



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON EDUCATION, EMPLOYMENT AND  
WORKPLACE RELATIONS

ESTIMATES

**(Budget Estimates)**

THURSDAY, 5 JUNE 2008

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE STANDING COMMITTEE ON  
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

**Thursday, 5 June 2008**

**Members:** Senator Marshall (*Chair*), Senator Watson (*Deputy Chair*), Senators Boyce, Crossin, Fisher, Sterle, Stott Despoja and Wortley

**Participating members:** Senators Abetz, Adams, Allison, Barnett, Bartlett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, George Campbell, Carol Brown, Bushby, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Forshaw, Heffernan, Hogg, Humphries, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Lundy, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Mason, Milne, Minchin, Moore, Murray, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Polley, Ronaldson, Scullion, Siewert, Stephens, Troeth, Trood and Webber

**Senators in attendance:** Senators Birmingham, Boyce, George Campbell, Crossin, Fifield, Ian Macdonald, Marshall, Mason, Nettle, Sterle, Watson and Wortley

**Committee met at 9 am**

**EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

Consideration resumed from 4 June 2008

**In Attendance**

Senator Carr, Minister for Innovation, Industry, Science and Research

Senator Ludwig, Minister for Human Services

Senator McLucas, Parliamentary Secretary to the Minister for Health and Ageing

**Department of Education, Employment and Workplace Relations**

**Portfolio overview and major corporate issues**

**Cross Portfolio**

Ms Lisa Paul, Secretary

Mr Finn Pratt, Acting Associate Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Grahame Cook, Deputy Secretary

Mr Bill Burmester, Deputy Secretary

Mr Jim Davidson, Deputy Secretary

Ms Malisa Golightly, Deputy Secretary

Mr Graham Carters, Deputy Secretary

Mr John Kovacic, Acting Deputy Secretary

Mr Craig Storen, Chief Finance Officer and Group Manager, Finance Group

Mr George Kriz, Chief Lawyer and Group Manager Procurement, Legal, Investigations and Procurement Group

Mr Jeremy O'Sullivan, General Counsel and Group Manager Investigations, Legal, Investigations and Procurement Group

Mr Brien Armstrong, Branch Manager, Internal Audit Group

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EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

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Ms Margaret Pearce, Group Manager, People, Parliamentary and Communications Group  
Mr Brian Quade, Branch Manager, Parliamentary Branch, People, Parliamentary and Communications Group  
Ms Kristina Hopkins, Branch Manager, People Team, People, Parliamentary and Communications Group  
Mr Bob Bennett, Branch Manager, Remuneration Taskforce, People, Parliamentary and Communications Group  
Ms Chris Silk, Branch Manager, Remuneration Taskforce, People, Parliamentary and Communications Group  
Ms Robyn Kingston, Group Manager, Network Operations and Delivery Services Group  
Ms Sue Beitz, Secretariat, Skills Australia

**Schools Groups**

Ms Lisa Paul, Secretary  
Mr Grahame Cook, Deputy Secretary  
Ms Margaret McKinnon, Group Manager, Schools Funding Group  
Ms Deb Rollings, Branch Manager, Policy, Grants and Reporting Branch, Schools Funding Group  
Ms Suzanne Northcott, Branch Manager, Quadrennium Funding Agreement Taskforce, Schools Funding Group  
Ms Shirley Douglas, Branch Manager, Capital and Rural Programs Branch, Schools Funding Group  
Mr Tony Zanderigo, Branch Manager, Benchmarks and Reporting Branch, Schools Funding Group  
Ms Rebecca Cross, Group Manager, Schools Quality Outcomes, Youth and Transitions Group  
Ms Marie Hird, Branch Manager, Curriculum Branch, Schools Quality Outcomes, Youth and Transitions Group  
Ms Katy Balmaks, Branch Manager, Trade Training Centres, Schools Quality Outcomes, Youth and Transitions Group  
Ms Louise Hanlon, Branch Manager, Literacy and Numeracy Branch, Schools Quality Outcomes, Youth and Transitions Group  
Ms Margaret Sykes, Branch Manager, Enterprise and Career Development Branch, Schools Quality Outcomes, Youth and Transitions Group  
Ms Robyn Calder, Branch Manager, Transitions Branch, Schools Quality Outcomes, Youth and Transitions Group  
Ms Christine Dacey, Branch Manager, Youth Bureau, Schools Quality Outcomes, Youth and Transitions Group  
Dr Evan Arthur, Group Manager, Schools Teaching, Students and Digital Education Revolution Group  
Ms Shelagh Whittleston, Branch Manager, Digital Education Revolution Taskforce, Schools Teaching, Students and Digital Education Revolution Group  
Ms Helen McDevitt, Branch Manager, Student Access and Equity Branch Schools Teaching, Students and Digital Education Revolution Group

Mr Chris Sheedy, State Manager, South Australia, Schools Teaching, Students and Digital Education Revolution Group

Ms Rhyan Bloor, Branch Manager, Broadband Infrastructure Branch Schools Teaching, Students and Digital Education Revolution Group

Ms Michelle Baxter, Group Manager, COAG Taskforce

Ms Gillian Mitchell, Branch Manager, COAG Taskforce Branch, COAG Taskforce

**Early Childhood Groups**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Dr Trish Mercer, Group Manager, Early Childhood Education and COAG Group

Dr Russell Ayres, Branch Manager, Early Childhood Education Reform Branch, Early Childhood Education and COAG Group

Dr Gabrielle Phillips, Branch Manager, Performance Management Branch, Early Childhood Education and COAG

Ms Vicki Rundle, Group Manager, Early Childhood Quality and Care Group

Mr Justin Mein, Branch Manager, Office Secretariat Branch, Early Childhood Quality and Care Group

Mr Philip Brown, Branch Manager, Child Care Quality Branch, Early Childhood Quality and Care Group

Ms Kathryn Shugg, Branch Manager, New Child Care Services Branch, Early Childhood Quality and Care Group

Ms Lois Sparkes, Branch Manager, Child Care Programs Branch, Early Childhood Quality and Care Group

Ms Allyson Essex, Branch Manager, Child Care Policy and Payments Branch, Early Childhood Quality and Care Group

**Higher Education Group**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Mr Colin Walters, Group Manager

Mr Jason Coutts, Branch Manager, Policy and Analysis Branch

Mr Rod Manns, Branch Manager, Funding and Student Support Branch

Ms Caroline Perkins, Branch Manager, Equity and Structural Reform Branch

Ms Deb Anton, Acting Branch Manager, Infrastructure and Endowment Branch

Mr Paul White, Branch Manager, Quality Branch

Ms Anne Baly, Branch Manager, Review of Australian Higher Education Branch

**Strategic Analysis and Evaluation Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Matt Davies, Group Manager

Mr Murray Kimber, Branch Manager, Income Support for Students Branch

**Vocation Education and Training Groups**

Ms Lisa Paul, Secretary

Mr Jim Davidson, Deputy Secretary

Dr Carol Nicoll, Group Manager, Industry Skills Development Group

Ms Helen McLaren, Branch Manager, Technology and Communications Branch, Industry Skills Development Group

Ms Julie Yeend, Branch Manager, COAG Skills Branch, Industry Skills Development Group

Ms Linda White, Branch Manager, Higher Skills Branch, Industry Skills Development Group

Ms Catherine Vandermark, Branch Manager, Quality Branch, Industry Skills Development Group

Ms Suzi Hewlett, Branch Manager, Industry Skills Council Branch, Industry Skills Development Group

Mr Patrick Cremen, Acting Branch Manager, Skills Branch, Industry Skills Development Group

Mr Ben Johnson, Group Manager, National Training Directions Group

Ms Donna Griffin, Branch Manager, Australian Apprenticeships Branch, National Training Directions Group

Ms Robyn Priddle, Branch Manager, Transitions to Training and Work Branch, National Training Directions Group

Ms Jan Febey, Acting Branch Manager, Australian Technical Colleges Branch, National Training Directions Group

Mr Neil McAuslan, Branch Manager, Funding and Performance Branch, National Training Directions Group

Mr Maryann Quagliata, Acting Branch Manager, National Policy Reform Branch, National Training Directions Group

#### **Indigenous Education Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mr Tony Greer, Group Manager, Indigenous Education Group

Ms Loire Hunter, Branch Manager, Indigenous Business Management Branch, Indigenous Education Group

Mr Glen Hansen, Acting Branch Manager, Indigenous Education Directions and Strategies Branch, Indigenous Education Group

Mr Stephen Goodwin, Acting Branch Manager, Northern Territory Emergency Response Branch, Indigenous Education Group

#### **International Education Group**

Ms Lisa Paul, Secretary

Dr Wendy Jarvie, Deputy Secretary

Mrs Fiona Buffinton, Group Manager, International Education Group

Mrs Mary Johnston, Branch Manager, International Quality, International Education Group

Ms Di Weddell, Branch Manager, International Cooperation and Scholarships, International Education Group

Mr Anthony Fernando, Branch Manager, International Strategy and Communication, International Education Group

**CHAIR (Senator Marshall)**—The committee is continuing the examination of the Education, Employment and Workplace Relations portfolio, beginning with the vocational



and technical education groups. Copies of Monday's opening statement setting out the procedural requirements of the estimates process are available from the secretariat. I remind participants that oral evidence and documents in estimates proceedings are part of the public record. I welcome the Secretary of the Department of Education, Employment and Workplace Relations, Ms Lisa Paul, and note that the minister has advised that he has been unavoidably detained, but he will be joining us very shortly. Ms Paul, do you wish to make an opening statement in this outcome area?

**Ms Paul**—No.

**CHAIR**—We will go to questions.

**Senator MASON**—Ms Paul, I spent last night, as is my wont, looking at Kevin07.com.au. and the policy document relating to Skilling Australia for the Future. I refer to the argument from the then opposition—it is now the present government—that we have to skill Australia to cure infrastructure bottlenecks, skills shortages, lift productivity and so forth. This policy was inaugurated with great fanfare, but there are a couple of things that I do not understand about it. Precisely how many VET places does the government want to create over the next few years? The first paragraph on the website Kevin07.com.au talks about an additional 450,000 VET places over four years, commencing in April 2008. The second paragraph states, 'Over the next six years Labor will deliver 820,000 additional places.' I note that Ms Gillard, in her press release dated 13 May, talks about 630,000 new places. What is the aim of the government?

**Ms Paul**—The current commitment is for the 630,000 places—an increase from the 450,000. The 450,000 was the election commitment and the 630,000 represents an increase that relates to a budget measure.

**Senator MASON**—Yes. I have the budget measure here. Is that over five years?

**Ms Paul**—That is right.

**Senator MASON**—That is 630,000 places over five years?

**Ms Paul**—Yes.

**Senator MASON**—That is the target. Has the department done any modelling to forecast whether it will achieve that outcome? Good morning, Mr Davidson. Has any modelling been done?

**Mr Davidson**—No, Senator.

**Senator MASON**—There is no modelling. Mr Davidson, are you confident that you will achieve the 630,000 over the next five years?

**Mr Davidson**—Yes.

**Senator MASON**—You are?

**Mr Davidson**—Yes.

**Senator MASON**—Let us look at how we have gone thus far. Let us have a look at that. Let us look at phase 1 of the Productivity Places Program. Mr Davidson and Ms Paul, I

understand that this program refers to people that currently are not in the workforce. Is that right?

**Mr Davidson**—That is right, Senator. The program covers two broad groups of people. One group is what we term people who are not in the workforce or, for ease of convenience of speaking, job seekers, though it is a bit broader than just technically people who are unemployed. That forms one cohort that the program is addressing. The second cohort that the program will attempt to address is the existing worker cohort where people are currently—

**Senator MASON**—Sorry Mr Davidson, it relates to what?

**Mr Davidson**—To existing workers.

**Senator MASON**—That is phase 2?

**Mr Davidson**—No. Sorry, Senator. The existing workers come in, or we start funding places for existing workers, from 1 July. In this current financial year the government made available up to 20,000 places for the first cohort—that is, job seekers.

**Senator MASON**—For job seekers, that is what I thought it was. That is fine; we are on the same page. As you know, Ms Paul, I often listen to question time in the House of Representatives. On 27 May Ms Gillard said:

I have just had mining raised and I will give you the answer in a second; I do not think it is going to be the answer you are expecting. There are currently more than 3,500 people enrolled in these training places—

She was referring to phase 1 of the Productivity Places Program—

with more than 200 signing up each day.

She goes on to say:

We have already 400 registered training organisations delivering more than 550 qualifications in 980 sites around Australia, including 145 people undertaking qualifications of importance to the mining and construction industries. These are the most recent up-to-date figures about the delivery of these 20,000 training places, the first of 630,000 training places to come.

Is that right? Is that what she said?

**Dr Nicoll**—Yes.

**Mr Davidson**—If you are reading from *Hansard* I am sure that is correct.

**Senator MASON**—You trust me. That is very good of you, Mr Davidson. So we have 20,000 training places, the first tranche, as it were, of a subsequent 630,000 training places to come. This is a key part of the government's agenda, is it not? It is part of the education revolution. Is that right?

**Mr Davidson**—I do not know whether it is part of the education revolution. It is certainly one of the policies that we are responsible for implementing.

**Senator MASON**—If the minister were here I think he would agree with me, Mr Davidson. It is a bit difficult for you, I agree, but it is a key part of the government's agenda.

**CHAIR**—We now have a minister at the table—the Hon. Senator Joe Ludwig—representing the Minister for Education, Employment and Workplace Relations.

**Senator MASON**—I had my glasses off so I could not see you, but welcome.

**CHAIR**—We welcome you Minister, until Senator Carr returns.

**Senator MASON**—Minister, Skilling Australia is a central part of the new government's agenda.

**Senator Ludwig**—It certainly is.

**Senator MASON**—Let us just go through the figures. Ms Paul will be pleased to know that I brought my calculator with me this morning. I was admonished for my looseness with figures yesterday and I do not want to repeat that performance. So 20,000 places will be available by the end of this month for phase 1. We will use Ms Gillard's figures to see how we are progressing. As at 22 May 3,500 people had enrolled. That is what you said. I understand that there are three more days in May after that and then there are another 20 working days in June, not including the Queen's birthday holiday, which, of course, I still celebrate, but I suspect that the minister does not. We have three more working days—

**Senator Ludwig**—I am surprised that you still do.

**Senator MASON**—I am sure you will take the holiday off, Minister. We also have 20 working days in June. Let me work this out. I have my calculator here, as I did these sums before. As at 27 May 3,500 had enrolled—these are Ms Gillard's figures—and then we have 23 days times 200 people who are enrolling each day, according to Ms Gillard, so we have 3,500 plus 23 times 200 which, unless I am mistaken, adds up to 8,100. According to Ms Gillard, that is how many people will be enrolled by the end of June.

**Ms Paul**—No, Senator, it does not quite work like that.

**Senator MASON**—All right, you tell me.

**Ms Paul**—We will probably turn to Dr Nicoll to take us through it.

**Senator MASON**—I am quoting Ms Gillard.

**Ms Paul**—I understand, yes.

**Dr Nicoll**—Senator, I could update the figures that the Deputy Prime Minister used. Since she gave those figures we—

**Senator MASON**—From 27 May?

**Dr Nicoll**—Yes. Yesterday we did a run on the numbers and I can update that to say that, as of yesterday, there were 5,650 enrolments across the Productivity Places Program. On our projections, given that there is now an uptake of approximately 250 places per day—

**Senator MASON**—That is only in the most recent papers, is it not?

**Dr Nicoll**—That has been the trend since the Deputy Prime Minister's announcement.

**Senator MASON**—How many days ago was the Deputy Prime Minister's announcement? Was it 27 May?

**Dr Nicoll**—Yes. Over the last week or so—

**Senator MASON**—How many working days are we talking about, Dr Nicoll?

**Dr Nicoll**—I do not have the calendar here.

**Senator MASON**—I do.

**Dr Nicoll**—Do you? Perhaps you could check.

**Senator MASON**—Let us have a look. Tuesday 27 May—so Wednesday, Thursday and Friday is three days. It is a total of seven days. Is that right?

**Dr Nicoll**—Yes.

**Senator MASON**—Would you agree that it is seven days?

**Dr Nicoll**—There has been an increase in the uptake in that time, and it is now approximately 250 places per day. On the projections, taking out the Queen's birthday, as you have yourself, I calculated—

**Senator MASON**—Most appropriate, Dr Nicoll.

**Dr Nicoll**—On an uptake of 250 places per day, by the end of the first three months of the program—

**Senator MASON**—So that is assuming that what has happened after the last seven days is carried on to the end? That is your assumption?

**Dr Nicoll**—Yes. I am making that assumption.

**Senator MASON**—Okay. Go on.

**Dr Nicoll**—Based on that, by the end of June we could anticipate almost 10,000 places under the Productivity Places Program being taken up. So 20,000 places were offered in the community and 10,000 would have been taken up over those months.

**Senator MASON**—Almost 10,000? I had a figure of 8,100. I did a calculation before and it was 40.5 per cent. Of course, my mark for the minister would have been 'fail', if anything. I think I would describe it as a—

**Senator Ludwig**—There is a problem with your calculation. Do you assume a linear curve? In other words—

**Senator MASON**—I am only using Ms Gillard's figures, Minister, as you know.

**Senator Ludwig**—But you are using a projection. Once you start multiplying days by numbers, the assumption you make about the curve—

**Senator MASON**—I take the most generous interpretation—Dr Nicoll's new projections of about 10,000 places.

**Dr Nicoll**—If you want the calculation exactly on 250 a day, the figure is 9,900.

**Senator MASON**—In a former life I might have given that a considered pass, Dr Nicoll. Fortunately, I am feeling generous but I will fail you anyway. There are 20,000 places and not even half will be filled by the end of this month, in a central program of government reform. That is pathetic. If the minister were here I would say to him that it is absolutely pathetic. This is a central core of the government's agenda and it has not even filled half the places that it said it would fill. It is not a good start again this morning.

**Ms Paul**—Actually, it is a really good start. It is probably beyond what we expected and I will explain the reasons why.

**Senator MASON**—Well, gee!

**CHAIR**—No, Senator Mason. You invited this answer.

**Ms Paul**—Our point here is to put 20,000 places onto the market. We will put those 20,000 places onto the market in the middle of a semester, which is quite a hard call for registered training organisations.

**Senator MASON**—It is your policy.

**Ms Paul**—It is the government's policy. From experience with past programs we never would expect a take-up of the full 20,000 when we start. With 20,000 in the market in the middle of a semester—

**Senator MASON**—Did you expect to fail, Ms Paul?

**Ms Paul**—Therefore it is not a fail. In fact, we are quite pleased with the take-up at this stage. We can see it ramping up over time. Perhaps Dr Nicoll or Mr Davidson would like to go into that a bit further.

**Senator MASON**—Ms Paul, it might be true that you could argue that you did not expect to fill 20,000 places. You might never expect to get 100 per cent in an examination, but to get less than half, I must say, is a fail.

**Ms Paul**—No, not at all.

**Senator MASON**—Yes, it is.

**Ms Paul**—It actually shows quite a good and fast take-up when you start in the middle of a semester.

**Senator MASON**—This is essentially the government's agenda.

**Ms Paul**—We are quite pleased with the way it is now ramping up.

**Mr Davidson**—Senator, in my response to your first question I indicated that it was up to 20,000 places. Essentially, we probably had more places than we thought we would fill.

**Senator MASON**—Mr Davidson, please.

**Mr Davidson**—If I could finish, Senator, I would appreciate it. In light of the situation, we are very pleased with the uptake of places. This is a new program, starting from scratch. The take-up will have two contracted training providers to get people and different agencies aware of the program. They will disseminate information and get that information to people who are eligible for the program, and then they will sign them up. I think it is more than a commendable effort. I would say that it was more than a pass, Senator.

**Senator MASON**—Gee, I must have misunderstood it, Mr Chairman. I have obviously misunderstood. These are not targets; these are symbolic targets. I am sorry, Mr Davidson.

**Mr Davidson**—That is okay.

**Senator MASON**—The government releases a policy, sets targets and they are not targets; they are symbols. I am sorry. I am sorry to have misled the department and the parliament, Mr Davidson.

**Mr Davidson**—Senator, I am not trying to debate you; I am just pointing out—

**Senator MASON**—It is wise not to debate me.

**CHAIR**—Senator Mason, you are putting an unfair proposition to the officers.

**Senator MASON**—If the minister were here I would put it to him.

**CHAIR**—There is a minister at the table, Senator Mason.

**Senator MASON**—With respect, I do not think I can put it to Senator Ludwig.

**Senator Ludwig**—You can put it to me. What you should not do is make assumptions. You should listen to the officials—

**Senator MASON**—I have.

**Senator Ludwig**—They have reported quite a good uptake. Quite frankly, I think it is an excellent uptake.

**Senator MASON**—You are doing very well.

**Senator Ludwig**—If I were a lecturer and I were able to provide marks, it would seem to me that they were getting an A at this point.

**Senator MASON**—So it is a symbolic target?

**Senator Ludwig**—No.

**Senator MASON**—I congratulate you.

**Senator Ludwig**—Do not make transcript. The fact is that there is a target. The officials have provided that target to you. To date, the figures show that there is already a significant uptake and, as I understand the figures, it is accelerating.

**Mr Davidson**—Yes.

**Senator Ludwig**—That means that meeting the target is well on track.

**Senator MASON**—Let me just rehash this.

**Senator Ludwig**—That is what the figures show.

**Senator MASON**—There is a target of 20,000, Minister. That target of 20,000 is the target that Ms Gillard set. Under the generous and very recent changes outlined by Dr Nicoll we now know that not even half those places will be filled. I call that a failure. I suspect that the people of this country will see that as a failure. I just wish that the minister responsible were here.

**CHAIR**—Senator Mason, you are entitled to make—

**Senator MASON**—It is not a criticism of Senator Ludwig, of course.

**CHAIR**—Senator Mason—

**Senator MASON**—He does not know enough about the area.

**CHAIR**—Senator Mason, you are entitled to make those points. However, once they have been made, the officers or the minister are also entitled to put their position.

**Ms Paul**—I just needed to clarify that it was not in the nature of a target by a certain time; it was in the nature of 20,000 places put into the market. We now have some expectation that we might get an acceleration even beyond the 250 days. The basis for our projections is the experience that we had with the former government's work skills vouchers. At this stage, if you look at the comparative time, they are probably running slower than these are. We know from that experience that RTOs take them up at a certain time and that it ramps up. It starts quite slowly and it then ramps up. At the moment these are going beyond the pace at which the vouchers did at that time.

**Senator MASON**—These are not targets; these are simply forecasts.

**Ms Paul**—This is the availability. This is what is put into the market.

**Senator MASON**—The Deputy Prime Minister and, indeed, the Prime Minister made so much of this program. In the beginning an extra 630,000 places were to be offered. With this sort of take-up—less than 50 per cent—we will not get too far. But I am happy to move on. I think that I have made the point. Let us move, Mr Chairman from—

**CHAIR**—Just before you do, I thank Senator Ludwig for his presence this morning. I now note that Senator Carr will take over as the minister at the table. Welcome, Senator Carr.

**Senator MASON**—Minister, we have just discussed students taking up phase 1 of the Productivity Places Program. We will now go from the students taking it up to the qualifications and the courses that the 20,000 people are supposed to be undertaking. Let us have a look at that. I have looked at the program and I understand that the nine industry skills councils outline a range of qualifications that represent areas of need to address the skills shortages that these 20,000 students should study. Is that right?

**Dr Nicoll**—Yes. There are now 11 industry skills councils. Those industry skills councils will, over time, provide information to identify areas of skills shortages. They will be providing information to Skills Australia.

**Senator MASON**—That is right. I have taken a keen interest in what both Ms Gillard and Mr Rudd said about these places. Ms Gillard, in particular, has spoken about three key areas—construction, manufacturing, and resources and infrastructure, which is mining. I noted that the Prime Minister, in a press conference on 28 February, said:

We will be focusing this program in particular on the following sectors: mining and construction, carpenters, bricklayers, joiners, wall tilers and roof plumbers.

Is that right?

**Dr Nicoll**—That is accurate, Senator.

**Senator MASON**—Let us have a look at some of these. I have had a bit of a look and I have my calculator here, Dr Nicoll. Brace yourself for the calculator. The Construction and Property Services Industry Skills Council listed priority occupations in a qualifications list. Would you be aware of that?

**Dr Nicoll**—I am.

**Senator MASON**—According to the government, this is one of the three key areas that will solve our infrastructure difficulties, skills shortages and so forth, so they say. I counted up these courses and I found that 27 had been recommended.

**Dr Nicoll**—That would be 27 qualifications, would it, Senator?

**Senator MASON**—Yes, 27 qualifications, that is right. I want to see how we are going in each of these courses. The first qualification they mention is certificate III in Off-Site Construction (Stairs). Where is that being offered?

**Dr Nicoll**—I cannot tell you that off the top of my head, Senator. I would be happy to investigate that.

**Senator MASON**—I will tell you: nowhere. Let us go to the next one, certificate III in carpentry. Where is that being offered?

**Dr Nicoll**—Again, Senator, I do not have the figures. What I can tell you about—

**Senator MASON**—I will tell you, Dr Nicoll: Sydney and Brisbane. Joiners are the next group. Certificate III in Off-Site Construction (Joinery—Timber/Aluminium/Glass). Where is that important priority occupation qualification being offered?

**Dr Nicoll**—The government is providing places and RTOs have to respond to those to take up those qualifications.

**Senator MASON**—I will tell you where it is being offered.

**Dr Nicoll**—It will clearly take RTOs some time to respond in particular areas. They had a former program that catered to a particular framework at the certificate II level, and many providers were used to that program. This is now a targeted program that is focused on areas of skills shortage, and RTOs across the country will be looking at their qualification offerings to identify where their interests should be pursued and to respond to industry demand, which is underpinning this program.

**Senator MASON**—Dr Nicoll, just remind me: when does phase 1 finish?

**Dr Nicoll**—At the end of June.

**Senator MASON**—At the end of this month, right. I refer again to Certificate III in Off-Site Construction (Joinery—Timber/Aluminium/Glass) and ask: where is that offered? It is not.

**Dr Nicoll**—I cannot tell you off the top of my head, Senator. You obviously have—

**Senator MASON**—Certificate III in Off-Site Construction (Pre-Fabrication): where is that offered? It is not being offered. Certificate III in Off-Site Construction (Sign Writing/Computer Operations): where is that being offered?

**Dr Nicoll**—Senator, there is not actually—

**Senator MASON**—Where is that being offered, Dr Nicoll?

**Dr Nicoll**—There is—

**Senator Carr**—Come on, Senator Mason—turn it up!

**Senator MASON**—The question is explicit. Would you agree?



**CHAIR**—Yes, and you—

**Senator Carr**—Senator Mason, you do not have to talk to the officers in that way.

**Senator MASON**—Minister, where is the course being offered?

**Ms Paul**—Could I make a point about the nature of the program?

**Senator MASON**—I want to know where the course is being offered.

**CHAIR**—Order! Senator Mason wishes to ask a very specific question. If the officers can answer that specific question, I will ensure that the officer at the table will have an opportunity to explain the overall situation. We will not leave anything hanging. At the moment, if Senator Mason wishes to ask just those specific questions, officers should try to answer those specific questions and then we will come back to Dr Nicoll.

