I know, Chair, but a senator has the right to clarify precisely what's being taken on notice.

CHAIR: And I think that's been done.

Senator JACINTA COLLINS: Well, I'm not sure that it has.

Dr Bruniges: I'm more than happy to take it on notice and look to see if there are any complaints regarding individual staffing officers that have been in any minister's office.

Senator JACINTA COLLINS: We're asking about this particular minister. You'll need, then, I presume, to take on notice whether the department ever provided advice to the minister relating to concerns about her behaviour towards her staff.

Dr Bruniges: Yes, I'd have to take that on notice.

Senator JACINTA COLLINS: As to whether you'd provided advice?

Dr Bruniges: That's correct.

Senator JACINTA COLLINS: I still think, Chair, whether there's a state of knowledge as to such an extraordinary event is not a difficult question to ask. I'm not seeking an answer as to the detail of such—and, indeed, I would expect Dr Bruniges to take on notice how to describe such detail—but simply whether she's aware of such a matter is not a difficult question to respond to.

Dr Bruniges: I'm not aware of any staffing-related issue that the department wouldn't have taken appropriate action on.

Senator JACINTA COLLINS: Yes, but we're asking: did the department take any action on that?

Dr Bruniges: And I'm saying I'm happy to take that on notice.

Senator O'NEILL: I would hope that this wouldn't be such a common experience that it sort of slipped your memory, Dr Bruniges, but you should be able to tell us if you're aware of issues related to the placement of staff in the department in Minister Andrews's office. Either it happened or it didn't happen. It's a yes or a no. I think that's a reasonable question we've asked.

Dr Bruniges: Yes. For each of the staff members, I'm happy to take that on notice. I've taken that on notice through you, Chair, and I'm happy to supply the information on notice.

Senator O'NEILL: But have you had any instances that you have made inquiries into with regard to placement of staff in Minister Andrews's office?

Dr Bruniges: As I said, the department generally doesn't comment on individual staffing matters.

Senator O'NEILL: I'm not asking about individual staff, Dr Bruniges. Either it happened or it didn't happen. I'm simply asking for a clarification on that.

Dr Bruniges: I'm really at loss to understand what you're referring to.

Senator JACINTA COLLINS: The question's pretty clear, Dr Bruniges. The question is: did the department ever provide advice to the minister relating to concerns about her behaviour towards her staff? To your knowledge, it has happened or it hasn't. If you're not aware, you'd take it on notice. But the question is: are you aware of such a matter?

Dr Bruniges: I'm not aware, but I'm happy to take it on notice. I'm sorry if that was a little confusing. I'm not personally aware of such a matter being raised directly with the minister. But, for diligence, I'm happy to take that on notice.

Senator JACINTA COLLINS: Okay. Further to that, the next question is: did you or your department ever receive an incident report or a report of such a nature regarding the performance of the minister, the minister's relationships with staff or any specific behaviour of the minister towards staff?

Dr Bruniges: I'm not aware of any report, but, again, I'm happy to take it on notice for diligence purposes.

Senator O'NEILL: Who in your staff would be responsible for managing such a matter?

Dr Bruniges: It would be through corporate strategy. If there were an allegation of any nature or a complaint made, we would normally have processes in place, and they would be worked through corporate strategy and, indeed, our human resources area.

Senator O'NEILL: And do you have any people from that part of your department with you today?

Dr Bruniges: Yes, I have Mr Markovic here and our HR representatives would be here.

Senator O'NEILL: Perhaps they might be able to assist us with the general inquiry.

Dr Bruniges: We can outline procedure but, again, I've taken on notice the particulars of the issue. As I said, I'm not aware of any incident report that indeed has come to the department, but I'm happy to take it on notice to ensure that we have none.

Senator O'NEILL: The same question goes to you, Mr Markovic: are you aware of any incident report?

Mr Markovic: I'm sorry; I didn't hear the question.

Senator JACINTA COLLINS: Are you aware of any incident report along the nature we've just described?

Mr Markovic: I'm not aware of any incident report along those lines. I might ask Ms Medley-Brown to talk about the processes that we have in place around these sorts of matters, which I think was the earlier question.

Senator O'NEILL: No, I just wanted to know if there was somebody in the room who might be able to answer the question. So my question to Ms Medley-Brown is: are you aware of any incidents with regard to the matters we were just seeking response from Dr Bruniges on? That's really relating to Minister Karen Andrews.

Ms Medley-Brown: No, I'm not aware that, in my time in the department, there has been any incident reported, but, should there have been an incident reported, we would follow our policy of managing discrimination and harassment in the workplace. The policy involves a staff member making a complaint and then us following our policy from there.

Senator JACINTA COLLINS: What's your time in the department been?

Ms Medley-Brown: It's just gone 12 months.

Senator JACINTA COLLINS: Okay, so there could have been an incident prior to your time in the department?

Ms Medley-Brown: Certainly. The policy would have been applied over many years.

CHAIR: That's a very hypothetical question!

Senator JACINTA COLLINS: It's not hypothetical; it's responding to the character of the answer.

CHAIR: Sorry; it's self-evident.

Dr Bruniges: That's the reason I've taken it on notice. As I said, I'm not aware of any incident report coming into the department, but I'm happy to take it on notice and go through the procedures, given we've had some changes in staff and so forth.

Senator O'NEILL: If there were an incident, would you normally report that up, Ms Medley-Brown?

Ms Medley-Brown: What do you mean by 'report up'?

Senator O'NEILL: Would you report up to the head of the department or would you manage it yourself?

Ms Medley-Brown: We would not normally—it depends on the nature of the incident of the complaint that was made. It depends on the nature of it. Certainly most times, no, we would handle it within our complaints policy, which doesn't include escalating to the secretary of the department.

Senator JACINTA COLLINS: Since you're taking this on notice and we've clarified now that Dr Bruniges is not aware of any particular incident that I've so characterised, I think I'll ask some more direct questions. Presumably, given your earlier answers, you'll need to take those on notice as well, because I want to avoid a 'not during my period' type of answer. Was the minister ever in a verbal or physical confrontation or altercation with a staff member to the department's knowledge?

Dr Bruniges: I'd have to take that on notice.

Senator JACINTA COLLINS: Okay. Did the minister ever throw an object at a staff member?

Dr Bruniges: I would have to take that on notice.

Senator JACINTA COLLINS: Did a staff member of the minister's office ever tell you or the department that the minister threw an object at them?

Dr Bruniges: I'm happy to take that on notice, Senator.

Senator JACINTA COLLINS: Did a departmental officer, whether a DLO or an interim adviser, on secondment to the minister's office request that they return to the department earlier than was originally scheduled?

Dr Bruniges: I think we've previously taken that one on notice, Senator, with Mr Markovic indicating the dates that we had staff up there and the dates that they returned. If not, we'll certainly take it on notice.

Senator JACINTA COLLINS: The other element—I can't recall if I originally asked the question this way—is: was it requested by a departmental officer?

Dr Bruniges: Right. We would have to clarify with each of those departmental—

Senator JACINTA COLLINS: The reason for which someone returned earlier is the second part of that question.

Dr Bruniges: If you leave that with us, we're happy to take those on notice, Senator.

Senator JACINTA COLLINS: Thank you.

Senator O'NEILL: Could I go to the STEM education programs?

Dr Bruniges: In cross-portfolio, Senator?

Senator O'NEILL: Yes, still in cross-portfolio.

Dr Bruniges: Yes.

Senator O'NEILL: Just some general detail questions first, if I can. Does the government fund STEM education programs, and, if so, which ones?

Dr Bruniges: As we move through the outcomes, there would be, I would imagine, some in the schools area. I would have to check the higher-ed area. Indeed, we would have to check the VET area. That's why I'm saying it's probably not cross—

Senator O'NEILL: Yes, it's kind of everywhere, which is why I'm trying to get a sense of where it is within education, at least. I'll ask some questions, hopefully, later on.

Dr Bruniges: One example might be—you might remember that a couple of years ago there was a national STEM strategy that all Education Council ministers put in place. There are a number of actions that are joint under that national STEM strategy on behalf of states and territories. The Commonwealth is involved in actioning some of those. It's predominantly in the schools space, because it was education ministers, but I would either need to take on notice or perhaps revisit that in each of the outcomes when we have the officers with the expertise on STEM here.

Senator O'NEILL: What would be really helpful to me would be to get a bird's-eye view of what is where, who it's connected with, where it's a stand-alone and how much money has gone in from the federal government, if you can—additional funds that have matched it from other sources. I will just go on with a couple more questions that might need to be taken on notice to fill out that picture a little more.

Dr Bruniges: Sure.

Senator O'NEILL: I think you understand that I'm trying to get a global view of what's out there.

Dr Bruniges: Yes. We start in the schools area, as I said, with the national STEM strategy, signed off by ministers and the Education Council. That would cover the schooling sector. Of course, some of that interweaves with careers and vocational education, importantly. We'll have a look in the higher-ed area as well for particular initiatives. I will have to double-check, but probably driven more by state and territory initiatives in the early years encouraging participation around STEM activities. Things like initiatives around coding come to mind and things around workforce development, such as teacher professional learning and courses in teacher professional learning. We're certainly happy to take on notice and give you some information on notice.

Senator O'NEILL: Thank you. In the 2014 budget, the government provided for a couple of science education programs. Was one of those PrimaryConnections?

Dr Bruniges: The 2014 budget?

Senator O'NEILL: Yes.

Dr Bruniges: What was the name of the overarching thing? I'll see if I can test my memory.

Senator O'NEILL: It was under science education programs in the 2014 budget. I'm trying to understand whether one of those was the PrimaryConnections program.

CHAIR: I would prefer questions that are program specific to be answered in the program. I'm happy for—

Senator O'NEILL: I'll just keep working through—

CHAIR: I am happy for you to say you'll deal with it later.

Dr Bruniges: Thank you, Chair. It might be more appropriate if we do that in the schools outcome. I am aware of the PrimaryConnections program and the use that it has right across the country.

Senator O'NEILL: When we split it all up, perhaps it's easier just to get it here in some sort of global way, because I just want a broad overview. Do you know how much that money was in 2014?

Dr Bruniges: Sorry, Senator, I would have to take that on notice.

Senator O'NEILL: Science by Doing, do you know anything about that?

Dr Bruniges: I do know of the program. I think it's put out by the Australian maths and science council, but, again, people with expertise in outcome 2 will probably have more information. Maybe in the schools area—

Senator O'NEILL: This afternoon they might want to prepare some stuff about that as well. My understanding is that they're both delivered through the Australian Academy of Science—if we could clarify that later?

Dr Bruniges: Who, Senator?

Senator O'NEILL: The Australian Academy of Science. Are they both put out by that?

Dr Bruniges: Yes, I think that's correct.

Senator O'NEILL: That's good. If we could find out the funding that has been executed and what the state of the funding is?

Dr Bruniges: Yes, we will try to do that in the interim between now and—

Senator O'NEILL: Yes, just giving you a bit of notice about evaluation of those programs, too, if people could find out about that for me, and any additional funding that might be anticipated for those programs. I will try with these questions a bit later on, but on notice could you provide me with a list of all the STEM education programs, including programs promoting STEM, operated, supported or funded by the department across early education, primary, secondary and universities? Can you provide the funding profile for each program, when it terminates, who is responsible within department and some metrics demonstrating the outcomes of each? Also, for each program not delivered by the department, can you provide a copy of the contract or funding agreement?

Dr Bruniges: We might be able to do some of the overarching information for you in the schools, and we're happy to take the detail on the rest on notice.

Senator O'NEILL: Thank you.

CHAIR: Still going on cross-portfolio?

Senator JACINTA COLLINS: We are.

Senator O'NEILL: Outcome 2 is this afternoon?

Dr Bruniges: I'm not sure. It depends on the sequence of the program, whether it remains as it was as we saw it yesterday. I think we've got early learning and schools after cross-portfolio—is that correct? Is that still the same?

Senator JACINTA COLLINS: Yes. You might be able to assist us, Dr Bruniges. Where is AITSL based?

Dr Bruniges: The Australian Institute for Teaching and School Leadership?

Senator JACINTA COLLINS: Yes. Where are they based?

Dr Bruniges: Melbourne.

Senator JACINTA COLLINS: So, ACARA is Sydney based and AITSL is Melbourne based. Where is TEQSA based?

Dr Bruniges: TEQSA is Melbourne.

Senator JACINTA COLLINS: Sorry, it's out problem, not yours. Back to cross-portfolio. Can I take it from our earlier discussion that there really isn't an update on forward plan or strategy for the department?

Dr Bruniges: Yes, there is, Senator. We would have published our corporate plan. Let me find the date for you.

Senator JACINTA COLLINS: Is there an update since the annual report?

Dr Bruniges: No, but we would have, shortly before the annual report, published the new corporate plan for the department.

Senator JACINTA COLLINS: Would that have been in the annual report?

Mr Markovic: The corporate plan and the annual report are two documents. On 24 August, the corporate plan was published and appeared on our website.

Senator JACINTA COLLINS: Do you have copies? Could I have one?

Mr Markovic: We could certainly table a copy. It's also publicly available to everyone on our website.

Senator JACINTA COLLINS: Okay. Some questions on advertising. How much has the department spent on advertising agencies in the past two financial years?

Dr Bruniges: We probably have individual campaigns here. We might have to do a quick addition across some of the advertising. Ms Charles might have the answer for us.

Ms Charles: The 2017-18 annual report has in it the figures for that year for market research, advertising and media placement.

Senator JACINTA COLLINS: What page are we talking about?

Ms Charles: It's on page 69.

Senator JACINTA COLLINS: Okay, so that's that year. Are you able to tell me the previous year?

Ms Charles: I don't have a—

Dr Bruniges: We will see if I can find a copy for you; we'll go to last year's annual report.

Ms Charles: It will be in—

Senator JACINTA COLLINS: So, we need to tally up that column and tally up the same column in the previous year's annual report?

Ms Charles: Yes.

Senator JACINTA COLLINS: Is that something you could do for me and tell me a little bit later, while we talk about advertising?

Ms Charles: Yes, I can do that for you.

Senator JACINTA COLLINS: Thanks. How many campaigns have been shelved in the last two financial years?

Ms Medley-Brown: No campaigns have been shelved.

Senator JACINTA COLLINS: Okay, delayed?

Ms Medley-Brown: No campaigns have been delayed.

Senator JACINTA COLLINS: What about childcare reform? The timing of those moved around a bit, didn't they?

Ms Medley-Brown: Yes, they did, but I will confirm. I'm pretty sure that was prior to—I will just confirm that timing.

Dr Bruniges: There were a number of phases in the childcare campaign—phase 1 and phase 2.

Ms Medley-Brown: Correct.

Senator JACINTA COLLINS: Yes, but then we had a decision of government to delay implementation by 12 months, so presumably advertising—

Dr Bruniges: Yes, Senator, you're right. There was. Before I was thinking of phase 1 and phase 2, so let's see if we can go back.

Ms Medley-Brown: No, you're correct. There was a deferment and I can come back to you when the timing was on that.

Senator JACINTA COLLINS: Thank you.

CHAIR: Senator Collins, can I interrupt briefly? Do you have any idea how long you will be on cross-portfolio? Senator Faruqi was wondering, because she has outcome 1 questions. Do you think it would be half-hour or an hour?

Senator JACINTA COLLINS: Look, I'm going through a number of questions. I may decide, at some stage, to put the remainder on notice.

CHAIR: You've still have a decent chunk of questions?

Senator JACINTA COLLINS: Yes, I would say we would probably move to outcome 1 at about the morning tea break.

CHAIR: So 10.30? Thank you.

Senator JACINTA COLLINS: But then we have quite a lot on outcome 1.

CHAIR: No, please, continue. I just thought it would be good to give other senators guidance.

Senator JACINTA COLLINS: How many campaigns were executed in those two financial years? Maybe it might be easier with these questions, rather than taking them on notice, if you can provide them a little later during the day?

Dr Bruniges: Yes, if you could give us the questions you would like answered, we will do our very best to get back to you during the day.

Senator JACINTA COLLINS: That would be good.

Ms Medley-Brown: And I can provide you those details, but what I can provide you with now, is that there has been two campaigns, and I can confirm that, that's been the childcare campaign, where we had the two phases, and we had the schools campaign over the past two years.

Senator JACINTA COLLINS: In different stages?

Ms Medley-Brown: In different stages.

Senator JACINTA COLLINS: Yes, so I would like answers that break up the various elements of those two campaigns?

Ms Medley-Brown: I will take that on notice.

Senator JACINTA COLLINS: Well, I'm trying to avoid 'on notice' as in 6 December. I would like those questions answered today.

Dr Bruniges: As before, we will do our very best during the day to get back to you with at much detail as we can.

Senator JACINTA COLLINS: Thank you. So, a breakdown of this expenditure, in terms of: advertising on social media, advertising on print media, advertising on television, and any other advertising expenditure or channels. Is that clear?

Ms Medley-Brown: Yes, that is clear. I might have to—I might not be able to get all that information today because we don't necessarily have a 'break-up of media' plan. We may have to go back and confirm our details on that. So I can provide what I can today and come back to you on notice on the other information.

Senator JACINTA COLLINS: That would be helpful, thank you. How many FOI applications have there been in the last financial year?

Ms Davin: I believe we reported 182 FOI applications in the last financial year.

Senator JACINTA COLLINS: How many in-house lawyers are working on FOI?

Ms Davin: We report those statistics. We are required to report on the staff resources involved in FOI work or work on the Information Publication Scheme. We reported eight staff who spent at least 75 per cent of their time on FOI or IPS work and six staff who spent more than zero per cent but less than 75 per cent of their time on FOI or IPS work.

Senator JACINTA COLLINS: That's staff, not necessarily lawyers.

Ms Davin: That's correct.

Senator JACINTA COLLINS: Do you know what the break-up is?

Ms Davin: No. I'd have to take that on notice.

Senator JACINTA COLLINS: How much money was spent on legal advice from external firms, including the AGS, on FOI matters in the past two years?

Ms Davin: I'd have to take that on notice.

Senator JACINTA COLLINS: Okay. In relation to ministerial officers—now two—what training has the department paid for on behalf of ministerial staff this financial year and last financial year?

Mr Markovic: I'd need to take that question on notice.

Senator JACINTA COLLINS: I hope they're doing it, Dr Bruniges. There's a look of surprise on your face!

Dr Bruniges: I was just trying to rack my brains to see if there was indeed any at all, but we are happy to take it on notice.

Mr Markovic: We'll check that.

Senator JACINTA COLLINS: Thank you. I'm sure you have your own departmental training allocation.

Dr Bruniges: In terms of our own staff?

Senator JACINTA COLLINS: Yes.

Dr Bruniges: Yes. We have a lot of in-house opportunities for all APS staff to participate in. We go from security awareness, fraud awareness—the 101s that you would expect us to have for support for staff in that area. The strategic use of data has been a particular focus that we've done some in-house training for.

Senator JACINTA COLLINS: I'll bet you have! We'll get to that later, when we get to outcome 1. In that context, I'd be surprised if there hasn't been any ministerial staffing development as well.

Dr Bruniges: Are you talking under the MOP(S) Act?

Senator JACINTA COLLINS: No, not necessarily. Anyway, we'll see what you come back with. Do you have a broad figure of your overall departmental allocation on professional development and training for staff?

Mr Markovic: We have a range of different strands of professional development activities. Some are managed centrally and some are distributed through the organisation. Some are on-the-job learning. Increasingly much of our training is like that. So providing you with a precise figure of how much—we don't have a single allocation per officer for training.

Senator JACINTA COLLINS: No. I appreciate that.

Mr Markovic: We have a training program. I can't give you a 'We have $5,000 per officer.'

Senator JACINTA COLLINS: Some organisations would try and characterise a proportion of their global budget that they deliberately allocate for such purposes. You don't have one?

Mr Markovic: We don't set a target in terms of percentage. I'm aware some departments say there's a $5,000 training budget per person. We don't set training on that basis. As I said, we've got a number of streams of training and we're really focusing a lot of our attention on on-the-job training as well as the training courses that we send people to. So I can't give you a figure.

Senator JACINTA COLLINS: I am interested in the sense of a global allocation for such purpose as part of your overall corporate plan. If you can challenge yourself to encapsulate all of the various forms you've just described and give us an overall sense of how you might compare, for instance, to a department that does have a per-staff allocation or a target in another sense, I'd be curious.

Dr Bruniges: Why don't we take that on notice and have a look. It will be difficult because a lot of it, as Mr Markovic said, is in house. Indeed, some of our training is peer to peer training in the workplace as well, using our own staff expertise to build capability in areas of statistics and so forth. Quantifying and putting a dollar term on that is quite difficult, but let's see what we can do and provide that to you.

Senator JACINTA COLLINS: Okay. What was the total expenditure on catering by the department this financial year?

Mr Markovic: In 2017-18?

Senator JACINTA COLLINS: Yes.

Mr Markovic: We have a category that we record for official hospitality, which would include our catering expenditure. The total expenditure for 2017-18 was $128,254.

Senator JACINTA COLLINS: That is official—

Mr Markovic: Official hospitality.

Senator JACINTA COLLINS: And what else, apart from catering, comes under that?

Mr Markovic: Official hospitality, under our secretary's instructions, is defined as the provision of refreshments or other benefits to a person external to the department, which would exclude contractors and consultants attending training, facilitation or meeting events.

Senator JACINTA COLLINS: External to the department?

Mr Markovic: Correct.

Dr Bruniges: One example I can think of would be a delegation. We might have a visiting delegation from another country. If there was something there, that would be—

Senator JACINTA COLLINS: I appreciate those things, but I am trying to capture hospitality internal to the department as well. Is there a different category within which that type of hospitality occurs?

Mr Markovic: We do have a separate category for that. We have official hospitality as well as a category for internal business catering. I only have official hospitality with me at the moment, so I will have to take on notice the second part. Certainly the one I have given you is for official hospitality, which would include the catering we provide.

Senator JACINTA COLLINS: So if, for instance, ministerial catering provides for people from outside the department, that would be in the official hospitality class. If it involves departmental events, it would be within this other class—is that correct?

Mr Markovic: Business catering would be wholly within the department—for example, an event—

Senator JACINTA COLLINS: Does that include the minister's office as well?

Mr Markovic: In terms of whether they were internal or external, I would need to check. I am not aware of a lot of events that we run inside the department that have ministers' staff attending, but I would need to check that for you. Predominantly the category for business catering is where we are, for example, running a whole-day training event or a whole-day seminar and we might provide a light lunch to our staffing. That is the category that we would use for business catering, as distinct from—

Senator JACINTA COLLINS: So if the minister is holding a round table of stakeholders within the minister's office and it is catered, which class does that fit into?

Mr Markovic: Assuming there are others attending, which would be the normal practice, that would be captured under official hospitality. But I am happy to provide you information on the business catering. I will take that on notice.

Senator JACINTA COLLINS: Yes, I would like that information. But I wanted to clarify what fits where. If it is catering for departmental staff conducted by the department then that is internal business catering. If it is catering conducted by the department for external stakeholders, including the minister's office—I shouldn't class the minister as an external stakeholder—that would be under official hospitality?

Mr Markovic: That's correct.

Senator JACINTA COLLINS: In terms of official hospitality expenditure, how many events were attended by the ministers or the staff?

Mr Markovic: I would need to take that question on notice. I don't have the attendees per event with me.

Senator JACINTA COLLINS: Okay. Could you also do that for the internal business catering as well?

Mr Markovic: Certainly, I can. Yes.

Senator JACINTA COLLINS: Is there any other expenditure that is catering-related for ministerial officers?

Mr Markovic: No, not that I'm aware of. Those are the two elements that we capture within the department. The ministers might organise their own catering, but that's probably outside departmental resources.

Senator JACINTA COLLINS: That's outside departmental costs, yes. Can you outline expenditure by the department in relation to—you will probably need to take this on notice, too—for the last two years—look, I think I will put this on notice, rather than waste the committee's time. Similarly, I will ask questions about travel. What's the total expenditure on media monitoring by the department in the last two financial years?

Mr Markovic: In 2017-18, it was $673,680, and in the prior financial year, 2016 17, it was $731,811.

Senator JACINTA COLLINS: So it's gone down?

Mr Markovic: That's correct. There's been a reduction.

Senator JACINTA COLLINS: Do you know why?

Mr Markovic: I don't have the specific reason why it went down. I know we did have a look at the media that we were buying and made sure it was fit for purpose for our needs. That did result—

Senator JACINTA COLLINS: So there was a review or—

Mr Markovic: We did explore—I think 'a review,' might be a bit grand to describe it. We certainly had a look, at part of our normal contract management activities, about what we actually needed to buy and made the decision that we could procure slightly smaller service from our provider.

Senator JACINTA COLLINS: Okay. Total expenditure on graphic design by the department?

Mr Markovic: That one I'd need to take on notice. I don't have that. We might be able to supply that when we come back to you on the campaigns material.

Senator JACINTA COLLINS: Okay. Can you give us an update of the status of enterprise bargaining for departmental staff?

Ms Medley-Brown: Our current agreement expires in April 2019, and we are in the process of planning our next steps towards what we need to do.

Senator JACINTA COLLINS: So discussions have commenced?

Ms Medley-Brown: No.

Senator JACINTA COLLINS: Sorry, the sound is a bit difficult at the moment. I missed the last part of what you said.

Ms Medley-Brown: Because our current enterprise agreement expires in April 2019, we are in the process of starting to look at our next steps in that process.

Senator JACINTA COLLINS: Looking at next steps?

Ms Medley-Brown: Planning. Planning the schedule.

Senator JACINTA COLLINS: How long did the negotiation for the last agreement take?

Ms Medley-Brown: Senator, I would have to take that on notice. I wasn't with the department at the time.

Senator JACINTA COLLINS: Have you got a sense, Dr Bruniges?

Dr Bruniges: It was completed when I arrived. Again, we're happy to take that on notice.

Senator JACINTA COLLINS: Time is looking pretty tight if it's April next year and discussions haven't commenced. Discussions haven't commenced at this stage. People might be hoping for a change of government.

CHAIR: Let's ask questions, shall we?

Senator JACINTA COLLINS: Well, we are asking questions. We're not getting answers.

CHAIR: Well, you seem to be having a chat. Happy to do that for a while, but—

Senator JACINTA COLLINS: Dr Bruniges, are there any significant issues or changes in the staffing profile that you care to highlight in this current annual report?

Dr Bruniges: I've highlighted one significant one, and that is the fact that we have a dedicated childcare reform implementation dep sec in place, but that has now finished; we've had substantive appointments made in corporate strategies, schools and youth, and skills and training since the publication of the annual report. But in terms of—

Senator JACINTA COLLINS: Sorry, the substantive appointments we ran through were corporate.

Dr Bruniges: Yes, we ran through corporate. Alex Gordon has now been confirmed in Schools and Youth.

Senator JACINTA COLLINS: You didn't tell me that earlier. So she is no longer acting; is that correct?

Dr Bruniges: That's correct. She is substantive. Nadine Williams will come in as Deputy Secretary of Skills and Training in around a week's time. James Hart is currently acting deputy secretary.

Senator JACINTA COLLINS: Nadine Williams has come from where?

Dr Bruniges: Nadine Williams comes from Arts and Communication.

Senator JACINTA COLLINS: Then, in terms of the overall department staffing profile, is there nothing much new?

Dr Bruniges: I think we've got some numbers we can share with you.

Senator JACINTA COLLINS: Are you talking about updating the numbers from the annual report?

Dr Bruniges: No.

Senator JACINTA COLLINS: We've got numbers there. I'm just asking: is there anything significant in those numbers and changes that you'd care to highlight? Otherwise, I'll put that on notice.

Dr Bruniges: No.

Senator JACINTA COLLINS: Have recruitment strategies changed at all?

Dr Bruniges: No.

Senator JACINTA COLLINS: Are you still taking cadets?

Dr Bruniges: We have a large cohort of graduates every year. I think I am correct in saying we had about 40.

Ms Medley-Brown: It was more like 30 last year.

Dr Bruniges: We're anticipating about 60 for this year.

Senator JACINTA COLLINS: That's significant growth, then.

Dr Bruniges: Yes.

Senator JACINTA COLLINS: That's better than a—

Dr Bruniges: I think I pointed out last estimates we were very pleased to say that we were the APS graduate employer that won the award for excellence around our induction programs and so forth for graduates coming into the department. So we've increased that intake.

Senator JACINTA COLLINS: That's a significant increase, if you've gone from 40 to 60.

Dr Bruniges: Yes.

Senator JACINTA COLLINS: There are a couple of other issues in the annual report. Page 138 shows that, out of a budget of $13.3 billion, only $12.3 billion was spent with respect to tertiary education and over $1 billion was returned to budget. Can you walk us through that?

Dr Bruniges: Which line on page 138, in particular, is that?

Senator JACINTA COLLINS: I don't have it specifically by line.

Dr Bruniges: I can see in outcome 2 on the breakdown of the subprograms the total by appropriation type, but I can't see higher ed on page 138. It'd be a special appropriation.

Senator O'NEILL: It's 349.

Dr Bruniges: Oh, I see—the variation column.

Senator O'NEILL: The actual expenses is $12.3 billion, with a $1 billion—

Dr Bruniges: I see. It's down in the total for outcome 2.

Senator O'NEILL: Yes.

Senator McALLISTER: Yes.

Dr Bruniges: Okay. We've had a variation in ordinary annual services. I'm just trying to—

Mr Markovic: We'll check if we can get someone who can give us a bit more detail on that.

CHAIR: If it should be answered under outcome 2, let's deal with it there.

Dr Bruniges: Okay.

Senator JACINTA COLLINS: We can go to it then if you don't have an immediate answer.

Dr Bruniges: I can see the variations—

CHAIR: If you can provide an answer, give it to us. But, if it can be more directly answered under outcome 2, let's do it there.

Mr Markovic: Okay.

Senator JACINTA COLLINS: That gives you a bit of time.

Dr Bruniges: Thank you.

Senator JACINTA COLLINS: Similarly, with respect to Health, there's only a 48 per cent spend of the budgeted amount. Could that be explained. Equally, I'm happy to deal with that when we get to outcome 2.

Dr Bruniges: We might take that under outcome 2 as well.

Senator JACINTA COLLINS: Okay. I'm interested, again, in the higher end issue of overall capability. Are there any areas where you have particular concerns in relation to resourcing and capability for the department?

Dr Bruniges: I think I've said our professional learning program around the use of data is one particular emphasis that we have put in place. You'll see in our corporate plan—once we table a copy—we've been looking at policy implementation, data literacy and analytics, and ensuring stakeholder engagement. Enhancing our capabilities in those areas is a major focus going forward.

Senator JACINTA COLLINS: Would it be fair to characterise this department in those areas as essentially the flagship for government? Are there other departments that are grappling with the same or similar issues, for instance, that the department is with PIT?

Dr Bruniges: I think it would be fair to say, because of the technology and the changing around the data analytics, keeping up capability and skill sets, as new visualisation programs come on play, new software, data integration, data linkage—there's always a need to ensure that your staff in that area is kept up to speed. So I think, probably across the area, there'd be certain places across government that were very strong, and stronger than us in that area, because of the nature of their work—in Treasury and Finance, you'd expect them to have a high data literacy and analytics around financial data. For us, it needs to be—we've been quite explicit in that corporate plan, and, as I've said, in ensuring that we've put in appropriate professional learning for APS staff around those areas to build capability.

Senator JACINTA COLLINS: I'm partly referring to my questions that I'll come to in relation to the work the department's doing with the PIT model. But the character of my question, really, is about whether this department is doing groundbreaking work in relation to cross-agency data sharing, and whether you would fit into the flagship-type category with respect to the capability issues you've just raised.

Dr Bruniges: I think we are trying to forge ahead. We have a Strategic Policy and Data Analytics directorate that we've started off with. We have a number of data holdings within the department. Education, in general, if I look across the broad, probably aren't as sophisticated as the Health portfolio; they have a lot of information they can do. We have particular expertise and analytic capability housed within: we have economists, and now have actuarial staff on board that should well position us for the future. Are we always there and always on top? No, there's always an improvement to be made. But I'm consolidating the group of SPADA and cross-agency work—I think that we're working very hard to achieve the very best we can.

Mr Markovic: Senator, we also have a multi-year project, the National Education Evidence Base, which is working to create a capacity for us to be able to pool together and draw together education data across the department. That also has a by-product of lifting capability in data and analytics in the people that are supporting that program—so a multi-year program focusing on that at the moment aimed at lifting our capability in this particular space.

Senator JACINTA COLLINS: What I'm trying to understand is, with the Multi-Agency Data Integration Project, is there any other department doing work of the character that you're now doing as a result of the National School Resourcing Board's recommendations? That's what I mean by 'flagship'.

Dr Bruniges: I think it would be fair to say that we're there with the best, in terms of MADIP and what we're doing, and going forward, linking our capacity to use authorised agencies for data linkage—that's just taxation data. But there would be other agencies that have big datasets, as well, that we'd be looking at—Data61, CSIRO—I'm kind of looking across the—

Senator JACINTA COLLINS: But I'm not asking about datasets. I'm asking about implementing policy based on data processes that some—to date, at least—are describing as relatively experimental. I'm asking: is there another department that's attempting to do anything similar in character to what the Department of Education is attempting to do with the new PIT model?

Dr Bruniges: Not that I'm aware of, Senator. I'm not aware, but I'm happy to take that on notice and see if there are other departments with that linkage data.

Senator JACINTA COLLINS: If there are other departments that have attempted the challenging work that needs to occur there it would be interesting to understand what evaluation has occurred from their experience and what lessons there are that might be helpful, because I'm very conscious that the department has an enormous capability requirement in that particular space. Any other areas that you'd highlight moving forward?

Dr Bruniges: I don't think so. Once we table a corporate plan, which we'll do in the break for you, you can see that we've got a focus on the culture and the traits that we're working towards—the way in which we work as a department—to be more joined up, collaboration, looking forward and looking to make sure we get the work-life balance that's really important. We've articulated all of those things in the corporate plan in addition to those particular capabilities in policy, implementation, data literacy analytics and stakeholder engagement which are our major four capabilities that we're focused on in this current corporate plan.

Senator JACINTA COLLINS: Is it correct that you've spent nearly $2.1 million obtaining advice on the department's capability?

Dr Bruniges: Sorry, where are you referring to, Senator?

Senator JACINTA COLLINS: I don't have a page reference for you on that particular question. I assume it's come from your descriptional capability in the annual report, because I'm still asking questions related to the annual report. Perhaps I'll let you take that one on notice since I don't have the page reference.

Dr Bruniges: Yes, I'm happy to take that on notice.

Senator JACINTA COLLINS: If there has been such advice sought externally, can you direct us to where we can see a description of the outcome of that process?

Dr Bruniges: Sure.

Senator JACINTA COLLINS: I might put the rest of those ones on notice too. I think the last area I have in cross-portfolio is in the procurement area, other than those I'll put on notice. I note from the entity reports for complying with the Senate order on the procurement contracts and use of confidentiality provisions that contracts active in the 2017-18 financial year had a value of around $18.5 million for the category of temporary personnel services, $32 million for ICT contractor services and nearly $26 million for IT consultation services, so a total of around $58 million for ICT. And $7.5 million for accounting services, excluding audit work; over $5 million for outsourced legal advice not including AGS and over $1.4 million for editorial support. Do you have a sense of how much of the department's workforce is employed on a temporary basis or outsourced to consultants?

Dr Bruniges: I'll have a look at some numbers—

Mr Markovic: Senator, I can give you the number of contractors that we use. I wouldn't characterise them in the way that you've described them, but we do have contractors in the department doing a range of things from answering telephones in the surge support in the call centre through to providing specific technical services in our ICT area where we simply don't have the skill. As at 24 September, we had 220 contractors in the categories that I've just described. Of that, 68 were ICT and 152 were non-ICT and they're in the categories that I'd describe.

Senator JACINTA COLLINS: Could you, on notice, have a look at what proportion of the workforce fits into that type of category?

Mr Markovic: Into which type of category?

Senator JACINTA COLLINS: The category of 'employed on a temporary basis or outsourced to consultants'. I'd like a sense of what proportion of the department's workforce is essentially in-house, as opposed to out-of-house.

Mr Markovic: Certainly we can provide some information on that.

Senator JACINTA COLLINS: Based on the information I've just gone through, it appears to be well over 15 per cent. Anyway, I'll have further questions about that when you're able to try and gauge that. It's a bit like the question around the proportion of the global budget that goes into professional development. The question here is: what proportion of the workforce is—

Dr Bruniges: That will often vary from year to year. We've got FTE numbers that are in the forward estimates and so forth that we work to and then if we have, for example, a surge capacity needed in a call centre around childcare then we would employ contractors to do that. And the other area Mr Markovic has pointed to is specialist expertise around ICT. I think you, yourself, talked about some of the financial accounting. So some of the actuarial work that we need to do for financial statements is often done outside the department, and that's a good thing, because it's a third-party verification of what we're doing.

Senator JACINTA COLLINS: When you provide me with that answer, I don't want it to be too onerous a process, but perhaps a few years' comparison. And you might explain to us what particular projects might have led to a higher figure because of surge requirements.

Dr Bruniges: We'll be able to identify some in the surge numbers—what we were doing at the time, a reform or increasing call centre. As I said, we'll try and tag that to the time period.

Mr Markovic: Certainly last year was a peak for us, given the things that were going on in the department—for example, the new childcare measure. We did have consultants in assisting us, particularly with things like assurance activities, to make sure that they were successfully delivered. So you will see a bit of a peak in our consultancy numbers last year for things like activities that are directly related to the measures the department delivers.

Senator JACINTA COLLINS: But quite apart from the number of different areas where those types of requirements apply to, what I'm seeking to ascertain is whether you have a level of permanent capacity with which you're satisfied overall to meet the requirements for this department.

Dr Bruniges: I think the answer to that is yes. We're always vigilant and working to areas of greatest need, but there are some, for efficiency purposes, that we will use as consultants for and won't have in-house capability for that we would draw in to support. But I'm happy to take that on notice. Was it over the last two years?

Senator JACINTA COLLINS: Yes. Do you have a sense of what the costs are associated with managing such a high outsourced or temporary employment workforce? Where within, for instance, your corporate affairs division, do you manage the temporary employment arrangements, the contractual arrangements? Have those costs increased significantly over time?

Mr Markovic: I'm not sure I'd characterise that we have a high proportion. I mentioned earlier we had about 220 contractors in the department at the moment. Our headcount's about 1,766, as per the annual report at 3 June. We are running at about three per cent so we're not a substantial user. We certainly do use people to come in and provide expertise, but I'm not sure I'd characterise us as one of the big users of external labour hire or contractors as a proportionate basis. In managing the contracts, we obviously have a procurement team that support the department in managing those contracts and supporting the business areas and putting that in place. I don't have the exact ASL count for that but it is a handful of people who provide that function to the department.

Senator JACINTA COLLINS: Could you attempt to quantify the overall cost of the procurement team?

Mr Markovic: I could certainly have a look at that, yes. I know where the procurement team sit. I know the bay. I just don't have the exact headcount in my papers.

Senator JACINTA COLLINS: I suppose separate to the procurement issues, there are the other contractual matters. In terms of the contracts that are published, there are a range of contracts that appear to seek advice on important policy matters. They're all described as research programs. I've got a few questions about what different ones of these are. Some of them have been published. I'm interested to know if it's standard practice to publish these sorts of contract reports in a timely manner, especially given they've been purchased with public funds. The example I'm looking at is, for instance, the Australian Apprenticeship Support Network evaluation and the initial review of the Australian Qualifications Framework. Is there a standard policy for when reports such as these will be published?

Dr Bruniges: That'd be the AusTender, is that correct?

Senator JACINTA COLLINS: No, not that they've occurred, but that the results are published.

Dr Bruniges: Gee, I don't know the answer to that, Senator.

Senator JACINTA COLLINS: If you wouldn't mind taking that on notice.

Dr Bruniges: I'm not aware of that but, again, I'm happy to take it on notice.

Senator JACINTA COLLINS: The reason I ask is that I'm looking at a number of these thinking: well, okay, what have the results of this work been? And the two examples I just cited are where the results have been published. So, I'm curious whether it's just a course-of-time issue or whether there's a standard departmental policy that we commission the work and we get the results or indeed it might be a cabinet issue. But I'm just curious if there is a standard policy that I can understand. I'm looking for further details in relation to numbers CN3510511, which is credit pathways research consultancy by—this is a new one to me—Ithaca Group.

Mr Markovic: I'm wondering if we could get the contract numbers off you and then make sure we get the relevant people here to respond to those. I haven't got the information here.

Senator JACINTA COLLINS: Why don't I read these out and we'll get to them when we go through the various different outcomes, then you've at least got notice for the ones that I want further information about.

Mr Markovic: That'd be great; thank you.

Senator JACINTA COLLINS: The next one's CN3436772—research on vocational education and training consumer protections by Nous Group: CN3497765—International student income and spending by the Australian Research Survey Group: and CN3425175—post implementation review of VET student loans by KPMG. And then, for the following, could you tell me what they are and whether a report was produced and published: CN3500355—survey and report by Deloittes et cetera; CN3449723—apprenticeships quarterly series by Phillips KPA; CN3519522—scoping study by UoM Commercial Ltd. And I think that finishes my cross-portfolio.

Dr Bruniges: Thank you for those. We'll follow up and then bring them back in the relevant outcome, Chair.

CHAIR: Okay. That would be great. If we've got nothing else for cross-portfolio, I suggest we break slightly—Senator O'Neill?

Senator O'NEILL: Can I just ask one question? If I can go back to the matters that we were prosecuting around Minister Andrews: did you place any contracted staff into the minister's office over the last two years?

Dr Bruniges: I'm not aware of it, but I'm happy to take it on notice, Senator.

Senator O'NEILL: I understand—I'm just trying to recall—you will be providing us with the processes that would flow if there were any complaints made about a staff member whether contractually engaged or actually an employee of the department, if there were actions of—

Dr Bruniges: If there was an incident report, an action or a—

Senator O'NEILL: A report regarding bullying, intimidation or aggressive behaviour in the minister's office would be treated in the same way, I'm assuming?

Dr Bruniges: It would be if it was an APS staff member. I think the same with contracted staff—we would have an obligation if we'd contracted staff to go into any office. I'm happy to outline the processes.

Senator O'NEILL: Okay. Thank you. Can you do it briefly? Ms Medley-Brown?

Ms Medley-Brown: I was just going to confirm that our work health and safety legislation includes our obligations to contractors as well as permanent staff, so the same process would apply.

Senator O'NEILL: If you could provide the details of that process in a timely way today, that would be quite helpful—in written form, if possible.

Ms Medley-Brown: Certainly.

Senator JACINTA COLLINS: While you're talking about that contract issue, earlier we were talking in terms of temporary or interim staff. Can I refer you back to a story related to Ms Andrews' employees. It was in *The Courier-*Mail. I'm not surprised you don't recall it now, but it dates back to 27 July 2016, just to give you the reference. It refers to Ms Andrews having a high number of 'casual' staff. Now, I was assuming that would be her electorate staff, if they were casual. Is there some basis on which they might have been personal staff or departmental staff, but casual?

Dr Bruniges: I don't think so, but I'm happy to check. I think Mr Markovic went through the time period in the numbers, in the window that you describe. But we will double-check for you.

Senator JACINTA COLLINS: Yes, if you could. If you could refer to this, it is actually an article about her staff overall, but then it's referring to the staff of a cabinet minister, which would ordinarily relate to her personal staff, not her electorate staff. But then there's an explanation in this story that refers to a high incidence of casual staff on a project basis, and I'm unfamiliar with those types of arrangements occurring within ministerial staffing arrangements.

CHAIR: The official's taken it on notice, Senator.

Dr Bruniges: Yes, we're happy to take it on notice.

CHAIR: I don't think we should really be relying on media speculation for these sorts of questions.

Senator JACINTA COLLINS: I'm not relying on media speculation. I'm asking if there's some element of departmental staff that I don't understand—

Dr Bruniges: I don't think so.

Senator JACINTA COLLINS: that would have been temporary.

Dr Bruniges: We've gone through our DLO staff. We've gone through our temporary advisor staff. To the best of my knowledge, that would be the total set. But I'm happy to take it on notice.

Mr Markovic: I can also confirm the staff I've read out are not casual staff; they're permanent employees of the department.

Senator JACINTA COLLINS: Sure. Okay.

Senator O'NEILL: We'd need to go back to 2015 to get the clear picture, I think.

Senator JACINTA COLLINS: All right. I think that's cross-portfolio done.

CHAIR: Okay, so that's the end of cross-portfolio. We're not overly early now, but we will suspend for just over 15 minutes. We'll come back at a quarter to, and we will resume with outcome 1, Early learning and schooling.

Senator JACINTA COLLINS: Chair, I would prefer to start, as we have previously, on the schooling element of that. Senator Faruqi, does that fit where you wanted to go or not?

Senator FARUQI: I'm happy with that, Chair.

**Proceedings suspended from 10:28 to 10:45**

CHAIR: We are at outcome 1. Senator O'Neill, you have the call.

Senator O'NEILL: When we last discussed school funding, you said that negotiations with the states and territories on bilateral school funding agreements would be concluded by September. But the Prime Minister subsequently said publicly that negotiations on the bilateral school funding agreements would not be concluded until 4 October. My question is: how many states and territories have signed bilateral funding agreements, now it is 25 October?

Ms Gordon: Negotiations are continuing with states and territories. As of today we haven't had any of them sign yet, but we have been in discussions with states and territories and we are expecting them to be completed by the end of the year, as required under the act.

Senator O'NEILL: So, to be clear, no state or territory has signed a bilateral funding agreement with the government at this point in time?

Ms Gordon: Not at this stage. The bilateral agreements sit underneath a national agreement, and the national agreement hasn't yet been provided to the states and territories for signature.

Senator O'NEILL: So there's no way they can sign it, because they can't see what they are being asked to sign; is that correct?

Ms Gordon: The national agreement went to the Education Council, at its meeting on 14 September, and education ministers agreed in principle to the national reform agreement subject to the progress of the bilateral negotiations on the bilateral agreements. The bilateral agreements that sit under the national agreement are the subject of ongoing negotiations, but the national agreement is largely settled and has been endorsed by education ministers.

Senator O'NEILL: If that is largely settled, who has it been endorsed by?

Ms Gordon: It's an agreement that will be signed by first ministers. It will be provided—

Senator O'NEILL: 'Has been', 'is being', 'will be'—I'm trying to understand exactly what the status of that document is before we go to the bilateral agreements, by the sound of things. Where are we up to, Ms Gordon, and what is your role in the middle of this? I know you put your title on the record.

Ms Gordon: I'm the Deputy Secretary of Schools and Youth, and I've been leading, from a department perspective, the negotiations with the states and territories on the national agreement.

Senator O'NEILL: So you're the key go-to person in the department around this process?

Ms Gordon: The national school reform agreement; that's correct.

Senator O'NEILL: Excellent. So where are we up to with the national agreement? You said 'largely'—what does that mean?

Ms Gordon: The national agreement has been endorsed in principle by education ministers to go to COAG or first ministers for their consideration, but the Commonwealth hasn't yet provided it to first ministers for their signature or agreement.

Senator JACINTA COLLINS: You're talking about the reform agreement?

Ms Gordon: Yes, that's right.

Senator JACINTA COLLINS: You're not talking about funding agreements?

Ms Gordon: No. The national school reform agreement is a national agreement on reform, because the Commonwealth funding entitlements are essentially entitlements under the act. While the national agreement refers to the funding landscape, it's not an agreement that goes to funding entitlements or funding commitments, because the Commonwealth's commitment to school funding is enshrined under the Australian Education Act.

Senator JACINTA COLLINS: Well, not really.

Senator O'NEILL: Why is it yet to be sent to first ministers if it's largely been agreed to, as you stated, by the education ministers of the states and territories?

Ms Gordon: Education ministers endorse it in principle, subject to the progress of the bilateral agreements. We're still in negotiation on the bilateral agreements.

Senator JACINTA COLLINS: In relation to funding.

Ms Gordon: The bilateral agreements cover both reform and state funding contributions. There are two parts to them. They cover off on the state-specific reforms that progress reforms in each state and actions in each state for the reform directions that are identified under the national agreement, and they also go to the funding commitments of state governments where they differ from the default under the legislation. If a state is happy with the default requirements under the legislation, there is no need for any funding obligations to be set out in the bilateral agreements—only where they seek to negotiate an alternative arrangement that is different from the default under the act.

Senator O'NEILL: So who looks like they're happy with the default, and who's negotiating?

Ms Gordon: We're still in discussion with every state and territory on the bilateral agreements.

Senator O'NEILL: So none of them are happy with the default?

Ms Gordon: We're talking about the overall agreement. It's obviously still subject to negotiations, so I can't go into details about positions. We are still in discussion with each state and territory on the overall bilateral agreements.

Senator O'NEILL: To be clear: is every state and territory seeking a funding agreement with the government?

Ms Gordon: Each state and territory will—it will depend—

Senator O'NEILL: Are they negotiating or are they settling for the default? Is anyone settling for the default?

Ms Gordon: There are defaults for both government and non-government schools. We're yet to determine whether every state and territory will have alternative arrangements for both government and non-government schools.

Senator O'NEILL: It doesn't sound like it's very advanced, if you can't answer these questions.

Ms Gordon: Each state and territory is in a different position. Some are closer to finalisation than others. Some are still going through their own government deliberation processes. There are different positions, so I can't give you details.

Senator JACINTA COLLINS: When do you think it will be close to finalisation?

Ms Gordon: I can't share the nature of those negotiations with you, unfortunately.

Senator JACINTA COLLINS: Well, why can you share that much; that some are closer than others?

Ms Gordon: I think that's a fairly obvious statement in that negotiations tend to be at different—

Senator JACINTA COLLINS: I equally could assert to you that none of them are close because none of them like the default conditions and then say, 'I can't say much more.' That wouldn't shed any further light on the situation.

Ms Gordon: We're in discussion with each state and territory, and the discussions are progressing.

Senator O'NEILL: I'm a senator from New South Wales. I know that there have been very significant concerns in New South Wales for a very, very long time about what this government is offering. I'm not surprised it's becoming very sticky. Can I go to your view about the government's statement on 19 September that negotiations on bilateral agreements with all the states would be concluded by 4 October. Was that, in your view, ever possible?

Senator McKenzie: Is that asking the officer for an opinion, Senator O'Neill?

CHAIR: It definitely sounds like an opinion request. Let's rephrase the question.

Senator O'NEILL: What was your time line around negotiations? Did you ever have a document that indicated negotiations could commence, as the government described, on 19 September and be concluded by 4 October, which was 21 days ago? Was that ever a plan of the department, Ms Gordon?

Ms Gordon: Negotiations didn't commence on 19 September. We've been in discussions with states and territories for a very long time. In fact, since the legislation passed through the parliament last year, we have been talking with states and territories about the requirements of the act and about how they'd be given effect. The discussions on the national agreement and the reforms that would be part of that commenced in earnest after the release of the report of the review to achieve educational excellence in Australian schools.

Senator O'NEILL: What date was that?

Ms Gordon: I'd have to check that, I'm sorry. The review reported to the Australian government on 28 March—I'm trying to find when it was released—but we had actually been talking to states and territories prior to the release about the form of the agreement; so the overarching architecture of the agreement.

Senator O'NEILL: Can I go back to the announcement on 19 September that negotiations on bilateral funding agreements with all the states and territories would be concluded by 4 October. Was that based on advice that you gave the Prime Minister, Ms Gordon?

Ms Gordon: I couldn't comment on that. We don't advise the Prime Minister. We don't provide advice directly to the Prime Minister.

Senator JACINTA COLLINS: What about to the Department of the Prime Minister and Cabinet? Did your department provide advice to the Department of the Prime Minister and Cabinet that it was reasonable to anticipate that agreements might be signed by 4 October?

Ms Gordon: We've been in discussion with our central agencies throughout the negotiations. As I indicated, the national agreement itself that went to the Education Council is largely settled with states and territories. It was agreed in principle and—

Senator JACINTA COLLINS: No, no. Let's talk about the agreement in a broad sense, including the bilateral agreements. Was there ever a view put forward to central agencies that the full agreement, including the bilateral agreements, could be achieved by 4 October?

Ms Gordon: As I said, we've been in discussions with states and territories on the bilateral agreements for some time. Certainly, following that meeting, it could have been completely plausible for some of those agreements to have been in place. Other states and territories have their own deliberative processes—we're not in control of those. So, really, it depends on the time-frames that the states and territories are going through.

Senator O'NEILL: So the best scenario, as you've just described it, is that it could have possibly been possible but there are other processes at play with the states, that you're aware of, that made the Prime Minister's statement impossible to achieve?

Ms Gordon: I wouldn't characterise it in that way.

Senator O'NEILL: You mainly did, Ms Gordon. I'm trying to understand, given the protracted nature of the negotiations you've already been undertaking, how a cautious and careful Prime Minister acting with care in regard to this significant funding commitment could make a statement on 19 September that says, 'We'll have it all sorted by 4 October', when you've just put on the record that states and territories have their own time lines and their own processes which sit outside that time line. Is that correct?

Ms Gordon: At that point we were still hopeful to have concluded a number of the bilateral agreements.

Senator O'NEILL: A number of them? How many?

Ms Gordon: I couldn't tell you that. As I said, we're not in control of state processes. A number of those processes had been extended, which we were not aware of or which we hadn't anticipated at that time.

Senator O'NEILL: Did you advise the Prime Minister of these independent processes of the state and territory governments of the nation that would make it impossible for him to make that commitment to 4 October?

Ms Gordon: As I indicated, we're not aware of all the time-frames for each of the states and territories; that's a matter for their own governments. A number of them had extended those time lines, which we hadn't anticipated at that point, and, in part, were seeking additional information and going through their own processes. At that point in time, it was completely possible and plausible that it could have been resolved in that time-frame. Subsequent to that, the negotiations with states and territories have taken longer than anticipated.

Senator JACINTA COLLINS: Can I just clarify, around the negotiations with the bilateral agreements, what it is that the Commonwealth is offering to the states and territories? Are we talking only about how many years are in the plan at the moment—10 years, six years—or are we talking about an agreement that could be similar to what's applied for the last year?

Ms Gordon: I'm sorry, I don't quite understand the question in terms of the six and 10 years. The Commonwealth's funding is, as I indicated earlier, entitlement based—so it's set out under the act. The discussion in terms of the bilateral agreements is setting out what the state contributions, their annual state share obligations, are.

Senator JACINTA COLLINS: And for what term are you attempting to get states and territories to sign onto an arrangement for? The last agreement under the act was the interim period of 12 months. What are you asking for now?

Ms Gordon: We're looking at a period of five years in alignment with the default transition pathway, where states and territories are required to lift their state contributions under the default by 2023. That's the period within the act. The period of discussions for the national agreement is a five-year agreement from now until the end of 2023. The bilateral agreements line up with that national agreement.

Senator JACINTA COLLINS: Yes, but has the Commonwealth entered into any discussions with states and territories around a further interim agreement rather than a five-year agreement?