**Senator MASON**—And if you cannot, Dr Nicoll, I will help you.

**Dr Nicoll**—Thank you, Senator.

**Senator MASON**—Certificate III in Plumbing: where is that being offered?

**Ms Paul**—Could I make the point that all the qualifications are—

**Senator MASON**—Ms Paul, excuse me.

**Ms Paul**—It is relevant, Senator.

**Senator MASON**—These are explicit, specific questions.

**Senator Carr**—If the secretary wants to make a response—

**Senator MASON**—I am happy to come back to this at the end.

**CHAIR**—Senator Mason is entitled to an answer to the specific question that he asks.

**Senator Carr**—But the secretary is also entitled to try to answer it, surely, Mr Chair?

**CHAIR**—Yes, if she is going to answer it—

**Senator MASON**—If it is a specific answer—

**CHAIR**—Yes, if she is going to answer the specific question. As I have said, we will certainly give the officers, the minister, or both, an opportunity to respond in totality to the line of questioning. Senator Mason wishes to ask very specific and focused questions at the moment. At this point in time we should confine our answers to those questions.

**Senator MASON**—Certificate III in Gasfitting: where is that being offered?

**Dr Nicoll**—Senator, there are 622 qualifications currently being offered around the country by RTOs. I do not have the information about the specifics for every qualification.

**Senator MASON**—All right, I will help you, Dr Nicoll. It is not being offered anywhere. Certificate III in Roof Plumbing: where is that being offered? It is not being offered anywhere. Certificate III in Roof Tiling: where is that being offered? It is not being offered anywhere. Certificate III in Solid Plastering is not being offered anywhere. I will spare Dr Nicoll for a second. Of the 27 courses recommended, 14 are being offered—a 52 per cent mark, Dr Nicoll. But there is more. Have a look at manufacturing. The Manufacturing Industry Skills Council has listed 21 courses as priority occupations and qualifications.

**Senator Carr**—Senator Mason—

**Senator MASON**—I want to go through and ask—

**Senator Carr**—Senator Mason—

**Senator MASON**—Excuse me, Minister, if you want to answer this question that is fine. My question is: Certificate II in Aero Skills—where is that being offered? It is not being offered. Certificate II in Aircraft Light Maintenance: where is that being offered? Do you know what? It is not being offered. Certificate III in Marine Craft Construction: where is that being offered? It is not being offered. Certificate II in Glass and Glazing: where is that being offered? It is not being offered. Certificate II in Floor Covering and Finishing: where is that being offered? It is not being offered.

**Senator Carr**—Senator Mason, these are—

**Senator MASON**—Certificate II in Furniture Finishing: where is that being offered? It is not being offered.

**Senator Carr**—If you have got the answers why are you asking the questions?

**Senator MASON**—Because I thought you might be able to help me.

**Senator Carr**—I will, if you actually ask a question.

**Senator MASON**—Certificate II in Upholstery: where is that priority course being offered?

**Senator Carr**—Senator Mason—

**Senator MASON**—I will help you. It is not being offered.

**Senator Carr**—Senator Mason—

**Senator MASON**—Certificate III in Production Upholstery: where is that being offered? It is not being offered.

**Ms Paul**—Could I make a point at some stage?

**Senator MASON**—I am still going.

**CHAIR**—Yes, Ms Paul, you will.

**Senator MASON**—Certificate III in Locksmithing, another priority occupation and qualification: where is that being offered?

**Senator FIFIELD**—Probably Long Bay!

**Senator MASON**—Take a guess, Senator Fifield.

**CHAIR**—Senator Mason, now you are stepping outside—

**Senator MASON**—Certificate III in Engineering—Mechanical Trades: where is that being offered? It is being offered in Queensland. Congratulations, Minister.

**Senator Carr**—Senator Mason—

**Senator MASON**—Certificate II in Picture Framing: where is that being offered? It is not being offered. Certificate III in Picture Framing: where is that being offered? It is not being offered. Certificate III in Engineering—Electrical/Electronic Trade is being offered in

Queensland. Certificate III in Engineering—Fabrication Trade is being offered in Queensland only. Certificate III in Furniture Making (Wool Machining) is not being offered anywhere in Australia. And the final priority occupation qualification list for this sector—I have one more sector to go—is Certificate III in Jewellery Manufacture, and that is not being offered. Most importantly, Ms Gillard spoke repeatedly about the mining industry, Mr Chairman. But I should just say before I turn to mining that, of all those 21 courses in the Productivity Places Program priority occupations and qualifications list, only three are being offered—14 per cent. I call that another regrettable failure.

**Dr Nicoll**—Senator, perhaps—

**Senator MASON**—Finally, mining—

**Dr Nicoll**—I would like—

**Senator MASON**—Are you going to help me on mining? It is the last set.

**CHAIR**—Senator Mason, you are now starting to add some commentary.

**Senator MASON**—Tell you what: I will not ask any commentary. That is the deal? No commentary.

**CHAIR**—All right, yes.

**Senator MASON**—I refer to the Resources and Infrastructure Industry Skills Council priority occupation qualifications list. This is its list. Starting from the top I refer to Certificate II in Drilling—Environmental. This is the mining industry. Where is that being offered? It is not being offered. Where is Certificate II in Drilling—Foundation/Construction being offered? It is not being offered. Where is Certificate II in Drilling—Geotechnical being offered, Minister?

**Senator Carr**—If you would like to give us a chance to answer some of these questions we could try to help you.

**Senator MASON**—Where is Certificate II in Drilling—Mineral Exploration being offered? It is not being offered. Where is Certificate II in drilling—Blast Hole being offered?

**Dr Nicoll**—Senator Mason—

**Senator MASON**—It is not being offered.

**Dr Nicoll**—I can tell you what courses are being offered in mining and construction if you would like to hear that.

**Senator MASON**—That is not my question.

**CHAIR**—When Senator Mason has concluded you will have lots of opportunity to respond.

**Senator MASON**—Where is Certificate II in Drilling—Oil/Gas Off Shore being offered? It is not being offered.

**Senator Carr**—Senator Marshall—

**Senator MASON**—Where is Certificate II in Drilling—Oil/Gas On Shore being offered? Again, it is not being offered. Where is Certificate II in Drilling—Seismic being offered? It is

not being offered. Where is Certificate II in Drilling—Water Well being offered? It is not being offered. Where is Certificate II in Drilling—Environmental being offered? It is not being offered. Where is Certificate II in Drilling—Geotechnical being offered? It is not being offered. Dr Nicoll, where is Certificate III in Drilling—Trenchless Technology being offered? It is not being offered. Certificate III in Drilling—Mineral Exploration is not being offered. Certificate III in Drilling—Mineral Production and Development is not being offered. Certificate III in Drilling—Blast Hole is not being offered. Certificate III in Drilling—Oil/Gas Off Shore is not being offered.

Certificate III in Drilling—Oil/Gas On Shore is not being offered. Certificate III in Drilling—Seismic is not being offered. Certificate III in Drilling—Water Well is not being offered. Certificate III in Civil Construction is available. Certificate III in Civil Construction (Plant Operations) is available. Certificate III in Civil Construction is available. Certificate III in Civil Construction (Plant Operations) is available. Of the 26 courses in mining—an area which, according to the Deputy Prime Minister, is the most important priority in the country—only four are being offered. I would call that 15 per cent—another regrettable failure.

**CHAIR**—Hang on, Senator Mason. I want to set some rules here for this part. I have given Senator Mason a good go, which he asked for. A lot of information has been put forward and there are many questions in that bracket. I expect officers and the minister to be able, without interruption, to respond adequately to the propositions that Senator Mason put and the questions that he has asked.

**Senator MASON**—I might ask more questions later.

**CHAIR**—I am not restricting that but I expect the officers now to get a fair go without interruption.

**Senator Carr**—Senator Mason has provided us with a litany of neglect by the previous government, which had 11 years in which to offer these programs. It had 11 years in which to offer these programs and what has it done? What we have on the other side is a government that has provided new moneys, announced 20,000 training places and, in eight weeks, the minister has been able—the former government had 11 years—to ensure that 30 RTOs have been approved to deliver 66 qualifications in training locations throughout New South Wales, Western Australia, Queensland, Victoria and South Australia.

In the area of mining and construction, despite 11 years of neglect by the former government, we now have qualifications in Certificate III in Civil Construction; Certificate III in Civil Construction (Plant Operations); Certificate II in General Construction; Certificate III in Bricklaying; Certificate III in Carpentry; Certificate III in Solid Plastering; Certificate III in Engineering—Mechanical Trade; Certificate III in Engineering—Fabrications Trade; and Certificate III in Transport and Distribution, (Road Transport). That is part of the response to the government's programs.

As at 4 June this year the department contracted 340 RTOs offering 1,430 qualifications across Australia. So we now have 5,650 people enrolled in training and 2,093 have commenced training in key skill shortage areas such as aged care, children's services, security and hospitality. It is not just in mining and construction; it is also in many other areas. Let me

just detail enrolments in the top 25 programs. I know that Senator Mason has a particularly blinkered view about the role of some of these areas and he may want to denigrate them because of particular job snobs we have in the conservative party.

Certificate III In Children's Services; Certificate III in Aged Care Work; Certificate II in Security Operations; Certificate II in Financial Services; Certificate II in Retail; Certificate III in Hairdressing; Certificate II in Hospitality (Kitchen Operations); Certificate III in Security Operations; Certificate III in Transport and Logistics (Warehouse and Storage); Certificate III in Transport and Logistics (Road Transport); Certificate II in Retail Operations; Certificate II in Community Service (Support Work); Certificate III in Transport and Distribution (Warehousing and Storage); Certificate III in Home and Community Care; Certificate II in Asset Maintenance (Cleaning Operations); Certificate II in Hairdressing; Certificate II in Transport and Logistics (Road Transport); Certificate II in Transport and Logistics (Warehousing and Storage); Certificate III in Transport and Distribution (Road Transport); Certificate II in Customer Contact; Certificate II in General Construction; Certificate III in Financial Services (Account Clerical); Certificate II in Tourism; Certificate III in Civil Construction, (Plant Operations); Certificate III in Customer Contact.

Of course, participating in training by qualification in the top 10: Certificate III in Aged Care Work; Certificate III in Children's Services; Certificate II in Security Operations; Certificate II in Financial Services; Certificate II in Hospitality (Kitchen Operations); Certificate III in Security Operations; Certificate II in Retail; Certificate II in Asset Maintenance (Cleaning Operations); Certificate III in Transport and Distribution (Warehouse and Storage); Certificate III in Home and Community Care.

I refer to completions: Certificate II in Security Operations; Certificate III in Security Operations; and Certificate II in Retail. That is 79 people, 18 and two. Across Australia RTOs have been contracted to deliver training. This is in a period of eight weeks. The former government was in office for 11 years and it left us with these huge gaps. The former government had 11 years to do these things. In eight weeks the transformation has begun under this government. I refer to work skill vouchers issued on 1 January 2007, the courses that were offered were in business, transport, hospitality, information technology, transport, security, retail, community service, community service support work and nail technology.

Under the previous government we had a serious de-skilling of Australia. We have an enormous gap in our productivity capacity because of the failure of the previous government to provide sufficient funds to have the drive to secure the transformation that was required. In eight weeks this government has fundamentally transformed the vocational education processes. This is the progress that has been made in eight weeks. In all areas of skills shortage, the minister and the department are seeking directly to address those shortages; whereas from the coalition all we had were work skill vouchers which did not address those areas of skills shortage. That is why I said that the transformation has begun. In eight short weeks, versus 11 long years, we have got a major contrast in performance!

**CHAIR**—Earlier Dr Nicoll wished to clarify an issue.

**Dr Nicoll**—No.

**Senator MASON**—What construction and mining qualifications are available in Western Australia, Minister?

**Senator Carr**—I will go through all those again: Certificate III in Civil Construction; Certificate III in Civil Construction (Plant Operations); Certificate II in General Construction; Certificate III in Blocklaying (Mining)—

**Senator MASON**—Hold on—mining.

**Senator Carr**—That is what I said. In mining and construction—

**Senator MASON**—No.

**Senator Carr**—Certificate III in Carpentry. Are you saying that we do not have carpenters in mines? Certificate III in Solid Plastering; Certificate III in Engineering (Mechanical Trade); Certificate III in Engineering (Fabrication Trade); Certificate III in Transport and Distribution (Road Transport).

**Senator MASON**—Let me ask the question again so the minister can understand it.

**Senator WATSON**—He did not understand the question.

**Senator MASON**—The Resources and Infrastructure Industry Skills Council recommended 26 courses. I think that is right. Of those 26 mining courses that relate to the Resources and Infrastructure Industry Skills Council—this is a very specific question—how many are available in Western Australia?

**Dr Nicoll**—We would have to take that question on notice, Senator.

**Senator MASON**—I can help—four. I have another specific question.

**CHAIR**—The question has been taken on notice.

**Senator MASON**—But I can help.

**CHAIR**—Yes, Senator Mason.

**Senator MASON**—I like to help, as you know, Mr Chairman.

**CHAIR**—I am not sure that serves the purpose of asking the question. The question has been taken on notice.

**Senator MASON**—Let me ask a very specific question. Twenty-two courses listed as priority occupations and qualifications by the Resources and Infrastructure Industry Skills Council relate to drilling, Mr Chairman.

**CHAIR**—Are you asking the witnesses to confirm that?

**Senator MASON**—I know that. How many of those 22 courses that relate to drilling and mining that come from the Resources and Infrastructure Industry Skills Council are available in Western Australia, Dr Nicoll?

**Dr Nicoll**—We would have to take that question on notice.

**Senator MASON**—Guess what?

**Dr Nicoll**—You might have the answer, Senator.

**Senator MASON**—I can help. None. Not one is available in Western Australia.

**Ms Paul**—We are still talking about the first eight weeks.

**Senator MASON**—This is very sad.

**CHAIR**—Senator, hang on a second. Ms Paul is seeking some clarification of the question.

**Ms Paul**—We are talking about what has been possible in the first eight weeks. I would have thought that four in the previous set that you said was quite good for the first eight weeks. These things take quite a lot of time to ramp up, as Dr Nicoll was saying. Because we have had quite a bit of communication with RTOs, we know that they are having to set themselves up. Some of them have to get equipment and so on.

**Senator Carr**—This is serious qualifications.

**Ms Paul**—I would not have expected in the first eight weeks necessarily to see some of these areas which require quite a bit of capital, equipment and so on to be able to switch on to offer quite a high-level qualification.

**Senator MASON**—You might be right, but the sad part is that both the Prime Minister and Ms Gillard have said that this phase 1—this program—will help fight inflation. Ms Gillard said in her question time response on 27 May that 145 people are undertaking qualifications of importance to the mining and construction industries. They do not relate to drilling. I am not quite sure to what they relate to. They may relate to mobile construction plant operators. But 145 people is the new revolution to fight inflation and stop the infrastructure crisis.

**Senator Carr**—In eight weeks? You had 11 years!

**Senator MASON**—You see, 145 is not good enough.

**Senator Carr**—You had 11 years to fix this.

**Senator MASON**—No courses are available in Western Australia—not one.

**Senator Carr**—You had 11 years.

**Senator MASON**—Not one course in drilling is available in Western Australia— after two months.

**Senator STERLE**—Point of order, Mr Chair: we have microphones. We are not three blocks away. Does the senator have to scream at us?

**Senator MASON**—I am just making my point, Mr Chairman.

**CHAIR**—Yes, and you are entitled to make a point. But now that you have made it—it was not really a question—is there a response from the table?

**Ms Paul**—I would just like to add, for the record, that not only have we had the 340 RTOs sign up but we are getting—rather like for places—accelerated contact from RTOs. So every day we are getting additional RTOs contacting us as well, including the set of RTOs that have contacted us with interest but are taking some time to get their equipment, classrooms and whatever they need to be able to start.

**Mr Davidson**—Could I just add to Ms Paul's comments. Essentially, we have had to start up a new program from scratch. As I said previously, it involves RTOs that are registered to provide qualifications in those areas indicating their interest to the department and negotiating the arrangements for contractual provisions with the department. We have situations where, as

Ms Paul indicated, RTOs might then choose to operate in specific locations where they may not currently be operating and we need to attract new participants. These numbers are, in fact, additional numbers over and above what is funded by the Commonwealth and currently in the system as well.

I think we have to say that we are not running from a zero base of qualifications being offered in the mining industry; there is significant activity in the mining and associated industries throughout the entire vocational education and training system. I am sure that the senator would not want to disparage the work of registered training organisations across the country that are working closely with industry, working closely with industry associations, dealing with bodies such as the Minerals Council of Australia in detail and working through various kinds of analyses with the Minerals Council of Australia which identified the areas of skills shortages so that we can respond to them. It is part of a coherent strategy to get to this point. This program adds, in particular, a range of qualifications that were not previously available in this form.

**Senator MASON**—But no-one is taking them up?

**Mr Davidson**—As the minister commented—

**CHAIR**—Senator Mason, you asked a question. Let it be answered.

**Mr Davidson**—As the minister commented, we do not have sitting outside the door behind me a queue of people waiting to take up a course. Of course we do not. You are talking about skills shortages in the mining industry. When you talk about the mining industry in Australia, you are talking about issues to do with remoteness, location, and the question about how the mining industry is able to staff its businesses. You are talking about issues to do with how we attract Indigenous employees who are local to the area. We are trying to tackle a whole range of issues fairly systematically. This is an additional investment by the government to help to achieve that. You commented earlier that you saw this as a failed attempt; in fact we are seeing a successful uptake in a number of qualifications—

**Senator MASON**—But not in mining.

**Mr Davidson**—I am sorry, Senator, but these qualifications are now on offer. They are available. We are constantly asking RTOs to offer those qualifications. We get an uptake of people being referred by job network agencies, by the RTOs themselves, and by various registered training organisations. My comment to you is that I think you are being a bit unfair.

**Senator MASON**—Oh no, I would never be unfair!

**Mr Davidson**—Just a little, Senator.

**Senator MASON**—As the chairman knows—

**CHAIR**—The senator is entitled to be whatever he wants.

**Mr Davidson**—I suppose that in answering my question I could make that point.

**Senator MASON**—I came along this morning, Mr Davidson, with a generosity of spirit. The minister had a bad morning yesterday and I thought I would give him a chance to pass. I then discovered—or my researchers, the great staff who work for me and Dr Southcott discovered—when we looked at courses relating to mining that only 15 per cent of the



courses that were specified were being offered, a 15 per cent fail. I then discovered that in manufacturing only three of the 21 recommended courses were being offered—a fail. This is supposed to solve problems about mining, infrastructure problems and work skills issues, but we have had another failure. We had a failure yesterday and we have a failure today. Mr Davidson, I do not expect you to defend the minister, because it is indefensible. It is a gross failure.

**CHAIR**—Senator Mason, I note that the officers have taken the answers to your earlier questions on notice.

**Senator MASON**—I should say, in the interest of fairness—

**CHAIR**—You might well be right. I am not saying that you are not, but I just want to make sure that—

**Senator MASON**—These figures came off the web on 3 June.

**CHAIR**—I am not disputing that but you are referring to those figures as though they had been confirmed.

**Senator MASON**—Who knows what has happened since 3 June?

**Senator BOYCE**—It is three days.

**CHAIR**—I am making the point that the officers indicated that they did not have that information with them and that they would have to take those questions on notice. You might well be right. I just wanted to make sure that we are all on the same sheet. Do you have further questions?

**Senator MASON**—Let me just explain. Mr Davidson, I would never wish to disparage the RTOs—just the failure of the implementation of the program.

**Senator STERLE**—That is a bit rich coming from you lot.

**Senator MASON**—That is the responsibility of the government and not the RTOs. I am referring to this government's gross failure.

**Senator STERLE**—You presided over the greatest skills shortage in Australia's history.

**Senator BOYCE**—The government is supposed to—

**Senator MASON**—We have only a 15 per cent uptake in mining.

**Ms Paul**—Part of Mr Davidson's point was that this is—

**Senator STERLE**—You defunded the training councils.

**CHAIR**—Order!

**Ms Paul**—I think part of Mr Davidson's point was that this was all additionality on top of the \$2 billion each year that is spent in this area in other ways.

**Senator MASON**—Ms Paul, you have such a quiet voice, unlike mine.

**Ms Paul**—I am sorry. It is probably the cold that I have. I think part of Mr Davidson's point was that this was all additionality on top of the \$2 billion each year that is spent in this area in other ways.

**Senator MASON**—Sadly, a very small addition, Ms Paul. Anyway, I am bearing up after yesterday's embarrassment and I hope everyone else is. I have some further questions, Mr Chairman, about some administrative matters relating to phase one. I might return to other issues.

**CHAIR**—I am looking forward to them, Senator Mason.

**Senator MASON**—When were the first of these 20,000 productivity places supposed to be available for job seekers to enrol? Was that from 1 April?

**Dr Nicoll**—We started the week after that, Senator, so that job seekers could enrol.

**Senator MASON**—The week after? I have the draft program guidelines here which state that the program commenced on 1 April.

**Dr Nicoll**—Yes, RTOs. It was available for RTOs to register their interest at that point.

**Senator MASON**—Oh, I see. The RTOs registered but there was no further action?

**Dr Nicoll**—There was action, but until there was an RTO that could provide the courses that were approved by department it was not open to participants.

**Senator MASON**—So you could not possibly expect people to be commencing from 1 April, could you?

**Dr Nicoll**—The program was certainly in operation from 1 April, Senator.

**Senator MASON**—Did you expect people to be commencing from 1 April?

**Dr Nicoll**—They would not have been able to commence their training.

**Senator MASON**—That is what I thought. Thank you.

**Dr Nicoll**—But the program was in operation from 1 April.

**Senator MASON**—Yes, but people could not start then, could they? I think that is what you just said, Dr Nicoll, is that right?

**Dr Nicoll**—Yes.

**Senator MASON**—I would not want to mislead.

**CHAIR**—I do not want you to, Senator Mason.

**Senator MASON**—Can the department confirm what date the first enrolment occurred?

**Ms Hewlett**—28 April was the first enrolment in the program.

**Senator MASON**—Nearly four weeks or even three weeks after that. If you allow a week for the RTOs it is three weeks. Is it three weeks? I am not very good with numbers, Dr Nicoll. You will have to bear with me. Would you say that it is three weeks, Mr Chairman?

**CHAIR**—Do it on the calculator, Senator.

**Senator MASON**—Let us say that it is a ballpark figure of three weeks.

**Ms Paul**—I suppose in relation to student enrolments—

**Senator MASON**—You help me, Ms Paul.

**Ms Paul**—I suppose in relation to student enrolments we probably would have had a five-week program. We have probably had only five weeks, not even eight, for enrolments.

**Senator MASON**—The first enrolment—

**Senator Carr**—You had 11 years.

**Senator MASON**—I want to get the date. The first enrolment occurred on 28 April—is that right?

**Ms Hewlett**—Correct.

**Senator MASON**—Let us get this right. This is date of the first enrolment, which is a different from the date when the first students commenced their courses.

**Ms Hewlett**—My apologies, Senator. The first people commenced their courses on 28 April.

**Senator MASON**—Okay, so enrolment and commencement were the same date?

**Ms Hewlett**—I cannot confirm that.

**Senator MASON**—These are slightly different issues.

**CHAIR**—Yes.

**Ms Hewlett**—I cannot confirm it.

**Dr Nicoll**—They would have enrolled earlier than that but they commenced their training on the date Ms Hewlett identified.

**Senator MASON**—So that was four weeks after the commencement date of the program?

**Ms Hewlett**—After the launch of the program on 1 April, correct.

**Senator MASON**—The draft contractual guidelines for the contract between the service provider and the department are still on the website. Have those guidelines been approved by the legal part of the department, so that they are no longer draft? Where are we there?

**Ms Hewlett**—The guidelines have been approved by the legal department, yes.

**Senator MASON**—When did that happen, Ms Hewlett?

**Ms Hewlett**—I am afraid that I do not have that date in front of me.

**Senator MASON**—Could you get it for me? I would be interested in it.

**Ms Hewlett**—Certainly, yes.

**Senator MASON**—I follow this with great interest, as you can appreciate. How long do those sorts of draft documents usually take? What is the usual turnaround time?

**Mr Davidson**—We could not possibly answer that.

**Senator MASON**—There is no general answer?

**Mr Davidson**—In each case where there is a request of our legal officials, it goes to the nature of the request, the details of the request, the specific requirements that are involved, the staff that are available, the level of knowledge—

**Senator MASON**—There are too many complexities, too many variables?

**Mr Davidson**—I think so, Senator, for us to give you a generic answer to that question.

**Senator MASON**—I am a fair person, as you know, Mr Davidson, so I will not press it. I am fair. I will put a line through that question for you. Getting back to enrolments: according to the draft guidelines, there is a five-day delay between enrolment and the commencement of a job seeker. Is that right? That is my recollection.

**Ms Hewlett**—Five days between enrolment in a course and the commencement of the course?

**Senator MASON**—Yes. How does that work?

**Ms Hewlett**—It varies, depending on whether the RTO starts to deliver the program.

**Senator MASON**—All right. So, in effect, it is really up to the RTO at that level. Is that right?

**Ms Hewlett**—To determine the date they start the course, yes.

**Senator MASON**—That is fine.

**Mr Davidson**—Can I just talk about the logistics of this. I appreciate the nature of your question, but in terms of provision, unless you have a flexible course which is available online or something like that, essentially you cannot just start a course for one person, or one at a time. In the nature of the start-up of a program I am sure you would understand that it takes some time to get a cohort of students that are interested in doing the course and to organise the facility. The facility is probably more likely to be organised already, but to get a group of people in a location where you can offer the course takes some while.

**Senator MASON**—I think you—

**Mr Davidson**—If I were an RTO and you were a potential trainee and you walked up to me today, I would do my best endeavours to get you into the first available course that I could.

**Senator MASON**—I am sure you would, Mr Davidson.

**Mr Davidson**—But, as you would appreciate, today I would not be able to offer it to you because I am at Senate estimates. Other work is going on. Providers in this program are very keen on the take-up. They have been incredibly efficient in the way in which they have responded to our stuff.

**Senator MASON**—There is just the issue of uptake. That is the problem you see, Mr Davidson, when the Prime Minister and the Deputy Prime Minister make a big song and dance about what they are doing for the mining industry, and no-one takes up the courses. There is—how do I put this?—a political role. Do you understand?

**Ms Paul**—We have seen this experience before.

**Senator MASON**—I am sure that you have, Ms Paul; that I do not doubt.

**Ms Paul**—Not the experience you name, but we are familiar with the scale and nature of ramp-ups, which I mentioned before.

**Senator MASON**—I am sorry?

**Ms Paul**—I am sorry. We are familiar with the scale, speed and nature of ramp-ups.

**Senator MASON**—Ramp-ups?

**Ms Paul**—Yes, what Mr Davidson is talking about. We go through a similar sort of approach with any new program. For example, with the previous governments work skills vouchers, even though that started at the beginning of the school year, as it were—which this program did not—we faced a similar period in which RTOs had to get themselves ready, even though those were at certificate II level and not as high as these ones, on the whole. Enrolments took their time to ramp up and, indeed, were slower than the ramp-up here. It is just something that as, as Mr Davidson described, naturally is a feature of training itself, if you like.

**Senator MASON**—I am very lucky—I think I indicated that yesterday, Ms Paul—in that I receive emails from everyone. You would be surprised to know that everyone watches this show, Dr Nicoll. It is streamed across the world. They think that I should ask these questions. Apparently, under the draft guidelines there must be five days between commencement and enrolment. Is that right? One of our viewers sent this in to help.

**Dr Nicoll**—We cannot help you at this point. Ms Hewlett is checking the guidelines.

**Senator MASON**—Can you help me?

**Dr Nicoll**—Perhaps we could take that question on notice for you, Senator, and get back to you about that when we can.

**CHAIR**—Senator Mason, the Senate estimates process is not for viewers; it is for senators.

**Senator MASON**—Oh well, let us give the public something, Mr Chairman—come on! Can you take that question on notice?

**Dr Nicoll**—We certainly can.

**Senator MASON**—It is a very important point.

**Dr Nicoll**—I am happy to.

**Senator MASON**—I will deal now with phase 2, Mr Chairman.

**CHAIR**—Yes.

**Senator MASON**—Mr Davidson, I keep getting emails from all sorts of people in relation to phase 2. Are you surprised, Mr Chairman?

**Senator STERLE**—I was just going to send you one now.

**Senator MASON**—I refer to phase 2, Mr Davidson, which is the upskilling of people currently employed and also job seekers—is that right?

**Mr Davidson**—Yes, it is the extension of the same group that we have in the first group of up to 20,000. It adds to that a group that includes existing workers; that is correct.

**Senator MASON**—How many places are being offered?

**Mr Davidson**—At this point we are not in that period.

**Senator MASON**—Sorry?

**Mr Davidson**—Are you asking how many are on offer?

**Senator MASON**—How many will be offered?

**Mr Davidson**—In the current—

**Senator MASON**—No, in phase 2.

**Mr Davidson**—Over what period?

**Senator MASON**—You tell me.

**Mr Davidson**—If you can ask me the period I might be able to answer the question.

**Senator MASON**—I am referring to phase 2. Okay, in the first six months between 1 July and, let us say, the end of the year?

**Dr Nicoll**—Senator, there will be 66,000 places available over the 2008-09 financial year.

**Senator MASON**—You are being more helpful than Mr Davidson. Thank you, Dr Nicoll.

**CHAIR**—Senator Mason, all the officers are being helpful.

**Mr Davidson**—Indeed; I am trying to be as helpful as I can.

**Senator MASON**—Some are more helpful than others.

**Mr Davidson**—Senator, I could take offence at that, and I would hate to do so.

**Senator MASON**—I am sure you would not.

**Mr Davidson**—I would hate to do that.

**Senator MASON**—We all get along well in this process, Mr Davidson. You know that.

**Mr Davidson**—It would be inappropriate. Between us all, as the department, we will use our best endeavours to answer your questions accurately.

**Senator MASON**—Mr Davidson, have you concluded agreements with the states?

**Mr Davidson**—Have we concluded them?

**Senator MASON**—Yes.

**Mr Davidson**—No, we have not, Senator.

**Ms Paul**—Can I just add something?

**Senator MASON**—The draft guideline—

**CHAIR**—Just a moment, Senator Mason.

**Ms Paul**—I refer to the nature of enrolments. I do not think we have quite made this point clearly before, although we have mentioned it. I refer to the concern that has been expressed about the pace of enrolment and so on. Even though the pace is exceeding our expectations, based on history, these places are all for job seekers, are they not?

**Mr Davidson**—They are currently—up to 20,000.

**Ms Paul**—The first 20,000 places that have been put in the market are all for job seekers. These are the people who face the most disadvantage in the community. We not only have all the ramp-up issues, which we have been through; we also have the nature of the trainees

themselves. That is quite an important factor here too. I thought that I should mention that because not just anyone in the population is eligible to take up these places and enrol. You literally must be unemployed.

**Senator MASON**—Could I put to you an issue that we have heard before. I asked about the draft guidelines. It might not have been you, Dr Nicoll; it might have been Ms Hewlett who said that they are no longer draft guidelines. Are the guidelines finalised and available on the web?

**Ms Hewlett**—The guidelines on the web are still draft guidelines. There are a couple of anomalies that we wanted to sort out beforehand, but they are very minor changes. In the contract with the registered training organisations, the contract takes precedence over the guidelines.

**Senator MASON**—When will they be available?

**Ms Hewlett**—They can be available within the next few days, Senator.

**Senator MASON**—Do you think so?

**Ms Hewlett**—Yes.

**Senator MASON**—In the next few days?

**Ms Hewlett**—Yes.

**Senator MASON**—I wish to refer again to phase 2. Mr Davidson, I think you mentioned that phase 2 commences on 1 July—is that right?

**Dr Nicoll**—That is correct, Senator.

**Senator MASON**—To implement that properly you would need to have agreements in place with the states, would you not?

**Dr Nicoll**—Senator, could I clarify that there are two parts to phase 2. There is the rollout of a further 44,000 job seekers places, and those places are funded 100 per cent by the Commonwealth. In addition, 66,000 places will be available to existing workers. Negotiations are continuing with the states and territories about their contribution and how those places will be distributed. That has not been finalised.

**Senator MASON**—It has not been finalised?

**Dr Nicoll**—It has not been finalised.

**Senator MASON**—Yet it starts on 1 July, in four weeks. I suspect that you will be busy between now and then, Dr Nicoll. Is that right?

**Dr Nicoll**—The program certainly starts on 1 July, yes. Places will be available from that time over the period of 2008-09. The commitment is to places being available over that period, Senator.

**Senator MASON**—But negotiations are not concluded?

**Dr Nicoll**—Correct.

**Senator MASON**—I hope that this is not another partnership, Mr Chairman. We do not like them in committee, do we?

**CHAIR**—You are free to have any opinion you like, Senator.

**Senator MASON**—I had a big day yesterday, so you know how it is. I have other questions. In fact, I have stacks of other questions, but I am happy to yield to Senator Boyce and give the witnesses a break. However, I am at your disposal, Mr Chairman, as you know. I am always happy to help. You know that.

**CHAIR**—Thank you, Senator Mason. Senator Boyce?

**Senator BOYCE**—My colleague is very generous, thank you. At this juncture my questions relate primarily to the establishment of Skills Australia. I cannot find where I had underlined this, but there was mention in the PBS of fast-tracking Skills Australia. I understand that Skills Australia will be an independent statutory body that gives advice on current and future demand for skills and training. It will be advising the government. We went from 450,000 to 630,000 places this morning, did we not?

**Ms Paul**—That is right.

**Senator BOYCE**—The members of the board were announced on 17 April and the board first met on 28 May, but you have been allocating places since 1 April?

**Dr Nicoll**—That is correct.

**Senator BOYCE**—How did the board of Skills Australia input into that?

**Dr Nicoll**—It did not.

**Senator BOYCE**—What took place?

**Dr Nicoll**—Senator, as you have identified, Skills Australia was established under legislation that went through and received royal assent on 20 March. The secretariat for Skills Australia had to be established and the members of Skills Australia had to meet, which they did this week for the first time. The first phase of the job seeker program, or the productivity places, did not use advice from Skills Australia because it was not in existence at that point.

**Senator BOYCE**—Clearly.

**Dr Nicoll**—Over the next few months Skills Australia will be developing a methodology to establish how it will go about identifying skills shortage areas. I cannot anticipate what that will be because it is an independent body. For the first phase of the job seeker places, the department developed an interim methodology based on a number of pieces of data that we collected and that are publicly available. Phase 2 will also be informed by modification of that methodology.

**Senator BOYCE**—Without the input of Skills Australia?

**Dr Nicoll**—Yes, because it will not have time. It is getting up and running at this moment after its first meeting. Its first meeting was a meet and greet this week, and it is now getting down to business activities and directing their business plan for the coming year.

**Senator BOYCE**—How many training places were there in phase 1?

**Dr Nicoll**—There were 20,000 places available, Senator.

**Senator BOYCE**—And in phase 2 there were 134, were there?



**Dr Nicoll**—Yes. I have the figures here for phase 2. In phase 2 there will be 44,000 job seeker places and 66,000 places for existing workers, which is 110,000 places.

**Senator BOYCE**—Yes. I just did this lovely sum based on the wrong figures. We have 130,000, which is about one-fifth, or more than 20 per cent, of the entire program that has been developed. But the body that is supposed to be overseeing this has not met or been involved in it. Is that the case?

**Mr Davidson**—Just to add to that, Senator, this body will provide broad based advice to the government in relation to the skills situation and ways of addressing it. Its advice is not limited to this program.

**Ms Paul**—The Prime Minister and the Deputy Prime Minister made that very clear to the board of Skills Australia when it had its first meeting. It was very clear from them that the message was that its charter was to provide the broadest possible advice.

**Senator BOYCE**—Nevertheless, it will be advising on current and future demand for skills and training?

**Ms Paul**—Absolutely, Senator.

**Senator BOYCE**—The current major government program that related to that is this program, is it not?

**Mr Davidson**—This is the current major new program of this government that I commented on in the answers to Senator Mason. Ms Paul also indicated that the Commonwealth government allocates something in excess of \$2 billion a year. Half of that, roughly, gets paid out through state governments to facilitate the delivery of training, and the other half is direct Commonwealth expenditure. So, yes, this is the major new initiative that we have for allocating resources. But we anticipate that the advice from Skills Australia would impact more generally on the way in which the Commonwealth views its outlays, either outlays to the states or outlays for its own purpose.

**Senator BOYCE**—In which case the whole program might need to be unravelled. Is that what you are saying?

**Mr Davidson**—No, Senator. I am just saying that we see the potential scope of the advice from Skills Australia as much broader than just being a very narrow program adviser on this initiative.

**Senator BOYCE**—I was not suggesting that it would be a program adviser on this.

**Mr Davidson**—I am sorry if I misinterpreted it.

**Senator BOYCE**—I understood—

**Mr Davidson**—I just wanted to give you the sense—

**Senator BOYCE**—I understood that this program was an important part of the government's views on how to go about delivering skills and training, or meeting the skills or training needs of Australia. I note in the figures for Skills Australia, or the budget for Skills Australia, that it is to have a secretariat. Are members of the board to be paid?

**Ms Beitz**—Yes, Senator, the members will be paid. They are paid based on a Remuneration Tribunal determination.

**Senator BOYCE**—Which states?

**Ms Beitz**—Do you want the figures to show what they are getting paid?

**Senator BOYCE**—Yes.

**Ms Beitz**—The chair of Skills Australia receives remuneration of \$917 per day.

**Senator BOYCE**—Per sitting day?

**Ms Beitz**—That is a daily rate for work undertaken on a daily basis. The fee for a member is \$756 per day.

**Senator BOYCE**—What else do they get?

**Ms Beitz**—They would also receive a travel allowance which is based on a tier 1 travel entitlement. I might have to take that question on notice, Senator. I am sure that I can get it for you quickly. It is around \$300 per day for travel, and it includes breakfast, lunch, dinner and accommodation.

**Senator BOYCE**—And business class travel and the like, I expect?

**Ms Beitz**—Yes, that is correct.

**Senator BOYCE**—What are you budgeting for? What will it cost the department?

**Ms Beitz**—We have a draft budget, Senator, and it is with the members at the moment for sign-off. It is really only indicative. Obviously for this year we have had only the one meeting and we are still uncertain of the total costs. But for next year we have a total budget of \$3 million.

**Senator BOYCE**—For next year you have \$3 million for Skills Australia?

**Ms Beitz**—Yes, and that includes all costs for Skills Australia.

**Senator BOYCE**—Including secretariat costs?

**Ms Beitz**—Correct, yes.

**Senator BOYCE**—The next thing I wanted to know about was the National Industry Skills Committee. That was involved in developing the shape of phase 1 and phase 2—is that correct?

**Mr Davidson**—No, that is not correct, Senator.

**Senator BOYCE**—Okay. Can you tell me then about the National Industry Skills Committee?

**Mr Davidson**—The National Industry Skills Committee is an advisory committee to the Ministerial Council for Vocational Education and Training. Off the top of my head I cannot remember the exact number of members, but it comprises a number of employer members and one nominee of the Australian Council of Trade Unions. It meets on a regular basis.

**Senator BOYCE**—How regularly is that?

**Mr Davidson**—Do you want a precise answer or an approximation?

**Senator BOYCE**—I am more interested in whether it meets once a year or five or six times.

**Mr Davidson**—No, it might be four or five times a year. In the normal course of events, it would also meet with the ministerial council once or twice a year. It also meets with senior officials once or twice a year.

**Senator BOYCE**—Can someone explain the relationship between the National Industry Skills Committee and Skills Australia?

**Mr Davidson**—Certainly. Skills Australia is a statutory body that was established by the new government and passed by the parliament. It is a body, if you like, comprised of seven individuals who have relevant expertise, so it is an expertise based body. The National Industry Skills Council was established in the context of the Commonwealth-State Agreement for Skilling Australia's Workforce, an agreement struck during the life of the previous government. It is an advisory structure that comprises individuals who are nominated by relevant organisations. So, in a sense, it is a more representative—

**Senator BOYCE**—It is a representative body?

**Mr Davidson**—Yes, it is envisaged more as a representative body of industry, if you like. It was a mechanism that was established to get input from industry into the national training system.

**Senator BOYCE**—So it is—

**Mr Davidson**—High-level, strategic advice.

**Senator BOYCE**—So it is representative of industry and therefore, one assumes, of industry's views on skills needs and training?

**Mr Davidson**—It was given a fairly broad mandate by the previous government. That mandate was really to give advice to the ministerial council on a broad range issues to do with training and skills that industry felt were important to bring to the attention of ministers.

**Senator BOYCE**—Would you say that there was a level of expertise within that committee as well? You mentioned that Skills Australia had individuals with expertise.

**Mr Davidson**—Certainly yes. Some extremely well-known and leading businesspeople are on that body. Of its nature it is not a body that was designed to do the sort of work that Skills Australia is doing, which is looking at the detail of how one might work through future skills needs.

**Senator BOYCE**—Is Skills Australia looking at the bigger picture? Is that what you are telling me?

**Mr Davidson**—No. I am saying that Skills Australia gives a view from a group of people who are seen to be experts in a particular area to do with skills and to bring a focus to that. The National Industry Skills Council is not limited to that; it was a mechanism to bring industry views into the training system more generally. That was the idea behind the National Industry Skills Council.

**Senator BOYCE**—You do not think that these two bodies might get in each other's road, reinventing wheels, even if they are not the same size wheels, so to speak?

**Mr Davidson**—I do not think that they will be reinventing the same sorts of wheels, no. The Industry Skills Council has pursued another direction. Hopefully, I am accurately presenting how the members would see what they have done. They have really focused on trying to address key policy issues that they see in training from an industry perspective. So, for example, they have looked at issues about transition from school to work; they have looked at issues about how industry could more effectively become involved in workforce development; and they have looked at issues to do with attractiveness of vocational education to youth. What they have tried to do is to take a kind of strategic policy view approach. That is the way that I would say they have functioned.

**Senator BOYCE**—How will that differ? Will Skills Australia not be taking a strategic policy approach?

**Mr Davidson**—It is not designed to be a representative voice of industry. The construct and membership of Skills Australia is quite different. It is seen to be the pre-eminent adviser to the government in relation to the area of skills needs and the development of a skills response within the Australian community and within the Australian government. Is there a potential for some overlap? I would assume that at some point there could be, but one would expect that the chair of the National Industry Skills Council would, at some time, meet the chair of Skills Australia and they would have a discussion. I do not think that they would cross over, no.

**Senator BOYCE**—I am having problems understanding why we are spending \$3 million to have a body of pre-eminent individuals advising the minister when we apparently already have a body of experts representative of industry who advise the ministerial council.

**Mr Davidson**—Okay. I am probably not explaining myself very well. The ministerial council, as opposed to the federal minister—

**Senator BOYCE**—The federal minister?

**Mr Davidson**—Being the Deputy Prime Minister.

**Senator BOYCE**—Yes, but the federal minister is chair of the ministerial council?

**Mr Davidson**—Yes, that is correct. The other body is an advisory committee of the ministerial council. The ministerial councils have certain status within the COAG framework and have been set up. That particular committee has been set up to give an industry perspective on issues of importance to industry. I would have to say that, so far as I am aware, in the life of the National Industry Skills Council it has not given any advice on skills needs, projection of skills needs or future labour market trends.

**Senator BOYCE**—Because industry did not think it had skills?

**Mr Davidson**—I cannot speak for the council.

**Senator BOYCE**—I find it a little unusual that it would not have done that, unless that was currently not within its purview.

**Mr Davidson**—It was not a specific mandate, but that it could have a view on that was certainly not excluded. The body itself, in dealing with the ministerial council, has identified a number of other issues that it has focused on. I think the key issue that it focused on is one

that really relates to a lot of stuff that we are talking about, which is: how does one generate interest from employers to upskill and train their workforce? If an objective for Australia is to have a more productive and highly skilled workforce, what are the settings that help industry to focus on that? That has been the principal focus of the National Industry Skills Council over the last couple of years.

**Senator BOYCE**—Would you be able to give me the list of the members of the National Industry Skills Committee?

**Mr Davidson**—Certainly.

**Senator BOYCE**—And the organisations that it represents? For instance, we have ACTU member Sharan Burrow on Skills Australia. Who do they have on the National Industry Skills Committee? Would you know that?

**Mr Davidson**—Yes, they have a woman named Michelle Bissett. But the members—I ask the members to forgive me. I probably could take this question on notice.

**Dr Nicoll**—We will get that to you shortly.

**Mr Davidson**—The chair is Bill Stoddart, a leading and well-known manufacturer from Queensland who was, and possibly still is, on the Queensland Studies Authority. We also have nominees of the Australian Chamber of Commerce and Industry, the Australian Industry Group—

**Senator BOYCE**—Who also have a representative on the Skills Council.

**Mr Davidson**—the Business Council and a couple of direct nominees from employers. We will give you the complete list.

**Senator BOYCE**—We will look into this. I am happy to try to understand the distinctions that you are making, Mr Davidson, but it looks to me like Skills Australia is a \$3 million showcase for the minister. We already have a committee that functions and that seems to have the ability to take on the role that is currently being performed, or that was intended to be performed, by Skills Australia.

**Ms Paul**—If I had to summarise this, Senator, I would say that, basically, the membership is different, the charter is different, the chartering body is different, and the task is different. The expertise on Skills Australia allows it to do the forecasting and other work that the government seeks it to do. Skills Australia has academics and so on, as well as some industry experts. The National Industry Skills Council is really an animal of the ministerial council and will do whatever the ministerial council charges it to do. Fundamentally, its business should be quite complementary. There is no problem with that, but it is set up, chartered and tasked in a different way.

**Senator BOYCE**—I will attempt not to be obtuse, but it seems to be, as you said, chartered, set up and tasked in a different way to do almost the same thing. We will look at that further. Could we talk a bit about the Boston Consulting Group report that the former government commissioned to evaluate progress on the 2005 to 2008 period?

**Mr Davidson**—Certainly, Senator.

**Senator BOYCE**—Could we talk about how we might improve the system. Has that report been assessed by the current government? What is its response to it?

**Mr Davidson**—Certainly. I think the Deputy Prime Minister has been reported as saying that she saw it as making a useful contribution to discussions and negotiations as to the future shape of the national training agreement. The report was commissioned by the ministerial council. The contract was then entered into by the Australian government on behalf of the ministerial council. But, essentially, it was commissioned as a midpoint review of the last agreement to see progress and to inform the basis of the next agreement, which we might look at in the future. I did not say that the current Skilling Australia's Workforce agreement and act come to an end on 31 December this year.

**Senator BOYCE**—This year, yes.

**Mr Davidson**—We are now in the process of negotiating a new set of Commonwealth-state financial arrangements, which I think the government has talked about, through the COAG framework, and the Boston Consulting Group is one of the inputs. As I said, the Deputy Prime Minister has highlighted that it is one of the inputs that is being used in that. It is publicly available and it has been distributed to all state and territory governments.

**Senator BOYCE**—And it will be used?

**Mr Davidson**—It has been used.

**Senator BOYCE**—Sorry, the advice in that report will be used to underpin negotiations?

**Mr Davidson**—Absolutely, yes.

**Senator BOYCE**—Okay, thank you.

**Mr Davidson**—Senator, I can give you the membership of the National Industry Skills Council.

**Senator BOYCE**—That would be good.

**Mr Davidson**—We have Mr Bill Stoddart, the chair, from Stoddart Metal Fabricators, a company in Queensland. We have Michelle Bissett from the Australian Council of Trade Unions. We have Mr Allan Burgess from the Australian Dairy Farmers and I believe that he was nominated by the National Farmers Federation. We have Linda Heron from Seawinds Vineyard. At the time of her nomination I think she was a key employee of the then Coles Myer group. We have Mr Roger Leeming from Tycab Industries, who was the nominee of the Australian Industry Group. We have Mr David Murray from BHP Billiton. I think he was an independent nominee or employer, but I could be wrong. There was a capacity for employers to be nominated directly. As I recall, Mr Murray had a lot of interest in this area. We have Ms Rae Routledge from Flair Colour and Design, a Queensland based organisation. We have Neville Sawyer from Smart Digital Optics who, at the time, was nominated by the Australian Chamber of Commerce and Industry. He was the chair of their education and training group. We also have Stuart Wilson from Wilson Building Consultants. I think he was nominated by the Housing Industry Association, if I am correct.

**Senator BOYCE**—Thank you, Mr Davidson.

**CHAIR**—Do you have any more questions on VET?

**Senator BOYCE**—I have lots more questions but in different areas.

**CHAIR**—Not in outcome 4?

**Senator BOYCE**—I have some questions on outcome 2 that I was told had to go to outcome 4, but I also have some more questions on outcome 4.

**CHAIR**—We will take a break now.

**Proceedings suspended from 10.31 am to 10.50 am**

**Senator CROSSIN**—I want to ask a few questions about the Australian technical colleges. Four years on, can you confirm how many students are actually enrolled in Australian technical colleges across this country as at the last census?

**Mr Johnson**—As at the March census 2008, there were 3,174 students enrolled.

**Senator CROSSIN**—What was the target set by the previous government?

**Mr Johnson**—There is actually an enrolment target set for the 24 technology colleges that are operating of 4,248 students.

**Senator CROSSIN**—What was the target set by the colleges, or the projected enrolments?

**Mr Johnson**—That figure I gave you is the projected enrolment. The former government had indicated a commitment that colleges would achieve a student profile of around 300 students in each of the colleges that are now fully operational. If there were 28 colleges established and operating, which was the commitment at the end of 2007, there would be roughly 8,500 students when they were fully operational, once they got to their third year of operation. Under the current arrangement, we have only 24 colleges operating nationally and their projected enrolments for the 2008 academic year are 4,248 students.

**Senator CROSSIN**—How many colleges are actually fully operational?

**Mr Johnson**—We had three colleges that commenced operation this year. We have 24 nationally that are operating. That is the extent of the commitment that the current government has said it will continue the funding agreement for. So there are no other—

**Senator CROSSIN**—You say those 24 are fully operational.

**Mr Johnson**—All are operating as colleges, but some are just in their first year.

**Senator CROSSIN**—How many colleges are not meeting their enrolment targets?

**Mr Johnson**—Of the 24, 20 are not currently meeting their projected enrolment targets for 2008.

**Senator CROSSIN**—Can you give us an idea of where they are? It might be easier to tell us the four that are meeting their targets.

**Mr Johnson**—I can detail them all, but the four that are currently meeting their enrolments are Adelaide South Technical College in South Australia, Bendigo Technical College in Victoria, and North Brisbane and North Queensland Technical Colleges in Queensland.

**Senator CROSSIN**—I have here an original target of 21,000. Where would I have got that? How does that calculation come about? I think it is from a press release.

**Mr Johnson**—That is correct. I think it was a reflection of the commitment from the former government to establish beyond the 28 colleges that it had committed to fund, and establish into 2008 a further 100 technical colleges. Thirty of those 100 were to be new technical colleges and 70 involved refurbishments of existing schools to improve their trades delivery capability. I imagine the headline target of 21,000 was an establishment of around 58 technical colleges at some time over the course of 2008 to 2010-11.

**Senator CROSSIN**—Nevertheless, all up now we have 3,174 enrolled and a projected enrolment of 4,248. But we have only four colleges actually meeting their enrolment targets out of the 24.

**Mr Johnson**—That is correct.

**Senator CROSSIN**—What has been the total cost of the technical colleges to date?

**Mr Johnson**—The commitment for the colleges is \$439 million.

**Senator CROSSIN**—No, the cost to date, not the commitment.

**Mr Johnson**—The actual cost reflected in the funding agreements with each of the 24 colleges is \$425 million. Not all of those funds are committed. They have been expensed, but that is a reflection of the formal commitment to funding agreements with each of those 24 colleges.

**Senator CROSSIN**—When would the last of those agreements have been signed?

**Mr Johnson**—Three colleges only commenced operations in the 2008 academic year. The most recent of those funding agreements would have been, I imagine, for the establishment of those three colleges, all of which are in New South Wales.

**Senator CROSSIN**—But when were those agreements signed? They might have started this year, but when were the agreements signed?

**Mr Johnson**—I would have to take that on notice, because there would be different dates for each of the colleges. They would probably have been within the last 12 months because we had taken a fairly significant planning process to negotiate the establishment of the colleges. Probably each of those would have been signed in last 12 to 18 months.

**Senator CROSSIN**—Have any agreements been signed since the change of government?

**Mr Johnson**—There have been no new funding agreements entered into.

**Senator CROSSIN**—So, \$439 million has been set aside and \$425 million has been allocated?

**Mr Johnson**—That is right.

**Senator CROSSIN**—Are all of the students supposed to be enrolled in Australian school based apprenticeships?

**Mr Johnson**—It is a requirement of the colleges that students are enrolled in Australian school based apprenticeships as soon possible after enrolment.

**Senator CROSSIN**—Can you confirm whether all the students who are enrolled—that is, the 3,174—have apprenticeships?



**Mr Johnson**—No, at this stage only about one-third of those students are signed onto school based apprenticeships.

**Senator CROSSIN**—Why?

**Mr Johnson**—It takes a significant amount of time for the colleges to negotiate with local employers to take on the training of a student on under a formal contract under a school-based apprenticeship arrangement and to negotiate the hosting and placement of the students into businesses and enterprises in individual regions. It is a reflection that at this stage we have only about one-third. Of those 3,174 students, we have 1,058 who are currently participating in school based apprenticeships.

**Senator CROSSIN**—How many colleges would be meeting the requirement to have all students enrolled in the school based apprenticeships?

**Mr Johnson**—At this stage there is only one college that has 100 per cent of its students enrolled in school based apprenticeships.

**Senator CROSSIN**—One?

**Mr Johnson**—That is correct. But given that a number of colleges have just taken on new students in the 2008 academic year, all colleges will have a proportion of their current students not enrolled—because they have a student profile for year 11 and 12 students, some of whom are yet to be placed into a school based apprenticeship later this year.

**Senator CROSSIN**—When was the first technical college opened?

**Mr Johnson**—The first colleges commenced operation in 2006. We had five colleges.

**Senator CROSSIN**—So after at least two full years of operation, we have only one college that has all of the students placed in apprenticeships as per the agreement. Where is that college?

**Mr Johnson**—That is in Queanbeyan, New South Wales.

**Senator CROSSIN**—I see. So, after two years, only one out of 24 has actually met the requirement in term of apprenticeships?

**Mr Johnson**—Yes.

**Senator CROSSIN**—Does the latest census information break down the type of students enrolled in the colleges?

**Mr Johnson**—It distinguishes them by gender and indigeneity.

**Senator CROSSIN**—What percentage of students are female?

**Mr Johnson**—Nationally, almost 7.5 per cent.

**Senator CROSSIN**—What percentage are Indigenous?

**Mr Johnson**—3½ per cent.

**Senator CROSSIN**—How many of the colleges are registered schools?

**Mr Johnson**—All of the colleges bar one are registered schools. One college operates under an auspiced arrangement with an existing state government high school.

**Senator CROSSIN**—Where is that college?

**Mr Johnson**—In Gladstone, Queensland.

**Senator CROSSIN**—What is happening with the consultation process to determine the future of the technical colleges?

**Mr Johnson**—The government has given a commitment to continue to work with the colleges under their existing funding agreements and to consult both with the colleges and with relevant state and territory governments to determine how the colleges can be most appropriately integrated into the existing education and training system. The Deputy Prime Minister, in communicating that position to colleges, indicated that a consultation process would start early this year with colleges, their college boards, stakeholders in the region and, as I said, state and territory government authorities. The consultation process started in late February and March. It is still ongoing at this stage, with a view to trying to identify, on a region-by-region basis, different models for the future operation of education and training provision in each of those communities.