Ms Gordon: An alternative to the current agreements that are on the table?

Senator JACINTA COLLINS: Yes.

Ms Gordon: No.

Senator JACINTA COLLINS: Why not?

Ms Gordon: Because we're negotiating a national agreement for that period and, as I indicated earlier, states and territory education ministers have endorsed that agreement in principle for that time frame, and that agreement sets out the underlying bilateral agreements.

Senator JACINTA COLLINS: But they haven't agreed to a lack of any additional funding for government schools. What occurred the last time this became a significant barrier to moving forward was the Commonwealth conceded to a 12-month interim arrangement. Why is that not even being contemplated at this point in time?

Ms Gordon: The original principle for school funding and reform, which I think is the interim agreement that you're referring to for the first year, was put in place pending the Review to Achieve Educational Excellence in Australian Schools. It was very deliberate. It wasn't in response to negotiations. It was a decision of government that it would commission the review, chaired by Mr Gonski, to look at, with the additional funding that the Commonwealth was investing in schools, what were the best reforms to improve outcomes that we could collectively look to. The idea was that that review would then inform the development of a national agreement. The interim principles agreement was in recognition that that review was underway and that that would inform the national reform agreement. The national agreement and bilats are focused on reforms to lift outcomes. With the additional funding that's outlined in the Australian Education Act and the entitlements and the growing Commonwealth funding, how do we get the best possible outcomes for our students? The Australian Education Act requires, as a condition of funding, that collectively we work together with the national reform agreement with supporting bilats that look at the reforms that each individual state will implement in their own state context.

Senator JACINTA COLLINS: In answer to that very long statement: that was not the only reason, and to suggest otherwise is incredibly politically naive.

CHAIR: That sounds like commentary.

Senator JACINTA COLLINS: It is.

Senator FARUQI: Good morning and thank you very much for coming in. I have some questions on school funding and the $4.6 billion special deal for the non-government school sector that was announced by Minister Tehan in September this year. Did the minister seek the advice of the department on this special deal and whether this was the best way to spend $4.6 billion on education?

Ms Gordon: The package of measures that you refer to was in response to the National School Resourcing Board's review into the SES score methodology, which was a review that looked at how the base funding for non-government schools is discounted according to their socioeconomic status. The current measure that's used is an area based measure, which means that the average for areas is used.

Senator FARUQI: I understand that. My question is very specific: on this particular $4.6 billion, did the minister seek the advice of the department?

Ms Gordon: Yes. We provided advice to the minister on the board's review and the potential government response. The board had recommended that we move to a direct measure of capacity to contribute.

Senator FARUQI: Did the board recommend a $4.6 billion special deal be given to non-government schools?

Ms Gordon: The board didn't recommend what transition arrangements should be put in place towards implementing that. There's an implementation component, and that's where the department provided advice about what the options would be to move towards that. In changing the scores there are quite significant impacts on individual schools. To do that immediately results in some dislocation to the sector. We provided advice around moving to that. In the government's response we set out that there was a 10-year transition time frame. Of the $4.6 billion, $3.2 billion is about the transition to the new measure.

Senator FARUQI: I understand that. Did the education department calculate this $4.6 billion figure?

Ms Gordon: There was quite a lot of modelling that was done on different options for transition.

Senator FARUQI: By the department?

Ms Gordon: It was done by the department.

Senator FARUQI: Was this one of the options?

Ms Gordon: The transition to the new arrangement, so there was the different—

Senator FARUQI: Was the $4.6 billion figure one of the options that the modelling came up with?

Ms Gordon: There are different components. There's not one model that will give you a figure for the different components. There are the interim arrangements for next year.

Senator FARUQI: I understand that.

Ms Gordon: Then there's the transition to the new measure, then there's the choice and affordability fund.

Senator FARUQI: Is this model the final announcement was based on available for the public to see?

Ms Gordon: The modelling is based on the schools funding model, which is quite a complex model that looks at each of the individual schools and what their current levels of funding are and looks at developing those transition arrangements. We have often provided some of the detail behind that, but the model itself is a departmental model that has a lot of data that's protected by privacy.

Senator FARUQI: Sure, but there must be some way to see how the $4.6 billion figure was reached. Is that information available? Can that be tabled?

Ms Gordon: The methodology for how it's calculated, absolutely, we can table that.

Senator FARUQI: I'm not asking about the methodology; the $4.6 billion figure wasn't plucked out of the air?

Ms Gordon: No, as I said, there are the three components and if you look at the—

Senator FARUQI: Yes, the three components were calculated on some basis.

Ms Gordon: Yes, and they each have different assumptions.

Senator FARUQI: Can something be tabled on that?

Ms Gordon: Yes, we can set out the methodology for how each of those is calculated and the assumptions.

Senator FARUQI: I'm not talking about the methodology. If it is possible to table the figures and how the $4.6 billion was reached, that's what I'm after.

Ms Gordon: We can table the assumptions behind it, which I think is what you're seeking. What we can't provide is the individual school-level data, being subject to privacy—

Senator FARUQI: I'm not asking for school-level data; I'm asking how the $4.6 billion figure was reached.

Ms Gordon: How it is calculated, certainly.

Senator FARUQI: Was this figure ever proposed by the non-government schools sector, that you're aware of?

Ms Gordon: As they indicated when the initial review was released, the government undertook, at that point, and committed to consulting with the non-government sector on how it would implement it. There are a lot of different ways that the measure could be implemented and the transition arrangements, and the government consulted quite regularly with the non-government sector in the development.

Senator FARUQI: And the department did as well?

Ms Gordon: We were part of those conversations, that's correct.

Senator FARUQI: Did the non-government sector request a figure of the department or the minister?

Ms Gordon: No.

Senator FARUQI: Was there never a figure that came up in these discussions at all?

Ms Gordon: There wasn't an overall figure. We discussed each of the individual components.

Senator FARUQI: Could you give us some information on the individual components and figures discussed?

Ms Gordon: The individual components, we went through the methodology, so there was a lot of feedback provided about different—

Senator FARUQI: I'm interested in the figure, not the methodology. When you consulted the non-government sector, were different figures were requested of the government or the department for how much funding the non-government sector wanted?

Ms Gordon: If I understand your question correctly, there was not a single figure that was ever requested of government for this package of measures, no.

Senator FARUQI: There were no figures on different components requested either?

Ms Gordon: Not to my recollection. It was more feedback around the different elements and assumptions underpinning the different mechanisms discussed. The sector very much relied on our modelling and analysis in order to come back with their views about the different assumptions and how the transition could be given effect.

Senator FARUQI: Were there any negotiations that happened back and forth between the department, the government and the non-government sector on various figures?

Ms Gordon: As I said, there was quite a lot of consultation throughout that period from when the review was released to when the government announced its position.

Senator FARUQI: Was the department instructed to give the non-government sector whatever it asked for?

Ms Gordon: No.

Senator FARUQI: Good to know. On what date was the department instructed to design the $4.6 billion package? Was it under Senator Birmingham or was it under Minister Tehan?

Ms Gordon: The department has been providing advice on the SES methodology for quite a while. There's not a point at which we were requested to provide advice. Some preliminary work was done with Senator Birmingham, and the report was received and announced while he was minister, so we worked very closely with him providing different options and different approaches, then that work transferred to Minister Tehan.

Senator FARUQI: Was there any change in the approach from Minister Tehan to Minister Birmingham?

Ms Gordon: The government was considering options throughout that period.

Senator FARUQI: Was a plan ever developed by the department, while this work was being done, to look at increasing public school funding based on the same formula?

Ms Gordon: The SES discount doesn't apply to government schools, so under the act—

Senator FARUQI: But the federal government does give money to public schools. Forget the formula; was there any consideration to give public money to schools to meet their SRS, for instance?

Ms Gordon: This review was looking at the discount that's provided to non-government schools. Government schools get the full base amount under the SRS, but non-government schools are discounted. It's the extent of that discount. This was about how the best target the funding that's provided to non-government schools to ensure that that base amount reflects the needs of the school community. It was around the targeting of that for non-government schools, so it didn't apply to government schools.

Senator FARUQI: In the minister's press release, the announcement on 20 September, the minister states:

The Government remains committed to sector blind needs based funding arrangements …

Does the department consider a $4.6 billion package to be in keeping with the sector-blind needs based funding?

Ms Gordon: The move to the direct measure of the capacity to contribute is considerably better targeted—

Senator FARUQI: I know that: was this specific package of $4.6 billion needs based and sector-blind?

Ms Gordon: The recurrent funding arrangements are absolutely needs based.

Senator McKenzie: Are you asking the department for an opinion on government policy?

Senator FARUQI: No, I'm not. They are responsible for education funding. I'm asking: is this based on the government's own policy about needs based, sector-blind funding, on which the department distributes funding?

Ms Gordon: This package delivers a much better targeted, needs based approach for the recurrent funding.

Senator JACINTA COLLINS: For non-government schools.

Senator FARUQI: Which sector, public or non-government, has the most disadvantaged schools?

Ms Gordon: It varies by individual schools and which area of disadvantage you're looking at.

Senator FARUQI: You don't have an overall picture of whether non-government schools are more disadvantaged or public schools are more disadvantaged?

Ms Gordon: At a sector level, yes, we can provide those. I don't have those details on me, but I can—

Senator FARUQI: Do you have an idea of which ones are more disadvantaged than others?

Ms Gordon: It depends on what educational disadvantage you're looking at. If you look at the number of students with disability, for example, you find that the government sector in most states and territories tends to have a higher number of students with disability, but if you look at individual schools within both the government and the non-government sector, you find significant variation. A lot of the special schools, for example, that service students with disability, are non-government schools as well.

Senator FARUQI: I'm asking about the overall picture. The figures that I have tell me that public schools teach two in three of all school students, 82 per cent of the poorest children, 84 per cent of Indigenous children and 74 per cent of children with disabilities. That gives you a very clear picture of which sector is more disadvantaged than the other. I'm surprised that the department of education wouldn't know those statistics.

CHAIR: That sounds like commentary. Let's ask some questions.

Senator FARUQI: Which sector, public or non-government, will have the highest number of schools not reaching the SRS by 2023?

Ms Gordon: As you know, the Commonwealth is the majority-funder for non-government schools and the minority funder—

Senator FARUQI: I do know that. Surely there's some responsibility for the Commonwealth to also ensure that there is some equity between schools?

Senator McKenzie: That's what negotiations are about.

CHAIR: Let's let the official answer the question, then you can follow up.

Ms Gordon: The new funding arrangements that came into place this year are really around moving the Commonwealth funding to a more equitable model where we've got a consistent Commonwealth share between states and territories. Previously, the Commonwealth contribution for government schools varied considerably between states for students with the same need. So, we're moving to a consistent arrangement where a student with the same need will attract the same level of funding, regardless of which state or territory they live in. For government schools, we're moving to 20 per cent, which is an increase from the current level—it is around 17 per cent at the moment and is increasing to 20 per cent. For non-government schools, it is increasing, as well, to 80 per cent. The rate of increase is a lot higher for government schools than for non-government schools. In fact, the government schools will be increasing at a rate of about 6.4 per cent per annum, compared to non-government schools, which will be increasing at about five per cent per annum. So, the Commonwealth funding for government schools will be increasing at a faster rate than for non-government schools.

Senator FARUQI: But they're not getting the $4.6 billion, are they—

Senator MOLAN: A lot more—

Senator FARUQI: Sorry, I'll move on to the other question. No special deals—

CHAIR: Senator Faruqi, you have just a couple more minutes.

Senator FARUQI: Dr Piccoli, the director of the Gonski Institute for Education at the University of New South Wales—he is also a former education minister for New South Wales—has said recently that Catholic authorities were not required to justify how they distributed government funds within their own system, which runs schools in both disadvantaged and wealthy areas. Wealthy schools often receive more, to keep fees down. Could the department guarantee this money—the special deal—won't be used for this purpose that Dr Piccoli has pointed out?

Ms Gordon: Under the Australian Education Act, any approved authorities for more than one school—system authorities—are able to distribute Commonwealth funding according to their own needs based funding arrangements.

Senator FARUQI: But we know that it wasn't being done—

CHAIR: Senator Faruqi, let the official answer the question.

Senator FARUQI: It was a simple yes or no question.

CHAIR: No, you can't require an official to answer a question the way you want them to. The official has the right to answer the question.

Senator McKenzie: Or to speak over them, Chair.

Ms Gordon: Systems are required to meet the needs based funding arrangements requirement under the act, and the distribution of that funding, which requires them to provide a base amount, plus loadings for disadvantage. They report to the Commonwealth each year on how that's been distributed, with the base plus the loading. So, we've got that information about how they distribute it and how they provide their funding for those areas of disadvantage. Furthermore, the new National School Resourcing Board will also be looking at those funding arrangements as part of their future reviews to look at ensuring that those systems are compliant with the act. So, as well as the compliance and assurance mechanisms that the department's got in place, there'll be an independent process into the future to look at those.

Senator FARUQI: But you are aware that it hasn't happened that way—that there are plenty of reports to suggest that a lot of money was going to wealthy Catholic schools and very little was going to disadvantaged schools. This is public money and the public needs to know, with transparency, that it is being distributed to the most disadvantaged, in line with the policy that it needs to be needs based. Is there a guarantee that that will happen?

Dr Bruniges: As the officer has said, the importance of the new role given to the National Schools Resourcing Board, as a third-party look at the way in which systems were distributing funds, is as an additional assurance role that's been put in place that hasn't existed before, and that's independent from the department or indeed any state or territory or indeed any—

Senator FARUQI: So, this is a new mechanism?

CHAIR: Sorry, Senator Faruqi, but we are going to have to move on to questions form other senators. Senator Molan?

Senator MOLAN: We've been speaking about the detailed distribution of money within the school system. Could we have a look at the allocation of monies into the education system as a whole? How do you characterise the amount of money provided to schools overall by this government and previous governments? Is it less, the same, or more?

Ms Gordon: Funding this year is at record levels and is increasing. It's increasing from about $17.5 billion in 2017—

Senator MOLAN: Hang on, please—$17.5 billion?

Ms Gordon: Billion, which is at record levels, and increasing to $31.9 billion in 2029. It's at record levels currently and is increasing. As I mentioned earlier, the funding is increasing at a per-student level well above cost increases. On a per-student basis, on average, funding will increase at 5.4 per cent per annum over the next five years to 2023.

Senator MOLAN: So 5.4 per cent per student per annum.

Ms Gordon: That's on average.

Senator JACINTA COLLINS: [inaudible] the whole thing at once, if you don't mind?

Senator MOLAN: Sure. This is Commonwealth funds, solely?

Ms Gordon: This is Commonwealth funding, increasing.

Senator JACINTA COLLINS: Can you give us those figures without an assumption for indexation?

Ms Gordon: I don't have those without indexation, but these are above the indexation rate.

Senator MOLAN: So the increases are above indexation.

Senator JACINTA COLLINS: Sorry, the increases you're describing here, up to 2029, when you say 'going from $17.5 billion to $31.9 billion', what proportion of that gap is indexation as opposed to other growth is the question I'm attempting to clarify.

Ms Gordon: I would need to take that on notice.

Senator JACINTA COLLINS: Sorry, Senator.

Senator MOLAN: Did you say the increase is above the indexation?

Ms Gordon: No, but it is higher than. For the next two years, the indexation rate is 3.56 per cent per annum, to give you an indication. The 5.4 per cent, which is an overall average, is obviously quite higher than that. For government schools, it's actually 6.4 per cent per annum, per student and for non-government schools, it's five per cent.

Senator JACINTA COLLINS: Can you break up the non-govs, please?

Ms Gordon: Catholic systems are at 4.9 per cent per annum and the independent sector is 5.2 per cent per annum.

CHAIR: It's good that Senator Molan's questions help you so much!

Senator JACINTA COLLINS: It saves us later if I capture the whole data at the time.

CHAIR: Absolutely.

Senator MOLAN: All I do here is help Labor, Chair!

Senator JACINTA COLLINS: If Senator Molan wants more than his 15 minutes, if he's happy for me to capture my questions in a more timely way, I'm more than happy for you to do that.

Senator MOLAN: Perhaps this is a question for the secretary. I hear many, many times arguments made in the media that there are cuts to funding in education. Can you explain that in any way, shape or form? Because I certainly can't.

Dr Bruniges: There is no cut to funding. We've got an investment of additional $37.6 billion in the current funding.

Senator MOLAN: That's an investment of $7.6 billion?

Dr Bruniges: $37.6 billion in recurrent funding for schools over the period 2018 to 2029. That's on top of the 2016-17 budget settings.

Senator McKenzie: Great news, Senator Molan.

Senator MOLAN: It's extraordinary news—absolutely—and my understanding is it applies to health as well.

Senator McKenzie interjecting—

Senator MOLAN: I mean, there's Labor states.

Senator McKenzie: They still have it, though.

Senator JACINTA COLLINS: Senator Molan wasn't with us when we had the audit report.

Senator MOLAN: No, fortunately. You've mentioned the government schools increase of 6.4 per cent and the non-government of five per cent, and you've broken it down within that. How is the department trying to turn this in and focus it on the student results now?

Dr Bruniges: That would be part of the reform side. Ms Gordon spoke about having in-principle approval of all education ministers to the reform agreement. I think that's come out of the Gonski report, which put forward some recommendations about some of the issues that could be addressed. So there's a lot of—

Senator MOLAN: This is the recent Gonski, isn't it?

Dr Bruniges: That's correct. From that Gonski report there were discussions and then, finally, as Ms Gordon outlined, agreement in principle at the last Education Council around the reforms. In addition to that, states and territories, through those bilateral agreements we talked about before, will have their own reforms that they're doing at a state or territory level that will be part of the bilateral agreement. There are significant things in both the Gonski report and conversations at the senior officials levels about making sure that reform that goes in place supports the best possible achievement of student outcomes that we could get.

Senator MOLAN: Who is on the Education Council again?

Dr Bruniges: All education ministers from each state and territory.

Senator MOLAN: Can you give me an example, please, of the kinds of reforms that are being discussed under the most recent Gonski in order to try and produce better results?

Dr Bruniges: One of the centrepieces that we're really looking at is: can we, indeed, track student progress over time? Can we ensure—I think the term was—'a year's growth for every student every year' that was mentioned in the Gonski report, and collaborative work to ensure that we have a mechanism to chart that growth so we focus on growth. That's incredibly important. There are issues around, of course, teacher quality and principal leadership, which are really important. We do know that, once you're inside the school gate, probably 30 per cent of the variance comes out to quality teaching—and I say that quite deliberately 'quality teaching'—and making sure that we support our workforce to understand what does make a difference in key areas of literacy, numeracy and, indeed, beyond those.

The Gonski report also talked to establishing a clearing house or an institute that would look at the research basis. Sometimes we see across the country that, while in education there are a number of research pieces done in universities, I think it would be fair to say we probably haven't often translated that into practice to what a teacher needs to do differently as a result of that research. So I think there's a need there to be able to communicate and support the teaching profession on the latest research. I think that was picked up by the Gonski review as well. That was the national evidence base. We also—

Senator MOLAN: Was that research for research's sake, more or less?

Dr Bruniges: No. It was really to inform teacher practice.

Senator MOLAN: But it's not getting out to the teachers—

Dr Bruniges: I think it would to be fair to say that there is probably a fragmented approach across states and territories that have different ways to communicate to teachers. The latest research in pedagogical practice is to really say to teachers, 'What do I need to do differently as a result of this piece of research?' So, establishing that was to inform teacher practice, system improvement and policy development.

The other big one was around looking at a national, unique student identifier. That really is the underpinning so we can track student progression and improve the evidence base. Teacher workforce—

Senator MOLAN: Sorry. Is there a problem with a national student identifier?

Dr Bruniges: We don't have one. We have one in the vocational education and training sector. We don't have one in the schooling sector. Each state and territory will have their means of tracking student progress, but we don't have that.

Senator MOLAN: 'We' being the Commonwealth?

Dr Bruniges: As a nation, in the national interest.

Senator MOLAN: And why is that the case? Is anyone specifically objecting to it? Or will this just progress through as a Gonski reform?

Dr Bruniges: This was part of the agreement in principle to what we should do as an education community to better enable us. The key to that, Senator, is to make sure you've got a mechanism to look at student progress. Unless you can actually track a student from year 3 to year 5 with mobility and so forth, there's no way you can actually see what value has been added in terms of student outcomes. So it is a key piece.

The Gonski report also talked about senior secondary pathways to work and education and, indeed, looked at teacher workforce to attract and retain teachers in the teaching profession in areas of need, and looked at initial teacher education accreditation systems and how we might strengthen that, which has been part of the media debate around who enters teaching and what do they finish with.

Senator MOLAN: Where does that debate stand at the moment?

Dr Bruniges: In terms of the teachers?

Senator MOLAN: In terms of it's a state responsibility to specify the education standards for starting teaching.

Dr Bruniges: We have national accreditation standards for teaching. AITSL, I think, is coming along later tonight. We do have those national standards in place that have been agreed right across the country. Then the states have their own accreditation system. So it's worked between the university sector, AITSL, the states and territories and the employers of teachers, who are state and territory. So I think there's a good articulation that we have in place, national teaching standards, and that really articulates what we expect teachers to know and to be able to—

Senator MOLAN: So the standards are there—

CHAIR: Senator Molan, I would just point out you've only got a couple more minutes.

Senator MOLAN: Okay. Let me see if I have a priority question. What is current, at the moment, relates to bullying. There have been a number of instances of publicity, recently, particularly cyberbullying. Do you have a role in specifying that and managing that?

Dr Bruniges: We're part of a task force and, I think, Mr Pattie is indeed our member of the task force. So there is a national effort across all education ministers around that, and a Commonwealth effort in that. Separate to that, you'd also have initiatives at individual state, territory and sector level to address it. So there are probably a range of different levels to address that important issue.

Senator MOLAN: Mr Pattie, do you think we're making progress on that?

Mr Pattie: It would appear so, yes. The e-safety commission has produced e-safety materials for schools and parents and students to access and use, and they run a lot of the materials that are provided to this important issue.

Senator MOLAN: My final question is probably for the secretary—or whoever: Are we getting one year's growth for one year's teaching? There was some publicity recently. I don't know where it came from or what level it came from.

Dr Bruniges: It'll be a variety. Some of those schools are exceeding one year's growth for one year's teaching, and there'll be some that won't be making it. The important part is: what is the underlying measure that you're using to quantify and describe that growth? That's part of the work, going forward, how you do that: What does one year's growth look like? Can you quantify it? Can you describe it? But an important relative is: is growth the same for each year of schooling or would we expect a growth spurt in certain areas and a plateau in others? So it's quite a big piece of work that we would need to do.

Senator MOLAN: Would that be assisted by the bilateral agreements being signed and the national agreement being signed?

Dr Bruniges: I think everyone's agreed in principle, as we said before, to the national reform agreement, and that's part of that. I think there's a recognition across all states and territories and the Commonwealth that in the education sector it would be helpful for us to be able to quantify and describe growth over time and to be able to focus our energies on that, because that's the difference education makes for individual students. I think there's a high level of recognition that we really want to work collectively to be able to do that.

CHAIR: We will need to leave it there, for now, Senator Molan.

Senator MOLAN: Thank you, Chair.

CHAIR: We can come back to you, depending on how we're going. I will briefly hand the chair over to Senator Paterson, in my brief absence, and Senator Collins has the call.

Senator JACINTA COLLINS: Thank you. I will ask this question fairly briefly because I'm not particularly optimistic, from last estimates, about the answer. I'll ask the question anyway since we were just talking about growth. The figures up to 2029 you gave us, you're going to aggregate, in terms of indexation, and describe which measure of indexation you're doing that with. But how much higher would that growth have been under the original Gonski model, and how much lower would that growth have been under Gonski 2.0 as opposed to what I'd characterise now as Gonski 2.0 plus?

Dr Bruniges: As you'd expect, I would probably say they're hypotheticals that we could do.

Senator JACINTA COLLINS: No, I'm shocked.

Dr Bruniges: I'm happy to take it on notice and, providing we don't get into the land of hypothetical, we'll provide what information we can. But modelling's something that can no longer exist—

Senator JACINTA COLLINS: I'm assuming you can tell me the difference between Gonski 2.0 and Gonski 2.0 plus. That's not hypothetical. Last time we were here we were on Gonski 2.0. We're now on Gonski 2.0 plus. I think it's a reasonable question for this committee to ask you, to describe the difference between those two.

Dr Bruniges: Let me take that on notice. I know what you're asking. As I said, unless we're modelling a hypothetical, we're happy to have a look and see what we can provide. We're happy to do that.

Senator JACINTA COLLINS: I'll get you to take this on notice because I don't want to spend too much time on this issue. You raised the National School Resourcing Board's role in monitoring funding allocations. Could you provide the committee on notice with some more detail about how that has developed to date and what's due to occur in the future?

Ms Gordon: Certainly. The minister is actually consulting on draft terms of reference at the moment for an initial review into how that review will be undertaken on needs based funding arrangements. It may be that we provide essentially an update after those terms of reference have been finalised as well.

Senator JACINTA COLLINS: Sure. Thank you. Just before we return to funding negotiations with states and territories—and we'll come to issues around funding arrangements for non-government schools a bit later—since this issue was raised with Senator Faruqi before I thought I would ask: does the department recall the original Gonski recommendation around funding share?

Ms Gordon: I don't have the review with me.

Senator JACINTA COLLINS: It wasn't 80:20, was it?

Ms Gordon: The review didn't specify, but it did talk about—

Senator JACINTA COLLINS: Well it did actually specify—not a particular number but it recommended that we move away from the Commonwealth principally funding non-government schools and the states principally funding government schools.

Ms Gordon: As a result of that, look at the increases. That's part of the drive behind the Commonwealth funding for government schools increasing at a faster rate than for non-government schools. The government is taking an increasing share of total public funding for government schools compared to non-government schools.

Senator JACINTA COLLINS: And embedding a particular share for non-government schools.

Ms Gordon: The government has set a consistent share to ensure consistency between states. That sets a share in the legislation, so a school with the same need attracts the same level of funding regardless of which state it resides in.

Senator JACINTA COLLINS: Ms Gordon, you've been here through countless estimates where we've discussed the consistency versus rigidity approach. I was interested in your response to Senator Faruqi's questions about changes in approach between the two ministers. I'll give you a further example of that. In yesterday's *Daily Telegraph* the minister is quoted, following the Father Riley issue with respect to special schools, as saying that other schools may also need some flexibility, which we've explored on countless occasions in the past. The article concluded by saying that 'no model will work for absolutely everyone and that’s why we need a degree of flexibility'. This minister's approach now seems to be flexibility in comparison to the former minister's approach, which was purity and consistency at the cost of the achievable.

Senator Molan interjecting—

Senator JACINTA COLLINS: No, it was the substitute of a lack of an answer to Senator Faruqi earlier. I'll let Senator O'Neill go back to our questions in relation to states and territories.

Senator O'NEILL: Thank you very much. We were exploring the Prime Minister's response to questions where he declared quite publicly that he believed there would be a resolution of bilateral negotiations on school funding between 19 September and 4 October. Ms Gordon, did you provide any advice to the Prime Minister to indicate that that time line was achievable?

Senator JACINTA COLLINS: Or to central agencies?

Senator O'NEILL: Or to central agencies?

Ms Gordon: I'm not sure that I've got anything further to my previous comment. We provide advice to the government of the day. The negotiations have been underway for a significant period of time—since mid last year—in terms of both the national agreement and the bilateral agreement, and we are working with states and territories to conclude those negotiations.

Senator O'NEILL: You said in your earlier evidence that it was completely plausible and possible that within 14 days—from 19 September to 4 October—bilateral arrangements could be secured. That was your previous answer. Do you still stand by that?

Ms Gordon: As I mentioned earlier, we weren't starting from a standing start at that point. We were well advanced in terms of conversations with states and territories. We had received a number of draft bilateral agreements.

Senator JACINTA COLLINS: The states and territories laughed at that characterisation.

Ms Gordon: We've been in discussion with states and territories for many months on bilateral agreements, and—

Senator O'NEILL: So the Prime Minister should have known better. He should have known how difficult this was, and instead of standing up on 19 September and saying, with the fullness of his bravado—

Senator McKenzie: Here we go, Senator O'Neill—

Senator O'NEILL: he could deliver this by 4 October—

Senator McKenzie: not only did you cut across the official's evidence, you have chosen to give commentary rather than ask questions—again.

ACTING CHAIR (Senator Paterson): Which, obviously, Ms Gordon, you don't feel the need to respond to.

Senator O'NEILL: We're running a protection racket here now for Ms Gordon!

ACTING CHAIR: I don't think that's necessary.

Senator O'NEILL: I'm asking for answers to my questions about school funding for every sector across this country, which impacts millions of Australians.

ACTING CHAIR: In fact, Senator O'Neill, you're asking her to comment on the Prime Minister.

Senator O'NEILL: So, I'd actually like the truth, Ms Gordon. Did you provide the minister with a time line that indicated that what he said was achievable from 19 September to 4 October was possible? Did you provide that advice to anybody that would have got it into the Prime Minister's hands?

Ms Gordon: As I said, we've provided advice about negotiations and where we were up to. At the education council meeting, a number of ministers expressed their view that they would like to—

Senator O'NEILL: And was 4 October—

ACTING CHAIR: Order, Senator O'Neill! Please don't interject over the witness. Please allow her to finish answering the question.

Senator O'NEILL: Can you answer my question instead of saying what you want to say. Did you provide any advice—

ACTING CHAIR: Order, Senator O'Neill! Please don't badger the witness. Please allow her to answer, and you can ask follow-up questions if necessary.

Senator O'NEILL: All right. Was there any documentation that 4 October was a red-letter day that an outcome that would achieve bilateral agreements was possible?

Ms Gordon: 4 October was the original date that COAG was scheduled to meet, so that was the date that we had been working towards with states and territories for consideration of the national agreement and the bilateral agreements.

Senator O'NEILL: The Prime Minister said:

The two items that were going to be addressed at the COAG meeting related to the education funding arrangements which are being pursued by the education ministers' council as well as the Council on Federal Financial Relations, who have advised the premiers, when I spoke to them directly about this, that these issues will be resolved in time for when that meeting would have been held anyway. So those issues do not require a special meeting of COAG in October.

The Prime Minister indicated this would be resolved by 4 October. Did he just make it up on the spot, or did you provide advice to that effect?

Ms Gordon: As I said earlier, we were working towards that date with states and territories.

Senator O'NEILL: How could the Prime Minister have formed the view on 19 September that this would be achieved by 4 October?

Senator McKenzie: With respect, that is absolutely going to asking the official for an opinion, and it's out of order, in my humble assessment.

ACTING CHAIR: Certainly the official cannot answer what was in the Prime Minister's mind.

Senator McKenzie: That's right.

Senator O'NEILL: You're very touchy on this issue—it's quite interesting.

Senator McKenzie: No, not at all. It's the style of badgering, quite frankly.

ACTING CHAIR: Having the questions in order is not being sensitive, Senator O'Neill.

Senator O'NEILL: Hypersensitive, I think. Let me ask it this way—

Senator JACINTA COLLINS: I don't know. There's quite reasonable cause for alarm that we don't have funding agreements for schools for next year. This is not something that the government can hide from and say, 'You're making a fuss about nothing.'

Senator McKenzie: State education ministers need to take some responsibility for that, Senator Collins—

Senator JACINTA COLLINS: Schools do not know what funding arrangements will be in place next year.

Senator McKENZIE: State education ministers—

ACTING CHAIR: Order! Senator Collins, it's not necessary to speak over each other. You're absolutely right: you can pursue these issues. But let's stick to questions about the policy which the officials can assist with.

Senator O'NEILL: I thought my questions were inflammatory, but there's a lot more! Let's just go to the next one. The statement from the Prime Minister that I read was demonstrably untrue. Is that correct?

Senator McKenzie: And, if you need to hold a seance to work that out—

Ms Gordon: Senator, there's nothing more to add to my previous answers to you.

Senator O'NEILL: It's 25 October, and the date that he said it could be achieved by has well and truly passed. The minister was sitting next to the Prime Minister when he said it. Did the minister or anyone from the department contact the Prime Minister or his department to correct this statement once he had made it?

Ms Gordon: As I said, I don't know that there was any issue that needed to be corrected. I'm not aware of any subsequent conversation between the minister and the Prime Minister or their offices.

Senator O'NEILL: We know, from public media reports, that education ministers around the country laughed at the suggestion that was put by the Prime Minister. Surely you were aware of that? You indicated to me earlier that you were aware of time lines that the states and territories run that would have precluded a possible resolution of this matter by 4 October. Knowing that, did you provide any advice to the Prime Minister that the record needed to be corrected?

Ms Gordon: No state or territory has raised that statement of the Prime Minister with me. In terms of the discussions with states and territories—as I have already said, at the education council, where the in-principle agreement was made, a number of ministers around the table expressed their keenness to move quickly, so there was every reason, given the discussions with states and territories to that date, to believe that it would be possible for those to be concluded.

Senator O'NEILL: When you say 'a number of states and territories' as the basis of your assumption that it could be achieved, is that most of them?

Ms Gordon: I can't go into the details of the negotiations with individual states and territories.

Senator O'NEILL: If most of them were in agreement at that point, why are we at 25 October and these bilaterals still haven't been signed?

Senator JACINTA COLLINS: Ms Gordon keeps referring to the reform agreement as opposed to the bilaterals, which is a bit cute.

Dr Bruniges: We continue to work on bilateral arrangements in discussions with states and territories. They're ongoing.

Ms Gordon: An issue was raised earlier about certainty for funding for schools for next year. Commonwealth funding is enshrined in the legislation. It's an entitlement under the act. So there is no question about the level of Commonwealth funding for next year—

Senator JACINTA COLLINS: Well, there is, because the minister has made threats to states with respect to funding for non-government schools. He's been on the public record on several occasions in various articles.

Ms Gordon: The level of funding is enshrined in the act, in terms of entitlements—

Senator JACINTA COLLINS: But he's saying, if the states don't sign bilaterals it would prevent non-government schools being funded.

Senator McKenzie: You're cutting across the officials. Let the official answer and then proceed with the question.

ACTING CHAIR: Thank you, Minister. I agree.

Senator O'NEILL: If we got direct answers, that would help.

Senator McKenzie: Just because you don't like the answers, Senator O'Neill—

Senator O'NEILL: I'm used to that—

Senator McKenzie: doesn't mean they're not entitled to be heard—

Senator O'NEILL: but I still want and expect direct answers—

ACTING CHAIR: Order! Senator O'Neill, commentary doesn't assist. Ms Gordon, please conclude your answer.

Ms Gordon: There is a condition of funding to be party to a national agreement and bilateral agreement, so, in terms of the funding, that's correct—that states must be compliant with those obligations before funding can flow.

Senator JACINTA COLLINS: That's right.

Ms Gordon: But the level of Commonwealth funding that is available and on the table is an entitlement under the act, and that's not subject to the negotiation.

Senator JACINTA COLLINS: Well, it is a desire of the states and territories. It's been reported as that. What you're saying is that it's not subject to the negotiation from the Commonwealth's end. Is that a better description?

Ms Gordon: The Commonwealth recurrent funding is an entitlement under the act, so it's set in the act.

Senator JACINTA COLLINS: What the states have been reported publicly as asking for is a higher payment from the Commonwealth for government schools—

Senator McKenzie: What is the—

Senator JACINTA COLLINS: Sorry, Senator McKenzie—

ACTING CHAIR: Order! If we all allow each other to finish our questions and answers, that would be the best way of managing it.

Senator JACINTA COLLINS: The states and territories are on the record asking for more than what's in the act.

Ms Gordon: That's correct.

Senator JACINTA COLLINS: That is a part of the negotiations, because the non-Commonwealth parties are asking for more than what's in the act, so I don't think it's a fair characterisation to suggest that they're not issues that are on the table. Perhaps it would assist the committee then if I ask this question, which is: what reasons have states and territories given to date for not signing the bilateral agreements, apart from the issue I just raised which has been reported on several locations publicly?

Ms Gordon: We're still working through the details of the bilateral agreements with the states and territories, so we're still in negotiation with them.

Senator JACINTA COLLINS: But you accept one issue is that at least some states and territories, particularly following Gonski 2.0-plus, are asking the Commonwealth for additional funding for government schools?

Ms Gordon: As I mentioned—

Dr Bruniges: I think you'd get a state spin characterised in the media.

Senator JACINTA COLLINS: Ordinarily I wouldn't have corrected Ms Gordon's earlier statement, but she suggested that what was being negotiated is what's in the act, and that's just simply—

ACTING CHAIR: I don't think that's a fair characterisation of Ms Gordon's evidence.

Senator JACINTA COLLINS: We can go back and look at the *Hansard* on that—

ACTING CHAIR: We can indeed.

Senator JACINTA COLLINS: I gave her an opportunity to clarify that because I thought it was a pretty stark statement, given reports that have been circulating.

Dr Bruniges: Remember, Senator, as part of that bilateral, we're also looking at the reforms in place with states and territories. Clearly they'll have at front of mind what they want their reforms to be, and we will have further discussions with them on those reforms as part of that bilateral as well.

Senator JACINTA COLLINS: I know that, Dr Bruniges, but suggesting that we have in-principle agreement in relation to a class of reform elements is very different to suggesting that we're near agreement, or have in-principle agreement, around funding arrangements.

Dr Bruniges: There is no doubt that at the last Education Council that all the ministers agreed in principle on those broad reforms, so I think that's really clear—the overlying architecture.

Senator JACINTA COLLINS: Indeed, they were in agreement with the NISPI reforms, as I recall, under Gonski 1.0, that this government didn't progress—or perhaps the government before this government before that government when Minister Pyne was the minister. So, we've had agreement in principle to a reform agenda multiple times, but the issue we're progressing here is that the significant issue, not the only issue, is around an impasse in funding for schools next year.

Dr Bruniges: You rightfully point out: that is part of the bilateral process and us seeking to continue to negotiate on the bilateral agreements.

Senator JACINTA COLLINS: Given that you can't talk about the detail of those negotiations, is there nothing other than what we've read in media reports about the aspirations of some states and territories for additional funds for government schools that you're able to detail for the committee?

Dr Bruniges: I think, to be fair to states and territories, that'd be state and territory relationships, and going into any detail, as we negotiate the bilateral, would not be right.

Senator JACINTA COLLINS: Let me ask this question a different way which you may be able to respond to: is one of the issues what matters states and territories are able to class as part of contribution to school education?

Ms Gordon: I think I've previously provided advice to the committee about the process that we've had under way since last year around discussion about what methodology is used to assess state contributions, so I think that's already on the record. There have been discussions about what can be included as recurrent expenditure. There have been discussions about how the time frame for meeting the targets or the obligations under the act, about where the starting point is, and how far away they are from the targets. That's all been evidence that has been provided to the committee previously.

Senator JACINTA COLLINS: No, but my question is, are these matters—we've identified one matter, which has been subject to public reporting, which is the Commonwealth contribution for public education. I'm asking, are those issues that we've discussed previously another matter? And a third question I'm asking, because a moment ago we were talking about recurrent expenditure, is: is capital a further matter?

Ms Gordon: I think in my previous evidence talking about the issues that have been raised relating to state funding obligations, those issues remain part of the negotiations. They've been part of the negotiations since last year.

Senator O'NEILL: Ms Gordon, do you monitor the comments that the Prime Minister makes around this issue quite closely?

Ms Gordon: We would, as a matter of course, usually monitor the media and parliament for comments in relation to the portfolio.

Senator O'NEILL: Okay, so when the Prime Minister made this statement on 19 September, you would have noticed that—is that correct?

Ms Gordon: I wasn't aware of it at the time it was made, but I've subsequently been made aware, yes.

Senator O'NEILL: Later that day?

Ms Gordon: I would have to take that on notice; I'm not sure exactly when.

Senator O'NEILL: Okay, but, in reasonable proximity to the time in which it occurred, because you're the key negotiator for the department, aren't you?

Ms Gordon: Yes. I've been—

Senator O'NEILL: So, you keep abreast of these matters?

Ms Gordon: Yes, but as I mentioned earlier, it's not something that's been raised with me by any state or territory.

Senator O'NEILL: But, you became aware of it?

Ms Gordon: Yes, but it was—

Senator O'NEILL: Did you provide any advice to the Prime Minister about the likely success of such a move?

Ms Gordon: As I mentioned earlier, we provide advice about the progress of negotiations to the minister on a regular basis; we don't advise the Prime Minister.

Senator O'NEILL: The next day, the minister was asked whether he would guarantee that agreements with states and territories for public school funding would be signed in the next 14 days, as the Prime Minister promised. He didn't correct the record. He didn't say that it would be unachievable. Did you provide any advice?

Ms Gordon: I'm sorry, Senator, I'm not sure what statements you're referring to.

Senator O'NEILL: This is a statement that the minister gave in the House in response to a question without notice on 20 September, the day after the Prime Minister had made this declaration that he'd get everything done by 4 October. Minister Tehan didn't take the opportunity to correct the record and didn't put any caution in there that it might be achieved or might not be achieved or that negotiations were underway. He indicated that it was still achievable. Are you aware of that comment from the minister? Do you monitor his comments?

Ms Gordon: As I said earlier, we monitor the statements that are relevant to the portfolio, as a department.

Senator O'NEILL: So you would be aware of those comments from the minister. Did you raise any concerns with him that it might not be achievable by 4 October?

Ms Gordon: As I said, we regularly update the minister in terms of the department's conversations with states and territories, and we would do that on an ongoing basis.

Senator O'NEILL: I'm just trying to imagine what it's like. You hear the Prime Minister say one day that he's going to have it delivered by 4 October. The next day the Minister for Education backs it in. It must have been absolute panic back in the office: 'We've got to deliver this by 4 October!' I'm sure you'd remember it.

Dr Bruniges: I think it would be fair to say that, given that that was the COAG date, in terms of the line of sight for all states and territories and indeed the department, we had started much earlier, as Ms Gordon's evidence was before, and it wasn't a matter of just on 19 September—we'd been through ministerial council. We'd had in-principle agreement and we'd continued to work on the bilaterals at that point.

Senator O'NEILL: And we're still at the same position on 25 October?

Dr Bruniges: We will continue to progress bilaterals, discussions.

Senator O'NEILL: This is really a disaster, isn't it—that it wasn't achieved by the date that the Prime Minister gave to the parliament, that it remains unresolved, and that, according to the evidence you've given this morning, neither the reform agreement nor the bilateral funding agreements have been signed off by any state or territory? No state or territory has advanced beyond where we were on 19 September, unless you tell us otherwise.

CHAIR: That sounds a lot like commentary to me, so—

Senator O'NEILL: Unless you tell us otherwise. Is that the case?

CHAIR: That sounds like commentary. You don't need to answer that question.

Senator O'NEILL: I'll ask it again—

CHAIR: Ask it in a proper form.

Senator O'NEILL: in a different way. Is it the case that, despite the Prime Minister's statement to the House on 19 September and the Minister for Education's statement to the House on 20 September, there remains no agreement with either the reform agreement or the bilateral agreements with any state or territory in the country?

Dr Bruniges: I think I said that we had in-principle agreement on the national reform agreement through Education Council—

Senator O'NEILL: But nothing is signed, Dr Bruniges?

Dr Bruniges: No, it hasn't gone out for signature and we'll continue to progress the bilateral agreements.

Senator O'NEILL: And it won't go out for signature until such time as the bilaterals are agreed; is that correct?

Dr Bruniges: That would be a matter for government.

Senator O'NEILL: But that's the process you describe, Ms Gordon—that the bilaterals have to be agreed as part of the reform agreement.

Ms Gordon: I indicated that the Education Council endorsed the national agreement in principle, subject to the progression of the negotiations—

Senator O'NEILL: Yes, so—

Ms Gordon: but it wasn't that the bilateral agreements had to be concluded ahead of the agreement being considered.

Senator O'NEILL: So why have you not sent the national agreement to the first ministers? Or did I mishear you? You said that they have not been sent?

Ms Gordon: The national agreement has not been provided to first ministers for consideration at this point, and that's a matter for the Prime Minister.

Senator O'NEILL: What are you waiting for, Ms Gordon? What are you waiting for before you send that? If there's so much agreement, why you are still holding that document?

Ms Gordon: That's a matter for the Prime Minister in terms of the timing.

Senator O'NEILL: It's because he hasn't got the bilaterals signed, and they're not willing to sign up to any reform until they actually get their money sorted.

CHAIR: Again, that's commentary.

Senator O'NEILL: Is that the truth?

CHAIR: You don't need to answer that question.

Senator O'NEILL: It is the truth. I'm saying it's the truth. Trust me a lot more than the answers we're getting.

CHAIR: You have a few minutes remaining, Senator O'Neill.

Senator O'NEILL: I'll try this, and I bet you say no. Can you go through each state and territory and advise of the status of negotiations for a new bilateral funding agreement?

Dr Bruniges: They're ongoing, Senator.

Senator O'NEILL: With each state?

Dr Bruniges: With each state and territory.

Senator O'NEILL: Senator Collins will ask this.

Senator JACINTA COLLINS: I'm particularly interested to understand and have further information around a letter from the minister to the Victorian government which says: 'Should a bilateral agreement not be in place by 7 December, the Commonwealth will be unable to make the first 2019 payment to the relevant state or territory, including with respect to government schools. In these circumstances, I would seek your assurance that the Victorian government would make up any shortfall experienced by the non-government sector to ensure that schools do not face undue financial stress.' Has the department actually modelled state by state what sorts of shortfalls the minister might be referring to there?

Ms Gordon: The process that's referred to is a fairly established process. We have Treasury payment schedules, and there are time frames in place for the processing of those payments. So there's nothing unusual about communicating those time frames for states and territories. Similar correspondence was provided to states and territories last year about the time frames required to process those payments for the first payment run in January next year.

Senator JACINTA COLLINS: Did it ask states and territories to meet any potential shortfall?

Ms Gordon: It was similar to last year. Similar discussions were had with states and territories communicating the requirement of the act, which is that the conditions of the act must be met before those payments can be made.

Senator JACINTA COLLINS: Ms Gordon, that's not my question. My question was: did the letters in the previous year ask state governments—at least, in this case, the Victorian government—to make up any shortfall experienced by the non-government sector?

Ms Gordon: There were discussions along those lines, Senator.

Senator JACINTA COLLINS: No, I'm asking: did the letter in the previous year ask for such—

Ms Gordon: I'd have to take on notice the particular correspondence that was provided.

Senator JACINTA COLLINS: I also asked: has the department modelled the sorts of shortfalls the minister is asking states and territories to meet?

Ms Gordon: The first payment of the year for the non-government sector is a 50 per cent payment that's usually made in January. So there's a 50 per cent payment as part of that first payment run, and subsequently the payment schedule is then 25 per cent in July and 25 per cent after the census at the end of the year.

Senator JACINTA COLLINS: So tell me the quantums for each state and territory. Is it 50 per cent of 20 per cent? No, don't let me put words in your mouth. You describe to me exactly what that shortfall is referring to and what quantums we're talking about for the 50 per cent.

Ms Gordon: I'd need to take it on notice to provide it state by state but, essentially, the issue is not the full amount. The issue is really a cashflow issue for the non-government sector and payment of teacher salaries and things. The issue about the payment is more that the non-government sector is able to get sufficient funding to continue to run their schools so that they're not put in a position where they're not able to make payments for that period.

CHAIR: We need to share the call around, Senator Collins. Senator Faruqi, you have the call.

Senator FARUQI: I just have a few more questions on schools. Going back to the $4.6 billion special deal, out of that $4.6 billion, there was $1.2 billion of a fund called the choice and affordability fund?

Ms Gordon: That's correct.

Senator FARUQI: What are the criteria for handing out this funding? Has anything been developed, and could we know what that is?

Ms Gordon: We will be consulting with the non-government sector about the regulation that will be put in place for that particular fund. The fund, under the act, will require regulation to govern it, and then there'll be agreements with each of the sectors in terms of how they will provide that fund to progress government priorities.

Senator FARUQI: So a fund has been announced without any criteria or regulation. On what basis was this calculated?

Ms Gordon: The announcement outlined that the fund was to progress other government priorities. So it allows some flexibility for other things. Our recurrent funding is administered or based on student need, but there are other things that the government progresses outside of recurrent funding, and there are other—

Senator FARUQI: Could you give an example of what the other things might be? It's not going to be three more swimming pools for the richest schools in Sydney, is it?

Ms Gordon: The 'choice and affordability' in the name gives you some indication around supporting choice. The Prime Minister talked about, where there are instances of drought, looking at potential fee relief for parents who are unable to afford the fees for the non-government schools their children are attending. Some of the other things that have been discussed are things like how the sectors might support schools that are underperforming—so how they might be able to go in and work with the schools to turn around their results. There are a number of different things that have been outlined.

Senator FARUQI: And different criteria will be agreed to with different schools—is that what you're suggesting? Or will there be a guideline as to, 'This fund can only be used if these things are fulfilled'?

Ms Gordon: The regulation will set it out at a fairly high level, and then there will be agreements with each of the sectors which set out what that will be spent on and how it will be administered.

Senator FARUQI: What's the time line for that?

Ms Gordon: The fund starts in 2020, so there's quite a—

Senator FARUQI: Obviously, if it's a regulation, it will be made transparent?

Ms Gordon: That's right.

Senator FARUQI: I have a few more questions on the National School Chaplaincy Program. How many chaplains are funded under the National School Chaplaincy Program?

Ms Gordon: As at 31 July 2018, there are 3,289 schools that are accessing the services of a school chaplain.

Senator FARUQI: Could you, on notice, give a breakdown of different states, if that's okay?

Ms Gordon: Certainly.

Senator FARUQI: By comparison, how many secular-school counsellors are funded by the federal government?

Ms Gordon: Outside the chaplains program, we obviously provide—

Senator FARUQI: Obviously it's not secular?

Ms Gordon: But there are requirements for the chaplains to have qualifications—

Senator FARUQI: I do know that, but I'm just asking: outside of that program, are there any secular-school counsellors funded by the federal government?

Ms Gordon: I'm sure there may well be, but not directly because we provide recurrent funding to education authorities—

Senator FARUQI: I'm talking about directly, because this is a direct program.

Ms Gordon: That's correct.

Senator FARUQI: So none?

Ms Gordon: We don't have any other programs that directly fund counsellors, no.

Senator FARUQI: How does the department actually monitor that chaplains are providing services in accordance with the guidelines that have been set up by the program?

Ms Gordon: The chaplains program is administered under a national partnership arrangement, so it's the states and territories that administer and oversee the program in their state.

Senator FARUQI: So the government provides the money but then doesn't monitor at all or is there a requirement of reporting back from the states and territories?

Ms Gordon: There is, yes, and that's all set out in the program.

Senator FARUQI: So the states and territories actually monitor whether the services are being provided in accordance with the program?

Ms Gordon: Yes. States and territories are responsible for the administration of the program in their state and territory and ensuring that the providers are compliant with the requirements of the program.

Senator FARUQI: And your assurance comes on top of that, based on what they've given you?

Ms Gordon: They report to us.

Senator FARUQI: Has the department received any complaints about organisations participating in the National School Chaplaincy Program this year to date?

Ms Houston: No, any complaints about the program would be directed to states and territories.

Senator FARUQI: So you never get complaints? Is there a report of complaints that is provided to you as part of reporting back to the federal government?

Ms Gordon: We might need to take that on notice.

Senator FARUQI: Sure. Thank you very much.

Senator PATERSON: Very quickly—I don't think we covered this while I was out, but please correct me if we have—I just wondered if there's any update on how the department's implementing the recommendations from the child abuse royal commission?

Ms Gordon: We actually chair a working group under the Education Council umbrella with states and territories looking at the recommendations related to education, and there's a process in place to do that. I might ask Ms Houston to answer that.

Ms Houston: That's correct. There were 11 particular recommendations that were referred to the Department of Education and Training to monitor in consultation with the states and territories. We have a working group that is time limited that sits under the Education Council which has met a number of times to discuss those particular recommendations and working towards a report to the Education Council towards the end of the year around those recommendations.

Senator PATERSON: Can I suggest a regular update on this to the committee through estimates? I think all senators would be interested in how things are tracking at each round of estimates.

Ms Gordon: Absolutely.

Senator JACINTA COLLINS: I'd like to return to the discussion we were having about shortfalls that might be experienced by the non-government sector. Ms Gordon, I think, took on notice what types of shortfalls we may be dealing with and described to us the 50-per-cent payment that would be due in January that needs arrangements to be finalised by 7 December in order for that to occur. We were discussing the first payment being the 50-per-cent payment. That's 50 per cent of 80 per cent of the funds to flow to non-government schools. Is that—

Ms Gordon: That's correct in terms of the payment. But in terms of the impact on schools, it really depends on individual schools. Some schools have quite considerable financial funds accumulated that they can draw on, so cashflow is not an issue. Generally with cashflow issues, most schools would have a reserve in place so that a couple of weeks or a couple of months delay wouldn't be an issue; they'd be able to maintain cashflow and make payments appropriately. That 7 December time frame is just to make the first payment of the year.

Senator JACINTA COLLINS: The 50 per cent of 80 per cent of their government funding?

Ms Gordon: That's when the first payment run to states and territories occurs. But then there is another one later in January, and they occur fairly regularly. So it's an issue of delay rather than of that payment not being processed at all.

The time frame is really to provide states with the time frame that we're working to. It's standard practice that we do across all different portfolio areas where there are payments being made to states and territories—so they're aware of the processing time frames to meet certain payment dates. It's very much a standard process so that they can manage their own cashflow arrangements as well.

Senator JACINTA COLLINS: But what's not standard process, firstly—and you'll respond to this on notice—is the Commonwealth suggesting that the state governments should meet any shortfall in the Commonwealth's failure to land Gonski 2; secondly, that it's all occurring this late in the year ahead of the next school year; and thirdly, that the Commonwealth is refusing to put on the table an interim arrangement that could ensure schools are funded for the next year in much the same way as they've done for 2018.

Ms Gordon: I mentioned before about why there was an interim arrangement in place, which was really because we had the—

Senator JACINTA COLLINS: Yes—please, don't repeat that answer; I've heard your answer and I disagree with you, fundamentally. I know the real reasons, so let's not go down that path again.

CHAIR: Senator Collins, please—

Ms Gordon: The interim agreement, as it stands, doesn't go to state funding contributions. The reason that the bilateral agreements need to set those out is that in the absence of a bilateral agreement the default arrangements under the act apply. From a state government perspective: if a state government is seeking alternative arrangements to be in place, it really needs a bilateral agreement to be in place—essentially to override those default arrangements.

Senator JACINTA COLLINS: Exactly. And a bilateral agreement which is for an interim period, rather than the Commonwealth's goal of five years, is a very straightforward option, which, from what you've told me earlier, is simply not on the table.

Ms Gordon: The current negotiations are for the five years. I'm unaware of any government formally seeking consideration of a rollover for next year.

Senator JACINTA COLLINS: But rather than the Commonwealth attempting to land any shortfall that might arise on the states in dealing with the time frame—which has, essentially, been in the Commonwealth government's control—that could easily be a straightforward way to remedy this uncertainty that schools will face for next year.