**Senator CROSSIN**—When do you anticipate that that will be finished?

**Mr Johnson**—We hope to conclude the formal parts of the consultation by July this year.

**Senator CROSSIN**—Is that across the 24 colleges?

**Mr Johnson**—That is right; we are running it on a concurrent basis right across all 24 regions.

**Senator CROSSIN**—So we may have a different outcome in different places, depending on the arrangements; is that correct?

**Mr Johnson**—That is correct. We expect that we will have different models in each of those 24 regions potentially.

**Senator CROSSIN**—Do consultations involve the state governments as well?

**Mr Johnson**—They do.

**Senator NETTLE**—What are the options for those existing 24 colleges? They are all involved in this consultation. Because they are all in schools, will they become part of the school system or part of the TAFE system?

**Mr Johnson**—Broadly speaking, the colleges have been encouraged to work with other education and training institutes in their regions and engage in discussions with state and territory government departments with responsibility for skills and education delivery to explore, as you said, Senator, a very broad suite of training delivery arrangements. We expect to have—and, indeed, are already involved in—discussions with each of the colleges on quite different models across each of the 24 regions.

**Senator NETTLE**—Are you saying that each of their current funding agreements will continue? Does that mean they will end their time as an Australian technical college and become whatever they are to become at different points in time or all at the same time?

**Mr Johnson**—Again, the formal funding agreements run through to the end of December 2009. We anticipate through this consultation process that some colleges and, indeed, the

education and training models developed in some regions, will possibly bring forward an earlier transition to a different education and delivery model before December 2009. In other instances there will be a longer transition over the course of the next 18 months to training delivery arrangements.

**Mr Davidson**—In each case they continue to meet their contractual obligations unless they come back to us and say, ‘We do not want that.’ Forget the legal term when you actually move a contract from one body to another, if the entity were to change. But, essentially, unless they ask for the contract to be terminated, the contractual arrangement will exist until the end of 2009.

**Senator NETTLE**—Has the government any program in place or plans in terms of increased financial support to students in the VET sector?

**Senator BOYCE**—I asked some questions about the training colleges. I do not know whether you want to do this topic by topic.

**Senator NETTLE**—I do not mind.

**CHAIR**—We are right for time.

**Senator NETTLE**—I have some other questions about VET, but if you want to finish ATCs, that is cool.

**Senator BOYCE**—I will just finish my questions. We talked about the number of students enrolled and targets for students. How many students are expected to enrol in ATCs by 2009?

**Mr Johnson**—We negotiate projected enrolment targets with the colleges on a year by year basis to reflect their current performance. As an illustration of that, during 2008 a number of colleges will pursue mid-year enrolment strategies for students. So, by the time the October census is undertaken later this year, we would expect the student enrolment profile for the colleges to change from the figures I have just gone through from March. In that respect, we will be negotiating new enrolment targets for 2009 with the colleges under their funding agreements. But that will not be established until later this year.

**Senator BOYCE**—To increase?

**Mr Johnson**—It will be to increase.

**Senator BOYCE**—You were talking about the consultation process that is going on. When will the ATCs know what is happening with them?

**Mr Johnson**—The colleges themselves are actively involved in the consultation process, both in terms of direct discussions with the department and the department working with them to develop proposals around their future operating models for 2010 and beyond. As other senators have indicated, we expect to be taking forward advice to government on a region by region basis as those arrangements are developed. So the colleges are very much fully engaged and fully informed by those processes. Indeed, they are providing their own input.

**Senator BOYCE**—As you pointed out, getting local industry involved in these colleges or providing work for people in these colleges was a very important component of this process. Has industry been consulted about what is happening with each ATC?

**Mr Johnson**—We have received some direct submissions or representations from industry groups both at a regional and national level and have engaged with the industry boards of individual colleges, with broader employers and industry within the regions who might not formally be on the boards of current colleges but who clearly have an active interest in supporting and sponsoring students into school based apprenticeships in those regions.

**Senator BOYCE**—Can you give us a flavour of what that consultation feedback—the submissions said?

**Mr Johnson**—Broadly, there has been a strong degree of interest in the impact that the colleges have had on delivering training arrangements that can be customised to meet the employment and skills needs of local industry. Obviously, as you touched on, industry has been a key part in the delivery of this measure under the former government in establishing industry led boards and governance structures that have guided the development of curriculum training delivery within each of those colleges. We expect that those industry representatives will continue to promote the potential that the colleges might provide to support services to students and families in those regions.

**Senator BOYCE**—So there is a generally high level of satisfaction with how the colleges went about providing for their needs. Is that a reasonable way of putting it?

**Mr Johnson**—Yes.

**Senator BOYCE**—You are negotiating individually with each of the ATCs. Will the ATCs themselves be eligible to receive trade training centre funding?

**Mr Johnson**—As my colleagues touched on yesterday, I think they will, like other schools, be eligible to apply for funding rounds under the Trade Training Centres in Schools Program. But any proposals that they put forward will need to be considered consistently with the criteria established under that program for all schools in terms of determining needs for infrastructure.

**Senator BOYCE**—Does that answer suggest that perhaps there will be impediments?

**Mr Johnson**—No, there will not be any impediments for them to apply. The fundamental requirements are that they are a registered school. As I said, 23 of the 24 colleges are registered schools.

**Senator BOYCE**—And the other one is auspiced?

**Mr Johnson**—Yes, and they will be eligible to apply.

**Senator BOYCE**—Will that other school be?

**Mr Johnson**—The other school, which is the Gladstone school in Queensland, which is a high school, will be eligible to apply as well.

**Senator BOYCE**—I have questions on a couple of the actual colleges. What is the current status of the technical college on the Gold Coast? It is more a concept than a reality at present.

**Mr Johnson**—The college continues to operate. It has a reasonably strong student profile of about 184 students.

**Senator BOYCE**—Perhaps, just for the sake of completeness, you could tell us what percentage of those students have school based apprenticeships.

**Mr Johnson**—They currently have 27 per cent, or 50, of their students enrolled in school based apprenticeships. Like other colleges, they are continuing to operate and they are actively involved in the consultation process about their future role in training delivery and employment services in that region.

**Senator BOYCE**—They had a funding agreement in place for land and capital works for a new facility. Will that be honoured?

**Mr Johnson**—It will. At this stage the department has been working with colleges to determine, on a college by college basis, whether capital and infrastructure investment continues during the consultation process. The government has committed to support capital and infrastructure establishment where it has been agreed under the formal funding agreements, either by the former government or by agreements considered earlier this year or at the end of last year. In a number of regions, though, where there are major capital builds, the government has already indicated that the development of that infrastructure or capital should be considered in the context of the outcomes of this consultation process. For the Gold Coast, for example, at this stage we have worked with the college to defer or suspend a capital build that was to occur at that college until the consultation process has concluded later this year.

**Senator BOYCE**—So it is suspended?

**Mr Johnson**—It is suspended on the basis that the department will ensure that the college has at its disposal or access sufficient infrastructure resources to meet its obligations under the funding agreement.

**Senator BOYCE**—To do what it is doing right now, but not to expand and develop as it had been advised and formally signed off on doing?

**Mr Johnson**—In their current funding agreement, as I said, there was a capital build scheduled. That capital build still exists. We are working collaboratively with the college to consider how a capital investment in the college or in that region will link with existing education and training provision by the state government.

**Senator BOYCE**—Does that mean that they do not get to spend that money on what they had signed off on?

**Mr Johnson**—No, that will not be the case. The point I was trying to make is that through the consultation process, which the college is directly involved in, we will be seeking to establish a capital investment in that region which will support the college in meeting its formal obligations under the funding agreement but which will also link with existing training and skills provision in other schools and training institutes in the region.

**Senator BOYCE**—Can you characterise for me exactly where the negotiations are with the ATC on the Gold Coast at the moment?

**Mr Johnson**—Broadly, like other colleges, we have been having direct discussions with the college board and with employers in the region.

**Senator BOYCE**—Direct discussions—do you mean verbal discussions, formal meetings or what?

**Mr Johnson**—We have had a series of formal meetings, both to discuss the college's existing funding agreement and its business plan. We have been working with the college to encourage it to identify broader training and educational delivery options by reviewing and developing that business plan into 2009 and 2010. We have also been involved in direct discussions with the Queensland Department of Education, Training and the Arts with that same objective. I understand that the Gold Coast college, like other colleges, has also had direct discussions with the state department about its current operating arrangements and future opportunities.

**Senator BOYCE**—I am looking at a letter here you wrote to them in March 2008 asking them not to go ahead.

**Mr Johnson**—With capital works at that time, Senator?

**Senator BOYCE**—That is right; not to enter into any further commitments in relation to the capital works and building until 31 July 2008. What has happened since then?

**Mr Johnson**—We have continued discussions with the college to ensure it has the infrastructure, administration and accommodation available to meet the needs of its current student cohort and the students it has enrolled this year, or, indeed, that it intends to enrol later this year.

**Senator BOYCE**—How have you continued those discussions?

**Mr Johnson**—On an ongoing basis, both through face-to-face discussions and through correspondence with the college.

**Senator BOYCE**—There has been further correspondence since this letter to the college—

**Mr Johnson**—There has been correspondence in the form of seeking from the Gold Coast college, like all the other 23 colleges, proposals about their future operating arrangements. We are working directly with the college boards, chairs, CEOs and principals to provide them with some support in the development of those new proposals.

**Senator BOYCE**—Would you be able to give me the dates of that further correspondence with the ATC Gold Coast?

**Mr Johnson**—I would have to take that on notice. I do not think I have them with me. We can see if we can find them for you this morning.

**Senator BOYCE**—That is fine, thank you. As I said, you are negotiating with them, but they are in limbo at present. How many other colleges are in that position?

**Mr Johnson**—All the colleges are actively engaged in this consultation process.

**Senator BOYCE**—Some would have more significant developments on foot than others. Perhaps they are not on foot anymore.

**Mr Johnson**—We have colleges that commenced operation two academic years ago that have different infrastructure facilities or different partnering arrangements and they will all be in very different positions in each of the regions in which they operate. However, they are

equally all actively engaged and the department is working closely with them to support them through this consultation process in developing future delivery models.

**Senator BOYCE**—Tell me about any others that have been asked not to proceed with capital works or building.

**Mr Johnson**—We are working with another nine of the 24 colleges to determine their future role and, as part of that consultation process, we have asked them not to proceed with major infrastructure builds unless there is an agreement about their future model and role.

**Senator BOYCE**—Would you be able to tell me which colleges they are?

**Mr Johnson**—They are Adelaide South in South Australia; Central Coast in New South Wales; Central Western Technical College in Dubbo, New South Wales; the Gladstone and Gold Coast technical colleges in Queensland; the Illawarra Technical College in New South Wales; the Pilbara Technical College in Western Australia; and the Queanbeyan and Western Sydney technical colleges in New South Wales.

**Senator BOYCE**—What was the last one again?

**Mr Johnson**—The last two were Queanbeyan in New South Wales and Western Sydney in New South Wales.

**Senator BOYCE**—There is a technical college in Gippsland. Can you tell me how many students are enrolled there?

**Mr Johnson**—Gippsland college has 78 students at the moment.

**Senator BOYCE**—How many of those are currently—

**Mr Johnson**—Forty-two per cent or 33 students.

**Senator BOYCE**—Are in apprenticeships?

**Mr Johnson**—They are in Australian school based apprenticeships.

**Senator BOYCE**—What is the target enrolment for that school—300?

**Mr Johnson**—For Gippsland, at the moment for the 2008 academic year, it is 118 students.

**Senator BOYCE**—What was that due to go to in 2009?

**Mr Johnson**—As I indicated earlier, we will be negotiating projected enrolments for 2009 informed on the October census data later this year. We have not started a process of negotiating student enrolment targets for the colleges next year. I would expect that that process will be informed by the consultation process we talked about earlier.

**Senator BOYCE**—It is possible, is it not, that there could be a fall in enrolments in 2009 because of the uncertainty surrounding the technical colleges?

**Mr Johnson**—We are mindful of that, which is why the department has worked closely over the last three months with all of the colleges to try to assist them in developing funding, business models and operating arrangements that could be considered by government this year to provide greater certainty about their student intakes for 2009.

**Senator BOYCE**—Thank you. I have finished on technical colleges.

**Senator IAN MACDONALD**—My questions are about technical colleges. They are reasonably parochial and reasonably brief. Can I confirm that the technical colleges are actually established by legislation—the funding provided by legislation?

**Mr Johnson**—That is correct.

**Senator IAN MACDONALD**—So changes in the way they operate would be a legislative issue or is it an administrative issue for the government of the day?

**Mr Johnson**—Any changes to the colleges' specific operating requirements are largely dealt with through changes to administrative arrangements and negotiation of individual funding agreements and business plans with the colleges.

**Senator IAN MACDONALD**—So although legislation set them up, if the government of the day does not fund them it is no good having the legislation saying that they can exist if the government does not give them any money to do it. Is that the situation?

**Mr Johnson**—Broadly, Senator, but the legislation makes provision for funding through to the end of the 2009 academic year. It is quite specific in that regard.

**Senator IAN MACDONALD**—Within the past 12 months we extended funding in a bill. I recall speaking on it. That takes the funding through to 2009, doesn't it?

**Mr Johnson**—That is correct. A budget amendment bill last year appropriated additional funds to support a further expansion of three additional colleges under the former government.

**Senator IAN MACDONALD**—That is correct. And which were those three?

**Mr Johnson**—The three colleges anticipated to commence were in West Brisbane, Western Sydney and North Perth.

**Senator IAN MACDONALD**—Can you give me a very quick update on the Townsville ATC—as I said, I am being parochial—which I think is a technical college model that is being followed elsewhere. What is its present and what is its future?

**Mr Johnson**—The Townsville technical college currently has an enrolment target of 300 students for the year. It has an actual student enrolment of 299 students, so it is meeting its enrolment target. One hundred and eighteen of those students, just under 40 per cent, are on school based apprenticeships. Like all other colleges, it is actively involved in the consultation process we have just talked about. It has worked closely with both the department and the state education department in developing a number of proposals about its future beyond 2009. We are just in the stages of working through the further development of that proposal with the college.

**Senator IAN MACDONALD**— I understand that college is a purpose-built, brand new facility owned by the Commonwealth. Is it the government's intention to hand it over to the state TAFE system?

**Mr Johnson**—I do not think I can speculate at this stage about the future role of the Townsville college. The government has indicated through the consultation process that it wants to receive advice about how the colleges could be integrated into the border education



and training system, and I would expect as part of that process they will consider a range of proposals brought forward to them.

**Senator IAN MACDONALD**—So the government is in active consultation with the board of the college?

**Mr Johnson**—Through the department we are engaged with the board, the principal of the college and the chief executive officer on a daily basis, as we are with all the other technical colleges.

**Senator IAN MACDONALD**—I think it has been operating for two years.

**Mr Davidson**—Yes.

**Senator IAN MACDONALD**—Is there any sort of audit of the success or otherwise of the college—what it has turned out and how it has been received not only by students but also by employers in the region?

**Mr Johnson**—There has not been any audit conducted as such. The department works closely with all of the colleges in tracking their performance against obligations in the funding agreement and their business plan.

**Senator IAN MACDONALD**—It is an audit by another name. How is the Townsville college tracking?

**Mr Davidson**—In the context you were talking about, there has been no audit of the Townsville college per se. You will recall that last year the Australian National Audit Office did an audit of the program as a whole.

**Senator IAN MACDONALD**—What I am trying to ascertain, by whatever process you call it, is how the college is going. Is it meeting the expectations of the students, given the considerable business and industry support that I am very well aware the college has had?

**Mr Johnson**—Broadly, Senator, I think it is fair to say that the college has continued to meet all of its obligations under the funding agreement and has excelled in delivery against those. It achieved 96 per cent placement of its students in school based apprenticeships last year. It operates as an independent school and also as an independent registered training organisation that delivers trades training to its students.

**Senator IAN MACDONALD**—Congratulations to those of you in the department who are associated with this establishment and to the board. It is a model and it is achieving and kicking real goals. What is proposed for Cairns and Mackay? I do not want to push Senator Nettle's indulgence too far. Is the Australian technical college in Mackay tied up with the mining skills centre commitment that was proposed prior to November last year?

**Mr Johnson**—I am not aware of any specific proposals relating to the cities of Cairns and Mackay that relate to the operation of the Townsville technical colleges.

**Senator IAN MACDONALD**—There was a movement to have technical colleges in their own right all over Australia because they were so popular. I thought there was specific movement in Cairns, but you are not aware of that at departmental level.

**Mr Johnson**—There has been no further discussion with stakeholders or proponents in regions about the establishment of further colleges with the change in government at the end of last year. The commitment is to sustain arrangements for the 24 colleges that exist.

**Senator IAN MACDONALD**—Finally, is this the area of the department that I should ask about the Mackay skills training centre through the University of Central Queensland or elsewhere? Is that in this area?

**Mr Davidson**—No, that will be when we do the higher education area.

**Senator IAN MACDONALD**—Are you conscious of what I am talking about?

**Mr Davidson**—No, but I am sure our officers will have heard your question, and I understand they will deal with the Central Queensland University.

**Senator IAN MACDONALD**—One is established already with government support. There is another proposal around the regions, but neither is in your area.

**Mr Davidson**—They are not in the vocational area as far as I am aware.

**Ms Paul**—They are in the outcome that will be discussed after lunch.

**Mr Johnson**—There are industry skills centre funding initiatives under this outcome, but I do not think they relate to the specific university or region that you are referring to.

**Mr Davidson**—One of our higher education colleagues indicated that although they are associated with Central Queensland University they are not supported through us via higher education. We would need to take the question on notice. We do not know very much about that.

**Senator IAN MACDONALD**—I am surprised to hear that, because there has been an enormous amount of local interest. Local members have been making lots of promises. It was a big deal the other day. They were going to have a phone call with the minister. I think it might have been with Senator Carr. Perhaps you can answer this, Senator Carr? How did the phone call go?

**Senator Carr**—If you are talking about skills trades centres, that is not me. I would not be dealing with the skills trades centres.

**Ms Paul**—I think we need to take the question on notice.

**Senator IAN MACDONALD**—Who would it be?

**Senator Carr**—If you are talking about the Enterprise Connect centre, that is a matter for me.

**Senator IAN MACDONALD**—Talking about what?

**Senator Carr**—Enterprise Connect. It is a different program and portfolio.

**Senator IAN MACDONALD**—Help me out, Minister. I understand the front-page headline meeting—which was going to be a phone call—was about skills training in Mackay with you, wasn't it? It was about mining industry skills. Am I correct?

**Senator Carr**—No, it was an Enterprise Connect centre on the mining industry.

**Senator IAN MACDONALD**—First of all—

**Senator Carr**—It is the wrong portfolio, though.

**Senator IAN MACDONALD**—It was with you but not in—

**Senator Carr**—I have had many conversations about Enterprise Connect in Mackay.

**Senator IAN MACDONALD**—Okay. That is the skills training—

**Senator Carr**—No, it is an Enterprise Connect centre; it is a business advisory service.

**Senator IAN MACDONALD**—No, that is not what I or the local member is—

**Senator Carr**—The university has a view about what should be funded locally. You should not confuse the two.

**Senator IAN MACDONALD**—I am asking you to assist in pointing us in the right direction. It is about skills in the mining industry and it involved a front-page story about a phone call with you. I want you to identify who we should be talking to about this.

**Senator Carr**—If it is a program to do with the department of innovation, it is a different estimates committee. If it is a vocational education program, it is with this department.

**Mr Davidson**—We are not aware of it, so we would have to take it on notice.

**Senator IAN MACDONALD**—The newspaper reports were about skills in the mining industry, which would normally fall to this area of this department.

**Senator Carr**—No, the university is lobbying to have facilities placed within the university.

**Senator IAN MACDONALD**—For?

**Senator Carr**—I do not think they are particularly fussed.

**Senator IAN MACDONALD**—What, for ballet school?

**Senator Carr**—You have never heard that before, have you?

**Senator IAN MACDONALD**—No.

**Senator MASON**—But I am not surprised.

**Senator IAN MACDONALD**—The focus is on—

**Senator Carr**—There was some conversation regarding Enterprise Connect, which is a different portfolio, a different estimates committee.

**Senator IAN MACDONALD**—Minister, I ask you—and the offer has been made for it to be taken on notice—have you had any discussions with this department about skills in the training area for the mining industry around Mackay?

**Senator Carr**—The officers from my department may well have had conversations with officers from this department, but I have not had conversations with this department.

**Ms Paul**—It is not ringing a bell for us, so we will need to take it on notice.

**Senator IAN MACDONALD**—Please do.

**Ms Paul**—That is fine; we are happy to do so.

**Senator IAN MACDONALD**—There is a huge demand in Mackay. I guess there is everywhere in Australia, but particularly in Mackay.

**Ms Paul**—Could you help us by giving us a hint about when this was? Would there be recent media reports, for example?

**Senator BOYCE**—Over the last three months.

**Senator IAN MACDONALD**—I could send you—

**Senator Carr**—If we could have a copy of the article, that would be good.

**Senator IAN MACDONALD**—I will send the newspaper clippings to the department so you can follow it through from this end.

**Ms Paul**—Thank you very much.

**Senator BOYCE**—Chair, I apologise for doing this, but I have just had an email related to the ATC on the Gold Coast. I am told that they have paid \$3.6 million for their land already and they were in the process of getting tenders for buildings. Now they have been told to stop. This question is not from the college itself; this is from local constituents who, not unreasonably, want a college. They are asking: what happens to the land; what are they supposed to do with the land?

**Mr Johnson**—The college still has access to the land. In respect of that particular proposal, we are aware of it and, again, have been working with the college on the development of its infrastructure plan, including its proposed building schedule for that capital project.

**Senator BOYCE**—So there will a building schedule for that?

**Mr Johnson**—A building schedule for that project already exists. We have worked to secure agreement with the college to defer or suspend that building process until the consultation process that we discussed earlier is concluded.

**Senator BOYCE**—So the building schedule says ‘two months after we agree, we will do this’ not ‘on 1 July we will do this’?

**Mr Johnson**—I do not have the specifics in front of me.

**Senator BOYCE**—I am just suggesting that it is blocks of time, not dates—is that what you mean by a building schedule?

**Mr Johnson**—Under the funding agreements in terms of capital builds, there are specific requirements of the college to take forward development of an infrastructure plan or building schedule and to develop that building schedule with the relevant departmental officers so that the government is clear about what services are being provided and the bona fides of the contracting arrangements with building suppliers and contractors to do that work. That work was already well advanced under the existing—

**Senator BOYCE**—But there is very little point in doing that if you are not going to be able to build, is there?

**Mr Johnson**—Again, at this stage in the consultation process I really cannot speculate or pre-empt a decision by government about the future role of the college on the Gold Coast and

what infrastructure may be required for that college in the next 18 months or indeed into its broader role.

**Senator BOYCE**—Even if you were to agree on 1 July, say, they are now not going to have buildings for 2009, are they?

**Mr Johnson**—I am not certain of the proposed completion time frames for the building plan that they were to proceed with. I am not sure whether or not they had originally intended to have those completed this academic year for use next year. I would have to take that on notice.

**Senator BOYCE**—I understand, again not from the college, that that was the intention. It cannot happen now, can it?

**Mr Johnson**—At this stage, as I said, we have agreed with the college to suspend the current building arrangements, but on a clear understanding that the college will be supported through alternative arrangements to meet its infrastructure requirements for its existing students, enrolments it undertakes this year or its enrolment arrangements for 2009.

**Senator BOYCE**—Can you tell me what those alternative arrangements might look like?

**Mr Johnson**—They may be, for example, leasing other facilities or entering partnering agreements with other enterprises, training organisations or industry in the region.

**Senator BOYCE**—But, as you are aware, there is not exactly a lot of spare capacity in any sense on the Gold Coast because of the enormous growth the area is experiencing. Are you confident that that can happen?

**Mr Johnson**—We are currently working through that process with the college to determine how their existing infrastructure arrangements service their current needs and performance under the funding agreement.

**Senator BOYCE**—It sounds to me like they are in limbo.

**Mr Johnson**—They are actively involved in the consultation process. As with the other colleges, we are working as quickly as we can, both directly with the colleges and with other industry representatives, stakeholders, education providers and the state government, in each of those regions to try to take forward a clear proposal to government later this year.

**Senator BOYCE**—Do you have a deadline on when those negotiations will be completed?

**Mr Johnson**—Broadly, we are at a stage where we have already had all the preliminary discussions with all 24 colleges. Indeed, we have already received first phase submissions from all of the colleges about their future roles. Those consultations are well advanced, and we anticipate moving into more detailed discussions with the colleges again and state government agencies about those future delivery models within the next few weeks.

**Senator BOYCE**—Within the next few weeks you will be going into more detailed negotiations. Do you have a date on which you would anticipate completing those negotiations?

**Mr Johnson**—Not specifically. Each of the regions is quite differently placed in terms of the development of their business proposals and their ideas about the future.

**Senator BOYCE**—You have not set yourself target dates for each technical college?

**Mr Johnson**—Not specifically. We have talked to the colleges and corresponded with them about a broad process which all of them are involved in. That process ultimately culminates in some tripartite discussions with the colleges, the Commonwealth department and state and territory agencies over the next few weeks. Clearly, as I said earlier, the objective is that we are positioned to bring advice to government in the next few months so that decisions can be made about the colleges' future to position them for 2009.

**Senator BOYCE**—Has the government given you a time frame in which it would like to receive that advice?

**Mr Johnson**—No.

**Senator BOYCE**—Okay.

**Senator WATSON**—I attended the highly successful graduation last year at the Launceston Australian technical college. Could you advise the committee of the department's performance appraisal of that college and the government's plans about its future direction?

**Mr Johnson**—Broadly, as I responded to other questions, the technical college in northern Tasmania has a projected enrolment of 240 students for this academic year. It currently has 161 students enrolled in the college, of which 75 students, or 46 per cent, are in school based apprenticeships. The technical college in northern Tasmania, like all other colleges, is actively involved in the consultation process. It has faced some particular challenges over the past year or so of its operation in meeting its enrolment targets. But, as with all other colleges, we have been working directly with the college to try to establish strategies to improve its enrolment, retention and completion targets.

**Senator WATSON**—Although it may not have always achieved its enrolment targets, its performance outcomes have been fairly significant, have they not, in terms of individual apprentices' achievements in national ratings?

**Mr Johnson**—The college has been successful in placing students into school based apprenticeships. I am not familiar with the specific feedback from the region about the operation of the college itself.

**Senator WATSON**—I understand it has been reported that the minister has given approval for construction of buildings on the old railway site at Invermay. Can you give us an update on the progress of that?

**Mr Johnson**—I am advised that construction of a permanent facility for the college at the two campuses at Launceston and Burnie, with a proposed completion date at the end of this year, has actually commenced and is about 45 per cent of the way through construction. That is the site at Launceston. Similarly, the construction site at Burnie is about halfway through erection at this stage.

**Senator WATSON**—Are there any plans to integrate or partner that college with existing technical education in the state?

**Mr Johnson**—The college is already in a partnership agreement with the local TAFE, or technical and further education institute, for trades delivery. At this stage I would imagine as

part of the consultation process that the college is exploring a range of proposed training service delivery arrangements for beyond 2009. Again, I am not sure of the specifics of how advanced those discussions are. But I am sure they are exploring a broad range of options.

**Senator NETTLE**—I want to ask about student support for people in the VET sector and whether there are any existing plans or proposals for new plans in terms of financial support for students, such as the Austudy or Youth Allowance?