Ms Gordon: The time frame has been in place since last year, when the principle's agreement was signed. The principle's agreement was to be in place until there was a national agreement in place, or until the end of the year. At that point, we talked about the September time frame for the making of regulation and for the conclusion, which was to line up with the COAG agreement. So those time frames have been well understood by states and territories, which is why we started the discussions with states last year when the legislation had passed. So the time frames have been communicated and have been well understood by all parties for that period.

Senator JACINTA COLLINS: Yes, although there's a bit of that story that you've failed to address: the impact of those time frames on the shift from Gonski 2 to Gonski 2-plus. Pretending that that hasn't occurred and that the Commonwealth has no responsibility for it is ludicrous.

CHAIR: I don't think that's a question.

Senator O'NEILL: What I'm having trouble understanding is that it's like that show on television—*Deal or No Deal*—clearly, you're getting 'no deal' from the states. The discussion implies that there's a two-way conversation. You can state the dates for when you want it done by—and we saw the minister state a date of 4 October, which clearly has come and gone—as often as you like, but the other party in the discussion is simply saying, 'We're not going to do a deal with you that is not to the benefit of our state, especially in light of the recent changes that you've made,' with what Senator Collins is calling Gonski 2-plus.

CHAIR: We do seem to be going around in circles. The official has answered the question: the discussions are ongoing. I don't really understand what question you're asking that's new.

Senator O'NEILL: Can you help me understand why the Prime Minister is playing a game of brinkmanship with the states—

CHAIR: No, that's not a legitimate question.

Senator O'NEILL: Why is the date 7 December for completion of five-year agreements—

CHAIR: Minister, if you want to address that, go ahead, otherwise—

Senator O'NEILL: still the one that you're advocating for here today, Ms Gordon?

Senator McKenzie: There is a continual roundabout of questioning to these officials—I think they've put their evidence around this line of questioning on the *Hansard* for over an hour and I think they've been more than patient. It's very, very clear that they've given their answer to the information you're seeking. You need to accept their answer.

Senator O'NEILL: Well, I'm here speaking for 2.5 million students around the country—

Senator McKenzie: Are you? Really?

Senator O'NEILL: I am! I am!

CHAIR: Senator O'Neill—

Senator O'NEILL: They want to know that funding is going to be able to available to pay teachers' wages in the new year.

Senator McKenzie: That will be up to the state governments.

Senator O'NEILL: What we've seen from this Prime Minister is an unrealistic set of dates. He declared that he'd have this resolved by 4 October. We've hit 25 October. There are letters out there saying it has to be done by 30 October—

Senator McKenzie: Is there something in the standing orders, Chair, about tedious repetition?

Senator O'NEILL: There is a 7 December date—

CHAIR: There should be!

Senator O'NEILL: that you're continuing to adhere to that simply doesn't meet what the states are clearly doing.

CHAIR: Still no question.

Senator O'NEILL: So how—

Senator McKenzie: Write an opinion piece, Senator O'Neill. Get it published and save us all the time!

Senator O'NEILL: I'd be happy to do that! But, clearly, there is significant concern amongst the states and territories, and the parents of children in every sector across this country, about this government's handling of this matter. And, given the failure so far, I'm asking questions about—

CHAIR: You're asking the same question—

Senator O'NEILL: how can there be any confidence in this government—

Senator McKenzie: I haven't heard a question yet, and you've been going for 2½ minutes.

Senator O'NEILL: delivering an agreement by December that allows funds to flow to the states? How can there be any confidence in that?

Ms Gordon: That's an opinion, Senator, I can't—

Senator McKenzie: Absolutely, that is requesting an opinion of the officials, which, Senator O'Neill, you've been reminded continually this morning is against standing orders.

Senator O'NEILL: Could you provide me with a sequence of events that you expect to occur between now and 7 December to deliver the outcome that you seem to think is plausible?

Senator McKenzie: Senator O'Neill, are you asking the officials to somehow get in the minds of state education ministers from across the Commonwealth and design a time line for you?

Senator JACINTA COLLINS: No, she's asking what the Commonwealth time line is.

Senator O'NEILL: Yes—what's the realistic time line? What time line are you actually working to? The one that you've got doesn't look like it's at all realistic, to me.

Senator MOLAN: We've got officials here.

Senator O'NEILL: So, what time line are you working to?

Senator JACINTA COLLINS: We've asked what the Commonwealth time line is to meet these deadlines, apart from writing to my state—

Senator MOLAN: It's ongoing—

Senator JACINTA COLLINS: and saying—

Senator O'NEILL: To do what you're told.

Senator JACINTA COLLINS: No, 'We want you to meet'—what was the word?

Senator O'NEILL: Shortfalls.

Senator JACINTA COLLINS: Shortfalls.

Senator MOLAN: The funding was guaranteed, was it not?

Senator JACINTA COLLINS: But we can't be told precisely what sorts of shortfalls we might be thinking of asking my state to meet, other than, 'On notice, we'll think about it.'

CHAIR: Let's just focus on the questions. I believe that question's been asked before and answered, so let's just—

Senator JACINTA COLLINS: Well no, it's on notice.

CHAIR: Okay.

Senator JACINTA COLLINS: I think we should move on to who, exactly, is conducting these negotiations.

Senator O'NEILL: Good idea. Who is it?

CHAIR: Who's asking the question?

Senator O'NEILL: I want to go to some clarifying questions around the role of the minister, Mr Tehan, and how that is integrating with the Treasurer. We got some evidence last night that I'm sure you'd be aware of—

Senator JACINTA COLLINS: Well, hold on: are you aware of the discussion about schools that was in the Economics Committee yesterday?

Ms Gordon: I understand that there were some questions directed to the Treasury around the negotiations, yes.

Senator O'NEILL: Last night in the Economics Committee, Simon Atkinson, the Deputy Secretary for the Fiscal Group of the Department of Treasury, was asked a question by Senator Ketter around the negotiation of these agreements, and Senator Ketter was informed that the Treasurer is supporting the education minister in resolving it '—'it' being the negotiation of education agreements. And Mr Atkinson, in response to a question of clarification from Senator Ketter, said, 'Yes, it's about the contributions, funding contributions, and requirements that are placed on states.' So, that's the evidence that we heard. Just for my understanding: is it true that the Treasurer's negotiating with states and territories about the funding contributions and requirements that are placed on states?

Ms Gordon: The treasurers are involved in the negotiations and, as you'd be aware, treasurers are very interested in matters of funding and interested in school funding—

Senator JACINTA COLLINS: Particularly indexation levels, which would scare the whole education sector, I'm sure.

Ms Gordon: The Treasurer, as indicated last night, is supporting the Minister for Education, and they've been working quite closely. Certainly they had been before the change of ministers as well. The Treasurer, at the request of state treasurers, as well as state treasurers have raised it a number of times with the federal Treasurer and have had discussions around the funding obligations and impact on states. But the final bilateral agreement and the signature of the bilateral agreement is a matter for the Minister for Education. The ministers for education are the signatories to the bilateral agreement.

Senator O'NEILL: Okay. So, who's doing the heavy lifting there?

Ms Gordon: The treasurers are in discussions, as well as the education ministers.

Senator O'NEILL: So it's all about the money?

Ms Gordon: As we've discussed, that's one of the issues for the bilateral discussions, yes.

Senator O'NEILL: Could you help me understand what arrangements have been put in place, then, between the Treasurer and the Department of the Treasury and the Minister for Education and his department to know what's going on with these negotiations in a timely way?

Ms Gordon: I'm sorry, Senator: I can't go into the details of the negotiations and how they're being conducted.

Senator O'NEILL: No. So, let me just ask: are you talking to the Treasurer's office? Who's talking to whom? What have you set up there? Clearly it's the education minister's responsibility, so he has to sign it off. It doesn't look like he's made enough progress, so the Treasurer's come in. How are you clearly making sure the communication is going between the two departments?

Ms Gordon: I can't go into the details, but suffice to say we work very closely with our central agency colleagues throughout negotiations on national partnership arrangements. We've been working with our central colleagues right through from last year. Treasury officials have attended some of the workshops that we've had with states and territories on the state funding obligations. As I mentioned in earlier proceedings of the committee, we provided evidence about some of those workshops and discussions. Treasury officials have been involved in a number of those at both state and federal level. So, it's been very much a shared discussion right through with central agencies at both state level and Commonwealth level.

Senator O'NEILL: And the ministers are involved in ongoing negotiations or conversations between themselves directly, aren't they?

Ms Gordon: Sorry—which ministers?

Senator O'NEILL: The Treasurer is speaking to treasurers and, potentially, ministers of education?

Ms Gordon: As I said, I can't go into the details of how we're conducting the negotiations, other than to say that we work very closely with our central colleagues.

Senator O'NEILL: Well, Senator Ketter did get this on the record last night, because he said, 'Okay, but isn't it true that the Treasurer is contacting state and territory treasurers trying to conclude a deal? He's texting them about the issue.' Mr Atkinson helpfully did answer the question. He said: 'He is communicating with state treasurers around that part of the funding agreement. It's a financial element of a much broader reform agreement, but that's the education ministers' responsibility.' So, there's texting going on between the ministers. Do you keep abreast of that?

Ms Gordon: I couldn't confirm that, but I did say earlier that the treasurers had been discussing the agreement on a number of occasions and they've raised that a number of times with the federal Treasurer throughout the year.

Senator JACINTA COLLINS: Was the Treasurer involved in the negotiations prior to the shift to the Morrison government?

Ms Gordon: As I said, the state treasurers have raised it and there've been discussions with the federal Treasurer on a number of occasions. There've been exchanges of correspondence as well, before the change of ministers as well. But I can't go into the details of how we're conducting those discussions.

Senator O'NEILL: Has there been an increased—

Senator JACINTA COLLINS: I haven't heard reports of texting between treasurers up to now.

Ms Gordon: I couldn't comment on how they're conducting discussions.

Senator JACINTA COLLINS: I wouldn't be too accepting of that, given the way WhatsApp gets reported these days.

CHAIR: All right. I think that seems to be a fairly natural breaking point.

Senator O'NEILL: I've got two questions—

Senator JACINTA COLLINS: She's got two more on this—

Senator O'NEILL: And then we're done.

Senator JACINTA COLLINS: Then we've still got schools.

Senator O'NEILL: We've been discussing a text. Is the department advised of these text communications between ministers?

Ms Gordon: I have no visibility of text discussions. As we discussed earlier, of course we're in close discussions with our ministers around the progress of negotiations.

Senator O'NEILL: Do you know whether there's a WhatsApp group having a discussion? Are you part of it? If it's really going to happen, and if you're going to have any chance of getting to 7 December, should there be a flurry of activity? Is there a WhatsApp?

CHAIR: There's absolutely no reason that the official would know or not know—

Senator O'NEILL: Are you on a WhatsApp with the Treasurer and the minister?

Senator MOLAN: Oh, come on!

Senator McKenzie: Oh, seriously!

CHAIR: Okay; that's your two questions. Let's move on. After lunch we will go to the early learning component of this outcome to assist another senator who has some questions to ask, and then we will return to schools. Is that correct?

Senator JACINTA COLLINS: Yes, that's right. I think we've concluded questions around states and territories.

**Proceedings suspended from 12:28 to 13:33**

CHAIR: We're ready to resume with this hearing on the Education and Training portfolio. We're going to recommence in outcome 1, early learning.

Senator LINES: I just want to commence by saying welcome to the officials. I also want to commence with the additional childcare subsidy (child wellbeing). At the last estimates hearing in May the department advised that about 7,800 families received special childcare benefit at-risk payment. How many of these families are currently registered for the additional childcare subsidy (child wellbeing)?

Ms Wilson: I think at the last committee we went through a range of different payments for special childcare benefit, which included at risk, financial hardship and categories like that. As you know, the new categories are somewhat different. We do not have on us, out of the 7,500, how many of them specifically transitioned, but they certainly are a group that would have been eligible to transition across into the additional childcare subsidy.

Senator LINES: Of the 7,800 families you advised us last time, you can't tell me today—

Ms Wilson: We would have to take it on notice.

Senator LINES: How many applications have been received for—do you shorten it to 'ACS'? What's the acronym?

Ms Wilson: We haven't actually done that.

Senator LINES: You haven't got one?

Senator McKenzie: I think we should celebrate that.

Senator LINES: I'll have to say 'additional childcare subsidy (at risk). How many have been received? How many have been approved? How many have been declined?

Ms Wilson: That's a question for DHS, really, but we're happy to take it on notice, in terms of processing and application numbers.

Senator LINES: You can answer those three parts of—so how many received, how many—

Ms Wilson: We'll certainly get the information off DHS for you.

Senator LINES: Thank you. In May, the department said it was not expecting any significant changes in the level of demand for this payment. Has the department noticed any significant change in the level of demand for the additional childcare subsidy (child wellbeing), compared to the previous 'special childcare benefit, (at risk)'? Is there any change in the level of approvals?

Ms Wilson: We're at a point in time three months in, and applications are still being processed. As you know, services can make the first six-week certificate themselves, and those numbers change over time. But our expectation is that the special childcare benefit—which had two classes, which was 'children at risk' and 'financial hardship'—the total and amounts would be similar to what they were under the old payment arrangements.

Senator LINES: You expect it to be similar, but you don't have any numbers at this point?

Ms Wilson: That's right.

Senator LINES: Do you have any information about the number of services that have done the six-week approval?

Ms Wilson: Again, we'd have to follow that up with DHS.

Senator LINES: Okay. Thank you. Has there been any change in the level of demand for the child wellbeing payment due to families having to have notifications to take to state child protection agencies after six weeks?

Ms Wilson: We did a lot of consultation, and a lot of work on helping people understand what that was. Under the previous arrangements, under the national quality framework, it's actually one of the areas of the quality standards. Where children at risk present, the service is meant to be looking for wraparound and support services as well. It wasn't a new thing that we were asking. But we did have a specific requirement in our guidelines for this. If you're asking whether that stopped people applying, it would—

Senator LINES: I'm asking if there's a change in the level of demand. It could be up or down.

Ms Wilson: It's not my understanding that there is a change at this stage but, as I said, it's only three months in, and we'd have to monitor.

Senator LINES: When you say that you understand there's not been a change in the level of demand, is that based on your monitoring?

Ms Wilson: It's based on discussions with states and territories, because the referral points have been identified by them, and also just what we hear back from our DHS colleagues.

Senator LINES: Okay. Thank you. How many applications went to a deemed refusal because they were not processed within the legislated 28 days?

Ms Wilson: Again, that's a question for DHS. Certainly, in the initial processing of additional childcare subsidy, there were some policy issues and some work we needed to do with our DHS colleagues to streamline the process. A lot of work has happened to make that process work much faster and more smoothly now. But there were some initial delays.

Senator LINES: So were there refusals?

Ms Wilson: I'll need to take that on notice. I assume there have been some refusals. But there was a lot of not the correct information being provided with the application at the start. So we did some webcasts and webinars to talk to services about what information needed to be provided when they put in their applications.

Senator LINES: If you give us the refusal number, that would be good. What processes does the department have in place to track the fall in participation of low-income and vulnerable families in early learning and care?

Ms Wilson: We have mechanisms in place to track overall transition of families from the old payment system to the new payment system. It's not my understanding at this stage that there's a fall in participation, but we're looking at a range of data and gathering a range of information to look at how families have transitioned.

Senator LINES: Can you make that data available to us, in numbers?

Ms Wilson: Some of it is still data that DHS is putting together for us. I don't have it readily available to me. Some of it I can talk to—for example, we know 93 per cent of families are on the top two levels of the activity test.

Senator LINES: If you're tracking data, you will come up with a number of whether there's been a fall in the participation rate of low-income and vulnerable families?

Ms Wilson: I think that requires quite a complex level of analysis.

Senator LINES: Is that something you're tracking?

Ms Wilson: We're going to be tracking overall movement and transition of families of all cohorts—

Senator LINES: Okay. So it includes that?

Ms Wilson: The data is not available at the moment, but it is something we would want to look at.

Senator LINES: Given you're tracking all data, it will include low-income and vulnerable families?

Ms Wilson: Yes, but we're not at the stage of teasing all that out at the moment.

Senator LINES: When you've got that, can you provide that to us on notice?

Ms Wilson: Sure.

Senator LINES: Thank you. There is an increase in the regulatory and administrative burden associated with supporting children at risk. It's there because of reducing the initial period of support, which a service can provide from 13 weeks to six weeks. What data have you got on what's happening in relation to regulatory and administrative burden by that reduction?

Ms Wilson: We had to do an overall regulatory impact statement on the whole package. This element was a part of that. We've transitioned, but we're in the middle of people learning a new way of doing things. As I said to you a little while ago, I think, in July, there might have been some misunderstanding about what was required and what was needed. We're doing a lot more education and information. DHS is doing a lot more outreach. I think people's understanding of the system is improving. Whereas, initially, they might have reacted to it as an extra burden. There are also some streamlined processes—like, if you have a long-term at-risk case, you don't have to keep providing different information at every 13 weeks; you can just refer to the information you've already provided. While you raise those points about six weeks instead of 13, there are also some streamlining mechanisms in the process from what was before.

Senator LINES: But services certainly—you said in the beginning—felt there was an additional regulatory and administrative burden?

Ms Wilson: I think they had to take time to adjust to the change.

Senator LINES: Okay. How many families were supported under additional childcare subsidy, the temporary financial hardship, under the previous system compared to the new system?

Ms Wilson: Let me see if I've got that with me. During the December quarter 2017, 16,680 children were assisted with special childcare benefit.

Senator LINES: How does that compare to the previous system?

Ms Wilson: Sorry, that is the previous system, because you asked about special childcare benefit.

Senator LINES: Okay. How does that compare now to the new system?

Ms Wilson: They're the numbers we offered to take on notice for you at the start of the conversation.

Senator LINES: Okay, fair enough.

Ms Wilson: You also asked me, I think, out of that—there's a split between at-risk and financial hardship. The at-risk group, out of the 16,680 was 8,920, and the financial hardship was 8,050.

Senator LINES: Okay. Thank you. Is the government aware of any stress being placed on families experiencing hardship by now also requiring them to apply on their own for the additional childcare subsidy rather than through the provider?

Ms Wilson: They actually go through the provider for the first six weeks, and the provider supports them with additional information. Sorry, are you asking about temporary financial hardship or at-risk?

Senator LINES: What I'm asking about is where the families are now required to apply on their own for the additional childcare subsidy.

Ms Wilson: That would then be the temporary financial hardship. So they go directly to DHS to apply. That was meant to actually be a streamlining, because DHS already holds all their records of other payments they receive and what their financial and income details are. So the whole point of moving it to DHS was the service didn't have to ask all those difficult questions about people's financial circumstances; DHS would already have that information.

Senator LINES: But are you hearing that that's placing additional stress on families?

Ms Wilson: I haven't heard that.

Senator LINES: How many families have left early learning and care after receiving different decisions on their applications for support for child wellbeing? For example, are there instances of the government declining and approving child wellbeing funding for domestic-violence cases in the same centre, like an inconsistent application?

Ms Wilson: I would have to take that on notice, because we would have to follow up with DHS colleagues. One of the things we've focused on, though, is getting a common understanding of how these things apply across the board. At the start, it's probably fair to say that different people had slightly different views on who the key groups were. But I think we've done a lot of key work to try and focus on that.

Senator LINES: So there may well have been inconsistencies?

Ms Wilson: There may well have been misunderstandings about what was required at the start, but we've done a lot of work to address that between DHS and us.

Senator LINES: I think you do need an acronym for 'child wellbeing'—it's quite clumsy to say! Given the applications for childcare benefit are generally on at least three-week delay, what additional resources is the department or the government directing to handle and process the increased number of applications that will now need to go to the department for additional childcare subsidy?

Ms Wilson: They go to DHS. DHS have a team of 70 staff that just focus on additional childcare subsidy. They're focused on all the elements of additional childcare subsidy.

Senator LINES: Are they additional staff?

Ms Wilson: It's a significant increase on what they had for special childcare benefit.

Senator LINES: How many state and territory agencies responded to the new requirement that they must now receive notifications for every single child who is the subject of an application for child wellbeing?

Ms Wilson: All the states have provided with us referral points, and we consulted—

Senator LINES: Did you say all states and territories?

Ms Wilson: Yes, and the territories. Over 18 months, we would have consulted. Some have provided multiple referral points; others have provided one. That was really up to them to decide, and we worked with them to identify the most appropriate channels in their jurisdictions.

Senator LINES: I just now want to look at the July implementation changes to the childcare system, and I'm happy to get some of these on notice. I'm assuming some you may have, some you may not. How many families were using approved childcare services and receiving childcare benefit and rebate payments from the government on 1 July 2018?

Ms Wilson: I'm not sure if I have a specific figure for 1 July. Our latest quarter data, which we release, as you know, regularly, showed that under the old CCB-CCR world 897,880 families were receiving it at the December quarter 2017. I can talk to you about how many families transitioned, if that's what you're after.

Senator LINES: You could probably give that number to us, yes. And are you able to give a 1 July number?

Ms Wilson: I'd have to take that on notice and follow up with DHS. Preliminary data from the September quarter this year shows there are 914,820 families accessing childcare subsidy.

Senator LINES: How many families were registered for the system by 2 July? What percentage of families were ready for the new system?

Ms Wilson: The number at 2 July was 1,024,359 families had successfully transitioned to the new package.

Senator LINES: And what was the department's target for registration by 2 July?

Ms Wilson: That's sort of over 90 per cent, and were aiming to get to about that point. I think we were surprised with the strength of the response.

Senator LINES: Did you have an actual number?

Ms Wilson: We talked to you before about getting close to 90 or 95 per cent. The timing of the last estimates was May. Things were already starting to move quite well. In fact, the communications campaign was actually very successful in driving a call to action.

Senator LINES: I think you told us then there were some services that were still struggling that you'd put resources into.

Ms Wilson: Yes, that's right.

Senator LINES: How many children are currently registered for the new child care subsidy?

Ms Wilson: That's the family number I just gave you. I don't have the children number with me right here. I'd have to take that on notice.

Senator LINES: Thank you. How many families receiving child care benefit or child care rebate on 1 July did not transition to the new system? Are you able to break that down by income levels—the bands that you used for child care subsidy?

Ms Wilson: My understanding is that at 8 September—I don't have a 2 July figure—there were around 17,000 families whose children were attending at 2 July who had not yet completed their transition process. Around five per cent of families stopped using care between June and July last year. So this could be because they're no longer needed, parents are at home, change in circumstance. In any given quarter, although we have that one million family figure, between 800,000 to 900,000 families access care. So a lot of people are registered but not all of them use care all the time.

Senator LINES: Are you able to break that figure down by income bands?

Ms Wilson: The 17,000 you're after? I can take that on notice.

Senator LINES: Has the department observed a noticeable decline in registrations with the shift to the new system?

Ms Wilson: No.

Senator LINES: I think you answered this, but was the department satisfied with the implementation of the new child care system on 2 July?

Ms Wilson: Yes.

Senator LINES: Noting that the former minister had a high degree of confidence that the system would launch successfully, can you update the committee on what percentage of families have transitioned to the new system?

Ms Wilson: I think I gave you that figure, which was the one million figure. In terms of providers, 99.9 per cent of providers had transitioned across to the new system as of 2 July.

Senator LINES: Does the department have any data on what the average waiting times for families to have their applications processed was during July, August and September?

Ms Wilson: I'd have to take that on notice.

Senator LINES: Does the department have any data on how much liability and debt providers were forced to carry while Centrelink processed the backlog of applications?

Ms Wilson: I don't have that information with me. I know, for some services, there were some delays in processing. I wouldn't characterise it as a consistent feature across the board. Most services transitioned quite efficiently and effectively to the new system.

Senator LINES: Is that a figure you can get on notice?

Ms Wilson: I'm not sure, because that would require me to go to services. It's not a number we would have ourselves.

Senator LINES: We hear that there are still some not-yet-fixed basic errors with the IT system, such as the inability to provide correct entitlement advice for children relying on the preschool exemption. We believe there are errors preventing services from issuing additional child care subsidy certificates for children at risk, and push notifications when applications have been decided. When will those issues be rectified?

Ms Wilson: The first one you talked about was the preschool one. The information is being provided. The family can see it on their myGov account. The issue is the services want to be able to see when the families are entitled to a preschool exemption. We didn't build that in at the time, so it's not a problem, but they've now asked that it's a feature they want built in, and we've put it into the system to be built. Can you remind me what the other two were?

Senator LINES: We believe there are errors preventing services from issuing additional child care subsidy certificates for children at risk; and the push notifications when applications have been decided.

Ms Wilson: There were some problems with the format in which people were attaching their additional child care subsidy certificates. What happened was, when it came through the interface it scrambled the information that was provided. We've now gone out and clarified how people need to do that and provided much more specific advice. In relation to the push notifications, if that's about giving people information about—

Senator LINES: When applications have been decided.

Ms Wilson: and if they're refused, why. There have been some delays in doing that, but now we've got that feedback happening.

Senator LINES: What was the delay from?

Ms Wilson: In terms of additional child care subsidy, what was happening was families and providers were being told if they weren't successful, but they weren't told why so they could do something about fixing it. The 'why' was something we had to build in so that we provided information back in relation to the application.

Senator LINES: Has that been fixed now, you're saying?

Ms Wilson: That's my understanding. Yes.

Senator LINES: What modelling has the government done in regard to the administrative, regulatory and infrastructure costs borne by child care providers associated with the new legislation?

Ms Wilson: As I said, we did an overall regulatory impact statement for the whole package, which included some of those things. As you will also recall, there were some things that were delayed in terms of implementing, like providing actual attendance data till January next year, in response to service providers saying they had a lot on. That was a decision made by the previous minister to delay requiring attendance data till 14 January next year.

Senator LINES: Is that the only burden that's shifted—to providing data next year?

Ms Wilson: In terms of features of requirements, probably yes.

Senator LINES: What percentage of children attending early learning and care have had their access to early learning reduced as a result of the new activity test?

Ms Wilson: I would have to take that on notice. As I said a little while ago, the data we have suggests actually that—in terms of participation, 93 per cent of families are accessing either 100 or 72 hours of care a fortnight, which was much stronger than the modelling we did. So there were more families using care who were actually meeting activity test requirements and hadn't previously declared it. That's a much stronger result than we expected from our modelling.

Senator LINES: Alright, but you'll take that on notice.

Ms Wilson: Yes.

Senator LINES: I want to move now to in-home care. How many in-home care providers are currently accredited by the department to provide in-home services? How many were accredited on 1 July 2018? How many have left the sector since the new system was introduced?

Ms Wilson: There were 59 under the previous program. Around 11 services have left as at 10 October.

Senator LINES: So that's the 48?

Ms Wilson: There are also new services being found to support families with particular needs.

Senator LINES: How many in-home care places and children were funded in 2017-18?

Ms Wilson: I think we've only got 2016-17 data.

Senator LINES: Does that mean you have to take it on notice?

Ms Wilson: Yes, if you want 2017-18.

Senator LINES: I do. Thank you.

Ms Pearce: The number of places hasn't changed. There are still 3,000 available that we can fund. It's just that the population and the usage varies somewhat.

Senator LINES: So are you saying that for 2018-19 there'll be 3,000 places available and 3,000—or whatever that number of children might be—funded?

Ms Pearce: It potentially can be more, because a place is a number of hours—

Senator LINES: I appreciate that. But if there are 3,000 places available, are you saying that in 2018-19 there are 3,000 full-time places available, and there's funding to match those 3,000 places?

Ms Pearce: That's correct.

Ms Wilson: That's not a change from what was before. There were 3,000. There are 3,000 now.

Senator LINES: How many of those 3,000 places have been filled?

Ms Wilson: Places allocated, as at a couple of days ago, were around 2,895.

Senator LINES: Can you provide the number of places funded per state and territory?

Ms Wilson: We can take that on notice.

Senator LINES: Has there been a change in the number of places funded in each state and territory compared to 2017-18 under the old system?

Ms Pearce: As part of the transition process we have held steady the number of—

Senator LINES: What does that mean?

Ms Pearce: To ensure there wasn't a disruption to families, we said that, in terms of the number of places allocated per state, we would as a matter of policy transition those families and keep their places. But in our handbook—this is publicly available—there is a target that over time we are trying to get to. It's termed on a population base. So some of the places might move to other states which, by population, you would give more places to.

Senator LINES: Does that mean the transitioned families could lose their place?

Ms Wilson: No. Eighty per cent of families that were in the system before transitioned across into the new system.

Senator LINES: Are the 3,000 places capped? Is there a cap in each state?

Ms Pearce: The 3,000 places are capped. We have a target over time in each of the states.

Senator LINES: What does that mean? That you cap it once that's met?

Ms Pearce: So our target is, on a population basis, what we think each state should have. But in a year, we don't want to under-utilise—there's a demand element here.

Senator LINES: So you might shift—

Ms Wilson: As we need. The point that Ms Pearce was making is that before, Queensland and New South Wales had the bulk of the places. For example, Victoria didn't get access to as many places. As part of the new package, we wanted to redistribute on a corrected population basis, but we didn't want to suddenly take 100 places out of Queensland. So we're trying to do it in a measured way, and that's captured in our guidelines.

Senator LINES: Does that mean that in heavily populated states where there's a demand there's a waiting list?

Ms Wilson: We're just looking at that. There are often people waiting because they're waiting to find an educator that meet the skill needs of the care that their child needs. We're trying to get the information about what is the waiting for that versus what's a real waiting list. We're looking at that information at the moment.

Senator LINES: Can you provide that to us when you get it?

Ms Wilson: Yes.

Senator LINES: How many families have been referred to the in-home care support agencies in each state and territory?

Ms Pearce: All of the families in transition should have been referred to the in-home care support agency.

Senator LINES: Can you provide that number to me today, or is that something you have to take on notice?

Ms Wilson: I would probably have to take it on notice.

Senator LINES: The number of transitioning families.

Ms Wilson: Yes. The in-home care support agencies had to do a plan for each family that was coming across, so they'll have the numbers of families that they did plans for.

Senator LINES: Of the 185 families referred to the New South Wales in-home care child care by Sydney in-home care and Illawarra in-home care, is it correct that fewer than 10 families have been allocated care places? If that's correct, what's happened to the other 180 families?

Ms Pearce: That doesn't sound correct. I think I'm going to have to take on notice to give you the exact information, because I don't think we have that detail here.

Ms Wilson: You're aware that that service is no longer continuing to provide a service.

Senator LINES: It's not continuing?

Ms Wilson: No. That was a business decision, maybe because its focus has now moved on to disability.

Senator LINES: So those families you now have transitioned—

Ms Wilson: They gave us the required notice period, and our in-home care support agency in New South Wales worked to find people places.

Senator LINES: Maybe you need to tell us also what the residual is, the ones they weren't able to provide places for?

Ms Wilson: I'm happy to do that. My understanding from talking to the in-home care support agency in New South Wales is that everyone who wanted to continue getting care is getting care with another provider.

Senator LINES: Why did they withdraw? Why did the service cease?

Ms Pearce: I can only go on what they told us, which was that it was a business decision.

Senator LINES: They didn't think it was viable?

Ms Pearce: I didn't have that discussion with them. It was a business decision to focus on other parts of their business.

Senator LINES: Did they provide a written explanation?

Ms Pearce: From memory, I think it was along the lines that it was a business decision.

Senator LINES: Can you check that, and if they have given a reason, give that to us? So you're going to look at the waiting list for home care places. You had to distinguish between people who were waiting for an educator. Could you do that by state and territory, please?

Ms Pearce: Waiting for matching—yes.

Senator LINES: Also, can you confirm that the in-home care agency in Queensland has advised YMCA Brisbane that there is a two-year waiting list for the 22 families the YMCA has referred to them?

Ms Wilson: I'm happy to take that on notice. There was a very confused article in the press recently. If we go back to the previous discussion Ms Pearce was having, the two years is the time we have said it's going to take to rebalance the places across the country, and that's been misconstrued with the waiting lists. The two things have nothing to do with each other. I read the article that referred to this, and it's got nothing to do with waiting lists. It's about the time to allocate the places on more equivalent bases.

Senator LINES: So are you saying then that—

Ms Wilson: I don't know about the YMCA. I'd have to take that on notice.

Ms Pearce: When we looked at that two-year claim, we couldn't find any evidence to support it.

Senator LINES: But you can tell us about the YMCA?

Ms Pearce: We can ask the in-home care support agency what they told them.

Senator LINES: Thank you. Was the Sydney in-home care and the Illawarra home care the largest provider in New South Wales?

Ms Pearce: I think it was one of the largest. I don't have at hand a comparison, but it was one of the biggest in New South Wales.

Senator LINES: Is that the only one that has withdrawn in New South Wales?

Ms Wilson: I don't have a list. I have a comment that 11 nationally have withdrawn.

Senator LINES: And you're checking to see if you can provide us with why they've withdrawn—the Sydney/Illawarra one.

Ms Wilson: Yes.

Senator LINES: Did you expect them to withdraw?

Ms Wilson: The previous in-home care system allowed people to charge up to $105 an hour. There was no cap on payment. When the reviews we did, which we might have spoken to you about—we were funding things like cooking, cleaning, washing and a whole bunch of things but not early childhood education and care. So for some services this was a big change—where our funding is about early childhood education and care—and they had to make their own business decisions around what that meant for them.

Senator LINES: In this new system, what does the department say about a provider's viability?

Ms Wilson: We consulted a lot on the policy before we announced it.

Senator LINES: You were just using that example where this service was able to charge a high amount and do all sorts of stuff outside education. Are you confident that's not occurring under the new system, and are you confident that the new system is viable for providers?

Ms Wilson: We're confident that it's not occurring because of the caps we've got on the rate of charging. What we have to do is keep an eye on whether that continues to be a reasonable rate going forward, and we have many review mechanisms in place to do that. We're certainly very actively talking to the sector.

Senator LINES: I just want to talk about the Long Day Care Professional Development Program. How much funding was provided under the Long Day Care Professional Development Program over the life of the program?

Ms Wilson: I've only just recently taken that out as an estimate brief from my folder because I stopped being asked that.

Senator LINES: You've been answering questions for years now; you should be able to almost predict what we're going to ask!

Ms Wilson: As I said, I just took it off my list. I'm happy to take that on notice.

Senator LINES: Okay. Do you know how many educators—

Ms Wilson: I'd have all of that information. I'd have to take it on notice.

Senator LINES: Okay. How many educators did it support? How many long day care centres received funding under the program?

Ms Wilson: I can give you all of that on notice.

Senator LINES: Yes. What percentage of eligible long day care centres does this represent?

Ms Wilson: Yes. I think we've had this conversation before at a previous point in time.

Senator LINES: Yes, we have. How many applications for funding were received? What percentage were approved and what percentage were declined for funding? What were the criteria for receiving funding under the program? Who evaluated and approved the applications?

Ms Wilson: The department did that.

Senator LINES: Did Camelia Avenue Childcare Centre and Bald Hills Childcare Centre make applications for funding under the program?

Ms Wilson: I'd have to take that on notice, Senator.

Senator LINES: If they did, were they approved and how much funding did they receive under the program? Thank you. That shortened that little one. Let's talk about commitment to preschools. Are the staff you've got at the table able to talk about preschools?

Dr Bruniges: That will be back in the schools area, Senator.

Ms Wilson: Do you have any more for child care?

Senator LINES: That's back in schools?

Dr Bruniges: Yes, that's correct.

Senator LINES: Okay. There's a set on some MYEFO savings and compliance measures. The government announced in MYEFO last December a new compliance program in family day care that would save a billion dollars over the forward estimates.

Ms Wilson: That's right, Senator.

Senator LINES: In January, the former minister stated in a media release that $1.8 billion had been saved since 2014. Then, in August, Minister Tehan announced in a media release that the government had saved $2.8 billion since 2014. Can you confirm that this means the government has saved $1 billion from compliance since January?

Ms Wilson: Those numbers are sort of connected but a bit different. I can confirm the MYEFO measure, which was the family day care integrity surge measure, as you outlined, intended to deliver $1 billion in savings by cancelling 150 services. We've cancelled 151 services and we've delivered the $1 billion. In doing that, we have reduced the forward estimates by the $1 billion. I can confirm that.

Senator LINES: So you can't confirm that it means the government has saved a billion from compliance since January?

Ms Wilson: The MYEFO measures started in about November or December, so it's over that time and not just January.

Senator LINES: So it's from November and December.

Mrs Pearce: That measure was to be over four years from 2017-18, you realise, but we certainly have cancelled 151 services.

Senator LINES: So was the 151 services a target that you had to close?

Ms Wilson: That is what we costed and the new policy measure that was supported.

Senator LINES: What do you mean that's what you costed?

Ms Wilson: That's what we agreed with government. That was the budget of that MYEFO measure in the book.

Senator LINES: That's what the $1 billion equals.

Ms Wilson: Yes. That's what we did a calculation on to get $1 billion—that we would get 150, and we got 151.

Senator LINES: With that $1 billion saving, has the government achieved is four-year savings target in less than one calendar year?

Ms Wilson: I'm not sure what you mean by that, Senator.

Dr Bruniges: The $1 billion is across the forwards.

Mrs Pearce: It's across the forwards. Of course, you can take compliance action and close a service down, but they've still got rights of appeal—they can go to the AAT, et cetera.

Senator LINES: As I said, there was MYEFO, which we all agree was $1 billion. And then we had in January the former minister saying in a media release that it was $1.8 billion.

Ms Wilson: Can we have a crack at answering this? This is a separate number. The $1.8 billion, which became $2.8 billion, is the amount of savings delivered from the beginning of 2014 to June 2018. If you recall, we tabled many disallowable instruments under the previous package about child swapping and a whole bunch of things.

Senator LINES: Terrible stuff.

Ms Wilson: That's a cumulative savings number.

Senator LINES: As is the $2.8 billion?

Ms Wilson: Yes. The $1.8 billion was to the end of 2017, I think, and then that was updated to June 2018. That's why that $1.8 billion number grew.

Mrs Pearce: That's right.

Senator LINES: How was $1 billion dollars arrived at as the target?

Ms Wilson: With the MYEFO measure?

Senator LINES: Yes.

Ms Wilson: So the $1 billion represented, basically, identifying 150 family day care services who were undertaking fraudulent practice or sharp practice and taking them out of the system before we transitioned, to ensure that there was greater integrity in the new system.

Senator LINES: I appreciate that, and that's good and that's what we'd expect. But, because MYEFO said a billion dollars, did that mean the department had to go and find those services?

Mrs Pearce: The department—

Senator LINES: How did you arrive at the billion? We're nodding yes here.

Mrs Pearce: I think we've been through this before at estimates. We have a compliance program where we have pretty extensive list of services that are at high risk of non-compliance. It's based on a range of quite sophisticated data and so forth. And we looked at the highest 150 services on that list.

Senator LINES: On the compliance list?

Mrs Pearce: Yes, and what they would take out of the system had they not been closed down.

Senator LINES: Okay, so you used the compliance system. So it's alarming there was 150.

Ms Wilson: That's right.

Senator LINES: And that was a billion.

Mrs Pearce: We used the same risk criteria. We just got more resources to focus on 150 in a shorter period of time.

Senator LINES: So with the compliance measure—just refresh my memory: these were services that had failed on a whole range of compliance measures, is that right?

Ms Wilson: They were undertaking things like charging when educators were overseas, and charging when kids were overseas, charging for those kids. There's a whole matrix of sharp practice, or a risk matrix, as Ms Pearce identified, and we just worked down those and got a list of the top 150 services hitting most of those indicators.

Mrs Pearce: That's correct.

Senator LINES: Does that mean there were more than 150 on the list or 151 on the list?

Ms Wilson: Well, the work we've done has identified that there's still more work to be done, and we're still in the process of quantifying what's left to be done.

Senator LINES: So what do you think that figure might be?

Ms Wilson: I think I'd have to take that on notice, Senator, because—I think we learnt a lot from doing the 150—

Senator LINES: I'm sure you did.

Ms Wilson: Because also the different approach was we did a lot of cross-agency work with ACIC, with ATO, with DHS, with AFP—

Senator LINES: Which you wouldn't have done before.

Ms Wilson: No, because we didn't have the resources to do it. One of the things we've discovered is that people who do bad things in our space are not being good citizens in other programs as well.

Senator LINES: What was the average failure or error rate for services selected?

Ms Wilson: I think that's about what the risk indicators are: we don't quantify the risk indicators. We just have a risk matrix. We don't sort of have a number, do we?

Senator LINES: On your risk matrix, if there's a service that's got two crosses and one that's got seven—

Mrs Pearce: These are very high-risk services and I can't give you a figure.

Ms Wilson: There's no number. We don't numerate it.

Mrs Pearce: There's no number, but it's a complex of a whole range of activities these services are undertaking, not one particular thing that they are found non-compliant or fraudulent on.

Senator LINES: I mean, it is alarming to think these were people—educating children—who were also, as you say, not compliant with a range of other measures outside of education. The government states that their childcare package was introduced in July, and it cost $2.5 billion. If the government since 2014 has saved $2.8 billion in the sector, how much of the new package is new funding into early education?

Ms Wilson: I'll start by saying the 2.8 doesn't reflect the provision of genuine care, and I think you just agreed with me that that was the case. The forward estimates always get updated based on growth in number of children, number of hours, number of services—the whole lot of it. So I think we'd have to take it on notice to explain it to you because, you would recall, in MYEFO 2015-16 we also changed the model.

Senator LINES: Yes.

Ms Wilson: And we had an extensive discussion at this committee about it. And the—

Senator LINES: I think I ended up with a headache!

Ms Wilson: Sorry, Senator! But that actually changed the base of the model significantly. So we changed models, and we've now changed systems, and we've had compliance. So to try to get your answer, I think I'm best to take it on notice.

Senator LINES: All right. Back to those service that were cancelled—and this is a bit of a hypothetical—how can the services appeal their penalties from the department? Is there an appeal mechanism?

Ms Wilson: There is an appeal mechanism.

Ms Pearce: They get 28 days in which to appeal.

Senator LINES: They get it in writing?

Ms Pearce: A delegate will respond and have a look at all of the data they have supplied to support their case, make a decision and get back to them, and then they can either accept that or not. And then they can appeal further to the AAT.

Senator LINES: Is the 28 days in a regulation?

Mrs Pearce: I think it's in the regulation.

Senator LINES: It's not an arbitrary—

Mrs Pearce: No; it's not arbitrary.

Ms Wilson: When they get told they're going to get cancelled, they get a very detailed dossier about all the high-risk indicators they hit and specific examples about how they hit it in their service. Sometimes the dossiers go to 50 pages—the ones I've read.

Senator LINES: And they're given the 28 days.

Ms Wilson: That's right.

Senator LINES: So they could come back to you and say, 'I need more time.'

Ms Wilson: That's right.

Senator LINES: And you would negotiate around that?

Ms Wilson: Or 'I didn't put these records in correctly for the ones you've picked up.' We would consider all of those things.

Senator LINES: Can you tell us how many providers have been able to overturn their penalty on appeal?

Mrs Pearce: I think we would have to take that on notice.

Ms Wilson: It would be a small number, but we would have to take it on notice.

Senator LINES: Looking at the maths—the billions, the $1.8 billion and so on; and you were going to take that on notice and explain it a further—it seems to us that $3 million has been taken out of the system.

Ms Wilson: In compliance savings?

Senator LINES: Yes.

Ms Wilson: I just have to go back and have a look for you. As I said, there was a rebasing because of the model change as well. It was an estimates variation because of the model change.

Senator LINES: Alright. Maybe you can explain that more fully.

Ms Wilson: Yes.

Senator LINES: Just on the breaching, can you tell us—and you might need to take this on notice—how many providers were breached, how many shut down and how many closed?

Ms Wilson: Do you mean from the integrity surge measure?

Senator LINES: Yes.

Ms Wilson: You mean the ones that closed without being cancelled?

Senator LINES: Yes. We talked about the matrix and there were more than 151 on there. What's the total on there? Is it only 151 that have closed?

Ms Wilson: We've cancelled 151.

Senator LINES: You've cancelled 151.

Ms Wilson: It's separate to them closing. Others might have closed for business decisions.

Senator LINES: Is that counted as a breach then?

Ms Wilson: A cancellation.

Senator LINES: We might clarify that on notice to you.

Ms Wilson: That would be good.

Senator LINES: I think we're going to go back to schools later, aren't we, Chair?

CHAIR: Yes, we are, somehow.

Senator LINES: I think that's it. Thank you very much to other senators for your indulgence.

CHAIR: Thank you. Senator Faruqi, you have the call.

Senator FARUQI: Good afternoon. I might start off with some childcare subsidy questions as well. This is a particular case which I'm referring to, without referring to that particular case. Would someone who is undergoing intensive treatment for a serious medical condition that leaves them unable to work and requires them to obtain more than eight hours of treatment a week meet the activity test?

Ms Wilson: So they're undergoing serious treatment, they're not working or they have lost their job?

Senator FARUQI: Or whatever the case is. They need to attend more than eight hours of treatment a week. Would that meet the activity test?

Ms Wilson: There are exemptions as well as activity test requirements.

Senator FARUQI: I'm just asking you about the activity test. Would they meet the activity test?

Ms Wilson: They're not participating in those range of activities. I need to know things like 'Are they on payments like disability support pension?' which would mean they would get an exemption.

Senator FARUQI: No.

Ms Wilson: If they're not on that because of income and asset reasons, they could still get an exemption from meeting the activity test because of the circumstances you describe. But there are a range of questions where we would have to ask more about it.

Senator FARUQI: Sure. I'm asking this question because, at a childcare centre in Victoria, there are four mothers who have been diagnosed with cancer and they're receiving ongoing and active treatment. These mothers have not been able to get approval for childcare subsidies, because the large amount of time that they spend being treated doesn't count as activity towards the test. So I guess my question is: do you think there should be another category which should provide subsidy or activity for situations like this?

CHAIR: I'm not sure the official can answer that question. I'm happy for you to tackle it.

Senator McKenzie: I'd be happy to take the individual case and raise it with Minister Tehan. Perhaps you could provide me details offline.

Senator FARUQI: The question is, Minister: should support, such as medical treatment like this, actually be considered as an activity or was this considered as an activity when the department was coming up with these activity tests?

Senator McKenzie: I'd like to see the detail and then I will absolutely raise it with the minister and will get back to you.

Senator FARUQI: This is not about the bill. I'm asking a simple question: was this sort of activity—

Ms Wilson: There were exemptions from the activity test agreed and identified for situations like you're talking about, Senator. If you have the—

Senator FARUQI: What would be the exemption under this situation?

Ms Wilson: It's because of the medical conditions which are preventing them from participating to meet the range of other activities that are there. The reason I raised the disability support pension is it's recognised that their disability prevents them from participating and, by being on the DSP, you've been assessed as not being able to work, study or train. But, if you can't get on that for income or asset reasons but you still meet that level of incapacity, then there are exempts which enable similar treatment. My colleague Jeff has been chasing a lot of individual cases which are similar to the ones you raised, and we are happy to follow-up specifically if we have CRN numbers.

Senator McKENZIE: Absolutely.

Senator FARUQI: Shouldn't it be simpler than applying for subsidies, then applying for exemptions and then raising individual cases?

Ms Wilson: It's all in the same process, Senator. It's not necessarily another process.

Mr Willing: I could probably help a little bit. The activity test, to be clear, is that people would do things for a certain number of hours and get a certain number of subsidy hours under the childcare subsidy.

Senator FARUQI: I do understand that.

Mr Willing: What hasn't really changed in comparing to the old childcare benefit to the childcare subsidy world is that there are exemptions to the activity test for people who legitimately cannot meet the activity test. So, in all the circumstances you described, and we would like the details, if someone legitimately, because of their circumstances, can't work, train or study and can't therefore do at least eight hours, they can apply for an exemption. In the circumstances you describe, it would quite likely be granted. We would need to look at it. The exemption is for 100 hours. They don't get a step of the activity test; they just get an exemption and that person gets 100 hours. It should be that simple.

Senator FARUQI: Yes. In this similar case, if the families, let's say, got an approval for the childcare subsidy and they require fee relief through the additional childcare subsidy to keep their children in care, that would have to meet this criteria of the risk? Am I right?

Ms Wilson: Yes, that's right.

Senator FARUQI: I guess I find an issue with that, because the risk categories are all focused on suffering or risk of suffering harm caused by neglect.

Ms Wilson: There are other categories like financial hardship. There are multiple elements of additional childcare subsidy.

Senator FARUQI: It's not just the risk reasons that are listed; it's more than that?

Ms Wilson: That's right.

Senator FARUQI: Where would we be able to find those?

Ms Wilson: It's on the website. There's the wonderful book called the *Child Care Provider Handbook*, which is online. There's a chapter on each of the—

Senator FARUQI: We couldn't find them online. The only thing I could find was the risk reasons and none of them included that.

Ms Wilson: This is the *Child Care Provider Handbook* and that's online. If you can't find it, we're happy to provide you with a copy.

Senator FARUQI: I'm sure I'll be able to find it online. What I'm saying that, when you look at those categories, only the risk reasons comes up. It's good to know that there are other possibilities as well. I have some questions on the additional childcare subsidy. I think Senator Lines asked some questions along those lines.

Ms Wilson: She did, yes.

Senator FARUQI: Under the old subsidy, centres could independently approve 13 weeks.

Ms Wilson: That's right.

Senator FARUQI: Now they can only independently approve six weeks?

Ms Wilson: The first six weeks.

Senator FARUQI: Yes, the first six weeks. I'm trying to understand the reason for that.

Ms Wilson: The conditions around approval were quite broad and lots of centres were doing lots of different things, so, in looking at and thinking about the new package, when we did consultations, people said service providers wanted specific directions about who should get access to additional childcare subsidy. We've been much clearer. Also—

Senator FARUQI: That's fine, but what does that have to do with the times?

Ms Wilson: With the time frames, under the old system miraculously lots of centres from 1 July every financial year gave 13 weeks to every family in their centre with no understanding or differentiation about who was at risk, or who was not at risk, and that was very clear in our data. And because they had that ability to give it they gave it to everybody, including people who were just having a difficult week. So what we tried to do is draw back from that 13 weeks and go with six weeks and then we would have the opportunity for 13 week follow-up determinations.

Senator FARUQI: Doesn't that make it harder for people, who actually need 13 weeks, to have to go through another step?

Ms Wilson: They don't have to provide new information. The centre just has to work with them to go through DHS to get it. They don't have to provide new information. All that can be is a stat dec.

Senator FARUQI: How many families do you have data on? How many families have been approved of that 13 weeks since the system changed?

Ms Wilson: I think we said to Senator Lines we'd take it on notice—

Senator FARUQI: You will provide that, okay, no worries.

Ms Wilson: because we have to go to DHS to get the information.

Senator FARUQI: Sure. Not a problem. I've also heard of cases since the child care subsidy's new system was introduced that there were reports of parents having to pay out of pocket, in some cases, $400 a week, because third-party software systems weren't able to integrate—I think this is more the Department of Human Services. I'm just wondering if you were aware of this?

Ms Wilson: I think there's been a pocket of some third-party software providers that weren't as ready for the changes as they should have been. With some of the ability to capture information and invoice correctly we had a few problems for a few weeks until they updated their software correctly.

Senator FARUQI: That's all been fixed now?

Ms Wilson: Yes, that's my understanding. It was a handful of third-party software providers and we—ourselves and DHS colleagues—worked very closely with them.

CHAIR: Dr Atkins, did you want to add anything there? I noticed you came to the table.

Dr Atkins: Nothing at this time.

Senator FARUQI: There have been cases of child care subsidy applications being rejected, for instance, because the Department of Human Services was unable to open up attachments with the application. Are you aware that those have been fixed as well now?

Ms Wilson: Yes. I think we answered that question. My understanding is it was more about the additional child care subsidy. People weren't indicating the correct format, so when it came through the interface the document got scrambled. So we had to put out instructions about how to attach documents—like the stat deck we were talking about before. They were doing the right thing, but in not indicating the format they were attaching it was getting scrambled when it came through.

Senator FARUQI: As long as all that's been fixed now—

Ms Wilson: Yes.

Senator FARUQI: All those glitches have been fixed. Do you have any idea that while all those glitches were going on, and issues were happening, how many parents were forced to take their children out of child care?

Ms Wilson: How many parents—?

Senator FARUQI: Were forced to take their children out of childcare. Were there any?

Ms Wilson: I don't have information on that. If you think about it, we transitioned over a million families—we were a small part. We were working closely with the service providers to tell them what we were doing. My understanding is that with most services it wasn't a case of families not continuing to attend. It was a case of us through our help desk and through our DHS colleagues working very closely with each individual service and the third-party software providers to fix the problems.

Senator FARUQI: So no families were—

Ms Wilson: I haven't heard that as a result of those problems people were withdrawn.

Senator FARUQI: You haven't heard, but you haven't really analysed that?

Ms Wilson: No.

Senator FARUQI: I think you were talking about this earlier as well, the In Home Care National Guidelines.

Ms Wilson: That's right.

Senator FARUQI: As I understand it, they were only open for public consultation over a two week period?

Ms Wilson: I recall they were open a short period. I'm not aware of the exact period, but I can confirm that on notice.

Senator FARUQI: The information I've been given is that they were open for two weeks from 19 December 2017 to 12 January 2018.

Ms Wilson: That's more than two weeks.

Senator FARUQI: Okay, yes, three weeks—

Ms Wilson: We initially opened it, and then we extended the period because of feedback from the sector that they needed more time.

Senator FARUQI: Is that usual practice? What's the usual practice of those guidelines being up for public consultation?

Ms Wilson: Usual practice would be closer to four weeks.

Senator FARUQI: Was there any reason for why they were put up for two and then it changed to three?

Ms Wilson: The sector wanted them out before Christmas. We were running close to Christmas, and because the package was going to be implemented from July the next year people wanted the bulk of the consideration to happen before Christmas. We had commissioned two reviews of the old program. The reviews came in late, so we didn't have the information with which to analyse it as early as we thought. We tried to crunch it all down, and one of the things we had to do was to try to reduce the period of consultation.

Senator FARUQI: Over the Christmas period.

Ms Wilson: As well.

Senator FARUQI: That's a bit harsh.

Ms Wilson: But we also did face-to-face consultations where we brought people in. We had a roomful of stakeholders that we walked through the guidelines. We didn't just do it as: 'Here's the email; you comment.' We actually had people in a room and we worked through the guidelines.

Senator FARUQI: How many submissions did you receive?

Ms Wilson: I'll have to take that on notice.

Senator FARUQI: If you could.

Ms Wilson: I'm advised we received over 200 submissions.

CHAIR: We'll return now to schooling. Just be clear, preschool is part of schooling now. Is that correct?

Dr Bruniges: Some children attend preschool through long day care. Some attend preschool through stand-alone preschools which are largely funded through state and territory and a contribution through the Commonwealth. It's a range of different mechanisms. It's not as easy as that.

CHAIR: It sounds like you'd better stay somewhere close by, Ms Wilson!

Senator JACINTA COLLINS: What we're trying to understand is that in the past we've dealt with questions around preschool in the early education section, and Senator Lines seemed to have been advised differently on this occasion.

Ms Wilson: I think it was just the case that Senator Lines was trying to run through a whole bunch of early childhood package questions, so we suggested that she pause until we got through the package questions.

CHAIR: So you'll stay at the desk?

Ms Wilson: Yes.

Senator JACINTA COLLINS: The next round of questions are on preschools.

Senator LINES: Has the National Partnership Agreement on Universal Access to Early Childhood Education funding agreement for 2019 been signed?

Ms Gordon: The agreement has been provided to the states for signature, but we're yet to get any responses.

Senator LINES: Is there a deadline for signing that?

Ms McDonald: The Prime Minister made an offer to first ministers. That is the process. The document is with the states and territories. I think it's just in a normal process. There's not a deadline. Until it's signed, we are not in a position to then be able to agree implementation plans and provide funding. The states and territories were sent a draft of the agreement prior to the formal offer being made.

Senator LINES: Give me those dates if you wouldn't mind, please.

Ms McDonald: On 22 June a draft national partnership was circulated to early childhood education ministers.

Senator LINES: When was a final document for signing sent?

Ms McDonald: The Prime Minister, Scott Morrison, made a formal offer to the states and territories on 25 September.

Senator LINES: So what's the delay, do you think?

Ms McDonald: There were some discussions with states and territories regarding the data that was used. One particular jurisdiction had some queries. There were discussions about that. It was just a normal process, and then, once it was checked off that everyone else was happy, the advice was provided. Then Senator Birmingham wrote to the Prime Minister, and then there's a formal offer process through the central agencies, so you've got Treasury, Finance and PM&C involved—advice provided to the minister.

Senator LINES: So, at this point in time, no schools and preschools have got an agreement in place for 2019?

Ms McDonald: Senator, the agreement doesn't start until the beginning of the 2019 calendar year. There is currently—

Senator LINES: Which is January. We're now in October.

Ms McDonald: That's right. There's currently an agreement in place for 2018. The states have had the funding information for a while, and the figures are clear, and the commitment's been made that the funding will be available.

Senator LINES: But there's no agreement signed at this point?

Ms McDonald: That's a matter for the states and territories.

Senator LINES: Has the department commenced negotiations with states and territories on a new agreement for 2020?

Ms McDonald: Funding beyond 2019 is a matter for government.

Senator LINES: Okay, so that's a no. The minister has justified delays in committing to a new agreement for 2020 because of his concern about attendance rates in some states and territories. You did talk about datasets. How have the states responded?

Dr Bruniges: Senator, can I just clarify—this is about attendance as opposed to enrolment?

Senator LINES: Attendance rates, yes. We talked about this before.

Dr Bruniges: Yes. I was trying to recall. I think there have been a number of conversations about this: while enrolment rates look good, attendance rates didn't look as good. I think there's been some debate and discussion around what constitutes the attendance rate.

Senator LINES: Sure. My question was how states responded.

Ms McDonald: I'm just trying to find the time lines for you. I can tell you what broadly has happened.

Senator LINES: No. My specific question is: how have the states responded to the minister's concerns around attendance rates?

Ms McDonald: A number of states have worked with us and got further information from their own data systems. There was bilateral work done with Western Australia, South Australia, Tasmania, the ACT and the Northern Territory. There was a lot of work done looking at more detailed data that those states had in relation to the students attending their standalone preschools. The Commonwealth did some further investigation of attendance and enrolment within the long day care system as well, and we provided that information to the states and territories. A number of other states didn't have detailed data in relation to some of the services they fund and provided more qualitative information.

Senator LINES: Has the department provided any information to the states or territories on what the new attendance targets will be?

Ms McDonald: There has not been a new attendance target set. What we have been doing is trying to understand, in a more granular sense, what the levels of attendance are, what the attendance levels are for the children you'd be worried about, what the reasons for nonattendance are, and who the children are: What is their background? Are there any particular characteristics or issues associated with those children?

Senator LINES: So will that granulated data be collated in a broader way and sent back to states as an attendance guide?

Ms McDonald: Yes, certainly. We have—

Senator LINES: Has that been done? When will it be done?

Ms McDonald: There's a paper—we did a presentation to states and territories on 1 August. Further to that, Victoria provided some further information. It was around about a week ago that they gave us some further information. Then we've provided a paper for a Commonwealth-state meeting that'll be taking place tomorrow.

Senator LINES: And that includes guidance around attendance, or is it more specific than that?

Ms McDonald: It includes an understanding of what some of the issues are and the nature of the groups that we're worried about. For example, you're not worried about children who might miss a few days here and there for sickness. You are worried about children that have a lot of unexplained absences and miss large slabs of time—50 per cent, 60 per cent of the hours. The attendance side you're worried about. You're worried about the large proportion of kids that seem to be vulnerable and disadvantaged children. And, on the enrolment side, the areas we've been looking at in enrolment gaps, there are particular cohorts there of concern. Some of it is around particular geographic areas. Some of the issues are around particular groups of children. There are some areas where you've got newly arrived migrants which don't seem to be part of the system, and they're showing out in geographical data. Also, there are groups of disadvantaged families with particular characteristics.

Senator LINES: Does that then form an enrolment criteria, if you like, that the Commonwealth wants the states to apply?

Ms McDonald: Sorry, Senator, can you clarify your question?

Senator LINES: You've gathered a lot of information which presumably the states should know and should be responding to themselves. But, given that you've now collated this information, is it going back to the states in a form that says, 'We'll provide funding for preschools, but we expect these targets to be part of that funding focus'?

Ms McDonald: We're not at a stage of the process that involves that. We've provided the information—

Senator LINES: Do you expect to be?

Ms McDonald: It's a matter for government in terms of future funding, and the conditions attach to that.

Senator LINES: How much has the government budgeted for the new agreement?

Dr Bruniges: I can tell you, Senator, that the Australian government has committed $870 million over the 2018-19 years. But let's see if we can break that down to 2019.

Ms Gordon: There's $440 million for preschool in 2019, which is an increase from the $428 million for preschool in 2018.

Senator LINES: How can we expect preschools to plan for the future when, at this point, they haven't got funding certainty? What do you expect them to do in the areas of employing and retaining preschool teachers, capital works et cetera?

Ms McDonald: There's currently funding certainty for more than a year, and the government will be looking at what they want to do in the future. So that's part of ordinary government decision-making processes, and the department provides advice for that.

Senator LINES: But nothing for 2020 at this point?

Ms McDonald: It's from 2020 that the government still needs to make a decision.

Senator LINES: Yes. So, from the beginning of 2020—so January?

Ms McDonald: That's correct.

Senator LINES: If funding isn't secured beyond 2020, how many children will miss out in 2020 as a result?

ACTING CHAIR: That's a hypothetical question, Senator.

Ms McDonald: Senator, can I clarify that preschool is a state and territory responsibility. The money the Commonwealth is paying is paid to states and territories, which then make decisions as to how they run their programs. It is a contribution to state and territory activity. There are a large number of children who are receiving preschool or preschool-equivalent services in long day care, and the direct Commonwealth subsidies for those children would remain in place. They're secure.

Senator LINES: Yes, through long day care, but not preschool.

Ms McDonald: That's correct.

Senator LINES: What are the issues that the department thinks need to be addressed before it commits to ongoing funding to preschool?

Dr Bruniges: That would be a matter for government, Senator.

Senator LINES: With the preschool attendance data that you've been looking at, what are now the major hurdles to stop getting agreements signed?

Dr Bruniges: I don't believe there is a hurdle to having the agreement signed. I think Ms McDonald said the agreements went out on 25 September, and we—

Senator LINES: But you haven't got any back?

Dr Bruniges: No, not at this stage.

Senator LINES: They went out two months ago?

Dr Bruniges: 25 September.

Senator LINES: Well, a month ago.

Ms McDonald: Because they're national partnerships, the agreements go to first ministers, then, within state governments, there would be a consultation process with the relevant portfolio areas, similar to what's happened in the Commonwealth. Those processes do take a bit of time.

Senator LINES: Right now, the government's got an agreement with the non-government school sector for a decade. Is that correct?

Ms Gordon: In terms of the Australian Education Act, it's actually in the legislation. So, it's an ongoing—

Senator LINES: Yes, but there's funding there for a decade.

Ms Gordon: There's no separate agreement with the non-government sector. The recurrent funding is established under the act.

Senator LINES: Yes, that's recurrent funding, but we don't have that for preschools—government preschools?

Senator McKenzie: State government preschools?

Senator LINES: Yes.

Ms Gordon: No, it would be funding for preschools—our contribution towards preschools has been provided under national partnership arrangements since 2008.

Senator LINES: Yes.

Senator JACINTA COLLINS: And are they continuous?

Ms Gordon: No, there have been a number of partnerships in that time.

Senator JACINTA COLLINS: No, I mean, are they continuing from now?

Ms Gordon: That's the national partnership agreement for 2018-19, as we've talked about, with states and territories at the moment, and then, beyond that, that's a matter for governments.

Senator JACINTA COLLINS: If it's signed, it will be funded for—how long?

Ms Gordon: For 2018-19.

Senator JACINTA COLLINS: One year?

Ms Gordon: Yes.

Senator JACINTA COLLINS: So, it's not an ongoing funding commitment?

Ms Gordon: No, it's a national partnership agreement, which is for the two years.

Senator LINES: That's the point I was making. In the non-government schools area, we've got certainty into the future. But, with the state-funded system, we've got national partnership agreements, of which the one for next year is currently not signed.

Ms Gordon: Non-government schools and government schools are both covered under the Australian Education Act, so they're not treated differently in that sense.

Senator LINES: I'm talking about preschools.

Ms Gordon: So, you're talking about childcare subsidies, rather than non-government—

Senator LINES: No, I'm talking about preschools. If I said childcare subsidies, I'd say childcare subsidies.

Ms Gordon: But, you're comparing—if I can clarify—

Senator LINES: Well, let me ask the question to you again, rather than you trying to guess. With the non-government schools, there's funding that applies to them, which presumably goes to their preschools.

Ms Gordon: No, the school funding under the Australian Education Act is for the year before, so foundation year to year 12—

Senator LINES: Okay, so non-government schools are also part of a national partnership agreement?

Ms Gordon: If non-government schools provide a preschool program, it depends on the arrangements from the state and territory governments. As Ms McDonald mentioned, state governments determine how they fund preschool in their state, so they have different arrangements for supporting preschool in long day care or their own preschool in government schools, and also in non-government schools. So there's no one-size-fits-all approach.

Dr Bruniges: In some systems, preschools would be attached to primary schools under education acts—

Senator LINES: I'm well aware of what states do; I'm trying to figure out what the Commonwealth does.

Senator JACINTA COLLINS: Well, I must admit, I remain a bit confused, because I thought, on previous occasions, and I'm open to being corrected, Ms Wilson would have been answering questions in relation to national partnerships for preschool, rather than it being addressed by—what's the name of your division, Ms Gordon?

Ms Gordon: The Schools and Youth Cluster.

Senator JACINTA COLLINS: Has it moved cluster, or not?

Ms Gordon: The team that looks after preschool sits within the Schools and Youth Cluster but works very closely with the Early Childhood Cluster because of the interaction between the two. It's one of those areas that—

Senator JACINTA COLLINS: So, it hasn't changed; it's just that it's across both?

Ms Gordon: That's right.

Senator LINES: I've got two more questions. Is the government planning to tie preschool funding to attendance rates?

Ms Gordon: That's a matter for government.

Ms McDonald: It's a matter for government. The current agreement, the offer for 2019, has the same performance indicators and requirements as 2018. It's just an extension.

Senator LINES: Okay. Can the government guarantee it will continue to fund the preschool program at the current funding per child and indexation levels?

Ms McDonald: Again, that's a matter for government. That is the case in the 2019 agreement; that is what the offer is. What is provided beyond that is a matter for government.

Senator LINES: Okay. Thanks. I don't have any further questions. Thank you, Chair, for indulging me once again.

CHAIR: I'll just do a little stocktake. Did you have questions in this preschool area, Senator Faruqi?

Senator FARUQI: Only a few.

CHAIR: Okay. Senator Faruqi.

Senator FARUQI: I just have some specific questions about New South Wales. I understand that the New South Wales government did not meet the key performance indicator on participation of disadvantaged and vulnerable children in early childhood education in 2014, 2015 and 2016, and that is one of the key performance targets for the national partnership agreement. I think in New South Wales, in 2015, it got up to 89.2 per cent, when the target was 95 per cent; and, in 2016, 88 per cent. I'm just wondering if you would do a calculation of how many children missed out because of New South Wales not meeting that target.

Ms McDonald: I'd have to take that on notice. There are a number of years where New South Wales, as you say, has not met the target, and there was funding withheld for that; they didn't receive the bonus payments. Certainly, the number of children in New South Wales that have been accessing programs and the number of children in those various vulnerable and disadvantaged groups have been increasing, and New South Wales has recently put in place a number of new initiatives that are expected to—

Senator FARUQI: Improve that?

Ms McDonald: improve that situation. They've got some quite targeted initiatives that are in place. So we're very pleased. It was a while coming, but we're very pleased to see that.

Senator FARUQI: Are they publicly available, those initiatives?

Ms McDonald: Yes, I think so.

Senator FARUQI: They are publicly available?

Ms McDonald: We could provide something on notice for you, if that would be helpful—the names of the programs, and references to where you could find further information.

Senator FARUQI: And when were they put in place?

Ms McDonald: I'd have to take that on notice.

Senator FARUQI: Sure. You said the bonus was withheld from New South Wales. The figures I have are that, in 2015, it was $51 million and, in 2016, it was $22 million. Do you have any data on 2017? Also, what target New South Wales had, or what percentage—

Ms McDonald: From the figures that I have here, in the 2016-17 agreement, there was a total of $28 million withheld. The figure for 2015 was $51.8 million. The figure for 2013-14 was $67.8 million. So, as you can see, they're having less withheld each year as they come closer to the target.

Senator FARUQI: And these figures would be based on not just the target of disadvantaged and vulnerable children but others as well?

Ms McDonald: I think the two targets they struggled to meet were Indigenous Australian children, and vulnerable and disadvantaged. The total amount that has been withheld so far is $147.6 million.

Senator FARUQI: Did you give some figures for 2017?

Ms McDonald: It was a 2016-17 partnership, and I've got $28 million as the total for those two years.

Senator FARUQI: But nothing for 2017-18 yet?

Ms McDonald: No, no, that's 2016-17.

Ms Gordon: I can give you the breakdown between those two years. In 2016, it was $21.7 million and then, in 2017, it was $6.4 million. So that's a total of $28 million.

Senator FARUQI: So that means they're meeting the target—their performance has been improving?

Ms McDonald: Yes, that's right. You can see over the years the amount withheld is reducing, and you can see that their level of performance is improving.

Senator FARUQI: Do you work closely with states to help them improve their level of performance, or not necessarily?

Ms McDonald: We work closely with them around the issues, but the management and the strategies are really up to the states and territories.

Senator FARUQI: Of course. Okay. Thank you.

CHAIR: Alrighty. I'm in the hands of the committee. Where do we want to go next?

Senator JACINTA COLLINS: Schools for half an hour.

CHAIR: Okay. We're back to schools.

Dr Bruniges: Chair, I'm wondering whether we're finished with child care so I can release those people.

CHAIR: Yes, you can release them, with our sincere thanks.

Senator JACINTA COLLINS: And preschool.

Senator FARUQI: I just want to clarify something in one of the questions I asked earlier, about the $1.2 billion choice and affordability fund. Where did that number come from? I think we were quite clear on the other amount—it was done through the SES—and how much compensation had to be given. Where did the $1.2 billion number come from? I wasn't clear on that, sorry.

Ms Gordon: It was a decision of government.

Senator FARUQI: Is this something the department has done before?

Ms Gordon: There are a number of programs that the government will set up, from time to time, for different purposes. This is a fund that provides funding to the non-government sector to progress other government priorities other than the recurrent funding. As we explained before, it will be under a regulation and agreement with the sector. The funding allocation between the different sectors and states is based on a per school amount. It's distributed in an allocation that reflects the number of schools in each sector.

Senator FARUQI: Did the minister, or wherever this decision was made, ask for some advice from the department on the $1.2 billion choice and affordability fund?

Ms Gordon: As I mentioned before, across the whole package, the department provided advice and a number of options to the government for their consideration.

Senator FARUQI: This particular fund, you say, was a decision made by the government. There was no real calculation behind it.

Ms Gordon: The government, regularly, will ask the department to prepare different options for consideration.

Senator FARUQI: That's what I'm asking. What formulas or particular methodology was used to come up with the $1.2 billion choice and affordability fund?

Ms Gordon: As I mentioned, the distribution of that funding is based on—

Senator FARUQI: No, I'm not talking about the distribution. I'm talking about the actual amount of the fund. What calculations, what modelling, were done to come up with that figure?

Ms Gordon: And, I guess, the work that we've done was part of the deliberative process of government. I'm not at liberty to share those with you.

Senator FARUQI: That's fine. So the department did not do some work to calculate and come up with this figure.

Ms Gordon: The department prepares advice to government, and the government often asks us to prepare a number of different options for part of their decision-making process.

Senator FARUQI: So you can't tell us, that $1.2 billion of public money, how that figure was achieved. You told us about the one—

Senator McKenzie: Senator, what the office has said is that it was a decision of government.

Senator FARUQI: Yes, it's a figure plucked out of the air.

Senator McKenzie: No, that's not what she said. Let's not verbal the witness.

Senator FARUQI: It has no criteria around it. This is extremely poor practice, and there are hundreds and thousands of schools which are disadvantaged and need this money.

CHAIR: Senator Faruqi, that's not one question. I take it that you have concluded.

Senator FARUQI: I've finished.

Senator JACINTA COLLINS: This was one of the areas of questioning we had, so I might as well go to it. I won't press you on the choice and accessibility fund, in terms of PM&C and/or education and training. I'll leave you at the government end. Can you confirm that the reported—this was the newspaper report—allocation of $718 million would go to Catholic education and $485 million would go to independent schools?

Ms Gordon: Just one minute, Senator, and I will check. Yes, that's correct. It's $718 million for the Catholic sector and $485 million for the independent sector.

Senator JACINTA COLLINS: Of course, when we say sector blind, you're talking about sector blind in a very narrow sense, as in with respect to non-government schooling. Yes?

Ms Gordon: The fund, as I mentioned, is allocated based on a per school amount. It's distributed between them.

Senator JACINTA COLLINS: I'm interested in the per school amount. The size of schools in the Catholic sector and the independent sector are very different, so how have you adjusted this with the actual size of schools?

Ms Gordon: There's no adjustment for size of schools. It's based on the number of schools, but it's a distribution between the sectors and states. The actual distribution of the funding will depend on the purpose and the intent as agreed with each of the sectors. As I mentioned, there'll be regulations put in place and then an agreement with each of the sectors about how they intend to allocate and use the fund, so it won't go to every school on that per school amount. It will be used for a variety of purposes depending on—

Senator JACINTA COLLINS: I understand that, but the division between independent and Catholic sectors has been calculated on the per school amount, yes?

Ms Gordon: That's correct.

Senator JACINTA COLLINS: When are we likely to see the regulations?

Ms Gordon: As I mentioned earlier, the actual fund doesn't start until 2020. We'll be consulting on those and we anticipate that will be prepared either later this year or early in the new year.

Senator JACINTA COLLINS: So we may not see regulations before an election?

Ms Gordon: That would depend entirely on when the election is held, and obviously I'm not in a position to—

Senator JACINTA COLLINS: The only criteria that we can be informed of at this point is that there is a division of the $1.2 billion calculated on a per-school basis.

Ms Gordon: That's correct.

Senator JACINTA COLLINS: How that $1.2 billion will be distributed is yet to be determined?

Ms Gordon: That's correct.

Senator JACINTA COLLINS: What about the objectives? There's choice and accessibility and we'll come to drought, I suspect, as well.

Ms Gorman: I mentioned some of them earlier in the proceedings. There are a number of priorities and areas that the government has identified. The independent sector has talked about potentially using the funding to help underperforming schools turn around their outcomes. We've talked about fee relief for schools that are in particular hardship, whether that's drought or other hardships. There are different circumstances where it might be applied. That's all subject to consultation with the sector to determine the regulation and then the agreements with the sector.

Senator JACINTA COLLINS: Underperforming schools and fee relief.

Ms Gordon: I mentioned a number of other ones earlier: support for parental choice, opportunity and diversity in the schooling system, providing structure—

Senator JACINTA COLLINS: Hold on. Parent choice—what was the next word?

Ms Gordon: Opportunity and diversity in the school system. That may go to providing scholarships or to supporting a broader diversity within schools. Another is providing structural adjustment assistance. This fund has incorporated the National Adjustment Assistance Fund that was previously—

Senator JACINTA COLLINS: I was going to go to the other seven special deals to work out how they now fit in the Gonski 2-plus model. We'll probably get to that point. Yes, keep going.

Ms Gordon: The structural adjustment is something that has been identified in the last couple of days in the context of the Youth Off The Streets school as well.

Senator JACINTA COLLINS: What is the problem for special schools? Why are they compromised in the shift to Gonski 2-plus?

Ms Gordon: It's not a particular issue with the special schools. The issue with the individual schools with the Youth Off The Streets was an issue of a change in the number of students that were being counted in the students with disability collection, the NCCD. There was quite a significant shift between their reported numbers last year and this year and also some changes in enrolment. The combined impact of that meant that there was a quite significant unexpected change in funding from the estimates that were based on the information they provided last year to this year. As you know, the first two payments of the year for our funding for non-government schools is based on the previous years actual data estimated forward. The final payment of the year is a reconciliation payment post the census collection where we provide the final payment. In some circumstances, there are changes that are unexpected, and in those circumstances we work with the schools to address those. In this particular instance, the combination of a couple of schools and the changes that those schools saw, particularly related to the NCCD collection, meant that—

CHAIR: So there was some expected variation in enrolments?

Ms Gordon: It is a variation in enrolments but also in the reported students with disability and the categories of adjustments. They had reported high numbers of students in the higher adjustments that were reported at a lower level this year.

CHAIR: Got it. Thank you.

Senator JACINTA COLLINS: So this is principally an implementation of NCCD issue that affects special assistance schools, as opposed to special schools?

Ms Gordon: It is not an issue particularly around special assistance schools. It is an issue with individual schools and how they report, in this case, the NCCD collection.

Senator JACINTA COLLINS: This worked in this case in relation to Father Riley and his commendable capacity to attract media attention. How many other schools are facing similar circumstances?

Ms Gordon: There are variations every year, between our estimates and actual, as a result that they are based on estimates and based on the previous year.

Senator O'NEILL: Putting that aside, going to the NCCD data impact is really the nub of the question.

Ms Gordon: The issue is not so much the shift from the old students with disability calculation to the change to the NCCD, it was actually between the NCCD years. So the particular schools had reported students last year at a different category than this year. The unexpected shift was in part due to a different reporting of the students. So we are working with the school to look at how to characterise the students.

Senator JACINTA COLLINS: But Father Riley himself made the point that it is not just his school. So I am hoping—you are working with quite a number of schools by the sound of it—that there are sufficient allocations. Where are the allocations to assist Father Riley's school coming from, with which pot of money are we dealing with this outside of the model issue?

Ms Gordon: As I mentioned, with every year, there are different variations in funding between estimates and actual. Some of those are fairly insignificant and some of them are more significant. And we have had that through the years. It is not just an issue about the shift to the new arrangements. It is about the differing circumstances of schools and the changes in the enrolments and the characteristics of the students within the schools.

Senator JACINTA COLLINS: No, this is a particular issue around the implementation of the NCCD. We have quite a number of schools that have stark differences and, indeed, some broader structural problems about the nature of the problems that are leading to difficulties. I am attempting to understand where the funds are to address those problems.

Ms Gordon: There are a number of different elements. You are correct that the move to the new tiered disability loadings has meant that, for some schools, there are some quite significant changes. But because of the way the transition arrangements work over the 10 years, for most years, that transition is quite smooth. The issue for these particular schools is not the move from the previous students with disability relating to the new one; it is because the characterisation or the reporting of the adjustments last year has differed significantly from the reporting this year. But it is not about the shift from the old definition to the new definition, it is the NCCD reporting last year and this year. That's why, for this particular group of schools, it is quite a significant shift whereas the transition arrangements, as they should work, smooth the transition for most schools from the shift from the old definitions to the new tiered loadings. That's why it's been of particular concern and it is particular to these schools. You are right that we do see variations for schools and we work with them. So once the census collection comes in, for those schools where there is a difference between what we have estimated and what the actual entitlements are, we ring them and speak to them and work with the school to work out the best way of addressing what those changes are for each individual school. For some schools, that means we essentially have a repayment process over many years. For other schools it is possibly a less significant adjustment that occurs. So it really depends on the individual schools' circumstances.

Senator O'NEILL: For how many students did this adjustment occur in Father Riley's school?

Ms Gordon: There was a significant shift between the number of students, particularly at the higher—

Senator O'NEILL: Yes, I'm trying to get some numbers here so I can understand the scale.

Ms Gordon: We wouldn't usually provide the specifics, for privacy reasons, as you can appreciate, for a particular school. We wouldn't usually provide the individual figures for those schools in terms of the number of students at the different levels. But there was a significant drop, particularly in the higher levels of adjustment, which, as you know, attract a much higher level of government support and a higher loading, as you'd expect because the higher levels of adjustment are—

Senator O'NEILL: So what sort of percentage drop, and is it because there was a different population of students in the school or is it because of a reclassification of the students who were there and existing? That's the bit I can't understand from what you have been telling me.

Ms Gordon: We think it's probably a combination.

Senator O'NEILL: Of how much of what, and what was the percentage drop—if you can't tell me the numbers?

Ms Gordon: I'd need to take that on notice, because we're working with the school to better understand just what all the contributing factors are. We have obviously seen the raw numbers that they've reported, but what we don't know is: are they actually the same students last year and this year that have dropped in the category, or are they new students that have been reassessed as a different level?

Senator O'NEILL: But you would hope—well, I would certainly hope—that there was sophisticated enough decision-making within the department to see and anticipate this and prevent the sort of—

Senator JACINTA COLLINS: No, the minister rushed the implementation of the NCCD.

Senator O'NEILL: Exactly.

Senator JACINTA COLLINS: It's not the department's fault.

CHAIR: I think that comment is unnecessary.

Senator O'NEILL: This is just to understand the significant impact that this has. Father Riley's identified it. He's got a public persona. I think that the point that Senator Collins made clearly—and we haven't had an answer to this—is: how many other schools are operating, usually on a pretty thin budget, looking after kids in severe need of a better chance? How many other schools are in the same situation and have been advised by the department and might not be as nimble to get the media engaged as Father Riley?

Ms Gordon: As I indicated, our estimates for schools are almost always different from the actuals, because there'll be different numbers and different characteristics. So we estimate it based on the previous year, and there's always an adjustment at the end of the year depending on the final student numbers in any school. So it would be highly unusual that you'd get the exact amount to the dollar. There are always adjustments. Those adjustments vary. Some of them are additional funding because there are more students or students with higher needs within the school. So, if you've got more students with disability, more funding flows as a result.

Senator O'NEILL: We're talking in the general here. I'm thinking about kids, with and without their families, who have found a spot in a school of the kind that Father Riley is running. There is the moment of hope. They're running on the smell of an oily rag with lots of community support, they're getting these letters and they're in shock. This is the sort of hard-edged interaction with the department that could actually mean that people would throw their hands up and walk away from a school because it just becomes too much. I'm really glad that that didn't happen with Father Riley.

CHAIR: Minister, I'm happy for you to respond.

Senator O'NEILL: How many schools like that are in the situation—

Senator McKenzie: I'm waiting for a question, Chair.

Senator O'NEILL: Well, I've asked it several times, but I want to emphasise why I want an answer.

Senator McKenzie: No, sorry, Senator O'Neill. You are yet to ask anything.

Senator O'NEILL: How many schools are in the situation that has been well prosecuted in the media by Father Riley in the last few days? How many are in that state of shock?

Senator McKenzie: I think the official has actually let you know several times that final figures are not in, so they're unable to answer that right now, because they're adjusting the figures with final numbers.

Senator O'NEILL: Every time I ask a question, somebody runs cover.

Senator McKenzie: No, that's not true.

Senator O'NEILL: Ms Gordon, do you have any sense of the scale of how many schools like Father Riley's are getting those letters? How many have you sent out for recovery like that?

Ms Gordon: There are a number of schools that are in that situation. It might be because their enrolments were higher and their enrolments have dropped. They're not necessarily special schools. There probably aren't any that are in completely the same circumstances as the Youth Off The Streets schools. They'll all be very individual circumstances. I can take it on notice about which category the schools are in, but it's very individual. Some schools may have had an overpayment based purely on enrolment numbers. Some may have had an overpayment based on the different circumstances of the school, or the individual students' characteristics, which is in part what's happened with the Father Riley schools. It really depends on the individual circumstances. It's not an issue for special assistance schools; it's an issue more broadly around how the estimates work with the actual. The other option for us would be to wait until we've got the final census results, which is in August, to pay schools so that we know we're providing it based on actuals. Obviously, that's not practical or feasible, because schools wouldn't be able to run for the period of the year up until we get to that point.

Senator O'NEILL: But the situation that has emerged with Father Riley is not feasible either. It's like bill shock. People understand bill shock, and this is happening to individual entities, often, that sit outside systems, without a whole lot of fat to back them up. This is a fly-or-die moment for them, when they get this letter. My question is: how many schools that are characteristically similar to Father Riley's have had a bill shock from the department?

Ms Gordon: If there is an overpayment, we don't expect schools to pay it back immediately. That's where we work with the schools to work out what that looks like for the school and what is achievable and does not put them into financial hardship. In circumstances like this—and they're very rare, but they do occur occasionally—where the change is significant and results in financial hardship, we do have funding available, through the special circumstances funding. Schools can apply when it's unexpected, where there is financial hardship and when it's temporary in nature, and that's where we can provide that support. So we do have mechanisms in place—

Senator O'NEILL: But is the support in the form of a waiving of the claim for repayment, or is the support in the form of: 'On a low interest rate, you can pay it over time'? What's the form of relief?

Ms Gordon: It depends on the individual circumstances. In the circumstances of the Youth Off The Streets schools, it's a special circumstances payment to effectively meet the repayment of the—

Senator O'NEILL: So it's waiving the debt?

Ms Gordon: That's the effect of it. It's not technically—

Senator O'NEILL: I want to talk in words that people understand, because this is about kids' schools and people want to understand this stuff. So effectively there was a debt based on these new calculations, and that's been written off for Youth Off The Streets?

CHAIR: I think the officials have the right to put it in the language that they choose.

Senator O'NEILL: Of course they do, but I want to make sure people who are listening to this, ordinary Australians, understand what's going on. If there are other schools out there in the same situation, they need to understand that the minister has just waived it for this school, and I wonder if he's going to waive it for other schools. What's the process around this?

Ms Gordon: Technically, the minister is not able to waive a debt, so language is important in that context.

Senator O'NEILL: What magic footwork did he do then?

Ms Gordon: There is funding available for schools in financial hardship, under the special circumstances funding, and there's information freely available on the website for that. In the limited cases where schools are in these sorts of circumstances, they can apply for that funding.

Senator O'NEILL: What are the magic words they need to say to get this consideration?

Ms Gordon: They need to put in an application for the funding.

Senator O'NEILL: Is there a special form for that?

Ms Gordon: There's information on our website, I think.

Mr Pattie: Yes. There's an application form. The department will work with the school to provide the information we require to make the assessment.

Senator O'NEILL: Does it have a special name or an ID?

Mr Pattie: I don't know if it's got an ID number, but it's a special circumstances application.

Senator O'NEILL: So if any schools were concerned about this and they needed assistance, who would they contact in your department?

Mr Pattie: Any schools that will be in this situation after the August census would have already been contacted by the department. We do that as a matter of course because of the arrangements we have to put in place for the recovery of those overpayments. They have the opportunity, and they would've been provided with the advice at the time: 'You could apply for special circumstances if you wish.' We haven't had any new applications. We understand one might be coming, but we haven't had any other applications.

Senator O'NEILL: Did you get that application from Father Riley?

Mr Pattie: We have been working with the school on their application, yes.

Senator O'NEILL: When did that negotiation with Father Riley commence?

Mr Pattie: It commenced this week.

Senator O'NEILL: He got information from you in August—is that what you're telling me?

Mr Pattie: On 17 August, after the census date of 3 August, we contacted the school to say that they had an overpayment. We've been working with the school ever since on a repayment plan, and this week we've been talking about the special circumstances application.

Senator O'NEILL: You can understand why I'm a little concerned about that. If you're talking about normal processes that have ended in an extraordinary situation, I wonder how many other schools are in the situation where they need an extraordinary response as well. I'd love to know how many there are. If you can help me out with that, that would be great. Can I also ask how many schools had an overpayment prior to the October payments? What's the number?

Ms Gordon: We'd need to take that on notice.

Senator O'NEILL: How many schools overall do you fund?

Mr Pattie: We fund 9,450 this year. That includes government and non-government.

Senator O'NEILL: Do you want to split them for me?

Mr Pattie: Sure. It's 6,624 government schools, 1,687 Catholic schools and 1,139 independent schools.

Senator O'NEILL: Could you give me rough figures, for each of those sectors, of which schools have received an overpayment?

Mr Pattie: Can I just clarify the question—overpayment in what sense?

Senator O'NEILL: How many schools had an overpayment prior to the October payments?

Mr Pattie: No schools, because they wouldn't have been overpaid prior to the October payment.

Senator O'NEILL: And since the October payments?

Mr Pattie: Again, I'd have to take that on notice. As Ms Gordon said before, we'll come back to you with the numbers of those who have been overpaid.

Senator O'NEILL: Is it a substantial number?

Mr Pattie: I'll take it on notice. I don't believe so, but I'll take it on notice.

Senator O'NEILL: Because that's a subjective term.

Mr Pattie: No, no. I'll give you an exact number; I'll just take it on notice.

Senator O'NEILL: Of the 9,450, if you could split it into each of the sectors, that would be quite helpful as well.

Mr Pattie: We haven't finalised the government payments for the year. This will be non-government numbers that we provide you with, because the final government payments are based on the government census numbers, and we don't receive them until later in the year.

Senator O'NEILL: Okay, thank you for the clarification on that. Let me just ask this way, just in case—how many schools received more than 100 per cent of their adjusted 2018 entitlement before October payments were due to be made?

Mr Pattie: I'll have to take that on notice to make sure I get the right answer for you.

Senator O'NEILL: Fantastic, thank you. If there's any way we can get responses to those questions I just asked when we come back after dinner, that would be very helpful.

Dr Bruniges: Through you, Chair, we've got a couple of answers to questions from earlier in the day too.

Senator O'NEILL: Around advertising?

Ms Charles: I just want to provide responses to the questions you asked this morning. Hopefully, I've captured those questions correctly. How much has the department spent on advertising in the last two financial years? In 2016-17 we spent $478,258, GST inclusive. In the 2017-18 financial year we spent $20,798,874.

Senator O'NEILL: So from $478,000 to a $20,798,000 spend?

Ms Charles: That's correct.

Senator O'NEILL: That's a very significant increase. And predominantly, Dr Bruniges, you're saying that was child care? Was it all child care?

Dr Bruniges: No, it wasn't. There was some Quality Schools. We had both, but the biggest campaign was the child care.

Senator O'NEILL: How much of that $20 million was child care—do you have that?

Dr Bruniges: I'll have to take that on notice.

Senator O'NEILL: That's fine.

Ms Charles: I can provide that information. In the media placement, child care was $12,263,000 and Quality Schools was roughly $8,067,000.

Senator O'NEILL: Thank you very much.

Ms Charles: There are a couple more. 'How many campaigns were executed in these financial years?' There was the New Child Care Package campaign and the Quality Schools campaign. Both of those campaigns had a phase 1 and phase 2, and both of those phases were executed in those financial years. The question on how many campaigns had been shelved or delayed—as I responded, no campaigns were shelved or delayed. We mentioned the Jobs for Families Child Care Package and that campaign. The jobs-for-families package was deferred for 12 months as part of the 2016-17 budget, and as such the campaign was also deferred. But this did occur in May 2016, which was the 2015-16 financial year. The committee also asked for a breakdown on expenditure by channel, and we'll take that on notice because we'll need to get those figures. One of the questions on media monitoring—Mr Markovic had answered the question, but in regard to the difference in spend between the two financial years the reduction was a result of contract negotiations that occurred in June 2017 in which the department was able to get a better rate and caps.

Senator O'NEILL: Can you remind me of those figures? I haven't got the document in front of me. Was it about a million dollars?

Ms Charles: Yes, the 2016-17 media monitoring figure was $738,811 and for 2017-18 it was $673,680.

Senator O'NEILL: Thank you very much.

CHAIR: We will need to leave it there. We will suspend for 15 minutes. As I stated, we will resume with outcome 2, skills and training, to be followed by ASQA.

**Proceedings suspended from 15:31 to 15:48**

CHAIR: I now welcome the Minister for Small and Family Business, Skills and Vocational Education, Senator the Hon. Michaelia Cash. Do you wish to make an opening statement?

Senator Cash: I don't, thank you, Chair.

CHAIR: Excellent. In that case, we will go straight to Senator Cameron.

Senator CAMERON: Secretary, what was the original budget for the national partnership on the Skilling Australians Fund over the four years 2017-18 to 2020-21? It's in Budget Paper No. 3, page 35.

Mr Palmer: Are we talking about the 2017-18 budget papers or the 2018-19 budget papers?

Senator CAMERON: I said '2017-18'. It's for the four years to 2020-21.

Mr Palmer: I actually did not bring those numbers from the previous budget with me.

Dr Bruniges: I've got them here. So the total amount on the national partnership on the Skilling Australians Fund for 2017-18 was $300 million. Is it page 35 you're looking at?

Senator CAMERON: Yes, but it's the 2017-18 budget paper through to 2020-21.

Dr Bruniges: I've got the 2018-19 Budget Paper No. 3 here, which does 2017-18, 2018-19, 2020-21 through to 2021-22 on the National Skills and Workforce Development SPP.

Senator CAMERON: But there was an original allocation, wasn't there, in the 2017-18—

Mr Palmer: There was an estimate in the 2017-18—

Senator CAMERON: Can anyone remember, off the top of their head, what it was?

Mr Palmer: No.

Senator CAMERON: The figure was $1.47 billion.

Mr Palmer: Over the four years 2017-18 to 2020-21?

Senator CAMERON: Yes.

Mr Palmer: That rings a bell.

Senator CAMERON: Does that ring a bell?

Dr Bruniges: Yes.

Senator CAMERON: Okay. So it was $1.47 billion in the 2017-18 budget through to 2020-21. What is the current figure over four years—that's 2018-19 to 2021-22?

Mr Palmer: The figure that was in the budget paper in May this year was $1.523 billion.

Senator CAMERON: And what was it for the national partnership?

Mr Palmer: That includes 2017-18. In terms of the national partnership agreement, it would be—

Dr Hart: $1.223 billion.

Senator CAMERON: So that's, then, a $270 million cut in that program from the original announcement.

Mr Palmer: You'll recall we've talked before about the estimate being based on revenue projections from the temporary skills visas.

Senator CAMERON: You don't call it a 'cut'; you call it a 'revenue reassessment', basically?

Mr Palmer: It's a hypothecated revenue stream and it'll vary as the—

Senator CAMERON: So the figure is basically $270 million less than the original announcement?

Mr Palmer: I don't have the maths in front of me.

Senator CAMERON: Even I can do that one! So the government set a skilling target for the fund of 300,000 additional apprentices over four years—correct?

Mr Palmer: That's correct—commencements.

Senator CAMERON: It talks about how the fund, when matched with funding from the states and territories, will support up to 300,000 more apprentices, trainees and higher level skilled Australians over the next four years.

Mr Palmer: Yes.

Senator CAMERON: In SQ18-000628, the department explained that the estimated cost for each additional apprentice under the fund is $9,800. Is that—

Mr Palmer: That was the broad costing parameter in our negotiations with states and territories.

Senator CAMERON: That was in the 2017-18 budget papers?

Mr Palmer: That's correct.

Senator CAMERON: Is the target of 300,000 based on matched funding with the states?

Mr Palmer: The target of 300,000 is based on matched funding with the states. So the Commonwealth would contribute $4,900 and the state would contribute $4,900.

Senator CAMERON: Given those assumptions, mow much Commonwealth money will be required to reach the 300,000 target over four years?

Mr Palmer: The 300,000 target is over five years. It includes 2017-18.

Senator CAMERON: You've added an extra year from the original announcement, haven't you?

Mr Palmer: That would be correct.

Senator CAMERON: So it was originally four years—300,000 was the big announcement. It's now 300,000 over five years.

Mr Palmer: Yes.

Senator CAMERON: With less money.

Mr Palmer: It's $1.5 billion over five years.

Senator CAMERON: Yes, $1.5 billion over five years. What was the original one—just remind me?

Mr Palmer: $1.47 billion over four.

Senator CAMERON: Four years?

Mr Palmer: Yes.

Senator CAMERON: So, I think we know where we're at. How much Commonwealth money would be required to reach the 300,000 target over four years?

Mr Palmer: The cost, whether it's over four or five, to reach the 300,000 would be the same. $1.47 billion would get you 300,000.

Senator CAMERON: Why was it then $1.47 billion initially to reach the target?

Mr Palmer: It's exactly as you were saying—that the original revenue estimates were higher. Those revenue estimates have reduced. It was a hypothecated program where the revenues are required in terms to make the payments. The estimates in 2017-18 were higher than the estimates in 2018-19. Those adjustments are what led to the change.

Senator CAMERON: I'm confused now, because the national partnership agreement says that it's 300,000 over four years.

Mr Palmer: The national partnership agreement says the fund would contribute to 300,000, and the fund includes the five years.

Senator CAMERON: You look at the agreement—it's 300,000 over four years.

Mr Palmer: What clause in the agreement?

Senator CAMERON: I don't have it in front of me.

Mr Palmer: My recollection is that the agreement said the fund would contribute towards 300,000, and that was including a year outside of the national partnership agreement.

Senator CAMERON: Why don't you take it on notice—

Dr Hart: We can take that on notice.

Senator CAMERON: —as to how much would be required to reach the 300,000 target over four years, because I'm working on the agreements.

Dr Bruniges: We'll take it on notice. We will have a look at the clause in the agreement that you're referring to, and we'll also have a look at that costing.

Senator CAMERON: Are you saying you're on track to reach the target within four years from 2017-18?

Mr Palmer: We now need to take into account the fact that Victoria and Queensland did not sign up to the national partnership agreement. So, that element of the national partnership numbers would not be part of the arrangement.

Senator CAMERON: It could be less than 300,000?

Dr Hart: Yes.

Mr Palmer: Yes.

Senator CAMERON: That's the first concession we've had on that number. It's still being used in recent press releases. Will you adjust your press releases in future?

Dr Hart: I'm not sure what press release you're referring to. I think the issue is, as Mr Palmer was saying, that there was obviously a change. It became a five-year agreement. There was a 2017-18 element, which was stand-alone. Then there was a four-year partnership agreement. Those two elements together would produce 300,000. But obviously there is a change now, as Mr Palmer has indicated, based on the non-signing of Victoria and Queensland. So we will—

Senator CAMERON: That's good. At least there's a concession now that you won't make the 300,000, right? The national partnership says the national target and state targets may be adjusted on a pro rata basis over time for any variations in fund revenue—that's 'performance targets', paragraph 22, page 7. What does that mean?

Dr Hart: It's a four-year agreement, but the bilateral schedules with the jurisdictions can be amended on a year-by-year basis. As Mr Palmer has indicated, the SAF levy is a hypothecated revenue. So, if there are variations around what the expectations of that revenue delivers, then obviously the expectations and the agreements with the states can be managed and changed accordingly.

Senator CAMERON: It still depends on income from permanent migration, temporary migration visas—correct?

Dr Hart: Yes, there is some guaranteed funding, but there is a revenue element.

Senator CAMERON: When it was announced, experts—and I—said that this would not provide sufficient funding to meet the 300,000, because it was not clear how much funding would be available. It has been criticised not just by me but by external academics, hasn't it?

Dr Hart: And I think you'll find—

Senator CAMERON: Is that right? It's been criticised from the start by academics. Is that correct?

Dr Bruniges: I think it would be fair to say there are a number of concerns from stakeholders or—

Senator CAMERON: No, I'm asking you about a fact—that, factually, academics who looked at this complained that you could not reach the target because the funding was not guaranteed. That's correct, isn't it?

Dr Hart: We have heard that commentary. I also think it is worth noting that the original agreement that you talked about for $1.7 billion didn't have any guaranteed funding, whereas the final agreement that was put in place had guaranteed funding of $50 million over each year and there was a guaranteed levy of the amount for 2018-19.

Senator CAMERON: I'll come to that, but I'm glad that at least you've conceded that we're not going to get the 300,000.

Senator Cash: Chair, can I just clarify: I know Senator Cameron wants to send out a press release saying that there has been a concession. The up to 300,000 places were obviously based on all states and territories signing up. It is the two Labor states of Queensland and Victoria who did not sign by the date of 30 September. As a result, when a state does not sign up, there will be a reduction.

Senator CAMERON: Absolute rubbish!

Senator Cash: It is not a concession. It is two Labor states saying they did not want to invest with the Commonwealth in these places in their states. They rejected the money.

Senator CAMERON: So is that your statement? That is not what the states have said. You should stop misleading the Senate. You just do it every time you sit down here. The states refused to sign up—

CHAIR: Senator Cameron—

Senator CAMERON: Just let me say it. The states refused to sign up, because they could not get guaranteed funding. That's why the states refused to sign up. Is that correct, Secretary?

Dr Bruniges: Senator, I don't think that is the full characterisation. I think there were decisions made by a number of states as we went through working with the national partnership fund with them, and two made a decision not to sign.

Senator CAMERON: Yes, because there was no guaranteed funding.

Dr Hart: I think those states who didn't sign will have their reasons, but I think it's fair to say that—

Senator CAMERON: Not the reasons this minister, who constantly misleads the Senate, just gave.

CHAIR: Senator Cameron, let the official finish.

Dr Hart: But six jurisdictions did sign, so obviously they felt that there was some benefit and interest in signing that agreement.

Senator CAMERON: Oh, yes! So has any expenditure been made from the partnership agreement fund?

Dr Hart: The payments that have been made relate to 2017-18. There was $250 million set aside, and I can give you the figure of how much was actually spent. It's about $180 million, but we'll get the exact figure for you. That's the amount that has been—

Mr Palmer: It was $187 million.

Dr Bruniges: It was $187.3 million.

Dr Hart: That's the amount that has actually been provided to the states, and it's based on activity that occurred in 2017-18. There hasn't been any further expenditure as part of the national partnership agreement. That would normally occur towards the end of the financial year, though.

Senator CAMERON: So have any projects been proposed and accepted under the NPA?

Dr Hart: They're not part of the partnership agreement. They're part of the 2017-18, because there were obviously delays in the expectation that we would have an agreement in place from 17-18.

Senator CAMERON: So the answer is no?

Mr Palmer: Senator—

Senator CAMERON: It's a simple question: have any projects been proposed and accepted under the NPA? You've just said no.

Dr Hart: Proposed and accepted? Yes, but not payments made. I thought we were talking about payments.

Mr Palmer: Proposals have been made and accepted in respect of the Northern Territory and South Australia.

Senator CAMERON: Has any money gone to the Skilling Australians Fund from the associated levy revenue?

Mr Palmer: Dr Hart said a moment ago that the funds available in 2018-19 are not from the revenues; they're from the government. The revenues that are collected in 2018-19 will be made available in 2019-20.

Senator CAMERON: Do you have a projection for what that revenue would be?

Mr Palmer: The projection for the revenue in 2018-19 is $243.4 million.

Senator CAMERON: The 2017-18 budget for the SAF is estimated at $250 million—correct? Was that $50 million bonus to be distributed amongst the states and territories that signed by 7 June? Is that correct?

Mr Palmer: That's correct.

Senator CAMERON: The department advised the committee on notice that 22 proposals were received from the states and territories for 2017-18 projects. That's SQ18-000631—correct?

Mr Palmer: Yes.

Senator CAMERON: Of those, 16 had been fully or partially accepted to proceed. According to the table provided, it appears that only three projects have been fully accepted to proceed. Is that still the status of the 2017-18 projects?

Mr Palmer: It hasn't changed since then; that is still the status.

Senator CAMERON: That's it, yes. So according to the table, $187.3 million is the total amount of Commonwealth contributions to the 16 projects. Is this figure still correct?

Mr Palmer: In addition to projects, there was also funding where states had achieved an uplift in the number of apprentices and trainees that they had. So there was funding for both the projects and for where states had achieved an uplift in the number of apprentices and trainees in 2017-18, so there was funding for projects and funding for an increase in apprentices and trainees.

Senator CAMERON: So the increase for apprentices and trainees was separate from this fund, was it?

Mr Palmer: From the front, it was separate to the project counts.'

Senator CAMERON: So can you provide details about how much?

Mr Palmer: Sorry, it was included in the project counts—my mistake.

Senator CAMERON: I'm just trying to be clear here. So the project count includes uplift in apprentice numbers in 2017-18—

Mr Palmer: That's correct.

Senator CAMERON: but were not as a result of the projects?

Mr Palmer: Some of them were specific projects and some of them were about uplifts achieved through improved efficiencies or other approaches taken by the states and territories. Some of the projects were bundled; for example, for Victoria, it says one project, but there was a number of bundled elements in that one project.

Senator CAMERON: So Victoria hadn't signed on?

Mr Palmer: The 2017-18 year was dealt with separately to—

Senator CAMERON: So in the 2017-18 figures, are even states that had not signed up being included?

Mr Palmer: They had an opportunity to apply for funding.

Senator CAMERON: No, but they're being included in the numbers. Is that correct?

Mr Palmer: In 2017-18, that's right.

Senator CAMERON: This gets more bizarre by the day!

Mr Palmer: If we could just clarify that. All jurisdictions had an opportunity to apply for funding for additional activity they had undertaken in 2017-18. So they weren't precluded from that based on whether they did or did not sign for 2018-19?

Senator CAMERON: The issue is that states have not signed up to the national partnership. Their uplift in apprentices have been included in the national partnership numbers to try and boost those numbers, correct?

Mr Palmer: No, that's not correct. On 15 May 2018, the Prime Minister wrote to all of the state premiers. In that letter, he outlined a section of arrangements for 2017-18 funding. It says 'The Commonwealth would make available $250 million in 2017-18 to states on an equal per capita basis for projects which support apprenticeships and traineeships. The Commonwealth will consider funding projects but the states have responded on or before 7 June to demonstrate that they delivered the projects in 17-18 that align with the new national partnership. State project proposals will at a minimum need to meet matched funding requirements and deliver additional training places in priority areas, including occupations in demand and sectors of future growth. Should you wish to receive project funding in 2017-18, please respond to me—'

That's the Prime Minister—

'in writing accepting the terms and conditions of the offer and providing project proposals for 2017-18 using the attached template by 7 June'.

Senator CAMERON: That's taken up a little bit of time but it doesn't really explain much. According to the table—that's the table that we looked at—$187.3 million is the total amount of Commonwealth contribution to the 16 projects. Is that still correct?

Mr Palmer: The $187 million is the total Commonwealth contribution.

Senator CAMERON: So what does it when a project is partially accepted to proceed?

Mr Palmer: It means that it aligned with the terms set out in the Prime Minister's letter when we made that assessment. We deemed that part of what was being asked for contributed towards or part of it was new activity that was making a difference. So—

Dr Hart: The full project wasn't funded.

Senator CAMERON: In South Australia, they put five proposals in; is that correct?

Mr Palmer: Yes.

Senator CAMERON: Two have been partially funded, right?

Dr Bruniges: Yes.

Senator CAMERON: Does that mean that three were rejected?

Mr Palmer: Effectively, yes.

Senator CAMERON: So why were they rejected?

Mr Palmer: I don't have the specific details project by project or why they were rejected. I can get you that on notice.

Senator CAMERON: Yes. On notice, can you provide the project proposals to me?

Mr Palmer: I think we'll take that on notice.

Senator CAMERON: So provide the project proposals from South Australia and provide the reasons why they were rejected.

Mr Palmer: We can provide that specific detail, but I think that, in principle, if a project was not fully funded, it's because it did not meet our expectations of additional activity for that year, so we only funded those parts that we felt had made an adequate contribution during 2017-18.

Senator CAMERON: I know there was a rush to try to get South Australia to sign up to try to break the drought, but they put together five projects and none of them were fully funded.

Mr Palmer: That seems to be correct. Two were partially funded.

Senator CAMERON: So there were parts of those others projects that were partially funded that didn't meet the requirements.

Dr Bruniges: That's correct.

Senator CAMERON: So provide details of those projects and the reasons for rejection as well.

Mr Palmer: I also think it's worth pointing out that, for the 2017-18 projects, we're basically looking backwards at what had been achieved, whereas with the partnership we're looking forward at what will be achieved and making payments around those achievements.

Senator CAMERON: I bet your hope goes better than the South Australian projects. How much of the $250 million has been expended by the Commonwealth to date?

Mr Palmer: That was 187.3.

Senator CAMERON: Can you provide that breakdown by state and territory?

Mr Palmer: We can.

Senator CAMERON: How many projects have received actual funding from the Commonwealth?

Dr Bruniges: Did you want me to break that one 187 down by state and territory now or just take it on notice?

Senator CAMERON: No, you can take that on notice.

Dr Bruniges: Okay. Within those states, there would have been projects that we assessed that we thought met the criteria and we funded. Others we partially funded, as that question on notice indicates. Some we fully funded, some we partially funded and some we didn't fund at all.

Senator CAMERON: Okay. Can you provide that funding by state and territory and by project?

Dr Bruniges: Yes.

Senator CAMERON: Thank you. Can you provide me what the total commitment was?

Mr Palmer: As in the 250?

Senator CAMERON: Yes.

Dr Bruniges: So that's the 187.33.

Senator CAMERON: Okay. Will the Commonwealth commit any more of the $250 million in the 2017-18 budget?

Dr Bruniges: That would be a decision for government.

Senator CAMERON: Minister?

Senator Cash: What was the question—the same question you put the official?

Senator CAMERON: Yes.

Senator Cash: That would be a decision for the government.

Senator CAMERON: You're the minister; do you know?

Senator Cash: As I said, that would be a decision for government.

Senator CAMERON: So more uncertainty.

Senator Cash: No, that is not what I said, Senator Cameron. That's a decision of government.

Senator CAMERON: What's the Commonwealth's uncommitted expenditure in the 2017-18 budget, putting aside the $50 million bonus payment?

Dr Hart: It's $62.7 million.

Senator CAMERON: Uncommitted?

Dr Hart: That was unspent.

Senator CAMERON: And you don't have any idea whether that will be expended given that previous—

Dr Hart: We just went through a process and funded those projects that we thought met the criteria. 62.7 was left, and it's up to government to decide how they want to deal with that.