**Mr Davidson**—There is an initiative in the government's budget which goes to the childcare area—which I think the committee discussed yesterday—where people undertaking a diploma and an advanced diploma in childcare will have their TAFE fees met by the Commonwealth government, so they are relieved of those fees. There is a number of measures where, if you like; there are benefits for students. But they are issues that have been continuing for a while.

The other area—I do not know whether this comes within what you would call income support for students—would be the passage of the legislation to enable FEE-HELP to be available to certain VET students doing diplomas and advanced diplomas where there are full fee-paying students and they are in a course where there is a credit transfer arrangement with the university. However, the TAFE initiatives—in the childcare area and the VET FEE-HELP—will be the two initiatives coming online.

**Senator NETTLE**—Are there any plans for more financial assistance to VET students?

**Mr Davidson**—Not in the budget; there were no decisions made in the budget in relation to further assistance to VET students.

**Senator NETTLE**—I want to ask about the rising TAFE fees issue and whether that was something that was of concern to the Commonwealth government.

**Mr Davidson**—TAFE fees are a matter for state governments. They are the owners and the managers of the TAFEs and they set the fees in accordance with state government policies.

**Senator NETTLE**—I just wonder whether there are any concerns at the Commonwealth level in terms of the effect on demand for VET services as a result of rising TAFE fees.

**Ms Paul**—From a policy perspective, if we considered that there was some risk of that, we would take it up under the context of the specific purposes payment agreement between the Commonwealth and the states. In a broad constellation of issues that we will negotiate with the states and territories towards the next agreement, I imagine the balance of a range of issues, including that one, will be considered.

**Senator NETTLE**—That would be the mechanism that the Commonwealth would use if it wanted to engage in a conversation with the states about the issue of rising TAFE fees and the impact that it is having.

**Ms Paul**—Yes.

**Mr Davidson**—That is obviously a matter that state governments would take into account in setting fees, because they have, under the agreement in place at the moment, specific targets they must meet. The extent to which fees dissuaded people from undertaking their courses would be an issue. You have to talk about it state by state, so it is hard to respond.

But, state by state, there are various concession policies in place as well. So, the actual fee payable by an individual student would often reflect the capacity to pay not so much. So you have various concessional policies in place from state to state.

**Senator NETTLE**—Does the Commonwealth do any analysis of the impact of the rising TAFE fees on demand?

**Ms Paul**—We do quite a bit of analysis in the analysis of and performance of the agreement. While you cannot always easily make that the causal connection, we do collect data that goes to fee levels, hours of study offered and that sort of thing. We have a wealth of data from which we can form some sort of view that we could take into a negotiation if it was relevant.

**Senator NETTLE**—When will that negotiation take place?

**Ms Paul**—The new agreement is due to start from 1 January 2009.

**Senator NETTLE**—Are there any proposals for a HECS-style scheme in TAFE?

**Ms Paul**—That is a matter for the government.

**Senator NETTLE**—Minister, can you add anything to that?

**Senator Carr**—I am not aware of any.

**Senator NETTLE**—I want to ask about whether there is any federal government plan around how to ensure that the VET sector meets our climate change needs as a country.

**Mr Davidson**—There is actually. It has been quite an active area of interest and it has been discussed at various levels through the senior officials' committee and subsequently the ministerial council. At the last ministerial council meeting it was decided to set up an action group to look at the issue of sustainability more broadly and how that would impact on the VET system in terms of what effect it might have on occupations and therefore training that might be required. So it is an area of considerable interest among a number of states and territories and the Commonwealth as well. It is an area that is now starting to be under active consideration.

**Senator NETTLE**—So the action group came from the ministerial council?

**Mr Davidson**—It was a recommendation. It was a proposal put and it was considered through the senior officials and a decision was made by the ministerial council to establish that action group.

**Senator NETTLE**—When was that? When did that happen?

**Mr Davidson**—I have to get my months right. The last ministerial council—

**Mr Johnson**—In April this year.

**Senator NETTLE**—What is it planned that that group will do?

**Mr Davidson**—We can provide you with the terms of reference and the details for that. We would be happy to do that.

**Mr Johnson**—As Mr Davidson has indicated, the focus is really an action group on sustainable skills. It is looking at how the existing training system and the development of



training products within it meet the continual change in technology and application of new technology in areas such as construction and service support industries. It is looking at how the development of training and reskilling of the VET workforce needs to be reinvigorated to look at adaptation of training arrangements to meet technological changes or new learning arrangements.

**Mr Davidson**—For example, as you have seen, there have been some changes in trades areas like plumbing to deal with recycling of water or use of water in different ways. They are all issues that we would see deriving from the issue of climate change and sustainability arising from that. It is a fairly broad brief and it will have a fairly broad mandate to try to look at that issue properly.

**Senator NETTLE**—Is the department starting with an audit or monitoring what exists and what we need?

**Mr Davidson**—We are in the process of establishing the action group now. I do not think it has had its first meeting yet.

**Mr Johnson**—Recognising the significant work that has already been done, it is expected that the action group will include members from a range of other eminent bodies to progress the work already done in this space. It is certainly not intending to undertake a mapping role, per se. It will consolidate on existing national work that has already been advanced in sustainability, skills and energy.

**Senator NETTLE**—What other groups did you say would be involved?

**Mr Johnson**—As Mr Davidson has indicated, the terms of reference for the action group are still being finalised. Its membership has still not been determined in terms of non-government members. But it is recognised that, given the significance of the agenda and breadth of the issues covered, there will be a range of other expert bodies or individuals involved in the action group.

**Mr Davidson**—But there are individual registered training organisations that will be interested. Some state governments, in particular, have already been working on the issue within the TAFE system. The decision of the ministerial council was to elevate this into a national forum so we could look at it as a national issue of significance.

**Senator NETTLE**—Do you know when the first meeting of the action group will be?

**Mr Johnson**—It is scheduled for the next couple of months. I do not have the date with me. But the objective would be that the action group would meet to provide some advice through to senior officials, as Mr Davidson has indicated, and ultimately to ministers by November this year, I would imagine. So its first meeting will probably be within the next couple of months.

**Senator NETTLE**—Okay.

**Mr Johnson**—There are significant bodies of work already in this area. For example, New South Wales has already progressed work in its TAFE system over the past two years on sustainable skills and reform. That is a good illustration. A paper brought forward to the ministers was developed by Queensland, recognising a lot of the work that it has already progressed. I think we can provide those documents to you.

**Senator NETTLE**—Okay. Is there going to be specific money set aside to implement any recommendations from that action group?

**Mr Davidson**—It is a bit early until we see what happens. I suppose it would be the normal processes of governments. The minister would consider it and, if something needed to be specifically resourced, I suppose the first issue would be whether it would be resourced out of existing revenues and priorities redirected.

**Senator NETTLE**—Can you take on notice when the first meeting of the action group will be?

**Mr Johnson**—Yes.

**Senator NETTLE**—Is the early childhood TAFE fees the only part of the VET budget funding that is specifically directed towards TAFEs?

**Mr Davidson**—Specifically?

**Senator NETTLE**—Yes, as opposed to private RTOs?

**Mr Davidson**—It is the only area that I am aware of which is, as a new area, specifically directed to TAFE, yes.

**Senator NETTLE**—Perhaps I should ask this in the sense of new and existing programs. Can you give a figure in terms of the proportion of that funding that might be expected to go towards TAFE rather than to the private registered training organisations?

**Mr Davidson**—In the normal course of events, roughly about 80 per cent of training activity happens through the TAFE system in Australia—80 per cent to 90 per cent, depending on the jurisdiction.

**Senator NETTLE**—Would you expect that figure of around 80 per cent to 90 per cent to be reflected in new government programs? In terms of funding for RTO vocational education and training, would you say that between 80 per cent and 90 per cent of that funding will go to TAFEs?

**Mr Davidson**—Essentially, the places we have talked about are available on a qualification base. As we indicated earlier today, the qualification structures are geared much more to skill shortage areas. In the main, if you are going into areas that have large capital infrastructure costs—for example, a plumbing course—some of the major construction training course packages, you need a substantial amount of infrastructure to do that. A lot of that resource usually goes into the TAFE system. Occasionally industry skills centres are set up in some industries where you get an investment in electrical. Electrical is a good area where there has often been an industry investment to get things up and running. In the main, I could not see any reason why it would shift. All things being equal, I cannot see why it would shift.

**Senator NETTLE**—There is no government target in terms of the proportion of funding to go to TAFE or any policy direction in terms of something driving how much of that money would go towards TAFE?

**Mr Davidson**—What proportion of the Commonwealth revenue is going to TAFE? No.

**Senator NETTLE**—So there is no target or no policy ensuring that that money goes into the public sector?

**Mr Davidson**—An explicit policy saying Australian government funding for VET would go to TAFE as a priority—is that what you are asking?

**Senator NETTLE**—Yes. Their target is a more specific thing—you are saying no, there is not one. I wonder whether there is any policy heading in that direction.

**Mr Davidson**—The policy that underpins it is designed to support skills in demand. There are two tranches of government funding. We spend roughly \$2 billion in VET in broad terms, and we pay \$1 billion of that to state governments directly. It is state governments that determine the expenditure of that money, not the Commonwealth. There are certain targets to be achieved and we leave it to state governments to decide the best mix of services to deliver, be it public, private or industry. The other \$1 billion is some direct purpose payments such as the productivity places program. We also provide incentives which are paid to employers—not training providers—who take on apprentices. In that sense we tend not to say or be specific as to which training provider it is. Commonwealth policy has been to support uniform registration procedures for training organisations across Australia. Our principal objective has been to guarantee the quality of training and, provided that a training organisation is able to meet the requirements of registration and the requirements for scope of practice in particular areas, the Commonwealth position does not favour one training provider over another.

**Senator NETTLE**—So, there is no explicit statement in terms of policy support for public education in vocational education and training?

**Mr Davidson**—I would not say that. What I would say is that there are some explicit areas. The two that come to mind are underwriting the TAFE fees in relation to child care in this budget, and there is also another program that provides subsidies to individuals for their TAFE fees as well. There are some TAFE-only, specific initiatives as well. But they tend to be directed to individuals going to TAFEs rather than to TAFEs themselves.

**Senator NETTLE**—But there is no general policy direction. I started out by separating anything that is directed specifically at TAFE in the budget.

**Mr Davidson**—I think the Skilling Australia for the Future policy makes some explicit commitments in relation to TAFE.

**Senator NETTLE**—Does it? Can someone tell me about that?

**Mr Davidson**—I would have to look, but there were some specific statements in relation to TAFE which are in that policy. I would have to find it.

**Senator NETTLE**—Do you remember anything about that, Minister?

**Senator Carr**—I think what Mr Davidson has outlined is an accurate description of the policy parameters.

**Mr Davidson**—TAFE is, and will remain, the responsibility of state and territory governments under Commonwealth-state agreements. Current Commonwealth funding for state and territory governments and through them to the TAFE system will not be disturbed.

The new industry-led system for allocation of training will be used only for new training places. I think there are some other statements around as well, but essentially that is it.

**Senator NETTLE**—That is fine.

**Senator CROSSIN**—I refer to training places under the Productivity Places Program. How many people have been enrolled in the fast-tracked places made available under that program?

**Mr Davidson**—That is not the Productivity Places Program. Are you talking about fast-tracked apprenticeships?

**Senator CROSSIN**—Yes.

**Mr Johnson**—We had a discussion earlier about productivity places—the first 20,000 of those places which are available from April to June. My colleagues indicated that, at that stage, we had just under 6,000 participants in that program. As Mr Davidson has indicated, there is also another initiative supporting delivery of fast-tracked apprenticeship arrangements. I am not quite—

**Mr Davidson**—I assume it is just not part of the Productivity Places Program. It is a program which, I think, gives grants of \$50,000 to an RTO that puts in a proposal to government which is assessed as having some merit in terms of addressing the time taken to complete an apprenticeship.

**Ms Paul**—I think Mr Johnson may have some more details for you, Senator.

**Mr Johnson**—As Mr Davidson has indicated, we currently have contracts with around 39 registered training organisations and another 79 projects under consideration. The government has provided around \$50 million over four years to support the initiative that Mr Davidson has described. That is essentially around identifying in key trade areas flexible curriculum development and training delivery arrangements to realise appropriate and effective early completion of trade qualifications.

**Senator CROSSIN**—Is it increasing each week? How much is the take-up?

**Mr Johnson**—The focus of the measure is actually working with registered training organisations directly to assist them in adapting and developing their training products, not contracting individual trainees as is the case with the Productivity Places Program. I would have to take on notice how many RTOs have been partnered with employers and, in turn, how many individuals they have assisted in terms of training delivery arrangements. But the principal policy objective of this measure is to work with training organisations to adapt more flexible delivery arrangements.

**Senator CROSSIN**—So 79 RTOs have signed up already?

**Mr Johnson**—We currently have contract arrangements with 39 different registered training organisations.

**Senator CROSSIN**—How many more have shown an interest?

**Mr Johnson**—We are running the funding round on an annual basis. My recollection was that the initiative was to initially fund 50 registered training organisations in year one and then growing that to 100 in year two, 150 and 200 in turn. To correct those numbers, I think at this

stage, we have funding agreements with 39 organisations to support 79 projects. We have just gone through a process of assessing new applications for 2008 and we have a further 32 applications for 2008 for another 62 projects. That would mean nationally, should they be supported, we would end up with around 70 RTOs initially running under the program with around 140 projects. I could not provide you now with how many individuals that supports, but if you are interested we could take that on notice.

**Senator CROSSIN**—Okay. So this replaced the work skills voucher program? Is that correct?

**Dr Nicoll**—I think we might be at cross purposes if you are thinking about the Productivity Places Program. Mr Johnson is giving you information about the Fast-Track Apprenticeships Program. I am thinking that perhaps your questions are going to the Productivity Places Program.

**Senator CROSSIN**—That is what I asked for initially.

**Ms Paul**—Sorry, Senator. Why don't we give you some statistics on the Productivity Places Program?

**Senator CROSSIN**—Yes, then we will have covered two programs. That is what I asked for initially. How many people have enrolled in the fast-track places available under the Productivity Places Program?

**Mr Davidson**—It is my confusion. We do have a program called 'fast-track apprentices'.

**Senator CROSSIN**—I thought I was confused. I was right.

**Mr Davidson**—We have a Productivity Places Program and a fast-track program.

**Senator CROSSIN**—It is nice to think you were confused for a change.

**Dr Nicoll**—But we can answer both lots of questions for either program.

**Senator CROSSIN**—Shall we start again?

**Dr Nicoll**—You asked initially how many enrolments—

**Senator CROSSIN**—Yes. So I will just rub out all these figures. We are talking about the Productivity Places Program. How many people would have enrolled in the fast-track places that have been made available?

**Dr Nicoll**—As of yesterday, 5,650.

**Senator CROSSIN**—Is the take-up increasing each week?

**Dr Nicoll**—Yes, it is.

**Ms Paul**—It is increasing each day, actually.

**Senator CROSSIN**—How many registered training organisations have signed up? That might be where you got confused.

**Dr Nicoll**—We executed 340 contracts with RTOs and we have another 130 where the contracts are out with the RTO, but they have not been finalised yet in terms of the final signatures. Across the country that means that there are 493 RTOs with different campuses of those RTOs participating.

**Senator CROSSIN**—Is it fair to compare the take-up of the training places in the first eight weeks with the work skills vouchers program? Did it replace that?

**Dr Nicoll**—If you do compare it with the work skills vouchers, by the end of June we anticipate that there will be 9,900 productivity places going out—based on 250 places going out every day. Under the work skills vouchers, at the end of the first three months, there were 5,946 places. The work skills program was available for certificate IIs. The Productivity Places Program is a targeted program. So there are a number of elements to it. It is really targeting job seekers in phase one and it is ranging across areas of skills shortage. When you take that into account, the uptake is in fact very impressive compared with the uptake under the work skills vouchers.

**Senator CROSSIN**—Has any money been spent on advertising this program?

**Dr Nicoll**—No, there has been no money spent on it.

**Senator CROSSIN**—Was money spent on the work skills vouchers program?

**Mr Johnson**—The promotion around the work skills vouchers program was part of a broader campaign by the former government.

**Senator CROSSIN**—Yes, but how much money was spent on advertising?

**Mr Johnson**—It was part of a broader campaign around Skills for the Future. Work skills was only one component.

**Senator CROSSIN**—So it is too hard to pull that section out?

**Mr Johnson**—We could not extrapolate it; we could only talk broadly about the funding and the three phases of the Skills for the Future campaign. We could not disaggregate that to say what was attributable to the work skills vouchers.

**Dr Nicoll**—Ms Pearce gave the committee information yesterday about that campaign and what was invested. We cannot disaggregate it.

**Senator CROSSIN**—I wonder whether you could extract that?

**Dr Nicoll**—No, we cannot.

**Senator CROSSIN**—How many of those enrolled in the Productivity Places Program are undertaking a certificate III qualification?

**Ms Hewlett**—There are 3,502 people undertaking certificate III qualifications and 2,148 undertaking certificate II qualifications. Those are enrolments not yet in training.

**Senator CROSSIN**—How many certificate III qualifications were completed under the work skills voucher program?

**Dr Nicoll**—None.

**Senator CROSSIN**—None?

**Dr Nicoll**—It was focused on certificate IIs.

**Senator CROSSIN**—I see. How many certificate IIs were completed under that?

**Dr Nicoll**—In total, there were 80,175 over the period 1 January 2007 to 30 May 2008.

**Senator CROSSIN**—Obviously the certificate III is the most popular qualification, but do we know in what areas of skills shortage?

**Dr Nicoll**—I cannot tell you in relation to particular skills shortages. Is this in relation to work skills vouchers or productivity places?

**Senator CROSSIN**—The Productivity Places Program.

**Dr Nicoll**—In terms of productivity places, I can tell you that there have been 1,207 people enrolled in certificate III in children's services, 1,004 in certificate III in aged-care work, 688 in certificate II in security operations, and 266 in certificate II in financial service. I have a number of others that I could go on with if you wanted me to.

**Senator CROSSIN**—This is just in the last eight weeks? Is that right?

**Dr Nicoll**—Yes, that is correct.

**Senator CROSSIN**—Golly! When are the first participants expected to graduate?

**Dr Nicoll**—We have 99 participants who have already graduated—have completed their training.

**Senator CROSSIN**—And these are all people who were unemployed and not in the workforce?

**Dr Nicoll**—That is correct; they are job seekers. As you said, they are registered as unemployed or they are certificated by the RTO as not currently being in employment.

**Senator CROSSIN**—Do they access this program through their job finder networks?

**Dr Nicoll**—They can access it in two ways. It would be through an employment service provider. Of the 5,650 enrolments, 2,181 have been referred by employment service providers. The remainder—almost half—would have gone directly to an RTO. As part of the guidelines, the RTO is required to certify that the person is a job seeker, is not currently in employment.

**Senator CROSSIN**—Are the productivity programs on the department's website?

**Dr Nicoll**—Yes, and RTOs advertise themselves. Employment service providers make information available through Job Network. They are making this information available and telling people that this is an opportunity to take up training in a skills shortage area.

**Senator CROSSIN**—Minister Carr mentioned this earlier, but can you confirm that vouchers were actually made available for people in hat making, manicuring and greyhound racing?

**Dr Nicoll**—That is true, Senator; there were qualifications in those areas.

**Senator CROSSIN**—How many vouchers were issued for people to train in nail technology, as Minister Carr mentioned?

**Dr Nicoll**—1,443.

**Senator CROSSIN**—How many vouchers were issued for people to train in make-up or cosmetics courses?

**Ms Hewlett**—In make-up services there were 754 participants.

**Senator CROSSIN**—And how many vouchers were issued for people to do craft courses?

**Dr Nicoll**—I do not know that we have figures on that; we may have.

**Ms Hewlett**—That was a relatively small number. We had six vouchers issued in visual arts and contemporary craft.

**Senator CROSSIN**—What is the average cost of those vouchers?

**Ms Hewlett**—The average cost of the vouchers is \$2,202.

**Senator CROSSIN**—What did that cover?

**Ms Hewlett**—That covered both the tuition costs and equipment costs.

**CHAIR**—I would like to come briefly back to fast-tracked apprenticeships given that we already have some information. You talked about 140 projects across the 39 RTOs. Do I take it that the projects are actually the fast-tracking of individual apprenticeships or the courses being developed?

**Mr Johnson**—That is right. It is work with registered training organisations who are already approved within their scope of delivery for supporting qualifications in apprenticeship areas. It is adapting the delivery arrangement, support materials and resources that they already have to support accelerated delivery and early attainment of competency by an individual apprentice.

**CHAIR**—I take it from that that there are 140 different apprenticeships that now have a program of fast-tracking in individual RTOs.

**Mr Johnson**—Some of those are already in place. We already have contracts with 39 registered training organisations for 79 projects. That is for 2007, some of which is carried forward into this year. We are currently assessing project proposal from, I think, a further 32 registered training organisations for an additional 62-odd projects. They would be in a broad range of qualifications, all of which would be targeting a skills shortage.

**Mr Davidson**—The objective is to try to work out ways in which, as Mr Johnson said, an RTO can structure its training delivery in unison with an employer, because to be an apprentice you have to have a training contract. It is to find ways in which a range of competencies can be gained more rapidly so that a person would be qualified to meet the requirements of their apprenticeship earlier.

**CHAIR**—In order to get the money for each project would an employer have to be locked into that program?

**Mr Davidson**—It is essentially around encouraging RTOs to be proactive in working out mechanisms whereby they can facilitate the faster uptake of the training by any apprentice who is working in that particular area. It is really a training methodology. Any apprentice employed and trained under that would have an employer.

**Mr Johnson**—As Mr Davidson touched on, part of the program is expecting that registered training organisations would be working with employers to apply their learning, adapted materials and resources, if you like.

**CHAIR**—Can they impose upon the employer a training regime for the job component?



**Mr Johnson**—I would not suggest that we would use language as to an RTO such as ‘imposing’. Rather, it would be the RTO working with the employer to customise the development of training resources. Some of the initiatives that have been identified from the proposals we have supported to date are around varying the duration of on-the-job and off-the-job training to support employer need. In itself, that presents challenges to training organisations to adapt the way they work and the staffing resource they apply to training, to strengthen recognition of prior learning assessment proposals, to support development of resources for more flexible learning and assessment materials or to establish better workplace mentoring strategies with employers in the workplace. The intent of the program was not to limit the innovation that RTOs and employers could demonstrate in developing more flexible training pathways. As indicated, an end objective is trying to accelerate completion in priority areas in national skill shortages.

**CHAIR**—But if you do that on the basis of an RTO in collaboration with an employer, it is not readily something that could then be picked up and applied to a different employer.

**Mr Johnson**—Broadly, there is a capability for an RTO supported under these arrangements to adapt or customise that service delivery to a range of employers. The intent would not be to develop resources that are so specific that they are unique to one individual employer or enterprise. Rather, it would be to change the way registered training organisations may be delivering their current trade training arrangements so as to reflect a much broader capacity to respond to the needs of enterprises and business.

**CHAIR**—So is it really a process of shortening apprenticeships?

**Mr Johnson**—Only underpinned by recognition of appropriate attainment of competencies. It would not be any deviation from the current processes under the AQTF whereby an RTO has to assess and sign off attainment of competencies. Under an apprenticeship arrangement, that has to be through a mutual consent arrangement with the employer and the apprentice. So the end objective certainly would be to try to realise completion of many traditional trade apprenticeships earlier than the expected duration of three to four years potentially. However, it is underpinned fundamentally by a rigorous assessment process that the employer, the apprentice and the RTO have agreed that the individual has obtained relevant competencies within that training package to be awarded the qualification.

**CHAIR**—Is it envisaged that any employer would simply be able to sign up to that—that is, have an option to pick the fast-track route or the long-track route?

**Mr Johnson**—It would be at the discretion of the employer whether they wanted to enter any partnering arrangement in that space. It certainly would not be prescribed. Obviously, we are trying to engage with training organisations where there are employers and enterprises actively interested in adapting their training delivery arrangements for their existing apprentices in this space. An outcome of the project is not—to use the language you touched on earlier—to develop a model and impose it on employers through a registered training organisation. It is rather to encourage RTOs to work in a much stronger collaboration with employers to adapt training delivery to meet employer and industry need.

**CHAIR**—Is it 140 projects over 40 different trades or are some of them the same trade but a different program and a different RTO?

**Mr Johnson**—Probably the latter. I would have to take that question on notice.

**CHAIR**—Yes, if you could. Will you be able to identify each of the projects for me and where they are being conducted?

**Mr Johnson**—We could for the initial 39 registered training organisations that we are currently contracting with. Subject to finalising the assessment process for the other 32, we can provide that information to the committee as well.

**CHAIR**—Thank you. Senator Boyce, do you have more questions in this area?

**Senator BOYCE**—Yes, Chair. I have a few around the apprenticeship incentives for agriculture and horticulture. An initial savings decision was announced on 6 February 2008, saying that the apprenticeship incentives for agriculture and horticulture would be abolished and that this would save \$47.7 million. These incentives cover quite a few apprenticeship schemes, such as farm management, landscaping, irrigation, wool classing, and plant and tree cultivation. There was also a tool kit provision as well as vouchers for apprenticeship training. As I said, on 6 February it was announced that the incentives were being abolished. On 30 April stakeholders who provide this apprenticeship training received emails from the Deputy Prime Minister's press secretary saying that the program would be maintained and that the government could now meet the cost of this out of existing budget measures. First off, I want to explore how the government came to the original decision to scrap the funding. Perhaps I may have to refer this one to the minister.

**Ms Paul**—No, we can talk about that a bit, Senator; that is fine. We cannot really go to the government decision-making process or any advice, and ultimately it was a government decision. But I think it is the case that uptake had been low.

**Mr Johnson**—That is right. When the earlier announcement you referred to, the one in February, was made, Senator, it was made in the context of a budget decision by the government at that time. But following a further review, as Ms Paul has indicated, of the actual uptake of numbers as to agricultural and horticultural qualifications, the government determined that support for those arrangements would continue but would have to be offset and absorbed by the department from other resources. So apprentices continue to be eligible for both Tools For Your Trade and the apprenticeships training voucher from 1 July of last year.

**Senator BOYCE**—So when you say the uptake was low, how many apprentices had taken up the incentives?

**Mr Johnson**—Since it came into effect from 1 July last year, we have had only 116 apprentices who have applied for tool kits under the Tools For Your Trade initiative. Only 61 agricultural or horticultural qualifications apprentices have applied for the apprenticeships training voucher from July last year.

**Senator BOYCE**—So this was not known in February though?

**Mr Johnson**—At that time the government was, I would imagine, acting on the basis of information it had based on the costings which had been developed by or for the former government.

**Ms Paul**—Ultimately, Senator, this was in the budget context, so we can only go so far.

**Senator BOYCE**—The original costings for this were \$47.7 million over four years. What do you now expect the incentives program to cost?

**Mr Johnson**—Just under half that at around \$25 million over five years from 2007-08.

**Senator BOYCE**—\$25 million over five years including this year?

**Mr Johnson**—Including current activity this year, yes.

**Senator BOYCE**—And how many incentive packages, for want of a better word, will this provide?

**Mr Johnson**—I would have to take that on notice. Over the five years, Senator? Is that what you are—

**Senator BOYCE**—Yes. We have got \$25 million there.

**Mr Johnson**—I would have to take that on notice for both Tools For Your Trade and the apprenticeships training voucher.

**Senator BOYCE**—Is this worked on the basis that you would expect the uptake to remain at the current level?

**Mr Johnson**—Effectively, the measure was recosted based on actual commencements from 1 July last year to January this year.

**Senator BOYCE**—Now we have this little hiatus—I have used ‘limbo’ so I will use ‘hiatus’ this time—between 6 February and 30 April when the RTOs thought these incentives were not available. What has happened about filling that gap?