Senator CAMERON: According to the table, you've made a commitment of $52.206 million to Victoria to partially fund one project. Is that right?

Mr Palmer: Yes.

Senator CAMERON: And the previous minister—it's hard to keep up with coalition ministers—Karen Andrews, said, 'The one project you submitted was assessed as potentially meeting the criteria set out by the Commonwealth. Accordingly I have approved 2017-18 funding of $34.632 million for this project.' Can you explain the discrepancy between the minister's letter and the amount you have reported?

Mr Palmer: Certainly. Following the payment to states for 2017-18 projects, we identified an error in our calculations in respect of Victoria. It resulted in an underpayment of $17.6 million. The error was corrected and Victoria was paid.

Senator CAMERON: Who was responsible for the error?

Mr Palmer: It was a misunderstanding on our part.

Senator CAMERON: Dear oh dear! This is just getting worse. The states were concerned about coming in because of uncertainty, and you can't even keep the books when you're right at the very start. This is awful.

Dr Hart: We undertook quite a rigorous process. With the state of Victoria there was a matter of interpretation. Victoria raised that with us and, as part of due process, we reviewed that decision and found that they were able to actually articulate a case for the extra expenditure. So I think the fact that we did actually take quite a rigorous process meant that we didn't spend all of the money.

Senator CAMERON: I'm glad you weren't taking a non-rigorous process when you can't even get your figures right with a major state government. Anyway, let's move on.

CHAIR: Senator Cameron, 'let's focus on questions.

Senator CAMERON: This is Senate estimates. You know what Senate estimates does? Exactly what I'm doing.

CHAIR: Absolutely—when you're asking questions.

Senator CAMERON: Can you confirm that neither Victoria nor Queensland have signed the government's national partnership. They haven't signed yet?

Mr Palmer: No.

Senator CAMERON: Has the minister met with either of the state government ministers over the NPA?

Senator Cash: I have spoken to the Queensland minister, and we had officials in very close contact with both ministerial offices right up until 30 September. I also wrote to the states, encouraging them to sign on, and I'm actually delighted to say that Western Australia, Senator Brockman, was one of those states that did sign on as a result of the work done between officials. So the great state of Western Australia is a Labor state, but they actually signed on to the skilling Australia partnership.

CHAIR: Sensible.

Senator CAMERON: Your performance has certainly taken some of the greatness away, but anyway. You said you spoke to the Queensland minister. Was that a phone call?

Senator Cash: Yes, it was a phone call and it was a discussion.

Senator CAMERON: Was it seen as a formal meeting or was it just a phone call?

Senator Cash: I live in Western Australia. The Queensland minister lives in Queensland. The discussion was in relation to a number of issues, and that was one of them that was raised. I don't propose to further elaborate on discussions that I have with my state counterparts.

Senator CAMERON: I don't expect much from you in terms of being open and accountable, Minister, so I'm not shocked.

CHAIR: Senator Cameron, let's focus on the questions.

Senator CAMERON: Where are the discussions up to? When was the telephone call with the Queensland minister?

Senator Cash: I'd need to take that on notice, but the reason we had officials working with the varying states that had not signed was that the states had known—for was it 18 months—that they had until 30 September of this year to sign up to the national partnership agreement. There had obviously been a very long process of negotiation between the varying departments at officials' level. You've heard that the Prime Minister has written to them in relation to these negotiations. So they had until 30 September of this year to sign the national partnership agreement.

Senator CAMERON: They didn't sign, because they didn't think there was certainty in the agreement.

Senator Cash: I probably wouldn't verbal them if I were you.

Senator CAMERON: No, that's what they told me.

Senator Cash: When did they tell you that?

Senator CAMERON: I'm not verballing; they told me that. So when were the officials meetings held, Secretary?

Dr Bruniges: There was a range.

Senator Cash: We're probably going to take that on notice, because it was a very long period of time.

Dr Bruniges: Yes, it was.

Senator CAMERON: I'm happy for you to take that on notice and provide details of when the departmental officers meetings took place. What were the discussions? Were there minutes kept of those meetings?

Dr Bruniges: I'll take that on notice.

Dr Hart: I believe file notes were kept.

Senator CAMERON: Yes, so can you provide copies of the file notes of those meetings? Are there any further meetings scheduled?

Dr Hart: No, because the time for signing has elapsed.

Senator CAMERON: So basically Queensland and Victoria are gone, are they?

Dr Hart: Queensland and Victoria are not part of the agreement.

Senator CAMERON: Okay. That throws your whole project out of kilter, doesn't it?

Dr Hart: I think we clarified at the beginning: it does affect the numbers. We explained that.

Senator CAMERON: Have any bilateral schedules been made with any of the states or territories?

Dr Hart: With South Australia and the Northern Territory.

Senator CAMERON: Are they publicly available?

Dr Hart: We'll have to confirm and take that on notice.

Senator CAMERON: Could you provide details of the bilateral schedules, where they have been agreed?

Dr Hart: We'll take that on notice.

Mr Palmer: The intention is that they be published on the federal financial relations website.

Senator CAMERON: I'm asking you—

Dr Hart: We'll take it on notice.

Senator CAMERON: I'm just asking you to do your job. Have any multijurisdictional projects been proposed?

Mr Palmer: Not so far.

Senator CAMERON: Does that have an effect on the agreement?

Mr Palmer: No.

Senator CAMERON: Unless Senator Faruqi has questions on this, I'd like to move to the adult migrant English program.

Senator FARUQI: I do have questions on TAFE—on VET. Sorry—what are we?

CHAIR: Skilling Australians Fund.

Senator FARUQI: Just the fund?

Senator Cash: No, you can ask anything you like—

CHAIR: Yes, but we're going to move on—

Senator Cash: but Senator Cameron was just going to move to a different—

Senator FARUQI: No, I don't have particular questions on the fund. You can move on.

Senator CAMERON: Can I move to the Adult Migrant English Program. According to the latest annual report, the AMEP performance targets for the 2017-18 financial year have not been met. The target was 63,671 entrants in '17-18, and only 52,968 students enrolled. Why haven't the targets been met?

Ms Hewlett: The AMEP is a demand-driven program. Also there was a new contracting period from 1 July 2017. There were a number of providers that changed during that period, and a number of participants in the program chose to finish their training with their existing provider.

Senator CAMERON: The annual report says that it's due to a large number of AMEP entrants rushing to finish before July 2017. Is that correct?

Ms Hewlett: Yes, that's correct.

Senator CAMERON: AMEP enrolments had been much higher in the preceding two years; in '16-17 they were 64,140, and in '15-16 they were 59,344. How do you explain the decline from 2015-16?

Mrs White: I don't have the '15-16 figures with me, but I have the '16-17 figures, and, yes, you're correct—64,140 in that year.

Senator CAMERON: You can take it from me that the '15-16 figures were 59,344.

Mrs White: There was a growth in '16-17—

Senator CAMERON: You're not challenging my figure, are you?

Mrs White: No, I'm not challenging you, Senator; I just don't have those numbers with me. In '16-17, it was 64,140. That was due to higher than expected program intake due to the Syrian and Iraqi refugee intake that happened. It was a decision taken. They flowed into AMEP. So that year was expected to be a growth year for the program.

Senator CAMERON: I've heard that some providers have been turning students away because they don't have the teaching staff to run courses. Does the department have any data on waiting lists for the AMEP?

Mrs White: We don't have any data on waiting lists for AMEP. I certainly am not aware that providers have been turning away students.

Senator CAMERON: That has been my advice. Do you challenge that?

Mrs White: We can investigate that for you—

Senator CAMERON: Yes, would you?

Mrs White: but I'm not across that—

Dr Hart: We're just not aware of any particular complaints on that front.

Mrs White: I'm not aware of that, but I'm happy to take that on notice and investigate that for you.

Senator CAMERON: You've also flagged an independent evaluation commencing in '18-19 to examine the new business model. Is that correct?

Mrs White: That's correct. We have that request for quote currently in the market, looking for an evaluator.

Senator CAMERON: When did you flag the independent evaluation?

Mrs White: I'm not sure I have the date, but it was only in the last month or so. It was always planned that we would do an evaluation around this time, given a new model had started on 1 July 2017.

Senator CAMERON: So you've called for tenders for the evaluation?

Mrs White: We have.

Senator CAMERON: So it has not started. Do you have terms of reference for this?

Mrs White: The tender documentation would have gone out with what we were procuring. I can certainly provide that to you on notice.

Senator CAMERON: That would be helpful. I'd appreciate that, thanks. I've been visited by highly qualified and experienced teachers from the ACT and New South Wales who are currently delivering the Adult Migrant English Program contracts. Colleagues in Queensland have also been visited by teachers expressing their concern about the impact on students. I'll quote what some of these teachers are saying. One teacher said to me:

In all my years of teaching in various countries I've never experienced such a ludicrous situation with more emphasis on paperwork and administration than the lessons we deliver and the pastoral care we provide.

Another said:

Reporting using the ACSF in AMEP classrooms is wasting teaching and learning time and having a negative impact on learners.

Another went on to say:

I started a new class today. The initial ACSF assessment showed them as being at an extremely low level and I prepared accordingly. In fact, most of them are completely literate in their other language and some are very well educated, but the ACSF can't show this because if they have no English they must be illiterate.

Are you aware of issues like this?

Mrs White: Yes, those issues have been raised with the department.

Senator CAMERON: Has the department briefed the minister on the issues of concern raised by teachers working in the AMEP under the government's contract regime?

Mrs White: We certainly have briefed the minister in the past about issues raised with us about the program and the core skills—

Senator CAMERON: Is that the current minister or the previous minister?

Mrs White: The previous minister.

Senator CAMERON: So you haven't briefed the current minister.

Mrs White: We have not briefed Minister Cash.

Senator CAMERON: When do you intend briefing the current minister on this serious problem?

Mrs White: We can brief the minister straightaway, but we haven't done so to date.

Dr Bruniges: I guess that's the advantage of the evaluation too. I think the timing of the evaluation, coming in after the new model in 2017, should yield some really good information and we should be collecting that information from teachers. If there is anything we can do in terms of cutting out some of the paperwork burden for teachers, we should collect that evidence and see what we can do. I'm hopeful that the evaluation will yield rich data so that we're able to do that.

Senator Cash: Senator Cameron, I don't expect you to do it now, but if you do want to provide those details to the department, I will have the department follow up the people you have referred to.

Senator CAMERON: I'm not sure I can do that, Minister, because some of these teachers will be worried about their ongoing employment.

Mrs White: I have certainly heard those from teachers directly myself.

Senator CAMERON: I'm sure you have.

Mrs White: I didn't bring the terms of reference with me, but the evaluation does go to those sorts of questions.

Senator CAMERON: That would be good. Once I have a look at that, Mrs White, I might have a better idea.

Ms Hewlett: We have been talking to the teachers about this and we have provided some professional development workshops across Australia to train teachers in the use of the ACSF. One of the reasons for wanting to use that particular framework is to enable people to move from AMEP to other programs that use the Australian Core Skills Framework. So it actually does provide them with the pathway from education through to employment.

Senator CAMERON: Not if these problems are widespread, it doesn't.

Ms Hewlett: Yes, and thank you for raising it. As Mrs White has said, we have been providing professional development. The quality assurance provider for the program has been providing guidance to service providers in the appropriate use of the ACSF. We've also been looking at how the existing curriculum that people have been using with AMEP can translate to the requirements in the framework.

Senator CAMERON: Have you met with the Australian Council of TESOL Associations?

Senator Cash: I don't believe so at this stage.

Senator CAMERON: Have you met with any of the teachers about these problems?

Senator Cash: I haven't yet been contacted by anyone about these problems. But given that this has been raised as an issue, I will be obviously requesting that the department brief me and undertake meetings as appropriate.

Senator CAMERON: I suppose you do agree that what's actually happening in classrooms is critical to the success of the contracts?

Senator Cash: I've always been a big supporter—right back from when I was the Assistant Minister for Immigration and Border Protection—of this program. I have been in contact with Paris Aristotle, whom I think is very well-respected throughout the sector, in particular, over many years about this program.

Senator CAMERON: Name-dropping doesn't impress me.

Senator Cash: I'm not name-dropping. He is incredibly well-respected. As you have raised issues—and they are issues; the department has acknowledged that—I will be briefed on these issues and undertake meetings as appropriate. In fact, this program is celebrating its 70th birthday. It is one of the government's longest standing programs, and we want to see it continue to be successful.

Senator CAMERON: And it's not going very well at the moment. That's the issue. The teachers' immediate and urgent concerns relate to the use of the Australian Core Skills Framework as the measure of assessment for AMEP participant entry, progress and exit, which was introduced into those new contracts, right?

Mrs White: That's correct.

Senator CAMERON: ACTA have said that: 'The ACSF is invalid for assessing English-language learning, particularly for the type of learners in the AMEP.' Does the department accept that there are limitations in using the ACSF as an assessment and progress framework for the learning of English-language proficiency for people who are learning English as a new language?

Mrs White: This is one of the things that we want the evaluation to tell us. I am aware that the previous assessment that was used for AMEP before 1 July 2017 was one that just assessed at the beginning. It was unsuitable to assess whether people actually progressed in their English proficiency. That was one of the reasons the Australian Core Skills Framework was introduced.

Senator CAMERON: That's fine. I accept that. You're basically agreeing that that is an issue. Was the Australian Core Skills Framework designed to provide an assessment and progress framework for the learning of English-language proficiency for people learning English?

Mrs White: I'm not sure of the answer to that. I do know it is being used in the SEE program, which is our core literacy and numeracy program, where around 70 per cent of the clients in that are called clients for a number of years. One of the reasons it was changed to AMEP is so clients can articulate between AMEP, into SEE and then into employment.

Senator CAMERON: It doesn't seem to be working. That's the problem. That's why you're actually doing an inquiry.

Dr Bruniges: It's very much what you say. Many of these adult migrant people involved in the English program may well be literate in their first language. The challenge about learning English is not to assume that that means they're illiterate; but it's actually looking at the assessment. With the pedagogy approach of teachers—I've actually been an English migrant teacher myself on the arrival of refugees in Liverpool, in my younger days—I know how difficult it is to be able to get an assessment framework that is, indeed, valid. Sometimes you have to use your professional teacher judgement, as a teacher, to take a framework, look at the needs of the student that you have and then be able to do it. Hopefully the evaluation will help us through that space, and we might come up with a number of sources to support teachers.

CHAIR: Senator Cameron, how long have you got on this?

Senator CAMERON: I've got a fair bit. I'm happy to cede in a minute.

CHAIR: Okay.

Senator CAMERON: In relation to what you've just indicated, Dr Bruniges, the issues that those teachers are telling me are problems obviously affect their capacity for delivery.

Dr Bruniges: Yes. I would suspect that if the teachers are having some problems and they feel overburdened with paperwork, then indeed they're not going to get outcomes as good as if they're not burdened by paperwork. Hopefully the evaluation will shed light on that, and we're able to put something better in place to support them.

Senator CAMERON: We've all recognised and there have been concessions that there are problems with this approach. Do you intend to suspend the ACSF while the evaluation is conducted?

Dr Bruniges: That wouldn't be the best professional advice I could give you. We should—and I'm happy to do this—take this away and have a look to see if we can do any immediate steps to remove some of the red tape or burden, but I would want to see that framework in place until we complete the evaluation.

Ms Hewlett: In the meantime, the quality assurance provider is continuing to work with teachers and is developing resources. For example, we've established an AMEP task bank, which assists teachers to support the implementation of the ACSF. While this is rolling out, we're also supporting them by developing additional tools.

Senator CAMERON: I'll just ask these questions quickly; I know there are other senators here. Research shows that casual workers get limited access to training and development and that employers are even less likely to invest in the development of casualised workforces rather than a full-time, permanent staff. I'm being told that the casualisation of the teaching workforce has grown under the current contract. Are you receiving those reports? Do you have any data on that?

Mrs White: No, I have not received those reports. We can see if we have data on that. We certainly have data on the qualifications of teachers and so on. But usually it would be up to a provider around under what arrangements they would employ their teachers, rather than the department.

Senator CAMERON: In your terms of reference, do the terms of reference cover these bureaucratic issues that are causing problems and do the terms of reference deal with this issue of casualisation?

Mrs White: From memory, I can't remember casualisation being part of the terms of reference.

Senator CAMERON: Do you think you should add it to it?

Mrs White: It's out in the market. We can have a look at that. When we select an organisation, clearly we can negotiate a bit further on terms of reference.

Dr Hart: We'll take the issues that you've raised on board through the evaluation.

Senator CAMERON: I'm also being advised that very experienced and dedicated teachers are leaving AMEP providers because they're distressed at their treatment. Some of them are outraged at the treatment they're receiving and also the treatment of students. Have you done anything to establish turnover rates and whether teacher shortages are or will become an issue?

Mrs White: No, we haven't.

Senator CAMERON: Is it part of your terms of reference?

Mrs White: Not that I'm aware of.

Senator CAMERON: Could you add that to your terms of reference?

Dr Hart: We'll factor these issues in.

Mrs White: As to the turnover rates of teachers.

Senator CAMERON: I've got other areas to go to, obviously; but that's that area finished.

CHAIR: We'll go to Senator Faruqi.

Senator FARUQI: Good afternoon, again, Dr Bruniges. There's research that shows that, since 2013, there has been a 40 per cent reduction in the number of women commencing apprenticeships and traineeships. I'm just wondering if the department actually collects some data on the issue of how many women actually enrol in apprenticeships and traineeships.

Dr Bruniges: We would rely on the National Centre for Vocational Education and Research, NCVER, which is based in Adelaide. That's the major data holding for the vocational sector. They're very good at what they do. They put out quarterly reports and do a whole range of research projects that they would undertake to look at such elements.

Senator FARUQI: I think that's where the data comes from.

Dr Bruniges: Yes, right.

Senator FARUQI: Yes, that's where the data comes from. My question is: is the department or is the minister concerned with such a huge drop of apprenticeships and traineeships that women are not commencing anymore?

Dr Bruniges: Over what period of time was that 40 per cent?

Senator FARUQI: Since 2013. I think the report was released probably in the middle of September.

Dr Bruniges: Of course, we want to see increasing numbers of women in a whole range of career areas, including apprenticeship and trainees. With the choices that women make, I often say to people, 'There's one cohort of students. They're making decisions about university, VET or employment,' and therefore often when you see a decline in one area, you might see an increase in another area. It might be women's participation in STEM. It may be rising participation in the university sector.

Senator FARUQI: Yes, but it shouldn't be at the behest of decreasing one and increasing another. We still want women to be in trades which are male-dominated.

Dr Bruniges: Absolutely.

Senator FARUQI: I'll ask a very clear question: is there a target that the department or the government is working towards in ensuring that there is some kind of gender balance within apprenticeships and trainees?

Dr Bruniges: I don't this happen we've got a target. We would want to—

Senator FARUQI: Why not?

Dr Bruniges: We would want to through our partnership agreements—that's the place, through our national partnerships with states and territories—

Senator FARUQI: You could do it through them? You could encourage and help and actually have a target for them to meet?

Senator Cash: Absolutely. I'll give you an example of where the government does have influence and has set a target. In relation to women on government boards: the target was 40-40-20. Under the former Prime Minister, we moved the target to 50-50. I'll get you the exact figure; I don't have it on me, but it is now in excess of 45 per cent. Under this government, it's the highest it has ever been since reporting started, because we've taken very proactive measures to increase the number of women on boards. As a government, across the board, we absolutely are investing in getting more women into STEM—science, technology, engineering and math—and obviously looking at that through varying policy levers. When I was the former Minister for Women, I worked with the Master Builders Association, and they run a program to get more women into construction, because the numbers of women in construction, we obviously need to increase. So it is certainly recognised that, over continuous governments—this is not a recent situation—the number of women obviously going into what have been called 'non-traditional roles' needs to improve, and certainly there are a number of levers across government that are being utilised to do exactly that, because we do need to.

Senator FARUQI: So what are the specific levers or programs that would improve the situation? I mean, it's a huge, huge plummet of women—40 per cent is pretty huge, over five years. So what are the programs that you are undertaking to improve that?

Dr Bruniges: Every year, we have national training award programs, where we identify a certain category and—if you look back over the history—they become apprentice ambassadors and so forth. Some of the documentation on personal narratives and the choices that women and men have made through the national training awards process is a good example of what we're deliberately doing.

Senator FARUQI: Why is it still reducing, though? When was that program implemented? I'm just concerned that it's reducing a lot. The minister said that you had targets on boards?

Senator Cash: For women on government boards? Exactly right.

Senator FARUQI: So would it be good to consider targets for traineeships and apprenticeships as well?

Senator Cash: That's not something that's been actively considered.

Senator FARUQI: Would you consider it, Minister, given that your targets on boards, you said, have worked?

Senator Cash: I believe in encouraging, absolutely, businesses to do what they can (a) to take on apprentices, but (b) if they can, obviously, to encourage more women. If you look at the employment statistics generally, we have more women participating in employment than we ever have before. The participation of women in employment is at a record high. When I was the Minister for Women, we launched an overall strategy to increase women's participation in the workforce and to reduce the gap between the participation of men and women. That is now decreasing, by 2025. Certainly we can go away and get you more information, because it's across government on the programs that are in place to encourage more women to go into apprenticeships—and, in particular, STEM.

Dr Hart: We could certainly have a look at that more closely, in terms of changes in apprenticeship numbers since 2013 generally, and also by gender. As Dr Bruniges raised as well, we do have the Australian Training Awards coming up next month, and we do actively celebrate the participation of women in non-traditional—

Senator FARUQI: But just celebrating is not going to do—

Dr Hart: No, but it does identify—

Senator Cash: It gives role models.

Dr Hart: It identifies and provides role models and ambassadors; it might just be that the decline is just a reflection of a general decline as well, so it's actually affected both males and females. We want to monitor that actively and see if we do need to—and it's a shared responsibility with the jurisdictions. We do have some leverage on those elements.

Senator FARUQI: Coincidently, since 2013, funding, as we know, for apprenticeships and traineeships has been reduced by the government—by $3 billion, I think. It kind of tallies with that, so maybe it has to do with funding as well. Maybe you could look into that. I do have specific questions on funding, if you could answer those. I'm trying to understand how much the federal government has allocated for the VET sector in 2018-19 budget?

Mr Palmer: In the 2018-19 budget, the total—including income-contingent loans—would be $3.58 billion.

Senator FARUQI: What was that in 2017-18?

Mr Palmer: In 2017-18, I've got $3.23 billion.

Senator FARUQI: Out of the $3.58 billion, what proportion has been spent to date?

Mr Palmer: I don't have the spend to date. Not all of that money sits in the education portfolio. So if I can take that on notice, we'll see what we can get back to you.

Senator FARUQI: That would be great. How much of that money is going to private providers—if you could also take that on notice, if you don't have those figures now—how much of it is going to TAFE, and how much to not-for-profits?

Senator Cash: Yes, we can do that.

Senator FARUQI: Do you know if the number of students that go to private providers has increased or decreased over, let's say, the last two years?

Mr Palmer: Again, the NCVER publishes figures on this. We can look at those figures and get back to you on that.

Senator FARUQI: I don't have figures for private providers, but I do know—and it is coming from the Centre of Vocational Education and Research—

Dr Hart: There's certainly been a decline in participation through VET student loans through private providers, because there are significantly less of them under that arrangement than with VET FEE-HELP. But we can look across the board for you.

Senator FARUQI: I do know that for TAFE there's been a massive decline of around 40,000 students between 2016 and 2017. What do you think is accounting for that decline, firstly?

Dr Hart: In terms of student—

Senator FARUQI: Yes, in TAFE. I have the number for TAFE, which is about 39,800 students.

Dr Hart: I think with the changes from VET FEE-HELP to VET student loans, there has been a significant reduction. The numbers were propped up, I think, quite artificially, in a sense, in terms of the number of students in the system, and not all were actually genuine students. So there has been a change and a decline across the whole sector.

Senator FARUQI: The 40,000 were not genuine students?

Dr Hart: I'm not saying all of those, but certainly that element of it—there has been a decline. I think it's worth noting that, from 2012 to 2016 as well, the states' funding of the VET system has reduced by 35 per cent. So that may well be a factor in that as well.

Dr Bruniges: Senator, each state and territory will also have a different delivery model for TAFE in its state and territory. So there has been some structural change in a number of places. More and more, some are becoming dual-sector providers—so TAFE are offering not only TAFE qualifications, but university qualifications, and universities are offering TAFE qualifications. Some of those traditional boundaries that you see in what one might call the broad tertiary sense are breaking down, which I think is challenging, and individuals are making choices. So it's probably a combination of a number of variables.

Senator FARUQI: Is some of that impact, those changes that are happening, being pushed because of the contestability and marketization that was brought in by the federal government in 2013?

Dr Bruniges: There was contestability brought in by a federal Labor government in the agreement—I think my memory's telling me, as well—because I was in a state at the time. There's been contestability—

Senator FARUQI: Lot of changes have been happening after that as well.

Dr Bruniges: Yes. And then there's been, as Dr Hart pointed out, the reduction of state and territory VET funding overall—a reduction of 35 per cent between 2012 and 2016, in total. Some states have as high as a 53 per cent reduction. So you've got to look at the state budgets, the federal budgets, the interaction, the structural reform, the blurring of the sectors—there are probably multiple factors that are—

Senator FARUQI: What is the federal government doing about that?

Dr Bruniges: My first question is trying to encourage the state governments to put money back in around the TAFE. We've got our partnership agreement in terms of the $1.5 billion that we flow to states—

Senator CAMERON: Don't fall for that one, Senator!

CHAIR: Senator Cameron—

Dr Bruniges: The federal government is putting in, as I said, the Skilling Australians Fund, and I think the total that Mr Palmer gave you, and also the figures—we've just got to watch the whole sector.

Senator Cash: One of the big issues—and I'm happy for the department to take you through it—was the implementation, and it was under a former Labor government, of VET FEE-HELP. The feedback I have had since I came into the portfolio was in relation to what an absolute disaster that was, and, obviously, a number of the changes that we have had to make introducing the new VSL scheme are in relation to what became a broken system, one that encouraged dodgy providers who were literally giving out laptops to people to sign them up to courses that didn't exist, that they were not qualified for, that they were never going to be able to complete. So a lot of the work that we have had to do is quite literally to clean up what was an absolute disaster in the VET sector. As a result, part of that is a reflection of the statistics.

Dr Hart: Senator, can I also add, since we're talking about TAFE and its representation as the whole of the VET sector—

Senator FARUQI: Yes. It's not representing the VET sector anymore.

Dr Hart: No, but if you look at the—

Senator FARUQI: Less and less, unfortunately, now.

Dr Hart: But if you look at the NCVER data from 2015 through to 2017 and you look at the TAFE share of the total VET activity enrolments, it has been constant. It's around 33.6 to 34.6, so there's not a marked reduction in terms of TAFE share compared to the overall market. It is pretty constant in that. Even though there might be a dynamic or a shift within the whole VET system, TAFE is actually holding its own in terms of its percentage share of all of those enrolments.

CHAIR: Senator Faruqi, this will need to be your last question.

Senator FARUQI: Yes, that's fine. I only have one question left anyway. There has been concern raised, specifically about young people from disadvantaged backgrounds, where the drop in enrolment has happened. When I say 'disadvantaged', that includes culturally and linguistically diverse communities or Indigenous backgrounds or from rural and regional areas. Has the department done any modelling specifically to look at the impact and how maybe the privatisation of the VET sector has affected people from disadvantaged groups?

Dr Hart: If you look at those statistics, you will see reductions in some disadvantaged and Indigenous participation. That is as a result of the fact that, under VET FEE-HELP, those disadvantaged and Indigenous students were actively targeted by unscrupulous providers. They actually represented a higher number, but because they were vulnerable and they were inappropriately signed up. So we are conscious of the fact that that decline is probably a good thing. But we're also conscious about reaching out, in terms of Indigenous and regional and rural students participating. It's part of our Skilling Australians Fund. We are raising issues, in terms of participation more broadly and, as you said earlier, about women in rural and regional communities and in Indigenous communities. But we also want to be very mindful about how we do that, and that we do that in an appropriate and respectful way, that we acknowledge the issues that did occur under VET FEE-HELP and that they don't occur again.

Senator FARUQI: So, when you're doing these agreements with the states and territories, these are the issues that you are raising?

Dr Hart: These are the sorts of issues that we work through with them as a matter of course.

Senator CAMERON: Secretary, how many SES officers are in the Skills and Training group? A rough estimate; you can come back.

Dr Hart: Twelve, off the top of my head.

Senator CAMERON: Were any of these SES officers seconded to former Assistant Minister Karen Andrews's office to work as advisers or departmental liaison officers for the minister?

Dr Bruniges: I'd have to take that on notice. I think this morning we went through that we had a number of advisers and DLOs, but I'd have to take that on notice.

Senator CAMERON: Were any officers seconded to Minister Karen Andrews's office?

Dr Bruniges: Again, I'd have to take that on notice from the Skills and Training area.

Senator CAMERON: You're taking it on notice, but we know for a fact—

Dr Bruniges: We would have DLOs in the minister's office.

CHAIR: Senator Cameron, one of your colleagues asked very similar questions this morning.

Senator CAMERON: Well, I wasn't there. I'm asking questions now. Are you reading my mind?

CHAIR: No. I'm listening to your questions.

Senator CAMERON: That's good. I'm glad you're alert.

CHAIR: I'm just trying to help you.

Senator CAMERON: I don't need your help, thanks. Did any of those officers ask to return to the department earlier than anticipated—for example, after a week or so?

Dr Bruniges: I think I'll refer to my previous evidence this morning, or Mr Markovic's. I think we had one officer up there for a week and one up there for six weeks, but I'd like to go back to that evidence this morning, because we had the officer here who looked after the DLO and adviser numbers up in the office.

Dr Hart: My recollection of the staff member who was there for a week is that there was actually a change of ministerial responsibilities, and that staff member came back to the department, which is not an unusual occurrence.

Dr Bruniges: Not to my knowledge, Senator, did anyone come back early, if that's the nub of your question.

Dr Hart: That's why it will show up as a week. That is my understanding. The staff member went up there as a seconded employee. There was a change of ministerial responsibilities around August, I believe, and that staff member returned to their job in the department.

Senator CAMERON: You are aware of the alleged incident which was discussed earlier in the day, that former Assistant Minister Karen Andrews threw something, possibly a stapler, at a public servant seconded to her office? Are you aware of that allegation?

Dr Bruniges: As I said this morning, the department wouldn't comment on individual staffing matters. That would include confirming or denying alleged incidents, for privacy reasons.

Senator CAMERON: Why would privacy be breached when there's no name?

Dr Bruniges: I repeat again: I would be very concerned at the identification of an individual staff member.

Senator CAMERON: I haven't raised the name. Have you received any reports on this alleged incident?

Dr Bruniges: I refer to my evidence this morning. I have not received any incident report or any complaint regarding the issue you're referring to.

Senator CAMERON: So you can tell me no more about it?

Dr Bruniges: I think I took it on notice this morning to double-check across the department for any other information we would have.

Senator CAMERON: Are there any officers here who may have been advised of an incident? Have you checked with all your SES officers on this issue?

Dr Bruniges: I haven't checked with all my SES officers. That's why I wanted to take it on notice this morning. We did have the head of HR here this morning, who also spoke to the issue.

Senator CAMERON: I might leave it at that then. You'll take these issues on notice?

Dr Bruniges: Yes. I have, this morning.

Senator CAMERON: I think similar questions have been asked elsewhere. I'm interested in this as well. Are you going to conduct an investigation into this, given that it's been raised in such a public manner?

Dr Bruniges: No. I'm going to go back and answer the questions on notice that I've undertaken to do. As I said to you before, I have no incident report or complaint that—

Senator CAMERON: If you do receive an incident report or a complaint, what's the process then?

Dr Bruniges: We would have standard procedures in place that we would go through. If I can talk to the process in general, we would talk to the officer who had lodged the complaint, and there would be a formal incident report put in place—maybe a Comcare report. There may be an offer of counselling around—

Senator CAMERON: To the minister or to the victim?

Dr Bruniges: I'm talking in general about what we would do if a case came forward, remembering that the minister is an employer in the department, and therefore the reporting line—you'd have to give consideration to notifying government.

Senator CAMERON: I think we've got an agreement that we move to ASQA. I've got a whole range of questions but I'll place them on notice.

Dr Bruniges: Thank you.

CHAIR: We'll begin the alphabet soup!

Senator CAMERON: Just before we do, is Acting Deputy Secretary James Hart here? I can't see your nameplate. I don't know you that well.

CHAIR: It was there up until about five seconds ago—

Senator CAMERON: Have you got any knowledge of this?

Dr Hart: No, I'm not aware of any complaint as per—

Senator CAMERON: I'm not asking whether you were aware of a complaint—and don't play games with me.

Dr Hart: No, Senator.

Senator CAMERON: Just don't play games. I'm asking you—

CHAIR: Senator Cameron, ask the question.

Senator CAMERON: are you aware of the alleged incident?

Dr Hart: No, Senator. I heard about it this morning and, as the secretary mentioned, we will go back and check through our HR processes.

Senator CAMERON: Okay; thanks.

CHAIR: Outcome 2, skills and training concept—we can release any officers. Thank you.

Australian Skills Quality Authority

[17:00]

CHAIR: Now we move onto ASQA, the Australian Skills Quality Authority. Do you wish to make an opening statement, Mr Paterson?

Mr Paterson: No thanks, Chair.

CHAIR: In that case, we'll continue with Senator Cameron.

Senator CAMERON: Welcome, Mr Paterson. The national strategic review of registered training organisations offering industry induction training reported in 2013—are you aware of that report? I know you weren't here at the time, but—

Mr Paterson: I'm conscious of the review. My recollection of it was that that was not the title of it—but I stand corrected on that.

Senator CAMERON: That's what I've got here—you know the report I'm talking about?

Mr Paterson: Vaguely.

Senator CAMERON: The report made a number of key recommendations in relation to the White Card—you're aware of that?

Mr Paterson: Yes, I am.

Senator CAMERON: The White Card talks about high priority to ongoing regulatory activities to White Card training and assessment—you're aware of that?

Mr Paterson: Yes.

Senator CAMERON: Has that recommendation been adopted?

Mr Paterson: There have been reviews of the training in relation to the White Card since that time. As I recall, the organisation made some recommendations in relation to specifying some minimum duration in relation to the White Card. That recommendation was not taken up at the time. We have subsequently undertaken a number of strategic reviews, including one that we've spoken about previously at estimates in relation to duration where we made some further recommendations which are matters before government.

Senator CAMERON: I think one of the other recommendations was on the duration. What is the recommended duration?

Mr Paterson: There isn't one specified in relation to the White Card as part of the training package.

Senator CAMERON: So, the report was training for the White Card for Australia's construction industry.

Mr Paterson: Yes. It was one of the very early strategic reviews undertaken by ASQA. As you recall, we were created in 2011 and states chose to refer powers to the Commonwealth during 2011-12, and that was one of the early strategic reviews undertaken.

Senator CAMERON: So, White Card training clearly comes under your purview, your regulatory oversight?

Mr Paterson: We register registered training organisations, and registered training organisations deliver White Card as one of the offerings in the marketplace—as you know, there are a very large number.

Senator CAMERON: Are you aware of reports in the press about White Card training at the Royal Hobart Hospital?

Mr Paterson: No, I'm not.

Senator CAMERON: There have been reports that, at the Royal Hobart Hospital, Master Builders Australia delivered training on the White Card to workers either on or off the site. I'm advised that the training lasted about half an hour. Does that sound sufficient in the context of your knowledge of how this works?

Mr Paterson: I'm not aware of the circumstances of the matter that you raise, nor am I aware of any assertions made in relation to the duration of training. Competency based training is designed to ensure that you don't replicate training already delivered and skills already acquired by individuals. Different cohorts may take shorter or longer periods of time to be able to acquire the skills that are required. We did make some recommendations in terms of minimum duration, which were not taken up. And our minimum duration, I can assure you, was not half an hour.

Senator CAMERON: That's right. I'm advised that the half an hour is what has been happening. I might table a copy of a letter I've got from the CFMEU, if you don't mind. Have a look at this.

Mr Paterson: To the best of my knowledge, it's not something that they have raised with us.

Senator CAMERON: No, they raised it with me. While it's being distributed, I might read the letter. It's from Dave Noonan, the national secretary, and says:

Dear Senator,

… … …

I wish to bring to your attention serious concerns held by the CFMEU in relation to induction training carried out by Master Builders Tasmania at the Royal Hobart Hospital Project site. MBA members, John Holland and Fairbrother are the principal contractors at this project.

The union has received credible reports that induction training for 1,150 workers on the project was carried out by Master Builders Tasmania and that the organisation charged $99 per worker for the said inductions receiving in excess of $113,000.

It goes on to say:

We are not aware as to whether Master Builders Tasmania or any associated entity is a Registered Training Organisation as per relevant legislation. It has come to our attention in relation to employers of Accuracy Interiors (in receivership) that a significant number of employees of Accuracy Interiors possessed little or no knowledge of the English language and that MBA Tasmania failed to provide any translation or interpreting to enable those workers to understand the training provided.

It goes on to say:

This raises serious safety concerns as the induction training is necessary for workers to understand safety requirements on the site. It is beyond comprehension that any responsible organisation would treat the safety of workers in such a cavalier fashion. We bring this matter to your attention and request an urgent investigation by the relevant regulators into the circumstance of this serious matter.

I accept that you have just heard about this when I raised it. It was reported in *The Australian* this morning. Would you see this as an appropriate issue to investigate?

Mr Paterson: I'm happy to examine the matters that are raised in this. I can't pass a judgement whether it's appropriate to examine or not on the basis of the information that's before me, but I'm happy to have a look at the material that's raised. As I said, it's not been raised, to the best of my knowledge, with us, by the CFMEU or by any other party. I'm not aware of the status of the training provider that may or may not have delivered the training in the way that's outlined. I'm happy to look at the circumstances and I'm happy to—if examining it means that we can respond within the time frame on notice, I'm happy to endeavour to respond on notice. Otherwise, we'll further examine the issue and come back at a later time.

Senator CAMERON: I appreciate that. Given you're an expert in this area, and you regulate this area, have you ever been advised previously about any companies providing training in English to non-English speaking workers?

Mr Paterson: I think there have been examples where questions have been raised about the competence of the individuals to undertake the training. You may recall that we spoke of a training provider that we cancelled, and then ended up cancelling a large number of qualifications in the security industry 12 or 18 months ago. There was certainly evidence that was available to us at the time that many of the people would not have been qualified to gain a security licence because of their lack of capacity in relation to the English language, and certainly there were shortcomings in the training that was provided to those individuals. So it's not an isolated situation. It's not a common situation. But you can't undertake competency based training and assess the competence of individuals if they don't understand nor are able to communicate in the language in which the assessment and the training is being undertaken. So, in a competency based environment, you would not be able to genuinely assess the competence of the individuals if you were speaking to them in a language they didn't understand and they were responding in a language that was not understood by the assessors. So it is something that would be concerning. But, as I said, I know nothing of the detail of this particular case. I'm happy to look at this particular case.

Senator CAMERON: You said you would take it on notice; that's fine. Could you also take this as a formal complaint from me in relation to this issue?

Mr Paterson: I'd have to assess whether we've actually got a registered training organisation that's within our confidence. There is an assertion or an indication in the text from the CFMEU that they don't know who the registered training organisation is. It's possible that it's delivered by an entity that is not ours. So we may not be able to deal with it in a formal complaint environment. But I'm happy, as I said, to examine the issue behind the matter that's raised here. If we're able to do that within the time frame that's specified by the Senate, we'll respond on notice; otherwise I will respond at a later time.

Senator CAMERON: If they are a registered training organisation, can you take this as a formal complaint?

Mr Paterson: I'm happy to deal with it as a complaint. We have a procedure which we identify that complaints need to be lodged on the website et cetera, but I'm happy to deal with it as if we have a complaint raised by you in relation to this matter.

Senator CAMERON: I'm happy for you to undertake whatever needs to be done formally. I'm not asking for any special—

Mr Paterson: No, no. I'm happy to take it on. We will deal with the matter appropriately.

Senator CAMERON: The other issue for me is that you have raised this proposition. If someone delivers the training and they're not an RTO, what sanctions are available?

Mr Paterson: There are civil penalties in the legislation. My re-election is that the offence is section 116 of our act and the civil penalty is 117, I think, off the top of my head, where a national VET qualification is offered in whole or in part by a non-registered organisation. So there are penalty provisions within our legislation, and we are more likely to pursue those sorts of penalties where it's a non-RTO, because we can't sanction them by doing something in relation to their registration if it's a non-RTO. So there are civil penalties, and we have pursued—in fact, there's been some recent reporting of actions that we took against individuals and entities that were holding themselves out as registered training organisations and purporting to offer nationally recognised VET qualifications when they weren't entitled to them. We were successful in those prosecutions.

Senator CAMERON: Thanks. Can I move to some general questions. I appreciate your assistance on that last issue. I asked you in last estimates about a statistic that you provided in response to a question from Senator Molan. That was in March. Senator Molan was kindly outlining Labor's policy on ensuring funding for TAFE. In *Hansard* you said that the national average of TAFE's share of government funding was below 17.9 per cent. On notice, you have replied to my question regarding the accuracy and source of that statistic. It's now clear that you were misquoting a statistic, misinterpreted by ACPET, the association that represents private RTOs. My understanding of the government funded training statistics is that, in 2013, about two-thirds of government funded hours of training were delivered by TAFE, but under the coalition that has dropped to nearly half, which is still a long way from 17.9 per cent. Have you sought to get accurate figures from the NCVER?

Mr Paterson: There was confusion in relation to my response, and I think that, to be frank, there is probably confusion in relation to how we responded to the question on notice. The number that I think I was referring to at the time of TAFE's share was in fact the total number of TAFE students relative to the total number of VET students. At the time that I quoted it, I said I thought off the top of my head it was 17.9 per cent. The figure for 2016 was in fact 17.6 per cent. So that is the total number of TAFE students relative to the total number of VET students, the total number of VET students being 4.2 million, as reported by the NCVER. The number for 2017, which is the most recently published statistic, is that it's now 16.1 per cent. So it was 17.6; I said I thought it was less than 17.9. I do think in the interplay between you and me, I may have implied that it was the share of government funding, but it's the TAFE proportion of the total number of VET students. As you know, we don't collect the statistics. NCVER collects the statistics, and, as I recall it, they followed me at the last estimates, and you indicated at the time that you were going to explore with them some of those questions. I don't know whether you did last Senate estimates. I think we finished up quite late.

Senator CAMERON: Yes.

Mr Paterson: I did not wait around to hear the NCVER's responses and I didn't read their *Hansard*.

Senator CAMERON: What's wrong with you!

Mr Paterson: I had better things to do, Senator, to be frank.

CHAIR: We'd probably accept that!

Senator CAMERON: Okay. Let's come back to another issue. In the annual report, included in your list of evidence of quality in the VET system, you claim that nearly 80 per cent of VET graduates secure a job soon after completing training. That's on page 19.

Mr Paterson: Yes.

Senator CAMERON: I think you need to be more careful with your use of statistics about the system. The actual statistic from the NCVER is that, in 2017, 77.7 per cent of graduates were employed after training, similar to 2016, and also that 70 per cent of graduates were employed before training. Do you understand the difference?

Mr Paterson: Yes.

Senator CAMERON: So you can't claim that 80 per cent secured a job when 70 per cent had a job when they started, can you?

Mr Paterson: Well, it depends on how you look at those statistics.

Mr Paterson: This will be interesting.

Mr Paterson: Statistics, damned statistics. Depending on how you look at a set of stats, you can come up with a variety of different stories. Of that, there is no doubt. But, for many VET students who are employed, they're employed under contracts of training for apprentices and for trainees.

Senator CAMERON: But 70 per cent were employed before training.

Mr Paterson: They may have been employed before training, because you can't actually get into a contract of training without a contract of employment for an apprenticeship. So it depends on what the reference point is.

Senator CAMERON: This wasn't just about apprentices. I agree about apprentices.

Mr Paterson: There are a variety of people who are captured by the statistics. If you challenge me in relation to a statistic that we've referred to in the annual report, I'm happy to take it on notice and provide you with the basis upon which we made that claim.

Senator CAMERON: Good. I'm happy for that to happen. I just want to go to the issue of the quality of the VET system. In the ASQA annual report, a key narrative is that ASQA maintains that the system is world class. Experts say the system is in real trouble. Even the Productivity Commission has raised issues about the VET system. Terry Moran, one of the original architects of the national system, says it's fragmented and devalued. He says there's no effective governance, the funding arrangements are chaotic and there is no national strategy. The OECD has found that Australia doesn't have the skills needed to engage effectively in global value chains. The Productivity Commission says the system is a mess. Given that, how can you assert that we've got a world-class system?

Mr Paterson: You have combined a number of issues there, most of which we have no control over, Senator. As you know, when ASQA was created, it was created by a referral of powers from the states and territories.

Senator CAMERON: This is not about ASQA. This is about the VET system.

Mr Paterson: You're putting the proposition to me: 'How can I assert a particular position?' I can only assert a position with respect to our responsibilities. I'm not a commentator in this role in relation to the VET sector. The people you quote have got the freedom to be a commentator about a variety of elements of the sector, and they can express their personal points of views. But we're not commentators on the whole of the system. We are responsible for that part of the system that we're responsible for regulating. And, as you well know, we regulate against minimum standards for registrations—

Senator CAMERON: Do you still assert that the system is world class?

Mr Paterson: It depends on the context in which that proposition is being put.

Senator CAMERON: What was the context you put it?

Mr Paterson: You take me to the part of the annual report that you want me to comment on, and I'm happy to do so, Senator. You have a copy before you.

Senator CAMERON: Yes, I've got it with me. You talk about ensuring the quality of the system. You say that you seek to meet the required standards.

Mr Paterson: And the commentary, to summarise the language, is where we talk about trying to assure quality by ensuring the standards with respect to registered training organisations—that is, the organisations that offer and deliver the training and undertake the assessment.

Senator CAMERON: Let me get back to your chief commissioner's report. It's page 1. You say it has been 'a busy and challenging year for ASQA'—

Mr Paterson: Yes.

Senator CAMERON: 'and the vocational and education training sector as a whole.' So you're saying there are challenges there. You then go on to say that 'ASQA continues to receive a high volume of applications,' and you talk about the sector having 'a strong local and international reputation for quality'. Well, it doesn't. It doesn't. Where is this strong local and international reputation when you've got the OECD saying that you can't even train your people well enough to engage in global value chains? Is that a strong international reputation?

Mr Paterson: We don't say that it is world class in every respect in relation to the system. But I do think the comments that I make there in relation to its recognition of quality from the sector as a whole are legitimate. It is not a sector without its shortcomings. It is not a sector where there are not failings of registered training organisations, both public and private. There are shortcomings in relation to it, but that doesn't mean to say that the system and the sector as a whole is not world class.

Senator CAMERON: Let me take you to page 19. You say, 'Australia's VET system has an outstanding international reputation for quality,' but it doesn't. So why are you saying these things?

Mr Paterson: I say these things because I believe these things. If others—

Senator CAMERON: Show me the evidence—

Mr Paterson: disagree with me, they're entitled to express a different view.

Senator CAMERON: The Productivity Commission, the OECD—

Mr Paterson: They are critical of elements of the system.

Senator CAMERON: Only elements? We can't train people to engage in global value chains. Terry Moran, the original architect, says, 'there is no effective governance'. He says the funding arrangements are 'chaotic' and, 'there's no national strategy'. And he says the system is, 'fragmented and devalued'. Is Terry Moran wrong?

Mr Paterson: He's entitled to his view, but I'm here as the Chief Commissioner for ASQA. I have responsibilities under the legislation. Most of the things that you just referred to, that Mr Moran's apparently indicated, are matters outside our control. They are—

Senator CAMERON: Should you have said here then that ASQA has an 'outstanding international reputation for quality'? How can you speak for the whole VET system?

Mr Paterson: I can't speak for the—

Senator CAMERON: Why are you doing it in these reports?

CHAIR: I'm not quite sure what you're getting at there.

Senator CAMERON: He's talking about the VET system, Chair. 'Australia's VET system has an outstanding international reputation for quality.' It is a nonsense statement.

Mr Paterson: I don't agree that it's a nonsense statement. I think it's a fair statement in relation to the international assessment of our sector. It does stand in high regard both domestically and internationally, and the vast majority of providers who operate within the system deliver high-quality outcomes. Is it perfect? No, it's not. Are there areas where it could improve? Yes, but that does not mean to say that it is not world class.

Senator CAMERON: Rubbish!

Mr Paterson: You're entitled to your view.

Senator CAMERON: Absolute rubbish!

Mr Paterson: This isn't a question and answer. This is you expressing a point of view and me expressing a point of view.

CHAIR: Let's not start to have arguments. Let's try to get back to questions.

Senator CAMERON: Can I counsel you in future to stay in your own patch?

CHAIR: I don't think estimates is also about counselling people.

Senator CAMERON: Do not make comments about a system that you, obviously, don't understand—

CHAIR: Senator Cameron!

Senator CAMERON: and a system that is not delivering outstanding international—

CHAIR: Senator Cameron, this is not an appropriate use of estimates. It's not a forum to lecture people, Senator Cameron.

Senator CAMERON: Is it? It's not happening.

CHAIR: Senator Cameron, this isn't a forum to lecture people. Let's ask questions or move on.

Senator CAMERON: I have just asked a question. Can you justify to me that, 'Australia's VET system has an outstanding international reputation'? Who is saying this internationally?

CHAIR: I think that Mr Paterson has answered that question multiple times.

Senator CAMERON: No, he hasn't. Who is saying this internationally?

Mr Paterson: These words are attributed to me.

Senator CAMERON: But yet you are saying that—

Mr Paterson: Senator, if you don't agree with me, that's fine. You have asked me, I've answered it.

Senator CAMERON: That is rubbish.

Mr Paterson: That's a matter for you.

Senator CAMERON: You have made a statement in your annual report that, I am of the view, is demonstrably wrong. I'm simply asking you who is saying—

Senator CAMERON: You've put your opinion very clearly, Senator Cameron.

Senator CAMERON: Who is saying that we've got an 'outstanding international reputation'? The only other one I have heard that from was the former minister. The assistant minister argued these points but there was no evidence brought forward by the minister. I'd like to see your evidence as to why you claim we've got an 'outstanding international reputation for quality'. Where do you get this?

Mr Paterson: I have indicated that it's my view. You're indicating your view. We're entitled to a difference of view.

Senator CAMERON: You are a senior regulator, you're supposed to deal with evidence-based issues. Is this evidence based?

Mr Paterson: I'm a regulator. We are required to undertake our regulatory functions consistent with our legislation and we do so.

Senator CAMERON: The Productivity Commission calls the system a mess. Are they wrong?

Mr Paterson: I'm not here to comment on the Productivity Commission.

Senator CAMERON: This says that the system has an outstanding international reputation. That's not what the Productivity Commission says. I'm just asking you where your evidence is? Do I put it on notice to provide me your evidence?

Mr Paterson: I'm happy to examine the questions you're asking and respond accordingly.

Senator CAMERON: Are you prepared to provide the evidence—

Mr Paterson: I'm happy to examine the range of questions you put to me and respond accordingly.

Senator CAMERON: Let's go to non-compliance. In your report there is figure 9 on page 27: 'Percentage of providers compliant and non-compliant at time of audit being finalised.' Non-compliance is growing. Non-compliance in 2016-17 was at 46.6 per cent. It's now 56.3 per cent. 2015-16, it was 29.1 per cent. Is that a system that has an international reputation for quality? Is that the reputation people are looking at when you say that we have a quality system?

Mr Paterson: There are a number of observation which I should make in relation to figure 9. That's the percentage of providers compliant and non-compliant at the time an audit was being finalised. Those numbers are from 2013-14 through to 2017-18. During that period of time the number of audits where a rectification opportunity was provided has been reduced. This is only those audits where a rectification opportunity is provided. We have changed from being an application-focused regulator to a risk-based regulator, which means we focus our audit activity increasingly to those providers that we believe present the greatest risk to the quality of the system. If you focus your effort on the basis of risk assessment you are more likely to find non-compliance than if you just look at a spread across all of the providers, both good and bad. We're focusing our regulatory effort on the basis of risk.

We have also changed the nature of the audit process over this period away from compliance audits—you could buy a set of compliant procedures off the shelf; then when you were audited you'd get your compliant procedures off the shelf; there would be a tick and flick exercise; and you would be found to be compliant—to a student journey audit process where we look at recruitment in marketing, recruitment in enrolment, the assessment of the individual's capacity to undertake the program, through training and assessment to credentialing. When you do, that you are more likely to find shortcomings in deficient providers. If you focus on providers who represent a greater risk and you follow the whole of the student journey, you're more likely to find non-compliance. That's what those statistics tell.

Senator CAMERON: Have you benchmarked this against international regulators?

Mr Paterson: There isn't another international regulator that regulates the VET system in the way that we do.

Senator CAMERON: Maybe that's the problem here.

Mr Paterson: Different sectors apply different approaches in relation to it.

Senator CAMERON: Could that be part of the problem—that we just don't get it right?

Mr Paterson: The mere fact we do something different in a regulatory sense doesn't make it better or worse than an international point of comparison.

Senator CAMERON: But you're saying that we have a great international reputation. I'm saying that I don't see any evidence of that. In fact, I'm seeing the evidence that's out there to the contrary. You said, 'But it's my opinion.' But as a regulator you can't just have an opinion without facts, can you?

Mr Paterson: I'm entitled to express my views in our annual report, as it is the report that I'm providing. I have already indicated to you that we hold a different view, I said I'm happy to look at the issues that you have raised and respond accordingly. I don't think we gain a lot by going over the same territory.

Senator CAMERON: If you weren't so pig-headed about trying to defend what you're doing and actually accepted that you were wrong and accepted there are real concerns about the system, even to the extent that the Productivity Commission says there are concerns, the OECD says there are concerns, Terry Moran, an expert in the area, says that the system is not working well, and yet you say we have this great international reputation. It just beggars belief. I might leave it at that. I've got plenty more questions. I'll put them on notice.

CHAIR: If there are no further questions, Mr Paterson, you are released with our thanks.

Department of Education and Training

[17:38]

CHAIR: We are resuming with outcome 1.

Senator JACINTA COLLINS: Dr Bruniges, when we were last on the schools issue we were talking about the choice and accessibility fund. I'm going to put a number of questions on notice rather than trying to explore them further in a limited way tonight. The landmark question in my mind remains, why could we not make changes within the model to address the concerns?

Dr Bruniges: That's a good question. I'm referring back to Ms Gordon's *Hansard* this morning. There are three components of the choice and affordability fund. The first of those relates to the capacity to contribute and the adjustment to a finer level of detail. The second part, I think she said, is the split between the government and the non-government. In the model as it stands, this fund sits outside that model. You're asking why can't the capacity to contribute be part of the model. Is that the question—or the whole fund?

Senator JACINTA COLLINS: Well, I'm reflecting that in the Gonski 1 model these issues didn't become a significant issue or problem. I suppose two elements of that model could have been repaired to avoid the establishment of the choice and accessibility fund, which we're still yet to understand because beyond some broad principles there's a discussion process yet to occur.

Dr Bruniges: That's correct.

Senator JACINTA COLLINS: We have an allocation of $1.2 billion.

Dr Bruniges: Yes.

Senator JACINTA COLLINS: to address matters that in the Gonski 1 model were actually addressed.

Dr Bruniges: That's a decision of government. That fund sits outside. We will work through, as Ms Gordon said this morning. That fund doesn't commence until 2020. We'll work through putting regulation in place over the next 12 months, develop guidelines for the fund and then go from there. Ms Gordon may be able to add more detail, but otherwise we'll be able to take that on notice. We are talking about why the choice and affordability fund has to sit outside the model as opposed to inside the model.

Ms Gordon: The model really is around targeting student need. The calculations of funding entitlements, as you know, are based on a base amount plus loadings for individual students and schools. Because it's really looking at that educational need, it can't cover all government priorities, in the sense that it's targeting student need. It doesn't cover other things. We've always got different funding allocations outside the recurrent funding model that target things like capital funding, the chaplains funding and other things. This was really in recognition, in consultation with the non-government sector, that there were other government priorities that perhaps weren't as well achieved through a needs-based funding model that was about recurrent funding. As we have talked about earlier, things like the structural adjustment; things like choice; if you have got drought relief with fee relief for families that are struggling in drought-affected areas; or looking at programs that are around helping underperforming schools to turn their results around. It's really around giving a bit more flexibility for other government priorities, rather than just looking at the recurrent funding for student need.

Dr Bruniges: States often do that too. They will often have a fund that just goes to government schooling as they are the majority funders of public schools. There'd be examples in states and territories where there's a particular funding flow set up for government schools and not provided to non-government schools.

Senator JACINTA COLLINS: When I look at the fund I reflect on some of the discussions we have had over time with the former minister about not letting the perfect get in the way of the possible. In some ways the fund seems to partly do that. But the reflection, Ms Gordon, I had prior to you rejoining us was that these issues were addressed within the model in its previous design. The Gonski 2 model was a different model in some respects to address student need, but it's not the only model that's possible to address student need. I'm exploring the question of whether these things could still be done within the model rather than without. I take Dr Bruniges's point that at state level they're doing some of these things in similar ways, and I'd be interested to understand that further. Perhaps you could take that on notice and give us a bit more information about state examples.

Dr Bruniges: Yes, I'll see if I can get some examples for you.

Senator JACINTA COLLINS: We'll see, but long-term I don't think it's desirable that a level of $1.2 billion is sitting, as it currently is, in a way which is very loosely described. We still don't have a greater sense, other than those broad principles you covered earlier, about how to account for it.

Apart from what we were just discussing and what Dr Bruniges took on notice, I have some other questions. They're essentially around the area of low-fee government schools that are raising concerns about—

Dr Bruniges: Non-government schools, Senator?

Senator McKenzie: Low-fee government schools?

Senator JACINTA COLLINS: Non-government—sorry; the 'non' might not have travelled. They're around low-fee non-government schools, mostly in the independent sector, that are very alarmed at what the PIT data is currently showing—the level of shift from current funding levels to future funding levels under the current PIT proposal. I've got a series of questions around how that project is occurring. As I think I alluded to earlier, I've also got, and I'll put these on notice as well, a number of questions around how the data-sharing project—what is that called again?

Dr Bruniges: MADIP: the Multi-Agency Data Integration Project.

Senator JACINTA COLLINS: Yes. I have some questions around that project. Some of that is more an academic interest of mine, even well beyond the schools area. Some of that obviously interfaces with how this new choice and affordability fund will operate. I'll also put on notice questions around two issues. You indicated earlier that on notice you should be able to provide us with information around the consultation process.

Ms Gordon: The consultation process—

Senator JACINTA COLLINS: The terms of reference. You indicated, I think—

Ms Gordon: Yes, sorry. This is for one of the next reviews for the board on needs-based funding arrangements?

Senator JACINTA COLLINS: No. I thought we were talking about the terms of reference for the consultations around how to develop the choice and affordability—

Dr Bruniges: The guidelines?

Ms Gordon: Yes. There are a number of different consultation processes that we've got in place at the moment.

Senator JACINTA COLLINS: I understand. I look forward to seeing those because we are receiving feedback from a number of low-fee independent schools that are quite alarmed at what the PIT data is foreshadowing and the number of schools that are potentially significantly affected by that move. I know that one of the objects of the choice and affordability fund is to transition, but what it's transitioning to, in a sense, becomes part of that issue as well, because it's an outside-the-model, not necessarily long-term solution to what some of these problems may be.

The other set of questions will be around how that consultation process will work beyond, essentially, ISCA and the state-by-state Catholic education commissions in a circumstance where, I gather, you're going to need a national administering arrangement, which doesn't currently exist. You're nodding your head there. The *Hansard* doesn't—

Dr Bruniges: Yes, there are a lot of matters that we'll need to work through through the consultation process, and that consultation process will be with the broader non-government sector.

Senator JACINTA COLLINS: Yes, and is the assurance that the broader non-government sector is seeking in that respect that consultation will go much lower than simply the state ISCAs? The low-fee non-government schools, which are particularly significantly affected, will be wanting some assurance that the process to distribute funds under this new fund will actually reach them rather than dissipating into some other areas. So, that's those questions I'll put on notice, and I suggest that if you address those questions you might actually be providing reassurance to some of those people observing this fund and the concern that they have about how PIT might operate.

Dr Bruniges: We'll do as much as we can. We don't want to pre-empt some of that consultation, but we're happy to do whatever we can in response to questions on notice, noting that we'll develop them in the Christmas and New Year period.

Senator JACINTA COLLINS: Well, I'm mostly flagging these issues because I know there's a lot of concern within the school sector, not only for the issues we were talking about earlier, about how close we are to next year, but also how these new arrangements may operate. But we've got a longer lead-in time there, because you're talking 2020. But even around the issues of how much flexibility is there in terms of the new PIT model with further adaptations to address some of the concerns that are arising out of the MADIP and the other processes. So, there are still questions about whether you should still do pure PIT or should do some adapted PIT. I'm sorry, Minister, if I'm using too many acronyms here, but I'm just flagging for the department the questions that are coming.

Senator McKenzie: Thank you. It was a new one. I live somewhere else these days.

Senator JACINTA COLLINS: No—PIT's personal income tax.

Senator McKenzie: Oh—there you go—it's not even in the same—

Senator JACINTA COLLINS: And there are questions around gross PIT or real PIT or hybrid PIT or adjusted PIT. Now, were there other areas that we were going to get to that we should flag?

Senator O'NEILL: No, I think you flagged pretty well all of them. We got some responses to the advertising. There'll still be a few questions on that. I've got a couple from recent visits to Coonabarabran, Dubbo, Deniliquin, Rankin Springs, Wagga and areas out there, with people struggling with the drought. With the choice and accessibility fund, we've had considerable discussion, but is there a particular portion of the money that's earmarked for drought assistance?

Ms Gordon: Not at this stage. The structure of the fund is obviously still subject to consultation. The regulation will set out the broad objectives and principles but then the actual agreements that sit under it would go to those sorts of levels of specificity.

Senator O'NEILL: Yes. So, you can imagine that the need is pressing right now. We did discuss the regulations coming forward, but at this point of time I'm concerned that it just covers so much that it's a promise to everybody with very little clarity about what money might actually get into these communities. And there's rising expectation that there's some relief in sight.

Senator JACINTA COLLINS: The fund doesn't commence until 2020. So, it's not immediate drought—

Ms Gordon: That's right.

Senator McKenzie: We'll hope it will rain before 2020.

Senator JACINTA COLLINS: Well, I hope so, but it was flagged as a solution to the current drought and I suspect it's clear that—

Senator O'NEILL: That's not the case.

Senator JACINTA COLLINS: But, that said, we will have schools from the major non-government sectors highlighting that they already do have a range of fee relief and other—

Senator McKenzie: And I think that's really useful to note: that a lot of schools are actually making decisions at a local level around how they'll support drought-affected families. A lot of boarding schools in capital cities in Brisbane, regional cities and Sydney are making very supportive choices of those families that are drought affected with respect to fees.

Ms Gordon: And in some of the conversations I've been in with the minister and the Prime Minister with the Catholic sector, the Catholic sector were talking about some of the work they were doing with families in drought-affected areas currently to help with fee relief and other things.

Senator JACINTA COLLINS: Which is what they have done historically in terms of the flexibility across the sector as a whole. I think you partly answered this question earlier, Ms Gordon, but the time frame for the regulation: when are you expecting responses to the consultation process developing the regulation?

Ms Gordon: We haven't put out a draft or anything at this point. We're at very preliminary stages. We'll go through a consultation process to develop a draft regulation, and then will put out an exposure draft for consultation. I think earlier I mentioned either later this year or early next year in terms of having a draft regulation to consult on.

Senator JACINTA COLLINS: So, early next year for a draft. I think that reinforces my point earlier, which is that we may not see one before an election.

Ms Gordon: I think you made that point earlier, and I think it was—

Senator JACINTA COLLINS: You're reminding me what I've done too many different things since! Thank you. I think everything else has been covered, and we can say: enjoy your dinner.

CHAIR: I will very happily release outcome 1 witnesses, with our sincere thanks. We will resume after the dinner break with the higher education component of outcome 2, and then we will move on to the program as listed.

**Proceedings suspended from 17:57 to 19:00**

CHAIR: We will resume this hearing of the Education and Employment Legislation Committee, budget supplementary estimates for 2018-19. We are moving to outcome 2—higher education, and Senator Pratt has the call, unless there was anything we needed to clarify post-break?

Dr Bruniges: There were a couple of contracts, but we might do those at the next break.

CHAIR: Okay, No worries at all.

Senator PRATT: I'm seeking, please, an update on how the university funding freeze from the 2017 MYEFO has impacted on enrolments?

Mr Learmonth: Enrolments have increased over 2017; in 2017, there were 544,712 actual bachelor places.

Senator PRATT: And how many were funded by the federal government?

Mr Learmonth: Those are all CGS Commonwealth funded places.

Senator PRATT: But that doesn't include the places that universities made available and self funded?

Mr Learmonth: They're the number of CGS places.

Senator PRATT: Commonwealth Grant Scheme places?

Mr Learmonth: Yes.

Senator PRATT: Do you know what the actual enrolment was across universities? How many people would have acquired a HECS-HELP debt?

Mr Learmonth: Sorry, are you distinguishing between CGS-funded and over enrolled?

Senator PRATT: Yes.

Mr Learmonth: Right. I don't know if we've got that separation, but—

Senator PRATT: That's fine, but, as I understand it, over enrolled students still acquire a HECS-HELP fee debt. But that 544,000—

Mr Learmonth: Sorry, the figure I gave you was the number of enrolled bachelor students.

Senator PRATT: Okay, so not the number funded under the grants?

Mr Learmonth: No, it was a frozen amount. How you allocate it is a tricky thing.

Senator PRATT: So what was the frozen number of places?

Mr English: We don't actually fund to a particular number of places under the cap.

Senator PRATT: Yes.

Mr English: It's a dollar amount determined by the total funding they received in 2017. Now, because not every place is the same under CGS—

Senator PRATT: No, I understand that.

Mr English: how the universities use that dollar amount to support their enrolments is up to them. They can, obviously, increase or decrease their numbers depending on the composition of enrolments and the subjects they take.

Mr Learmonth: We can't convert it to a number.

Senator PRATT: So the 544,000 is for this year—

Mr Learmonth: No, bachelor enrolments for 2017.

Senator PRATT: And what is it for this year?

Mr Learmonth: It was 544,712, and, as at October—these are the latest figures we've got—it's 547,727. So it's an increase of 0.6 per cent.

Senator PRATT: Yes, it's not a very big increase though, is it? You said 727?

Mr Learmonth: It's 547,727.

Senator PRATT: Has any legislation been drafted to enact the 2020 ongoing cap on undergraduate places?

Mr Learmonth: It's not a matter of legislation, it's the construct of the funding agreements we have with the universities.

Senator PRATT: Right. So you don't need to legislate?

Mr Learmonth: No. We didn't to for the cap and we don't need to for—

Senator PRATT: No, I understand that you didn't, but previously the government tried to legislate and found a backdoor. You're going to continue to use the backdoor to limit enrolments, is that right?

Mr Learmonth: The methodology used to implement the cap was through the funding agreements, so we'll simply use the funding agreements to remove that cap and to replace it with such as the government intends.

Mr English: And by utilising provisions in the legislation passed by the parliament. The freeze utilises provisions in the legislation passed by the parliament.

Senator PRATT: The current legislation, yes.

Mr English: Which has been around for a number of years.

Senator PRATT: I understand that. Looking at the enrolment projections provided to government in 2017 from universities themselves, what was the overall growth in enrolments projected for the same years that you've given me, and then beyond to 2020? So 2018-19 and 2020?

Mr English: The estimates the universities provided to us last year and into the future?

Senator PRATT: Yes.

Mr English: I'd have to take that on notice.

Senator PRATT: You don't have them with you? Are you able to obtain them?

Mr English: Yes. We could provide the estimates that underpinned the budget projections from last year, when a different system was in place. It's not necessarily representative, even of what would have occurred under those previous arrangements. The estimates are regularly updated by universities—

Senator PRATT: No, as I understand it, in 2017, before the freeze, where universities were looking to the existing policy of uncapped places they were able to look to the local demand and national demand for places and they gave the government forecasts across those years. Do you have those forecasts with you?

Mr Learmonth: We've got that and we'll provide it on notice. All Mr English was saying was that their projections, in some cases, quite often do not actually come to fruition. So their projections and what actually might have happened might well be two different things. That's all the point he's making—

Senator PRATT: I'm not arguing that one way or the other, but it's very hard. We need to try to work out what the limitation on enrolments is. Are you trying to tell me that you haven't limited growth in the sector? That's 544,000 to 544,700 to 547,727: that looks to me like pretty limited growth, considering the growth in youth population in those ages. I will move on. Are you able to tell us how many places were not funded in 2018, and again in 2019?

Mr English: I think there's a misconception about the way funding now works, in effect, for universities.

Senator PRATT: No, what was the demand for places relative to what you've funded? You must have some kind of estimate of that?

Mr English: The demand for places is a combination of the applications students made and the offers universities provided, which resulted in that 540,000-odd number. The—

Senator PRATT: So you're saying that you did an internal calculation, you looked at what the universities said, you did your own projections and you gave the universities exactly what those calculations told you?

Mr English: No. I think I've explained before that the freeze applied to the total amount of CGS that the universities may claim from the Commonwealth—

Senator PRATT: Yes, I understand that.

Mr English: and that is defined by the amount of funding they earned in 2017.

Senator PRATT: I understand that, too.

Mr English: Beyond that, if they enrol more students and continue to grow, we will continue to support those students through funding the loans they'll attract to pay the student fees to be in those courses. Once they earn the full value of that frozen cap amount, they are free to use that however they like to meet the needs of the students they have. So I'm—

Senator PRATT: Okay. So there are the enrolment projections provided to government from universities, which you've taken on notice. Did you do any other projections of demand? You've just told me that you don't trust the projections universities gave you. Did you use some other projection—

Mr Learmonth: No, Senator, that is the only projection we have. All we're saying is that those projections do not always come to fruition.

Senator PRATT: No, we know you don't necessarily fund them.

Mr Learmonth: That's it. But that is—

Senator PRATT: No, we know you don't necessarily fund the projection, because the government capped the system through MYEFO. In other words, are you just working off the cap without really working out what the underlying demand is? Is that what you're saying?

Mr Learmonth: Underlying demand is who they choose to admit. Before the cap, we would not pay against their projections either—not in an actual sense. We pay against the number of students that are actually admitted, and in some cases there was a significant difference. That's all.

Senator PRATT: Of course, but how are you projecting growth before the cap? If you weren't—

Mr Learmonth: Based on their projections.

Senator PRATT: Okay. It was based—

Mr Learmonth: We don't have our own separate—

Senator PRATT: That's fine. It was based on their projections?

Mr Learmonth: Yes.

Senator PRATT: So, in terms of trying to have a conversation about who might have gone to university and where the gap is in the cap versus what the universities told us, the best data we've got are those university projections?

Mr Learmonth: It's the only data.

Mr English: I wouldn't describe that as the benchmark against which you would judge enrolments today. In the year since they submitted those estimates, the labour market grew an additional 340,000 jobs.

Senator PRATT: So you're casting doubt on it but you can't give me an alternative projection?

Mr English: No, I'm saying that the funding that we provide is very certain. There's a capped amount which is effectively a block grant if they earn the whole amount. After that point, they can use the student contribution. What they projected a year ago has always been updated over time. It's not a question of trust or not—that was your word, not mine—

Senator PRATT: No, but you said that—

CHAIR: Senator, let the official answer.

Mr English: It's not a question of trust; it's a question of: the world is a different place—in the economy, in the labour market and in student choices and preferences—to the world that they faced when they gave us those projections in the middle of 2017.

Senator PRATT: Have you asked universities for an indication of demand locally for their institutions since 2017?

Mr Learmonth: What might help is after last estimates we provided on notice a table which set out the projections that universities expected for this year—

Senator PRATT: Yes, I understand that. I've got that with me.

Mr Learmonth: versus some notional approximation of the bases that would be achievable under the cap. It showed that difference. What you're asking for, I think, is for that to be extended out, and we'll take that on notice.

Senator PRATT: No, I'm also asking you for your ongoing assessment of demand relative to the places and the funding that's actually been provided.

Mr Learmonth: Our assessment of demand is what the universities, from time to time, tell us they're going to admit.

Senator PRATT: Have you asked the universities, since 2017, for an indication of projected demand and enrolments?

Mr Learmonth: We asked them this month. These are October figures. We update the projections regularly—at the start of the year, in April, in October and at the end of the year.

CHAIR: Sorry, for my benefit, Mr Learmonth—I'm just going back to what you said earlier about demands for work and how employment opportunities have a significant impact on the demand for university places. Is that—

Mr Learmonth: Yes, that's true. There is a correlation between the state of the economy and how well it's going, particularly job creation and the demand for university entry. They correlate when the economy's doing very well and jobs are being created. Fewer people choose to go to university, and you particularly see that in some groups, such as part-time attendants and so on. This year, there have been 340,000 additional jobs created. We haven't had that many, I think, since 2008—the year before the GFC hit. That year, in 2008—when there was big job creation—applications to universities declined by 1.1 per cent.

CHAIR: Thank you.

Mr Learmonth: So there's a relationship between—

CHAIR: Absolutely, I can see that. Job creation is a good thing.

Mr Learmonth: If you can't get a job, you go and study. If there are lots of jobs, fewer people study.

Senator PRATT: In which year did they decline by 1.1 per cent?

Mr Learmonth: In 2008.

Senator PRATT: So, when you're talking to universities about enrolments and projections, are you asking them about projected enrolments or projected demand?

Mr Learmonth: We're asking them about enrolments. That's what we pay them.

Senator PRATT: How are you currently assessing demand for higher education in terms of the funding cap and the existing budget of the government?

Mr Learmonth: The cap is independent of demand, and we assess demand as the expected level of enrolment.

Senator PRATT: So you're not assessing demand because you've capped enrolments by virtue of the budget?

Mr Learmonth: No, the cap is independent. It is what it is, regardless of any measure of actual or expected demand. The way we characterise demand is the forward intentions of universities for admission.

Mr English: Can I also explain that, every year, give or take, the government provides currently $17 billion in cash to universities to support student enrolments.

Senator PRATT: I know that, but it's very—

Mr English: Of that, 5.8 billion is the amount affected by the freeze. The loan scheme in particular is driven by student demand. So—

Senator PRATT: Sorry, the what?

Mr English: The loan scheme in particular is driven by student demand. More students arrive, the universities choose to enrol them, they will receive the student contribution and we will put the cash on the table to support that. We have not capped enrolments and we have not capped the system; we have simply capped one element of a rather large—

Senator PRATT: You've capped the funding of the universities to fund the initially enrolled places. Can I ask you for an update on the MYEFO cuts. Does it still raise, $2.2 billion?

Mr Learmonth: There is no change to the MYEFO decision.

Senator PRATT: So it's a $2.2 million cut. Can I ask—

CHAIR: Sorry, I think you characterised something in a certain way, Senator Pratt, and I think the officials have the right to respond if they wish to.

Senator PRATT: No, that's fine. Of course.

CHAIR: So you didn't have anything further to add?

Mr Learmonth: Nothing, thank you.

CHAIR: Senator Pratt.

Senator PRATT: You said there are more students paying back their loan schemes separate to the Commonwealth Grant Scheme funding, and that's because universities are self-funded in some places; is that correct?

Mr Learmonth: They have chosen to enrol a certain number of students, yes.

Senator PRATT: So funding for that student could have come from perhaps cross-subsidisation from a cohort of international students, if they’ve had good income from international students, or it could have come from built-up reserves. Where does it come from?

Mr Learmonth: Not necessarily. It might not come from anywhere, particularly when the marginal cost of teaching is less than the student contribution. They might still make a profit from that student, even though notionally, however you want to calculate it, there's no CGS that applies. So all these income streams the universities will use and they will decide what to do with. You can't attribute one lump sum, which is the capped Commonwealth Grant Scheme amount, to any particular student or for that matter to any particular purpose, just as pre-cap some of that money might have been used to fund research or anything else.

Senator PRATT: Okay. But you are saying that when universities enrol above the cap you've only funded them for a certain—not the cap, you've funded them for a certain number of places. So universities—

Mr Learmonth: No, we haven't.

Senator PRATT: will be more efficient or less efficient—

Mr Learmonth: No, we haven't. That's the point we keep trying to make. The cap does not work per place. It works as an aggregate lump sum dollar amount. How they choose to use that is up to them.

Senator PRATT: Okay. But you still, within that, have an assessment of how many places that should fund?

Mr Learmonth: It's up to them. Different places cost different amounts, depending on the field of study. They all use that as they see fit as they normally do. We pay up to the cap; they will continue to take student fees and receive advances on HELP loans; they manage their finances. We cannot attribute one thing to another. All we can do is attribute HELP loans to an individual student. We can't contribute any CGS within the cap to an individual student or blocks.

Senator PRATT: It's just that I'm concerned you will be taking money off students in the repayment of the HELP loan for money you didn't give to the university to start with.

Mr Learmonth: Universities have overenrolled from the beginning of time. It is nothing new. They often enrol by very substantial amounts. And, again, for an individual—if you want to look at the marginal impact of a particular student, for some disciplines, the marginal revenue from just the student fee and no CGS may well outweigh the marginal cost of delivering the 101st student in the accounting class over the first 100.

Senator PRATT: Yes.

Mr Learmonth: The marginal cost might be close to zero, so it is all margin.

Senator PRATT: Yes. But it is also possible that they've taken funding for those places from an entirely different source because you didn't pay for them and those students nevertheless still have a HECS debt.

Mr Learmonth: No, I don't think you can conclude that. I do not think you can conclude that.

Senator PRATT: All right. I am not going to debate that any further, because you're the expert. How many universities will be in financial difficulty because of these cuts?

Mr Learmonth: I don't expect any universities to be in financial difficulty because of these cuts. They know how much they're getting. It's entirely predictable; it's entirely within their call how many students they admit, their cost structure is within their grasp. Nothing has changed in that sense. It is entirely up to them.

Senator PRATT: Okay. But 15 universities have asked for additional load. Which universities and what kind of support did they need?

Mr Learmonth: They didn't ask for support. I think, if I understand your question correctly, there are a number of universities—and we provided this on notice after last estimates—

Senator PRATT: That's right.

Mr Learmonth: subsequent to the freeze, had asked for additional funded places over and above the cap, because they had aspirations for growth. They had plans for growth, which would be impacted by the freeze. It is nothing to do with support for being financially viable; it was about their plans to grow their campus.

Senator PRATT: Yes. That makes sense.

Mr Learmonth: Which is actually a bit of an indicator of good financial health insofar as they were able to finance that.

Senator PRATT: Do you have an assessment of whether any universities will be in financial difficulty? You've said there aren't any.

Mr Learmonth: What I said to you is that universities will not be in financial difficulty because of the freeze; that's quite clear. There is a small proportion of universities from time to time—before the freeze and after the freeze—who will be doing it tougher than others—

Senator PRATT: What about the example one of the campuses I visited recently. It's a new campus, it's in a high-growth area and they built it for 10,000 places, but then the cap arrives and they’ve only got 2,000 existing places. Is that not an example of the impact of the freeze?

Mr Learmonth: It's an impact of the freeze insofar as they may not be able to admit as many students as they otherwise would. Those numbers might surprise me a little.

Senator PRATT: That's certainly the kind of conversation that I've had while I was at the regional universities conference just last week. You've got growing areas where they've set up new campuses and courses.

Mr English: But we also do not tie our places—even in the previous system—to particular campuses. So, if a university is facing growing demand in one location and declining demand in another, they are entirely free to make that reallocation. If one university is not capable of meeting the demand for growth in a region, another university may face a declining population that they can use their places to move.

Senator PRATT: You might—what?—swap places between universities and start cutting places from some universities?

Mr English: No. The grant that they now get for the CGS is fixed to that institution—

Mr Learmonth: Not to the campus.

Mr English: What I'm saying is that the institutions themselves can take those places and move them wherever they like.

Senator PRATT: I know, move them around internally. I'm just concerned that, if you've got 500,044 in 2017, and only the growth of 547,727, that does not allow for growth in regional universities and outer urban areas where there is increased demand, unless you're going to consider taking places off other institutions.

Mr Learmonth: Under the current legislation, we cannot take places off an institution that takes it below what we call the maximum basic grant amount.

Senator PRATT: Okay.

Mr Learmonth: So with that legislation—

Senator PRATT: I understand that. I've talked to universities who are happy not to grow and are happy where they are. But there are other universities that are desperate to grow because there is a lot of unmet demand in the system—

Mr Learmonth: And growth will return to the system in 2020

Senator PRATT: I beg your pardon?

Mr Learmonth: Growth will return to the system in 2020, the year after next.

Senator PRATT: And what's the projected growth in that?

Mr English: Growth is tied to population growth. In 2020, it is of the order of $70 million additional on the Commonwealth grants funding, and that compounds obviously year after year from there.

Senator PRATT: Only $70 million?

Mr English: Yes.

Senator PRATT: How many thousand places is that?

Mr Learmonth: It depends on the mix. There is a lot of difference in the unit cost.

Senator PRATT: You must be able to approximate that.

Mr Learmonth: We will take it on notice.

Senator PRATT: Okay. What's the department's assessment of the impact of the cuts on university deficits?

Mr Learmonth: Again, it is the same answer as to the previous question: we do not expect the cap to materially affect anyone's financial position. This is by and large a sector in great health.

Senator PRATT: No, you've said that, so I'm not going to push you for an answer. If you could just take on notice how many universities are running a deficit.

Mr Learmonth: I can tell you that now. I'm sorry that it will be our latest available data, which is 2016. In 2016, total revenue was up, government funding was up and total net assets were up. Of all of the universities, there were four in deficit in 2016. Three of them—Victoria, Charles Darwin and Batchelor—were only in deficit because of their TAFE operations; their higher ed bit made a profit. The only outlier was the University of Queensland, which had a one-off, non-recurring change in accounting policy relating to depreciation, so it was abnormal.

Senator PRATT: It was before the impact of the caps, in any case.

Mr Learmonth: Largely, Senator, the sector is characterised by pretty uniform profitability and pretty low debt levels. They are a pretty viable industry. Third-party financial sector commentators have preserved that. They are pretty robust.

Senator PRATT: Have you got more recent data than 2016, given 2016 is before the cap?

Mr Learmonth: We don't yet, Senator.

Senator PRATT: Have you asked the sector for it? Do they regularly report that to you?

Mr English: We collect that data every year. We are in the middle of validating the data we've received for 2017 for publication.

Senator PRATT: If you could take that on notice, that would be great, thank you.

Mr English: Sure.

Mr Learmonth: What we can do is update the picture I've just given you in terms of who is in deficit.

Senator PRATT: Universities Australia says 10,000 places weren't funded in 2018. Does the department agree with that assessment?

Mr Learmonth: We don't know how it was derived. It's not something we could comment on.

Senator PRATT: But you've said growth returns to the sector in 2020. What are you factoring into that assessment of growth?

Mr English: The government has announced that the freeze applies for two years, 2018 and 2019, where the funding was kept as the same as 2017. From 2020, that allocation will be grown by the equivalent of population growth.

Senator PRATT: Population growth since 2017 or since from 2020 on?

Mr Learmonth: From 2020 on.

Senator PRATT: So what's the gap between the two in terms of what the population based enrolment growth would have otherwise been?

Mr Learmonth: We'll have to take that on notice. That will be another version of their projections versus the cap, so we will try to do that one for you as well.

Senator PRATT: Are you familiar with the Mitchell Institute's assessment that around 235,000 fewer Australians could get a place at university by 2031 because of the cap and the withholding of that growth.

Mr Learmonth: I've seen it reported.

Senator PRATT: Have you reviewed that modelling or have you undertaken similar modelling?

Mr Learmonth: No, Senator.

Senator PRATT: Can you outline how the cap on funding will work in 2020? Is it just simply that the existing freeze will stay? You've not put any population growth in between 2017 and 2020.

Mr Learmonth: The aggregate cap will be what it was in 2017 for both 2018 and 2019. In 2020 it will be grown by an index that relates to population.

Senator PRATT: So if you can tell me what the population growth factor for the current enrolment is in 2017 for the figure of 544,000 places.

Mr Learmonth: I think you've already asked that, Senator.

Senator PRATT: I just want to make sure you're clear.

Mr Learmonth: I think what you're looking for is: 2017 is the base year, so take it forward on population and what would that have been? Is that it?

Senator PRATT: That is it. I just wanted to make sure we were on the same page. In 2020, what is the total amount of additional funding that will be available for universities?

Mr English: That's the $7 billion I mentioned.

Senator PRATT: That's the $7 billion, was it?

Mr English: That's the growth that will be applied to the CGS funding for undergraduate places. Of course, in the meantime there is growth in other streams of funding for higher education that we could identify for you. For example, the number I have in my head is that between 2018 and 2021 total funding to the sector grows by around a billion dollars.

Senator PRATT: What was the overall trajectory of funding for higher education in the 2018-19 budget? Was there real growth in real terms if you exclude HELP?

Dr Bruniges: Was that including health?

Senator PRATT: Excluding health.

Mr English: I would need to take on notice the calculation of the real growth rate. I couldn't tell you that.

Senator PRATT: Okay, thank you.

Senator STOKER: How much funding, in total, is the Commonwealth government providing to Australian universities this year, please?

Mr English: It's a little over $17 billion.

Mr Learmonth: It's $17.5 billion.

Senator STOKER: I believe, as the recipient of funds under the Commonwealth Grant Scheme, and tell me if I'm wrong, universities must comply with the conditions outlined in both the Higher Education Support Act and the Higher Education Standards Framework. Is that right?

Mr Learmonth: That's correct, yes.

Senator STOKER: Am I right to understand that TEQSA is responsible for the HES framework and that the department is responsible for the act?

Mr English: Yes. The TEQSA standards framework is defined in the TEQSA Act. The department has some regulatory responsibility under the Higher Education Support Act as well. So, yes, it depends what you're actually—

Mr Learmonth: The administration of the TEQSA Act is TEQSA but we have some responsibility, as the portfolio department, for what's in that act.

Senator STOKER: What about the Higher Education Support Act?

Mr English: The Higher Education Support Act is the act that creates the appropriation that we use to fund student places and manage the loan scheme. And to access those streams of funding, yes, universities have to meet some administrative and regulatory requirements under that legislation too.

Senator STOKER: What are the conditions on, I think it was described as, registration imposed by the Higher Education Support Act, in broad terms?

Mr English: In broad terms, we do not regulate registration of providers through the Higher Education Support Act. The registration as a higher education provider is done through the TEQSA Act and that is managed by TEQSA. In the Higher Education Support Act, we approve a provider's access to the loan scheme, for example, and the government has established tables that define which universities can access the Commonwealth Grant Scheme funding. But to be a provider in the system, TEQSA has to register you under the provider category standards set out in the TEQSA Act. To answer the question you asked, those things usually go to the fitness, the character, of the directors, the financial viability of the institution, the compliance with the higher education standards arrangements.

Senator STOKER: What's the significance of the quality and accountability requirements set out in division 19?

Mr English: To be a provider you have to meet the standards in—TEQSA has to assess that you meet those standards to get and then maintain registration as a provider, going forward.

Senator STOKER: That's something assessed by TEQSA?

Dr Bruniges: Yes.

Mr English: Yes.

Senator STOKER: And it's not something the department has any oversight over?

Mr English: On the quality—sorry, could you name the reference you're talking about, again, just so I'm clear?

Senator STOKER: That's okay. I'm talking about division 19's quality and accountability requirements. I would just like to know whether or not the department has any oversight role, in relation to those.

Dr Bruniges: We'll just look up section 19 and then get back to you.

Senator STOKER: That's okay. I'll give you a moment for that. I may even have a copy, if it would help. Would that be useful?

Mr English: The only question I've got is: are they part of the act or part of the quality standards?

Senator STOKER: It's part of the Higher Education Support Act.

Mr English: Okay—in which case, they're for access to the funding system.

Senator STOKER: Which means it's overseen by the department?

Mr English: Yes.

Senator STOKER: Do you want a copy of them? If it helps at all, it's from page 25 and onwards from the authorised version of the act. Let me ask this, then: in relation to the matters set out in division 19, how does the department monitor whether universities are complying with those conditions?

Mr English: The financial viability requirements are assessed by us using expert advisers, and that financial viability assessment is only applied to non-university providers.

Senator STOKER: To non-university providers?

Mr English: To non-university providers. The quality requirements in 19-C—you'll see that they meet the threshold standards defined within the TEQSA Act, and we rely on TEQSA's assessment of the compliance with the threshold standards.

Senator STOKER: Let me flip you down to one towards the end, subdivision 19-G—the compact and academic freedom requirements.

CHAIR: Are they short enough to read out, Senator Stoker?

Mr English: I've just found it.

Senator STOKER: I can read out the relevant part. In 19-115 is the subheading 'Provider to have policy upholding free intellectual inquiry', and the passage says:

A higher education provider that is a \*Table A provider or a \*Table B provider must have a policy that upholds free intellectual inquiry in relation to learning, teaching and research.

Is that something that's supervised by the department or TEQSA?

Mr English: We rely on the TEQSA assessment, because that's also a requirement replicating the higher education standards that TEQSA administers.

Senator STOKER: Does TEQSA report to the department on its monitoring of compliance with that standard?

Mr English: No. The compliance with that intellectual freedom standard is a core element of being a provider in the system, so if TEQSA continues the registration of a provider then that is testament to the fact they are meeting that requirement. There's not a line-by-line reporting. Continued registration is taken as evidence of that compliance.

Senator STOKER: The funding agreement between the Commonwealth and the University of Sydney, for instance, for the 2018, 2019, and 2020 grant years—that's a document that the department administers?

Mr English: That's correct.

Senator STOKER: Is it a document that TEQSA has any supervision over?

Mr English: No. That's an agreement that we established between the government and the university.

Senator STOKER: Section 33 of that funding agreement specifically provides that the Higher Education Support Act along with the agreement's words itself constitute the terms and conditions on which funding is provided to the university. Are you familiar with that?

Mr English: Yes. Well, not the particular section. I'll get it up while you're framing your question. Can you repeat the section you're referring to?

Senator STOKER: Yes, I can read it to you.

Mr English: Just the section. I have the agreement now.

Senator STOKER: That's okay. I will whip up the agreement. On page 9 of the agreement it says:

33. This agreement and the *Higher Education Support Act 2003* record the entire agreement between the parties in relation to its subject matter.

It's not a particularly controversial clause I would have thought.

Mr English: No, that's correct. You're using the University of Sydney's funding agreement?

Senator STOKER: The University of Sydney for the 2018, 2019, 2020 grant years.

Mr English: My pagination's different. Sorry, keep going—excuse me.

Senator STOKER: That's all right. So the department's responsible for administering this agreement?

Mr English: That's correct.

Senator STOKER: But the agreement specifically incorporates the terms of the Higher Education Support Act by the operation of section 33?

Mr English: Sure.

Senator STOKER: Does the department do any supervision to ensure that the terms of this funding agreement are complied with?

Mr English: As I said, the regulation of quality and academic integrity within universities is a matter we rely on TEQSA, as the expert regulator, to give continuous assurance of. So, if there's an issue that's raised with us that goes to those matters, we would normally refer it to TEQSA for their views and judgements. These issues are defined extensively in the higher education standards, and a judgement as to whether the university continues to comply with the quality and integrity standards, for example, is a matter that we would use the expert advice of TEQSA to do.

Senator STOKER: If TEQSA came to you with advice that said, for whatever reason, they were of the view that the Higher Education Support Act wasn't being complied with by, for instance, in this agreement, the university, would the Commonwealth have the right to suspend the provision of funding?

Mr English: Yes.

Senator FARUQI: When the funding freeze was announced in December 2017—I think that was when it announced—a media release from the then education minister, Simon Birmingham, said that from 2020 additional funding for bachelor courses will be contingent on meeting performance requirements. What are these performance requirements?

Mr English: The performance requirements are still being determined. We intend to consult the sector on the range of requirements that would be used in that assessment and the measures we should use to test that performance. I've been—and I think the minister at the time was—pretty open with the sector that the sorts of factors that we'll be looking at go to student experience at university—attrition, completion, progression—as well as student outcomes such as employment results and satisfaction, and compliance with conditions that we might apply from time to time such as the transparency-of-funding exercise that we're running with the sector. We've been clear about the range of factors we're looking at. We haven't settled those because we've not yet been out to the sector to have a clear and concrete discussion about what they are and how they might work.

Senator FARUQI: It's been almost a year since it was announced. You haven't had any consultations with universities or staff or students or unions?

Mr English: We haven't had a formal structured consultation paper go out, but I and my colleagues meet with the sector regularly. I would say somebody senior from the sector crosses our doorstep or we cross theirs every week. This is a matter of ongoing discussion. As I have said to the sector quite recently, we're always open for business to discuss how government policy will be applied and implemented, but we plan to go beyond that engagement with the sector about the issues involved and put a concrete paper out for response.

Senator FARUQI: Has the department started preparing the discussion paper?

Mr English: We are drafting discussion papers of various forms all the time, but—

Senator FARUQI: I'm talking about this particular discussion paper about the performance measures.

Mr English: We have certainly done some work that would be the core components of a discussion paper, once it goes out, yes.

Senator FARUQI: Could you give me a time line on when it'll be finished and when the consultation will start?

Mr English: That's a matter for the minister.

Mr Learmonth: We would expect somewhere in the near future, but it's a matter for the minister.

Senator FARUQI: You gave me a range of performance indicators that may be included in the discussions. Has there have been any talk about measures like the proportion of casualisation in universities or student-staff ratios? Has that been in the discussions at all?

Mr Learmonth: It's not been something that was flagged by the former minister. They're not things that I've had suggested to me by the sector in the regular conversations that we have. But, should there be an interest in those things, they will doubtless arise in the consultation.

Senator FARUQI: When you say you've been speaking to the sector, who have you been speaking to? It is vice-chancellors, staff, academics, students?

Mr English: It's the whole cross-section. If I might—

Senator FARUQI: Who does the whole cross-section include?

Mr English: For example, Mr Learmonth and I regularly meet with a range of vice-chancellors for direct discussions about a range of policy issues and local issues that concern them. I am a persistent—possibly not always wanted—attendee at the meetings hosted by, say, Universities Australia with the deputy vice-chancellors for academic roles in the university and the deputy vice-chancellors for the corporate and operational roles. I have met with the equivalent staff in smaller groups, such as the Group of Eight deputy vice-chancellors (academic) and the deputy vice-chancellors (corporate). We've been out to meet people running equity programs in the universities. So, while I wouldn't say that every last one of those involved discussions about which performance measures we should actually have—

Mr Learmonth: It's a regular topic of conversation.

Senator FARUQI: You mentioned the former minister. Have you had discussions with the new minister on this issue?

Mr English: We've commenced the discussion with the minister about these measures.

Senator FARUQI: I have some questions on the new combined HELP loan limit. Did the minister seek advice from the department before this policy was adopted?

Mr Learmonth: This was a matter that came out of MYEFO. Anything that emerges in budget MYEFO has been subject to departmental advice.

Senator FARUQI: I'm not talking about anything, though; I'm talking specifically about the combined HELP loan limit.

Mr Learmonth: That would have undoubtedly been underpinned by department advice, as any budget measure would.

Senator FARUQI: Did the advice address the impact that the policy would have on enrolments in higher education courses?

Mr Learmonth: You're asking us about advice to the minister in a budget context, Senator.

Senator FARUQI: So you can't provide that advice?

Mr Learmonth: What we can't do is disclose how we advised the minister in a budget context.

Senator FARUQI: Did the department look into the impact the policy would have on enrolments in higher education courses?

Mr Learmonth: I don't think we expected any impact on enrolments in the higher education sector.

Senator FARUQI: So you've done the modelling and you think there's no impact.

Mr Learmonth: When you say modelling, Senator, the caps are set such that they should not be a detriment to anyone completing a degree. It should not have, in any sense, any material impact on enrolments.

Senator FARUQI: So you don't expect that to have any impact on students, even though there is a limit to loans now.

Mr English: Senator, it might be helpful—the cap will serve to put a brake on some students seeking to accumulate very large amounts of study, very large amounts of loans—

Senator FARUQI: Or seeking to study. You can look at it as accumulating loans, others would say it's seeking to study.

Mr Learmonth: Well, I can give you some examples where it's accumulating loans and not study, Senator.

Mr English: Yes. The reality is, when you look at how much time at university, or in higher education study, a student consumes before they finish, data we have suggest that it's between two and three per cent, from memory, that get to a seventh year of study. And the cap that's in place would allow the average student to have nine years worth of study. So what we are talking about is a signal that this support does not go on forever, and that students need to focus their efforts—and within a nine-year period for the average student, for example—to find their way through the higher education system at the undergraduate level. To be clear, if they move onto, say, doctoral studies, that's not affected by the cap.

Senator FARUQI: Do you think there will be any students who will be forced to pay fees up-front because of this loan limit?

Mr English: There have always been some students who've had to pay fees up-front to meet their study ambitions, for whatever reason. That could be that a student decides not to study at a public university.

Senator FARUQI: I'm talking specifically about this loan limit. Will that have an impact?

Mr Learmonth: It's a loan limit, so there's no reason why anybody ought pay up-front fees. They will have to study some years to accumulate anywhere near the cap.

Mr English: We wouldn't preclude a student deciding that the cap was not sufficient if they wanted to engage in further study. What we've done is find a balance.

Dr Bruniges: Senator, can I just clarify, the cap is not a cut at all. A cap is set at the level of funding provided in 2017. I think there's been a intertwining of the words 'cut' and 'cap', where in the 2018-19 years the cap is set at the level of funding provided in 2017.

Senator FARUQI: I'm talking about the HELP loan limit. Is that what you're talking about as well?

Dr Bruniges: Yes, you were, but previously—I'm referring back to a previous day. I just wanted to make sure we were clear on the language.

Senator FARUQI: You were just talking about what the average student will get in nine years. What is that average?

Mr English: That's taking into account the fact that currently, for undergraduate students, there are three bands of student fees—a bit over $6,000, around $8,000, and $10,000. And, at a $100,000 cap, that $10,000 loan amount pays for nine years. That's what I meant.

Senator FARUQI: There's a quick question for the Minister representing the Minister for Education. Are you familiar with the Higher Education Support Amendment (Cost Recovery and Charges) Bill?

Senator McKenzie: Not in any great detail, but I am happy to take a question.

Senator FARUQI: If you could, maybe on notice, provide some details on whether there has been any consultation with universities, students or staff on this bill, and the detail of the new tax on universities—because this bill effectively creates a tax for charging universities the amount it takes a department to administer HECS HELP loans.

Senator McKenzie: I'll take that on notice.

Senator FARUQI: Yes? If there's been any consultation.

Senator McKenzie: I find it very unusual for a bill to come through the department and through government where the sector hasn't been consulted.

Senator FARUQI: Well, we have heard from the sector that there has been no consultation.

Senator McKENZIE: I'll take that on notice, but I would be very surprised.

Senator FARUQI: Yes. Great.

CHAIR: It's actually been referred to our committee, so we have a good look at it.

Senator McKenzie: There you go.

Senator FARUQI: Well, yes, it had to be because of that. I have a couple of things for the department on that. If this bill goes through, has the department looked into how much it will raise on an annual basis?

CHAIR: We need to wind up soon, Senator Faruqi.

Senator FARUQI: Okay. If you don't have the details, I'll just put these questions on notice. That's fine.

Mr Learmonth: Yes, we're happy to do that.

Senator FARUQI: I'll put the questions on notice. I have a last couple of quick questions. Does the department know whether the Queensland University of Technology intends to use Commonwealth supported places for some new online courses that they have announced which are going to be delivered by Online Educational Services?

Mr English: I don't know the answer to that question in that particular example. But, in principle, there are arrangements where universities can use third-party providers to deliver courses, but third-party providers need to meet the quality and accountability standards that we were discussing with Senator Stoker before—and, if they do, there is no impediment to the university using the Commonwealth funding.

Senator FARUQI: So they can, even if they're third-party providers?

Mr English: Yes, but the third-party provider is within the reach of the regulator in terms of quality of delivery. So it's frankly, from our perspective, irrelevant whether it's the third-party provider or not. It is still being assessed as if it's being delivered by the university, and they have to meet the same standards.

Senator FARUQI: One last, quick question, again to Senator McKenzie representing the minister: do you know if the education minister, both this one and the previous one, has had any contact with any universities about the Ramsay Centre's offer of funding for a degree in Western civilisation?

Senator McKenzie: I'll have to take that on notice.

Senator FARUQI: And, also, has the minister had any communication with anyone from the Ramsay Centre?

Senator McKenzie: I'll take that on notice.

Senator FARUQI: Great. Thank you very much.

CHAIR: Back to you, Senator Pratt.

Senator PRATT: We've had a good discussion about the freeze on the growth of student places. I don't have time to ask questions about the fact that there's no longer a pool of capital funding for universities, but I want to ask: why is it then that some universities are being given access to extra student places, capital funds and other specific assistance?

Mr English: The government makes decisions from time to time that respond to local circumstances to increase the capacity of particular institutions. The places that have been provided since the freeze have been tied to investments made in expanding the capacity of those universities; some capital was provided in most of those cases to do that. It's within the usual prerogative of government to make specific decisions that reflect local circumstances.

Senator PRATT: Have any of those requests for extra funding—so they're requests to the department? They're not things the department has thought up itself; they've come from government? Is that what you're telling me?

Mr English: If you're referring to the additional amounts of places that were provided earlier in the year in the budget process, yes, they were propositions developed by the individual institutions and put to government.

Senator PRATT: Did they put them to the department or to the minister?

Mr Learmonth: They would be put to government but they would also undoubtedly go to the department, and the department would, as with any other budget matter, provide advice to the minister.

Senator PRATT: How many of those requests have there been? There have been 15 that have been made. How many of those have been met?

Mr Learmonth: There were three announced in the 2018-19 budget: one for the University of Tasmania, one for the University of the Sunshine Coast and one for Southern Cross University.

Senator PRATT: So that means there are 12 requests outstanding?

Mr English: We'd need to take that on notice. The number you're referring to is the number of requests that we had the last time we answered questions.

Senator PRATT: Okay. How many are there now?

Mr Learmonth: There have been two since then.

Senator PRATT: So you've granted three of those 15; is that correct? Or does that 15 not include the University of Tasmania, Southern Cross and Sunshine Coast?

Mr Learmonth: We'll have to take on notice whether those three were in that original 15. There have been two since then. Since that question on notice where we gave you the list, there have been two more.

Senator PRATT: No, you've been very clear about that. Can you give me a list of the universities that have made those requests, and details about those requests in terms of the number of places they've requested, capital funding and any other requests?

Mr Learmonth: Yes.

Senator PRATT: We know from the answers to questions on notice that three universities have received that, to support specific infrastructure commitments from the 2016 election. They're the three universities that have been given funding for infrastructure. Is this the process for determining additional funding for universities; previous pork barrel election commitments?

Mr Learmonth: Any decision about additional funding in any form is a matter for government from time to time. There is no formal process.

Senator PRATT: Are you able to take on notice which electorates those are in?

Mr Learmonth: Sorry, I can help you out now: the three requests that were announced were not in that original 15.

Senator PRATT: Okay, thank you. So there are 17 requests in?

Mr Learmonth: Yes.

Senator PRATT: If 17 universities have asked for more funding for capital and, in particular, for places, doesn’t it demonstrate that the cap on student places is not in our national interest?

Mr Learmonth: You are asking me for an opinion.

Senator McKenzie: I'm happy to give my opinion. Vice-chancellors and universities are not backward in coming forward in seeking additional funding from government, so I don't think you can necessarily draw that conclusion.

Senator PRATT: How many of those requests are currently being actively considered by the government?

Mr Learmonth: You are asking me about the internal deliberations of government.

Senator PRATT: If infrastructure promised in an election is really necessary and there aren't enough student places to ensure it is providing the skilled workers that Australia needs, how do you conclude that the demand driven systems should be capped?

Mr Learmonth: You are asking me for an opinion on policy.

Senator PRATT: I can ask you for the rationale on which the policy is based. It is a perfectly legitimate question to ask.

Mr Learmonth: It is a decision of government.

Senator PRATT: What is the policy rationale for that decision?

Mr Learmonth: It is a decision of government.

Senator PRATT: So it is an arbitrary decision?

Mr Learmonth: It is a decision of government to, as the minister said at the time, provide some sustainability to a system that had grown enormously over previous years and in a context where other reforms that the then minister was then looking to institute had not achieved passage through parliament.

Senator PRATT: What does a university have to do to get one of these special grants? What were the criteria for the three grants that were given? Is there a deliverable or performance or something attached to that grant? What are the special circumstances you consider?

Mr Learmonth: These were decisions of government related to previous election commitments. This was not a tender process with criteria and so on. These were individual decisions of government in the circumstances that applied.

Senator PRATT: As I understand it, there is a special arrangement for Deakin at Warrnambool. You told us in answers that Deakin got $14 million over two years to support the long-term sustainability of the Warrnambool campus. Will the future of Warrnambool be assured by 2018-19?

Mr Learmonth: There were no places in there. That was, as you said, to ensure sustainability of the offering.

Senator PRATT: So who first proposed that additional assistance be paid to Deakin for the Warrnambool campus?

Mr Learmonth: I suspect it might have been Deakin, but we will have to take that on notice.

Senator PRATT: Minister, how do you explain the cap on places in terms of the national interest, particularly in the context of your regional constituents who would like to see growth in places at their local university campus?

Senator McKenzie: I have sat on this committee for over five years and seen tranche after tranche of reform being put to the Senate and this committee. The reforms that we have been seeking to do as a government go to the very heart of the sustainability of a demand driven system. We recognise that, fundamentally, a demand driven system was able to deliver, as you said, not just for rural and regional students—they have benefited less than urban students under the demand driven system but they have benefited nonetheless. But, as the officials mentioned, this also led to an absolute skyrocketing of federal funding. So how do we maintain the demand driven system, which we all agree is a good guiding policy principle—unless you are Senator Carr, who wants to put caps on the system. When we used to have caps, it was really only grammarians who got to go to university; it wasn't open to all. In looking to make the system sustainable, reform agendas were put forward. They were agreed by the sector and then failed to secure passage through the parliament for a variety of reasons. So, at the end of the day, this measure will ensure the sustainability of the system going forward. I think it is in the national interest to have a demand-driven system that's affordable.

Senator PRATT: Even if it means fewer places for regional students?

Senator McKenzie: When we look at the CGS funding for regional students, for 2009 it was $598.7 million and in 2017 it was over $1 billion—so, a 69.6 per cent increase. That's what we've been able to deliver. That's the increase we've seen in the system, and we need to make sure that it is sustainable going forward.

Senator PRATT: Yes, but that was the increase in the system under the uncapped system, which was the policy of the previous Labor government.

Mr Learmonth: And places will continue to grow. They are not going backwards. There was no a cut.

Senator McKenzie: This notion of a cut—

Senator PRATT: But you're not keeping up with population growth, including population growth in growing [inaudible] centres.

Senator McKenzie: Where are you seeing the regional population growth that you're concerned about, Senator Pratt?

Senator PRATT: We've got regional campuses that I've spoken to. I was down on the Gold Coast, where they have rapid growth—

Senator McKenzie: I would argue that the Gold Coast isn't regional in any way.

Senator PRATT: It is in your regional funding—the Building Better Regions funding—

Senator McKenzie: They no longer get regional loading for their doctors and for very, very good reasons.

CHAIR: I think we should get back to questions, given the hour of the night on Thursday.

Senator PRATT: Senator McKenzie, do you believe that the current system is not a new cap?

Senator McKenzie: Not a new cap?

Senator PRATT: You have conceded that it caps places.

Mr Learmonth: It doesn't cap places. It caps money.

Senator McKenzie: It caps funding. When you were having the conversation with the officials earlier, it is up to the university whether they are going to have fewer students that cost more or more students that cost less. The mix of delivery of individual universities is a decision for their vice-chancellors, their management groups and their governing boards. We are ensuring that it is financially sustainable.

Senator PRATT: What's the general policy on additional support for marginally viable campuses at universities?

Mr Learmonth: I don't know that there are any marginally viable campuses based on their higher education operations. There are some that are reporting a net loss. That is due to their TAFE operations.

Senator PRATT: Yes. Is Deakin-Warrnambool one of those?

Mr Learmonth: No, not on the figures that I have.

Mr English: We don't have—

Mr Learmonth: We don't have it at campus-level.

Senator McKenzie: Campus-by-campus.

Senator PRATT: I don't know if there is a relationship between the Warrnambool campus and South West TAFE and Deakin. Did you look at this to consider the best way to ensure that tertiary education provision could be made viable at Deakin-Warrnambool?

Mr Learmonth: I'm not sure I understand the question.

Senator PRATT: You have given it extra grant funding. Did you look at the issues with TAFE there on that? You've acknowledged that TAFE is an issue in terms of sustainability of regional campuses where there are those dual-sector campuses. Did you look at whether that was an issue for the Deakin-Warrnambool campus?

Mr English: The support to Deakin University to maintain higher education in Warrnambool is in recognition of the importance of that campus in that region in Victoria—the need to have a higher education presence in that region, and the need for there to be some reform of delivery at Deakin to make it sustainable. So, they have been looking at how they can reshape their offerings, their classes, their property holdings, and a range of activities like that, to just reset the way they deliver higher education at Warrnambool to ensure that it can continue. So, it is separate, in that discussion, to VET. Although, we always and everywhere encourage the tertiary providers in every location to cooperate in meeting the needs of local students, regardless of whether or not it is Warrnambool.

Senator PRATT: In the budget there are a range of higher education measures for regional students. Were all of those measures recommendations of the Halsey review?