**Mr Johnson**—We have provided advice to the Australian apprenticeship centres. The Australian apprenticeship centres are a contracted service provider of the department such that apprentices and trainees undertaking these qualifications will continue to be eligible. Any apprentice who has commenced an appropriate agricultural or horticultural qualification from 1 February this year has been, or will be, contacted directly by an Australian apprenticeship centre to verify their eligibility to claim for both the Tools For Your Trade measure and the apprenticeships training voucher.

**Senator BOYCE**—So there will be no disadvantage to those people who are in an apprenticeship there?

**Mr Johnson**—That is correct.

**Senator BOYCE**—Could you perhaps expand a little bit more on when you were saying ‘has been, or will be, contacted’? We are talking well over a month ago as to a group of people who probably would be delighted to get \$1,000 or so.

**Mr Johnson**—As part of the existing contractual arrangements for supporting apprentices, Australian apprenticeship centres explain to individual apprentices, at the sign-up of their apprenticeship or their traineeship, what their potential eligibility is for a range of incentives,

including Tools For Your Trade and the apprenticeships training voucher. The apprenticeship centres have continued to provide that advice to these individuals as to agricultural and horticultural qualifications. As with all Australian government measures, there is a three-month probation period or waiting period before individuals become eligible, so any commencements which have occurred from 1 February this year will only start to be eligible into this month, in June. Australian apprenticeship centres will be contacting anyone who has commenced in the period of February, March and April to verify, both with them individually and with their employer, their eligibility to claim under Tools For Your Trade and the apprenticeships training voucher.

**Senator BOYCE**—Do you know how many people that is?

**Mr Johnson**—Broadly, the numbers I gave you earlier reflected commencements over the total period from July through to the present, so the 116 potential eligible commencements for the tool kits and the 61 commencements for the apprenticeships training vouchers are a running total from 1 July through to the end of May.

**Senator BOYCE**—The living away from home allowance that was paid to school based students was also taken away, for savings, on 6 February but reinstated. I must admit I am rather confused about how it got back into the budget and on what basis. Does the living away from home allowance for school based apprentices exist?

**Ms Paul**—I do not think, unless I am mistaken—which I could well be, Senator—there was any change to the living away from home allowance.

**Senator BOYCE**—Well, we have it abolished on 6 February, but then we have a figure of \$0.2 million over five years for it in the budget papers.

**Ms Paul**—It was not abolished.

**Mr Johnson**—Senator, I guess the broader answer to your question is that living away from home allowance support payments continue unchanged. There are three payments, for first-, second- and third- year apprentices, at different rates, to reflect their circumstances. Those arrangements continue. They remain unchanged from 2007.

**Senator BOYCE**—All right. I am sorry: the information I have here, Ms Paul, says that Labor's initial savings decision had in fact announced the abolition of the living away from home allowance.

**Ms Paul**—No, Senator.

**Senator BOYCE**—I come to my last question chunk. The Australian Apprenticeships Incentive Program does not any longer provide incentives, as I understand it, to state and territory government departments. Is that correct?

**Ms Paul**—That is correct.

**Senator BOYCE**—So for how long had state and territory government departments been able to receive federal government incentives to employ apprentices? How long had that program existed?

**Mr Johnson**—Since commencement of the program in 1998.

**Senator BOYCE**—In 1998 it was started?

**Mr Johnson**—Yes.

**Senator BOYCE**—Now will this apply just to state and territory government departments or will it also apply to statutory authorities and corporate bodies?

**Mr Johnson**—Not the latter. It will only be applied to departments of state and departments of parliament and agencies, so it is not relevant to statutory authorities or corporations.

**Senator BOYCE**—Take for instance a state-run kindergarten employing a trainee: Will they or will they not get their funding?

**Mr Davidson**—It is only departments of state.

**Senator BOYCE**—Actual departments?

**Mr Johnson**—Departments of state and departments of parliament and agencies.

**Senator BOYCE**—So public service only?

**Ms Paul**—Basically the public service.

**Mr Johnson**—But it is important to emphasise, Senator, that that only relates to the incentive payments that would otherwise flow to those departments as employers. The individuals will still be eligible to access all existing individual payments and incentives.

**Senator BOYCE**—How much would that program have been worth? Have you got the abolition of that program actually saving \$63.6 million over four years? Is that correct?

**Mr Johnson**—That is correct.

**Senator BOYCE**—Do we have any sense of how many apprentices and trainees were being supported under the incentive program?

**Mr Johnson**—Approximately 10,000 nationally.

**Senator BOYCE**—When you say it is only public servants actually working in departments, there is still a fair chunk of people there, isn't there?

**Ms Paul**—Across Australia, yes.

**Senator BOYCE**—Would you be able to tell me which states they came from or the numbers by state? If you cannot do it this second, you can—

**Mr Johnson**—Just as an indication, it will not quite round to 10,000. The 2006-07 figures would give you a comparison. In the ACT we actually had no eligible employees. In New South Wales there were 3,706; in the Northern Territory, 196; in South Australia, 592; in Queensland, 1,992; in Tasmania, 360; in Victoria, 1,377; and, in Western Australia, 1,214. So there is a total of just under 9,500. That is just a reflection of new commencements that year, but, broadly, in answer to your question, we are talking about 10,000 apprentices or trainees nationally.

**Senator BOYCE**—The other thing I would like to know is what sort of apprentices and trainees these were. What was their training related to?

**Mr Johnson**—The most significant groups, without drawing you into too much detail, would be managers and administrators, advanced clerical and service workers, intermediate

clerical sales and service workers, office work and support, and elementary clerical, sales and service workers. They were the main occupational groupings probably representing more than half of those 10,000.

**Senator BOYCE**—Without, again, being too difficult, would it be possible to get some sort of a breakdown on that—just very broadly?

**Mr Johnson**—We can take that on notice.

**Senator BOYCE**—Yes; that is what I am asking—if you could take that on notice. I guess the other thing is: are those qualifications you have just spoken of, in terms of a skills need assessment, occupation skills that are required?

**Mr Johnson**—Only around 800 of that 10,000 are actually in trades, some of which are in skills shortage, so it is only a very small proportion. Probably five to eight per cent of the total number are in trades or within areas of specialty.

**Senator BOYCE**—I thought we needed accountants and managers as well.

**Mr Johnson**—But in terms of areas identified as national skills shortage, again, I could take that on notice and give you an indication about which of those occupational groupings are in skills shortage.

**Senator BOYCE**—Okay.

**Mr Johnson**—But the intent of the measure is that, obviously, states, like the Commonwealth back in 2005, will continue support for these training pathways.

**Senator BOYCE**—That is very good to hear. Thank you.

**CHAIR**—Thank you, officers.

#### **Proceedings suspended from 12.36 pm to 1.44 pm**

**CHAIR**—Order! The committee will reconvene with questions in the higher education group. I welcome Parliamentary Secretary Senator Jan McLucas, who will be representing the Minister for Education and Minister for Employment and Workplace Relations until the return of Senator Kim Carr later in the afternoon.

**Senator BOYCE**—If I could, I would just like to perhaps clarify a conversation I was having before the break around the living away from home allowance extension to Australian based apprenticeships, which, I was advised by Ms Paul, had not been cut.

**Ms Paul**—That is right. That is my understanding.

**Senator BOYCE**—I have here the document ‘Initial savings decision’ from the minister on 6 February. The third and final page of that says that, for the living away from home allowance, the extension to Australian school based apprentices 2007-08 represents a saving of a total over five years of \$0.1 million. So it seems to me as though it was in the initial savings decision to be cut.

**Ms Paul**—I am glad you raised that, actually, because there may be a point for clarification. It might be that perhaps it is associated with the living away from home allowance, which would have been available to apprentices on the agricultural and horticultural—

**Senator BOYCE**—No, this is the extension to Australian school based apprentices, which is what we were talking about.

**Mr Davidson**—No, I believe it is the school based apprenticeships in agriculture and horticulture, but we will check that for you.

**Ms Paul**—Which has now been reversed, as we discussed.

**Senator BOYCE**—From my perspective, what we had was a decision on 6 February to cut that out, and there is now in the 2008-09 budget papers a provision of \$0.2 million over five years to extend the living away from home allowance to school based apprentices. Is that right?

**Ms Paul**—Okay. It is probably the connection between receipt of agricultural and horticultural incentive and the availability of the living away from home allowance. It is probably for that set of people, and it has now been reversed. But, for us to check that, do you have a source page there?

**Senator BOYCE**—I do not have a page number here, but this document is called ‘Initial savings decisions—additional to the government’s election commitments’. It was announced on 6 February.

**Ms Paul**—It is probably from the portfolio additional estimates statement. Would that be what it was?

**Senator BOYCE**—It was Minister Sherry. I have a question, and this goes back to what we were talking about before regarding the horticultural apprenticeships. Was the decision to cut it in February a decision of the minister for finance?

**Ms Paul**—I do not know, actually.

**Senator BOYCE**—Whose decision would it be to put it back? I know we are talking cabinet in the end, but who is the minister responsible?

**Ms Paul**—All these decisions were taken in the budget context, so I cannot really go beyond that. I would imagine that we are on the same wavelength now, but perhaps what we can do is take it on notice—

**CHAIR**—Can I suggest that maybe Senator Boyce could provide a copy of the document to which she is referring, not necessarily right now, and that the officers should take that on notice and answer to the extent to which they are able. Thank you, officers. We will now move to questioning of the higher education group.

**Senator MASON**—The Education Investment Fund was provided to create infrastructure funds for higher educational facilities, research organisations and vocational education and training. Minister and Ms Paul, this is a composite of the original \$6 billion set up by the previous government in the Higher Education Endowment Fund, and now an extra \$5 billion in the Education Investment Fund, which makes \$11 billion. Is that right?

**Ms Paul**—That is right.

**Senator MASON**—I think it is fair to say that the funds have a difference in a couple of ways. One is that the Education Investment Fund is open to many more groups. Secondly, the capital may be appropriated in later years—not necessarily straightaway but in later years. But

is it true to say that the \$11 billion now in the Education Investment Fund, both the old HEEF funding and the new EIF funding, is all now rolled into one, so the entire \$11 billion operates as the EIF under the new conditions?

**Mr Walters**—It will be the case when the legislation is passed by parliament, obviously.

**Senator MASON**—Thank you. And then in a sense the entire \$11 billion will operate off different criteria?

**Mr Walters**—The criteria to be used for the disbursement of the proceeds from the \$11 billion in the Education Investment Fund are yet to be determined by the government.

**Senator MASON**—I was going to ask you some questions about that—we will see how we go. I am very helpful, Mr Walters, as you will discover. Who can apply for funding under this new fund, the Education Investment Fund? What groups? Is that a question for you, Mr Walters?

**Mr Walters**—Yes. The government will announce that in due course.

**Senator MASON**—I only have the budget announcement, so I might be wrong, but, as a simple member of the public, I am told that it will go to universities, vocational education facilities and also research organisations. Is that right?

**Mr Walters**—The fund will support capital expenditure and renewal and refurbishment in universities and vocational institutions as well as in research facilities and major institutions. I think you asked who could apply, which is a slightly different issue.

**Senator MASON**—All right. There are three groups: higher education facilities, research organisations and vocational education and training. Is that right?

**Mr Walters**—Universities and vocational institutions, research facilities and major research institutions.

**Senator MASON**—That is four groups, isn't it?

**Mr Walters**—It depends how you count.

**CHAIR**—And you have made some admissions about this earlier.

**Senator MASON**—I am not very good with numbers, as you know. Let me take this slowly. I like to do things slowly, Mr Walters.

**Senator WATSON**—It would be good to get that clarified.

**Senator MASON**—Yes. Could you repeat what you said, Mr Walters?

**Mr Walters**—It will support capital expenditure, renewal and refurbishment in universities and vocational—

**Senator MASON**—Just slowly, at my pace. I am very slow.

**Mr Walters**—Universities.

**Senator MASON**—Universities.

**Mr Walters**—Vocational institutions.

**Senator MASON**—Hold on. Just wait until I have written them down.



**Mr Walters**—Right.

**Senator MASON**—You will see that it is all worth it in good time. What is the next one?

**Mr Walters**—Vocational institutions.

**Senator MASON**—Okay, hold on—vocational institutions. Ms Paul knows how I operate, don't you, Ms Paul? Thirdly?

**Mr Walters**—Research facilities.

**Senator MASON**—Research facilities.

**Mr Walters**—Major research institutions.

**Senator MASON**—Major research institutions. Very good. I have got that. They are the groups. How many universities are there in Australia, Mr Walters?

**Mr Walters**—I think we have got 39 at the moment.

**Senator MASON**—All right, let us try 39. Very good. What groups does vocational institutions apply to? Who are they and how many are there?

**Mr Walters**—These are matters which the government will announce its decisions on in due course.

**Senator MASON**—I see. So we do not actually know what groups that relates to—is that right?

**Ms Paul**—Not yet.

**Mr Walters**—Not yet.

**Ms Paul**—It is a matter for the government to decide on the eligibility.

**Senator MASON**—I did not know this. I made the ignorant or naive assumption, Mr Walters, it might apply to TAFEs and to RTOs. But we do not know that. Is that right?

**Ms Paul**—Not yet.

**Senator MASON**—So we do not know. We now know we do not know, Ms Paul.

**CHAIR**—Well, I think the department always knew.

**Senator MASON**—It is a known unknown. Research foundations, Mr Walters—is that the next one?

**Mr Walters**—No. It is research facilities and major research institutions.

**Senator MASON**—That is right. It is my writing. It is getting a bit haphazard there. Research facilities—to whom does that apply?

**Mr Walters**—The government will announce its decision on that in due course.

**Senator MASON**—There is a pattern developing, is there not? As I just said, we do not know.

**Senator McLucas**—This point is taking a fair bit of time to be made.

**Senator MASON**—But I think we have to make it though, Minister. We have to make these points.

**Senator McLucas**—I really do think the officer has provided you with the fundamental information—and that is, that the decision about who is eligible and how the program will work will be formed when the minister has deliberated.

**Senator MASON**—I am sure Ms Paul would agree with me that I never waste a committee's time. Isn't that right, Chairman? I like to make a point. Now, Mr Walters—

**Senator McLucas**—I do recognise that I am new to this committee, and I will defer to the culture of the committee.

**CHAIR**—And you are free to make your points within reason, Senator.

**Senator MASON**—I am always helpful, as you know, Mr Chairman. Now, major research institutions—is that right? Is my writing correct?

**Mr Walters**—Yes, that is right.

**Senator MASON**—How many of those are there? What does that relate to?

**Mr Walters**—It depends how you count.

**Senator MASON**—That is a good answer. That will make everyone feel so much better, Mr Walters. 'It depends how you count'. Let me write that down: 'It depends how you count.' So, tell me if I am right, Mr Walters: HEEF, the Higher Education Endowment Fund, related to universities only. Is that right?

**Mr Walters**—Table A and table B providers under the Higher Education Support Act.

**Senator MASON**—And how many were in table A and table B combined?

**Mr Walters**—I think we have 41.

**Senator MASON**—And they were the potential applications for the HEEF funding—is that right?

**Mr Walters**—Those are the institutions which are able to apply under the HEEF.

**Senator MASON**—Thank you. Now, with the new Education Investment Fund, we have 39 universities. It is interesting that you said there were 41 on table A and table B. What is the discrepancy there, Mr Walters? You must have something on that.

**Mr Walters**—The table A providers have full access to all of the Commonwealth funding programs and the table B providers—which includes Bond University and Notre Dame, for example—have a restricted access to some funds.

**Senator MASON**—I understand. For a start, this new fund will knock out Notre Dame and Bond?

**Senator McLucas**—Not necessarily.

**Senator MASON**—Well, I do not know. Do we know, or do we not know yet?

**Senator McLucas**—That is the point the officer is making to you. You will find out in due course when the minister has deliberated and made decisions.

**Senator MASON**—Let us find out. Mr Walters and the minister, can you help me? Do you know, or you do not know?

**Ms Paul**—There has been no suggestion to date that the eligibility for higher education providers would change.

**Senator MASON**—All right. So that first group, the universities group—

**Ms Paul**—Correct.

**Senator MASON**—There is no indication that the first group will change. That is excellent. So we have vocational institutions, research facilities and major research institutions and we do not know even what the groups comprise or how many there are. Is that right, Mr Walters?

**Ms Paul**—No, because—that is correct, Senator.

**Senator MASON**—I am going to cope well this afternoon, Ms Paul. I am again enriched by this gathering. Do we know how the fund will be divided up? Do you have any idea about that?

**Ms Paul**—That is a matter for advice from the advisory board to government.

**Senator MASON**—What advisory board is this?

**Ms Paul**—There is an advisory board. There was an advisory board to the Higher Education Endowment Fund and there will be a new advisory board to this new fund. The Chair of the Higher Education Endowment Fund has been asked to pursue the new arrangements. It is expected that the new board will have a similar function to the HEEF board, and that is to recommend to government projects et cetera for consideration.

**Senator MASON**—So we do not know how much each of these groups will receive—

**Ms Paul**—Correct.

**Senator MASON**—in terms of proportions. And we do not know if there is going to be a quota for each sector. We do not know that either?

**Ms Paul**—No, we do not know that, actually. But I think it is probably fair to say that the HEEF to date has not taken a pro rata or a quota of projects. It has taken a strategic approach.

**Senator MASON**—Quite right. But we do not know whether or not the new one will take that strategic approach, do we?

**Ms Paul**—That will be something which the board—

**Senator MASON**—The advisory board.

**Ms Paul**—in liaison with government and so on will be considering.

**Senator MASON**—Do we know, Ms Paul or Mr Walters, or can we be sure that universities will not receive less funding than they did under HEEF?

**Senator Carr**—How could they? But how many billion more is there?

**Ms Paul**—Five billion more.

**Senator Carr**—Well, where do you get the logic of this?

**Senator MASON**—Excuse me, Minister. I will tell you what the logic is, even though I am not good at numbers, as I keep saying, Mr Chairman. If you have potentially hundreds of

recipients relating to vocational institutions, research facilities and major research institutions, there are potentially hundreds of recipients, not 39. You see, I know something about numbers, Minister! You do not.

**CHAIR**—Senator Mason, you can make your point without disturbing the peace of the room.

**Senator MASON**—He might be a minister, but he is lacking ability.

**CHAIR**—You can remark on that, but there is no need to be yelling across the table, please.

**Senator MASON**—Ms Paul, you understand why I am pursuing this, don't you?

**Ms Paul**—The approach that you are constructing is to try to get to a sum of providers and then divide the \$11 billion across them.

**Senator MASON**—No, I am not, actually.

**CHAIR**—Senator Mason, you asked the question. Please let Ms Paul answer it.

**Senator MASON**—All right. Go ahead, Ms Paul.

**Ms Paul**—I am sorry if I misunderstood the implication.

**Senator MASON**—No, no.

**Ms Paul**—Nonetheless, if that were close to an implication, then that would assume that there is kind of a pro rata approach—or a vegemite approach, if I may use that colloquialism—to this, which is most unlikely. The HEEF has taken a strategic approach.

**Senator MASON**—That was a very good metaphor, I think. Don't you agree, Ms Paul?

**Ms Paul**—This is about major strategic investments in the future of Australia. So you basically cannot say even now how many universities will gain from the HEEF as it will run through this year—

**Senator MASON**—That is true.

**Ms Paul**—because it is not the case that the HEEF was ever intended to be spread across 41 universities, either. So the reach of the new fund will not actually be known until it is established and the board can start working in the various sectors and so on.

**Senator MASON**—That is a good try, Ms Paul, but do we know who is a sector? Can you assure the committee that, as a sector, the universities will receive no less funding, Ms Paul?

**Mr Walters**—Perhaps it would help if I said that the universities have not received any funding yet. The first round of this has not actually operated.

**Senator MASON**—But you are not answering my question. Let me ask it a third time, Mr Chairman. Can you assure the committee that, as a sector, the university sector will not receive less money under the EIF?

**Ms Paul**—That is speculation, and I do not think we can go there.

**Senator MASON**—You cannot tell the committee?

**Ms Paul**—They may receive more, they may receive less or they may receive the same. We do not know.

**Senator MASON**—We still do not know.

**Ms Paul**—I think it is fair to say that none of those things is known, including how much they would have been receiving this year under the HEEF.

**Senator MASON**—I understand that universities were to receive \$304 million in the first round of the HEEF grants for 2009-2010—that is what I understand from what is reported in the newspaper—which of course is the interest on the Higher Education Endowment Fund. Will universities still be receiving that money, despite the establishment of the new EIF? What is the story there?

**Mr Walters**—The story is that that was a maximum amount that could have been allocated from the coming financial year and it was not directly a result of the interest payments. Because of the timing of the payments, agreed by the previous government, that would not have earned that much interest in the course of the year. But, nevertheless, that much was the amount the previous government said would have been available from the forthcoming financial year.

As you will see from the budget papers, the government has decided this time round on two things: first of all, a one-off distribution of half a billion dollars to the universities, which will take place by 30 June—not from the fund but as a special dispensation from the budget surplus—and, secondly, that the amount that would have been available in the forthcoming financial year is actually slipped back to the next financial year.

What that means in practice is that because of the timetable that the advisory board was working to, there would not have been any disbursement possible before about March or April of next year. That money will now be available from July—from the start of the following financial year.

**Senator MASON**—So, in effect, that potential amount, or as you say, that maximum amount, has been subsumed into the EIF.

**Mr Walters**—The sum will be, subject to the passage of legislation by the parliament.

**Senator MASON**—Subject to that, I understand. All right. Thank you. I think it is fair to say, Ms Paul, that one of the differences with this policy—the EIF as opposed to HEEF—is that there is a possibility that those four institutions that we spoke about, those four sectors, may have access to the capital, not just the interest, which was the HEEF proposal. Is that right?

**Ms Paul**—Yes, that is right.

**Senator MASON**—Do you know under what circumstances the government will make capital grants available out of the \$11 billion fund? Has that been worked out yet or are we still waiting for that?

**Ms Paul**—What I imagine will happen is that the advisory board probably will work through with the sectors what some major strategic projects might be and will recommend to government. Then the undertaking, which you may have seen in the budget papers, is for the

government each year to take a decision about the amount of draw-down that it will allow from the fund.

**Senator MASON**—All right. So, basically, again, it has not been decided upon.

**Ms Paul**—Well, it cannot be.

**Senator MASON**—No. Well, I know that.

**Ms Paul**—It is like your previous question, I suppose, about whether universities could get less. It is basically impossible to answer that question because we do not even know now what we will be getting from the first year of the HEEF. There have been no decisions or even any recommendations, so it is literally impossible to answer the questions: Will universities get less? Or: How much capital will be drawn down?

**Senator MASON**—Minister, this is really for you, I think, because it is a policy question. You obviously think it is wise, but why did the government make the decision to make available the capital rather than just the interest of the fund? That proposal—

**Senator Carr**—Well, there was a view that the previous arrangements were not as effective as they could have been and that it was a more efficient way to support the level of investment that is required to broaden out the scope of the fund. As I read it, this is not the end of the contributions the Commonwealth will be making. You should not read this as the total fund forever and a day; it is the first instalment. What you are seeing across the sector is, whether it is the group of eight universities or the ATN, that there are statements to support this approach being made.

**Senator MASON**—I agree with that, and you are right. But I think it is also fair to say that—how can I put this without putting anyone in a spin, as it were—that some university vice-chancellors, it is true, were advocates of access to capital.

**Senator Carr**—Yes.

**Senator MASON**—And I agree with you.

**Senator Carr**—Yes.

**Senator MASON**—But some were not. You would agree that it was a mixed bag.

**Senator Carr**—I am partly responsible for jointly administering this fund. I can say to you, in regard to the research issues, that the Department of Innovation, Industry, Science and Research will be taking a keen interest here to ensure that we do get effective use of research funding. There cannot possibly be a continuation of existing arrangements whereby we spread resources so thinly that we do not have the critical levels of concentration that are needed. That is why we are talking about the compacts. That is why we are talking about ensuring that there is a hubs and spokes approach taken. That is why we want to see increases in the levels of collaboration between universities and research institutes, public research agencies and between the public and private sectors. So we are talking here about a fundamental transformation about the way in which we fund the higher education system in this country, whether that is through the teaching programs or the research programs.

**Ms Paul**—As an example, Senator, if I may—

**Senator MASON**—Yes, Ms Paul?

**Ms Paul**—The ability to fund research institutions makes a big difference in the capacity to undertake major strategic research collaborations. For example, for the first time, this fund will be able to fund major collaborations between universities and research bodies.

**Senator MASON**—Yes.

**Ms Paul**—I would expect, from that point of view—to go back to your original question—that it could well be the case that universities get more because there will be more opportunity, particularly with the capital draw-down, for collaborations to be funded that draw funds across the research and university sector to the benefit of both, basically.

**Senator MASON**—Ms Paul, of course you make a valid point. This is not really for estimates, but allow me one reflection, Chair. That is, looking 10 years or 20 years ahead, after Senator Birmingham—or he will probably still be here—but after we are all gone, I am just wondering whether we would not be better off as a community with \$30 billion available in a fund—

**Senator Carr**—Yes.

**Senator MASON**—with only the interest available.

**Senator Carr**—Well, we do not know what is going to happen in 30 years.

**Senator MASON**—I just raise it.

**Senator Carr**—What I can say to you is—

**Senator MASON**—It is not a criticism. I am just raising it as a general public policy proposition.

**Senator Carr**—What we can say is that in this portfolio we had the Bradley review.

**Senator MASON**—Yes.

**Senator Carr**—In my portfolio, we had the Cutler review. We are looking at ways in which we can coordinate our efforts more effectively than we have in the past. The fact remains that by international standards, this country is slipping. There are whole measures of indicators to demonstrate that point. The question remains: How do we get best value from the limited resources that we have? The Chinese are spending. They are doubling their R&D effort every seven years. Our efforts, by comparison, are very small. The Europeans are now looking at 3 per cent of GDP. What is ours: half of that?

**Senator MASON**—Yes, it is.

**Senator Carr**—We have a serious problem. Now, how do we address that? This is a policy response to that problem.

**Senator MASON**—I know that, Minister, but I raise that, as I say, as a policy discussion rather than estimates. I just think that in general we have learned enough of the history of the Commonwealth to know that to make funds available, if they are available, then they will be spent. The late Governor—

**Senator Carr**—Well if we spend wisely—

**Senator MASON**—Spitzer in New York, when he adopted the HEEF approach—he adopted it in New York state before his demise, Ms Paul—said that it was best just to leave

the money there and only have the interest available, not the capital, because it will be spent. It is a debate that we do not have to have now, but I raise it.

**Senator Carr**—But the fact is, we have increased. We have a range of other measures at the moment and they are inadequate to meet the needs of this country. Major scientific infrastructure is not being funded historically. How do we replace major pieces of infrastructure? There are just so many things. The question is: How do we deal with conflicting demands? This approach indicates that we have, clearly, demands in regard to the teaching program and demands in regard to the research program. I will be pursuing vigorously the research side of it.

**Senator MASON**—I am sure you will.

**Senator Carr**—Minister Gillard will pursue vigorously the teaching side of it. We need to ensure we get best value for money—

**Senator MASON**—I agree with that.

**Senator Carr**—out of funds of this kind.

**Senator MASON**—We economic conservatives like that idea, do we not, Minister?

**Senator Carr**—What I like to see is productivity, and I have not seen a lot of it in the last couple of days at this committee.

**Senator MASON**—Absolutely. Oh, I do not know. I think we have had two glorious mornings.

**CHAIR**—There will be no further reflections on the Chair.

**Senator MASON**—But we have had two glorious mornings, I think you would agree. Right! Full fee-paying places, Mr Chairman. Senator Watson raised this issue with me, so I have done my research about full fee-paying places at university. Correct me if I am wrong, Ms Paul—I am sure you will—the government has offered \$468 million in compensation for the abolition of full fee-paying domestic places. I think that is about \$100 million more than was offered as compensation during the election period last year—but, anyway. It has offered \$468 million for the abolition of full fee-paying domestic places. Is that right?

**Mr Walters**—Mr Manns can take us through the figures on this.

**Mr Manns**—I think you are referring to the total amount of revenue that the universities would be expected to receive from the around 11,000 places by 2011, and the government is committed to from two sources: both the Australian Government contribution—

**Senator MASON**—Yes.

**Mr Manns**—and the student contributions, most of which of course are paid up-front by the government on students' behalf through the HECS-HELP scheme.

**Senator MASON**—I understand. I am with you. How many currently, as of today, domestic undergraduate full-fee-paying students are there in Australian universities?

**Mr Manns**—We cannot give you a figure as of today.

**Senator MASON**—Well, how many roughly? Give me a ballpark figure, Mr Manns. That will do for me.



**Mr Manns**—Our last full year published data were for calendar year 2006.

**Senator MASON**—So how many?

**Mr Manns**—Now, we have some definitional issues, and I need to explain these to you.

**Senator MASON**—Just give it to me. Let us not get too—

**Mr Manns**—Oh, no. I think it is important.

**Senator MASON**—There is a big distinction between them?

**Mr Manns**—There is a big distinction.

**Senator MASON**—All right. Go on.

**Mr Manns**—I will keep it relatively simple. The three broad categories of fee-paying domestic undergraduate students are what we are referring to as full-fee-paying.

**Senator MASON**—Yes.

**Mr Manns**—So they are the students who, as it implies, are doing the same sort of course as a Commonwealth supported student but are paying tuition fees, as opposed to what everyone is paying on HECS.

**Senator MASON**—We need the ones that are being provided—

**Mr Manns**—These are the ones that—

**Senator MASON**—by the government. We need government policies to—

**Mr Manns**—To pay some of those out; that is correct.

**Senator MASON**—How many of those are there?

**Mr Manns**—Well, in that category, in 2006 in the public universities, because again the policy—

**Senator MASON**—Only extends to public universities.

**Mr Manns**—only extends to public universities, our figures show that there were 7,520 EFTSL. That is the term we use: equivalent full-time student load.

**Senator MASON**—Yes.

**Mr Manns**—That is the currency by which the system calculates—

**Senator MASON**—It used to be an EFTSU.

**Mr Manns**—It did; correct.

**Senator MASON**—Do you remember that?

**Mr Manns**—Yes. And the other important fact is that of course we will be phasing out on the basis of the number of commencing students.

**Senator MASON**—Yes.

**Mr Manns**—In other words, that number I just gave you includes students in all years of their courses. From the beginning of next year, the equivalent number would be the number commencing courses, so the equivalent number in 2006 for commencing EFTSL in those categories was 3,280.

**Senator MASON**—Commencing?

**Mr Manns**—Commencing.

**Senator MASON**—New ones, in effect.

**Mr Manns**—That is right.

**Senator MASON**—I will just take that down. So there are the new ones—my acronym is DUFFP, domestic undergraduate full-fee-paying, but I think we are on the same page here, Mr Manns. So, existing ones are 7,520. What was the figure for the new ones again?

**Mr Manns**—It was 3,280.

**Senator MASON**—It looks like they are growing in number. You might give me a minute, Mr Manns, while I haul back my enthusiasm for that. Let me just give that a second. How much is that worth to the tertiary sector, Mr Manns?

**Mr Manns**—For those 3,280 EFTSL we estimate that the amount reported by universities as having been charged was just under \$52.9 million in round terms.

**Senator MASON**—Look, I will call it \$53 million. I do not think anyone will quibble. How much is the existing students' category worth to the sector, Mr Manns?

**Mr Manns**—A hundred and twenty-one point seven.

**Senator MASON**—That is \$121.7 million?

**Mr Manns**—Correct, yes.

**Senator MASON**—Excellent. Right. Now what is the proportion of these domestic undergraduate full-fee-paying students in Australian universities? What sort of percentage is that overall—that is, not in any particular course but overall?

**Mr Manns**—I think we answered a question from Senator Wortley from the last hearings on that. I am just having a look at that. That was based on revenue. I can give you some numbers on some actual student numbers. The figures I have, which include a category of students who we will not actually be phasing out, so this is a slight overstatement, were for the public universities table A providers: 2.6 per cent of total undergraduate students—

**Senator MASON**—I am writing that down.

**Mr Manns**—on a head count basis, or around 2.7 per cent on a EFTSL basis. But, as I say, the number that we will be phasing out will be somewhat smaller than that.

**Senator MASON**—That is fine; it is 2.6 per cent of overall. That is fine. I just need the—

**Mr Manns**—It is probably around half that.

**Senator MASON**—I think we are right. I am not sure if you can look after these questions, Mr Manns, but my understanding of the policy is that there will be 11,000 new HECS places as compensation for the loss to the tertiary sector of these domestic undergraduate full-fee-paying places. Correct me if I am wrong, but HECS differs, depending upon the discipline, does it not? When we know about 11,000 HECS places, are they 11,000 places in arts or dentistry? Do you understand my point, Mr Manns?

**Mr Manns**—Yes, I do, Senator. The profile of the places that have been costed as part of this measure accords with the profile of fee-paying places that were in the system in 2006.

**Senator MASON**—Right. Good. Let us make this clear. So, for example, as I understand it—I might be wrong—there are more domestic undergraduate full-fee-paying students in courses like dentistry and medicine than there are in, for example, arts. So that lopsided academic topography is reflected in the allocation of funding over those 11,000 places. Is that right?

**Mr Manns**—As I say, the profile of those places matches the profile of the actual fee-paying places in 2006.

**Senator MASON**—Okay.

**Mr Walters**—The actual arbitrary figures about dentistry are pretty small, so—

**Mr Manns**—Yes.

**Senator MASON**—But there is a proportion, though—

**Mr Manns**—But I think you will find—

**Senator MASON**—I suppose that is my point, you see. I know the overall number is—what is it: 2.6 per cent and so forth—

**Mr Manns**—I can tell you the profiles.

**Senator MASON**—Yes.

**Mr Manns**—The commitment is to provide 4,515 commencing places in 2009. Those places will pipeline up to that 11,000 number you have referred to.

**Senator MASON**—Yes.

**Mr Manns**—Yet on a commencing place basis, the largest category is in the discipline cluster that covers law, accounting and the other business related disciplines. That is 1,480.

**Senator MASON**—Which reflects the current domestic undergraduate full-fee-paying students.

**Mr Manns**—For 2006, yes.

**Senator MASON**—I follow that.

**Mr Manns**—And the number in dentistry, medicine, veterinary science and agriculture is actually in that cluster, too, but I suspect there are few of those. There are 469 EFTSLs. So it is a smaller number than the law and business and so on.

**Senator MASON**—Yes; I am with you. Now the HECS funding, the 11,000 places, reflects the profile of the domestic undergraduate full-fee-paying students. Will that funding include the on-costs? Maybe I had better correct that. Will it include the pipeline funding that the vice-chancellors always talk about—the infrastructure costs and so forth that are in addition to the HECS costs? Do you follow my point, Mr Manns?

**Mr Manns**—Not entirely, Senator.

**Senator MASON**—No.

**Mr Manns**—I can tell you that those places will be funded on exactly the same basis as the over 400,000 existing so-called HECS places are funded in the system.

**Senator MASON**—Yes. That is my point because, as I understand it, the cost of a student is not just the HECS cost. There are all these added on-costs. There are infrastructure, support services and so forth. Has that been included, or is it simply the same as it was in relation to all other?

**Ms Paul**—It is the same basis on which all places are funded.

**Senator MASON**—Thank you, Ms Paul.

**Ms Paul**—And have been for some time.

**Mr Walters**—This is only one source of university funding costs.

**Senator MASON**—I am sorry?

**Mr Walters**—This is only one source of university funding. They derive funding from a number of sources. For things like infrastructure, we have things like a capital development pool and so on. You mentioned pipeline. These places are pipelines.

**Senator MASON**—No; they are pipelines in terms of growth, are they not?

**Mr Walters**—Yes.

**Senator MASON**—Because mine is actually different. Mine is about infrastructure costs.

**Mr Walters**—Righto. But it is a pipeline in that you get this year's students and then next year's. The new places will be pipelined.

**Senator MASON**—Yes, in terms of growth. That is different. That was not my question, Mr Chairman. Mine was about on-costs, but anyway I follow your point.

**Ms Paul**—Infrastructure and so on would tend to be covered in different ways. This replicates the current funding structure for ongoing cost of places.

**Senator MASON**—Yes.

**Ms Paul**—There are other programs for other things.

**Senator MASON**—That is really my point. You have hit the nail on the head again, Ms Paul, as always, because with these costs—the costs of 11,000 new places over the next few years—it actually costs universities more than they are provided for with HECS. That is the point. But you are saying there is no added money. It is simply that the same proportion is given as in relation to every other undergraduate student.

**Mr Walters**—These are replacement places. They are not additional to what the university has got already.

**Senator MASON**—Yes.

**Ms Paul**—The university maintains access to all the other programs that it has always had access to.

**Senator MASON**—Can I ask: Mr Manns, your evidence before was very interesting. You said that there are 7,520 existing students, full fee-paying students, and 3,280 commencing ones this year.

**Mr Manns**—In 2006.

**Senator MASON**—I am sorry, commencing in 2006, okay. Just looking at that, given that most courses—law courses, which many people do—take three, four or five years.

**CHAIR**—I do not know how.

**Senator MASON**—It just strikes me that this was a growing source of revenue for universities. How much has it grown over the last 10 years?

**Senator Carr**—Well, it has gone from nothing through to, what, three per cent in 10 years. How many students was that? Did you say 3,000? It is quite a remarkably small number over a 10-year period.

**Senator MASON**—Well, I do not know, Minister. My interest has been sparked. You do not like that my interest is sparked, Minister. I know that.

**Senator Carr**—Believe me, your interest is a matter of deep concern to me!

**Senator MASON**—There were 3,280 commencing students in 2006, and 7,520, so in fact about 40 per cent of existing students—which is 3,280—are commencing in 2006. This strikes me as a growth fund, Mr Manns. Help me out here, if you could. How much in terms of student numbers have the commencement figures grown in, let us say, the last five years? How many commenced in, let us say, 2001, 2002, and 2003 up until 2006?

**Mr Manns**—I would have to take that on notice. I do not have the time series with me, Senator, but I can make some general comments in that regard and that is, as the minister has said, yes, overall it has inevitably been a growing number from a base of zero over an extended period of the best part of 10 years. University by university, though, it has varied quite a bit.

Some universities have no fee-paying places at all still, some have tiny numbers, some the number has begun into decline, having reached a peak earlier, some have experienced continuing growth. So across the sector, it is a very variable proposition in terms of revenue.

**Senator MASON**—Within the different universities I suspect you are right, but I have a feeling in my bones, Mr Manns, that, given your evidence, we are looking at a growth industry for universities. In fact, looking at those figures, just those figures alone and nothing else, my nose tells me this is a growth fund.

**Ms Paul**—At its peak, it was about three per cent of enrolments, and that includes all categories of fee-paying students, some of which we are now not including, like employer-funded places. So we think it probably at its maximum is, what, about 1.5 per cent or something like that?

**Mr Walters**—It is going to be something like that. Senator, I would add one other thing too. As Mr Manns says, in some places and in some courses, there has been some growth recently, and it has grown from nothing. One or two vice-chancellors in our preliminary discussions have actually made the point that some of that growth was starting to fall away for the reason that the previous government put a lot of extra Commonwealth places into the system, and they were starting to pipeline through. So people were having that alternative. In areas like dentistry, which you mentioned—

**Senator MASON**—Sure.

**Mr Walters**—there are some new public dentistry schools coming on stream.

**Senator MASON**—Okay. So, now I understand that. What you are saying is because of the addition of further public places, that people did not have to spend private money to fund, let us say, a course in dentistry, or law, or whatever. That is your point.

**Mr Walters**—People are telling us that that is what has been happening in some places and in some disciplines.

**Senator MASON**—All right. Could you give me those figures, Mr Manns? I would be very grateful.

**Mr Manns**—Sure.

**Senator MASON**—These 11,000 HECS places, are they a one-off, or will they continue as long as there are no domestic full fee-paying places?

**Mr Manns**—They will be allocated as a permanent addition to the university's profile.

**Senator MASON**—Oh, a permanent addition. Excellent. All right.

**Mr Walters**—With the pipelines, as I just mentioned.

**Senator MASON**—I heard you mention that, and that is just fine. All right. In the past, domestic full fee-paying students were given preference over overseas full fee-paying students. That is how it worked.

**Mr Walters**—Not necessarily, Senator.

**Senator MASON**—Righto. That is fine.

**Mr Walters**—Universities introduced their own policies as regards international students, and they were able to have their own policies up until—

**Senator MASON**—I am just told that reflects their policies.

**Mr Walters**—Yes.

**Senator MASON**—Is that right?

**Mr Walters**—Yes.

**Senator MASON**—So that is right.

**Mr Walters**—Yes. Individual universities could establish their own—

**Senator MASON**—Mix.

**Mr Walters**—Mix—their own in-take of international students.

**Ms Paul**—So having some of one did not knock off some of the other, for instance.

**Senator MASON**—Okay. But I cannot think of a university where that was not the case—where domestic full fee-paying students were not given preference. Can you think of one?

**Mr Walters**—We are not privy to that information, Senator, as to how they decide the individual mix. We do not collect that information.

**Mr Manns**—Not at a policy level, but I can think of one example. The University of Central Queensland gave a commitment, because it had breached a previous provision of the Act, that it would take in no domestic undergraduate full fee-paying students in 2007, but it was certainly taking in overseas full fee-paying students.

**Senator MASON**—Oh, that is an exception to the rule, Mr Manns.

**Ms Paul**—There was not a rule; that is the point.

**Mr Manns**—There is simply no rule on the issue. It is a matter of a university's own policy—just as it is that some universities have chosen to take no domestic fee-paying undergraduate students at all, but have been active in the international market.

**Senator MASON**—All right. What I have noticed about domestic undergraduate full fee-paying students is that often universities were cross-subsidising, let me use that word, students in small courses with full fee-paying domestic students. The example offered to me, Mr Walters, was in dentistry. That will not continue but your argument would be what—that the profile of the 11,000 HECS places will, in a sense, recompense that? Is that right?

**Mr Walters**—What we found on the issue of these subsidies, Senator, was under the previous government there was a review of the Higher Education Support Act last year.

**Senator MASON**—Yes.

**Mr Walters**—And we commissioned Access Economics to do a study, which is actually up on the web and has been for about a year. What it tended to find was that there might be an element of cross-subsidy in individual—a few niche areas—but, by and large—

**Senator MASON**—Small courses, high capital costs.

**Mr Walters**—but by and large, universities tend to reallocate funding back to the sources from which it is earned. In other words, universities tend to spend what they get, and so the areas that earn the money tend to spend it. If you would care to refer to that report, it is up on the web, and it is by Access Economics.

**Senator MASON**—All right.

**Mr Manns**—Senator, if I could help you on this issue. While we do not have any detailed information about internal cross-subsidy within universities, I can make the general point that across some of the disciplines, which are often held out as being the ones where this cross-subsidisation occurs, the pattern—

**Senator MASON**—Veterinary science was another one I had heard of.

**Mr Manns**—across universities is dramatically different. For example, in the field of dentistry that you mentioned, the proportion of fee payers compared to Commonwealth-supported students in dentistry—and for this I have first half year 2007 data—ranges from zero up to around 22 per cent. So there are obviously decisions being taken by individual universities about these matters. They are not inherent in the nature of the discipline.

In law they range from zero again up to around 20 or 21 per cent, with many law schools having no full fee-paying students at all. Medicine is the same. So these individual decisions taken by universities are not necessarily inherent to the discipline.

**Senator MASON**—Let me just summarise here. I think I have gathered all this. So, if I am going to university and I just miss out on a score to get into law school, let us say, I can be a full fee-paying student, pay fees, and go to a private university, such as Bond let us say, in Queensland—correct?

**Mr Walters**—Yes, if you can get a place.

**Senator MASON**—Yes, but you can full fees.

**Mr Manns**—Well, indeed, you have to pay full fees at Bond because it has no Commonwealth-supported places.

**Senator MASON**—Yes. And if you are a foreign student, you can pay full fees and get into a public university or a private university in Australia. Is that right?

**Mr Walters**—If you can get a place.

**Mr Manns**—And of course you do not have access to a Commonwealth-supported place.

**Senator MASON**—No, but you can. But if you are a domestic student and you miss out, a domestic Australian student, you do not have those options. You have more options if you are an overseas student. Is that right?

**Mr Walters**—That is because, under the new rules, the reallocated places will go to those who come next in the cut-off rather than those further down who will be able to pay for the place.

**Senator MASON**—Yes, but you see, that means that overseas students can do something that Australian students cannot do, Mr Walters.

**Ms Paul**—Well, that is always the case because it is a full fee situation. They pay for absolutely everything. It is completely covered. There is no cost to the university or the domestic payer at all.

**Senator MASON**—But domestic students are being stopped or prohibited from doing something that overseas students are able to do—that is, pay to go to a public university.

**Ms Paul**—The system basically reinforces the merit approach to university admissions.

**Senator MASON**—The merit approach? Well, vice-chancellors tell me that people who, say, went into law or veterinary science or whatever, they were only allowed to get in if they had just missed out. In other words, they were good students and it was merit based in the sense that—

**Ms Paul**—They may well get in now if there are more places.

**Senator MASON**—Well, they may, or may not. But even if there are more places, there are still some who are just going to miss out, Ms Paul. Do you understand?

**Ms Paul**—Well, yes, Senator.

**Senator MASON**—You do.

**Ms Paul**—The whole nature of university entry is based on merit, but the point here is that, because of these significant additional places, those people may well be the people who get in now at any rate, without having to pay the full fee.



**Senator MASON**—Well, sure. The next group will miss out and still foreign students can do something that our students cannot do—that is, pay.

**Ms Paul**—That has always been the case, because the system is completely different.

**Senator MASON**—Well, yes and no, because if I had just missed out, and I had money to pay for the course and was prepared to pay my own way, and I was a foreign student who was qualified but did not qualify for assistance in any other form of a scholarship, I could pay my way in, but you cannot if you are an Australian student. That is a fact. Well, it is a fact.

**Mr Walters**—I think—

**Ms Paul**—Well, yes. That is right.

**Senator MASON**—Well, it is.

**Mr Walters**—Yes. Universities are, however, now able, under the rule changes agreed by the previous government, to over-enrol and get full payment for domestic students by 5 per cent, so that is worth bearing in mind.

**Senator MASON**—Sure, but it does not change the fundamental fact. Still, that is a policy decision, as long as we realise that Australian students are missing out while the international students have that option—

**CHAIR**—Well, well, I feel I have to intervene here—

**Senator MASON**—Well, it is a fact.

**CHAIR**—because you are interested in wealthy Australian students missing out compared to wealthy international students. I am waiting for your concern about those Australian students that cannot afford to pay in the first place.

**Senator MASON**—Yes. Well, Mr Chairman, actually that is not quite right. You see, what happens is that the Labor Party always thinks that if you pay your own money for something, you are wealthy. You see, this is the fundamental problem with the Labor Party.

**CHAIR**—Yes?

**Senator Carr**—Oh yeah.

**Senator MASON**—Yes. The economic—the really economic—most people who go to private schools are not wealthy.

**Senator Carr**—Is that right?

**Senator MASON**—Yeah. Funny that, is it not? They pay a fortune to go, and they pay out of their own pockets, Minister.

**Senator Carr**—Do they?

**CHAIR**—Yes. We are talking about—

**Senator MASON**—Yes. Well, I happened to go to a government school.

**CHAIR**—We are talking about university costs.

**Senator MASON**—University is the same thing. Do you think everyone in the United States has a lot of money to go to these? No, in fact they do not. They pay a fortune to go. But you do not like that. It is class envy.

**Senator Carr**—No.

**CHAIR**—But it is interesting that your only comparison was about those two particular groups.

**Senator MASON**—Yes, it was.

**CHAIR**—Yes.

**Senator MASON**—I know you joined the ALP because you wanted to pursue economic conservatism, Minister.

**CHAIR**—Yes—

**Senator MASON**—I know that is why you joined it.

**CHAIR**—And equality of access.

**Senator MASON**—I believe in merit. The Liberals invented that, Mr Chairman, not the Labor Party.

**Senator Carr**—You have a front bench full of it, too, haven't you?

**Senator MASON**—Well, I think our frontbench is better than yours, particularly in the Senate, Minister.

**Senator Carr**—Yes, is that right?

**Senator MASON**—Yes, Minister.

**Senator Carr**—Mine is bigger than yours!

**CHAIR**—Anyway, I am sorry to digress. I chastise myself for that. Senator Mason, you have the call.

**Senator MASON**—No, that is fine. I am happy with those responses. Thank you.

**CHAIR**—Thank you. Are there further questions on the higher education group?

**Senator WORTLEY**—Can I just ask a couple of questions?

**CHAIR**—Yes, you can.

**Senator WORTLEY**—I seek clarification on a couple of these. We were talking about full fee paying undergraduate degrees for domestic students earlier. In 2008, how many of those degrees cost more than \$100,000?

**Mr Manns**—Senator, we are a bit limited in what we can tell you on the question. The universities report to us their charges primarily at a unit of study level. That is the level at which they have to publish the information for students. However, they do also provide to us, for the purposes of what we call our 'going to uni' website, which is an information resource for students, the indicative first year cost for a course—for a degree program, if you like. Really, all we can do is to try to work out, on the basis of that indicative first year cost, what might be the full cost of the degree. We have done some estimation of that, but I have to

emphasise that it is indicative. But we identified that—and I will give you a rough figure—around 280 undergraduate courses that, using that methodology, would have a total degree cost of more than \$100,000.

**Senator WORTLEY**—And what was the most expensive degree?

**Mr Manns**—Again, using the same sort of methodology, it was around \$300,000. What I cannot tell you is whether any students were actually enrolled.

**Senator WORTLEY**—What was that degree, just out of interest?

**Mr Manns**—I do not have any of the names of these degrees with me.

**Senator WORTLEY**—Can you take that on notice?

**Mr Manns**—Sure.

**Senator WORTLEY**—And can you also tell us what the biggest difference in entry scores is between a Commonwealth-supported place and a full fee paying place?

**Mr Manns**—I cannot tell you that.

**Senator WORTLEY**—If you do not have it at your fingertips, I am happy to take that on notice.

**Mr Manns**—All right. I think that we had better take that on notice.

**Mr Walters**—I think we had better take that on notice. It is quite complicated, Senator.

**Senator WORTLEY**—And, with that one, can you tell us the percentage of students in these degrees as well?

**Mr Manns**—In which degrees did you mean, Senator?

**Senator WORTLEY**—The degrees that were full fee paying degrees for domestic students in 2008 that cost more than \$100,000.

**Mr Manns**—No, I cannot give you 2008 data, Senator, because it is not yet reported to us by the universities.

**Senator WORTLEY**—Okay. When do you get that?

**Mr Manns**—We will not have full-year 2008 data in a publishable form until around the middle of next year. We are not very far off. I am looking at my colleagues. I think 2007 data is probably due about the end of July.

**Senator WORTLEY**—Can you tell us the percentage of students, or the figures for the Commonwealth-supported place and a full fee paying place?

**Mr Manns**—Well, at the moment, the only full-year data is after 2006, and they have been published.

**Senator WORTLEY**—Right.

**Mr Manns**—We will not have 2007 until probably around the end of July.

**Senator WORTLEY**—Okay.

**Mr Manns**—And then in 2009, not until July next year.

**Senator WORTLEY**—Well, 2007—can we get that on notice?

**Mr Manns**—Sure. When it is published, yes.

**Senator WORTLEY**—Thank you. Oh, you will not get it until it is published?

**Mr Manns**—We cannot provide it until it is cleared for publication, essentially.

**Mr Walters**—What that means is that they take the data and they double check it to make sure that no errors have crept in.

**Mr Manns**—Yes.

**Mr Walters**—And you have to do that for all of it, with various computer programs.

**Senator WORTLEY**—And when that is done, that will be ready for publication.

**Mr Manns**—Yes.

**Senator WORTLEY**—We will get it then anyway. Thank you.

**Senator BIRMINGHAM**—Can I go to Minister Ellis's consultation tour regarding the impact of voluntary student unionism and the action the government may take as a result of that? Where did the minister's consultation tour end up taking her? Was it to the 12 locations ascertained in the additional estimates earlier this year, or was there some variation on that?

**Dr Perkins**—The minister undertook consultations in all capital cities plus the three regional centres of Townsville, Armidale and Ballarat.

**Senator BIRMINGHAM**—How many university or campuses did she visit?

**Dr Perkins**—In each location she visited one campus, but invitations were sent to over 200 stakeholder groups, so representatives of other universities came to that particular campus and, indeed, community groups and sporting associations. So she had a series of meetings in each location.

**Senator BIRMINGHAM**—In each of the state and territory capital cities?

**Dr Perkins**—Yes.

**Senator BIRMINGHAM**—Or just the states?

**Dr Perkins**—No, all state and territory capitals.

**Senator BIRMINGHAM**—So there are eight plus the three regional centres.

**Dr Perkins**—That is correct.

**Senator BIRMINGHAM**—So 11 locations all up?

**Dr Perkins**—Yes.

**Senator BIRMINGHAM**—And invitations were sent to a list of—sorry, how many groups?

**Dr Perkins**—A list of over 200 stakeholder groups—

**Senator BIRMINGHAM**—Okay.

**Dr Perkins**—to attend in the relevant capital city.

**Senator BIRMINGHAM**—How were those stakeholder groups ascertained?

**Dr Perkins**—We did a search, of course, of all higher education providers, so that included the university administration, student groups, campus associations, sporting associations, a whole range of stakeholders, state and territory governments and, indeed, community groups who might use university facilities.

**Senator BIRMINGHAM**—Who accompanied the minister on the tour?

**Dr Perkins**—The minister was accompanied by two departmental officers and by two of her own staff.

**Senator BIRMINGHAM**—Okay. Were there any external consultants involved in the review in any way?

**Dr Perkins**—No.

**Senator BIRMINGHAM**—Okay. Do you have an estimate for the total cost of the review process?

**Dr Perkins**—About \$25,000.

**Senator BIRMINGHAM**—And what does that comprise?

**Dr Perkins**—That includes our travel, the cost of hiring facilities, and catering.

**Senator BIRMINGHAM**—Was that travel for all members of the party or just the departmental staff?

**Dr Perkins**—Just the departmental staff.

**Senator BIRMINGHAM**—So that is for the two departmental staff, and the costs for the Minister and her two advisers would be on top of that.

**Dr Perkins**—Yes, that is correct.

**Senator BIRMINGHAM**—So presumably we are looking at \$50,000, probably, all up. The consultation component has been completed now?

**Dr Perkins**—That is correct.

**Senator BIRMINGHAM**—And when was that completed?

**Dr Perkins**—We had a series of meetings from about 25 February through to about 12 March. The closing date for written submissions was 11 March. We did, however, accept some written submissions after the closing date, and almost all of the written submissions we received are posted on our website, the departmental website.

**Senator BIRMINGHAM**—How many submissions were received?

**Dr Perkins**—A hundred and sixty-two.

**Senator BIRMINGHAM**—And almost all of them have been posted on the departmental website?

**Dr Perkins**—Correct.

**Senator BIRMINGHAM**—Is there a reason why they have not all been?

**Dr Perkins**—Yes. Some parties who made submissions requested that they should not be published.

**Senator BIRMINGHAM**—So aside from those that requested they remain private, all submissions have been made available publicly.