Mr Learmonth: Yes.

Senator PRATT: What regional higher education measures, including scholarships and changes to the income test for youth allowance, are part of the coalition agreement? Senator McKenzie, perhaps you can tell me?

Senator McKenzie: No, I can't tell you.

Senator PRATT: You can't tell me what's in the agreement or because they're not part of the agreement?

Senator McKenzie: The officials just actually said that all of those measures were part of the Halsey review. It wasn't just National Party senators and members who were pushing for the Halsey review and recommendations to be adopted.

Senator PRATT: No, and I'm not arguing that it's not.

Senator McKenzie: It was senators like Senator Brockman and others.

Senator PRATT: I understand that. Are those measures part of your coalition agreement? Is the implementation of those measures part of your coalition agreement?

CHAIR: It's up to you how you answer that, Minister, but I'm not sure that's strictly an estimates question.

Senator McKenzie: I usually get asked a coalition agreement question every estimates.

CHAIR: I know—just for old time's sake.

Senator McKenzie: I'm not going to the details of the coalition agreement, but what I think is clear is that any coalition agreement would have been completed before the Halsey review. Therefore, the recommendations out of the Halsey review being reflected in the budget would suggest that it was the Halsey review that drove the budget announcements and not the coalition agreement. That's just logic.

Senator PRATT: Can we have an update on the impact of the income test changes per electorate? You may need to take that on notice.

Mr English: You'd have to ask the Department of Social Security estimates those questions. They're not in our portfolio.

Senator PRATT: Okay. Can I have update on how new sub-bachelor places are to be distributed in regional Australia?

Mr English: The minister is considering at the moment how to distribute those sub-bachelor places to regional Australia.

Senator PRATT: Is there a formula for it, in terms of population growth, or will it go according to target seats for the upcoming federal election campaign?

Mr English: It's not a matter that has been decided at this time.

Senator PRATT: The methodology has not yet been decided? Okay. Have you put forward a methodology to the minister?

Mr Learmonth: We've had discussions with the minister about how it might work.

Senator PRATT: So you have put forward a methodology?

Mr Learmonth: No, that's not what I said.

Senator McKenzie: That isn't what the official said at all.

Senator PRATT: So you'll tell us after you've put them out whether it was a political decision or whether there was a formula.

Senator McKenzie: Once the announcement has been made, you will know all about it.

Senator PRATT: So if people don't want to miss out on sub-bachelor places in their regional location at their regional campus, do they go and lobby their local coalition MP? What's the best way of universities advocating around this issue?

Mr English: When the process for allocating the additional places given in the budget commences, every university will be made aware of the process and the opportunity.

Senator PRATT: So there will be a process. What's the number of places to be taken off universities in order to create the new medical school in the Murray-Darling—the new Murray-Darling medical school?

Mr Learmonth: That's yet to be developed.

Senator PRATT: So the number of places is yet to be developed?

Mr Learmonth: Yes, and how it will be done.

Mr English: The government has indicated it will consult the sector about the way that places within the system can be redistributed to support the training of medical practitioners in regional areas. The government has indicated that it's looking at a two per cent pool that could be redistributed to support higher priorities across the sector. No place will be lost to the sector. They will all be made available within that process.

Senator PRATT: What are the expected enrolments of the Murray-Darling medical school?

Senator McKenzie: Just to be clear, there isn't one school; it's the Murray-Darling network.

Senator PRATT: Yes, I understand that.

Senator McKenzie: So there are five end-to-end training—

Senator PRATT: It's a smoke-and-mirrors medical school.

Senator McKenzie: end-to-end training—

Mr Learmonth: Pipeline.

Mr English: The Murray-Darling medical network is characterised by a capital investment that the Department of Health is managing. There is, I think, an ambition to try to encourage as much regional delivery as we can with that investment by the government so there's no cap on the number of places that we would encourage providers to bring to the region to support that investment. The providers, as we talked about before, in the undergraduate places, are free to move their places around various locations. Many universities provide into regional Australia medical training and—

Senator PRATT: Yes, I understand that.

CHAIR: I know the officials can't go here, but, quite frankly, describing it in that way is deeply insulting to rural and regional Australia when we know that doctors and nurses who are trained in the bush are much, much more likely to stay in the bush.

Senator McKenzie: I think you're right, Chair. James Cook really led the way in this. They've got a 70 to 75 per cent retention rate in the regions because they embed that training in the regions. Rather than being from Melbourne or Sydney and popping out for a year—

Senator PRATT: The Murray-Darling is in a privileged position in this respect.

Senator McKENZIE: You know what, Senator Pratt, given the maldistribution of the rural health workforce in this country, you cannot get a GP to save yourself. When you look at the statistics for those living in urban areas, they have a GP and bulk-billing on every street corner. I would argue that the Murray-Darling Basin Medical Schools Network, which is going to deliver more than 3,000 doctors to regional Australia over the next decade, is one of the greatest achievements of this government.

Senator PRATT: Will the Murray-Darling medical schools take places from regional areas like Newcastle and Wollongong or have you quarantined other regional medical schools from the redistribution of medical places?

Mr Learmonth: The redistribution arrangements have not yet been determined, Senator.

Senator PRATT: Has the department consulted on the new medical school with the Medical Students' Association?

Senator McKenzie: As the rural health minister, yes, we have.

Senator PRATT: Can you give us an outline of those discussions and what their views would be?

Senator McKENZIE: The rural health officials, in assisting the government in the development of that policy, consulted with medical students. We delivered a $550 billion stronger rural workforce strategy that the AMA supports, as do the Rural Doctors Association and the medical students.

Senator PRATT: So the medical students—

Senator McKENZIE: The Medical Schools Network was part of that. One of their concerns was that we weren't going to add training places to medical training more broadly across Australia, and that's why we've gone down the pathway we have, in terms of accruing the places. We're not graduating more doctors into the system; we're changing where they're training.

Senator PRATT: Could I have a quick overview of the project in relation to the HELP scheme? You're undertaking work to establish a dataset to improve understanding around the system for repayment of loans. Could I have a quick overview of the project, please? What do you think we'll learn that we don't currently already know?

Mr English: At the moment, to analyse the trajectory of graduates post-graduation, we tend to rely on census data. What we're able to do now in the database we're building, using tax office data, is do that at a much more granular and continuous level. What we hope to get out of that data is the ability to start to analyse student experience in both the accumulation and the repayment phase to see things like: which degrees have better labour market outcomes, which types of students have better labour market outcomes, and the like. This is analysis we've had to infer between databases in the past and now we'll bring that data together.

Senator PRATT: How much is budgeted for this work?

Mr English: That is being met within existing resources.

Senator PRATT: What is the cost of this work, then?

Mr Learmonth: We're absorbing the work, Senator. That's what we're accounting for.

Mr English: It's part of my staff allocation.

Senator PRATT: Are you able to confirm that there will be useful reports from the project that will be publicly available?

Mr Learmonth: There are a couple of different uses for this. It's actually really important. Part of it is understanding, as my colleague said, with more granularity, the dynamics of the HELP system and the loan system, how it's growing, how the repayment is looking—it's really important. But the other bit is about being able to provide better service to prospective students. At the moment, through the database we can provide the students with some information about their expected employment outcomes and their expected earnings, but it's at such a gross level it's almost not useful. It's that high field of study. All it will be able to do is say: if you do this versus that, that's the real outcome.

Senator PRATT: I understand why the data's important.

Mr Learmonth: As a general proposition in terms of data, we're hoping to—and this is across the board—make data more freely available externally and to researchers. In this case, it obviously will need to be deidentified, but there's a general proposition to try to make our data more accessible and—

Senator PRATT: So that means it will be available to academic researchers, subject to any privacy protections?

Mr Learmonth: That would be our objective.

Mr English: We've begun discussions with some of the academics active in this area to think about the things that might be useful. We are at a point now where that effort will start to take off.

Senator PRATT: In terms of managing the student loan program, which is one of the Commonwealth's most significant assets—it's currently valued at, I think, about $40 billion—will it help us manage major writedowns? What happened with the $6 billion writedown in last year's annual report?

Mr Learmonth: If I recall, there were a number of factors to that. One of the more significant ones was that, because we're getting more granular data over a period of years, the Australian Government Actuary was actually able to, for the first time with some confidence, distinguish between the loans attributable to the VET loans as opposed to higher ed. They are not expected to be repaid proportions, and they were applied in a more granular way, and that was part of the writedown.

Senator PRATT: So, they've written those down. Was that connected to the forgiving of debt in some cases or not?

Mr Learmonth: No, Senator. It's more the intrinsic propensity for a loan of a particular program to be repaid.

Senator PRATT: I understand.

Mr Learmonth: VET FEE-HELP differed to VET loan scheme differed to higher ed.

Senator PRATT: I do understand that. I understand there are many different loan schemes. Will this dataset bring together information on all of the student loan debts of a person under these schemes?

Mr English: Yes.

Senator PRATT: So you will be able to see and make judgements about people who have different kinds of loans as well?

Mr Learmonth: We'll be able to analyse the pattern of loan repayments in total, because, once a loan is incurred and notified to the tax office for collection, we no longer track the constituent elements that make up that debt. If a student goes to university—and this is a reasonably typical pattern now—on enrolment they use the SA loans to pay their student administration fee, they accumulate student loans for their student contributions and then add on top, maybe, an overseas study loan. When that's all added together, if it's, say, $20,000 when it gets to the tax office, we just track the $20,000.

Senator PRATT: Okay. The data will include all VET student loan debts, including those incurred after July 2019?

Mr English: Yes, all HELP loans. The Higher Education Loan Program covers all student loans.

Senator PRATT: Thank you. Would we be able to tell that a VET student loan was not being repaid, simply because the person was paying off their HELP debt first?

Mr English: As I just explained, Senator, we don't differentiate the loan source once the student has accumulated it.

Senator PRATT: Okay. So it's just a liability that gets paid off, as if you had combined two mortgages into one debt?

Mr English: The one clarification on that is the VET student loans bill which hasn't passed yet. We'll separate the loan schemes at the that point, so then we will need to track them separately. There will be an order of repayments established through that legislation, but, at this point, it's not.

Senator PRATT: Will we be able to get a better view of the sort of total debt that each student acquires before they set out onto their main career—the totality of their debt?

Mr English: I don't think we need a better view of the total debt accrued by a student during their studies.

Mr Learmonth: We've got pretty good data on that now, Senator.

Senator PRATT: As I understand it, the information you currently give out on average debts is misleading. The average covers people who've nearly finished paying off their debt and unpaid debts from people from a time when HECS was much lower.

Mr Learmonth: I guess it depends on the question that's asked.

Mr English: An average debt of the outstanding debtors would, by definition—

Mr Learmonth: Encompass every scenario.

Mr English: pick those people up. I expect we would be able to—

Mr Learmonth: It depends on what you want, Senator.

Senator PRATT: If I want to see where people of my generation are, who went to uni in the 1990s, versus those who did courses in the 2000s, what their debts look like and how successful they've been in paying them off—what kinds of career breaks they had—will this new data give us the capacity to look at that?

Mr Learmonth: Senator, there are a couple of constraints. There will be some privacy issues on how far we can drill down, and there's also a question of how far we can go back in historical data.

Senator PRATT: Okay. Can't you deidentify it so that we can see the circumstances of people? Surely knowing gender, for example, might be important?

Mr Learmonth: The availability of historical data will be a limiting factor.

Senator PRATT: Thank you. When will we know the quality of the data from this project?

Mr Learmonth: It depends on what you mean by 'quality', Senator. It's quality now, in terms of it being accurate data that's in the system able to be used. It depends on what you're looking for.

Mr English: As with all new datasets, we are now testing our ability to analyse that and draw various conclusions.

Senator PRATT: I beg your pardon?

Mr Learmonth: Like my colleague was saying, it's like any new dataset. The raw data in there is accurate; it's quality data. The challenge is for us to understand and interpret it correctly in our calculations, because there could be obscure, little differences and things that can lead you down the wrong track. It's up to us now to learn how to use it accurately.

Mr English: The list of questions was a helpful reminder of some of the questions we would go to.

Senator PRATT: Thank you. I will just communicate with the Chair. I have questions for the Higher Education Standards Panel, but I am also trying to finish TEQSA by nine o'clock.

CHAIR: Yes, and other senators do have questions for TEQSA. Is Professor Kerri-Lee Krause here?

Prof. Krause: Yes.

CHAIR: Great. Would you care to come to the front somewhere, perhaps next to the minister?

Senator McKenzie: Yes, come and sit next to me.

CHAIR: Welcome, Professor.

Prof. Krause: Thank you very much, Senator.

Senator PRATT: The Higher Education Standards Panel was overhauled by the former minister in March this year. There were five new members appointed, including a new chair. Why was the former Chair, the respected Professor Peter Shergold, removed?

Senator McKenzie: That would be a matter for the government.

Senator PRATT: Okay. Professor Shergold was removed. Was it because he pre-empted the recommendations of the HESP report on student attrition by writing an article in *The Australian*?

Mr Learmonth: I have to take issue with the notion of 'removed'. He wasn't removed by the minister. He felt it was time to move on, that he'd done some good things, he'd been there for a while and it was time to refresh the membership. He was not removed.

Mr English: To be fair, Professor Shergold was very accommodating of the transition between the panels to ensure the continued effective operation of the panels, but it was his decision about his continued participation.

Senator PRATT: Thank you. I won't ask the more political questions because I want to use my time usefully.

Senator McKenzie: Thank you, Senator.

Senator PRATT: How many times has HES met since the new members were appointed?

Prof. Krause: We've had three meetings so far in 2018. I started at the start of 2018. We've had three and are due to have a fourth one in early November.

Senator PRATT: You're overviewing the Higher Education Provider Category Standards. Have you started this work?

Prof. Krause: Yes, our responsibility is to oversight the review of the provider category standards, and the work has already started. As you will be aware, the reviewer, Professor Peter Coaldrake has been announced and he attended our last meeting and is due to attend our November meeting as well.

Senator PRATT: How will you combine the HES review and the work of Professor Coaldrake?

Prof. Krause: Do you mean the work of the review of the provider category standards and the role of that review of the work of the higher ed standards panel?

Senator PRATT: That's right.

Prof. Krause: The provider category standards are part of the Higher Education Standards Framework, and Professor Coaldrake is responsible for leading that review and we have oversight, so we will be informed about the progress of that review as appropriate.

Senator PRATT: As I understand it, the Coaldrake review is due to report in the second half of 2019, but I'm also looking for information on reporting dates for any of HESP's work. Can you provide that on notice and also, if possible, tell us when the work program given to HESP will be undertaken and when HESP will report back to the minister.

Prof. Krause: I'm happy to take that on notice, thank you.

Senator PRATT: I'm rushing as quickly as I can. I'm moving on from HESP now. Thank you for your time, Professor Krause.

CHAIR: Thank you very much.

Senator PRATT: There have been recent reports of concern about a potential for slower growth of students from China, so I'd like an update on China and then the department's view on the 15 per cent increase in enrolments.

Mr Learmonth: China is a very significant part of the overseas student population. In 2017, there were 184,000 Chinese students; that's an 18 per cent increase on 2016. As at July this year, there were 230,000 enrolments, which is an increase of 14 per cent.

Senator PRATT: Is the increase in higher education enrolments linked to domestic university cuts?

Mr Learmonth: Sorry? Is the increase in Chinese students—

Senator PRATT: No, no—the overall increase in international higher education.

Mr Learmonth: I wouldn't posit a link, no. And they're not cuts.

Senator PRATT: Do you think there's no relationship between the capacity for the international education sector to grow and slower growth in domestic places?

Mr Learmonth: I'm suggesting that international students have been an important income source for many but not all universities—Chinese students, in particular, for some universities. They will make their own decisions about how many students they might wish to admit and from which country. They have different strategies. Some will take as many as they can; others choose not to for other reasons. It's entirely up to them.

Senator PRATT: I spoke earlier about a campus that had built a big campus, had a couple of thousand students there and were not going to be able to grow in the way they expected. That university is now looking at filling those places with international students and have expressed their concern that they prefer to give them to domestic students. Are you talking to universities about those enrolment dynamics in terms of international versus domestic student enrolments, particularly in strategic areas?

Mr Learmonth: I'm not sure what that means, Senator. There are different things going on here. Some universities have had expansion plans affected by the cap on CGS. Others haven't. They will all have their own strategies in relation to international students, and the two are largely independent.

Senator PRATT: What this campus told me was, if they fill up those places with ongoing demand from international students, it will lock out the domestic students forever, because they'll have a market of international students that have taken those places.

Mr Learmonth: Senator, the two are independent, insofar as the number of places they have now for domestic students is unaffected by the number of international students they take, to the extent that, from 2020 onwards, their domestic student load might increase. They will decide what, if anything, they want to do with their international student intake. And, in the meantime, I'm sure they're making quite a nice income.

Senator PRATT: What's the work of the international council on market diversification?

Mr Learmonth: I will hand you to my colleague for some detail, but there are a few different levels. Let me give you the high-level architecture, and then I will pass to my colleague. There's a set of short-term things that we're doing about preserving demand, one of which is about branding. That's particularly an Austrade issue about branding and marketing. We're also pretty focused on trying to improve the student experience here to help underpin the export market, and there's a working group of the international council which is looking at that. There's a set of medium-term strategies which are about trying to open up particular markets, whether it's the skills market in India and Indonesia or opening up Indonesia to higher education campuses or VET MOUs which have been signed with countries such as China and others in the Pacific. So we're trying to directly provide opportunities for Australian suppliers into those markets through materially changing market access rules, and there's a longer-term set of strategies which are really about the architecture of international education. It's things like qualifications, recognition and mobility, which enable us to have a product which, a bit like the US dollar, becomes universally recognised out there: that's the objective. And it's working through things such as the Tokyo convention on qualifications recognition or the UNESCO convention. Australia plays a leading role. We've chaired technical committees. We've been instrumental in the Tokyo convention. These are really important long-term underpinnings of getting qualification recognition and, thus, opportunities for our markets. I'll let my colleague talk about it.

Senator PRATT: No, I'm very happy with that answer.

CHAIR: Senator Pratt, do we have any chance of getting through TEQSA by 9? I know Senator Stoker has questions, and I know you have questions. We need to move there very soon.

Mr Learmonth: If I may, Senator, you asked about China. I think people are quite conscious of some of the reliance there, and that's certainly a—

Senator PRATT: And that it's sensitive to a range of factors. I will quickly conclude these international questions. What advice is the department providing to Austrade on the risk of overreliance on both the China and Indian markets?

Mr Learmonth: I think it's less about advice to Austrade that we are providing. We work closely with Austrade, and they partner with us to support the international strategies and the international council for education. I think this is really something that is a discussion between us, Austrade and, indeed, the sector, through the council. The extent of reliance is something that different people have a different view about.

Senator PRATT: I'm happy to move on to TEQSA now.

CHAIR: Thank you very much, Senator Pratt. Would TEQSA please come forward? Senator Pratt, can we let the outcome 2 higher education people go?

Senator PRATT: Yes. Sorry, I did have many other questions, but you'll look forward to getting them on notice.

CHAIR: You'll be kept busy with them later on. You go with our thanks, those of you who can go.

Tertiary Education Quality and Standards Agency

[20:39]

CHAIR: Welcome. Do you wish to make an opening statement? If you do, please make it very short!

Prof. Saunders: I have no opening statement.

Senator STOKER: Professor Saunders, I asked some questions earlier of the department that led me to believe that TEQSA is responsible for administering the TEQSA Act—is that right?

Prof. Saunders: Yes.

Senator STOKER: And the Higher Education Standards Framework?

Prof. Saunders: Yes.

Senator STOKER: And, at least in part, the Higher Education Support Act?

Prof. Saunders: No, although some of our work obviously impacts on the Higher Education Support Act.

Senator STOKER: Okay, so you have an awareness of its relevance?

Prof. Saunders: We work with the department on matters that are of mutual importance.

Senator STOKER: I'm interested in the requirement for free intellectual inquiry in universities. You'll be aware that that's required by section 19.115 of the Higher Education Support Act. It requires an education provider to have a policy that upholds free intellectual inquiry in relation to learning, teaching and research. And you'll also be aware that it's relevant to the Higher Education Standards Framework itself, cropping up in section 6.1.4 and B1.1.2.

Prof. Saunders: Yes.

Senator STOKER: How does TEQSA monitor whether universities have policies in place to comply with that?

Prof. Saunders: As you've rightly pointed out, freedom of intellectual inquiry is stipulated within the Higher Education Standards Framework. That framework is in seven domains. The sixth domain relates to governance and accountability. The first section of that domain, 6.1, relates to corporate governance, and the fourth standard within that section relates to a standard that's really about the learning environment or the environment of the institution. But part of that standard does go to the question of requiring the corporate body, be it a university council or a company board if it's a privately owned company that's doing the higher education, to make sure that the standards are being met. That includes standard 6.1.4, which goes to matters to do with free intellectual inquiry. We interpret free intellectual inquiry broadly, so we're thinking about freedom of expression, freedom of speech as well as freedom to actually investigate and teach and those sorts of things.

Senator STOKER: I'm very encouraged to hear that. That's very good.

Prof. Saunders: We also have guidance notes that try to support providers—not necessarily the universities who are pretty sophisticated in this but the many small private providers—as to what the standards actually mean and what we'd be looking at by way of example to see whether or not they are complying with the standards. One of the guidance notes we've written relates to equity and diversity. That's in domain 2 of the framework. And that guidance note actually has a small note in there saying that, whilst issues of equity and diversity are really important in terms of both staff and students and the community of the university or higher education provider, those considerations really should not override considerations to do with free intellectual inquiry. As part of our assessments of higher education providers, universities and nonuniversities alike, we require them to be re-registered from time to time, and part of that re-registration process is to examine their compliance with the standards. And, as part of the assessment, every higher education provider, universities and nonuniversities alike, are required to show us how they meet the standards in domain 6 about governance and accountability.

Senator STOKER: Great. Just so my colleagues can follow along, section 6.1.4 says:

The governing body takes steps to develop and maintain an institutional environment in which freedom of intellectual inquiry is upheld and protected …

It goes on to say different things, but they're about different subjects. You've mentioned that it's the responsibility of either the board of the company or the university's governing body running the show to make sure these policies are in place. How does TEQSA check that they're doing that?

Prof. Saunders: At re-registration time we decide on the scope of the standards that we're going to assess in a re-registration process. Most of the universities in Australia are low-risk providers. Therefore, we would conduct that re-registration assessment around a core set of standards, not every standard—there are over 100 standards.

Senator STOKER: What makes you decide whether it's high or low risk?

Prof. Saunders: That's another story altogether. It's about our a risk assessment framework, which is conducted annually. It's based on a range of publically available indicators. We look at the indicators and then make a judgement as to whether or not the indicators that relate to student outcomes, financial viability and sustainability are being met. In that case, we would then classify a provider according to whether they are low, moderate or high risk.

Getting back to the university or higher education provider and the corporate body that's responsible for it: the standards, even for the lowest risk provider, do require that we look at corporate governance. Part of that corporate governance is about looking at whether or not the governing body undertakes a periodic review of its own functions. That's in section 6.3, immediately above the standard that relates to free intellectual inquiry. Whilst it's not explicitly stated, part of that review is clearly to ensure that the institution, the university or the provider is, in fact, complying with the higher education standards. That review becomes part of our review. The self-review gets submitted to us as part of our re-registration assessment. We look at the credibility of the reviewer and the areas covered. If any questions arise out of that, we go back to that provider or university and ask them questions around particular standards or particular activities.

Senator STOKER: Section 19.115 of the Higher Education Support Act 2003 requires a policy in relation to intellectual freedom. Table 2 of the 2017 free speech on campus report that I have in front of me indicates that, at the time it was prepared, of the 42 major universities in Australia only eight had a standalone policy dealing with the freedom of intellectual inquiry. Are you aware of this report?

Prof. Saunders: I am aware of this report.

Senator STOKER: I have a copy of the table. May I table it, Chair?

CHAIR: Yes.

Senator STOKER: What action has TEQSA taken to deal with the fact that 42 universities required to have an intellectual freedom policy, as a condition of their right to funding, don't have one?

Prof. Saunders: It's not about their whether they've got a separate standalone policy. Many institutions include freedom of intellectual inquiry or, indeed, other ways for expression of freedom of speech in other sorts of policies. It's not the matter of whether or not they have an explicit, separate policy; it's whether or not their policies go to the point of freedom of intellectual inquiry or freedom of expression et cetera. I would be very surprised if there is a university in this country that does not have, somewhere in its policy suite, a policy that goes to the point of free intellectual inquiry.

Senator STOKER: Is TEQSA aware that several universities have policies in place that actively restrict freedom of speech on campuses in a way that stifles intellectual freedom?

Prof. Saunders: No, I'm not aware of that.

Senator STOKER: I'll give you some examples. The University of Queensland's *Prevention of discrimination and harassment* policy provides that it is regarded as 'unacceptable behaviour'—their language—for a person to use sarcasm. That's a policy that covers all staff and students. I can give you another example. Western Sydney University's bullying prevention guidelines, at part E(15), similarly deem sarcasm to be unacceptable behaviour. Monash University's social media policy says that students must not make any comment that offends—that's at section 4—and that breach will mean students will face disciplinary action if they offend someone. CQU, Central Queensland University, has a student behavioural misconduct policy that provides in section 6.1 that students are required to 'avoid behaviour that could offend'—that's on page 2—and that it could amount to misconduct on the part of a student and penalties could apply for doing so, including orders for them to compensate another person, among the other things that are possible. I could keep going, but lots of universities have policies that are quite problematic in terms of their restriction on the ability of students and staff to freely speak about many things. Knowing that now, because I've mentioned it to you, will TEQSA take action to investigate the kinds of restrictions in place on universities that are restricting freedom of speech?

Prof. Saunders: I can't speak for my fellow commissioners, but the instances that you've just pointed out do not sit comfortably with me. They certainly do not fit with the concept of a university being a place where ideas are contested and debated—

Senator STOKER: I'm so glad to hear you say that.

Prof. Saunders: and where people are coming to learn how to think, without real concern about whether or not they're likely to be offended and the like. So, yes, we certainly will look at that. As I say, we have a policy guidance which tries to go to some of those points—in other words, that, whilst equity and diversity and civility and mutual respect and all those things are really important—

Senator STOKER: Sure.

Prof. Saunders: those things should not override the fundamental nature of a higher education institution, which, as I say, is about contesting ideas and the like. So, yes, I will certainly take that back. We will certainly have a look at it. As you know, one policy can take a superior position to another. Many of these policies, I think, emerge from well-meaning action in terms of trying to right perceived wrongs or avoid unnecessary conflict, but certainly it would not be appropriate for Australia's higher education sector to be a place where people were so careful that one should never offend anybody else.

Senator STOKER: You've made my day, Professor. Thank you very much.

CHAIR: Senator Stoker, could I interrupt briefly, because we are running out of time. Do you think you can finish in the next few minutes?

Senator STOKER: I can finish in five.

CHAIR: Then we'll go to Senator Pratt. Will 15 minutes be enough for you?

Senator PRATT: Yes.

CHAIR: With the agreement of you, Dr Bruniges, and the minister, we will curtail the break. Is that okay?

Senator McKenzie: Sure.

CHAIR: People have come a long way. I think it would be much better to have them heard tonight than the alternative.

Senator McKenzie: I couldn't agree more.

Senator MOLAN: As long as we do get through tonight, Chair. We've got to get through tonight.

CHAIR: I'm sure that that is the goal of all senators.

Senator MOLAN: We've wasted so much time today where people repeated themselves. One group repeated themselves for a solid hour.

CHAIR: I accept that, Senator Molan, but let's not further the damage now.

Senator MOLAN: We've got to get through tonight.

CHAIR: Okay. What we'll do is that Senator Stoker has five more minutes. Then we'll go to Senator Pratt. Then we will go straight to ARC at 9.15, and then we will go to AITSL and ACARA to finish up.

Senator STOKER: I'd like to raise one example that's cropped up lately. It gives me some concern about freedom of speech and intellectual inquiry on campus. On 11 September, psychologist Bettina Arndt attended the University of Sydney's campus to give a lecture. Are you aware that that event happened on 11 September? Have you read press reports about it?

Prof. Saunders: I am.

Senator STOKER: Are you and the other members of TEQSA aware that, while the attendees who wanted to go to hear her speak were well behaved, many students who found the presence of Dr Arndt so objectionable—presumably without hearing it, because they stopped the talk from happening—and were so violent, abusive and intimidating that security had to call in the riot squad?

Prof. Saunders: I am, yes.

Senator STOKER: Is TEQSA aware that the organisers of the event were billed by the university for the cost of being kept safe from violent protesters who were restricting their ability to hear ideas on campus?

Prof. Saunders: I have read the media reports, yes.

Senator STOKER: Then you may also be aware that those protesting students breached safety requirements, blocked entry and injured people who were trying to attend the speech, some of whom had coffee thrown on them and suffered quite significant intimidation. Has TEQSA raised with the University of Sydney, as a breach of a condition of their right to trade as a university, that this important principle of free intellectual inquiry is being inhibited on campus by their decision to bill nonviolent students, who want to attend and listen to ideas, to be kept safe from students who find ideas objectionable?

Prof. Saunders: I'm unable to answer that question. I'd have to take that on notice, simply because I do not know whether there has been any correspondence or communication between the offices of TEQSA and the University of Sydney about this matter. Without downplaying the importance of the matter you're raising, we don't have a crisis on our hands. The issue of free speech, its importance on campus and student reactions to particular issues or speakers has been going on for decades. This issue has an international dimension. It's being debated at the moment, as you know, probably most vigorously in the United States but right around the world. It would be wrong to consider that we have now this sort of rabid outbreak of hampering freedom of speech on campus, but the behaviour of those individuals that interrupted Dr Arndt's presentation at the University of Sydney was inappropriate. It would have broken the university's code of conduct.

Senator STOKER: It most certainly did.

Prof. Saunders: That in its own right needs to be assessed soberly, but at the same time, if any breaches of the codes of conduct and the like have occurred then appropriate action needs to be taken.

Senator STOKER: I'm glad to hear you say that. The university has not enforced its code of conduct, which required all students of the university behave in a way—and I'm paraphrasing now—that is respectful of others.

Senator PRATT: I don't think Bettina Arndt particularly respects a lot of the students on her Facebook page.

Senator STOKER: It's freedom of speech.

Senator MOLAN: You've missed the point entirely.

Senator PRATT: No, I'm not missing the point.

CHAIR: Let's try to stay on topic.

Senator STOKER: That code of conduct requires students to ensure they don't act in a manner that unnecessarily or unreasonably impedes the ability of students, employees and others to access the resources and venues of the university. The code of conduct is not being enforced. Do I have from you, Professor, an indication that you will follow up on the enforcement of that code of conduct, important as it is?

Prof. Saunders: You have my undertaking that I will follow up with the University of Sydney.

Senator STOKER: TEQSA has the power under the mechanism set up in the act, by alerting the department of noncompliance with the many requirements that must be met in order to be funded, to deny funding to universities that don't uphold free intellectual inquiry.

Prof. Saunders: We don't have that power. We have nothing to do with the funding of higher education providers; we have the power to put conditions on registration or provide advice to the department if approached.

Senator STOKER: Quite right: the department says they would act on the advice from you. The University of Sydney have failed to provide an environment in which ideas can be exchanged, allowed violent students to shut down free speech, failed to keep well-behaved students safe from violent ones, billed well-behaved students for the costs of dealing with those who behaved badly and failed to discipline those who breached the student code of conduct. How much worse does the conduct of a university need to be before a referral to the department is made for funding to be revoked?

Prof. Saunders: One incident, an important incident—

Senator STOKER: One in a list of many. Time doesn't permit us to go through them all. How much worse does it need to be before a referral is made?

Prof. Saunders: You already have my undertaking that I will inquire of the University of Sydney about matters and will take appropriate action after that.

Senator STOKER: I'm very grateful.

Senator PATERSON: A clarifying question: Professor Saunders, do you think it's appropriate for universities to charge student groups security fees to host events?

Prof. Saunders: I think it's important for universities to have an appropriate way of assessing hazard, risk and danger, and, if necessary, of making a decision as to whether or not such an event should or shouldn't occur on campus. If people are concerned that there may be bodily injury, violence and those sorts of things, I think universities have a responsibility to take that into account, but I believe universities should be able to provide, out of their own resources, general infrastructure to support the safety, security and wellbeing of staff and students.

Senator PATERSON: Agreed. That would be a no, it's not appropriate to charge students?

Prof. Saunders: That would be a no.

CHAIR: We'd love to continue this discussion. I suspect we'll need to get you back for a bit longer next time.

Senator PRATT: If someone wants to book a room on campus and do a tour of the country, is it reasonable and appropriate that universities should have to foot the bill for activities that might be academically spurious

Prof. Saunders: It goes to matters of freedom of speech and freedom of inquiry and freedom of expression.

Senator PRATT: Yes, it does, but if—

CHAIR: He hadn't finished.

Senator PRATT: Professor Saunders has answered that part of the question. I will give it some more context. If a university health department wanted to reject a tobacco company from coming in and using its hall that it would normally take a private booking for, because that tobacco company wanted to promote the health benefits of tobacco, should they be obliged to accept a booking on that basis? Surely what you're here to do is uphold the quality of education and the quality of inquiry, not just every random idea that comes across a university's desk.

Senator MOLAN: No, it's freedom of ideas. Here we go: censorship.

Senator PRATT: I'm not saying censorship.

Senator MOLAN: You are so.

Senator PRATT: I'm talking about academic pedagogy and intellectual inquiry, where you look for evidence and ideas, and that is what you're supposed to uphold.

Prof. Saunders: I draw attention to two documents. One came out of the University of Chicago in 2014, which I think gives a very good statement, very succinctly, about responsibilities for staff, students and universities around freedom of expression. The other is a recent speech given by Robert French at Charles Darwin University. Both documents are well worth reading and, I think, set out the issues very clearly. The Chicago statement, which generally supports freedom of expression and freedom of speech, goes on to say that it:

… does not, of course, mean that individuals may say whatever they wish, wherever they wish. The University may restrict expression that violates the law, that falsely defames a specific individual, that constitutes a genuine threat or harassment, that unjustifiably invades substantial privacy or confidentiality interests, or that is otherwise directly incompatible with the functioning of the University.

In other words, the university may reasonably regulate the time, place and manner of expression, and that would include under certain circumstances, as I've already said to Senators Stoker and Paterson, to make a decision that it was unsafe to have this activity on campus or it did not fit, with genuine concerns about harassment and those sorts of things, with the mission of the university and not have the event staged. So there is no absolute compulsion to let everything go at the university. On the other hand, these are very important principles and they should not be lightly overridden.

Senator PRATT: Thank you. I've now got some questions on the task force to address sexual assault on campus.

Prof. Saunders: I ask you to address your questions to Mr McClaran, who is our CEO.

Senator PRATT: I would hope that, when it comes to matters of importance to students on campus, Senator Stoker might recognise the significance of this issue rather than be upset about a fantasy problem.

Senator STOKER: We see the world very differently, Senator Pratt.

Senator PRATT: What discussions have taken place with the department about the task force?

Mr McClaran: We've had a number of discussions with colleagues in the department about TEQSA's response to the question of sexual assault and sexual harassment on campuses in the wake of the letter sent by former Minister Birmingham to all providers requesting them to respond and to copy TEQSA in on the response as to how they were responding to the recommendations in the report from the Australian Human Rights Commission.

Senator PRATT: What input did the department have in developing the draft terms of reference for the task force?

Mr McClaran: In terms of the task force, that is a matter for government.

Senator PRATT: As in the minister's office and the department have drafted it, not TEQSA?

Mr McClaran: TEQSA has not been charged with forming a task force.

Senator PRATT: Did you have any input yourself? No, so the department has done that. I ask the department: what input have you had in the proposed composition of the task force and its terms of reference?

Mr Learmonth: I'll take that on notice.

Senator PRATT: It's an important task force. You don't know what kind of involvement the department has had?

Mr McClaran: I can certainly give you an account of what TEQSA has done in relation to these issues.

Senator PRATT: Are you aware whether proposed members of the task force have been approached?

Mr McClaran: I'm not aware.

Senator PRATT: Can you provide an update on where the proposal for the task force now sits?

Mr McClaran: It's not something that TEQSA can give an update on.

Senator PRATT: What additional issues need to be addressed for this task force to be established?

Mr McClaran: Again, we're not in a position to answer.

Senator PRATT: Perhaps Mr Learmonth is able to answer.

Mr Learmonth: I'll take it on notice.

Senator PRATT: These are very serious issues. What can you tell us about this task force, given the significance of sexual assault on Australia's university campuses?

Mr Learmonth: Any further matter that goes to this question is a matter for the government and the minister. Beyond that I'll take on notice the questions that you've asked.

Senator PRATT: So we've had the call for an independent task force and we've had the minister announce it, but we've had a delay because of the ministerial reshuffle—

Mr Learmonth: I'm not aware of any announcement.

Senator McKenzie: Senator Pratt, it is an important issue and we've taken it on notice. I'm not sure—

Senator PRATT: It just seems that the chaos of the Morrison-Turnbull government means that important issues aren't getting addressed.

Senator McKenzie: We've taken it on notice, Senator.

Senator PRATT: What discussions have taken place with TEQSA about the task force?

Mr McClaran: We were aware of the request that a task force be established. In pursuing the work that we're undertaking in this area, we have had discussions with some of the groups that requested the taskforce and that has been part of our informing ourselves, making sure we are fully informed about the context for this work and, as I say, we have several strands of work going forward in this area.

Senator PRATT: Has the minister's office discussed with TEQSA an appropriation within the budget to support the taskforce?

Senator McKenzie: We will take all of that have on notice.

Senator PRATT: So they haven't discussed it? Have they discussed with TEQSA the budget arrangements for support?

CHAIR: I believe the officer has already answered that.

Senator PRATT: It's a simple enough question. You could say,' I don't know. Let's take it on notice.' But I don't want to preclude Mr McClaran answering it if he knows the answer unless you want to claim public interest immunity?

Senator McKenzie: What I've said is I want to take this issue on notice and give you a fulsome answer.

Senator PRATT: I will try to get the answers that I can in the meantime. Have there been discussions about the composition of the taskforce that any of you are aware of?

Dr Bruniges: No.

Senator PRATT: So I guess you can't answer why the taskforce has not yet been announced then?

Mr McClaran: I'm not able to answer that from TEQSA.

Senator PRATT: It doesn't seem like this issue has a high priority in government. How many universities have reported material changes relating to sexual assault and harassment to TEQSA since the guidance note was issued?

Mr McClaran: There are two different possible responses to that. The first is in response to the request for information about how universities have responded. They have all responded to TEQSA. They've all given us an update of the various measures they've taken in implementing the recommendations of the AHRC report. Specifically in relation to particular cases, TEQSA currently has six cases referred to it, either directly by students themselves or by advocacy groups on behalf of individual students.

Senator PRATT: So does that mean then you are aware of incidents that should have been reported by universities under this policy but were not reported?

Mr McClaran: The circumstances of each of those six cases are quite different. As a general approach, we would be looking not to replicate any investigation that may already have taken place but essentially to investigate whether providers had actually implemented their own commitment to the wellbeing and safety of the students on their campus, which is a commitment under the higher education standards.

Senator PRATT: Are there any other incidents other than those six that should have been reported by universities?

Mr McClaran: We have been in discussion with a further six providers about incidents reported in the media, but not directly reported to us as complaints.

Senator PRATT: What are the consequences for universities who fail to report such incidences?

Mr McClaran: At the extreme, a university that failed to report an incident would be in breach of the standards.

Senator PRATT: If universities have breached their obligations under those standards, how are complainants—current students, future students and other interested parties—made aware of those breaches?

Mr McClaran: Our main priority, in the cases that we've been looking at, is to ensure that the complainants themselves are fully informed about the response that has been made by the provider in relation to the complaint that they've raised. That's our first priority. We will also be moving forward to producing a good practice guide for providers on how to make sure they implement successfully the necessary conditions to meet their obligations under the relevant part of the standards on wellbeing and safety.

Senator PRATT: With respect to TEQSA's statement in February, having written to universities, the agency also asked non-university higher education providers to outline how they're managing risks. How many responses have now been received? And has the overview been published as promised?

Mr McClaran: The overview was in response to a request from the former minister, and it is now largely complete. We're at the stage of asking providers who responded to us to confirm that the information they gave us is still up to date, at which point we will make the report available to the minister.

Senator PRATT: So you've done all your work, and then the—

Mr McClaran: We haven't yet delivered the report, but we're very close to doing so.

Senator PRATT: Is there any reason for the delay or is it meeting the time line?

Mr McClaran: The reason for the delay was that the inquiry was initially concerned only with universities. We felt that it was important that all higher-education providers be included—the previous minister certainly agreed with that—and so we extended the survey to make sure that all 170 providers regulated by TEQSA were included in the survey, so there was a further piece of work to obtain that information.

Senator PRATT: Thank you.

Prof. Saunders: Senator, just to answer the first part of your question, as I understand it, all non-university providers have also responded to our approach. All higher-education providers in Australia have responded.

Senator PRATT: Great—that's very good to know. Thank you.

CHAIR: Thank you, everyone, for your cooperation, and thank you very much for your appearance here tonight. You are released with our thanks.

Australian Research Council

[21:16]

CHAIR: Welcome. Do you wish to make an opening statement? And, if you do, please keep it very brief.

Prof. Thomas: No, I don't wish to make an opening statement. Thank you.

CHAIR: Thank you very much.

Senator KIM CARR: Professor Thomas, Minister Birmingham has rejected a grant from the ARC recommended by you—that's correct, isn't it?

Prof. Thomas: Yes.

Senator KIM CARR: When was that?

Prof. Thomas: I'll just need to check the dates. There is a range of grants.

Senator KIM CARR: There is a range of grants?

Prof. Thomas: Yes.

Senator KIM CARR: All right—perhaps we could get the detail? This may take longer than I anticipated!

Prof. Thomas: They relate to announcements made on 2 November 2017. That is for the Discovery Early Career Researcher Award. There was an announcement on 28 June 2018 for Future Fellowships.

Senator KIM CARR: Let's have a look at those. So there was one in regard to the Discovery Early Career Researcher Award?

Prof. Thomas: There were six.

Senator KIM CARR: There were six grants? Okay. Can I have a list of those, please?

Prof. Thomas: I've got the titles here.

Senator KIM CARR: Yes, that will do for a start.

Prof. Thomas: They are the Rioting and the Literary Archive, A History of Men's Dress 1870-1970, Beauty and Ugliness as Persuasive Tools in Changing China's Gender Norms, Post-Orientalist Arts of the Strait of Gibraltar, Music Heritage and Cultural Justice in the Post-Industrial Legacy City, and Greening Media Sport.

Senator KIM CARR: So they're all humanities grants?

Prof. Thomas: I would say so from the titles.

Senator KIM CARR: What was the value of the grants?

Prof. Thomas: In total, that was $1,424,988.

Senator KIM CARR: Could you tell me the individual value of the grants.

Prof. Thomas: Yes, I can. 'Writing and the literary archive' was $228,155; 'History of men's dress' was $325,592; 'Beauty and ugliness in changing China's gender norms' was $161,774; 'Post-orientalist arts at the Strait of Gibraltar' is $222,936; 'Music, heritage and cultural justice in the post-industrial legacy city' is $226,811; and 'Greening media sport' is $259,720.

Senator KIM CARR: Thank you. Can you indicate the universities—I don't want to know the individual researchers; we've been through this once before—that were affected by those decisions.

Prof. Thomas: I don't have that immediately with me. We'll do a quick look on another sheet.

Ms Harvey: 'Writing in the literary archive' was UNSW; 'A history of Australian men's dress 1870 to 1970' was Australian Catholic University; 'Beauty, ugliness and persuasive tools in changing China's gender norms', UNSW; 'Music, heritage and cultural justice in the post-industrial legacy city' was Griffith University; 'Greening media sport' was Monash University; and 'Post-orientalist arts at the Strait of Gibraltar' is The University of Sydney.

Senator KIM CARR: I take it all of these came recommended by the ARC and had gone through the normal selection process?

Prof. Thomas: Yes.

Senator KIM CARR: What reasons were given for their rejection?

Prof. Thomas: The minister is the decision-maker.

Senator KIM CARR: But were there any reasons given?

Prof. Thomas: Not to me.

Senator PRATT: So much for academic freedom!

*Member of the committee interjecting—*

Senator KIM CARR: If I could, thank you.

Senator PRATT: Sorry.

Senator KIM CARR: There was a protocol in place. There's been no other occasion on which grants have been reject in the last five years?

Prof. Thomas: I'll defer to Leanne, who's been here longer.

Ms Harvey: No, just the ones that—

Senator KIM CARR: This is the first that's happened. The last time this happened, if I recall rightly, was Minister Nelson.

Ms Harvey: I believe so. That's before my time at the ARC.

Senator KIM CARR: That's right, but not before mine. There was in fact a protocol put in place that if a minister rejected a grant it had to be publicly declared. Has that been abandoned?

Ms Harvey: That was protocol put in place by a previous minister—

Senator KIM CARR: By me, yes.

Ms Harvey: Yes, Senator Carr. It was a protocol that you put in place. It was not a protocol adopted by the government.

Senator KIM CARR: It's not been adopted by this government.

Ms Harvey: No.

Senator KIM CARR: It has no legislative force.

Ms Harvey: No.

Senator KIM CARR: The government has not chosen to announce these decisions? They've not been announced anywhere else?

Ms Harvey: No.

Prof. Thomas: No.

Senator KIM CARR: They've been kept secret.

Ms Harvey: They just haven't been announced.

Senator KIM CARR: You mentioned the early career grant. What's that about?

Prof. Thomas: There are three. The first is 'Prints, metals and materials in global exchange'.

Senator KIM CARR: What was the value of that?

Prof. Thomas: $391,574.

Senator KIM CARR: What was the university?

Prof. Thomas: ANU. Then there's 'Legal secularism in Australia', which was $330,466. That was The University of Melbourne. And then 'Soviet cinema in Hollywood before the black list, 1917 to 1950'; $335,788; the University of New South Wales.

Senator KIM CARR: Those are Group of Eight universities. Was there any reason given for the rejection of those?

Prof. Thomas: Again, the minister is the decision-maker.

Senator KIM CARR: These were early-career grants?

Prof. Thomas: Yes.

Senator KIM CARR: You said there was a Future Fellows knockback?

Prof. Thomas: There were two. The first was 'The music of nature and the nature of music' for $764,744. That was Macquarie University. And the second one was 'Writing the struggle for Sioux and US modernity', for $926,372. That was La Trobe University.

Senator KIM CARR: Were there any reasons given?

Prof. Thomas: Again, the minister is the decision-maker.

Senator KIM CARR: Sure. In regard to the early-career researchers or the Future Fellows, I don't recall there ever being a rejection—ever. This is unprecedented. Is that correct?

Ms Harvey: We'd have to take that on notice. That's before our time with the ARC, both of us.

Senator KIM CARR: I don't recall any, and I'd just ask you to verify.

Prof. Thomas: We will take that on notice.

Senator KIM CARR: Thank you. And without a stated reason?

Prof. Thomas: That's right.

Senator KIM CARR: I want to be clear about this. In regard to these other grants, the early-career grants and the Future Fellows, they went through the normal processes of the ARC and were recommended by you?

Prof. Thomas: Yes.

Senator KIM CARR: There was nothing untoward?

Prof. Thomas: No.

Senator KIM CARR: There were no exceptions?

Prof. Thomas: No.

Senator KIM CARR: When were these applicants notified?

Prof. Thomas: Since they were grants that were not funded, they would receive information in the same time frame as everyone else. The discovery grants were notified on 2 November 2017, as were the DECRAs, and then the Future Fellowships were announced on 28 June 2018.

Senator KIM CARR: But the rejections—were they ever notified that they'd been rejected?

Ms Harvey: No, they were unsuccessful in the funding processes.

Senator KIM CARR: So, as far as they know, they would have put an application in and it hadn't met the criteria—not that the minister had rejected them. They've never been notified of that?

Prof. Thomas: All applicants are just either successful or unsuccessful.

Senator KIM CARR: But no applicant was advised that the minister had rejected their application upon approval by the ARC.

Prof. Thomas: No.

Ms Harvey: A technical point—the CEO of the ARC recommends to the minister; she doesn't approve.

Senator KIM CARR: Not to approve?

Ms Harvey: No. She recommends to the minister. You said the CEO of the ARC approved the grants. She recommended approval.

Senator KIM CARR: No. I understand that. I'm sorry if I've not been clear. I have asked you several times have they gone through the due process, by which I mean that the CEO of the ARC has, of course, responded to the ARC's due process and forwarded a recommendation for approval to the minister.

Ms Harvey: That's right.

Prof. Thomas: Yes.

Senator KIM CARR: That's the normal process?

Prof. Thomas: Yes.

Senator KIM CARR: It's unusual, if the ARC puts forward a grant application with a recommendation for rejection, for that to be overturned, is it not?

Ms Harvey: Do you mean a recommendation for the project not to be funded?

Senator KIM CARR: Obviously, an application could be presented, and there'd be a recommendation that it not be funded.

Prof. Thomas: Just to be clear, are you asking us if there is a process—

Senator KIM CARR: Do you ever notify the minister of unsuccessful grants?

Prof. Thomas: Yes, we do, every round.

Senator KIM CARR: Have there ever been circumstances where unsuccessful grant applications have been approved by ministerial discretion?

Prof. Thomas: Not that I'm aware of.

Ms Harvey: No, not to our knowledge.

Senator KIM CARR: I'm not aware of any either. Thank you. I'll turn to another program—the ARC Centres of Excellence program. Is there anything in the funding guidelines for the ARC Centres of Excellence program that limits the number of rebids an individual grant applicant can make?

Ms Harvey: No.

Senator KIM CARR: There's no unwritten protocol? That's right, isn't it?

Ms Harvey: We don't have any written or unwritten protocol about that.

Senator KIM CARR: That's right. There are no protocols, no suggestion that an ARC Centre of Excellence should cease to be funded because it's been around too long?

Prof. Thomas: No.

Senator KIM CARR: It's not like the CRC program, for instance, where there is a time limitation?

Prof. Thomas: No.

Senator KIM CARR: And the CRC program works on the basis of grant applications being assessed on performance?

Ms Harvey: That would be a matter for the industry portfolio. We don't deal with the CRC program.

Senator KIM CARR: No, I didn't ask you that. I said 'centre for excellence'?

Ms Harvey: Sorry, I thought you said 'CRCs'.

Senator KIM CARR: I made the comparison on time limitations. There is in the CRC program time limitations, but not in this program.

Ms Harvey: That's correct. But I can't comment—

Senator KIM CARR: Your assessment is on performance?

Prof. Thomas: The process leading to funding is a competitive one.

Senator KIM CARR: Yes, of course it's competitive.

Prof. Thomas: Then, once the centres are funded, there is a process of review during the life of the centre to assess performance.

Senator KIM CARR: Sure. But is the criteria one of excellence?

Prof. Thomas: Yes.

Senator KIM CARR: Of course it is. It is a centre for excellence program. It would be very surprising if it were anything other than that, surely?

Prof. Thomas: Yes.

Senator KIM CARR: Surely you would have no criteria other than excellence? Or am I wrong? Are there some criteria other than excellence in the funding of the centres of excellence program?

Ms Harvey: In the grant guidelines there are a range of selection criteria.

Senator KIM CARR: Can you remind me what they are?

Ms Harvey: I will have to get them for you, but they are with regard to the excellence program proposed and with regard to the research investigators that are proposed. We'll pull up the rest of rest of the section criteria for you. I don't have the grant guidelines in front of me.

Senator KIM CARR: No, but you're familiar with them generally, I'm sure. You would have no doubt where I'm going with this. I just want to be clear. What are the criteria on which you make a selection?

Ms Harvey: We'll just wait to get the specific selection criteria. Otherwise, we are happy to take it on notice.

Senator KIM CARR: No, you will not take it on notice because it is a serious matter I want to raise with you directly.

CHAIR: Witnesses are able to things on notice.

Senator KIM CARR: She can, but she can also answer a question directly. We're waiting for an officer to hand something up, so we'll just wait for them to do that.

CHAIR: If the information is there, let's answer it.

Senator KIM CARR: It's there. Don't worry.

Ms Harvey: We're just downloading it from the website.

CHAIR: I see.

Senator KIM CARR: It won't take them a moment to find it.

Senator PATERSON: Chair, can I use the interlude to ask a clarifying question?

CHAIR: Yes.

Senator PATERSON: This is to either Professor Thomas or Ms Harvey. Who is the minister who made the decision not to accept the recommendations for those grants?

Senator KIM CARR: Minister Birmingham. That was my first question.

Senator PATERSON: Sorry, I missed that. I just want to take the opportunity to place on the record my appreciation to him for his careful stewardship of taxpayer dollars.

Senator KIM CARR: I call it 'political intervention', which we'll hear a great deal more about, as we did last time this happened.

CHAIR: Let's focus. We have the information required.

Ms Harvey: The assessment criteria for the expression of interest process, which we've just completed, are with regard to the research program. They were about the quality and innovation and the extent to which it addresses the objectives of the grant opportunity. We talk about the fact that the objectives are about large-scale, long-term national research enterprises, focusing on cross-disciplinary research, building national and international interlinks with organisations and industry, and building mixed generations of researchers, critical mass, capacity and capability. They were that they: will be innovative and potentially transformational and lead to significant advances of knowledge, expertise and technology; will build effective collaboration and critical mass across groups of researchers; are assembled into an effective and integrated research program, including the proposed conceptual framework, the design, human resource commitments, methods, analysis, project structures, budget planning and risk mitigation strategies; and will build effective and high-quality national and international partnerships, exchanges and networks. That's with regard to the research program. So it's based on quality and innovation.

Senator KIM CARR: That's right—both domestic and international.

Ms Harvey: Yes. Then, with regard to the investigators, it's the contribution of the centre director, the chief investigators and the partner investigators of the proposed research programs and their demonstration of appropriate capability, capacity and commitment to the proposed centre and the extent to which the investigators are suitable and relevant to the conduct and delivery of the proposed research program, of course giving consideration to our research opportunity and performance criteria.

Senator KIM CARR: Thank you very much, Ms Harvey. Why is it then that the ARC for coral reef studies, which I think is renowned internationally as probably the best in the world, can't get onto the short list this time around?

Prof. Thomas: It's a competitive process, Senator.

Senator KIM CARR: I understand that.

Prof. Thomas: There is a low success rate and a high number of applications, and that centre, as with every centre that's been funded previously, has had seven years funding and is going into the competition again anew.

Senator KIM CARR: That's right, and you've just told me it has nothing to do with how many years they have been funded; it's on their performance. This is a centre that's ranked No. 1 in the world for publications and citations in coral reef science. Is that correct?

Prof. Thomas: It's certainly an esteemed centre. I couldn't comment on the relative—

Senator KIM CARR: No. 1 in the world.

Ms Harvey: What is important to note is that, for the expression of interest process for the next round of centres of excellence, it's not actually the performance of a previous centre; it's actually about the research program that they're putting forward for their next centre.

Senator KIM CARR: I see. So you don't think the operation of the current centre would be any guide to its future activities?

Ms Harvey: It's not one of the selection criteria.

Senator KIM CARR: I see. The lead investigators include Professor Terry Hughes, laureate fellow. The other lead investigators: the director and deputy director—equally renowned, decorated, internationally recognised leaders in their fields. Citation numbers, number of refereed journals, number of news items, graduates in training, 148 PhD students, advice to governments—any one of those criteria. Why can't they get on the short list?

Prof. Thomas: It is an intensely competitive process across all fields beyond medical research. For the expression of interest process, the weighting is 70 per cent on the research program quality and innovation, and 30 per cent on the investigators, and it's a very intense competition.

Senator KIM CARR: Of course it's an intense competition. But I tell you what: it looks to me as if there's a level of political intervention once again, because Professor Terry Hughes is a critic of the government on reef policy. Isn't that the real reason this centre has been knocked over?

Prof. Thomas: This has been a standard competitive process. There has not been any subversion of that process.

Senator KIM CARR: How can you say that, given the record of this particular centre of excellence? How can you possibly say that? This is the best in the world.

CHAIR: Senator Carr, the official answered the question.

Senator KIM CARR: You tell me it's not been subverted. They're the best in the world.

Prof. Thomas: The expressions of interest are not part of the process that goes to the minister. So, in that sense, the minister has not been involved in in down selection from expression of interest going to full application.

Senator KIM CARR: Who is on the selection committee?

Prof. Thomas: We have a range of experts from across the disciplines. I would need to take it on notice to give you the names of those experts.

Senator KIM CARR: Thank you. I just want to know whether or not you can refute the claims about the international standing of this particular centre.

Prof. Thomas: I certainly wouldn't—

CHAIR: I don't think that's the official's job.

Senator KIM CARR: Well, it's the official's job if it's based on performance. If it's based on performance, tell me that I'm wrong.

Prof. Thomas: It's an existing centre, it's a highly esteemed centre and it has won seven years funding in the last round.

Senator KIM CARR: That's right, and you've just told me the criteria has got nothing to do with how long they've been funded for. It's on performance— international and domestic. This centre, I put to you, rates the best in the world internationally and is renowned nationally, and so, on the criteria as you just read it out to me, should be on the short list. I want to know why it's not.

Ms Harvey: You're talking about the existing centre.

Senator KIM CARR: And the application they've just made.

Ms Harvey: The application that has been made, as in all the applications that are made, is about a proposed research program and proposed personnel. It's not just about just refunding an existing centre.

Senator KIM CARR: I see. So they will have to apply for additional grants to make up for the ones they will lose through this centre, and presumably, because of the quality of their work, the quality of this research team, they will secure another grants that would otherwise go to other universities. Is that how it works?

Prof. Thomas: We wouldn't be able to comment on the success—

Senator KIM CARR: That's the reality, though, isn't it?

Prof. Thomas: of a hypothetical.

Senator KIM CARR: A hypothetical indeed. Are there any other alternative funding sources available for a centre such as this?

Prof. Thomas: Certainly the ARC has a discrete range of programs. We are one of several government funders.

Senator KIM CARR: Yes, but, according to the ARC funding, what other funding sources are available?

Prof. Thomas: There would be Discovery project funding, which would be for more discrete elements of what might be in a larger program grant. If there were something that were industry facing, that might be appropriate for linkage. If it were done in partnership with industry, there are also individual awards and fellowships, depending on the stage of career that the investigators are at.

Senator KIM CARR: I'm told, according to ESIs, essential science indicators, four of the ARC centres' major research partners ranched in the top 20 institutes worldwide for citations for coral reef science, particularly with JCU, ranking them first among1,644 institutions in 103 countries. It's the largest concentration of coral reef scientists in the world. Can you confirm that?

Ms Harvey: We'd have to take that on notice.

Senator KIM CARR: Ms Harvey, did you make any contact with the ARC centre of excellence to explain why they weren't going forward?

Ms Harvey: We've only recently concluded the expression of interest stage. I understand that this week we are sending out the feedback to the unsuccessful centres.

Senator KIM CARR: So there was no contact with the centre?

Ms Harvey: No, the feedback is going out this week.

Senator KIM CARR: I'm asking you a direct question: was there any contact with the centre to explain why they were not—

Ms Harvey: No, that's done through the feedback process.

Senator KIM CARR: And there was no telephone call.

Ms Harvey: No. That is done through the feedback process. Under the grant guidelines that we issued, we specified in the grant guidelines how the outcomes of the expression of interest process would be circulated, and we followed that.

Senator KIM CARR: Professor Thomas, a centre of this importance surely would get a call from you if it were not going on the short list?

Prof. Thomas: We stick to the process across all of our selection procedures, and, if I were to ring some and not others, that would be manifestly unfair.

Senator KIM CARR: Sure. And, Ms Harvey, you didn't ring them?

Ms Harvey: No. We specified how we would give feedback and how we would notify the outcomes of the expressions of interest process. And that was clearly articulated in the grant guidelines that were advertised as part of the grant opportunity, and we followed that.

Senator KIM CARR: I see. Can I just go back to the other matter. In terms of these early career researchers, has there been any consideration given to the effect that the minister's intervention will have on their careers?

Prof. Thomas: All universities have applicants for our Discovery Early Career Researcher Award, and the buoyancy of success is mirrored by the disappointment of lack success, and so each institution as the employer will handle that rather than us.

Senator KIM CARR: It is extraordinary for this level of intervention, though. I'm just wondering if you could help me with a few annual report matters. When I was going through the annual report, I found that at part 3, the Annual Performance Statement—I'm looking at table 5, page 25—the number of funded projects is significantly down on 2014-15. Is that right?

Ms Harvey: Could you articulate the page again?

Senator KIM CARR: On page 25, table 5.

Prof. Thomas: Figure 5, Senator; that's the chart you're referring to?

Senator KIM CARR: Yes. Can you show me that? It's figure 5. It seems to me there has been a significant drop in the number of grant proposals that have been funded. Is that right?

Prof. Thomas: On the chart, the purple is funded; the blue is unfunded. There has certainly been a decrease in the total number of proposals across that time that has been received.

Senator KIM CARR: On page 32 is the number of grant applicants for higher level funding schemes. Is it true that it shows there were 4,970 applications for grants last year compared with 6,035 in 2014-15. Is that right?

Prof. Thomas: I'm just seeing if I've got this correct: you're referring to the 5,381 compared to the 6,926?

Senator KIM CARR: Yes. That's right, isn't it? I've got that right. Why is that? Why is there such a significant drop?

Ms Harvey: We've been looking at a range of strategies to deal with making sure that the universities are engaged and assisting with regard to where applications should be lodged and having conversations with deputy vice-chancellors about universities looking at where applicants are ready and—

Senator KIM CARR: So this is Discovery grants?

Ms Harvey: Yes.

Senator KIM CARR: Just explain that to me again. With the drop here, we're talking some thousands.

Prof. Thomas: It's likely a number of things, Senator. But one of the conversations we have been having with universities is about the quality of applications that come to us and the track records of applicants so that they're provided with support, and we get the best applications possible. Sometimes universities may choose to redirect efforts elsewhere, away from the ARC.

Senator KIM CARR: I see. So it was quality, was it? You've got improved quality? You put up a couple of thousand applications and you've got an improvement in quality? Is that what you're trying to tell me?

Prof. Thomas: No. I'm saying that's one of many things that might be happening.

Senator KIM CARR: It's a strange explanation.

Ms Harvey: One of the things we've doing is providing information back to universities about the quality of the applications that have been received, where they sit in the cohort that have been lodged for a certain round, so that they're able to give assistance and support about whether it's appropriate they go through an ARC funding scheme or another source of funding, or whether they're ready to start applying.

Senator KIM CARR: There's a decline in the Future Fellowships as well. What has happened there?

Ms Harvey: All those strategies we've been applying to every single scheme.

Senator KIM CARR: I see. And even if you do get recommended for one, you could get knocked back by the minister anyway, I suppose. That could be a factor.

CHAIR: We'll take that as commentary, Senator Carr.

Senator KIM CARR: Are you expecting fewer applications this year?

Prof. Thomas: That is hard to say. We're continuing the discussion. I don't expect it to dramatically change.

Senator KIM CARR: The trend will continue at this level?

Prof. Thomas: It's an ongoing conversation that we will have with universities about the nature of the applications they put up, our success rates, the total that come to us, how much we can fund per application, et cetera.

Senator KIM CARR: I see in the Linkage program as well that there's a decline: 891 down to 589. How do you explain that? Don't tell me that's a quality issue, that you're improving quality there as well.

Prof. Thomas: We have gone to a continuous submission process for Linkage and, in so doing, the number of applications has dropped dramatically.

Senator KIM CARR: Why?

Prof. Thomas: That's a matter of conjecture. We're yet to review all of the details of that change to understand the rationale behind it.

Senator KIM CARR: When do you think you'll know?

Prof. Thomas: That review will be conducted shortly.

Senator KIM CARR: You wouldn't say the ARC is doing too well on these figures, would you?

Ms Harvey: Senator, I think it's important that—just looking at the number of applications that are coming to us is not the definitive thing. We're looking at the quality of the applications, the support we've got for researchers, having the universities engaged and the research officers engaged with regard to the applications that are coming forward, and the different range of granting proposals we've got.

Senator KIM CARR: Ms Harvey, I see on that table that the number of grants actually being funded is also declining. How many less grants are now being funded?

Ms Harvey: I think page 33 of the annual report covers that for you, Senator.

Senator KIM CARR: Just remind me.

Ms Harvey: In 2017-18, 912 grants were funded underneath the Discovery program, and we had 199 funded underneath the Linkage program.

Senator KIM CARR: So what's the decline? What is the number of decline?

Ms Harvey: It depends which base year you'd like to use, Senator. But if you wanted to use 2014-15, is that the one you'd like to use?

Senator KIM CARR: That's the one we've been using so far.

Ms Harvey: Yes. Projects funded under the Discovery program in 2014-15 was 1,041, and Linkage program grants in 2014-15 was 327. But there can be a combination of the interplay between the numbers and the size of the grants, the budgets—

Senator KIM CARR: Sure, and maybe the quality has improved there as well—and that's what we're looking at, isn't it? There's less money available. How does the average grant amount for each scheme compare to previous years? Has there have been an increase or a decrease?

Ms Harvey: We've been looking at having a higher return rate. I would have to take on notice the average grant amount.

Senator KIM CARR: Okay, I'm sure you could help me with that. But the number of researchers actually being supported is down by 399. That's correct, isn't it—page 34? Why is that?

Ms Harvey: I'd have to take that on notice.

Senator KIM CARR: Surely you must know. Or is that going to be reviewed as well?

Ms Harvey: There's a combination of how much the grant is for, and how many investigators are actually on the grants—there sometimes are teams of investigators, so they can be small teams or larger teams. That's why we have to take that on notice.

Senator KIM CARR: What I've got here is fewer applications, fewer grants, fewer researchers receiving support, and fewer early career researchers receiving support. Is this what we call the ideas boom being supported here? Is that how it works? You've tried to tell me this is a quality improvement here. I'm just wondering what your indicators are for that.

Ms Harvey: Quality of application was what we were talking about earlier. The quality of the applications.

Senator KIM CARR: Quality of applications, I see—this is a better quality of applicant here. Have you got evidence to sustain that?

Ms Harvey: The quality of applications that are coming to us for assessments to be made.

Senator KIM CARR: And the evidence for that proposition? A better quality applicant: what's the evidence for that?

Ms Harvey: Application.

Senator KIM CARR: Oh applications; I'm sorry, the difference is eluding me here. But perhaps you could give me the evidence, in any event.

Prof. Thomas: It would be about the proportion of applications that are deemed through the peer review process to be competitive versus uncompetitive.

Senator KIM CARR: I see. But I am right, aren't I? Less applications, fewer grants, fewer researchers receiving support, and fewer early-career researchers receiving support. That's all correct, isn't it?

Ms Harvey: Based on the statistics, yes.

Senator KIM CARR: Quite an achievement, really, isn't it! There is one other matter. The Defence Trade Controls Act—you know I've got a bit of an interest in this matter. We've been around to a few agencies, and the story is pretty much the same except for the Department of Defence who tell me that they put in a late submission after consulting with you, amongst others. That's correct, is it?

Ms Harvey: We have an ongoing dialogue with the Department of Defence about a whole range of things, including the Defence Trade Control Act.

Senator KIM CARR: What was the date on which they consulted you about their submission, the Defence department's submission?

Ms Harvey: I'll take that on notice.

Senator KIM CARR: Thank you. If you could, who in the ARC participated in that consultation?

Ms Harvey: Senator, that was me; I had a conversation with the Department of Defence.

Senator KIM CARR: Was it a meeting? Was it a phone call? Was it by email? How was the consultation conducted?

Ms Harvey: There was a phone call that they were looking—

Senator KIM CARR: A phone call?

Ms Harvey: Yes.

Senator KIM CARR: How long do you think the phone call would have gone for—just from memory?

Ms Harvey: I think there were several phone calls over a couple of days; I'll have to have a look.

Senator KIM CARR: I presume you told them how the Defence Control Act Works from your point of view?

Ms Harvey: The existing act?

Senator KIM CARR: Yes—it's a review after all.

Ms Harvey: Yes, that's right. I think we actually put in a submission—

Senator KIM CARR: Yes, I know you did.

Ms Harvey: and that's publicly available.

Senator KIM CARR: Yes, it is, and you indicated you didn't have any breaches that you were aware of.

Ms Harvey: That's correct.

Senator KIM CARR: You indicated it was working to your mind and in good order. You're part of the steering group that works with the department, aren't you?

Ms Harvey: Not at the moment; we were.

Senator KIM CARR: You were. When did you come off that?

Ms Harvey: I'd have to take that on notice. It should be—

Senator KIM CARR: Why did you come off it?

Ms Harvey: I think their steering committee—

Senator KIM CARR: It used to be chaired by the Chief Scientist—that's the one I'm talking about.

Ms Harvey: Yes. I think that group you're talking about finished when we—

Senator KIM CARR: That's not true.

Ms Harvey: Sorry; I apologise then. We—

Senator KIM CARR: It last met in February this year and it met in October last year—

Ms Harvey: We weren't on that.

Senator KIM CARR: right? But they weren't consulted about this. But you've not been a part of that anyway.

Ms Harvey: No.

Senator KIM CARR: Did you consider making a supplementary submission when you saw the Defence department's submission?

Ms Harvey: No, because it was their submission. They were just giving us a look at what they were doing.

Senator KIM CARR: Shooting the breeze.

Ms Harvey: They were just letting us know that they were looking, because they come from a different perspective than we do with regard to different concerns.

Senator KIM CARR: Have you briefed your minister about the implications of the Defence department's submissions if they were actually granted the extra powers they were seeking?

Ms Harvey: No, Senator, because that's just a submission to a review.

Senator KIM CARR: Have you had any representations from any of the stakeholders in the research community about the Defence department's submission?

Ms Harvey: I've had conversations with a number of people with regard to that, and we've suggested that they actually take that up with the review officer.

Senator KIM CARR: I see. Do you have a copy of Dr Thom's report, which was received by the government on about the 19th of April?

Ms Harvey: No, not that I'm aware of.

Senator KIM CARR: Thank you very much. Look, I understand it's your last estimates tonight.

Ms Harvey: It is, Senator.

Senator KIM CARR: I'm sure you'll be very pleased to see the back of this, but I wish you well in your new posting, which I understand is with a university.

Ms Harvey: It is; thank you, Senator.

Senator KIM CARR: We've worked together for many years, so all the very best with your new career option. Thank you.

CHAIR: I'll also add congratulations on your last estimates.

Ms Harvey: Thank you.

CHAIR: I'm sure that's something to look forward to. Sorry; Senator O'Neill, you have questions?

Senator O'NEILL: Could I go to your gender equality action plan—we've got the right people here for that?

Ms Harvey: Yes, we do.

Senator O'NEILL: Your gender equality action plan includes a commitment to investigate ways to increase the number of female assessors on ARC committees where there is a gender imbalance. What are you doing with this? How are you achieving—

Prof. Thomas: At the top level, we are talking about universities to encourage them to have a greater diversity in the nominations they put forward to us for all of our selection panels. That gives us a greater and more diverse pool to make selections from across the disciplines.

Ms Harvey: So it's important to note that, since we released that in 2015, the proportion of female members of our college of experts has increased from 29 per cent to 43 per cent. We have approximately a 50-50 split with regard to a number of our committees to do with the engagement and impact—I'm just having a mental blank about our research evaluation committees for ERA, but we've have certainly increased the number of women on that as well.

Senator O'NEILL: What do you do if universities don't provide you with sufficient applicants? Do you go back to them and say, 'I'm sorry, you're not meeting the requirements?' Do you leave yourself enough time to make sure that there's some rebalancing?

Prof. Thomas: We certainly get different levels of enthusiasm across different universities. Gender is one of the really important things that we look at. We're also looking for discipline coverage, university cohort coverage and geographic representation as well. Within that, we're seeking a whole range of nominations from universities.

Senator O'NEILL: I'm particularly interested in the gender dimension. Have you advised the government about your action with regard to this? Do you report to the minister about this matter and your progress?

Prof. Thomas: I don't believe we've reported to the minister about the balance on our selection committees. What we do publish on our website is a range of gender information about the grants that we award and the chief investigator mix and gender mix there, and we provide that information back to universities as well.

Senator O'NEILL: One of the things that concern me is that in some of the general data it can look okay, but once you start to drill into the detail of particular areas—particularly science, technology, engineering, maths et cetera—there is quite a distorted representation there, and an underrepresentation. Could I ask you why this stark gender imbalance remains in the STEM area? If we look at the proportion of women on ARC College of Experts by year and discipline group, engineering, maths and information sciences were 16.3 per cent in 2015. You've got an increase to 23.4 in 2016, but it's still a long, long way from where you would like it to be.

Ms Harvey: One of the things we do in collecting the data through Excellence in Research for Australia is actually collect information about the gender of researchers. It's a comprehensive collection. It tells us by discipline what the gender split is with regards to researchers in every single discipline. We publish on our website, so that gives you some correlation as to the pool of potential people in that area and what we can do with regards to that. We've just recently finished the collection for 2018 and that will be published early in 2019. We will be doing some analysis on the trend of the movement from 2015 results to 2018 results. That helps you. You can you look at how many researchers specifically are in every field of research code in Australia, what their gender is and the different levels of seniority that they have as well. So it gives you a state of play.

Senator O'NEILL: You are giving me the sense that the data is getting richer, which is great—

Ms Harvey: That's right.

Senator O'NEILL: That will help a little, but we want to get the representation richer, not just the data richer.

Ms Harvey: That's right

Senator O'NEILL: So my question is: what specific mechanisms are you using—particularly with the engineering, mathematics and information sciences, which are where the biggest problems seem to lie?

Prof. Thomas: I was just trying to look for the data, but I can't put my hand on it. We get a range of nominations. We are in our final selections and are, if I can put it this way, enriching for female representation on the final College of Experts and selection committee group. That's one simple thing we can do going forward.

Senator O'NEILL: I love of that language: enriching for female representation. Do you have quotas or targets?

Prof. Thomas: We don't have targets as such. We've been talking to the universities, reflecting back all of their data so they can be aware of who they're putting up, whether that's in assessors or in applicants, because universities are different. That's where we started the conversation. It's not the end of the conversation.

Senator O'NEILL: If I go to the proportion of women on ARC ERA Research Evaluation
Committees by year and discipline, the data from 2015 indicated it was 17.6 per cent. That's dropped to 12.5 per cent.

Ms Harvey: For our Research Evaluation Committees for ERA 2018, we actually have 38 per cent female and 62 male, overall.

Senator O'NEILL: It's still imbalance, but my concern is that engineering and environmental sciences dropped from 17.6 three years ago to 12.5, which is shocking.

Ms Harvey: It is also about the availability of people to be on those committees for the year, the ones that are nominated. As Professor Thomas said, we look at how many have been nominated and then we sometimes go back to universities asking for additional nominations.

Senator O'NEILL: When you ended up with 12.5, did you go back? When do you go back and how much pressure do you apply? That's a problem.

Ms Harvey: I can take on notice exactly when we went back. The nominations close. We then look at the match that we have, as Professor Thomas said, between the field of research—so expertise in the area, those that are available—as well as the gender split, as well as a whole range of other considerations. Then we look at whether we need to go back to the university. We did actually go back to a number of universities asking for additional nominees for particular research areas.

Senator O'NEILL: Have you got any conversation about this going on with the Women in STEM Ambassador?

Prof. Thomas: Not yet, but she is obviously someone we will liaise with.

Senator O'NEILL: Or the SAGE project?

Prof. Thomas: Certainly we have contact with the SAGE project, as that's supported by some of our named Laureate Fellows.

Senator O'NEILL: I look forward to getting a report of significant improvement in the gender balance next year. Hopefully some of the universities are paying attention and they realise that we should do it. Could I ask on notice for the number of men and women, by sector, discipline, since 2015 on the ARC's College of Experts and Excellence in Research for Australia and research evaluation committees?

Ms Harvey: Yes. We'll take that on notice.

CHAIR: Thank you all very much. Safe travels home. Thank you, Ms Harvey, for your efforts over many years.

Ms Harvey: Thank you very much.

Australian Institute for Teaching and School Leadership

[22:12]

CHAIR: Welcome. Do you wish to make an opening statement?

Ms Rodgers: I would just like to acknowledge that it is World Teachers' Day tomorrow and thank and celebrate all of the teachers in Australia.

CHAIR: I am sure all committee members would join you in that.

Senator O'NEILL: Especially those of us who are teachers—and there is a reasonable representation here right now. It is great to be here as a former teacher. It was quite exciting to read the annual report. There are always things in there that I wish I was able to attend because I love the whole concept of developing the profession and, clearly, that is the work of AITSL. Can I confirm with you that there haven't been any further submissions for accreditation or changes in the numbers from the last estimates. I think the number you gave me at the last estimates was 349.

Ms Rodgers: Is this in regard to initial teacher education accreditation?

Senator O'NEILL: Yes.

Ms Rodgers: We do have the latest figures. We have 349 programs that have had—

Senator O'NEILL: You have 349 institutions that have applied for accreditation?

Ms Rodgers: Programs.

Senator O'NEILL: And that's it, there are no more?

Ms Rodgers: Not at this stage, although the numbers can fluctuate.

Senator O'NEILL: But that number is the same as it was. How many programs have been assessed against the new standard for stage 1 now?

Mr Misson: All programs have now been assessed against the new standards in one way or another. You asked about the number for stage 1. There are now 51 that have been accredited and there are 48 which been submitted and for which a decision is pending. Those figures are as at 10 October.

Senator O'NEILL: That's a reasonable completion rate for the assessment, and accreditation is progressing. How long do you think it will be before the other 48 will be completed?

Mr Misson: I can't say definitively, but those would be processes that are active. So I would imagine that they will be finished within the next few months and hopefully more quickly. As the accrediting authorities of each state have to ask for more information, there might be a bit back and forth. But those are processes that are underway.

Senator O'NEILL: Are there any that you are worried about, or are you confident that they'll all get through?

Mr Misson: We don't have a line of sight to that. We don't see individual applications.

Senator O'NEILL: Could you give me a sense of the average time frame for a stage 1 approval to be completed.

Mr Misson: Again, I don't have figures on that, and that is work that is undertaken by the regulatory authority in each state and territory. The guidance, I think, is normally that applications should be submitted around April each year for resolution by the end of the year. If the application is straightforward and all the evidence is there, obviously it can be quicker. That is designed to be safe.

Senator O'NEILL: If you could acquire that information from your state and territory partners, that would be welcome.

Mr Misson: As always, we can ask them.

Senator O'NEILL: How many courses are currently on a transition plan?

Mr Misson: There are 228 are on transition plans.

Senator O'NEILL: Have there been any further stage 2 approvals?

Mr Misson: Yes. There are six now accredited at stage 2 and a further 16 have a decision pending—active applications.

Senator O'NEILL: What is the time line on those completions?

Mr Misson: That would be the same as I have just described for stage 1. They are active processes. I can't say exactly how long they'll take.

Senator O'NEILL: If you could provide any further information on notice, that would be good.

Mr Misson: Of course.

Senator O'NEILL: Have all courses that could apply for stage 2 approval done so?

Mr Misson: Again, those are decisions that are made in discussion between the individual regulator and the individual provider universities mainly. In this transition period, it is actually a decision that is based on the readiness of the provider to apply. Because stage 2 approval is based on evidence of the performance of the program, they can only apply if they have sufficient evidence.

Senator O'NEILL: Again, any further information would be helpful. We know that the Education Council agreed in June this year to recommendations to further strengthen initial teacher education. Can you provide me with an update on that process. How are recommendations being implemented? How will the process of standard-setting be run and has it begun? What quality assurance activities are underway? Have jurisdictions begun publishing summaries of accreditation decisions and will summaries be provided for decisions already made or just for new accreditations?

Mr Misson: Summaries have not been published yet. We will establish a process to consult on the format of those summaries and we intend to have that in place from the beginning of 2019.

Senator O'NEILL: Will it cover decisions already made and new accreditations?

Mr Misson: I would imagine it will only be new accreditations. I think it would be difficult to go back and extract the details for decisions that have already been made.

Senator O'NEILL: My third question was about assurance activities.

Mr Misson: I might cover your first few questions dealing with standard-setting and quality assurance together. The answer is that those activities have not yet commenced under the new system. Actually, we had done some previous quality assurance and standard-setting activities. There was a second Education Council meeting in September this year where they endorsed the changes to the accreditation standards and procedures document, so we're only a few weeks into having the mandate to do that. We are currently doing work to source the appropriate expertise in standard-setting, assessment and psychometrics that will allow us to run those processes. We're also beginning consultation with regulatory authorities and providers on those processes, and that will occur over the next couple of months. For example, we have a meeting of all regulatory authorities within the next fortnight where we'll talk to them about exactly how we run this process.

Senator O'NEILL: So it's a very live process?

Mr Misson: Yes, and very early days of implementation.

Senator O'NEILL: Do you have any key dates that you're working towards?

Mr Misson: I would have to take that on notice because there are different streams of work.

Senator O'NEILL: Okay. I'd be very interested to get a schedule of what's proposed. At last estimates, we discussed the rollout of teacher performance assessments. Twenty-one institutions are covered by the two consortia that have helped tests. The rest were developing their own tests. I think we discussed the question of inconsistency as a possible unintended outcome of such a loose structure. One of the recommendations coming out of the Education Council is that AITSL's expert advisory group will provide advice to all teacher regulatory authorities on whether teacher performance assessment used by ITE providers align with requirements of program standard 1.2. Is that an effort to improve consistency? Will it have that effect? Should we continue to be concerned about consistency of assessment?

Mr Misson: That process will, we hope, improve both the quality and the consistency of teaching performance assessment, given that each assessment itself will be assessed by people with the appropriate expertise and know what makes a good, valid, reliable, consistent assessment.

Senator O'NEILL: Perhaps you could take on notice giving me a little more detail about how you're undertaking that.

Mr Misson: Of course.

Senator O'NEILL: I would appreciate some more information about that. Could you provide an update briefly on AITSL's work in developing an implementation plan coming out of the teacher registration review?

Ms Rodgers: We're currently consulting on the implementation plan around the 17 recommendations and we'll be taking a draft implementation plan back to ministers at Education Council in December.

Senator O'NEILL: On what date is that proposed?

Ms Rodgers: I think Education Council is 14 December.

Senator O'NEILL: How are the recommendations of the Gonski 2.0 report feeding into the teacher registration review?

Ms Rodgers: Senator, can you be a bit clearer: in what regard?

Senator O'NEILL: The second report from David Gonski talked quite a bit about quality. Is there any interaction between that report and the work that you're doing around teacher registration?

Ms Rodgers: I'm going by memory now. Both directly relate to the quality in terms of the pipeline, but nothing springs to mind that's immediately evident. There were two particular aspects: one was around VET teachers in schools and quality professional learning.

Senator O'NEILL: Any further detail you can provide on that on notice would be appreciated. Thank you very much. Could you provide a summary of the feedback received through the survey of the 6½ thousand teachers?

Ms Rodgers: The feedback is a culmination of, essentially, the expert panel's report. We were very pleased with the feedback that we received. We had a lot of engagement from the profession, both in terms of people attending the forums but also in terms of the submissions that we received. There were around 80 of them and around 6,000 people actually responded to our survey.

Senator O'NEILL: What were the standouts, like: 'This is definitely not working. Don't do this any more. Change that'?

Ms Rodgers: Early childhood teachers must be included in the Australian professional standards for teachers. They should be registered, like all teachers.

Senator O'NEILL: Because they have a degree and they do teaching?

Ms Rodgers: That's exactly right.

Senator O'NEILL: Funny that!

Ms Rodgers: We heard strongly from teachers that mutual recognition wasn't working; they wanted mobility across jurisdictions, and that was really hard. What else for the key ones? We heard—not strongly with one voice—that there were some instances where, again, induction processes weren't well established across schools and there were differences in terms of judgements made as to teachers moving from graduate to professional. But I think the stand out was: early childhood.

Senator O'NEILL: Did you want to add anything, Mr Mission?

Mr Misson: No.

Senator O'NEILL: Could I ask you for a more considered report identifying key issues that emerged?

Ms Rodgers: Yes.

Senator O'NEILL: One of the things that I'm always interested in, from my conversations with teachers, is the type of evidence acquisition requirement and presentation of skill sets and whether that's really the best way—what's going on in that space. Sometimes those documents can be profoundly doctored, even with the best intention; 'We just need to get them through'—those sorts of conversations happen in schools all of the time.

Ms Rodgers: Yes.

Senator O'NEILL: So what is international best practice? How are we responding to that? What's going on? What are teachers saying? Is the balance right about what they're required to prove, with documentation, as opposed to somebody observing the balance and the tension between those things?

Ms Rodgers: Yes. Sure.

Senator O'NEILL: How many highly accomplished and lead teachers are there, presently, across Australia?

Ms Rodgers: Five hundred and eight.

Senator O'NEILL: So that's a slight increase on the last time, when it was 473. Are there any states that still do not have HALT certification?

Ms Rodgers: Victoria, Tasmania and the Catholic and state systems in WA.

Senator O'NEILL: Do we have a geographical distribution map of where those HALT teachers are operating?

Ms Rodgers: Only by state.

Senator O'NEILL: Okay. That's one of the things that concerns me greatly. When I go to communities for rural and remote inquiries into health, I ask about how education is going and how the education sector there is. A significant factor is engaging professionals; they want to know that they're going to have great teachers out there. I'm very interested in the challenge to that profession, alongside others, of getting teachers who are eligible, as highly accomplished and lead teachers, into those contexts, to deliver some equity of instruction and capacity for schools that aren't in the middle of Sydney or Melbourne.

Ms Rodgers: Yes. I agree. So, on that basis, I propose that we actually go and ask our 508 highly accomplished and lead teachers exactly what schools they're in.

Senator O'NEILL: Wonderful!

Ms Rodgers: We can do that.

Senator O'NEILL: I'd love a geospatial revelation of where our highly accomplished teachers are, because it's good to be in a city; it's great—you know you've got access to things. We need them across the country. So maybe some communication with the professional associations to encourage that kind of ethical distribution of their talent would be a good thing, too. Those are my questions for today. There may be a few on notice, but it's pretty late. Thank you.

ACTING CHAIR: Thank you, Senator O'Neill. Are there any further questions?

Senator O'NEILL: It's like Friday afternoon last period!

ACTING CHAIR: No further questions? I'll let the chair have the glory!

CHAIR: You are released, with our thanks!

Ms Rodgers: Thank you, Chair.

CHAIR: Could the Australian Curriculum, Assessment and Reporting Authority please join us.

Australian Curriculum, Assessment and Reporting Authority

[22:28]

CHAIR: Thank you so much for your patience. I suspect you've heard what I've said about opening statements!

Mr Randall: I've got a 10-minute one, Senator!

CHAIR: Well, in that case, we'll be leaving! No. Do you wish to make an opening statement, Mr Randall?

Mr Randall: Thank you, no.

CHAIR: Excellent. Thank you very much. Senator O'Neill, you have the call.

Senator O'NEILL: When Minister Birmingham went to the Education Council meeting on 22 June 2018, he released a media statement saying that NAPLAN Online had been a 'resounding success'. Does the government still stand by the view of NAPLAN Online being a success?

Mr Randall: Yes. The basis of the comment at that time was having completed NAPLAN Online for just under 200,000 students in schools across six states and territories. The metrics that we had at that time were about the successful completion of it, based upon a whole bunch of significant work in schools to prepare for all that. So all the success indicators and the feedback we were getting from teachers and students at the time were there. Subsequently—and I guess that's where your next question might go—as we got the data back from NAPLAN and we worked our way through that, it took us longer to get through that. There was a lot of discussion about it, but the results have gone out. We've issued the ISRs and the summary reports, and we're preparing for the national report based upon this year's data.

Senator O'NEILL: Yes, you did anticipate my concern about what followed and the furore that has raged with regard to the comparability of the online test and the pen and paper test, and a number of other matters: how data was changed and adjusted, a lack of clarity for people watching about how that process was undertaken, and the rationale and methodologies involved. I am surprised by your response, Mr Randall, and I also noticed in your CEO's report that there's no mention of the challenges that you just documented then.

Mr Randall: You mean in our annual report?

Senator O'NEILL: Yes.

Mr Randall: That's through to 30 June, so the follow-up will be in our discussion in the next report on that. We don't shy away from the process we went through. We worked with states and territories, bringing together data from paper and online assessment. We worked with states and territories. At the end of the day, the data were released, because states and territories all gave me feedback that the data were fit for purpose and good to go. So it was on that basis that we proceeded to release the individual student reports and then the national summary report. There were processes, and it was entirely appropriate in the first year of NAPLAN Online that we took the care and we worked through the questions and the issues that came up at the time to make sure that everyone was of the opinion that the data were good to go.

Senator O'NEILL: If we can go back to those extraordinary emergency meetings, the Australian Education Senior Officials Committee met on Wednesday, 8 August, and then again on 11 August. Can you run through the concerns that the states had with NAPLAN that were aired at those meetings?

Mr Randall: I'm happy to take more detail on notice, but I guess I wouldn't accept the proposition that was in the media at the time that these were emergency meetings. I know I was characterised as being called into some emergency meeting. It was a meeting that AESOC officials were having. It was a routine, prescheduled meeting, and I was asked to provide them with an update on the report.

Senator O'NEILL: Which one was the prescheduled meeting? The 8th or the 11th?

Mr Randall: I'll take that on notice. I don't have the dates all in front of me, but, if you want it, I'm happy to talk and give feedback on my understanding of the preplanning that occurred around that. But I guess the more important point is that we worked through the process of bringing together data from paper and pencil and online. There is a process, and again I'm happy to elaborate on it. Our process is to collect samples of data to provide the psychometric basis for getting the online data and the paper and pencil data and putting it on a common scale. So we worked through processes that were established before we got the data. They were agreed processes that we would work our way through. What emerged along the way, as people looked at the group of students who had done NAPLAN online and started comparing them with a group of students who had done paper and pencil—and that's where they started—they asked some questions about why there might appear to be some differences in the performance. For each of those questions that came up—not just with AESOC but with other officials—we worked our way through to understand the questions that were there and to work our way through those. It was at one of those AESOC meetings, where there was a report talking through the three or four areas, the questions that had come from the states and territories, to identify those and agree on a process to work through those in a systematic way. Subsequently, the outcomes of that process were reported back to AESOC and, as I said a moment ago, in due course state and territory officials agreed that the data were good to go.

Senator O'NEILL: The main concerns, based on what you just said there, were a concern raised after individual states observed differences between the online and the paper-and-pen test. Did you observe them, or were they advised to you by the states and territories?

Mr Randall: It was the latter. We don't have the full population data available to us. We get a sample of the data from the states and territories. When we compared those we didn't see the differences that they subsequently saw.

Senator O'NEILL: Is it fair to say you were surprised by that? You had not anticipated this problem?

Mr Randall: Let me unpack that again. If we look at, for example in our release of data and our report—

Senator O'NEILL: Before you go into too much detail, when that emerged, was that a problem you had anticipated?

Mr Randall: I'll answer that question by breaking down the different elements of it. For example, one of the things that we've quite clearly said in relation to writing is that there is a difference in the results. The students who did writing online were quite clearly able, without grammar checkers and other things turned off, they were able to go back and edit their work. We observed a difference in the students' performance, on the basis of feedback and discussions with others, that was because students were able to, having produced writing online, to go back and edit and improve the quality of the writing.

Senator O'NEILL: Particularly students who have the advantage of having that sort of technology at home, which is certainly not all students. I have taught in schools where a significant percentage of the students don't have the internet at home. A lot of them don't have that technology.

Mr Randall: The 20 per cent of schools that went online were decided by states and territories on the basis of advice from schools and themselves about their readiness to go online.

Senator O'NEILL: I know that. Schools may be ready, but there's considerable data in the literature about capacities that are linked to socioeconomic status as well. My question is, were you surprised by the concerns that were raised by the jurisdictions?

Mr Randall: Yes and no.

Senator O'NEILL: Yes in regard to what and no in regard to what?

Mr Randall: One of the bases on which we were surprised—some of the things they saw, we were surprised that they, in terms of the communication we'd done in terms of leading into NAPLAN online—one example, and I've done it here in this Senate, where we've talked about adaptive testing, would mean that students that go through numeracy and reading would be branched up to more demanding and less demanding items.

Senator O'NEILL: If we have enough time I will get to detailed questions around that.

Mr Randall: I was surprised that they were surprised that students were giving feedback and that some of the students found some of the questions more challenging, which was part of the purpose of it. Some of the things we were surprised at were that they were observing the feedback and getting feedback from teachers that some students, for example, found the test more demanding. To extend from that, we were surprised that they saw some difference in the results. You will recall that we've talked here about NAPLAN online producing more accurate results, increasing our confidence at the upper and lower ends of the range about what students can do. When you compare paper-and-pencil results with online results, there is some difference. Part of our proposition and response at the time was that reflecting the greater accuracy in the results.

Senator O'NEILL: I really don't want to be rude, Mr Randall, but your answers are very long and we have very short time. I'm trying to get some clarity about what you were surprised about and what you weren't surprised by.

Mr Randall: I will take that on notice if you like.

Senator O'NEILL: If you have more time you could give me a shorter answer!

Mr Randall: No, that's unfair.

Senator O'NEILL: There is a saying, 'If I had more time I would have written you a shorter letter.' I often use it with my kids. When you have the time to think you can condense it and make it really clear. I understand that. It's not meant to be an insult; it's about the reality of condensing complex information into a shorter period. The concern I have is that, given the level of preparation that was done for the tests and the confidence you had in advancing them, there were many things that emerged that you weren't prepared for. Did you have actual scales? Did you have to scale the results of most of the tests to ensure compatibility of the results between the online test and pen-and-paper tests?

Mr Randall: The process we take is that they're all placed on the same scale. To that extent, yes, they were all put on the same scale. It was reported. I think your question is, did we have to adjust some to deal with people's concerns about unfairness between online and paper and pencil? Yes, there were some adjustments made. I said earlier on that there was a meeting with AESOC where we went through a number of areas. Year 9 numeracy was one. Year 7 reading was another. We talked about grammar and punctuation. As a result of that AESOC meeting they asked, because of the data the states and territories were bringing to say that these are some areas where some of the differences they were seeing between paper and pencil and online warranted some further attention. AESOC agreed and asked that a group of people from states and territories, working with others, consider those. They eventually came back and, for example in year 9 numeracy, there were some adjustments made on the data to make sure there was no advantage one way or the other for the mode that students took.

Senator O'NEILL: Given the nature of your answer and the concerns that were raised at the time, it's fair and reasonable that people feel there is no reliability.

Mr Randall: The reliability of the data and again, the reports that we've sent home and the reports I read are that there's no question about the accuracy, the value of the information about individual students, and what they did on the day in either mode is an accurate representation of what they were able to do, whether it's numeracy or reading.

Senator O'NEILL: Are you aware of the 2018 NAPLAN update from the New South Wales Department of Education?

Mr Randall: The FOI document?

Senator O'NEILL: The copying of the briefing.

Mr Randall: Yes.

Senator O'NEILL: There's a statement in there that says that for 2018 and 2019 NAPLAN may be less helpful as a measure of school improvement. Do you agree with that?

Mr Randall: That's an observation they make, and our discussions with the New South Wales people—

Senator O'NEILL: Do you agree with it?

Mr Randall: No.

Senator O'NEILL: Why is that?

Mr Randall: You have to unpack that before I could agree with it in its whole form. We could look at that. The point they're making, which was consistent with our messaging, is that when you look from one year to the next, whether the mode changes from paper and pencil, care needs to be taken. There could be a range of factors that influence the students' results. To the extent that they said care should be taken into making year-to-year comparisons, I would agree with that.

Senator O'NEILL: New South Wales claimed that students across the state in years 3 and 5 that sat the reading tests online were disadvantaged and their results were down by four points compared with the previous year; in contrast, the results of those who sat the pen-and-paper tests had risen.

Mr Randall: I can make two to three comments in relation to that. Firstly, the use of 'disadvantage' or 'advantage' in the briefing uses a quote to draw attention to that. It wasn't a straight statement. It needs to be read in context. The second point is that the four points is within a year's error. We would see some of those variations on a year-on-year basis. When we've looked at the New South Wales data, some of the variations there, talking about 2017 to 2018, we would say—and they've also seen some of it—are similar to year-to-year variations in previous years.

Senator O'NEILL: Yet they put out a statement saying—

Mr Randall: Concern needs to be taken with the data, but again, we need to be careful, as it gets reported out of context, to not raise more doubt than is warranted.

Senator O'NEILL: The schools have been using the data as a measure of school improvement, and there's a high degree of uncertainty, which is well documented in this briefing for the New South Wales government school sector.

Mr Randall: Like we did, they reinforced the point that in a year-to-year comparison that care should be taken.

Senator O'NEILL: It's a bit more than a year-to-year comparison as a confounding concern because of the difference in the test style.

Mr Randall: It's exactly the words they said. Using it as a basis for a school improvement, which is a year-to-year comparison, they're saying that care should be taken with it. Extra care should be taken when you look from paper to online.

Senator O'NEILL: Do you dispute this statement: 'In spelling, students in years 3 and 5 were also disadvantaged if they sat NAPLAN online, with their scores down by five points compared with a two-point rise for those who sat the traditional version'?

Mr Randall: Again, to unpack that we've got to look at the normal year-to-year error for students in schools and stuff like that. You've got to do a bit more analysis—

Senator O'NEILL: If it's within the normal range, which I believe is what you're arguing—this is a normal range of variation—why are they making this statement in response to the test this year?

Mr Randall: They're reporting different data about year-to-year variations in there and they're having a look at it. We could have a discussion about the change in mode and how students are engaging with that. We could have a discussion about a range of other factors. And they're all good discussions to be having. Part of—

Senator O'NEILL: Did you have those sorts of discussions, concerns about the different modes of delivery, on 8 August and 11 August?

Mr Randall: Are they the two AESOC meetings you referred to earlier?

Senator O'NEILL: Yes.

Mr Randall: Yes, that was part of the discussion with secretaries.

Senator O'NEILL: The New South Wales report indicates that year 9 students who sat the NAPLAN online were also disadvantaged; however, in the numeracy, writing, grammar and punctuation tests online schools were advantaged compared with schools whose students did pen-and-paper tests. Are New South Wales right about their own school system? If they are, does that make you wrong, Mr Randall?

Mr Randall: No. They're observing some differences when they look at comparisons between the modes. They've used the terms 'advantage' and 'disadvantage', and I've talked about how I've read that document. They're not asserting them as straight statements of advantage. What they are observing is that in some of these year-to-year differences you see a different pattern between those who did it online and paper. In order to unpack that, we also need to ask: Was that group of students online in New South Wales representative? Are they two comparable groups? With regard to the data they represented in their briefing, I'm not questioning their figures, but we have had discussions with New South Wales and with others to say: what are the factors, what are the considerations, that need to be taken into account?

Senator O'NEILL: As a teacher I've expressed concern that a snapshot for a moment in time can be taken out of context. Given the degree of faith that people have in these numbers—and I'm hearing this very significant debate that's going on between all the states and the federal ACARA agency around reliability, validity and normal margins of error—this is all getting way too complex. It shouldn't surprise you, Mr Randall, that there's been significant damage to people's trust in NAPLAN given what's happened this year, yet you continue to say that there's no problem.

Mr Randall: I didn't say that, Senator.

Senator O'NEILL: Is there a problem, Mr Randall? What is it?

Mr Randall: We're in a transition period from paper and pencil to online. I could equally report that a number of years ago ACARA's advice was: this should all be done in one year and the transition should be done in one year. We also said at one stage: we should actually keep the scales separately. The desire, as we work with states and territories, was to keep the results online. The desire was to take a three-year transition period.

So, yes, there are, if you like, more moving parts this year, and there will be next year, in this transition period. We've looked at the data, we have engaged in all these matters in a very serious and well-intended way, and we're providing advice. AESOC has asked for a technical review of the procedures we've undertaken this year. We're contributing to that. In a complex shift over three years, care should be taken with interpreting these data.

Senator O'NEILL: Can I go to the review. What's the status of the independent technical review of NAPLAN online, commissioned at the Education Council meeting in September?

Mr Randall: The target to go back to AESOC is 15 November To the extent that we have provided advice and answers to them, my understanding is that they're on track to provide that.

Senator O'NEILL: As you've discussed with 'them', I would like to understand who 'them' is. Who is conducting the review?

Mr Randall: I'm going to need some assistance on the names of the three people.

Dr Rabinowitz: The chair is Professor Mark Wilson, who has a joint position at the University of Melbourne and the University of California. The second person is Professor Richard Wolfe, from the University of Toronto. And there's a third member. I don't recall his name, but he's a faculty member at Melbourne university.

Senator O'NEILL: If somebody might be able to help you out with that little piece of information about the missing person, that would be really good, then we will have a complete set. And the qualifications of these people to undertake the review—professors of education?

Dr Bruniges: They will be technical.

Senator O'NEILL: Professors of statistics? Who are they?

Dr Bruniges: I can talk to that. Yes, they will have a very strong psychometric background in order to do this work. It's a technical review that we're looking at.

Senator O'NEILL: Technical in terms of educational management, or technical in terms of different modalities for testing?

Dr Bruniges: Both. There are a range of terms of reference that AESOC set up for that review. They needed to look at the scale scores from 2018. They'll look at the major test domains. They'll look at the issue of comparability, and they'll look at student cohorts that may be advantaged or disadvantaged. There's a set of terms of reference.

Senator O'NEILL: Do you have a copy of the terms of reference that you can table?

Dr Bruniges: I'll get one on notice for you, Senator. We'll try and—

Senator O'NEILL: If somebody has one, that would be really handy for me now. Is there any possibility of getting that?

Dr Bruniges: We'll see what we can do, Senator. If not, I can certainly get it to you quickly.

Senator O'NEILL: That's kind of an answer to my question about the scope of the review?

Dr Bruniges: No, the staff don't have one with them. I've only got a summary. I don't have the actuals, so I can check with AESOC's secretariat.

Senator O'NEILL: Given the time line that you're talking about, if you could provide that overnight, that would be really helpful, rather than us waiting to get it several weeks down the track. I'm not quite sure now who to ask this question of. What work has it actually undertaken, and what's the shape of the consultation?

Dr Bruniges: What they'll do is look at the technical review. AESOC commissioned a technical review of NAPLAN Online, not a broad consultation, so they're actually looking at the psychometrics and the procedures that were carried out to get to the stage where the data for this year was deemed to be comparable by all states and territories. Indeed, the expert measurement group are also probably some of our best Australian and internationally renowned psychometricians.

Senator O'NEILL: Who were they?

Dr Bruniges: People like Professor Barry McGaw, who worked with the OECD and did all of the measurement underpinning. There is Dr Ray Adams on that, and I think ACARA can outline a few other names on that expert measurement group.

Dr Rabinowitz: Professor Patrick Griffin and Professor David Andrich, and there are two that we brought in from the United States who are experienced in adaptive testing: Dr Gage Kingsbury and Dr Derek Briggs, from the University of Colorado.

Dr Bruniges: Remember that of course that expert measurement group was consulted right through this process and had signed off the external, so it was like a third-party validation.

Senator O'NEILL: And then we had the tests.

Dr Bruniges: No, they would have signed off on the tests and the scaling. They came forward and said it could be put on a common scale. Then we saw the data at the state and territory level, so that raised some issues.

Senator O'NEILL: And they said, 'Oops.'

Dr Bruniges: And AESOC has said, 'In addition to the expert measurement group and the work that ACARA's done, we want to have a look at the documentation and the issues that are outlined in the term of reference.'

Senator O'NEILL: Yes, it's getting more and more complex. How is the consulting with the states and territories going with regard to this? How engaged are they in this?

Dr Bruniges: Oh, pretty well—sorry, I shouldn't answer on behalf of ACARA.

Mr Randall: The technical review group is seeking contributions and feedback from each of the states and territories about any concerns or issues they had at the time. The questions that I responded to a moment ago, by example—the technical review has asked for each state and territory to share them with that expert group. They will work through those processes and consider those, and part of the process will be to consider how we managed them and how we dealt with the data—how the process was arrived at.

Senator O'NEILL: Have you seen any draft reports or preliminary documents?

Mr Randall: No.

Senator O'NEILL: So it's still a work in progress?

Mr Randall: That's my understanding, yes.

Senator O'NEILL: When it is presented on 15 November, is that to the next AESOC?

Mr Randall: I stand to be corrected but I have 15 November in my head. Whether that's an AESOC meeting or when it will be presented, I would need to check. I don't have that information.

Senator O'NEILL: I'm trying to understand when you get your first iteration of a draft or does it arrive done for you?

Mr Randall: I don't have that. I can't answer that. It's the process they're working to. It is overseen by AESOC. I can come back to you on that.

Senator O'NEILL: Who will they report to?

Mr Randall: They will report to AESOC.

Senator O'NEILL: And will you see the draft before AESOC sees it?

Mr Randall: I don't expect to see that. We'll contribute and provide advice to them. They may come up along the way with some questions. I'm not necessarily expecting that to be the case.

Senator O'NEILL: Are they consulting with the Commonwealth department, Dr Bruniges?

Dr Bruniges: Yes, they will.

Senator O'NEILL: When do you expect to see it?

Dr Bruniges: I'm a member of AESOC.

Senator O'NEILL: Will you get it at the same time or will they give you a preliminary draft? When will the minister likely see it?

Dr Bruniges: This is commissioned by AESOC. All ministers across the country are aware that AESOC, the directors-general, have commissioned the review so I imagine the first line of sight would be to AESOC. South Australia is the chair of AESOC this year so it will go to the chair of AESOC. Whenever our next meeting is, we will probably look at it and a discussion will be held at AESOC at that point in time.

Mr Randall: It will be on 30 November.

Senator O'NEILL: Do you think that 15 November is the date, not a December date, Mr Randall, for the report?

Mr Randall: The expectation was so they get a report completed as soon as possible in November and then, I think, it's to the next AESOC meeting. Because a key part of this is to take account of anything and, if there are lessons that can be applied for 2019, we need time to be able to do that. I understand that 15 November is the date they're working towards.

Senator O'NEILL: Any further detail you can provide on notice will be much welcomed.

Dr Rabinowitz: The third member is Professor Matthew Courtney from Melbourne University.

Senator O'NEILL: Thank you very much, Dr Rabinowitz. With the MySchool website, when school numbers are published, will there be a warning sign about the unreliability of the data so people are cautious about how they interpret it?

Mr Randall: The cautions that we use, consistent with the advice we sent out with individual student reports, consistent with what I've said, to highlight the year-to-year comparisons, there are various techniques that have been discussed about how we draw that attention. Some discussion, as we did when we issued individual student reports, is just to reinforce the mode. On the front of the individual student report, we reinforced the point, which, by the way, has been standard with previous NAPLAN reports—to take care that this one point in time, take care of this data. We reinforced the messages that have been there before this year.

Senator O'NEILL: But there's an extraordinary set of circumstances this year. Will there be an additional warning that says, 'Take care. Beware there are dragons beyond this point.'? Will it say, 'Be careful, the data is not reliable.'?

Mr Randall: As we have done with the individual student reports, it is building upon previous about keeping NAPLAN in context—be careful of a point in time data; talk to teachers about all the other data.

Senator O'NEILL: But they're the general ones.

Mr Randall: These are the ones we reinforced this year with ISRs. To your questions about MySchool and the options it will have, no decisions have been taken yet about identifying the mode of assessment or showing lines when we are seeing the year-to-year changes, representing them in different ways to reinforce the over time. Because the data from this year and the data from last year are both accurate data. The concern that exists, as per the New South Wales document, is about comparing from one year to the next.

Senator O'NEILL: I notice the New South Wales Teachers Federation have obtained a report from an American academic Dr Les Perelman. He's pretty much regarded as an expert. He raises a series of significant concerns about the report. He says that simultaneously administering the computer adaptive testing to one part of the national population and a pen-and-paper test to the rest appears an unprecedented strategy for evaluating transition. He said there was a 'fatal error' in calibrating the CAT item choices for grammar and punctuation on the performance of the reading portion and that that invalidates students' marks. He said:

* The strategy employed by ACARA for cross-mode design invalidates comparisons of the 2018 NAPLAN, both the CAT and P&P Versions, with prior years …

He said:

* • Online writing tasks are inherently incomparable with P&P Tests.

What do you say to those criticisms? It's a very interesting report to read.

Dr Bruniges: I'm aware of it. But can I also say the Chair of the ACARA Measurement Advisory Group in our country, Australia, has rejected the conclusions of that report. He believes that that report was underresearched and lacked the technical understanding required for the analysis of NAPLAN tests and results and that his expertise to make these claims is questionable as he's not been recognised through peer-reviewed academic literature as an expert in the field of computer adaptive testing. Professor Adams went on further to say that it was 'untenable' to claim without any evidence some of the statements in his claims.

Senator O'NEILL: 'My assessment is not as good as your assessment'—that's where we are, which is not far!

CHAIR: We will have to leave it there. Any further questions will have to be placed on notice.

Senator McKenzie: I want to place on the record the government's appreciation for Mr Randall's work and his role in ACARA. It's not always easy wrangling those states on such a contentious issue. So we say well done to him.

CHAIR: Mr Randall, you are not going to be back for next February's estimates?

Mr Randall: No, I won't be.

Senator O'NEILL: Good luck in your future endeavours.

CHAIR: I'm sure in late February you'll think about us and miss us! There being no further questions for ACARA, that concludes the committee's examination of the Education and Training portfolio. I thank Minister McKenzie, Minister Cash, Dr Bruniges, all officers of the Department of Education and Training, and all witnesses who have given evidence to the committee today. I also want to thank Hansard, Broadcasting and the secretariat.

**Committee adjourned at 23:01**