**Dr Perkins**—There are a couple of other ones we are seeking legal advice on.

**Senator BIRMINGHAM**—Okay. The report flowing from that consultation process: has that been completed?

**Dr Perkins**—The department has undertaken an assessment of the consultation and provided advice to the minister.

**Senator BIRMINGHAM**—Is that assessment in the nature of a report on this review? There were terms of reference initiated at the beginning, indicating—and the minister spoke along the way—that there would be a report. Is that advice you have provided in the nature of a report?

**Dr Perkins**—We have provided advice to the minister which is being considered.

**Senator BIRMINGHAM**—The minister, on 28 April, said that she expected to receive a report on the VSU issue by the end of the month. Obviously, that was only within the space of a couple of days. Has she received the report to which she was referring?

**Dr Perkins**—The department has provided advice along those lines, yes.

**Senator BIRMINGHAM**—When was that provided?

**Dr Perkins**—We provided advice to her on 23 April.

**Senator BIRMINGHAM**—On 23 April?

**Dr Perkins**—Yes.

**Senator BIRMINGHAM**—That is strange because on 28 April the minister was quoted as saying that she expected to receive the report by the end of the month.

**Dr Perkins**—We provided a series of pieces of advice to her. The first was on 23 April.

**Senator BIRMINGHAM**—The first was on 23 April.

**Mr Walters**—Senator, that is not inconsistent because it would have been provided to her office and she would not necessarily have seen it by then.

**Senator BIRMINGHAM**—She may not have seen it, and that is possible, although the minister has taken a particularly public stand on this issue and I would have expected that if the much-anticipated report which the media were asking about had lobbed into her office they may at least have known that it had lobbed into her office and said that it was under consideration, rather than saying that she was still waiting to receive it.

**Ms Paul**—Senator, my feeling would be that this may well be explained by our internal document management processes, not with Dr Perkins necessarily—it is a fairly ornate process to go through to get a major piece of advice up. I do not think there is much in it, one way or the other.

**Senator BIRMINGHAM**—When Dr Perkins says the advice was provided to the minister on 23 April, does that mean, Dr Perkins, you signed off on it and provided it to Ms Paul on 23 April, or was the advice provided to the minister on 23 April?

**Mr Walters**—It goes into the system, Senator. There is a computer system. It arrives in the minister's office. It will be logged in by the staff. It might be looked at by the staff and so on and so forth. So, beyond that, we could not really speculate.

**Senator BIRMINGHAM**—I understand you cannot speculate about what may or may not have happened in the minister's office. Was it received in the minister's office on 23 April?

**Mr Walters**—I do not think we would know.

**Ms Paul**—We do not know that.

**Senator BIRMINGHAM**—Well, at some point, it leaves the department and is received by the minister's office. Now, unless you are using some sort of strange courier system, presumably you know the date that it actually—

**Mr Walters**—Senator, we do not know at the moment. Perhaps we could take that on notice and see if there is anymore we can say.

**Senator BIRMINGHAM**—Dr Perkins seemed to know that it had been provided on 23 April.

**Dr Perkins**—Could I just clarify? The date I gave was the date I cleared it, so from the point of view of leaving my desk and leaving my branch, it was cleared on that date.

**Senator BIRMINGHAM**—It was cleared to Ms Paul or Mr Walters?

**Senator Carr**—There is a whole set of systems here. The officers will take it on notice.

**Ms Paul**—I think I can explain this, actually. There was a three-day weekend in between those two dates. So if it left Dr Perkins's office there is no way in the known universe—not that I really want to exaggerate our internal processes and their lengthiness, but—

**Senator Carr**—You don't come in on a three-day weekend?

**Ms Paul**—I think it is almost certainly the responsibility of my department, one way or another.

**Senator BIRMINGHAM**—I spent yesterday sitting in the Treasury estimates and we discovered that whole bits of legislation were drawn up overnight!

**CHAIR**—Senator, you are not suggesting that you want these officers to be working—

**Senator BIRMINGHAM**—I am certainly not suggesting that I expect 35-hour days from Dr Perkins.

**Senator Carr**—Is this the new Liberal industrial relations policy?

**Senator BIRMINGHAM**—I am sorry, Minister?

**Senator Carr**—You want them to work all weekend, do you?

**Senator BIRMINGHAM**—No, I do not want them to work all weekend, Minister. It is the Treasury officials who are putting in 35-hour days.

**CHAIR**—Enough frivolity. We will go back to questions.

**Senator IAN MACDONALD**—Deadly serious, Mr Chairman.

**Ms Paul**—It would be perfectly normal for a brief to take a number of days to get through the system.

**Senator Carr**—Especially over a weekend.

**Senator BIRMINGHAM**—Unless, obviously, the Prime Minister or others have asked for it otherwise, so we have ascertained in other committees. Okay, we accept there is a bit of grey zone as to whose desk the advice was sitting on. It is possible it had made it to the minister's office, and it is possible it had not, by the time the minister gave that 28 April comment. But the minister has now received all advice that forms this report on VSU, Dr Perkins?

**Dr Perkins**—The minister has received advice relating to a report, and additional advice.

**Senator BIRMINGHAM**—Thank you. Has the minister taken any decisions in relation to that advice or the report?

**Dr Perkins**—That is a matter for government.

**Senator BIRMINGHAM**—Was the report considered at all in the budget context?

**Mr Walters**—Perhaps I could say that one of the budget outcomes has been a half a billion dollar fund which has been established for university renewal, and one of the categories on which universities are able to spend those capital moneys is for student facilities.

**Senator BIRMINGHAM**—This is the Better Universities Renewal Fund, which I was going to get to. That, of course, is a one-off fund. Have the ongoing budgetary implications of recommendations in the report been considered in a budgetary context?

**Ms Paul**—I do not think we can go to that. I do not think we can go to the nature of budget considerations.

**Senator BIRMINGHAM**—Beyond 2007-08, is there any allocation in the budget for anything relating to the report on VSU?

**Mr Walters**—No, there is nothing at the moment. There is just the half a billion dollar fund, the universities renewal one, at the moment.

**Senator BIRMINGHAM**—Right Will the report be released publicly?

**Mr Walters**—This is a matter for the minister to decide—how she is now going to take this matter forward.

**Senator BIRMINGHAM**—All the submissions for this report have been released publicly.

**Mr Walters**—Correct.

**Senator BIRMINGHAM**—The terms of reference for this report were released publicly.

**Mr Walters**—It is a matter for the minister now.

**Senator BIRMINGHAM**—But we do not get a commitment that the report will be released publicly?

**Mr Walters**—You will appreciate it is a matter for the minister and we cannot comment any more.



**CHAIR**—They cannot give you such a commitment. It is a matter for the minister.

**Senator BIRMINGHAM**—I understand that in the end it is a matter for the minister. But I would have thought the minister would have made a decision on that that the officers might be aware of.

**Senator Carr**—You can think of a lot of things, but the officer is giving you an answer—a perfectly reasonable answer. You cannot ask him for an opinion.

**Senator BIRMINGHAM**—Has the minister indicated to the officer whether the report will be released publicly or not?

**Mr Walters**—We really cannot say any more than we already have. It is now a matter for the minister.

**Senator BIRMINGHAM**—So the issue of whether or not it will be released publicly is under discussion by the minister?

**Mr Walters**—It is just a matter for the minister and we cannot really say any more.

**Senator BIRMINGHAM**—So we have a very public process that has got to a point where we do not know whether or not the report will actually become public.

**Senator Carr**—Yes. That is what happens.

**CHAIR**—Well, these officers do not know. It is a matter for the minister.

**Senator BIRMINGHAM**—So we are discovering.

**Ms Paul**—It is simply still in the advisory phase.

**Senator BIRMINGHAM**—Obviously the minister representing the minister, from his silence, is unable to tell us whether the minister, after a very public process, taking public submissions and having public hearings, and having public terms of reference, will publicly release the final report.

**Senator Carr**—The minister is obviously considering her position and no further advice can be channelled to you.

**Senator BIRMINGHAM**—In terms of the potential imposition of up-front fees, does it remain the position of the government, as, Ms Paul, you indicated in additional estimates, that there would not be a return to compulsory student fees?

**Senator Carr**—What the government has indicated is that there are no plans to reinstate compulsory student unionism and it will not be returning to the hefty up-front fees that the previous government allowed to exist at some universities.

**Senator BIRMINGHAM**—Thank you for that. Thank you for that clarification because there is a significant difference between what Ms Paul said at the additional estimates earlier this year—

**Senator Carr**—Right.

**Senator BIRMINGHAM**—and what you have just said. That significant difference is—

**Senator Carr**—Well, if that is the position, I think it is a position I may well have put to you or one of your colleagues in question time on 15 May.

**Senator BIRMINGHAM**—You certainly did not interrupt the flow when Ms Paul said:

The minister in her media release said that there would not be a return to compulsory student fees. I just said that a minute ago.

I went on to clarify other matters and said:

I am just trying to work out what fees—

And Ms Paul interrupted me to say:

other than to say the minister has said she will not be reinstating compulsory student fees.

Minister, you have just said, and Ms Ellis said on the record on 24 February, that we do not intend to return to compulsory membership of student unions and you do not intend to reintroduce compulsory student union fees. That is different to not reintroducing compulsory fees. Who is right here—Ms Paul in additional estimates, or is the government considering reintroducing compulsory fees?

**Ms Paul**—No. I do not think there is any more I could add to what the minister has said.

**Senator BIRMINGHAM**—Minister?

**Senator Carr**—There is nothing more I could add. I have made it very clear.

**Senator BIRMINGHAM**—So was Ms Paul wrong in February, or has the government changed the police since then?

**Senator Carr**—Don't be silly. We have made the position clear. I have nothing further to add to the answer I have already given you.

**Senator BIRMINGHAM**—The answer you have already given contradicts the answer given by Ms Paul a few moments ago.

**Senator Carr**—I do not think so.

**Ms Paul**—I do not think there is any contradiction, and the position is clear, as stated in the Senate—

**Senator BIRMINGHAM**—There is a clear contradiction. You indicated there would not be compulsory fees.

**Ms Paul**—Well, we will just have to disagree.

**Senator BIRMINGHAM**—The minister is leaving open the possibility for there to be compulsory fees. Minister?

**Senator Carr**—No, I have nothing further to add, but I have answered the question.

**CHAIR**—Yes.

**Senator BIRMINGHAM**—So, Minister, you are leaving open the possibility for compulsory fees to be reintroduced?

**Senator Carr**—What I am leaving open to you is that the government has no plans to reinstate compulsory student unionism and will not be returning to the hefty up-front fees that the previous government allowed to exist at some universities.

**Senator BIRMINGHAM**—But you accept from that statement that you are leaving open the door for the reintroduction of compulsory fees?

**Senator Carr**—We can go round on this as many times as you like and it will not change the position I have put to you. I do not intend to say any more on the matter.

**Senator BIRMINGHAM**—That is all very well. We have a very clear disconnect between the advice and the position that started this review process, when Ms Paul was questioned on it, and what we now have at the end of this review process, as the minister is considering her secret report. I just want to be absolutely clear that the government's commitment in relation to compulsory fees has changed during the course of this report.

**Ms Paul**—I think we have already answered that.

**CHAIR**—Yes, Senator Birmingham, and you know you are free and quite right to draw any conclusions and make any points you wish to make, but both the officers and the minister have answer your question, and they obviously disagree with the conclusion you have come to. Nonetheless, I think we need to move on now.

**Senator BIRMINGHAM**—Thank you, Chair. I am not sure they did inherently disagree with the conclusion, but that is okay.

**CHAIR**—Well, it was clear to me that Ms Paul clearly did, and so did the minister. Nonetheless—

**Senator BIRMINGHAM**—Thank you. Is consideration of HECS style deferred repayment schemes still an option?

**Mr Walters**—Are we still talking about VSU?

**Senator BIRMINGHAM**—Yes.

**Mr Walters**—The advice that has been given to the minister is currently under consideration by the minister and we cannot really say any more at the moment.

**Senator BIRMINGHAM**—Okay. So I take it that HECS style deferred repayment schemes could be under consideration.

**Ms Paul**—We are not saying that. We are saying that it is a matter for the minister and that it is a matter for advice.

**Senator BIRMINGHAM**—No. I am saying that they could be. I am not saying that they are.

**Ms Paul**—But we are not saying that.

**Senator Carr**—You can say whatever you like, but you are wrong.

**CHAIR**—Again I make the point that you are free to draw any conclusions or make any points you like, but I think it is unfair to try to leave it that somehow the minister or the officers may agree with that.

**Senator STERLE**—It disappointing to the *Adelaide Advertiser*. You are not going to get your one-liner.

**CHAIR**—Senator Birmingham, continue with your questions.

**Senator BIRMINGHAM**—Senator Sterle, you do not have to worry about that. Let me worry about the Adelaide *Advertiser*, or Senator Wortley can worry about that one as well. Okay, can I turn to the funding of services. Mr Walters, you indicated that the government has provided in the budget context \$500 million in this financial year, in 2007-08, for the funding of services, the Better Universities Renewal Fund, and that that includes critical student amenities. How will that \$500 million be allocated?

**Mr Walters**—The \$500 million has been allocated on a formula which relates to two-thirds student numbers, as evaluated from the last data we had available, which was 2006, and 70-30—70 per cent on student numbers and 30 per cent on research funding. And \$10 million of that \$500 million was taken off the top to give to the Australian National University in addition to their formula allocation on the basis of their special mix of research facilities and students.

**Senator Carr**—Very good too.

**Senator BIRMINGHAM**—So we will call it a \$490 million fund, then, for the rest of the country, the allocation having been determined in that sense. So there will be no competitive bidding by universities for this in any sense; it is simply that you constructed the formula and you will divide it up accordingly.

**Mr Walters**—That is correct.

**Senator BIRMINGHAM**—Who will the payments be made to?

**Mr Walters**—The universities.

**Senator BIRMINGHAM**—They will be made direct to the universities in all instances?

**Mr Walters**—Yes.

**Senator Carr**—Jolly good news, too.

**Senator BIRMINGHAM**—Will the universities be required to provide an acquittal on what the funds are spent on, or an allocation on what they are going to be spent on?

**Mr Walters**—Yes. The universities have been provided with a draft funding agreement and that will require them to let us know how the funding is being allocated within the priority areas identified, which are ICT, laboratories, libraries and student study spaces, teaching spaces, and student amenities.

**Senator BIRMINGHAM**—In terms of their five priority areas, indeed, will universities—I am sorry, Mr Walters; I missed part of your answer—be required to indicate how they have spent the money across those five areas?

**Mr Walters**—Yes, how they will be spending the money because obviously we do not expect them to spend it immediately.

**Senator BIRMINGHAM**—Will they have to indicate that prior to receiving the money?

**Mr Walters**—No, they will not have to indicate that prior to receiving the money. We are asking to report that by 30 September.

**Mr Manns**—Yes, the funding agreements, which they have now been sent, will require them to give us their plan, which must be agreed with us as being consistent with these priorities by 30 September.

**Senator BIRMINGHAM**—Was there any priority given within those priorities?

**Mr Manns**—No. If the university decides to spend 100 per cent of their allocation on libraries, they can do so.

**Senator BIRMINGHAM**—There is no guarantee within that fund that any of the money will necessarily reach critical student amenities.

**Mr Walters**—No guarantee.

**Senator BIRMINGHAM**—Okay. Will the results of investment under that fund be made public?

**Mr Walters**—This is a matter for the minister, but perhaps we could take that question on notice. They are certainly going to be required to report to the government what these sums will be spent on. I think the Deputy Prime Minister has every intention of revealing information on this in due course.

**Senator BIRMINGHAM**—Within the funding agreement, is there any requirement on universities to consult about the means by which the funds are expended?

**Mr Walters**—There is no such requirement.

**Senator BIRMINGHAM**—So there is no requirement for any of it to go to student amenities, as Ms Ellis suggested some of it could, and there is no requirement for university governing bodies to consult with students or student bodies on campus that might see any of it go towards critical student amenities?

**Mr Walters**—There is no such requirement, but student amenities is one of the priority areas that has been identified.

**Senator BIRMINGHAM**—Thank you, Mr Walters. That is all from me.

**Senator IAN MACDONALD**—Just before lunch we were talking about the Mackay skills training centre. I had the opportunity of tracking it down. We are both sort of right, Minister. Central Queensland University applied for \$5 million in funding for the Mackay industry skills centre. It used the teleconferencing method to connect Kim Carr's office—it was not you, Minister; it was your office—in Canberra to ask about funding for a simulation research centre.

**Senator Carr**—Yes.

**Senator IAN MACDONALD**—As we are talking about higher education and the Central Queensland University, I am wondering whether Central Queensland University is to receive funding for that simulation centre?

**Senator Carr**—Senator Macdonald, if you contact my office you will find that that matter will be with the department of innovation and not the department of education. You are in the wrong estimates, but I will nonetheless say to you that it related to the Enterprise Connect

centre. There has been some discussion with the Central Queensland University about receiving money from the department of innovation for an Enterprise Connect centre.

**Senator IAN MACDONALD**—So no thought or consideration has been given to funding Central Queensland University for a simulation centre?

**Senator Carr**—The department of innovation funds research programs; I am not aware whether that particular measure met the criteria of any of the programs administered by the department.

**Senator IAN MACDONALD**—By which department?

**Senator Carr**—My department.

**Senator IAN MACDONALD**—Because of a subsequent media release, the applicants reread the submission and informed us that the current process for the centre was that funding would not be approved.

**Senator Carr**—That fits in with my answer.

**Senator IAN MACDONALD**—Yes. It is not being approved; you are confirming that?

**Senator Carr**—I am saying to you that that is not an education department matter.

**Senator IAN MACDONALD**—I hear you, Minister. Because it is Central Queensland University—

**Senator Carr**—Yes, I know. Central Queensland University has a series of issues relating to funding. I know that it is seeking funding from a range of sources. There has been some contact with my office but it was in relation to an Enterprise Connect centre.

**Senator IAN MACDONALD**—Okay.

**Senator Carr**—It was about an innovation program, not a university research program.

**Senator IAN MACDONALD**—Minister, could I ask you or your department to take on notice the question of what it is you are going to fund in Mackay for \$14 million, which the local member has—

**Senator Carr**—It is an Enterprise Connect centre. I have already answered the question.

**Senator IAN MACDONALD**—So that is—

**Senator Carr**—It is an Enterprise Connect centre.

**Senator IAN MACDONALD**—Could you take on notice where I could find that in the budget, please?

**Senator Carr**—It is under the Enterprise Connect program.

**Senator IAN MACDONALD**—I am reading the Enterprise Connect things. I have two volumes of documents and I cannot see it anywhere.

**Senator Carr**—It is a department of innovations program. Which PBS do you have in front of you?

**Senator IAN MACDONALD**—I have Innovation, Industry, Science and Research. I also have Budget Paper No. 2—

**Senator Carr**—You will find it under Enterprise Connect centre.

**Senator IAN MACDONALD**—for the Enterprise Connect innovation centre.

**Senator Carr**—That is the funding source.

**Senator IAN MACDONALD**—Okay. Minister, could you or your department take that question on notice for me and send it to me or the others where I would find it in the budget papers the moneys provided for the Mackay skills centre.

**Senator Carr**—Senator Macdonald, I am not trying to be difficult. I will ask the officers here to take the question on notice. I will send it across to my department to draw attention to the relevant page in the PBS.

**Senator IAN MACDONALD**—Where it mentions Mackay?

**Senator Carr**—No, it does not. There are 10 Enterprise Connect centres around Australia.

**Senator IAN MACDONALD**—Yes, I have seen what the document states.

**Senator Carr**—That is all I can say to you.

**Senator IAN MACDONALD**—So there is no confirmation of anything for Mackay?

**Senator Carr**—No. I have made a commitment to Mackay.

**Senator IAN MACDONALD**—Where would I find that, Minister?

**Senator Carr**—Under the Enterprise Connect centre you will find a description of the program. Mackay will be one of the centres.

**Senator IAN MACDONALD**—Have you announced that by a media release that I could refer to?

**Senator Carr**—It was an election commitment.

**Senator IAN MACDONALD**—I am not sure that it was.

**Senator Carr**—It was. I made it. I can tell you that it was.

**Senator IAN MACDONALD**—Okay. Can you show me where it appears in the budget papers?

**Senator Carr**—Under Enterprise Connect. You will find that the funding program is there.

**Senator IAN MACDONALD**—It is not under Enterprise Connect because I have the budget papers and—

**Senator Carr**—We are going around in circles.

**Senator IAN MACDONALD**—it is not mentioned

**CHAIR**—The problem I have, Senator Macdonald, is that this is not actually a matter for this committee.

**Senator IAN MACDONALD**—It is not. I concede that.

**CHAIR**—We are trying to get some assistance for you.

**Senator IAN MACDONALD**—I concede that, but I am not achieving it because the question is too difficult to answer. It does not have an answer.

**CHAIR**—If you put the question on notice we will ensure—and the secretary is annoyed with me now—that it goes to the right department.

**Senator IAN MACDONALD**—Mr Chairman, I thank both you and the secretary for your willingness to assist me—and, to a degree, the minister. We will pursue that in other forums at a later date. The only other question I have relates to the James Cook University's Cairns School of Tropical Dentistry. Could you give me an update on where that is at the moment.

**Mr Walters**—The government agreed to fund the establishment of a dental school in Cairns for James Cook University \$49.5 million over four years. It provides \$33 million for capital infrastructure and \$2 million a year for five years for a clinical outreach program, as well as funding for 60 new Commonwealth supported places and dentistry every year, commencing in 2009, which will increase to 300 places by 2013 as students continue in their courses.

**Senator IAN MACDONALD**—No doubt you would be conscious of some media comments regarding this. The Labor Party's commitment to this dental school was \$52.5 million over four years, whereas the budget shows \$49.5 million, which is \$3 million less. I see from media reports that that was waved away as being the difference between financial years and calendar years. Could you tell me what is the difference and demonstrate to me how that difference came about?

**Mr Walters**—My colleague is just investigating that, but it might be worth making the point that James Cook University also benefited by \$7.8 million under the \$500 million fund that we were just talking about. So it will additionally be receiving that, not for the dental school.

**Senator IAN MACDONALD**—Which fund is that?

**Mr Walters**—That is the Better Universities Renewal Fund that was announced in the budget. That is to be paid by 30 June this year. James Cook University will get \$7.8 million out of that.

**Senator IAN MACDONALD**—I must say that it is excellent to have that confirmation. I am sure that that news is not new, but my question related specifically to the tropical dentistry school.

**Mr Manns**—I understand that the original figuring assumed that the dental places would commence in 2008, whereas in fact the university confirmed that it was not in a position to have its first intake until the beginning of the 2009 calendar year. That seems to be the primary reason for the difference.

**Senator IAN MACDONALD**—That is a \$3 million difference for a year, yet you have allocated \$2 million a year for students?

**Mr Manns**—No, the \$2 million that Mr Walters referred to is for the clinical training outreach. There is a different figure again for the places. That increases year on year as the number of—

**Senator IAN MACDONALD**—Is that the \$11 million for 60 commencing—

**Mr Manns**—That is correct, yes.



**Senator IAN MACDONALD**—So you are saying—

**Mr Manns**—The capital funding is \$33 million. That is unaffected. As I said, the places start in 2009. I cannot explain the election costing because it was that; it was not a formal Charter of Budget Honesty costing, as I understand it. There is a slight difference. It is actually \$10.3 million over the three financial years. As I said, the clinical outreach funding is \$2 million with slight indexation per year. I can assure you that the university believes that it is receiving fully what was committed to it: the funding for the 60 places, \$33 million in capital and \$2 million per year for the clinical outreach training.

**Senator IAN MACDONALD**—I am conscious that the Labor Party policy was yet another ‘me-too’ policy and it was simply picking up the then government’s commitments to the Cairns School of Tropical Dentistry. I would assume, without knowing, that the previous government, with the benefit of departmental advice at the time, would have had the proposals properly costed.

**Mr Manns**—No, Senator, we did not cost election commitments.

**Senator IAN MACDONALD**—I am not suggesting it was an election commitment. But I am conscious that work has been going on for this tropical dentistry school for some time, certainly more than since the election.

**Ms Paul**—I do not think we can comment on that.

**Mr Manns**—We might get ourselves into trouble.

**Senator IAN MACDONALD**—Yes, and I certainly do not want to do that, and I do not want to cause the officials any embarrassment. Was it ever anticipated by James Cook that it could have students starting this year?

**Mr Manns**—I can only go on the basis of the conversation I have had with the university since the election. It was the university’s advice to me that their expectation was to have students commencing in 2009. That has been their expectation over the last little while. I cannot tell you whether at any previous time they may have had a plan to start earlier, but that is their plan.

**Senator IAN MACDONALD**—I am not sure whether you can answer me on the curriculum, but do the dentistry students start on programs or courses that are already offered by James Cook University? For example, are science degree subjects included in the early part of the dental degree? I do not know whether science does form an early part of a dental degree, but I assume it might. Are you able to indicate that to me or is that beyond you?

**Mr Manns**—I am having a quick look to see whether there is any indication in the material the university has given me on that. On a quick look, I do not think I have that information. However, generally speaking, there are some general science-related units in the early stages of dentistry and medicine courses. I understand the university will be able to use some of its existing facilities, at least in the initial start-up phase.

**Senator IAN MACDONALD**—The nature of my inquiry is: would it have been possible to start the dental course this year in areas that are already within the ability of JCU to provide?

**Mr Manns**—I cannot tell you that.

**Senator IAN MACDONALD**—Is that something you could find out on notice?

**Mr Walters**—That is a hypothetical question. I do not think that proposition was ever put to us. So it is difficult to say whether or not the university ever considered that.

**Ms Paul**—It has been their request to start from 2009, not earlier.

**Senator IAN MACDONALD**—Has it? Where did you get that request from?

**Ms Paul**—From the university.

**Senator IAN MACDONALD**—Like from the vice-chancellor?

**Mr Manns**—I have a letter to me dated 14 December 2007 from the executive director of finance and resource planning of the university confirming that that is its expectation—commencing in 2009.

**Senator IAN MACDONALD**—Is that a public document? Is it possible to get a copy of that letter?

**Mr Manns**—It is correspondence to me from the university. We could probably provide it, but I would pay them the courtesy of asking.

**Ms Paul**—We can probably ask them.

**Senator IAN MACDONALD**—If you could that would be very helpful. Thank you very much. That is all I have.

**CHAIR**—No other senators who have been participating in this committee have indicated to me that there are further questions for this department. On that basis, we will now adjourn. I thank the officers for participating. Thank you, Senators. Thank you, Minister. Thank you, Hansard, and sorry about the short break last night. I will make it up another time.

**Ms Paul**—I need to correct the record in relation to one response which I gave to Senator Fisher in the afternoon session of Monday, 2 June. Senator Fisher asked whether the department had had any redundancies since January and I replied that we had not. The above response was provided in the context of the line of questioning at that time, which appeared to me to relate to the possibility of involuntary redundancies arising from budget effects. The department has in fact had one voluntary redundancy, which took effect on 31 January 2008. This redundancy was in relation to an undertaking made to an employee prior to the machinery-of-government changes in December—prior to the election presumably. The circumstances giving rise to the redundancy were entirely unrelated to staffing impacts of the machinery-of-government changes or the federal budget announcements. This one particular pre-existing case aside, no redundancies have been made for any reason since January 2008.

**CHAIR**—Can you table that?

**Ms Paul**—Yes.

**CHAIR**—We would like a copy in case anything turns on that correction. Thank you again.

**Committee adjourned at 3.21 pm**